

DFAT Management Response
3i: Investing in Infrastructure Independent Review

Water

Key Recommendations	Response	Explanation	Action Plan	Timeline
1. It remains vital that the remaining program of work addresses concerns around the lack of information sharing with the Ministry of Industry, Science, Technology and Innovation (MISTI) after grants are successfully disbursed, so that the water tariff is adjusted to benefit the end-user, and incorporates targeted equity and GEDSI considerations, as was originally meant to occur as per the program design.	Partially agree	<p>DFAT agrees that sharing programming information with government counterparts is important to informing water sector regulation, including tariffs.</p> <p>3i's competitive grants to private utilities partially covers infrastructure costs to expand water and electricity coverage to areas that are otherwise unprofitable. Grants are calculated on the basis that tariffs and other financial factors remain fixed.</p> <p>Palladium maintains that lowering tariffs could jeopardise the viability and sustainability of these utilities.</p>	<p>DFAT will continue to request data from Palladium on actual disbursements disaggregated by utility operators, sectors and year.</p> <p>Palladium to ensure that requested data is included in the handover packages at the end of the program.</p> <p>DFAT will continue to ensure any future viability gap financing (VGF) undertaken in the Cambodia-Australia Partnership for Resilient Economic Development (CAP-RED) is done in collaboration with government, balancing crowding-in private sector investment with the need to maximise benefits for end users.</p>	April – June 2022
2. Noting that actual connection data is available to operators (including on beneficiaries, disaggregated by sex etc) as part of their billing systems and can be requested by 3i, we note that the program should require operators to track and provide this data for a more comprehensive evaluation of program impacts	Agree	DFAT agrees on the importance of availability of actual connection data in (i) understanding program impacts and performance; and (ii) informing the implementation of successor programming activities under CAP-RED.	<p>DFAT will continue to work with Palladium to ensure connection data is collected from operators.</p> <p>Palladium to ensure that requested data is included in the handover packages at the end of the program.</p>	April – June 2022

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		DFAT has allocated additional resources to develop a performance and evaluation plan to maximise the use of available data and practically collect additional data including actual connection data to enable a more comprehensive evaluation of program impacts.		
3. Development of the Water Fund framework should look to learn from the Cambodian Government’s Rural Electrification Fund (REF) while engaging with potential development partners. A peer-to-peer learning platform should be established in collaboration with the Cambodian Water Association so good practices are heard and learned.	Agree	<p>The Water Fund framework is in part modelled on the REF, applying lessons learned to expand electricity coverage to the piped water sector.</p> <p>Palladium has been working closely with Cambodian Government counterparts and consulting widely with development partners and the private sector to develop the framework. DFAT will continue to encourage thorough stakeholder consultation as the Water Fund framework is finalised.</p>	Palladium to continue ensuring thorough stakeholder consultations as the Water Fund Framework is finalised.	Mar – June 2022

Energy

Key Recommendations	Response	Explanation	Action Plan	Timeline
4. Information on individual investment grants already disbursed to Rural Electrification Enterprises (REEs) should be made accessible to the Electricity Authority of Cambodia (EAC) so that the tariff to power subscribers (end-users) is adjusted to reflect the portion of the grant in the overall tariff calculation.	Partially agree	See recommendation 1.	See recommendation 1.	April – June 2022
5. Close engagement with the Ministry of Mine and Energy (MME) is encouraged so that the key recommendations proposed in the Renewable Energy Assessment and Integration Strategy (REAIS) are well received by government, and align with the forthcoming program [CAP-RED].	Agree	<p>The Renewable Energy Assessment and Integration Strategy (REAIS) is developed by the same consultancy that is supporting MME in the development of Cambodia’s Power Development Plan. This ensures close alignment between the two products.</p> <p>To ensure a high degree of government ownership, the REAIS is drafted under the guidance of the Renewable Energy Technical Working Group with representatives from the Ministry of Mine and Energy (MME), Electricité du Cambodge (EdC) and the Electricity Authority of Cambodia (EAC).</p> <p>DFAT and Palladium have conducted thorough consultations with relevant stakeholders including development partners, relevant government agencies and the private sector.</p>	DFAT is working closely with Palladium to ensure meaningful engagement with MME and other relevant stakeholders in the finalisation of the REAIS.	March – May 2022

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6. Criteria such as equitable access/GESI and affordability should be embodied in the current process for off-grid electrification	Agree	DFAT agrees that criteria such as equitable access/GESI and affordability should be included in the off-grid electrification. Palladium has provided assurances that GESI has been included in the selection criteria for the off-grid work. DFAT will ensure that equitable access, GESI and affordability are built into successful off-grid electrification supplier contracts.	Post to work with P4I to build in equitable access, GESI and affordability into successful off-grid supplier contracts under CAP-RED delivery.	March – June 2022 and during the inception phase of CAP-RED.
7. A peer-to-peer learning platform should be established in collaboration with the REF or Electricity Authority of Cambodia (EAC) so that good practices are heard and learned, including among development partners operating in the same space. We also note that the impact of the program could be strengthened by cooperating with other institutions (i.e., EAC) on investment projects to better embed technical practices and processes into domestic agencies.	Agree	See recommendation 5. The REAIS, will be endorsed by EAC before final approval by MME.	During implementation of CAP-RED, DFAT will explore peer-to-peer collaboration platforms between EAC and other energy institutions to build government-to-government linkages.	Inception and implementation of CAP-RED.

Infrastructure Bonds

Key Recommendations	Response	Explanation	Action Plan	Timeline
8. 3i could also investigate other infrastructure funding models by supporting the Security and Exchange Regulator of Cambodia (SERC) to consider a model for Social Impact Bonds	Agree	DFAT is considering support under CAP-RED and P4I that builds on the preparatory work undertaken through the 3i program on	Support under CAP-RED and P4I to consider infrastructure financing including social impact bonds, green infrastructure and low carbon	Inception phase of CAP-RED

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that could fill the funding gap for 'Base-of-the-Pyramid' service provision. 3i could offer assistance to RGC to prepare the Cambodia contribution to COP26 in Glasgow (or in its wake), in particular designing financial instruments (with SERC) to fund green infrastructure and low carbon energy (building on REAIS).		<p>infrastructure financing. Consideration could include practical support to implement Cambodia's Long Term Strategy for Climate Neutrality.</p> <p>DFAT understands that there are a range of development partners working on green financing (including a 'Green Bank' for Cambodia announced at COP26).</p>	energy, after mapping activities by other development partners to avoid duplication as well as testing the interest of SERC.	

Smart Cities

Key Recommendations	Response	Explanation	Action Plan	Timeline
9. A plan should be drafted for 3i's withdrawal from this workstream, including consideration of how local relationships can be appropriately managed. Sound infrastructure planning and prioritisation processes, at all levels, are essential to the delivery of on-need projects	Agree	DFAT agree with the review recommendation for 3i support to Smart Cities, with particular reference to the development value of the particular pilot project proposed, and will request Palladium to draft a withdrawal plan from this workstream including relationship management with local authorities.	<p>Palladium to draft a withdrawal plan from this workstream including relationship management with local authorities.</p> <p>DFAT to assess whether the 'systems' aspects of the Smart Cities work (i.e. putting in place digital architecture for cities to better manage and coordinate their infrastructure systems) has practical value after the work is concluded and whether it merits further engagement and support through regional programs.</p>	April – June 2022

Building Standards

Key Recommendations	Response	Explanation	Action Plan	Timeline
10. The overall workstream did highlight the success of demand driven and capacity building approaches, when supported by positive stakeholder relationships and buy-in. However, with a number of donors already operating in this space, and 3i's remaining deliverables clearly mapped out through to June 2022, we suggest that the existing plan is a sensible conclusion to 3i's effort in this sector.	Agree	<p>The importance of thorough and early stakeholder consultation and mapping has clearly manifested in the positive result of this policy workstream.</p> <p>Demand driven approaches and extensive stakeholder consultations successfully contributed to strong government ownership of the guidelines and the receptiveness to GESI mainstreaming.</p>	Continued implementation of the existing program plan.	February – June 2022

Monitoring and Evaluation

Key Recommendations	Response	Explanation	Action Plan	Timeline
11. Develop a simple program logic that provides details of the end-of program outcomes, the intermediate outcomes that are necessary for the achievement of those higher order outcomes, the activities and modalities that support such achievement, and the outputs of these activities. This can include reference to the principles guiding implementation (e.g., additionality, etc) and cross cutting issues such as gender.	Agree	<p>DFAT has allocated additional resources to Palladium to implement the M&E recommendations of the review.</p> <p>M&E plan will be revised to ensure the program has sufficient data to better reflect program development outcomes and impacts and conform with DFAT M&E standards.</p>	DFAT will work with Palladium to implement M&E review recommendations and the revised M&E plan.	February – June 2022
12. Re-cast the M&E 'Framework' as an M&E Plan and ensure it includes the basic elements of such a Plan that conforms with DFAT standards – this is a relatively straightforward exercise as most of the elements of such a plan are in place. This recasting should focus on: defining 'monitoring' and 'evaluation' in the context of	Agree	Same as above.	Same as above	Same as above

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the program (explaining what you are monitoring and why, and what you are evaluating and why); developing some key monitoring and evaluation questions to guide data collection; reshaping the 'research areas' table and allocating activities as 'monitoring' or 'evaluation' activities (and linking such to questions above); describing in more detail some of the constraints to data collection and how these are being dealt with (small utilities collecting data, etc); outlining how progress is being reported and why data changes year-on-year (assumptions); outlining M&E roles and responsibilities; and outlining yearly M&E activities in a workplan.				
13. Develop a proper M&E Framework at the program level and include this as an annex in the new Plan. This will ensure 3i can give DFAT the type of program level data it needs. The data is available to support this aggregation. This should include columns as follows: 'outcomes', 'indicators', 'modalities', 'activities', 'targets', and 'data sources'. The data sources column is particularly important and should provide precise information on where the indicator data is coming from.	Agree	Same as above	Same as above	Same as above

Gender

Key Recommendations	Response	Explanation	Action Plan	Timeline
14. 3i should make it a priority to: support the RGC target of universal coverage of piped water and electricity	Partially agree	Increased access to piped water and electricity is one of the three end of program outcomes for 3i. 3i's VGF model expanded access, which in turn contributes to universal coverage. The VGF model employed by the program in the piped	DFAT to draw from this experience in future program design. At the inception phase of CAP-RED, DFAT will ensure the winning supplier	February – June 2022 Inception phase of CAP-RED

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		<p>water and energy sectors in Cambodia, successfully expanded utility infrastructure, including making utilities available to poor households.</p> <p>Given the limited time remaining, this recommendation is useful to inform future programming.</p> <p>Data from the implementation of the recast M&E plan are key to informing future viability gap funding (potentially under CAP-RED). Future approaches could draw a better balance between expanding infrastructure and promoting universal access to piped water and electricity.</p>	<p>sufficiently allocates resources for GEDSI and M&E specialists.</p> <p>DFAT to ensure that future infrastructure investments and policy work explicitly weigh the trade-offs between expanding coverage further as against ensuring equity within coverage areas and allocate resources accordingly.</p> <p>Palladium to implement the re-casted M&E plan and use data to identify impediments to achieving universal coverage of piped water and potential policy responses that could be taken forward through CAP-RED, including through engagement with the RGC.</p>	
15. Review the opportunities to improve data collection.	Agree	See recommendation 11.	Palladium to implement the re-cast M&E plan.	February – June 2022
16. Explore entry points for GESI integration into policy work with RGC	Agree	Per advice from DFAT and the review, Palladium has recently engaged a Gender Specialist to review gender mainstreaming in its investment projects. GESI integration varies among policy workstreams. In collaboration with the Gender Specialist, construction sector Work Health and Safety (WHS) guidelines now include clauses practically addressing gender-based violence and harassment with endorsement from the Ministry of Land Management and Urban Planning.	DFAT will continue to work closely with Palladium to integrate GESI in policy workstreams.	February – March 2022

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17. The team should also revisit the Provincial Investment Plan (PIP) to identify how RGC can be supported to integrate GESI.	Partially agree	<p>The Provincial Investment Plan has already been endorsed by MISTI and formally launched. It is therefore too late to make any amendment within the timeline of the program.</p> <p>DFAT will endeavour to integrate GESI in future engagement with the PIP where possible during the inception and implementation of the CAP-RED program.</p>	DFAT will endeavour to integrate GESI in the context of the implementation of the PIP through CAP-RED support.	Inception and implementation phase of CAP-RED