Kingdom of Cambodia

Nation Religion King

National Committee for Sub-National Democratic Development (NCDD)

PROJECT MANAGEMENT MANUAL

September 2021

Preface

Making a project succeed is no simple task because the project implementation may encounter challenges such as delays, budget over-runs, inadequate results, high stress among the project team and other undesirable outcomes. What is the cause of all of these problems?
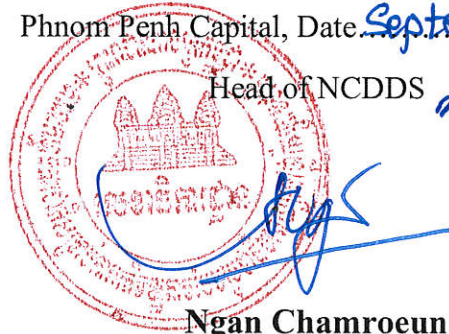
In general, projects are characterised by four features: a group of people or stakeholders, an objective, timeframe and budget, and a certain level of uncertainty regarding whether the objective will be achieved. Project managers are involved with all of these aspects. Furthermore, project management in public agencies as well as non-profit organizations may also involve political factors which makes it even more difficult for projects to succeed. As such, project managers should be aware of this and be able to deal with this kind of situation.

This manual is intended for projects that are conducted by NCDD, its partners and relevant stakeholders. It presents a practical model that will allow project managers, project team members, project partners, target groups and relevant stakeholders to play their roles and responsibilities in managing the projects in an effective, transparent and accountable manner.

It is impossible to learn and to know everything about the field of project management. Theoretical development and practical experience are continually producing new insights. This manual is therefore incomplete, and it will grow along with new developments in the area of project management. In this regard, NCDD looks forward and welcomes to receiving any constructive comment and input to make this manual a more relevant and effective contribution to the achievement of the project objective and goals.

Phnom Penh Capital, Date September 22, 2021

Head of NCDDS

Ngan Chamroeun

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List of Abbreviations

Term	Meaning
ADB	Asian Development Bank
AWPB	Annual Work Plan and Budget
BCR	Benefit: Cost Ratio
C/SF PIM	Commune/Sangkat Fund Project Implementation Manual
CBA	Cost-Benefit Analysis
DP	Development Partner
EA	Executing Agency
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Analysis
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Safeguards
FIRR	Financial Internal Rate of Return
GCF	Green Climate Fund
GDR	General Department of Resettlement (of MEF)
GRC	Grievance Redress Committee
GRMP	Grievance Redress Mechanism and Procedures
IA	Implementing Agency
IFAD	International Fund for Agriculture Development
IP3	Three Year Implementing Plan (of NP-SNDD)
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
MEID	Monitoring, Evaluation and Information Division
MPGB	Manual on Performance Based Grants for Sub-National Administrations
NCDDS	National Committee for Sub-National Democratic Development – Secretariat
NIE	National Implementing Entity (of GCF)
NP-SNDD	National Programme for Sub-National Democratic Development
NPV	Net Present Value
NSDP	National Strategic Development Plan
OPP	Operational Policies and Procedures
PAP	Project Affected Person
PBG	Performance Based Grant
PDD	Project Design Document
PIT	Project Implementation Team
PMM	Project Management Manual
PMSD	Programme Management and Support Division
PST	Project Supervision Team
RGC	Royal Government of Cambodia

RP	Resettlement Plan
SNA	Sub-National Administration
SOP	Standard Operating Procedure
UNDP	United Nations Development Programme
WB	World Bank

1. Introduction

This Project Management Manual (PMM) is intended for anyone who is involved in projects that take place within or are conducted in association with NCDD. The document, however, has been prepared in such a way that it can be used by other organisations.

The manual is comprised of seven sections. The first section is the introduction. The second section defines purpose and scope of the manual. Third section describes the process for project preparation which including analysis and mainstreaming of gender and environmental and social risk issues. Fourth section outlines project appraisal. Fifth section determines project approval process. Sixth section explains project implementation including risk management and complaint handling. Seventh section discusses project monitoring and evaluation including M&E tools and methods. Last section deals with project closing.

This manual also includes several key standard documents that can be used for directing projects, as well as a number of references to open-source project instruments developed by third parties such as Standard Operating Procedures (SOP) and NCDD polices, manuals and guidelines namely Operations and Procures Policy (OPP), Gender Equality Policy, Environmental and Social Safeguards (ESS) Policy, Information Disclosure Guideline etc.

2. Project Management Manual

2.1 Life of a Project-Project Phases

A project life is divided into phases. In general, these phases include:

➢ Planning or preparation,

➢ Implementation,

➢ Monitoring and evaluation and

➢ Closing

A project must successfully complete each phase before moving onto the next, this approach to project cycle provides better management control and builds the appropriate links with the general environment.

2.2 What is Project Management

Project management is a structured way of managing change. It focuses on developing specifically defined project outputs that are to be delivered by a certain time, to a defined quality and with a given level of resources so that planned project outcomes are achieved. Effective project management is essential for the success of a project.

The Project Management is a cyclical approach. It should be conducted in phases throughout the life of the project. The cycle represents a continuous process in which each phase provides the foundation for the next. For example, during implementation the monitoring phase provides inputs and changes to the original design which then modifies the implementation plans. This cyclic nature among the preparation, implement and monitor phases is repeated throughout the life of the project.

2.3 Purpose and Scope of PMM

This Project Management Manual establishes procedures to be applied by NCDDS for design, appraisal and implementation of projects. The procedures in the manual are consistent with the Royal Government of Cambodia (RGC) Standard Operating Procedures for Externally Financed Projects/Programs in Cambodia (referred to as the "SOP Manual" below).

NCDDS implements stand-alone projects within the framework of the National Programme for Sub-National Democratic Development (NP-SNDD). The defining characteristic of a stand-alone project is that it has its own Annual Work Programme and Budget (AWPB), project accounts and financial reporting, separate from the AWPB and accounts of the NP-SN implementation plans.

As a National Implementing Entity (NIE) of the Green Climate Fund (GCF) NCDDS may also act as the GCF Accredited Entity for a project proposed and implemented by another agency. In that case NCDDS will guide project design, conduct appraisal and set standards for implementation and reporting but would not directly implement the project.

The majority of NCDDS stand-alone projects are financed by development partners (DP, e.g. UNDP, IFAD, ADB etc.) that have their own standards for project design, appraisal and implementation. The development partner, rather than NCDDS, may take the lead in the design process and may conduct project appraisal.

This PMM does not replace development partner standards and requirements. The PMM will be used as a guide in the following situations:

- NCDDS takes the lead role in project design, appraisal and implementation;
- A DP takes a leading role in project design and / or appraisal but agrees to align with NCDDS procedures in this PMM;
- NCDDS, acting as GCF Accredited Entity, sets requirements for another agency to develop a proposal for GCF funding;
- Guidance for project management matters that remain in NCDDS discretion, although the overall framework is agreed with a DP.

The procedures in this manual complement and add detail to the SOP, which remains the RGC's overall framework for implementing projects with development partner funding.

This manual does not include financial management, procurement, general administration or human resources management procedures, which are in the NCDDS Operational Policies and Procedures Manual.

3. Project Preparation Process

3.1 What is a Project?

A project is defined as a set of inter-related and sequential activities that are identified through a participatory project formulation process aimed at achieving clearly defined objectives, solving problems of identified target groups, with planned tangible results and limited timeframe, which needs to use defined means and resources within the prescribed budget.

Essentially, a project is characterized as having:

- Definable, measurable outcomes;
- Outputs, required for the attainment of the project outcomes produced by the project team(s);
- A project governance structure;
- Risk management processes;
- Well-defined project team(s); and
- Criteria to measure project performance including project output quality.

3.2 Project Cycle

Basically, the project cycle consists of project phases which includes:

- ➤ Project preparation
- ➤ Project appraisal
- ➤ Project approval
- ➤ Project implementation
- ➤ Project monitoring and evaluation

3.3   Stages of Project Preparation

Project preparation is the process by which solutions to identified problems are determined and structured in a way that makes them implementable. Comprehensive project preparation starts with a needs assessment and follows with diagnostics concerning the causes and consequences of the identified problems. These steps lead to the definition and selection of appropriate project interventions. After these steps have been completed, the overall preparation will be summarized in a preparation plan (logical framework or logframe) and monitoring and evaluation (M&E) plan or in a results framework with a performance monitoring plan.

Project preparation is prepared through a number of steps:

- **Project Identification:** the outline idea for the project is developed and approved by NCDDS leadership so project preparation can begin;
- **Project Preparation:** in this stage, the most important features of the project preparation are agreed through consultations with stakeholders;
- **Risk Analysis and Design Enhancement:** in this step, the design is reviewed to identify and develop mitigation measures for project implementation, environmental and social and climate change risks. A cost-benefit analysis may be prepared. A gender analysis is prepared to align the project with gender policy and guidelines. The project design is modified as necessary to reduce project risk and increase effectiveness;
- **Project Proposal Writing:** this is a more technical step, normally carried out by a small project design team with appropriate skills;
- **Project Document:** the project preparation is summarised in a narrative document and annexes. A standard template is used to guide the contents of the project preparation document.

3.4   Project Identification

Project identification is a process in the initiating phase of project cycle for identifying a need, problem, or opportunity. It is viewed as technical process which involves in sequence such as problem analysis, setting of objectives, identifying outputs and indicators and analysis of assumptions and risks.

The key results of project identification are:

- Defined project objective;
- Type and quality of the project outputs
- Location, type and approximate number of the intended beneficiaries of the project;
- Approximate cost of the project, and proposed source of funds;
- Proposed implementing responsibilities;
- Proposed start date and finish date.

All NCDD projects must demonstrate a clear link to the objectives and strategy of the NP-SNDD as well as to the Rectangular Strategy (RCS) and National Strategic Development Plan (NSDP) of RGC.

All projects proposed for GCF funding must include a clear Climate Rationale from project identification stage onward. Figure 1 provides guidance for a Climate Rationale.

Adaptation	Mitigation
1a Climate impacts the project/ programme aims to address	1a Emission trajectory for the relevant country and sector
1b Vulnerabilities and risks of these climate impacts to human being	1b Potential pathways to shift projected emissions trajectory

2 Prioritized interventions for addressing barriers based on a multi-criteria analysis of options

3 Integration to broader domestic policy and decision-making processes

Figure 1: Elements that constitute sufficient climate rationale[1]

3.4.1 Project Identification Template

A Project Identification Template is provided as Annex 1.

The Project Identification Template and project preparation workplan should be prepared and submitted to NCDDS management for approval before beginning detailed work on project preparation. The project preparation workplan should include a budget to support the preparation activity if there is a need for budget support from NCDDS.

3.4.2 Project Preparation Plan

After the Project Identification Template is approved by NCDDS management, PMSD will be responsible and take the lead in providing inputs to project preparation, project proposal writing and appraisal.

The first step is to prepare a Project Preparation Plan. The Project Preparation Plan identifies the methodology, resources and time-line for preparing the project proposal, including:

- Roles and responsibilities (members of the project preparation team and what aspects each team member will be responsible for);
- Need for external consultants;
- Background studies to be prepared, if needed;
- Target groups to be consulted
- Stakeholders to be consulted;
- Format of the project document (this can be the Project Document Template, Annex 2, or another format);
- Costs of project preparation activities and proposed source of funds;
- Time-line in bar chart / Gantt chart format showing the key activities, locations, target dates, budget and responsible persons for completion.

3.5 Project Preparation

3.5.1 General

The project preparation is the process of agreeing the main features of the project. Most of the activities in project preparation can be carried out through discussions with stakeholders, in small groups or even in a workshop setting. After the outline preparation is agreed, detailed preparation

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[1] GCF 2018: Steps to enhance the climate rationale of GCF-supported activities

is prepared by a technical team. This process ensures that the main features of the project are agreed as broadly as possible at an early stage of preparation.

3.5.2 Logframe

The Project Logframe (Logical Framework, also sometimes called as Results Framework) is a description of the project results organised in a hierarchy with the most strategic results at the top, then intermediate results (usually called Outcomes) and direct outputs of the project. Each level of results is associated with one or more indicators and a description of how the indicator will be measured. The Results Framework usually also identifies assumptions and risks.

Many different formats for results frameworks or logframes are used by different agencies. A standard format for NCDD is described below and attached as Annex 3. However, DPs may require results frameworks following their own format. The principles are very similar whichever format is used.

3.5.3 Preparing the Results Framework

The project results framework should be prepared through a discussion with the members of the design team and external stakeholders. Normally it is best to do this in a small group, including people with different expertise and representing different points of view. Sometimes the results framework is prepared in a larger workshop setting, but this requires a highly skilled facilitator to be really successful.

An alternative approach is that one expert prepares the results framework and then presents it to a group or workshop for discussion and validation.

Preparing a results framework is done by starting with the strategic objective (GOAL), then working down to the specific objective, the outcomes and the outputs. This process means working backwards in time, starting with the long-term result and ending with the outputs the project will deliver in the short term.
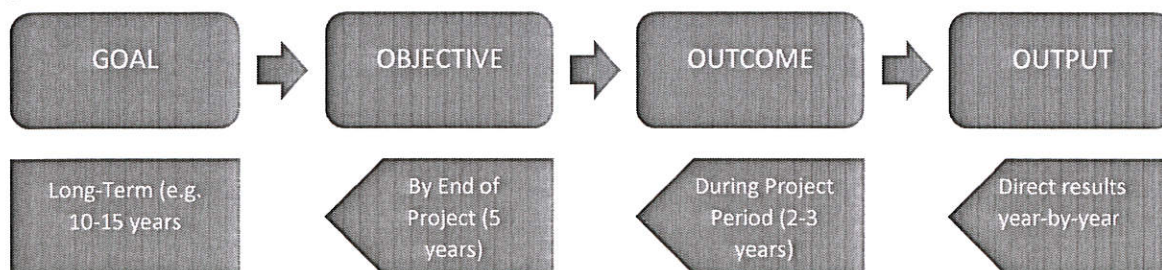
Figure 2: Developing project logic starting with long-term result

The GOAL is the long-term result. Normally, the project will not fully achieve the goal, only contribute to it, and the goal will require a longer time than the project period.

NB GCF uses the term "paradigm shift" with a similar meaning to the long-term goal of a project.

The OBJECTIVE is the expected result of successful implementation of the project. The objective will normally be achieved by the end of the project period.

OUTCOMES are intermediate results. Outcomes are not directly delivered by the project, but are expected to occur, if the project outputs are delivered.

OUTPUTS are the direct result of project activities. The project directly controls the type, quantity and quality of outputs delivered.

> **Outputs** are fully under the control of the project management. **Outcomes** are not fully under the control of the project management, but are expected to occur if the outputs are

delivered. For example, an irrigation system is an **output**, but "farmers growing rice in the dry season" is an **outcome**.

Result	Time Period	Relationship to Project	Example
GOAL	Long term (10-15 years)	Project contributes to goal but does not fully achieve it	Increased climate-resilient sustainable development
OBJECTIVE	By end of project (5 years)	Fully achieved if the project is successfully implemented	District Councils in 50 Districts able to plan, finance and implement climate adaptation investments
OUTCOME	During project period (1-5 years)	Closely related to project outputs, but not fully under control of project	District Councils in 50 Districts increase climate change adaptation performance scores
OUTPUT	Annual	Directly controlled by project management	500 District Council staff trained in climate change adaptation planning

Often, project outputs are grouped together in Components, with one Outcome for each Component. However, Components and Outcomes are different. A component describes how project implementation is organised. Often one component is assigned to one implementing agency under a component manager. Outcomes describe the results of the project. It is possible (though not usual) to have one component that contributes to two outcomes, or one outcome related to more than one component.

3.5.4 Assumptions and Risks

Assumptions and risks describe external factors that may affect the success of the project but cannot be fully controlled by project design and project management.

Assumptions are facts that are believed to be true, but there is not enough evidence to be certain. Assumptions may be identified early in the design process, and then confirmed by further studies.

For example, "Farmers are willing to pay part of the cost of improved water management" might be an assumption early in a project design. The assumption can be tested by field studies before the design is completed. In this case (i.e. it is confirmed that farmers are willing to pay, OR it is found that farmers are not willing to pay), the assumption will disappear from the final design.

Risks arise from events that may happen during project implementation. Unlike assumptions, risks cannot be removed by further study. Risk management is discussed further in Section 5.8 below.

➢ **First draft Logframes may contain many assumptions. A good final logframe does not have assumptions, only risks!**

- Assumptions should be proved or dis-proved by further studies. Assumptions are identified during the initial results framework preparation but should not appear in the final design.
- Assumptions that cannot be proved or dis-proved should be re-stated as risks in the final design.

| Assumption: Farmers are willing to contribute to costs of improved water management | → | Further studies to find if farmers are willing to | → | Assumption not necessary in final design (or design has to change) |
| | → | No further studies | → | Assumption is re-stated as a risk: "Farmers not willing to contribute to costs |
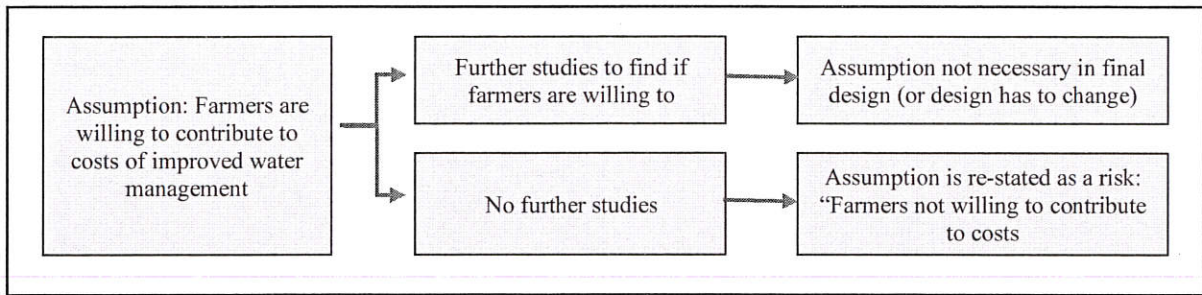
Figure 3: Assumptions and Risks

3.5.5 Theory of Change

A project Theory of Change expresses the same logic as a project results framework. The main differences are:

- Theory of Change is normally shown through a diagram with project outputs (or inputs and activities) on the left and the project goal on the right;
- The format of Theory of Change is flexible and can be adapted to suit the needs of each project. Each donor agency usually has a standard format for logframes;
- Theory of Change can be used to show how different components of a project interact with each other. In a traditional results framework, components and outcomes contribute to the objective but inter-dependence between components is not shown
- Theory of Change diagrams normally do not show indicators, means of verification, or assumptions and risks.

3.5.6 Linking Project Results to the NP-SNDD

All NCDDS projects are part of the overall NP-SNDD. Therefore, for all NCDDS projects, the logframe must show how the project contributes to the outcomes and objective of the NP-SNDD. This can work in two ways:

1. The Project Objective contributes to an outcome of the NP-SNDD (this will mainly be projects with sub-national governance reform as the main purpose of the project). In this case, the NP-SNDD Outcome takes the place of the Project Goal;
2. The Project Goal is a general development goal, such as poverty alleviation, but the project will also contribute to an outcome of the NP-SNDD. In this case, the NP-SNDD Outcome is shown as a second Goal of the project.
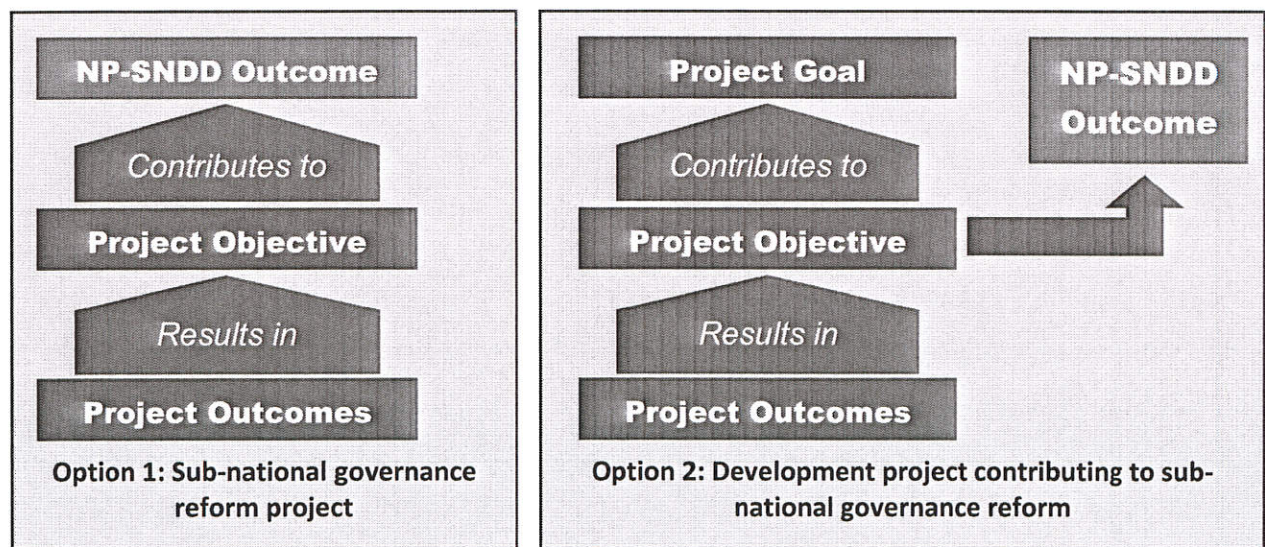
Figure 4: Relation between project results and NP-SNDD Outcomes

3.5.7 Project Target

The proposed project target should be validated through discussions with stakeholders and analysis of data.

Project targeting includes:

- Selection of project target areas especially the areas affected by climate change, natural disaster and serious infectious diseases;
- Defining who are the project target beneficiaries especially those people who are affected by climate change, natural disaster and serious infectious diseases. For some types of project, this may include proposing rules about who is eligible to be a project beneficiary (for example, targeting livelihood activities to support poor women farmers);
- Estimating the number of beneficiaries of each type, that the project can reach.

Project targeting decisions should be justified with reasons. For example, if the target group is poor women farmers, the target area may be chosen because there are a large number of poor women farmers in that area.

3.5.8 Project Implementing Responsibilities

Project Implementing Responsibilities are usually decided according to:

- Which agency or institution has the mandate to implement the project activities;
- Which agency or institution has the capacity to implement the project activities;
- Other factors. For example, there may be an agency that is already implementing similar activities in the same area and the project will scale up based on existing capacity.

Most NCDDS projects that support investments at sub-national level assign implementing responsibilities to sub-national administrations at Capital/Province, District/ Municipality/ Khan or Commune/ Sangkat levels (or sometimes to a combination of levels). The decision about implementing responsibilities may be based on which level will be responsible for related service delivery functions.

It may be necessary to conduct a capacity assessment of the proposed implementing agency (or SNA) to study whether the agency has sufficient capacity to implement the project. The outcomes of the capacity assessment might be:

- There is enough capacity already;
- There is not enough capacity, and capacity strengthening measures (e.g. training, support from advisers) are needed;
- There is not enough capacity, and a different implementing agency should be given the responsibility.

3.5.9 SNA Financing Instrument

For activities to be implemented by SNA, the preferred implementing methodology is to integrate project activities in the budget of the SNA and to transfer funds through the Treasury Account of the SNA. This approach aligns the project implementation with the core mandate of the SNA. In some cases, transfer through the Treasury Account is not possible and the SNA will manage project funds in an account in a commercial bank.

Projects that transfer funds to the District or Commune level should make use of the Performance Based Grants (PBG) framework described in the NCDDS Manual for Performance Based Grants (MPBG). Key features of PBG include (1) There are clear criteria for eligibility to receive grants, and Minimum Conditions to be met before a grant can be awarded; (2) the SNA Council must take a positive decision to apply for a grant; (3) grant allocations are approved by a Grants Committee based on a formula taking performance in previous years into account; and (4) the SNA is responsible to select and implement eligible sub-projects using the grant funds.

At the project preparation, the suitability of the PBG financing instrument should be reviewed and agreed. If the decision is to use PBG financing, detailed design of the grant instrument will follow in the project proposal writing.

3.6 Project Proposal Writing

3.6.1 General

After the project preparation is agreed with stakeholders Project proposal writing work is normally assigned to a small team who will prepare:

- Project proposal writing including project activities for each output and component;
- Further details of implementing responsibilities including staff and adviser positions needed;
- Project monitoring and evaluation plan;
- Details of financial management arrangements;
- A project budget or cost table;
- A procurement plan.

3.6.2 Component and Output Designs

The detailed component designs include:

- Number, type, location of outputs and activities;
- Implementation approach including implementation responsibilities, partners, timeframe, related budget, implementation methods, criteria for selecting beneficiaries etc.;
- Work plan, showing the outputs in each year.

The work plan should be prepared carefully, taking into account the length of time needed for activities such as procurement of equipment or works contracts, and recruitment of consultants. If these work plans are realistic and detailed the result will be delays to the project.

If the project will finance activities through the SNA budget, the timing of budget preparation should also be considered. Province and District level budgets are prepared in the middle of the year before the budget year (for example the 2022 budget will be prepared in mid-2021). If the project needs to fund additional activities that are not in the budget, an amendment will be needed. Amending SNA budgets is very difficult and time-consuming.

3.6.3 Monitoring and Evaluation Plan

Monitoring and Evaluation (M&E) of projects is discussed in more detail in Section 7.

The M&E plan for the project:

- Describes how the indicators in the project results framework will be measured;
- Describes the reports that will be prepared and submitted for project donors;
- Shows how the project management will be informed about day-to-day progress of project implementation and any challenges encountered;
- Resources that are needed for M&E, including staff, equipment, advisers, operating budgets etc.

3.6.4 Financial Management and Flow of Funds

The financial management design of the project includes:

- Describing what bank accounts will be opened, and who will manage the accounts;
- Describing how funds will be transferred to the implementing agencies;
- Describing in outline how project accounts will be managed. This may include choice of the appropriate accounting software;

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- Reference to the financial management standards that will apply (for example, the NCDDS OPP manual).

The project financial management design only needs to describe these matters in outline. Detailed financial management procedures will be described in standard financial management manuals, or in a project financial management manual that will be prepared later.

The design needs to identify resources needed for financial management, including:

- Software packages;
- Financial management staff and advisers needed.

3.6.5 Performance Based Grant Design

Projects that are designed to transfer funds from NCDDS to SNA should make use of the Performance Based Grant (PBG) mechanism wherever possible.

A PBG is a grant that includes an incentive for good performance by the grantee (the SNA). The amount of the Performance Based Grant is calculated using a formula taking into account the capacity and success of the grantee in performing functions related to the purpose of the grant.

Linking grant awards to performance has the following advantages:

- The grantee has an incentive to improve performance;
- Avoid wasting money by giving it to grantees that cannot use it effectively;
- Identify what type of capacity building support is needed to improve performance.

Because the funding is a grant, the SNA has full ownership of the activities and outputs financed by the grant. In the PBG framework, the SNA has to apply for the grant and commit to use the grant for specified purposes. This creates a different kind of relationship from a project where the SNA is just an agent implementing activities on behalf of the centre.

The PBG mechanism has some similarities to the Conditional Grants used to finance transferred obligatory functions of the SNA. However, the PBG mechanism is used to finance permissive functions (i.e. the SNA has decided to implement the permissive-function activity, and has applied for a grant to finance the activity). In both cases, the grant is linked to performance of a specified activity.

The full framework for designing and implementing a PBG are described in the Manual for Performance Based Grants to Sub-National Administrations (MPBG).
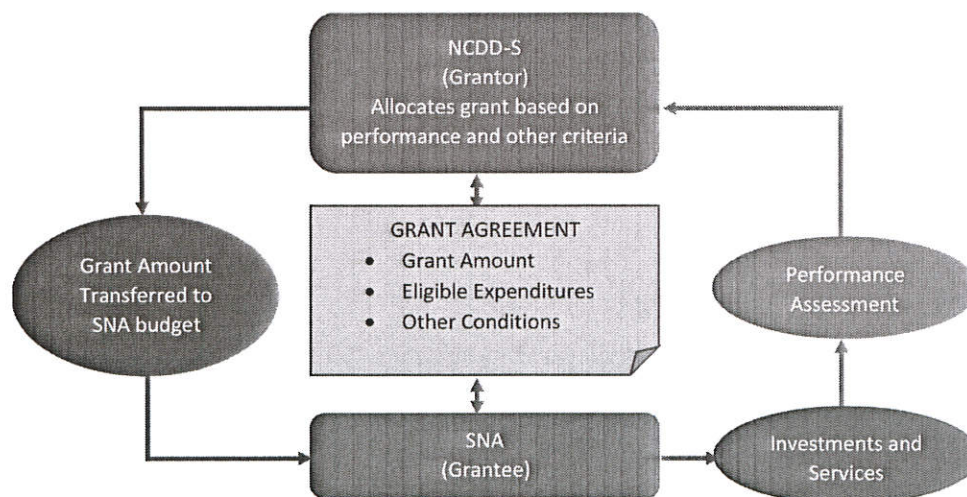
Figure 5: Concept of Performance Based Grants (MPBG)

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When it is decided to use a PBG mechanism to transfer project funds to SNA, the following design features have to be determined:

- Purpose of the Grant;
- Outcome Indicator, linked to the Purpose;
- Rules for use of the grants, including eligible expenditures and other conditions;
- Criteria for selecting grantees (targeting);
- Allocation formula for the grants;
- Minimum Conditions, that the grantee must comply with to receive a grant;
- Performance Measures;
- Methodology of the Annual Performance Assessment.

Under the MPBG, there must be a Grants Committee to approve the design of the grant, the selection of grantees and the amount of grant awards. The purpose of the Grants Committee is to ensure independent oversight so that the grant system is managed in a fair and transparent manner.

3.6.6 Project Budget

The project budget consolidates all the activities and resources needed to implement the project, with costs, in each year of the project. The project budget shows how these costs will be financed.

Project budgets (or cost tables) are normally divided into investment costs and operating costs.

Investment costs are directly related to the costs of each project output (so we can calculate the total cost of each output). However, some costs, such as technical adviser salaries, may be considered as investment costs even though they cannot be directly assigned to individual outputs. Investment costs may also include costs of vehicles and equipment that are not directly related to outputs.

Operating costs include:

- Staff costs;
- Office costs, such as stationery, electricity, communications etc.;
- Fuel and maintenance costs for vehicles;
- Other miscellaneous costs;
- M&E costs.?

A simple format for the project budget is provided as Annex 4. This format is suitable for small projects (up to US$ 5 million).

The format in Annex 4 consists of three tables:

- Detailed costs by activity, with quantities and costs in each year, and funding source for the activity;
- Summary costs for each component in each year
- Summary costs for each source of funds in each year.

For larger projects, consider preparing the project budget using the CostTab software, which is used by donor agencies such as World Bank, ADB, IFAD etc. This will require a staff member or adviser who is familiar with operating CostTab.

3.6.7 Procurement Plan

The procurement plan is prepared based on the project budget.

Normally, the procurement plan is prepared for the whole period of the project (or for the first 18 months of the project). A lot of project procurement, including purchase of equipment and recruitment of staff, will occur during the first year of the project

The procurement plan is divided into goods, works and services. Services may be sub-divided into procurement from firms (e.g. consulting companies) and recruitment of individual advisers and staff members.

All the items shown on the project budget and requiring procurement should be shown in the procurement plan.

Goods are normally grouped together in packages of similar types of goods.

Works activities may also be grouped in packages of works of a similar type, particularly if the locations are also close together.

For each item, the procurement plan should show:

- Description of the package;
- Procurement method to be used;
- Quantity of the package
- Estimated cost of the package;
- Timeframe;
- Fund source;

A simple format for the procurement plan, suitable for small projects, is provided as Annex 5.

3.7 Risk Analysis and Design Enhancement

3.7.1 General

The risk analysis and design enhancement phase have the following purposes:

- Identify risks that could affect successful implementation of the project, and incorporate risk management measures in the design;
- Identify potential environmental, social and climate change risks of the project, and incorporate risk management measures in the design;
- Consider whether land acquisition will be needed, and prepare a resettlement plan if needed;
- Carry out a project cost-benefit analysis to check that the project will provide adequate value-for-money (this is not needed for all projects).
- Check that the project proposal complies with NCDD Gender Equality Policy, Gender Strategic Plan as well as relevant Gender Documents implemented by NCDDS and whether additional measures to enhance gender equity can be incorporated in the proposal.

3.7.2 Risk Analysis Matrix

A Risk Analysis Matrix must be prepared for all projects during the design phase. The Risk Analysis Matrix is prepared following the guideline of the Project Risk Management Framework which is attached as Annex 6.

The Risk Analysis Matrix shows two types of risk:

- General Project At Risk (PAR) indicators. There are nine general PAR indicators which must be included in the Risk Analysis Matrix for all projects;
- For projects with cost higher than $250,000, project-specific risks should also be added to the Risk Analysis Matrix as appropriate. Generally, these will be the same risks that are identified in the right-hand column of the project logframe.

The Risk Analysis Matrix shows the following information for each identified risk:

- Classification: a simple risk classification of (1) Implementation Risks; (2) Fiduciary Risks; (3) Environmental and Social Safeguards Risks; and (4) Sustainability Risks will be used;
- Impact: the severity of negative impact that will result if the risk event occurs, assessed as High, Medium or Low;
- Probability that the risk event will occur: High, Medium or Low;
- Mitigation Measures: project design features that reduce the probability of the risk event occurring OR reduce the negative impact of the risk event if it does occur;
- Threshold indicators that will cause the risk to be classified as "red" or "yellow" status;
- Updated status: to be filled in during implementation, including date, status of risk as "red", "yellow" or "green"; and explanatory comment.

Mitigation measures must be shown for all risks that are assessed as both (1) High or Medium Impact and (2) High or Medium Probability (i.e. if a risk is Low Impact or Low probability, mitigation measures are not needed).

There should not be too many project-specific risk indicators. If there are too many risks, the project should be re-designed to reduce the number of risks.

The Risk Analysis Matrix is prepared by the project proposal writing team. It should be reviewed by the NCDDS MEID

3.7.3 Environmental and Social Risk Management

All projects must be screened for environmental and social risks.

Environmental and Social risk screening is carried out following the NCDDS Policy on Environmental and Social Safeguards for Sub-National Administrations (the "ESS Policy") and the Guideline for Managing Environmental and Social Risks in Projects in the Framework of the National Programme for Sub-National Democratic Development (the "ESS Guideline"). The ESS Guideline is attached as Annex 7.

The ESS Policy includes eight Strategies, as follows:

1. Assessment and Management of Environmental and Social Risks and Impacts;
2. Labour and Working Conditions
3. Resource Efficiency and Pollution Management
4. Health, Safety and Welfare of the Community
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous People
8. Cultural Heritage.

The ESS Guideline includes procedures for screening for risks associated with each of these Strategies.

E&S risk screening should be carried out by NCDDS Safeguards Officers of PMSD using the Screening Checklist attached to the ESS Guideline. The Safeguards Officers should work together with the project proposal writing team. To complete the Screening Checklist the safeguards officers need to understand clearly:

- The type of activities that will be financed by project;
- The size of the activities;
- The locations of the project activities;
- The types of people who may be affected by the project activities, particularly if they include vulnerable groups such as indigenous minority communities.

Based on the screening checklist, the project is assigned to one of the following three categories:

- Category A: High Risk
- Category B: Medium Risk
- Category C: Low Risk.

In some cases, it may be possible to reduce the project risk category by excluding or restricting some activities that are not essential to the purpose of the project. For example, if the project will support any new irrigation development more than 500 ha, it is considered as Category A. But if the project is designed to support small-scale irrigation, by excluding any new irrigation project over 500ha the project risk can be reduced to Category B.

For Category A projects, a project Environmental and Social Impact Assessment (ESIA) should be carried out. This will normally require assistance from expert consultants to prepare the ESIA.

For Category B projects, the project design team should prepare an Environmental and Social Management Plan (ESMP) using the template in the ESS Guideline. The ESMP identifies the specific risks associated with the project and measures that will be taken to reduce the risk or reduce the negative impacts. For each risk, the ESMP shows:

- Risk mitigation measures;
- Responsibility for implementing risk mitigation measures;
- Timing of risk mitigation measures;
- Key indicators to be monitored by the Safeguards Officers to verify that the ESMP is correctly implemented.

3.7.4 Climate Change Risk

Climate Change Risks should be considered for all projects. For projects where climate change adaptation is part of the project purpose, this may have been done at an earlier stage of the project preparation.

The project team should consider and develop answers to the following questions:

1. How is the climate expected to change in the project target area? For example, higher temperatures, increased flood risk, increased drought risk etc.
2. What will be the negative impacts of climate change on the project beneficiaries?
3. Which groups in the project target communities are most vulnerable to negative impacts of climate change?
4. Are any proposed outputs of the project at risk of damage or negative impacts due to climate change (for example, infrastructure constructed in a flooding area; buildings that may not be suitable for use in very hot weather);
5. Does the project support any activities that may not be sustainable because of climate change? For example, an irrigation project may not be sustainable because the amount of water available in future will be less.
6. Are there any ways in which the project can provide more help to the groups identified as most vulnerable to climate change (question 3)?
7. Can the project contribute to climate change mitigation, for example by reducing use of fossil-fuel based energy or supporting use of renewable energy for some activities?

The answers to these questions, with any risk mitigation measures or design changes needed, are included in the Climate Change Risk Matrix (Annex 8).

3.7.5 Land Acquisition and Resettlement

If the project includes infrastructure outputs it will need land for construction. If the land is already in public ownership and not occupied by any private user there is no need for land acquisition. However, many infrastructure projects require land that is being used for a private purpose. In this case, the project design must show how the land will be acquired, and how the current users of the land will be compensated.

If land is owned by a private owner, who has a land title (or a clear right to the land under the Land Law 2001) then it is clear that the State (or the project) cannot take the land for a project without paying compensation to the owner. However, in Cambodia land ownership is not always clear. Many people occupy and use land that may legally be considered as State land. Most donors require that this type of land user is treated like a legal owner and is fairly compensated for loss of the land, even if he/she did not legally own it.

Any need for land acquisition should be identified in the ESMP.

It may be possible to agree with project beneficiaries that they will contribute small amounts of land to the project. For example, when a road is improved, the value of land next to the road increases. A house owner living next to the road may be happy to contribute a small piece of land for widening the road, because the land he or she still has is worth more than before. Voluntary land contributions must be based on a fair and transparent process. Land owners must be free to refuse to contribute land. There must be limits on how much land can be contributed. The Commune-Sangkat Fund Project Implementation Manual (C/SF PIM) has rules for voluntary land contributions. The project design can reference these rules and state that they will be applied.

If larger amounts of land are needed or it is not possible to agree with land owners for voluntary contribution, a Resettlement Plan (RP) must be prepared and land owners or users must be compensated according to the replacement cost of the land. The framework for this is set out in Sub-Decree 22 on Land Acquisition and Resettlement, and the Standard Operating Procedures on Land Acquisition and Resettlement (2018). Under this framework, the RP is prepared and compensation is paid by the General Department of Resettlement (GDR) of Ministry of Economy and Finance (MEF).

Therefore, in any case where an RP will be needed, NCDDS should contact MEF-GDR for advice. It is also important to note that some donor agencies have land acquisition and resettlement requirements in addition to the SOP guidelines.

3.7.6   Cost-Benefit Analysis

The basic techniques of cost-benefit analysis include:

- Identifying the amount and timing of all costs resulting from the project. This may include costs to the beneficiaries as well as costs from project funds, and may include costs "in kind" as well as money costs;
- Identifying all the benefits of the project and assigning a money value to them, as well as the timing of the benefits;
- Costs and benefits are often calculated by comparing a "without project" situation (see Figure 5);
- Future costs and benefits are discounted, meaning that a benefit arising next year is worth less than the same benefit now. Discounting uses a "discount rate" which is somewhat similar to (and related to) a rate of interest. If a discount rate of 10% is applied, a cost or benefit of $100 in 10 years' time is equal to $38.55 now.

Figure 6: Without Project Situation

There are different ways of presenting the results of a cost-benefit analysis, but they all use basically the same data. Some of the most common ones are:

- **Net Present Value (NPV)**: The discounted value of all benefits from the project, minus the discounted value of all costs, calculated at the start of the project (year zero). To calculate NPV, it is necessary to select a discount rate;
- **Benefit / Cost Ratio (BCR).** For BCR, the discounted value of al benefits is divided by the discounted value of all costs. To calculate BCR, it is necessary to select a discount rate;
- **Internal Rate of Return (IRR):** For each future year, the value of all benefits in that year, minus the value of all costs, is calculated. No discount rate is used in the IRR calculation. The IRR is equal to the discount rate that would result in an NPV value of zero.

Cost-Benefit Analysis may be either "financial" or "economic" Financial analysis is mainly used to calculate the effects on a particular individual or set of individuals. It focuses mainly on cash costs but may sometimes include some types of "in kind" costs that are closely equivalent to cash costs. Economic cost-benefit analysis measures the impact of the project on the whole economy. In economic cost benefit analysis, taxes are not considered as a cost (they are a cost to the individual or the project, but the money stays in the economy). Items such as land or labour are valued at opportunity cost, i.e. if, without the project, the land would not have been used, or the labour would have been unemployed, the cost to the economy of these items might be considered as zero.

CBA usually includes a "sensitivity analysis" which measures how much critical assumptions in the calculation – for example, the number of users of a new road – would have to change to reduce the NPV to zero or to reduce the EIRR below an acceptable minimum value.

A CBA carried out during project preparation is used to estimate the economic value of the project. This type of CBA is called an "ex-ante" CBA.

Project CBA should be done by an expert economist.

Cost-benefit analysis is much more useful for some types of project than for others. It is normally used in infrastructure projects and in agriculture, where the value of the benefits can be calculated. CBA is less useful for a project with social sector benefits or with "good governance" as the result, as it is hard to give a money value to good governance. But even for infrastructure and agriculture projects, CBA is never 100% objective, it always reflects assumptions and judgements about the value of different items. However, donors or government may require a CBA. Government is most likely to require a CBA if the project is to be financed by a loan.

3.7.7 Gender

A simple gender analysis must be carried out for all project preparations. The purpose of the gender analysis is to ensure that the project preparation is consistent with the NCDD Gender Equality Policy, Gender Strategic Plan, and relevant Gender Documents implemented by NCDDS.

The project team should consider and develop answers to the following questions:

1. During consultations with stakeholders and project affected people, have women's and the vulnerable group's voices been heard? Are there any reasons why the project activities may affect women vulnerable group differently from men?
2. Are there any reasons why women may find it more difficult than men to participate in project activities or share in project benefits?
3. Will women have equal opportunities for employment in the project? Are there any reasons why women might find it more difficult than men to work as project staff?
4. Are there any ways the project can do more to respond to women and the vulnerable group's needs and / or to promote equality between women and men?
5. Does the project logframe include indicators for measuring participation of women? Are all logframe indicators that count people disaggregated so that women and men will be counted separately?

The answers to these questions, with any risk mitigation measures or design changes needed, are included in the Gender Analysis Matrix (Annex 9).

The Gender Analysis Matrix should be prepared by the project proposal writing team and reviewed by PADD.

3.7.8 Sustainability

Sustainability is the likelihood of a continuation in the stream of benefits produced by the project after the period of external support has ended. Therefore, a sustainable project will continue to benefit the project target groups and population also after its completion, a project likely to have a tangible impact on its target groups and to have so-called multiplier effects (it means it can be easily replicated, extended, etc. The issue of sustainability is very important, hence you should analyse it thoroughly the project.

When analysing sustainability, the project team should take four basic elements into consideration:

➢ Financial (showing how will the activities be financed after the funding ends);

➢ Institutional (presenting how the structures allowing the activities will continue to exist at the end of the action and whether the results of the action will be considered local, owned by the beneficiaries);

➢ At policy level (where applicable);

➢ Environmental (where applicable).

3.8 Preparing the Project Proposal Document

The final stage of project proposal is to complete the project proposal document. If all the previous steps have been completed correctly, the process of writing the project proposal document should not be difficult.

In general, a project proposal document will have the following sections:

• Background (reason for preparing the project, summary of any previous projects that the new project follows on from)

- Situation Analysis: relevant social and economic information about the proposed project target area;
- Project Justification: Reasons why the project is so important to implement including identified needs and priorities to be addressed and consultations with stakeholders;
- Project Linkages to NP-SNDD: Description of project in relation to D&D reform, and climate change policy;
- Project Objectives and Outcomes: summary of the key results in the project logframe;
- Targeting: geographical area targeted, number and type of target beneficiaries;
- Detailed description of project components;
- Project Implementation: roles and responsibilities, implementation approach and time-frame;
- Project Costs and Financing: summary of the cost of the project and the proposed sources of financing;
- Financial management and Procurement. The Financial Management section will describe responsibilities for financial management and flow of funds. It will reference (not describe in detail) the financial management guidelines that will be followed. The procurement section will describe responsibilities for procurement and reference the procurement guidelines that will be followed. If there are any project-specific rules (for example, thresholds for different procurement methods, requirements for prior review of procurement actions by donors) they should be presented in this section.
- Economic Analysis: Summary of results of CBA, if one has been prepared.
- Risk Analysis: summary of the main risks identified in the Risk Analysis Matrix;
- Environment and Social Risk: Risk Category based on screening, with a summary of the key risks and mitigation measures in the ESMP (for Category B) or ESIA (for Category A)
- Climate Change: summary of the Climate Change Analysis Matrix
- Gender: summary of the Gender Analysis Matrix.;
- Monitoring and Evaluation: key responsibilities for M&E, tools and reporting;

The following documents should be annexed to the Project Proposal Document:

- Project logframe;
- Project Budget and Financing Plan
- Project Implementation Plan
- Procurement Plan
- CBA (if one has been prepared)
- Risk Analysis Matrix
- ESS Screening
- ESMP (or ESIA)
- Climate Change Risk Matrix
- Gender Analysis Matrix
- M&E Plan
- List of Stakeholder Consultations.

For projects where there is no specific format required by a donor, the Project Design Document (PDD) Template (Annex 2) should be used. If the PDD is for NCDDS internal use only, the narrative text in the PDD can be quite short. If it is needed to submit to an external donor, it may be necessary to develop a fuller text. In this case it may be necessary to engage a consultant to assist in preparing the PDD

If the PDD Template is used, the Project Identification Template approved by NCDDS leadership should be included as Annex 1.

4. Project Appraisal

4.1 Project Appraisal Approach

According to the SOP Manual, at the Appraisal stage "the project soundness and viability is assessed. All aspects of the project proposal and the sector / sub-sector to which it relates are reviewed and analysed. A more in-depth examination of the proposed project, sector and EA/IA systems is carried out" (EA/IA = Executing Agency/ Implementing Agency).

In fact, different donor agencies have different approaches to project appraisal and also use the term somewhat differently.

This section of the PMM does not apply in cases where a project preparation is subject to appraisal following the systems of a DP.

For projects where NCDDS is directly responsible for project appraisal, the approach to project appraisal will be as follows:

1. Generally, all the information needed for appraisal of the project is prepared by the project preparation team and presented in the project proposal and its annexes (see previous section);
2. The appraisal process follows a checklist approach. The purpose is to ensure that the project preparation contributes to the overall mission of NCDDS and complies with relevant NCDD policies and guidelines; that the project represents a worthwhile use of resources and that the project does not result in excessive risks. The appraisal review may also result in recommendations to improve some features of the project design or implementing arrangements.
3. Appraisal is carried out by a team chaired by a head, and established by NCDDS management and independent of the project preparation team. Members of the project preparation team cannot be members of the appraisal team. Staff members who report to members of the preparation team cannot be members of the appraisal team.
4. Normally, the appraisal team should consist of four members:
    a. One staff member of Monitoring, Evaluation and Information Division;
    b. One staff member of Administration and Finance Division;
    c. One staff member of Policy Analysis and Development Division;
    d. One staff member of Programme Management and Support Division (PMSD).
5. If the preparation team has been led by the head or deputy head of PMSD, so no PMSD member is eligible to be a member of the appraisal team.
6. In necessary cases, NCDDS should consider recruiting external consultants to conduct the appraisal;
7. The result of appraisal is a short Appraisal Report based on the template in Annex 9. The Appraisal Report is submitted to NCDDS leadership together with the Project Proposal Document at the Approval step.

Also, during the appraisal stage, there should be a Stakeholder Consultation Event. A short report on the Stakeholder Consultation Event should be included in the Appraisal Report.

4.2 Appraisal Review

The Appraisal Review will focus on answering the following questions based on an examination of the Project Proposal Document and Annexes:

1. How does the project contribute to NCDDS mission?
2. How is the project aligned with the overall policy objectives of the RGC, expressed in the National Strategic Development Plan (NSDP) and other policy and planning documents related to the specific sector the project intervenes in?

3. Is the project strategy, including its implementation approach, aligned with the strategy of the NP-SNDD;
4. Does the project proposal meet all relevant legal requirements, including ensuring that implementing responsibilities assigned to SNA are aligned with their legal mandates?
5. Is the project logic, expressed in the project logframe and Theory of Change, convincing and realistic? In the view of the appraisal team, if the project components are implemented as planned, will the project outcomes and objectives be achieved?
6. Are the project indicators, shown in the logframe, adequate to measure the expected results of the project? Does the project M&E plan explain clearly how the indicators will be measured?
7. Is the project targeting strategy (target areas and target beneficiaries) based on sound reasoning?
8. Are the project implementing arrangements realistic? Do the proposed implementing agencies have enough capacity?
9. Is the project budget realistic? Are the costs proposed in the budget aligned with any relevant cost norms and / or with the real cost of the activities?
10. Is the project implementing plan realistic? Can the project be completed within the proposed timeframe?
11. Is a CBA needed for the project? If yes, has it been done? Do the results show that the project has a positive NPV (or BCR higher than 1, or EIRR higher than the acceptable minimum)? Does the sensitivity analysis show that the CBA result is robust (will not change due to small changes in the situation)?
12. Is the project risk analysis convincing? Are the assessments of impacts and probability of risk events realistic? Are there any obvious risks that are not included in the risk analysis matrix? Are the proposed risk mitigation strategies realistic?
13. Has the ESS Screening been carried out correctly? Is the assigned risk category of the project appropriate?
14. Does the ESMP (if the project is Category B) or ESIA (if the project is Category A) address all the risks identified through ESS screening? Are the E&S risk management measures proposed appropriate?
15. Is there a risk that the project will require involuntary resettlement, that is not foreseen in the ESMP? If involuntary resettlement is needed, has MEF-GDR been consulted?
16. Has climate change risk been properly considered?
17. Does the project include appropriate provisions to comply with NCDD Gender Policy and Gender Action Plan?
18. Has there been adequate consultation with stakeholders and project affected people during the design process (see below)?

The Appraisal Team should review the Project Proposal Document and annexes and then complete the Appraisal Report template (Annex 10). If the Appraisal Team needs more information, they should consult the Project Proposal Team.

After the draft Appraisal Report is complete, the Appraisal Team should discuss the report with the Project Proposal Team. This meeting should result in an agreement on any changes needed to the Project Proposal. The final Appraisal Report should be signed by the head of Appraisal Team.

4.3   Disclosure of Project Proposal Documents

In line with the NCDD Information Disclosure Policy, project proposal document should be disclosed by posting on the NCDD website during the project appraisal period.

The purpose of document disclosure is so that project affected people and other stakeholders have an opportunity to:

- Understand about the proposed project;
- Understand how the project may affect them (both in good ways and in bad ways);
- Submit comments to NCDDS on how the project proposal can be improved;
- Submit complaints, if they consider that the project will have negative impacts on themselves personally, on project affected communities and / or on the environment.

NCDDS should maintain a register of comments and complaints received. Complaints should be dealt with through the NCDD grievance redress mechanism and procedure. Comments can be summarised to discuss at the Stakeholder Workshop (next section).

ESS documents (ESIA and / or ESMP) should be disclosed to stakeholders including project-affected people (PAP). The minimum requirement of the ESS Guideline is that the documents are disclosed on the NCDDS website. For some projects, depending on the requirements of donors, the documents may also need to be disclosed by display at the project site, or displayed for a specified period of time.

For projects needing land acquisition, the land acquisition plan including a map showing which parcels of land are to be acquired, must be displayed clearly where they can be seen by project affected people.

4.4 Stakeholder Consultation Event

The Stakeholder Consultation Event should be held after the Appraisal Team has completed its review and discussed its findings with the Project Proposal Team.

The project appraisal team is responsible to organize the consultation event.

The Stakeholder Consultation Event will normally be a small workshop. The time needed will be one half day for a smaller project or a full day for a larger project. At the consultation event, the Project Proposal Team will present the project proposal. It is essential that the format of the consultation event allows enough time for participants to discuss the proposal and provide feedback.

The Comments received in response to disclosure of project documents should be discussed at the Stakeholder Workshop.

A short report of the Stakeholder Consultation Event should be prepared. The report should include a summary of comments received in response to disclosure, and actions taken. The report should be disclosed on the NCDD website.

4.5 Revisions to Project Proposal Document

Following completion of the Appraisal Report and the Stakeholder Consultation Event, the Project Proposal Team should make any adjustments to the project proposal that are needed to comply with the recommendations of the Appraisal Report, or to respond to feedback from stakeholders at the Stakeholder Consultation Event.

The revised project proposal document should be resubmitted to NCDDS within three weeks, but subject to NCDDS discretion.

5. Project Approval

The project approval process will vary according to the following situations:

- The project will be implemented by NCDDS using resources that are already under NCDDS management (so no external donor or DP approval is needed);
- The project is proposed for NCDDS support by an external agency which will implement the project, but the required funding is already under NCDDS management;

- The project requires funding from a DP, so must be submitted for approval by the DP review and approval process.

In any case, no project can be submitted for approval by a DP unless it has been reviewed and approved by NCDDS leadership.

The following documents will be submitted for consideration by NCDDS leadership:
- The project proposal document, with a short summary and cover note signed by the head of the PMSD;
- The Appraisal Report, signed by the head of the Appraisal Team.

The approval decision is the responsibility of NCDDS leadership. However, project preparation should be presented and discussed in meetings of the NCDDS Oversight Committee during its regular meetings.

The approved Project Proposal Document should be posted on the NCDDS website in accordance with NCDD Information Disclosure Policy.

6. Project Implementation

6.1 Project Implementation Team in NCDDS

The Project Proposal Document assigns implementation responsibilities to NCDDS, SNA and other agencies as appropriate.

At the start of project implementation, NCDDS establish a Project Implementation Team (PIT) to manage its implementation responsibilities. It will usually be necessary for NCDDS to assist SNAs or other agencies to establish teams for project implementation responsibilities at those levels.

If implementation of the project is wholly the responsibility of another agency, but the funds flow from NCDDS to that agency, NCDDS should establish a Project Supervision Team (PST) instead of a PIT. The PST role is to monitor, supervise and support implementation, including making sure that all the project implementation tasks described in this section are carried out.

All NCDDS projects must follow the principle that, wherever possible, project implementation should be integrated into the regular workplan, budget and activities of each agency. At NCDDS level, projects are implemented within the framework of the NP-SNDD and its annual AWPB, and staff in each unit of NCDDS have implementing responsibilities.

Within NCDDS, project implementation is led by the PMSD. The head of PMSD takes the role of Project Director defined in the SOP Manual.

The head of PMSD appoints a staff member to act as Project Manager.

Other PMSD staff will be assigned to PIT roles as necessary. Normally these roles will be aligned with the regular duties of the staff members and the project roles will not be full-time.

The PIT should include staff members from relevant divisions of NCDDS as necessary according to division responsibilities and/or the nature of the project.

Externally recruited staff and advisers are under the management of the Project Director/ Head of PMSD.

6.2 Project Implementation in SNA

At SNA level, projects are implemented through the annual budget of the SNA wherever possible and SNA officials carry out project implementation responsibilities as part of their normal duties.

For implementation responsibilities assigned to the Province or District levels, the Governor is responsible to lead and coordinate the project implementation. For day-to-day purposes NCDDS

will communicate directly with the Governor. If contracted staff are recruited at SNA level, they should be accountable and report to the Governor.

For implementation responsibilities at Commune level, the Commune/ Sangkat chief will normally take the role of project focal point.

In any SNA with implementing responsibilities, one staff member must be nominated to maintain financial records and prepare financial reports. The SNA is responsible for reporting to NCDDS on the use of PBG and other project funds, even though transactions are also reflected in the accounts maintained by Provincial Treasury.

6.3   Key Documents for Project Implementation

The Project Implementation Team, together with other agencies and SNA with implementing responsibilities, uses a set of key documents to guide implementation of the project. These will include some or all of the documents in the table below. The names of the different documents may vary, for example some donors refer to a Project Administration Manual (PAM) while others have a Project Implementation Manual (PIM).

Key Document	Purpose
Project Proposal Document, including work plans, budgets etc.	Full technical description of the project proposal, with annexes including budget, work plan etc.
Project Financing Agreement	Legal agreement between the donor / financing agency and the Government or NCDDS. Important provisions of the Financing Agreement are normally also in the Project Proposal Document and the PIM, but the project implementation team should be familiar with the financing agreement.
Procurement Plan	Plan, agreed with the financing agency, for procurement of works, goods and services. Normally prepared for the first 18 months of the project during design, then updated annually.
Project Implementation Manual (PIM)	Detailed description of procedures for implementing components and activities, risk management, financial management, procurement, administration and M&E.
Annual Work Plan and Budget	Annual document setting work targets and budgets for the year, normally agreed with the financing agency.

6.4   Performance Management

The role of project management to ensure good project performance. According to the SOP Manual, project performance includes:

- Project results monitoring and evaluation;
- Procurement and financial monitoring and evaluation;
- Management information systems;
- Operational performance monitoring.

For the Project Director and Project Manager to ensure performance management, they must:

- Have timely and accurate information on each aspect of performance; and

- Intervene effectively when any aspect of performance is not satisfactory.

At the start of project implementation, the project implementation team should establish a management information system (MIS).

For large projects, the project proposal may include designing and installing an MIS database with data entered directly from staff in the field, for example using a smartphone app. This is not cost-effective for small projects. However, much of the benefit of an MIS can be achieved using simple spreadsheet software. The key elements are:

- Design a spreadsheet that provides the information that project managers need. Information should be presented in a clear, simple way using graphics if possible (this is often called a "dashboard";

- Identify how data will be collected and sent to national level;

- Ensure that there is a staff member with adequate time and capacity who will be responsible to ensure that data is collected and entered, including following up with field staff or SNA if data are not submitted on time.

6.5   Results-Based Management

Results-Based Management (RBM) means managing the project with a core focus on achieving the results defined in the project Logframe. RBM is one aspect of overall Performance Management (see above), but arguably it is the most important role of the Project Director and Project Manager.

It is important for the project implementation team to have a clear strategic understanding of the project logic: how the different Outputs combine together to cause the Purpose, and how the outcomes combine to achieve the Goal.

The project logic is based on assumptions made in the project proposal. It is important for the project implementation team to continuously monitor and re-evaluate the results of the project at each level (Output, Purpose, Goal).

Key situations that the project implementation team should monitor for include:

- The project Outputs are delivered as planned, but this is not resulting in achievement of the purpose. This may happen because assumptions in the project proposal were not correct, or because the situation has changed in some way that was not anticipated;
- The project outputs cannot combine to achieve the purpose because the sequence of delivery is wrong. For example, it was planned to organise farmer groups and then support them with training and inputs. Because of implementation delays, the inputs are provided first and the organisation and training come later, so the anticipated effect is not achieved.
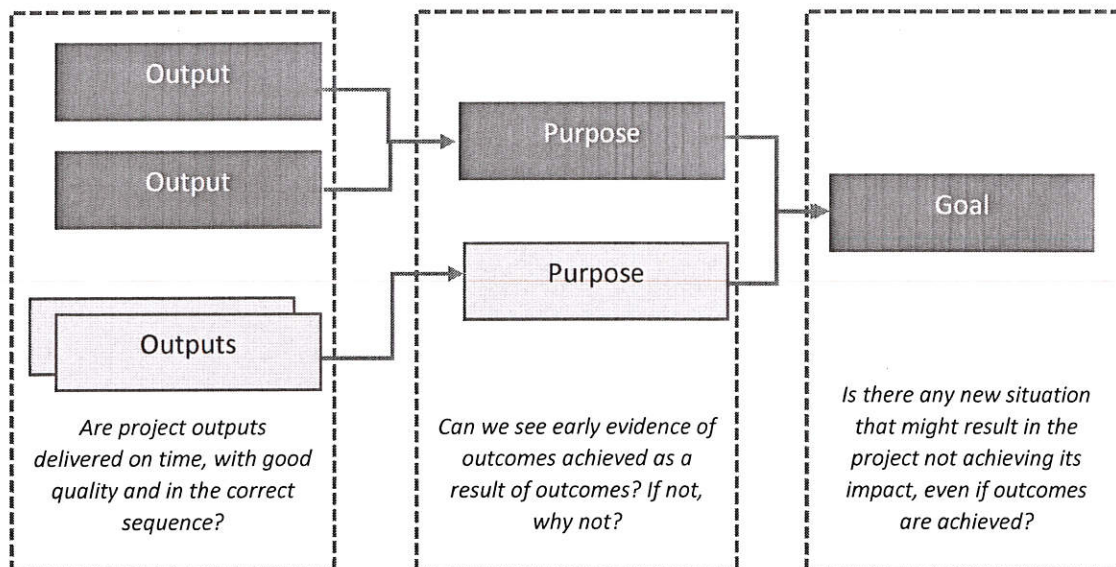
Figure 7: Key questions for results-based management

If the project implementation team identifies problems like this, it should take corrective action, including making changes to the project proposal if needed (see below).

Steps of Results Based Management

1. **Assess:** What is the current situation?
2. **Think:** What caused it? Who is involved?
3. **Envision:** What are we going to achieve?
4. **Plan:** How are we going to do it? With whom? When? With what resources?
5. **Do:** Get it done. How is it going? Do we need to adapt?
6. **Review:** What went well/badly? What can we learn for next time?

Figure 8: Steps of Results Based Management

Key tools of Results Based Management are:

- The project Logframe;
- The project budget and implementation plan;
- The project Annual Workplan and Budget
- A management information system
- Quarterly Reports
- Annual Reports.

6.6 Project Implementation Manual

For large and complex projects, particularly projects financed by loans from World Bank (WB), Asian Development Bank (ADB) and International Fund for Agriculture Development (IFAD) it is normal to prepare a Project Implementation Manual (PIM) or Project Administration Manual (PAM).

The PIM sets out detailed procedures for implementation of each component, sub-component and activity of the project, risk management procedures and financial management, procurement and administration of the project. A typical contents list for a PIM is shown in Figure 9.

> **TYPICAL CONTENTS OF A PROJECT IMPLEMENTATION MANUAL**
> Introduction and Purpose
> Description of the project
> Implementing procedures by component:
>
> - Component 1
> - Component 2
> - Etc
>
> Implementation Roles and Responsibilities
>
> - Structure
> - Staffing
>
> Project Planning and Budgeting
> Financial Management
> Procurement
> Administration Procedures
> Environmental and Social Safeguards
> Monitoring, Evaluation and Reporting

Figure 9: Typical Contents of Project Implementation Manual

Normally, the PIM is prepared during project proposal or early in project implementation. For projects financed by a DP, the PIM is normally subject to approval or No Objection from the DP. The PIM can be updated (it is often called a "living document") but changes have to be agreed with the financing agency. Compliance with the PIM is normally a condition of the project financing agreement.

It is not always necessary to have a PIM. The PIM is not needed for NCDDS projects with no external donor / project financing agency and provided that:

- The Project Proposal Document (with any relevant annexes), the Project Budget and the Project Work Plan have enough detail to guide implementation of components;
- The procedures in this PMM are used to guide project implementation, together with other relevant NCDD manuals such as the Performance Based Grants Manual, ESS Guideline, etc;
- NCDD OPP Manual procedures are applied for financial management, procurement and administration.

6.7 Annual Workplan and Budget

6.7.1 Purpose and Contents

For most projects, an Annual Workplan and Budget is prepared. The AWPB:

- Is usually approved by the financing agency;
- Is an opportunity to update the overall project work plan and budget;
- Should be based on strategic targets linked to the project outcomes;
- Defines output targets and budgets for each component, sub-component and implementing unit;
- Is used for monitoring implementation progress and as a basis for reporting.

The contents of an AWPB will vary according to the size and complexity of the project, but typically the AWPB will contain:

- A narrative section, including:
  - Project Background
  - Summary of Achievements and challenges
  - Summary of financial results and disbursement
  - AWPB preparation process
  - Project purpose and goal
  - Key priority outputs with indicators and targets for the year, linked to the Logframe
  - Risk management
- A detailed budget for each component, output, activity and expenditure item;
- A work-plan for each month;
- An updated procurement plan;
- Agreement between NCDD and implementing agencies.

6.7.2 Preparing the AWPB

The AWPB preparation process is very important. A good AWPB process is an opportunity to review project progress towards achieving the purpose and goal , assess what is working well and what needs to be adjusted, increase the understanding and ownership of all project implementing units, and define priority outputs with targets for the year that are achievable and consistent with achieving the project strategic results.

Normally, AWPB preparation should start in the second quarter (Q2) of the previous year.

Steps in the AWPB preparation process should be:

1. A strategic review of progress focused on achievement of the project purpose. This will normally be based on an Annual Project Review.

2. Review performance in implementation of the previous year AWPB and current year AWPB;

3. Are there any identified weaknesses in the implementation strategy? Are any changes needed, or areas to focus more attention?

4. Set strategic targets (based on the project purpose if possible) for the next year;

5. Set guidelines for developing the AWPB for each component or implementing unit. The guidelines should include strategic targets and also guidance on unit costs of activities, operational costs etc.;

6. Each implementing unit then prepares the budget and workplan for the component or sub-component it is responsible for;

7. The project management team consolidates and reviews the AWPB. Further exchanges with individual units may be needed;

8. The completed AWPB is presented and discussed at a workshop with project implementing agencies and external stakeholders.

Wherever possible, implementing agencies and external stakeholders should participate in the initial review steps (steps 1-4).

Depending on financing agency requirements, the AWPB may need to be submitted to MEF for approval and may also need to be submitted to the financing agency for approval or No Objection.

6.8 Project Risk Management

Project risk management is a key part of project implementation.

NCDDS role in project risk management will depend on whether NCDDS is the direct implementer of the project or whether the project is implemented by transferring funds to SNA or another agency.

In either case, NCDDS project team (PIT or PST) will manage risks based on the Project Risk Management Matrix that was prepared during project design.

The project risk management matrix should be updated at least one time per six months (i.e. at the time of preparation of the six-month and annual reports).

The project risk management matrix uses a green – yellow – red code system to for the state of risks.

For each of the standard Project at Risk indicators, the criteria for "red" or "yellow" is provided in Annex 6.

NCDDS should consider the project as a whole to be "at risk" if:

- Status of any High Impact risk is "red";
- Status of any three Medium Impact risks is "red"
- Status of at least one Medium Impact risk is "red" and at status of at least one High Impact Risk or three Medium Impact risks is "yellow".

In the case that a project is classified as "at risk":

- Finance Unit will be informed, and no further funds will be disbursed to the implementing agency until corrective action has been agreed and implemented.
- If a project remains in PAR status for one year, the project will be cancelled, and NCDDS will take steps to recover unspent funds from the Implementing Agency.

When a project enters "at risk" status, the PMSD/PMU will intervene promptly with the IA to:

- Notify the IA that PAR has been declared,
- Discuss and agree with the IA a time-bound action plan to resolve the PAR status;
- Agree conditions for removing the PAR status;
- Notify the M&E and Information Division of the agreed plan and conditions;
- Follow up at maximum monthly intervals to verify that the agreed actions are being implemented;
- If PMSD/PMU concludes that there is no realistic possibility that the project will recover from "at risk"; notify the M&E and Information Division and recommend to NCDDS management to cancel the project and take steps to recover unspent funds.

6.9 Environmental and Social Risk Management

Proper implementation of Environmental and Social (E&S) risk management, including implementation of the Environmental and Social Management Plan (ESMP) is the responsibility of all project staff, implementing agencies, SNA and others involved in project implementation. Key responsibilities are indicated in the ESMP for the project.

For some projects, particularly where there are complex E&S issues identified in the ESMP, specialist E&S risk management / safeguards staff may be recruited to support the project. Even in this case, non-specialist staff, SNA, contractors and others must be aware that they are directly responsible. The role of the safeguards staff is to advise and support, not to directly implement the ESMP.

The Environmental and Social Management Plan (ESMP) prepared during project design must be integrated into project implementation. This may include:

- Ensuring that all risk management actions listed in the ESMP are implemented, according to the responsibilities and timing in the ESMP matrix;
- Ensuring that all project implementing staff are aware of the principles of E&S risk management. Project staff should understand that project implementation may meet risks that were not anticipated (not identified in preparation of the ESMP). If any additional risks are encountered, project staff must take appropriate action. So, implementation of the ESMP may not always be enough to ensure proper E&S risk management.
- If the project has sub-projects that will be identified and designed during project implementation, an E&S risk screening must be carried out for each sub-project. A simple sub-project ESMP should be prepared. For this type of project, the sub-project risk screening and ESMP formats should be included in the Project Implementation Manual (or standard formats and procedures, such as in the Commune/Sangkat Fund Project Implementation Manual, C/SF PIM) should be designed.

For parts of a project or sub-project that are implemented by a contractor, E&S risk management should be part of the contract conditions. Typically, this means that the contract documents should include;

- A Code of Practice (can also be called an Environment, Social, Health and Safety Specification, ESHSS) with standard provisions that the contractor has to comply with for labour management, community health and safety, protecting the environment, dealing with chance finds of cultural heritage etc;
- The project or sub-project ESMF, clearly showing which actions are the responsibility of the contractor.

The supervising engineer (or person responsible for checking the work of the contractor and approving payments) should check on implementation of the contractors E&S obligations in the same way as checking on the technical work. If the contractor does not implement the E&S obligations correctly, payment should be withheld until the fault is corrected.

The project implementing agencies (including SNA where appropriate) are responsible to monitor and report on implementation of the ESMP. This should be a mandatory section in each periodic project report (6 month and annual reports).

The NCDDS Safeguards Officers are responsible to verify compliance with the ESMP. The Safeguards Officers cannot be responsible for all E&S monitoring. The role of the Safeguards Officers is:

- For each project in implementation, at least one time per year, conduct field visits to verify that the project ESMP is correctly implemented;
- Support capacity building of project staff and SNA so that they have full understanding and capacity to implement the ESMP.
- Support the project implementing agencies with expert advice on E&S risk management issues, when the need arises.

The findings of verification visits by the Safeguards Officers must be reported in the annual report of the Safeguards Officers.

6.10 Complaints Handling

Stakeholders and PAP have the right to submit complaints about any aspect of the project.

No stakeholder or PAP should ever suffer a retribution or negative consequence because of submitting a complaint.

For complaints relating to NCDDS projects, the following permanent grievance redress mechanisms exist:

- The NCDDS Grievance Redress Mechanism and Procedures (GRMP) which handles any complaint that is related to implementation of an NCDDS project and does NOT relate to fraud or corrupt practices (including mis-procurement);
- Grievances relating to fraud, corruption and mis-procurement are handled under procedures established in the NCDD OPP Manual. However, complainants may submit the grievances through the same route and the grievance will be directed to the appropriate handling mechanism;
- Grievances related to NCDDS personnel matters are not handed through the GRMP.

Complaints may be submitted in any format (verbal, in writing, by telephone etc) to any NCDDS officer or project staff. Written complaints may also be placed in Grievance Boxes (GB) established under the GRMP.

Project staff should receive training so that, in the case that they receive a complaint, they clearly record:

- When the complaint was received
- Who it was received from (unless the complainant requests anonymity);
- Contact details of the complainant;
- Details of the subject of the complaint (if the complaint is submitted verbally).

The staff member receiving the complaint should forward this information to the Secretary of the Grievance Redress Committee (GRC). All grievances received should be recorded by the Secretary of the GRC.

6.11 Reporting

The implementing agency for each project must produce quarterly and annual reports.

Reporting requirements vary for different financing agencies. However, at a minimum, project should produce quarterly and annual reports.

Quarterly reports mainly include factual information about progress of outputs and activities. Annual reports include factual information together with analysis and evaluation of outcome level progress.

The general contents of a project progress report are:

- Activities completed
- Outputs completed
- Progress against AWPB targets
- Disbursement (the quarterly report should include an updated projection of disbursement up to the end of the year);
- The Annual Report should include results of the Annual Outcome Survey (after PY3)
- Challenges faced and proposed solutions.

A more detailed template for quarterly and annual reports is included as Annex 11.

7. Monitoring and Evaluation (M&E) and Knowledge Management

7.1 Purpose of M&E

M&E has a number of purposes which are different but related to each other:

- Provide project management with accurate, up-to-date information on progress of the physical implementation of the project;

- Give the project management early warning of any problems that need management action to correct,
- Provide the information needed to report on progress to NCDDS leadership and to external donors;
- Measure the results of the project according to the indicators in the project Logframe;
- Assess the overall success of the project, including assessing whether the project preparation was appropriate and considering factors that may not be measured in the project Logframe.

Monitoring and Evaluation are not the same, but some tasks are considered as "monitoring" by some people and as "evaluation" by others. Generally,

- Monitoring is a continuous process of collecting, analyzing and using data on the progress of project implementation;
- Evaluation is carried out at intervals and focuses on the impact of the project.

> **Monitoring** is the collection of information about the project. In effect a project monitoring system is a **management information system** that provides data to management regarding the operation and effects of the project.
>
> **Evaluation** is the **assessment** of that information to determine whether the project is operating efficiently, and whether it is having the effects or impact desired.
>
> *Source: University of London*

Figure 10: Monitoring and Evaluation

7.2 Roles and Responsibilities for M&E

7.2.1 Project M&E and Programme M&E

The Monitoring, Evaluation and Information Division (MEID) of NCDDS is responsible for M&E of the NP-SNDD. Project M&E is the responsibility of the project implementing unit. Because all NCDDS projects are part of the NP-SNDD, the MEID oversees and approves project M&E plans to ensure that the appropriate information is provided to the programme level.

As described in previous section, all NCDDS stand-alone projects must contribute to the outcomes and objective of the NP-SNDD. The indicators for measuring how the project contributes to the programme are shown on the logframe. The PIT (or PST) must report on these indicators to MEID.

7.2.2 Responsibility for Project M&E

Project monitoring and evaluation is the responsibility of the project implementing unit. If the project is directly implemented by NCDDS (including projects that transfer grant finance to SNA), M&E is the responsibility of the project implementing team (PIT). If the project is implemented by another agency using money transferred from NCDDS, that agency is responsible to conduct M&E. The project supervision team (PST) in NCDDS checks to ensure that M&E is carried out properly, provides technical support and receives reports from the implementing agency.

The Project Director has overall responsibility to ensure that the project M&E tasks are carried out in a timely and effective manner.

Depending on the size of the project and the number of project staff, there may be one or more full-time M&E officers responsible to collect, analyse and report on project monitoring data.

All project staff with implementing responsibilities are responsible to report on activities and results to the M&E officer as required.

The project may contract external service providers to support M&E. Typically, tasks carried out by external service providers may include:

- Design of a project MIS;
- Household surveys and other types of survey to measure the results of a project
- Independent evaluations of the project.

Normally, the PIU will prepare TOR for the service provider. Recruitment of the service provider is done by NCDDS Procurement Unit with PIU staff assisting in evaluation of technical proposals.

7.3   M&E Tools and Methods

7.3.1   Routine Reporting

A lot of the data needed for routine monitoring is collected during implementation of the project, through recording of activities implemented, numbers of participants in events etc.

The M&E officer should carefully analyse the project Logframe to identify what monitoring data are needed, how they should be collected and how they should be reported. This information becomes part of the M&E plan (see below).

7.3.2   Management Information Systems (MIS)

A well-designed MIS system can greatly improve project monitoring. Depending on the design of the system, advantages can include:

- Field staff can report by uploading data directly to the MIS, from a mobile phone, tablet or computer;
- Monitoring data are collected and reported quickly;
- The data from different field staff, locations, implementing agencies, sub-projects etc. are automatically consolidated and organised;
- The MIS can generate reports automatically. This can include reports for different purposes, for example, progress reports for project management, Logframe indicators etc.

However, designing a full MIS system like this is expensive and complicated. It is not always successful. Designing a new MIS for one project is only justified for a large project. Even then, it is only worthwhile if the MIS can be designed and operationalized promptly; the purpose and scope of the MIS is clearly defined; and field staff have the capacity to upload data to the MIS systematically. Quite often, projects spend a lot of time and money on MIS systems that never work properly, so be careful!

The NP-SNDD has a number of MIS and data management systems operating as standard. For project monitoring the Sub-National Project Database (SPD) is most important. Project M&E systems should be designed so that:

- The project will share information with the SPD;
- The project will make use of reports generated by the SPD.

7.3.3   Monitoring Spreadsheets

A well-designed monitoring spreadsheet is like a "mini MIS". The M&E officer should design a comprehensive spreadsheet that can clearly record all the monitoring data needed. With good skills in using MS Excel, a monitoring spreadsheet can also be designed to produce reports automatically. The M&E officer develops the spreadsheet, then trains project staff on how to

prepare and submit data. Normally, the M&E officer will need to consolidate the data manually and also follow up to encourage project staff to submit data on time. The monitoring spreadsheet should include a table showing due dates for submitting data, and what data are already submitted or outstanding.

7.3.4 Project Dashboard

A project dashboard is a way of organizing and presenting data.

Its most important purpose is to keep project management informed of physical implementation progress. It may also include financial progress (e.g. percentage of AWPB funds disbursed) and latest available figures for logframe indicators.

A project dashboard can be automatically linked to either an MIS or a monitoring spreadsheet.

A project dashboard can be displayed on the project website so that development partners and other interested stakeholders can monitor progress of the project.

7.3.5 Surveys

Surveys are used for collecting quantitative data, usually for evaluation purposes. Surveys are often conducted by external service providers. Surveys may include:

- Household surveys based on questionnaires;
- Other types of quantitative survey, for example an engineering assessment of a sample of infrastructure outputs.

Household surveys are expensive and do not always produce worthwhile results. Some of the difficulties encountered in household surveys include:

- **Sampling design.** To produce useful results, the sample should be selected so that it is representative of the whole target population;
- **Sample size:** generally, a bigger sample will provide more accurate results. The size of the sample is much more important than the proportion of the total population. For example, if a sample of 1,000 is needed to provide accurate results in a population of 10,000, a sample of 1,000 will provide almost the same accuracy in a population of 100,000 with similar characteristics. However, inaccuracy due to small sample size is usually less of a problem than other, more fundamental, mistakes in survey design.
- **Attribution:** it is much easier to show, for example, that poverty rates have reduced in beneficiary households, that it is to show that poverty rates were reduced because of the project intervention. One common way to show this is to sample from another group who were not project beneficiaries – this is called a control sample. However, it is very difficult to select a control sample that has all the same characteristics as the "treatment" sample, except for participation in the project. Project impact surveys typically spend a lot of money collecting data from control samples without learning anything useful.
- **Questionnaire design.** Household survey questionnaires can become very long and complicated. If the survey takes too long to complete, the enumerator and respondent may be bored and go quickly, giving inaccurate answers. It is always tempting to add more questions to a survey form but remember that this makes the survey more expensive and less accurate, as well as wasting the time of the respondent!
- **Question wording:** survey forms often have questions that are either wrongly translated from English to Khmer or are worded using technical terms that respondents will not understand. Sometimes the enumerator may not understand either, or different enumerators may understand the meaning in different ways. It is very important, first, to go through all the questions carefully to make sure they are clearly and appropriately

worded, then conduct a test on a group of respondents, then finally review the questionnaire again to correct any errors.

- **Data Analysis.** Survey data should be presented in a clear way, focusing on the questions the survey was intended to answer. It is very common to find that good data have been collected, but the reporting is muddled and does not clearly show the information that the survey was intended to collect. All statistical data in survey reports should be reported with a confidence interval (for example, average household income in the survey households was $1,000, but we can calculate with 95% confidence that the average income of the whole beneficiary group is between $900 and $1,100). Survey reports that do not include confidence intervals (or other ways of reporting equivalent information) are incomplete.

Because of the high cost of conducting a household survey, there should always be a statistical expert involved in design of the survey and the data analysis method. The statistical expert may be an independent consultant or may be staff of the company engaged to carry out the survey. In some cases, development partner agencies may have statistical experts who can advise on survey design.

7.3.6 Annual Outcome Survey or Assessment

An Annual Outcome Survey is used to estimate the value of project outcome indicators. It is particularly useful when accurate measurement of the outcome indicators is by a household survey or other instrument that will only report at mid-term or end of project.

Methods used for the Outcome Survey are usually less formal than those used for impact surveys. The Outcome Survey is normally carried out by project staff. The Outcome Survey is an opportunity for project staff to acquire a deeper understanding of the project logic (how the activities and outputs cause the outcomes and objective).

Normally the Outcome Survey will be carried out annually, beginning at the half-way stage in project implementation (before that, there are not enough outcomes to measure).

The Outcome Survey should be designed by the project team, led by the M&E officer, by:

- Reviewing each Outcome Indicator in the logframe;
- Reviewing the project logic – how the outputs are expected to cause the outcome;
- Discuss and agree a method of estimating the value of each indicator, based on a few days of fieldwork.

The results of the Outcome Survey can be reported in the updated project Logframe. However, this should be accompanied by a note (Example an asterisk * next to the number) stating the figure is an estimate and a more accurate figure will be reported later.

7.3.7 Qualitative Methods

Qualitative methods is a general term for a wide range of data collection and evaluation techniques that can range from very informal visits to project sites and conversations with beneficiaries and other stakeholders, to focus group discussions in which the participants are carefully selected in advance and a series of pre-set questions are discussed.

Qualitative methods are a vital part of evaluation, but they cannot provide "hard" numbers that are usually needed for measurement of Logframe indicators. Qualitative methods can:

- Tell us what the impact of the project is, but quantitative methods can tell us how the impact happened (why the project activities produced the results measured by the survey)'

- Result in a deeper understanding of the impact of a project including aspects that cannot be measured in a survey;
- Be quicker and less expensive than quantitative surveys;
- Be "less accurate but more reliable" than quantitative methods: properly conducted, will always result in an improved understanding of the project results. .

Even though qualitative methods do not normally involve formal sampling, it is important to choose locations for field visits and focus groups that represent the whole beneficiary group. A field study that only visits the most successful beneficiary groups, or only visits the beneficiaries who live close to a bitumen road, will produce misleading results.

7.3.8 Case Studies

Case studies are based on investigations of specific examples of project impacts – often, how the project has assisted an individual household.

Case studies cannot provide useful information about whether the project was successful overall, but they can help improve understanding about why the project was successful (or not successful).

Case studies are often used to present project success stories to generate good publicity for the project. This is a perfectly valid way to use case studies, but it should not be confused with evaluation.

7.3.9 Cost-Benefit Analysis (CBA)

The techniques of CBA are described in Section 3.7.6 above.

A CBA of a whole project, or of a project output, that has already been implemented is called an ex-post CBA.

A CBA may be carried out during project implementation, or after project implementation is completed, if:

- CBA results (NPV, BCR or IRR) are included as project outcome indicators;
- Other cases where a CBA was done during project preparation, and it is repeated to verify the design assumptions and measure the economic value of the project.

CBA will normally be done by an expert economist. However, the accuracy of the CBA will depend on the quality of data available.

If CBA is required for M&E, the data that will be needed should be identified and systematically collected. The project M&E officer should work with the economist to identify what data are needed. Collection of the data, and the CBA itself, are included in the project M&E Plan.

7.4 M&E Plan

The project M&E plan should be updated by the M&E officer at the start of a project. It should be reviewed and updated annually. An updated M&E plan should be included in each AWPB for the project.

The M&E plan is based on the project design and on the project Logframe, which includes indicators, methods of measurement, responsibility for measurement and timing for each indicator.

The M&E plan should include the following sections:

1. Introduction;
2. M&E Tools – a description of the different M&E tools (e.g. MIS, Survey etc) to be used;

3. M&E Roles and Responsibilities – who is responsible for each aspect of data collection, consolidation, analysis and reporting;
4. M&E deliverables: a description of the outputs of M&E, including progress reports, special reports (e.g. survey reports etc); project dashboard and other ways in which stakeholders can access project M&E data;
5. Project M&E Work Plan, as annex;
6. Project logframe, as annex.

The Project M&E Work Plan is a matrix that:

- Breaks down project M&E into a series of activities;
- Shows the timing of each activity;
- Shows who is responsible for each activity;
- Estimates the cost of each activity.

For example, if the project will develop an MIS system, the M&E plan will show as activities:

- Develop TOR for service provider to develop the MIS;
- Procurement of service provider to develop the MIS;
- MIS development by service provider;
- Operationalisation of the MIS, including training of staff;
- Regular data uploading by project staff to MIS and reporting (ongoing activity).

Similarly, if the project will include a household survey, the M&E plan will include:

- Activities needed to design the survey;
- Procurement of a service provider to carry out the survey;
- Target dates for survey data collection (baseline, mid-line, end-line);
- Target dates for reporting on each phase of data collection.

The M&E work plan should show critical dates when M&E outputs will be needed, for example, a mid-line survey should be timed so that the results are ready before the project mid-term review.

The project M&E work plan includes cost estimates for M&E activities. These cost estimates should be used in preparation of the AWPB to ensure that M&E activities are adequately funded.

The project M&E plan should be approved by the Project Director.

7.5 Knowledge Management in a Project

Knowledge management is the process of creating, sharing, using and managing the knowledge and information of an organization. It refers to a multidisciplinary approach to achieving organisational objectives by making the best use of knowledge.

7.5.1 Monitoring, Evaluation and Knowledge

Project monitoring means systematically collecting information about the implementation of a project and the results of the project. Project evaluation uses that information to answer some limited questions: did the project achieve its targets? Knowledge generated by a project is broader than evaluation: it is the whole of what we learn from implementing the project and from monitoring and evaluation. Knowledge can be used to:

- Design improved projects, or other projects contributing to the same goals, in the future;
- Demonstrate the success of the project approach, to encourage government and development partners to scale up or replicate the approach;
- Identify and advocate for policies that will facilitate achieving the project goals.

7.5.2 Meaning of Knowledge Management

In a project context, knowledge management can be considered as including:

- **Learning:** Identifying the key knowledge (or, "lessons learned") from the project;
- **Sharing Knowledge:** developing printed materials, web articles, workshop presentations, audio-visual materials etc. that present the knowledge in an accessible way, and disseminating these materials through printed publications, the Internet, workshops, broadcast media etc.;
- **Influencing:** using knowledge and knowledge products to advocate for new policies or new approaches by Government and development partners.

Knowledge management activities can be time-consuming and expensive and they should only be undertaken when there is a clear purpose. Not all projects generate significant new knowledge. For example, when a sub-national administration builds a new road to link a remote area to a market, the project may produce very good results for the local farmers (which is the purpose) but building the road will not, in itself, generate any interesting knowledge.

Therefore, it is not necessary for every project to have a large budget for knowledge management. Knowledge management is an important part of a project if:

- The project is designed for learning or testing a methodology, for example, a pilot of a new way of delivering local services, that will be scaled up if it is successful;
- The project is designed to influence policy-making.

However, any kind of project may generate new knowledge, if an unexpected situation arises or if unexpected challenges are encountered and need to be solved. There should always be enough flexibility in the project M&E budget to document knowledge of this kind.

7.6 Independent Evaluation

7.6.1 Framework

All projects implemented in the framework of the NP-SNDD should have an independent evaluation. The scope and methodology of the evaluation will depend on the size and type of the project and on any requirements of the project funding agency.

"Independent" means that the evaluation is conducted by evaluators who are not members of the project implementation team.

For small projects, the independent evaluation may be conducted by NCDDS MEID. For larger projects, and where this is a funding agency requirement, the evaluation will be conducted by external consultants.

Independent evaluations may be conducted at project mid-term and at the end of the project period. Generally:

- Projects with implementing period less than 4 years have end-of-project evaluation only;
- Projects with funding agencies that conduct project supervision (e.g. World Bank, ADB, IFAD) should conduct project evaluation in accordance with agreement and policies of those agencies;)
- Projects with implementing period 4 years or more and no external supervision should have a mid-term evaluation and an end-of project evaluation.

The timing of mid-term and end-of-project evaluations should be chosen carefully so that:

- Relevant factual data will be available (for example, reports from household survey);

- Evaluation can be completed by the project closing date (so that the cost of the evaluation can be paid from project accounts.

It is important to plan evaluations in advance – remember that it can take 3 – 6 months or even longer from preparing a TOR to having a completed evaluation report.

The cost of independent evaluations, including the cost of hiring external evaluators if needed, and the cost of travel and workshops etc, should be included in the project budget.

Independent evaluations, with timing and methodology, should be indicated in the project M&E plan.

7.6.2 Scope of Independent Evaluations

The scope of independent evaluations will vary. The scope outlined below should be taken as a general guide.

Tasks to be undertaken as part of the evaluation should include some or all of the following:

1. Verify the **accuracy of factual information** reported by the project – this may be done by "spot checking" a random sample of project outputs, for example;
2. Verify **achievement of Logframe results** (outcome, objective level indicators). In some cases, the independent evaluation may be directly responsible for measuring the logframe indicators, but this is not the main purpose of the independent evaluation;
3. Assess the relevance and effectiveness of the project preparation, including:
   a. Was the project preparation relevant to the objectives of the NP-SNDD?
   b. Was the project preparation relevant to key policy priorities in the sector or sub-sector where the project focused?
   c. Was the project preparation the most effective that could have been adopted
   d. Were the project preparation assumptions justified
   e. Were there risks that should have been identified in the project preparation, that were overlooked?
   f. Did the project targeting strategy (target areas, target beneficiaries) maximise the impacts of the project?
4. Assess the **quality of implementation** of the project:
   a. Were the project outcomes and objectives met?
   b. How well did project management perform?
   c. How well did agencies responsible for project implementation, including SNA, other government agencies, civil society partners and service providers, perform?
   d. How timely was the project implementation? If delays occurred, why did they occur, and did they reduce the impact of the project?
   e. Assess the financial management performance and procurement performance of the project
   f. Financial management and procurement performance of the project
5. Assess **other aspects** of the project:
   a. How sustainable are the project outputs?
   b. Assess the environmental and climate change impacts of the project
   c. Assess of poverty, gender and other social equity aspects of the project.
   d. Can the project approach be replicated (another project with similar design)? Can the project approach be scaled up?
6. Assess the **policy impacts** of the project:
   a. How has the project contributed to the NP-SNDD?
   b. What are the policy lessons for decentralisation?
   c. What are the policy lessons for the sector or sub-sector focus of the project.

7. **Quantitative Analysis:** For some projects, the project evaluation may include specific analyses requiring specialist skills, for example, a cost-benefit analysis of the project. In general, if a cost-benefit analysis was prepared as part of the project design (ex-ante), it should be repeated at the end of the project (ex-post). Wherever possible, the project should provide the data needed for cost-benefit analysis or other specialist analyses – it is not efficient to pay expensive consultants to collect routine data.

7.6.3 Stakeholder Consultation and Disclosure

Project evaluation should be an open and transparent process. It should be carried out with maximum participation of stakeholders including project implementing agencies, SNA, civil society partners and private service providers as well as beneficiaries and funding agencies. Stakeholders should be encouraged to share their views freely. It is important the stakeholders do not feel threatened by the evaluation: even if the project has not been very successful, the purpose of the evaluation is to learn lessons, not to apportion blame.

All project evaluations using external evaluators should include a stakeholder feedback event.

The evaluation report should be approved by NCDDS management and then posted on the NCDD website for public access. For some funding agencies including GCF, disclosure of the evaluation report in this way is a mandatory requirement.

8. Project Closing

8.1 Project Closing Period

So that the project can be closed in an orderly manner, there will be a Project Closing Period of a maximum nine months. The Project Closing Period starts on the **Project Completion Date** and ends on the **Project Closing Date**.

There will be a Project Closing Plan for activities during the Project Closing Period.

No project expenditures are allowed in the Project Closing Period, except for implementation of the Project Closing Plan.

No new implementation activities of the project can start after the Project Completion Date. No new contracts can be signed (except for activities related to project closing). Contracts signed before the Project Completion Date can be completed, provided there is enough time to complete before the Project Closing Date.

NOTE: For some projects, the Project Completion Date can be extended easily. However, some financing agencies are reluctant to extend Project Completion Dates. It is important to check that there is enough money to cover any ongoing expenditures (staff and operational costs) during any extension period. Whenever possible, projects should be completed within the planned Project Completion Date.

8.2 Project Closing Plan

The Project Closing Plan is the plan for activities and expenditures in the Project Closing Period. It cannot include any new implementation activities. The Project Closing Plan must ensure that when the project closes (Annex 12: Project Closing Checklist and Annex 13: Project Closing Report):

- All project activities and outputs are completed when the project closes;
- All project outputs and equipment are handed over to sustainable institutions (example, for operation and maintenance of infrastructure)
- The final project report is completed;
- The end-of-project evaluation is completed;

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- Lessons learned from the project implementation are identified and documented;
- Staff contracts are terminated in an orderly manner and in compliance with contract conditions and the NCDDS OPP Manual;
- Any outstanding investigations of complaints through the GRMP have been completed;
- All outstanding financial obligations of the project have been closed;
- End-of-project audit is carried out, if needed;
- Project accounts are closed;
- Project equipment is transferred.

The Project Closing Plan must be prepared by the PIT for projects implemented by NCDDS. For projects implemented by other agencies with funds transferred from NCDDS, the Project Closing Plan must be reviewed and agreed by the PST. In both cases the Head of PMSD must approve the Project Closing Plan.

The Project Closing Plan should be prepared and approved six months before the Project Completion Date.

8.3 Completion of Project Activities

It is important to avoid starting project activities that there will not be enough time to finish.

During preparation of the Project Closing Plan (six months before the Project Completion Date) the PIT or PST should review the activities that are in progress, and any activities planned to start before the Project Completion Date.

BE REALISTIC! Do not just assume that activities can be completed in less than normal time, to fit them in before the Project Completion Date. If there are some activities that cannot be completed in time, and the project completion date cannot be extended, those activities may have to be cancelled.

8.4 Hand-Over of Assets

For any project that results in creation of assets (for example, infrastructure projects) there should always be an identified institution that will take responsibility for ownership, operation and maintenance of the assets once the project is ended. This may be an SNA (e.g. for road projects) or a community group (e.g. a farmer group for an irrigation project).

For projects that create community institutions (for example, farmer groups for production or marketing) there should also be an orderly plan to ensure the groups can continue to function after the project is closed.

The Project Completion Plan may include hand-over ceremonies for assets, and any activities needed to ensure the institutions have enough capacity to manage the assets or group activities after the end of the project.

8.5 End of Project Report

The End of Project Report has the same scope as the Quarterly and Annual Reports (Annex 11), but it reports on the whole implementation period of the project.

The End of Project Report should be completed soon after the Project Completion Date, and before the End of Project Evaluation.

Normally, there is no need to prepare a separate Annual Report for the final year of the project, because all the information will be in the End of Project Report.

8.6 End of Project Evaluation

The End of Project Evaluation should be conducted during the Project Closing Period. The End of Project Evaluation is described in Section 7.6 above.

If the End of Project Evaluation will be conducted by an external evaluator, the process of recruiting the evaluator should start after the Project Closing Plan is approved.

8.7   End of Project Stakeholder Workshop

The End of Project Stakeholder Workshop is an opportunity for all stakeholders including SNA and beneficiaries to come together to reflect on the experience of implementing the project. It is a celebration but also an opportunity for reflecting on lessons learned from the project.

The End of Project Stakeholder Workshop can be timed so that the findings of the End of Project Evaluation can be presented and discussed.

If possible, case studies should be documented by short videos and photographic presentations and presented at the End of Project Workshop. These materials can then be posted on the NCDD website.

8.8   Staff Contracts, Accounts and Equipment Transfer

Administrative and financial management procedures for closing the projects should follow the OPP Manual for examples staff contracts must be terminated, all project accounts must be closed. Any outstanding balance in project accounts should be transferred in accordance with the project financing agreement, or, if there is no clear agreement, follow the advice of NCDDS management.

Depending on the project financing agreement, an end-of-project audit may be needed before the project accounts are closed.

Equipment bought with project funds may be subject to an agreement with the project financing agency about final ownership of the equipment. If there is no other agreement, the equipment becomes the property of NCDD, or NCDDS leadership may decide to allocate the equipment in another way.

After all project activities have been completed, project documents are filed by PMSD, except for financial records which are filed by Administration and Finance Division.

If there is a project website, the material on the website should be reviewed. The most valuable material can be migrated to a page on the NCDD website.

ANNEXES

1. Project Identification Template

Project Name

Background
Very briefly, describe the key problem the project is intended to address, and the reasons for preparing the project proposal (e.g. a funding opportunity is identified). **Maximum 250 words.**

Project Objective (Maximum 50 words)

Contribution to NP-2 Results
How will the project contribute to the objectives and Outcomes of the National Programme for Sub-National Democratic Development (NP2)? **Maximum 250 words**

Project Strategy
Describe briefly the type of activities the project will implement in order to achieve the Objective. **Maximum 500 words**

Targeting:
Location, type and approximate number of project beneficiaries. Maximum 250 words

Physical Outputs of the Project
Briefly describe the main outputs of the project (the things the project will directly produce, which can be infrastructure, services, knowledge, policy, etc). Give estimated quantities where relevant. **Maximum 250 words.**

Financing:
What is the approximate cost of the project? What is the proposed source of funds? **Maximum 250 words**

Proposed Implementation Arrangements
Describe how the project will be implemented, with key roles and responsibilities. **Maximum 250 words**

Timing
What is the proposed start date, project period and end date? Maximum 100 words

Proposer
Who prepared and submitted the Project Identification Template? **Maximum 50 words**

NCDD-S Leadership Comments
After review by NCDD-S leadership, summarise the leadership comments here. State clearly if the leadership approves proceeding to project design, and any limitations such as maximum funding allowed etc. Maximum 250 words.

Project Design Plan Attached?

2. Project Preparation Document Template

Note: This Template is to be used as a guide to the format for a Project Preparation Document. The format may be changed slightly depending on the needs of the project. Also, a donor template can be used instead (for example, GCF detailed project proposal template).

The PDD should be short. The length of each section is flexible depending on need but the whole document should be a maximum 20 pages long. If there are important details that cannot be included within that limit, the details should be moved to an annex.

1. Introduction

This is a very short section. It should very briefly describe the contents of the PDD and also mention who has prepared the PDD.

2. Background and Context

This section should describe the reasons for preparing the project proposal, including any discussions already conducted with Government or donors, and any previous or ongoing project that this proposal will follow on from.

3. Situation Analysis

This section describes the problem that will be addressed by the project and any other relevant factors. It should describe the demography and socio-economic situation of the target areas but it should focus strongly on matters that are directly relevant to the project.

4. Project Objectives and Outcomes

State the project objective. (2) State how the project will contribute to the Objectives and Outcomes of the NP-2. (3) State the Project Outcomes as they appear in the logframe. Provide a short commentary on the reason for choosing these objective and outcomes, if necessary.

5. Contribution to NP2 Results and Other Policy Objectives

In this section, state how the proposed project will contribute to the results (Objective or Outcomes) of the NP2. If needed, state how the project will contribute to other policy objectives of RGC.

6. Targeting

This section should state clearly the geographical locations targeted by the project and the target beneficiaries. Where relevant, a distinction may be made between direct and indirect beneficiaries. The total number of beneficiaries should be stated. Gender breakdown of beneficiaries should always be stated. Where relevant, beneficiaries may be broken down by age group, ethnicity, poverty levels etc. Where the project will select locations or individual beneficiaries during implementation, the principles (not detailed criteria) for selection should be stated clearly.

7. Project Components

Usually, there will be one project component per project Outcome. This section should describe each project component in turn, focusing on the type and quantity of outputs of the components. Components should match the project results framework. Project Management should not be described as a component unless this is required by the donor agency (some donors, e.g. World Bank, routinely describe a "project management component").

8. Implementation Arrangements

This section describes the project management hierarchy (e.g. Steering Committee, Project Director, Project Manager etc) and the structure and location of the project implementing unit. All agencies with project implementing responsibilities should be identified with their roles and responsibilities. There should be a short section on project planning including procedures for preparing the AWPB.

9. Costs and Financing

This section should be quite short as details will be in an Annex. Key sections should include (1) cost per component and total cost; (2) financing from each source of funds. The information can be in the form of a table and brief text.

10. Financial Management and Procurement

The Financial Management section will describe responsibilities for financial management and flow of funds. It will reference (not describe in detail) the financial management guidelines that will be followed. The procurement section will describe responsibilities for procurement and reference the procurement guidelines that will be followed. If there are any project-specific rules (for example, thresholds for different procurement methods, requirements for prior review of procurement actions by donors) they should be presented in this section.

11. Economic Analysis

If an Economic Analysis (Cost Benefit Analysis) has been carried out, the results should be summarised briefly here.

12. Risk Analysis

This section summarises the Risk Analysis which is presented as an annex.

13. Environmental and Social Risks

This section summarises the main environmental and social risks associated with the project, and risk management or mitigation measures, based on the ESMP or ESIA. The project E&S risk category (A, B or C) should be stated with a brief justification.

14. Climate Change

This section should include (1) any ways in which climate change might cause a risk to the sustainability of the project outputs; (2) any measures to manage climate change risks (e.g. climate proofing of infrastructure); (3) any ways in which the project will contribute to building climate resilience in the target population; and (4) any ways in which the project will contribute to climate change mitigation (reducing emissions of greenhouse gases). Refer to the Climate Change Risk Matrix.

15. Gender

This section should explain how the project is aligned with NCDD-S Policy on Promotion of Gender Equality

For Sub-national Democratic Development and Gender Action Plan, and more broadly, how the project will contribute to gender equity and women's economic empowerment.

16. Sustainability

This section should explain the strategies used by the project, beneficiaries and other parties concerned expect to play to ensure the continuation of project outputs and activities after the project funding ends or describe how the impact of the project will continue after key funding

and critical activities end. Importantly, these strategies should include human and financial resource for sustainability of the project.

17. Monitoring, Evaluation and Knowledge Management

This section should describe (1) the key tools that will be used to collect and analyse monitoring data (e.g. MIS system, surveys etc); (2) reporting requirements; (3) roles and responsibilities for M&E; and (4) arrangements for independent evaluations of the project, if any. The section should also describe any arrangements for knowledge management including publications, knowledge sharing etc.

18. Stakeholder Consultations

The final section of the PDD should summarise consultations with stakeholders during the project preparation process (what type of consultation events or activities, when and where, how documents have been disclosed, feedback received from stakeholders etc.

ANNEXES

At a minimum, the PDD should have the following Annexes:
- Project logframe;
- Project Budget and Financing Plan
- Project Implementation Plan
- CBA (if one has been prepared)
- Risk Analysis Matrix
- ESS Screening
- ESMP (or ESIA)
- Climate Change Risk Matrix
- Gender Analysis Matrix
- M&E Plan
- List of Stakeholder Consultations.

3. Project Results Framework Template

Results Hierarchy	Indicators				Means of Verification			Risks and Assumptions
	Description	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Goal								
Objective								
Outcome 1								
Output 1.1								
Output 1.2								
Output 1.3								
Outcome 2								
Output 2.1								
Output 2.2								
Output 2.3								

4. Project Budget Format

This project budget format is suitable for small and simple projects. For larger or more complex projects, a different format may be needed. Consider using COSTAB software (https://adb-costab-32.software.informer.com/). Otherwise, prepare the budget using MS Excel spreadsheet then copy it into the PDD Annex/

Code	Description	Unit	Quantity	Unit Cost	Item Cost	Fund Source	Cost in Each Project Year				
							PY1	PY2	PY3	PY4	PY5
1	Component 1										
1.1	Output 1.1										
1.1.1	Activity										
1.1.1.1	Item										
1.1.1.2	Item										
	Sub-Total for Activity 1.1.1										
1.1.2	Activity										
1.1.2.1	Item										
1.1.2.2	Item										
1.1.2.3	Item										
	Sub-Total for Activity 1.1.1										
1.1.2	Activity										
1.1.2.1	Item										
1.1.2.2	Item										
	Sub-Total for Activity 1.1.2										
	Sub-Total for Output 1.1										
1.2	Output 1.2										
1.2.1	Activity										
1.2.1.1	Item										
	Etc										
M	Project Management Costs										
M.1	Cost Area / Type										
M.1.1	Activity										
M.1.1.1	Item										
	etc										
	Sub-Total for Project Management Costs										
	Sub-Total for Project										

5. Procurement Plan Template

This procurement plan template is adapted from the GCF full project proposal template. It is similar to procurement plan templates used by other agencies. Donor agencies may have specific requirements for procurement plan formats.

PROJECT PROCUREMENT PLAN

Ref. No.	Description	Method	Quantity	Estimated Cost	Timeframe	Fund Source	Remarks
1. Projects Procurement Plan for Works							
Total for Works							
2. Project Procurement Plan for Goods							
Total for Goods							
3. Project Procurement Plan for Consultant Services							
Total for Services							
Grand Total							

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6. Project Risk Management Framework

1. Introduction

NCDD-S procedures for managing programme and project risks include:

- Risk Management Framework defined in the Standard Operating Procedures (SOP) Manual for Externally Assisted Projects;
- Risk analysis and mitigation measures in the IP3-III document;
- Project-level risk analysis and risk management procedures agreed with donors for stand-alone projects.

To meet the requirements for accreditation as a National Implementing Entity of GCF, NCDD-S is required to show that it has adequate internal procedures for managing project risks. This should include a project-at-risk system that is operationally independent from the Program Management and Support Division / Project Management Unit (PMSD/PMU).

2. Proposed Risk Management Framework

NCDD-S will adopt a project risk management framework (RMF) which will be implemented for GCF funded projects and for other projects within NCDD-S AWPB that do not have explicit risk management provisions based on donor procedures.

The risk management framework will be aligned with the Standard Operating Procedures (SOP) Manual Section x: Project Risks and Mitigation Measures.

The risk management framework will include an independent project-at-risk (PAR) function.

The risk management framework will provide for flexibility to ensure that risk management procedures are appropriate to project size. Broadly, standardised risk measures will be used for grant-funded activities and very small projects (< $250,000) while customised project risk analysis will be used for larger projects.

A simple database system will be created by incorporating with the existing project database system as possible and managed by the M&E and Information Division (MEID) to monitor project risks.

The RMF database will generate reports which demonstrate effective implementation of the PAR function and will be available for audit as required.

3. Risk Analysis Matrix

All projects will have a Risk Analysis Matrix which will be prepared before project implementation. For each identified risk, the Risk Analysis Matrix will show:

- **Classification:** a simple risk classification of (1) Implementation Risks; (2) Fiduciary Risks; (3) Environmental and Social Safeguards Risks; and (4) Sustainability Risks will be used;
- **Impact:** the severity of negative impact that will result if the risk event occurs, assessed as High, Medium or Low;
- **Probability** that the risk event will occur: High, Medium or Low;
- **Mitigation Measures**: project design features that reduce the probability of the risk event occurring OR reduce the negative impact of the risk event if it does occur;
- **Threshold** indicators that will cause the risk to be classified as "red" or "yellow" status;
- Responsible agencies: agencies to be responsible for mitigating the risk when it occurs;
- **Updated status**: to be filled in during implementation, including date, status of risk as "red", "yellow" or "green"; and explanatory comment.

The Risk Analysis Matrix includes nine general PAR indicators that will be monitored for all projects.

PAR Indicator	Red	Yellow
Slow Disbursement	Less than 40% of plan	Less than 70% of plan
Delayed Outputs	Achieved outputs less than 40% of annual plan	Achieved outputs less than 70% of annual plan
Poor Output Quality	Completed outputs are ineffective or not fit for purpose	Quality of completed outputs is so poor as to seriously reduce the impact of the project
Gender Mainstreaming (GM)	Major breach of GM policy	GM Plan not implemented / not documented
Poor Financial Management Capacity	Major error in financial management procedures identified	Financial reports not complete / more than 3 months late
Stakeholder Grievances	More than one stakeholder has notified a grievance to NCDD-S and the issue has not been resolved after 3 months	One stakeholder has notified a grievance to NCDD-S and the issue has not been resolved after 3 months, OR More than one stakeholder has notified a grievance to NCDD-S
Poor Procurement Capacity	Major error in procurement procedures identified	Required documents showing correct procurement procedure not available for inspection
Environmental and Social Safeguards	Major error in application of ESS identified	Implementation of ESS procedures not properly documented
Sustainability	Any change / event that mean that project benefits cannot be sustainable	Project design provisions for sustainability have not been implemented

For projects below $250,000 and grants, these general PAR indicators will be sufficient. For projects over $250,000, a risk analysis will be prepared as part of the design and identified risks will be added to the Risk Analysis Matrix.

The Risk Analysis Matrix will include mitigation measures for all risks that are (1) High of Medium Impact and (2) High or Medium Probability.

For all risks that are High Impact and High or Medium Probability, the RMF will show threshold indicators that will be monitored and used to classify the risk as Red / Yellow / Green status.

Generally, there should be no more than 6 custom risk indicators to monitor per project. If there are too many risks requiring monitoring, the project should be re-designed to reduce risk.

The RMF will be developed by the Implementing Agency (IA) as part of the project design process. The RMF will be reviewed by the PMSD/PMU as part of the project appraisal process in close collaboration with MEID. The finalised RMF will be entered in the Risk Management Database (probably an Excel workbook) in the M&E and Information Division.

4. Monitoring

PMSD/PMU will be responsible to report against indicators of project risk at maximum six-month intervals. PMSD/PMU will report using a template which will be submitted to the M&E and Information Division for reviewing and updating in the database.

The M&E and Information Unit will classify a project as a Project At Risk (PAR) if:

- Status of any High Impact risk is "red";

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- Status of any three Medium Impact risks is "red"
- Status of at least one Medium Impact risk is "red" and at status of at least one High Impact Risk or three Medium Impact risks is "yellow".

The general PAR indicators are considered as equivalent to High Impact risks for this purpose.

5. Action Taken if Project is in PAR Status

In the case that a project is classified as PAR:

- Finance Unit will be informed, and no further funds will be disbursed to the implementing agency until corrective action has been agreed and implemented.
- If a project remains in PAR status for one year, the project will be cancelled, and NCDD-S will take steps to recover unspent funds from the Implementing Agency.

Corrective Action

When a project enters PAR status, the PMSD/PMU will intervene promptly with the IA to:

- Notify the IA that PAR has been declared,
- Discuss and agree with the IA a time-bound action plan to resolve the PAR status;
- Agree conditions for removing the PAR status;
- Notify the M&E and Information Division of the agreed plan and conditions;
- Follow up at maximum monthly intervals to verify that the agreed actions are being implemented;
- If PMSD/PMU concludes that there is no realistic possibility that the project will recover for PAR status; notify the M&E and Information Division and recommend to NCDD-S management to cancel the project and take steps to recover unspent funds.

Project Risk Analysis Matrix

Risk or general PAR indicator	Impact H/M/L	Probability H/M/L	Mitigation Measures	Threshold Red	Threshold Yellow	Updated Status Date	Updated Status Status/ Comment
1. Implementation							
General: Slow Disbursement	H			< 40% of plan	< 70% of plan		
General: Outputs Delayed	H			< 40% of plan	< 70% of plan		
General: Output Quality Poor	H			Outputs not fit for intended purpose	Poor quality that will reduce impact		
General: Gender Mainstreaming	H			Major breach of GM policy	GM Plan not implemented / not documented		
General: Stakeholder Grievances	H			More than one grievance notified and not resolved after 3 months	One grievance not resolved after 3 months, or more than one grievance I total		
2. Fiduciary							
General: Poor Financial Management Capacity	H			Major breach of FM rules	Financial reports incomplete/ 3 months late		
General: Poor Procurement Capacity	H			Major breach of procurement rules	Procurement records not complete / available		
3. Environmental and Social Safeguards							
General: Environmental and Social Safeguards policy not applied	H			Major breach of ESS policy	ESS procedures not properly recorded		
4. Sustainability							
General: Project benefits not sustainable	H			Any change / event that means project benefits will not be sustainable	Actions to ensure sustainability not implemented		

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7. Refer to Policy on Environmental and Social Safeguards for SNDD

8. Climate Change Risk Matrix

The climate change risk matrix consists of two tables that summarise the climate change adaptation effects and the climate change mitigation effects of the project. In the Adaptation table, identify climate change trends (e.g. increasing temperature, more severe flooding) that might have an impact on sustainability of project outputs or on project beneficiaries. Describe the negative impacts and assess the probability of the impact occurring and the severity of the impact. Describe project adaptation measures. In the mitigation table, describe ways in which the project may have a positive or negative impact on greenhouse gas (GHG) emissions. For projects with CC mitigation as an objective, the impact of the project on GHG emissions should be estimated.

1. Climate Change Adaptation

Climate Change Trend	Negative Impact on (1) Project Physical Outputs; (2) Beneficiary Livelihoods; or (3) Community Health and Safety	Probability (H/M/L)	Severity (H/M/L)	Adaptation Measures in Project

2. Climate Change Mitigation

Source of GHG Emissions	Potential Impact of Project (how project will increase or decrease GHG emissions	Specific project activities to reduce GHG emissions	Estimated impact of project on GHG emissions from this source (tonnes CO2 equivalent) if known

9. Gender Analysis Matrix

Question	Response	Specific Measures in Project Design
Describe how women's perspectives have been considered and how women's voices have been heard during project preparation		
Are there any reasons why the project activities may affect women differently from men?		
Are there any reasons why women may find it more difficult than men to participate in project activities or share in project benefits?		
Will women have equal opportunities for employment in the project? Are there any reasons why women might find it more difficult than men to work as project staff?		
Are there any ways the project can do more to respond to women's needs and / or to promote equality between women and men?		
Does the project logframe include indicators for measuring participation of women? Are all logframe indicators that count people disaggregated so that women and men will be counted separately?		

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10. Project Appraisal Report Template

Appraisal Question	Yes/No	Comment
Does the proposed project support the mission of NCDD-S		
Is the project aligned with RGC policy priorities expressed in the Rectangular Strategy and NSDP?		
Does the project directly contribute to the objectives and outcomes of the NP-SNDD/ NP2		
Is the project implementation approach aligned with NP-SNDD / NP2?		
Does the project design meet all relevant legal requirements, including ensuring that implementing responsibilities assigned to SNA are aligned with their legal mandates?		
Is the project logic, expressed in the project logframe and Theory of Change, convincing and realistic? In the view of the appraisal team, if the project components are implemented as planned, will the project outcomes and objectives be achieved?		
Are the project indicators, shown in the logframe, adequate to measure the expected results of the project? Does the project M&E plan explain clearly how the indicators will be measured?		
Is the project targeting strategy (target areas and target beneficiaries) based on sound reasoning?		
Are the project implementing arrangements realistic? Do the proposed implementing agencies have enough capacity?		
Is the project budget realistic? Are the costs proposed in the budget aligned with any relevant cost norms and / or with the real cost of the activities?		
Is the project implementing plan realistic? Can the project be completed within the proposed timeframe?		
Is a CBA needed for the project? If yes, has it been done? Do the results show that the project has a positive NPV (or BCR higher than 1, or EIRR higher than the acceptable minimum)? Does the sensitivity analysis show that the CBA result is robust (will not change due to small changes in the situation)?		
Is the project risk analysis convincing? Are the assessments of impacts and probability of risk events realistic? Are there any obvious risks that are not included in the risk analysis matrix? Are the proposed risk mitigation strategies realistic?		
Has the ESS Screening been carried out correctly? Is the assigned risk category of the project appropriate?		
Does the ESMP (if the project is Category B) or ESIA (if the project is Category A) address all the risks identified through ESS screening? Are the E&S risk management measures proposed appropriate?		
Is there a risk that the project will require involuntary resettlement, that is not foreseen in the ESMP? If involuntary resettlement is needed, has MEF-GDR been consulted?		

Appraisal Question	Yes/No	Comment
Has climate change risk been properly considered? Is the Climate Change Matrix complete and convincing?		
Does the project include appropriate provisions to comply with NCDD-S Gender Policy and Gender Action Plan?		
Has there been adequate consultation with stakeholders and project affected people during the design process?		
Other Comments by Appraisal Team		

11. Quarterly and Annual Report Template

1. Introduction

This should be a very short section describing the purpose and contents of the report. One paragraph is enough.

2. Project Description

This should be a standard project description about 1 – 2 pages long (maximum) that is used in many kinds of official document. It is best if the same text is used every time.

3. Key AWPB Targets for Reporting Period

This section should briefly describe the key targets in the current AWPB that were planned for achievement during this reporting period

4. Highlight Achievements for Reporting Period

This section should describe the most important achievements of the project during this period – just a few paragraphs. The details will be in the following section

5. Progress by Component

5.1. Narrative

For each component, and also for project management, describe (1) activities; and (2) outputs achieved. This section can also describe challenges which will be collected together in a table in the final section of the report.

5.2. Summary Table by Component

For each component, include a table in the following format (or another suitable format).

Output	Target for Current Period	Achievement	% Complete

6. Disbursement

This section should include a short narrative and a table showing planned and actual expenditures for each component (% of AWPB)

Component	Output	Expenditure		% Disbursed
		AWPB Plan	**Actual (to date)**	

7. Gender

This section should report on how the project has addressed gender issues during the reporting period.

8. Environment, Social and Climate Change

This section should describe any project activities relevant to environmental and social risk management and climate change adaptation or mitigation during the reporting period.

9. Updated Risk Analysis

This project should consist of the Risk Analysis Matrix from the Project Design Document, annotated to describe whether any of the risk events in the Risk Analysis Matrix occurred, and risk management actions taken.

10. Results of Annual Outcome Survey

If an Annual Outcome Survey has been carried out, summarise the results here.
   1. Challenges and Recommendations

This section should summarise all the challenges faced during project implementation, with recommended actions. Use a simple format like the one below.

Challenge	Recommended Action

12. Project Closing Checklist

No.	Checklist	YES/NO	Remarks
1.	Have all outputs been completed?	Yes	–
2.	Have all the project main targets/ activities been completed?	Yes	–
3.	Have the project terms and conditions been addressed?	Yes	–
4.	If appropriate, have the contracts associated with the project been closed?	Yes	–
5.	Have the lessons-learned sessions been conducted?	Yes	–
6.	Has the knowledge transfer been occurred?	Yes	–
7.	Has the post-project review been conducted with relevant stakeholders?	Yes	–
8.	Have all project accounts and sub-accounts been closed?	Yes	–
9.	Has the end-of-project financial report been prepared and submitted?	Yes	–
10.	If appropriate, have project team and staff been released and/ or assigned to new projects?	Yes	–
11.	If appropriate, have project equipment and means of transportation been settled?	Yes	–
12.	If required, has the post project evaluation been conducted?	Yes	–
13.	If required, has an audit been conducted?	Yes	–

13. Project Closing Report Format

1. General Information

Project Tittle:	
Starting Date	
Ending Date	
Project Code:	
Implementing Agency	
Total Budget	
Total Expenditure	
Balance	

2. Summary of Project Achievements

2.1. Activity Progress

Summarize key outputs produced by the project with clear indicators. For beneficiaries, the indicators should separate number of men and women.

2.2. Challenges Encountered

Describe key challenges encountered during the projects and recommendations and requests for improving the future projects.

3. Financial Status

3.1. Budget Implementation

Table of Project Budget Implementation

Code	Project Outputs	Budget	Expenditure	Balance

3.2. Problem Encountered

Summarize financial issues and problems encountered during project including amendment and variances. This part should also include recommendations and requests for solving and improving the future project budgets.

4. Annexes

This part should include:

- Project progress by output
- End-of-project financial report
- List of project inventory
- Others