



## PARTNER-LED DESIGN - INVESTMENT DESIGN SUMMARY

<b>Investment Design Title:</b> Australia-World Bank Partnership for Promoting Inclusion, Sustainability and Equality in Cambodia (the PROMISE Partnership)
<b>Start date:</b> January 2021
<b>End date:</b> December 2025
<b>Total proposed DFAT funding:</b> AUD50 million (with option to extend for five years and up to AUD90 million)
<b>Total proposed funding from all donor/s:</b> None to the Partnership, but at least USD40 million in co-contributions are anticipated (from Germany, Korea, Switzerland) plus Cambodian Government contributions and IDA loans for two major multi-donor projects funded under the partnership.
<b>Current program fund annual allocation:</b> AUD43.4 million
<b>AidWorks investment number:</b> INN072
<b>Overall Risk Profile:</b> Medium <b>Risk</b> Low <b>Value</b> Low
<b>Concept approved by:</b> Arnold (Charge d’Affairs, Phnom Penh), McIntyre (a/g FAS SED) in Dec 2019
<b>Concept endorsed by AGB:</b> Not applicable
<b>Quality Assurance completed:</b> Independent appraisal and peer review
<b>Approval: Delegate at Post:</b> Pablo Kang, HOM Phnom Penh
<b>Delegate in Canberra:</b> Tom Connor, a/g FAS SED

## A. Executive Summary

Cambodia has made impressive reductions in poverty in the past decade, with the poverty rate decreasing from around 40 percent to closer to 10 percent (depending on the measure). This is thanks to consistent economic growth of around seven per cent annually and sustained investment in human development through social services such as health and education. This investment in services was initially made by development partners such as Australia, and delivered through international partners, but recently it has increasingly been funded by the Cambodian Government through domestic finance and low interest loans. There has also been a shift toward greater direct delivery of services by the government.

The COVID-19 pandemic could undo ten years of hard-won development gains. Thirty percent of Cambodia's population are "near poor" and at risk of falling below the official poverty line. Due to widespread job losses in key economic sectors (garments, tourism), the World Bank has estimated that the poverty rate could increase by 11 percentage points — effectively doubling. The strain is showing: according to the World Bank's regional Economic Update for October 2020, 79% of Cambodian households have suffered an earnings loss due to COVID-19, second only to Myanmar in the region. Two-thirds of households surveyed by the World Bank's Cambodia office said that they have reduced food consumption as a result of COVID-19-related financial pressures.

Positively, Cambodia's response to COVID-19 has seen the Government implement social protection programs on an unprecedented scale, including by using an Australian-funded national poverty database to roll out Cambodia's first nation-wide cash transfer. Another system established with long-term Australian support, the Health Equity Fund (HEF), is enabling 2.6 million of the poorest Cambodians (around 16 percent of the population) to continue to have access to free basic healthcare during the pandemic. Countrywide, the majority (60-80%) of health services are delivered by the private sector, leading to high out of pocket costs for poor families and highlighting the need to increase the quality and accessibility of public services.

These programs build on Australia's decades of support for health system reforms, including in the past ten years via World Bank multi donor trust funds, such as the Health Equity and Quality Improvement Project (H-EQIP), to which Australia currently contributes. The Ministry of Economy and Finance (MEF) has described H-EQIP as a model of reform it would like to see replicated in other sectors as it demonstrates how to drive sustainable and affordable improvements in service quality while also improving accessibility.

COVID-19 has highlighted the importance of sustainable and inclusive public services for Cambodia's ongoing resilience. It has also demonstrated the importance of mechanisms, like the Social Accountability Framework, which allow citizens to shape the design and delivery of key government services, including health and education. Central ministries have been conscious of the risks to social stability with rising unemployment, including returning Cambodian migrant workers and informal workers. They also understand that local-level public participation in shaping the Government's policies and programs for pandemic recovery is important for the effectiveness of such measures and, increasingly, for broader stability in Cambodia.

Investments in more sustainable and inclusive public services, with stronger government accountability for delivering these services, will deliver results under all three *Partnerships for Recovery* key action areas: 1: Health security, 2: Stability, and 3: Economy recovery.

There is an opportunity for Australia to invest in Cambodia’s health security, human development and stability by consolidating and better leveraging our cooperation with the World Bank. The World Bank has established a strong track record of using its financial instruments, relationships with the MEF, and technical expertise to drive reforms in social service delivery in Cambodia. An investment in a country-level partnership with the World Bank is consistent with development priorities for Southeast Asia, as outlined in the SED regional and Cambodian

### COVID-19 Development Response Plans.

#### Partnership overview

The proposed Australia-World Bank Partnership for Promoting Inclusion, Sustainability and Equality in Cambodia (the PROMISE Partnership) has an overarching goal: *“To provide a platform for collaboration to strengthen the sustainability and inclusiveness of public services, economic opportunities and COVID-19 recovery in Cambodia.”*

The Partnership will have three components. Two components will make contributions to multi-donor projects implemented by the Cambodian government (in health and social accountability). The World Bank will directly implement a third, smaller component that will support equitable development (such as gender equality, social protection, and inclusive economic development) by rapidly deploying analytical products or small, catalytic activities on key policy issues. This bank-executed component also provides funding to support effective Partnership management that satisfies DFAT requirements, including for communications / visibility.

In addition to enabling us to influence the large Cambodian Government loan associated with the health project, this Partnership approach gives Australia the potential to influence results across the World Bank’s broader portfolio in Cambodia by leveraging Australia’s unique value-add: a prioritising of gender and social inclusion, flexible grant financing for advice and analytics, political economy insights and an ability to convene stakeholders, including multilateral, government and civil society.

Component / project	Timeline
<b>1. Health Equity and Quality Improvement Project (H-EQIP)</b> Multi-donor project	2021 – mid-2022 Phase 1 – AUD50 million* (*existing commitment, not formally under the partnership) Mid-2022 to 2025 <i>Phase 2 – AUD30 million through the Partnership (implementation may extend beyond 2025)</i>
<b>2. Implementation of the Social Accountability Framework (ISAF)</b> Multi-donor project	2021-2023 <i>Phase 2 – Up to AUD15 million through the Partnership</i> 2024-2025 Option for follow-on or alternate social accountability efforts

Component / project	Timeline
<b>3. The PROMISE PASA, trust fund management</b> Australia-only	2021 – 2025 <i>Up to AUD5 million over five years through the Partnership</i> <i>(AUD4.5 million for the PASA; AUD500,000 for trust fund management)</i>

The dedicated bank-executed component – comprised of the PROMISE Programmatic Advisory Services and Analytics (PROMISE PASA) and Partnership management funds – will ensure there are adequate, flexible resources to respond to emerging priorities and to address lessons learned from past World Bank partnerships in Cambodia and the region. It will provide a catalytic injection of technical resources on gender and social inclusion in the country office, as well as resources to strengthen communication on results and Australian visibility. The PROMISE PASA will also provide a platform to promote policy level collaboration between World Bank and DFAT teams on shared strategic interests (wherever Australia’s areas of focus overlap with the World Bank’s Country Partnership Framework), including as the development context evolves during Cambodia’s COVID-19 recovery.

Each component will have its own detailed performance framework, which will channel into a central PROMISE Partnership Results Framework and contribute to the **three high-level Partnership objectives**:

- 1) Public systems are strengthened and are delivering better quality services that benefit the poorest Cambodians, women and people with disabilities (primarily drawn from the H-EQIP 2 results framework)
- 2) The performance of public service providers is improved through enhanced transparency, strengthened citizen engagement and responsive action that supports the enjoyment of basic rights in Cambodia (primarily drawn from the ISAF II results framework)
- 3) Cambodian public policy and World Bank and DFAT investment operations are better informed by research, analysis and advice, including contributions that aim to improve gender equality and social inclusion (primarily supported by the PROMISE PASA)

The PROMISE Partnership will be established for an initial five year period with an investment of AUD50 million, with the option to add up to \$40 million in additional funding and extend for up to a further five years (subject to World Bank and DFAT S23 delegate approval). For example, it is expected that future DFAT investments in public financial management (PFM) and social protection (or in other sectors that emerge as priorities) through the World Bank in Cambodia will be incorporated into the Partnership. In the meantime, PFM and social protection are relevant policy streams to the Partnership, including through the PROMISE PASA.

### Governance and management

A **Steering Committee** with representatives from DFAT (including DHOM) and the World Bank (including the Country Manager) will provide strategic guidance, identify joint policy or advocacy priorities, and approve the annual workplans and budgets for all Partnership components. A key role for the Committee will be approving proposals for the PROMISE PASA, which will be informed by an annual Partnership Forum of World Bank and DFAT

staff. The Committee can also revise the Partnership’s Results Framework, Operations Manual and budget line allocations (without requiring a revision of the Agreement). Decisions will be made by consensus. Both DFAT and the World Bank will nominate a partnership manager for day-to-day coordination. We will seek to complement the formal governance mechanism through informal engagement at all levels, including annual meetings between the Ambassador and World Bank Country Director (based in Myanmar) to discuss Partnership performance and shared policy interests. At project-level, DFAT officers will engage on shared policy interests and participate in the ISAF II and H-EQIP 2 multi-donor governance mechanisms, which includes engagement with the relevant Cambodian Government bodies.

The Partnership relies on the World Bank’s systems for managing risk (including fiduciary risk), which were assessed as strong in DFAT’s most recent multilateral performance assessment (scoring five out of six). It mobilises additional resources to manage known potential weaknesses in gender and communications/visibility. DFAT will use the ISAF and H-EQIP management arrangements to ensure early visibility of risk in Cambodian Government executed activities to enable DFAT to mobilise additional, independent technical expertise if required.

## **B. Development Context (What problem are we addressing?)**

As explained in Section 1 of the PROMISE Partnership Trust Fund Proposal (Annex 1), the COVID-19 pandemic is hitting Cambodia’s highly open economy hard and threatening to undo ten years of hard-won development progress. The Partnership addresses this by seeking to ensure that Cambodia regains and maintains its momentum in improving the quality, sustainability and inclusivity of its public services and economy. This will support the fulfilment of basic rights by Cambodians—particularly the most vulnerable—while also enhancing stability and enabling an economic recovery from COVID-19 that the whole population can share in.

### **Health**

Australia has been supporting health systems reform in Cambodia for more than 20 years and is recognised as a leading bilateral donor in health. Australia has been the leading contributor to a World Bank-administered, Cambodian-government implemented health systems strengthening project since 2016: the Health Equity and Quality Improvement Project (H-EQIP). As a result of H-EQIP, poor Cambodians received 2.9 million free healthcare services in 2019 through the HEF (support that has continued during the pandemic) and more than 1,000 health facilities nationwide now reach targeted quality standards (up from 46 in 2016). The design process for a successor project (H-EQIP 2) is underway, with the project slated for established in late 2021.

Australia also supports a regional World Bank health systems strengthening multi-donor trust fund, managed from Canberra by DFAT’s Global Health Policy Branch, which includes contributions to World Bank projects in Cambodia such as the Cambodia Nutrition Project. Our bilateral and regional work with the World Bank in health is complemented by a range of health security activities (some complementary to the World Bank’s COVID-19 health project) managed by Australia’s Indo-Pacific Centre for Health Security. Australia also has active

engagement in Gavi, the Vaccine Alliance and The Global Fund implementation in Cambodia through a Regional Health Adviser based at Post.

Australia supports the World Bank's Public Financial Management and Service Delivery Trust Fund in Cambodia through the bilateral aid program and Post has been developing strong relationships with reform-minded officials in the Ministry of Economy and Finance. This level of engagement is critical for delivering systematic change that can deliver results at scale by enabling the Cambodian Government to make more effective use of its own resources. MEF sees H-EQIP as a model of reform to be replicated in other social sectors (for example improving services using performance-based financing, information technology, and institutional reforms). This investment aims to capitalise on this opportunity.

### **Social protection**

The Australian-funded register of poor households (known as IDPoor) is what enables poor people to access subsidised healthcare services through the HEF. The Royal Government of Cambodia (RGC) is now also using IDPoor to determine eligibility for its COVID-19 relief payments, which began in June 2020, total more than USD25 million per month and cover almost 700,000 Cambodian households. This stimulus is supporting national economic and social stability in a time of crisis while also channelling support to economically and socially vulnerable Cambodians—a strong and equitable outcome built on one decade and \$14 million of Australia-Cambodia development cooperation. There is now a potential window of opportunity to capitalise on the RGC's COVID-19 cash transfer program to further institutionalise social protection systems and programs in Cambodia.

### **Social accountability**

Cambodian citizens have traditionally not had a strong understanding of their rights to public services (including health and education) nor have they had opportunities to shape the budgets for these services and provide feedback on service implementation. To address this, given its importance for building trust and stability over the long-term, the RGC has been implementing a national Social Accountability Framework since 2015. This is overseen by the Ministry of Interior (MoI) as part of the national Deconcentration and Decentralisation Reforms – an agenda that has high-level political support. The Implementation of the Social Accountability Framework (ISAF) project has built feedback loops between citizens and the state with regard to health, education and administrative services at the local commune level. ISAF Phase II is supported by multiple likeminded development partners, with Germany recently making a substantial contribution. The World Bank plays a central role managing a multi-donor trust fund arrangement, and activities on the ground are implemented by international and national NGOs (including World Vision and its local partners) and Cambodian Government agencies.

ISAF II represents a viable way to pursue greater state accountability and social stability based on citizen rights and entitlements. Post has successfully advocated for the inclusion of IDPoor into the ISAF II project, meaning this mechanism will be subject to greater community feedback and transparency, which is particularly important now



it is being used to determine who can access government payments. This also shows the potential leveraging other Australian-funded initiatives in Cambodia through a World Bank Partnership.

### **Gender equality and social inclusion**

Significant gender, social inclusion and inequality issues persist in Cambodia. The 2017 Gender Inequality Index ranked Cambodia 116 out of 160 countries and access to inclusive, quality services are essential to closing the gap. Cambodia has some of the highest out-of-pocket health expenditure in the world—about 60 per cent of payments for health services are out-of-pocket (World Bank 2019). This is leading to catastrophic (impoverishing) health spending for around 6.3 per cent of the population (8.6 per cent of the elderly and 13.4 per cent of people with a disability). Persons with disabilities on average spend three to four times more on total healthcare-related treatment and travel costs (DHS 2014).

These pre-pandemic figures are likely to be exacerbated by the effects of COVID-19, which has reduced household incomes and disproportionately undermined the female-dominated tourism and garment factory sectors. Post is currently seeking to extend the Australia-Cambodia Cooperation on Equitable Sustainable Services (ACCESS) to \$25 million and until 2023—this program aims to support Cambodian government ministries to improve the sustainability, quality and inclusiveness of services for persons with disabilities and for women affected by gender-based violence in particular.

### **Social spending and human capital**

There is now a very real risk that expenditure on social sectors may decline as COVID-19 response measures prioritise emergency and economic needs. RGC officials say strong investment cases are needed to support expenditure in social sectors – something the PROMISE PASA could support. More needs to be done if Cambodia hopes to experience a sustained economic recovery from COVID-19 driven by a healthy and educated population. If the pandemic is allowed to undermine human capital growth, this would have negative impacts in the longer term. The World Bank judges that the “quality of human capital will be of utmost importance to achieve Cambodia’s ambitious goal of reaching middle-income status by 2030” (April 2020).

### **Partnership overview**

The proposed investment is AUD50 million over five years through a Partnership Trust Fund, with the option of extending the arrangement for another five years. The Partnership will include contributions to the ISAF II (up to \$15 million) and H-EQIP 2 (up to \$30 million) multi-donor projects, complemented by flexible funds for economic and social advice and analytics and Partnership management (up to \$5 million). Our IDPoor support program delivered through GIZ is due to conclude in April 2022, and the Partnership also provides an avenue for DFAT to consider supporting further measures to strengthen the national social protection system.

Germany and Switzerland are together contributing USD9.5 million to the World Bank-managed ISAF II multi-donor trust fund (MDTF) which finances both Mol’s “supply-side” activities to support subnational authorities to

implement ISAF activities, as well as “demand side” activities supported by civil society organisations in the community.

Following the success of H-EQIP, Germany (indicatively USD20 million) and South Korea (indicatively USD10 million) are both intending to extend their support to the next phase. The Cambodian Government will contribute through an International Development Association (IDA) loan arrangement, meaning our engagement in H-EQIP 2 will give us the ability to influence a significantly larger pool of financing (just as it has with the current phase, which will run until June 2022).

Australia maintains a strong reputation as a donor that invests in people and in the long-term human development of Cambodia. Assuming Australia’s aid budget allocations remain stable in coming years, the Partnership would constitute approximately 15% of Australia’s annual ODA to Cambodia and 23% of the bilateral program – enough to maintain this reputation. The investment would also solidify Australia’s status as a major bilateral donor to the health sector and would also make us one of the largest financial supporters of social accountability and subnational democratic governance in Cambodia.

### C. Strategic Intent and Rationale (Why?)

Investments in more sustainable and inclusive public services, with stronger government accountability for delivering these services, will deliver results under all three *Partnerships for Recovery* key action areas: 1: Health security, 2: Stability, and 3: Economy recovery.

Australia can invest in Cambodia’s health security, human development and stability by consolidating and better **leveraging our cooperation with the World Bank**. The World Bank is well placed to lead the implementation of this work with its technical expertise and track record in the health and accountability sectors, strong analytical capabilities, and ability to leverage support from other development partners and influence Cambodian Government spending. Australia’s record as a leading funder and proponent of health system and public financial management reform makes us well placed to deepen and expand this agenda through this Partnership, while providing an opportunity to drive an increased focus on Australia’s priority of gender equality and social inclusion.

An investment in a country-level partnership with the World Bank is consistent with development priorities for Southeast Asia (as outlined in the SED regional and Cambodian **COVID-19 Development Response Plans**). The flexibility and focus of the proposed Partnership means it can respond to vital needs in the short term while also positioning Cambodia to emerge with stronger service delivery systems and stability. This will contribute to poverty reduction, enhance Cambodia’s human capital and help reduce the “development gap” between Cambodia and wealthier Southeast Asian countries, all of which are vital if the country is to seize the opportunities of the prosperous and open Indo-Pacific envisaged in the Australian **Foreign Policy White Paper**.

An investment in improved public service delivery, stability and equality (gender, social and economic) would be consistent with the **four tests of Australian aid**. It is in Australia’s interest to support Cambodian institutions to provide greater protection for vulnerable or marginalised groups, and to more effectively involve citizens in



developing and implementing public programs. Through the Partnership approach, we can leverage and influence RGC and development partner funds, expand the use of performance-based funding models, and drive an enhanced focus on themes of most interest to us, including evidence-based policymaking and gender equality.

#### D. Proposed Outcomes and Investment Options (What?)

The Australia-World Bank Partnership Trust Fund has an overarching goal: “To provide a platform for collaboration to strengthen the sustainability and inclusiveness of public services, economic opportunities and COVID-19 recovery in Cambodia.” Key end-of-Partnership outcomes are as follows:

1. Public systems are strengthened and are delivering better quality services that benefit the poorest Cambodians, women and people with disabilities.
2. The performance of public service providers is improved through enhanced transparency, strengthened citizen engagement and responsive action that supports the fulfilment of basic rights in Cambodia.
3. Cambodian public policy and World Bank and DFAT investment operations are better informed by research, analysis and advice, including contributions that aim to improve gender equality and social inclusion.

The Partnership will achieve these outcomes by investing in, respectively:

Component	Project type	Description
<b>1. Health Equity and Quality Improvement Project Phase 2 (H-EQIP 2)</b>	Recipient-executed multi-donor (with Germany and Republic of Korea) with bank-executed implementation support	<ul style="list-style-type: none"> <li>- Implemented by the RGC (Cambodian Ministry of Health) with World Bank support</li> <li>- Design of Phase 2 began in August 2020, aiming to build on the strengths of H-EQIP 1 (with a focus on Cambodian Government ownership and financing, institutional sustainability and inclusive social health protection, taking into account the implications of COVID-19). Advocating for payments linked to results on gender equality will be a key priority for DFAT.</li> <li>- Will be operationalised in late 2021. See Annex 2 for more details</li> </ul>
<b>2. Implementation of the Social Accountability Framework Phase II (ISAF II)</b>	Recipient-executed multi-donor (with Switzerland and Germany) with bank-executed implementation support	<ul style="list-style-type: none"> <li>- Implemented by the RGC (The National Committee for Sub-National Democratic Development Secretariat) and World Vision International with World Bank support</li> <li>- Phase 2 seeks to extend ISAF to 90 per cent of districts nation-wide and into new sectors. Although some activities have begun with support from other donors, the project will be formally launched in early 2021</li> <li>- There is also an opportunity to enhance the targeting of gender equality and disability inclusion</li> <li>- See Annex 3 for more details</li> </ul>

Component	Project type	Description
3. PROMISE PASA, Partnership trust fund administration and management	Bank-executed single-donor (Australia only)	<ul style="list-style-type: none"> <li>- To support work in areas of shared strategic policy interest and in response to emerging issues and opportunities, drawing on World Bank analytical expertise</li> <li>- The focus on inclusive and equitable development enables work in areas such as gender equality, social protection, inclusive economic development, and COVID-19 recovery</li> <li>- Dedicated management funds will enable communications, visibility, monitoring and evaluation, and other Partnership support activities to be undertaken</li> </ul>

Australia currently supports the multi-donor Public Financial Management Reform Program through the World Bank and Post expects that this stream of work will be incorporated into the Partnership after FY2022-23 (when the current PFM phase ends).

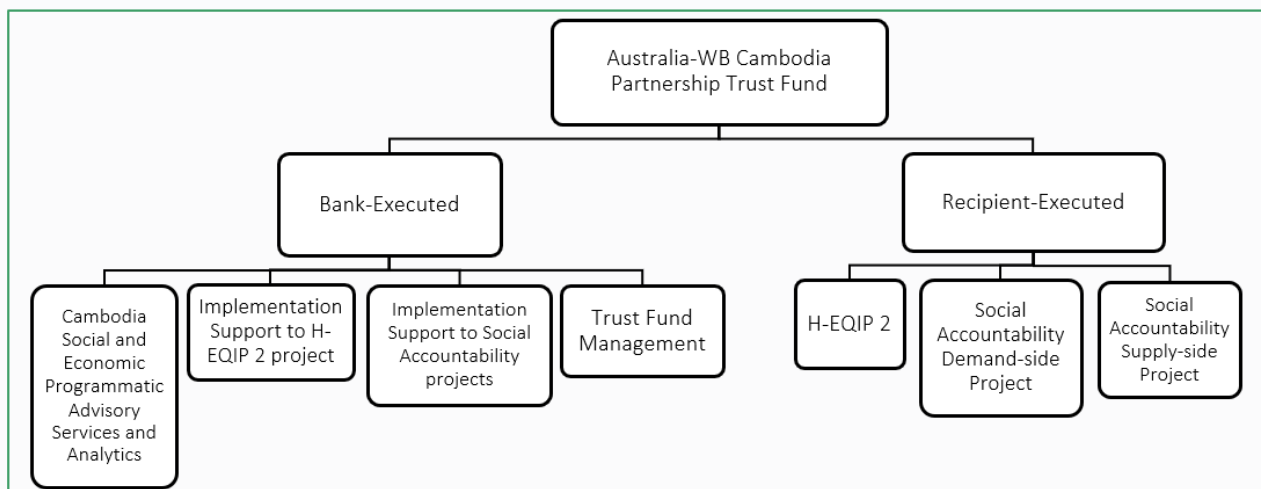
The **logic** of this approach is that by investing in **proven World Bank multi-donor financing approaches** with government and civil society implementing partners, complemented by **analysis and technical inputs on key issues including gender equality**, we maximise our ability to **improve access to quality public services** and contribute to a Cambodia that is more **stable, resilient and fair**.

The Partnership will enable DFAT to progressively consolidate our existing collaborations with the World Bank to reduce transaction costs and promote policy-level collaboration on shared World Bank-Australia interests. It mobilises new resources for known weaknesses (lessons learned compiled in 2019 by WBG/Jakarta Post showed the importance of resourcing gender, M&E, and communications to meet DFAT standards when partnering with the World Bank). The Partnership has some ability to be scaled up or down and maintains some flexibility to respond to emerging priorities outside of existing World Bank projects.

Other options considered for this investment include maintaining separate investments in multiple World Bank projects or working with alternative partners such as UN agencies, International NGOs or managing contractors. However, these other options do not deliver the combination of 1) a single partner with the technical expertise and experience to work on national level public service reform, including with the Ministry of Economy and Finance, for sustainable results, 2) the ability to use Australia's grant financing and policy engagement to influence a much larger investment pool, and 3) sound institutional systems that enable DFAT to take a partner-led approach to day-to-day activity implementation.

The balance of multi-donor and dedicated Partnership activities helps deliver value-for-money: 85% of the funds attract a relatively modest 5% trust fund fee while the remaining 15% of direct bank-executed activities will attract a fee of 12% on all expenditure. Furthermore, the consolidated nature of the investment reduces the administrative burden on Post and provides some flexibility for where DFAT invests its management effort, allowing Post to focus our resources where we can have the most influence.

**Table: Proposed structure of the Partnership Trust Fund (as per the World Bank Concept Note)**



**E. Implementation Arrangements (How will DFAT engage in the partnership?)**

The Partnership will involve different levels of management arrangements in order to ensure Australia receives the strategic and efficiency benefits of the Partnership while also being able to engage directly on policy and implementation with the Cambodian government through participation in project-level governance mechanisms.

The key governance mechanism is the **Steering Committee** with representatives of DFAT (up to DHOM level) and the World Bank (up to Country Manager level), including participation from Post’s Human Development unit and Economics Unit. The Steering Committee will provide strategic guidance, identify joint policy or advocacy priorities and formally approve workplans and budgets for all three Partnership components. The Committee will be governed by a ToR, will make decisions on consensus and can adjust the membership upon mutual agreement. The Committee can revise the Partnership’s Results Framework, Operations Manual and budget line allocations (without requiring a revision of the Agreement). In addition, DFAT officers will have the opportunity to use the Partnership to provide a platform to pursue policy interests shared with World Bank technical teams. We will seek to complement the formal governance mechanism with annual meetings between the Ambassador and World Bank Country Director (based in Myanmar) to discuss Partnership performance and shared policy interests. Both DFAT and the World Bank will nominate a Partnership Manager for day-to-day operations, and they will coordinate with the broader teams on sectoral-level engagement to ensure ongoing collaboration at all levels.

The PROMISE PASA will take the form of a World Bank **Advisory Services and Analytics** program, which will set a framework for bank-executed research, analysis and policy advice. It will be managed by the Bank’s Country Management Unit with parameters set out in the PASA Concept Note to be approved by the Steering Committee. The Concept Note will provide specific criteria to ensure proposals are prioritised in areas including 1) gender equality and social inclusion, and 2) economic recovery and ongoing economic resilience. Proposals can be submitted by any in-country World Bank team and all must be endorsed by a DFAT counterpart to ensure they

reflect mutual Partnership priorities. An annual Partnership Forum will help staff from both agencies identify options for collaboration prior to the call for proposals (there will also be a provision for out-of-session proposals, recognising the importance of flexibility to respond to emerging issues and opportunities). The World Bank Trust Fund Manager will coordinate PROMISE PASA activities with a World Bank technical review committee to review eligibility and prioritise proposals. A draft of the PROMISE PASA Concept Note is attached to the draft **Partnership Operations Manual (Annex 4)**, which also includes a **Draft Partnership Communications Protocol**.

An **Extended Term Consultant (gender and social inclusion expert)** will be recruited by the World Bank to provide a catalytic injection of expertise and effort to help establish the Partnership and ensure it delivers its objectives on strengthening gender and social inclusion (see section G below for more details). DFAT will have input into the Terms of Reference and recruitment process. This position will be financed by the bank-executed funding allocation with the workplan approved by the Steering Committee, which will retain the power to make adjustments to the use of this and other consultants. This is likely to be a national position to achieve value for money relative to the funds to be managed and support localisation of technical advice roles.

### **Management of the Partnership-supported projects**

The multi-donor H-EQIP 2 and ISAF II projects will have their own project-specific implementation arrangements which the relevant DFAT investment manager will participate in. Post will seek to measure our engagement in these structures so that we have suitable influence and oversight of our investment, without surrendering the value of a consolidated arrangement managed by a capable partner.

Post will work with the World Bank and other donors to agree to a format that ensures:

1. DFAT maintains a voice in each project consistent with established practice (as experienced through the H-EQIP and Public Financial Management programs)
2. Effective donor coordination enables development partners to speak with one voice when engaging with RGC or local stakeholders.

Australia will also sit as observer and development partner representative on the central MoI-led ISAF Partnership Steering Committee (which features a wider range of government agencies and NGO implementers). The pooled fund mechanism for H-EQIP has proven effective and we expect H-EQIP 2 to follow a similar governance structure, with chairing duties shared by funding partners on a rotational basis (DFAT is currently chair of the H-EQIP pooled funding partners' management committee). During implementation, the Partnership will also provide opportunities for DFAT engagement on broader policy issues with the Cambodian Government at senior levels (including MEF).

The careful design and integrated, recipient-executed nature of the H-EQIP and ISAF project approaches will support **sustainable** results. The H-EQIP model leverages Cambodian government contributions, and caps the contributions of development partners to the Health Equity Fund, meaning the RGC is gradually assuming responsibility for these subsidised services for poor Cambodians. ISAF is a government-owned process to which the RGC contributes the

salary costs of the government personnel involved (at national and subnational levels). The focus on developing direct responses to locally agreed problems helps promote the sustainability of these changes to service delivery.

### Policy engagement

Post intends to maintain clarity and focus for policy engagement under the Partnership in three main ways:

1. Develop a Human Development Team policy matrix to guide our engagement in the Partnership (and with other external stakeholders)
2. Post and the World Bank to oversee a joint Partnership policy matrix or agreed list of advocacy priorities, updated through regular review. This will translate the Partnership objectives into issues of the day for engagement with RGC/stakeholders.
3. A social protection engagement strategy for Post, covering all relevant partners / programs (the Partnership as well as IDPoor, UNDP, ACCESS, etc.). DFAT's Poverty and Transfers Section will support this process.

## F. Monitoring and Evaluation (How will DFAT measure performance?)

A draft **PROMISE Partnership Results Framework** has been developed (Annex 5), featuring high-level outcomes and indicators for each of the components. Performance information will be fed by individual monitoring and evaluation frameworks for each component, overseen by the World Bank which will apply the full scope of its performance monitoring policies and processes to the task. This will provide a balance between robust project-level results frameworks and the more responsive and directed approach that will be available to Australia and the World Bank under the flexible funding component. The detailed outcomes and indicators the Results Framework will be further refined as the design and project identification processes for each component proceeds.

The PROMISE Partnership links to the following *Partnerships for Recovery performance indicators*, as articulated in the Cambodia COVID-19 Development Response Plan:

1. Health security
  - a. Number of countries where Australia has contributed to strengthened health systems including preparedness for health emergencies, with examples
2. Stability
  - a. Countries Australia has supported in the last 12 months to strengthen governance systems (by type) (including examples of assistance provided and significant policy change achieved)
  - b. Numbers reached with new or improved social protection programs, including remote communities
3. Economic recovery
  - a. Countries Australia has supported in the last 12 months with policy and technical advice on stimulus measures and longer-term economic recovery (including examples of assistance provided and results achieved)



DFAT has ensured that **a mix of qualitative and quantitative approaches are used**, that indicators track uptake of knowledge generated by the PROMISE PASA, and that gender equality and social inclusion are specifically targeted for all projects (not just the PASA). There are also indicators for the effectiveness of the relationship between Australia and the World Bank. At the advice of peer reviewers, some indicators and measurement approaches have been adopted from the Australia-World Bank Indonesia Partnership and the DFAT-supported World Bank-implemented South Asia Regional Trade Facilitation Program, providing for a consistent approach across Australia-World Bank partnerships to the extent possible.

The **H-EQIP performance framework** is agreed with RGC and uses disbursement-linked indicators with progress verified prior to the release of funds. DFAT will advocate strongly for the inclusion of gender in the H-EQIP 2 performance framework (the lack of gender champions or sex-disaggregated data in the government system have hampered performance in the past). The intended results of the ISAF II project reflect the national-level Social Accountability Framework and flow through into the project grants. The results framework that governs the multi-donor trust fund that currently supports ISAF II is accompanied by a **detailed theory of change – Annex 6**. A separate project identification process will be undertaken in early 2021 for the ISAF II grants to be made through the PROMISE Partnership, and there is an opportunity (and likelihood) that this framework will be updated.

Indicators of Partnership performance are included in the PROMISE results framework. Recognising that project-level results reporting may not always be timely enough or feature the full range of information DFAT requires for our own reporting purposes, **we have the option to fund specific M&E activities through the bank-executed funds**: for example, gender studies, results briefs and research reports in specific policy areas covered by the Partnership. This is based on DFAT experience elsewhere showing that resourcing M&E activities to meet our requirements has been critical to creating an effective partnership that can demonstrate both its own value and development results. An annual Partnership survey will gather feedback on performance and support management actions by the World Bank and DFAT to improve effectiveness.

An **annual written progress report** will be provided to DFAT by the World Bank, addressing achievements and challenges from all three components and the Partnership approach. This will be informed and complemented by general ISAF II and H-EQIP 2 reporting generated through the multi-donor frameworks. An agreed format will be approved by the Steering Committee and attached to the Operations Manual. The report will be formally reviewed by the Steering Committee and scheduled to inform DFAT's Investment Performance Reporting process. LES officers from the Human Development Unit in Post's Policy Section will be nominated to take responsibility for managing DFAT's engagement in each of the three components of the Partnership (ISAF, H-EQIP and the PROMISE PASA). The LES officer responsible for the PROMISE PASA engagement will also be the overall Partnership investment manager for DFAT. The LES officers will be overseen by a First Secretary (Development Cooperation), reporting to the Head of Development Cooperation (who will be able to use his or her position on the Partnership Management Committee to raise any high-level issues identified during monitoring). At the World Bank, a

Partnership Manager and Trust Fund Manager will oversee the Partnership while Task Team Leaders remain responsible for project-level implementation, performance monitoring and reporting.

Post will maintain access to **specialist advisers**, for example on gender, public financial management and health financing, to ensure DFAT can effectively engage in monitoring missions and push for particular policy outcomes or improved performance, if performance or risk management is unsatisfactory. Currently, Post engages a PFM adviser and a health financing adviser to participate in six monthly H-EQIP monitoring missions.

## G. Gender, Disability and Other Cross Cutting Issues

The investment will build upon Australia's recognised reputation in Cambodia as a leader in health system reform, gender equality and disability inclusion.

### Gender Equality

DFAT experience in Cambodia and in other countries is that the World Bank's performance on gender can fall short of DFAT expectations, especially if gender is not adequately captured in project designs and budgets. This is a key reason for pursuing a Partnership model in Cambodia. The design elevates gender equality in several ways:

1. Dedicated funds directed through the structured PASA with **a declared focus on gender equality and social inclusion**. Supported by this research and analysis, DFAT will advocate for enhanced gender equality mainstreaming and targeting in Partnership projects, across the World Bank portfolio, in Cambodian Government policy and in the broader development sector.
2. Provides a mechanism for **driving gender equality into the H-EQIP 2 and ISAF II project designs**, with a key objective to link project payments to results on gender equality and social inclusion.
3. **Monitoring performance and advocating for continued improvement** during implementation.

The Partnership design process has been led for the World Bank by the Cambodia office Gender Focal Point and Country Manager, who have both agreed, through 18 months of discussions with Post, that gender equality should be a major focus of the Partnership. This culminated in the Bank proposing the approach of having a centrally-controlled advisory and analytics program focussed on gender equality and social inclusion (the PROMISE PASA) supported by the Extended Term Consultant to drive the gender equality focus and promote a cohesive and high-quality Partnership agenda. This approach provides opportunities to leverage outcomes across the Partnership and World Bank portfolio by strengthening the way gender is analysed and integrated into programming in other areas. The World Bank's East Asia Pacific Regional Gender Specialist will be a member of the Steering Committee.

The Partnership will support the three pillars of Australia's *Gender Equality and Women's Empowerment Strategy* in different ways. ISAF II features strong **women's participation** as community facilitators, a role that enables women to step into local **leadership roles** traditionally occupied by men. There is strong potential for women's **economic empowerment** to be a key focus of analytical component, noting that COVID-19 has had a

disproportionate impact on women in Cambodia. Post will reflect the gender priorities for this investment in our **Gender Action Plan**.

The Partnership will complement Australia's primary investment in **ending violence against women and girls** in Cambodia (through the ACCESS program) by improving the quality of services victims of violence can receive at public health facilities and providing an opportunity for policy-level engagements on GBV. Other potential cross-over points between the Partnership focus on gender and Australia's aid investments in Cambodia include:

- Data and Dialogue for Development: a program supporting independent Cambodian think tanks to generate research and promote dialogue on policy reform. Currently, partners are conducting household-level studies on the impacts of COVID-19 (such as the impacts on remote learning requirements for children and families).
- Australia Awards scholarships and short courses, including a focus on enhancing women in leadership.
- IDPoor, which provides poor women with free access to maternal and child health services.
- The Cambodia Nutrition Project (funded by DFAT globally, managed by the World Bank): leverages the performance-based financing and Cambodian Government systems supported through H-EQIP and focusses on community-based interventions for maternal and child health. It also builds on DFAT's previous Partnering to Save Lives program (2015-2018)
- Economic governance (program under design): Issues of inclusive growth and women's economic empowerment
- Australian COVID-19 vaccine support initiatives

### **Disability Inclusiveness**

The existing HEF structure under H-EQIP provides free services to all people with a disability and DFAT has advocated strongly for the inclusion of the Washington Group questions in the IDPoor questionnaire (for identifying HEF beneficiaries) to ensure an appropriate range of disabilities are identified. We will use the H-EQIP 2 design process to ensure services better cater for the needs of people with disabilities. Continued improvements in the quality of public health services and social health protection for the poorest families will disproportionately benefit people with a disability due to their reliance on health services and their overrepresentation in poor households (18.2 per cent - Cambodia Socio-Economic Survey 2014). We will use our position as an ISAF II contributor to enhance disability inclusion through the project, given that issues of voice, participation, and the accessibility and quality of services are all important to the lives of people with a disability. There will be strong opportunities to leverage Australia's ACCESS program, which works on policy and financing reforms to ensure people with a disability can access sustainable, quality and inclusive services. We already provide support to the Cambodia Disabled People's Organisation through ACCESS and will seek to ensure they are included in design and implementation of the Partnership components.

## Indigenous peoples

H-EQIP's approach to the inclusion of indigenous people—involving additional performance-based grants and the introduction of an Indigenous Peoples scorecard—has improved outreach and services. We are seeking to maintain a focus for indigenous people in H-EQIP 2 and have ensured this is a priority agenda item during the design process. There is also scope to address indigenous inclusion issues through the PROMISE PASA, which can be applied across the breadth of Australian and World Bank investments and interests.

## Innovation

The World Bank has a track record of supporting reforms and using financing instruments to reward performance and innovation. The PROMISE PASA provides a mechanism for piloting new ideas, conducting research and collecting evidence to promote new and innovated ways of working through the Partnership.

## Emergency response

H-EQIP 2 is expected to retain an emergency response component, like the one in H-EQIP which was activated to respond to COVID-19. If required, the Partnership could also provide an efficient mechanism to provide funding in response to a major unforeseen emergency by adding a third recipient-executed activity for emergency response in future if required (with additional delegate approval).

## H. Budget and Resourcing (What will it cost?)

Australia will initially allocate \$50 million toward the Partnership, with the following indicative allocation:

Component	Indicative allocation (AUD)	Note
1. Inclusive Public Health Services	30,000,000	H-EQIP 2
2. Social Accountability	15,000,000	ISAF II and successor initiatives
3. Advisory Services and Analytics, Partnership trust fund administration and management	5,000,000	PASA: AUD4.5 million Administration and management: AUD500,000

Approximately \$100,000 will be allocated per year in DFAT's program fund plan to support DFAT engagement in the Partnership (e.g., monitoring, communications and technical assistance). The Partnership structure is scalable and further funds up to an overall total of AUD90 million may be allocated in future based on availability, opportunity and performance, subject to appropriate DFAT approvals. DFAT retains added flexibility through the bank-executed PASA component. We will be able to bring forward or push back this funding depending on circumstances, such as the number of compelling funding proposals available or DFAT budget dynamics. A Partnership Trust Fund budget that includes a break-down of World Bank fees and management costs is Annex 7.

The detailed budget for the ISAF II-related grants to be made through the Partnership Trust Fund will be formulated by a World Bank identification mission that can be initiated as soon as the Administrative Agreement for this Partnership is signed. Likewise, the H-EQIP 2 budget will be developed once the H-EQIP II design has been progressed. DFAT will review all annual workplans and budgets funded through the Partnership prior to approval. The Partnership will be managed by the Human Development Team at Post. It will require a significant degree of oversight by the First Secretary (Human Development) commensurate with the fact it represents nearly one quarter of the bilateral budget. Other officers at Post will need to engage on topics which affect their areas of responsibility (e.g., economic governance). We estimate the total LES input to be equivalent to two FTE. There may also be some engagement of specialist advisers during implementation. Post will ensure the Partnership is considered in all internal succession planning.

### I. Risk Management and Safeguards (What might go wrong?)

The World Bank will apply its risk management and safeguarding systems across the Partnership. We will also use our position on the various levels of governance mechanisms and our engagement with RGC counterparts to identify and prompt a response to emerging risks. Very serious issues can be discussed at the Headquarters level through senior officials talks or via DFAT's adviser in the Executive Director's office in Washington.


The World Bank has rated the Partnership Trust Fund itself to be low risk, noting that risks primarily stem from activities funded at the project level. As discussed in the **DFAT Risk and Safeguards Tool (Annex 8)**, both major projects to be funded under this Partnership are second phases building on successful models and have demonstrated risk management systems in place. An **Environmental Risk and Safeguard Screening** for H-EQIP 2 is scheduled for late 2020-21 and one has already been completed for ISAF II. Independent consultants are engaged by the World Bank to provide additional oversight and monitoring during project implementation.

**Fraud and fiduciary risks** remain high in Cambodia. The World Bank has systems for managing fiduciary risk that are well regarded and have been positively assessed by DFAT (fraud-prevention was rated five out of six in DFAT's most recent Multilateral Performance Assessment, which assessed the World Bank's systems on a global level).

The World Bank's record in Cambodia has been one of successfully managing fiduciary risks associated with working with Cambodian Government entities, which is borne out in Post's Aid Quality Checks and Partner Performance Assessments for H-EQIP. The H-EQIP model of pooled funds which are only disbursed in return for tangible reform and services delivered helps mitigate fraud risks. Post can continue to employ a PFM adviser to assist in maintaining confidence in the financial systems underpinning H-EQIP 2. ISAF II will include a modest allocation to the RGC for supply-side accountability activities, subject to systematic World Bank oversight.

The World Bank has also demonstrated appropriate practice for **child protection and social and environmental safeguard issues** under the H-EQIP construction component. The role of both the World Bank and World Vision provides good systematic coverage of child protection risks for ISAF II as well—these project activities do not involve working with children but there may be some children present. The World Bank has also made





**commitments to combat sexual harassment, abuse and exploitation** and is implementing internal procedures to operationalise this commitment, consistent with the requirements of DFAT's Preventing Sexual Exploitation, Abuse and Harassment (PSEAH) Policy. We will request the inclusion of relevant PSEAH text in the Administrative Agreement.

**Capacity within the World Bank country office** remains an issue that Post believes could pose some degree of risk to the Partnership achieving the full scope of its objectives outlined above. Post and World Bank held a plenary during the design process to identify mutual benefits of the Partnership approach, discussed the staff resources required on both sides in the agreement, and agreed to draft the Operations Manual to clarify roles and responsibilities (to ensure arrangements are sustained through staff turnover).

## J. Quality assurance (Does the design meet DFAT's quality criteria?)

The design is the result of more than 18 months of dialogue between the World Bank and DFAT country offices.

The Partnership structure has been informed by lessons learned from DFAT-World Bank partnerships in other Indo-Pacific countries, which were documented for the Indonesia program partnership design in 2019. These emphasise the importance of clearly agreed expectations in the Partnership agreement, especially in terms of governance, gender, communications (branding), monitoring and evaluation and reporting arrangements.

A 2018 Governance Review commissioned by Post identified ISAF as a potential investment under DFAT's future aid program plan in Cambodia. The review also emphasised the importance of consolidated and coordinated management of Post investments. The importance of sustainable social services was informed by in-country consultations with the Cambodian Government and development partners in August 2019 led by the DFAT Principal Governance Specialist and an Assistant Director from the Poverty and Social Transfers team in DPD. The draft concept was shared with an internal DFAT reference group in November 2019, with feedback incorporated.

The Partnership design was subject to independent appraisal by two experts in social accountability, health and gender. The appraisals supported a DFAT peer review<sup>1</sup> to confirm that the design meets DFAT's quality criteria and identify any areas to strengthen prior to approval. The average score for each of the eight sections under peer review was between four and six, indicating that the design met quality criteria. A range of adjustments were made and details added to the design documentation in response to issues raised during the peer review (a formal peer review record is being provided to the delegate). Key changes were made in the following areas:


1. Results framework: A central Results Framework has been added for the Partnership, which will be progressively updated as the components are developed.
2. Governance: The role of the SC as the formal oversight for all components has been clarified, and informal processes to support governance identified, such as the annual Partnership Forum.
3. PASA: A draft PASA Concept Note has been developed which contains information about the criteria for prioritising activities to be funded and the selection process, including a proposal template.
4. Gender: The World Bank's East Asia Pacific gender specialist will participate in project governance. Gender and inclusion are now reflected in the indicators for each component, using qualitative and quantitative methods.

### World Bank quality assurance

The Partnership has been approved by the Regional Vice President based in Washington DC in line with the Bank's Umbrella 2.0 trust fund reforms. The Partnership design has included extensive input from the World Bank's in-country Senior Social Development Specialist and Gender Focal Point as well as the Country Manager.

Simultaneous with the DFAT appraisal and peer review, the Partnership Concept Note underwent an internal

<sup>1</sup> Involving Desk, Poverty and Social Transfers Section, Gender Equality Branch, Contracting and Aid Management Division, Multilateral Development and Finance Division, and the Principal Health and Governance Specialists.



World Bank review in October 2020, including by officials involved in Australia-World Bank Partnership in Vietnam and a regional nutrition specialist. The World Bank review process received strong internal engagement. Post and the World Bank met to discuss the peer review recommendations, many of which were consistent with recommendations emanating from the DFAT peer review. Key actions implemented subsequent to the World Bank review included: adjusting the proposed governance approach in line with internal World Bank requirements (with DFAT's consent), adding a unified results framework, and incorporating COVID-19 into the risk assessment. The World Bank will apply its quality assurance processes to the design and implementation of the Partnership components. This will include technical assessments, social and environmental risks, procurement, institutional and financial arrangements, and performance expectations.

## K. Annexes

1. PROMISE Partnership Trust Fund Proposal (separate attachment in PDF format)
2. Overview of the Health Equity and Quality Improvement Project
3. Overview of the Implementation of the Social Accountability Framework project
4. Draft Operations Manual for Partnership Trust Fund Governance (separate attachment in Word format)
5. Indicative PROMISE Partnership Results Framework
6. ISAF II Theory of Change
7. PROMISE Partnership Trust Fund Budget
8. DFAT Risk and Safeguards Screening Tool (Separate Attachment in Excel format)

## Annex 2: Overview of the Health Equity and Quality Improvement Project (H-EQIP)

H-EQIP aims to improve the quality of healthcare in Cambodia, increase utilisation of services by the poor and strengthen health systems. A large portion of H-EQIP funding is tied to results and is designed to reward reform and tangible improvement in health service delivery at 1,300 health facilities nation-wide.

Australia is investing AUD50 million in H-EQIP (2016-2022) through a Multi-Donor Trust Fund (MDTF) of USD181 million, which is administered by the World Bank. The Cambodian Ministry of Health implements the project. The Cambodian Government contributes more than two thirds of H-EQIP-related funding, including an International Development Association loan of USD30 million. Australia is the largest MDTF donor and played a lead role in the design of project. Australia cooperates closely with Germany and Korea, the other two MDTF donors, through the MDTF management committee which Australia currently chairs. H-EQIP was Korea's first time participating in a pooled funding arrangement globally.

Mid-term results are very encouraging. The new Payment Certification Agency has enabled the Cambodian Government to take over "check and balance" quality assurance functions previously undertaken by international partners. This includes verifying payments to health facilities to reimburse the cost of providing services to approximately 2.4 million poor Cambodians (more than 15 percent of the population) through the Health Equity Fund. The Cambodian Government contributed 67 per cent of costs in 2019. Approximately USD35 million in Australian grants is leveraging more than USD120 in Cambodian Government and IDA financing.

The quality of services at most local health centres and hospitals is improving (average scores on a standardised quality assessment have increased from 45 per cent to 77 per cent). There are early signs that the proportion of households experiencing impoverishing health expenditure may be declining. Senior officials from the Ministry of Economy and Finance see H-EQIP as a model of reform to be replicated in other social sectors (for example improving services using performance-based financing, information technology reform, integration of stakeholder feedback, and institutional reforms).

H-EQIP's Contingency Emergency Response Component was activated for the first time in response to COVID-19. This in-built mechanism enabled the Cambodian Government to procure a range of vital medical equipment and supplies including a PCR machine, testing reagents and ventilators, valued at approximately USD14 million. This amount included a grant from H-EQIP pooled fund partners for 20 ambulances, valued at approximately USD1 million.

Phase 1 of H-EQIP will conclude by the end of June 2022, with activities expected to end by around December 2021.



## Design of H-EQIP 2

Preparation has commenced for a H-EQIP successor program to be implemented from November 2021. A H-EQIP 2 will build on the strengths of H-EQIP 1, continuing to focus on Cambodian Government ownership and financing, institutional sustainability and inclusive social health protection. The World Bank is leading planning with the Cambodian Government, backed by indications of support from all three existing pooled fund partners.

Australia is well positioned to influence the H-EQIP 2 design process through our established reputation and experience in Cambodian health systems reform. DFAT is also currently chair of the Pooled Fund Partners Management Committee, which involves chairing many of the design and regular management meetings.

Enhancing gender and ensuring H-EQIP continues to be a platform that drives reform across the Cambodian Government are important priorities for DFAT. The World Bank has mobilised two gender specialists (one international and one national) to aid with the design process. The World Bank conducted an Identification Mission in August 2020 and is now preparing a H-EQIP 2 Concept Note. Post is drawing on inputs from a PFM adviser, a health financing adviser and a gender adviser to influence the design.

## Annex 3: Overview of the Implementation of the Social Accountability Framework (ISAF)

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ISAF is the implementation plan for the Cambodian Government's Social Accountability Framework, which aims to empower citizens to hold local government officials accountable for service delivery and budget allocation. ISAF is the responsibility of the National Committee for Sub-National Democratic Development (an inter-agency committee headed by the Minister of Interior). The initiative is currently moving from Phase 1 to Phase 2.

### Phase 1

ISAF Phase 1 (2015-18) focussed on primary schools, health centres and commune services. Under the project, these facilities publicly release budget and performance data and have their services monitored and assessed by community volunteers, resulting in agreed actions for improvement. Implementer reviews and stakeholder feedback on the project are positive (Post has visited several ISAF sites).

A 2018 governance review commissioned by Post identified ISAF as a potential investment under DFAT's future aid program in Cambodia. It noted that several DFAT governance activities were ending, and that ISAF may represent an effective way to strengthen social accountability in coordination with other development partners while also meeting DFAT priorities in terms of consolidating the number of aid investment being managed by Post.

Phase I was implemented by multiple international and local NGOs and funded by several development partners. The ISAF Partnership Steering Committee, convened by MoI, provides a platform for government and civil society organisations to make decisions and to ensure oversight of joint ISAF implementation. Some donor support during Phase 1 was channelled through the World Bank, which has now established the Cambodia Social Accountability and Service Delivery Multi-Donor Trust Fund (MDTF) to improve coordination for ISAF Phase II (2019-2023).

### Phase 2

The ISAF Phase II Implementation Plan is based on lessons learned from Phase 1. It aims to expand geographical coverage, embed sustainable accountability systems, and extend into new services such as water supply, sanitation, agricultural extension, protected area management, solid waste management, referral hospitals or secondary schools. The World Bank, through the MDTF, is currently the only development partner working to support supply-side (Cambodian Government) efforts to strengthen social accountability.

Gender within ISAF remains an incomplete picture. Participation by women is high, estimated at 65-70 per cent among the community groups, and implementers note the challenge of recruiting more men to be involved. Implementing NGOs report that they are looking for ways to better mainstream gender into the project during Phase 2, such as through enhancing the gender focus of communications materials or tracking beneficiaries

groups in more detail (this could also include people with a disability and poor people eligible for extra government support).

The total budget for the ISAF II MDTF is estimated at USD27.7 million. Support is confirmed from Switzerland (USD4 million) and Germany (USD5.5 million). The project has commenced with grants to World Vision International (USD5.95 million) and the National Committee for Subnational Democratic Development Secretariat (USD1.72). Australia's investment will build on the MDTF funding and will be managed in tandem with the existing MDTF contributions under shared governance arrangements.

Other social accountability initiatives in Cambodia include a USAID project designed to complement the work of ISAF II and an EU-funded initiative focussing on the northeast provinces (where the majority of Cambodia's indigenous people are present).

Post has already participated in field trips to observe ISAF, engaged with stakeholders including implementing partners, MoI and other development partners, and participated in an October 2020 monitoring mission. The details of how Australia's additional financing will be used to scale up ISAF will be set out following World Bank procedures that will be initiated on the signing of the Partnership Agreement. Priorities for DFAT will be gender equality, social inclusion, promoting social accountability and drawing the links for improved service quality with other DFAT programs, including PFM, ACCESS, H-EQIP.

## Annex 5: PROMISE Partnership Results Framework

### TF#2406

**The Australia-World Bank Partnership for Promoting Inclusion, Sustainability and Equality in Cambodia ‘The PROMISE Partnership’**  
**The Program Development objective (PDO)** is to provide a platform for collaboration to strengthen the sustainability and inclusiveness of public services, economic opportunities and COVID-19 recovery in Cambodia.

#### PDO Results

Outcome	Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
PDO1. Improved equity of health services	Utilization of health services by HEF beneficiaries increased Females with a disability Males with a disability Elderly females Elderly males Reduction in the gap in utilisation of RMNACH services between the lowest performing ODs and the national average	Case TBC	2959186	3029186	3099186	3169186	3239186	3309186	Indicative indicators at this stage, pending design completion. A full list of PDO indicators will be contained in the project-level results framework for H-EQIP 2. The option of including an indicator for adolescent access to health services will also be considered.

Outcome	Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
PDO2. Performance of public service providers (primary schools, health centers and communes) is improved	% of targeted public service providers (primary schools, health centers and communes) demonstrating improved performance	Percent	47	50	55	60	70	80	Indicative indicators at this stage, pending project identification process. A full list of PDO indicators will be contained in the project-level results framework for ISAF II.
PDO2	Increased participation of people with gender differences and vulnerable population in activities of local public service providers	Percent	10	10	20	30	40	50	The first indicator is a composite indicator based on several impact survey questions.
PDO3. Social and economic analysis informs dialogue and the development and	Evidence of PASA contributing to national policies, programs and projects are captured	Report	0	1	2	3	4	5	One report per year

Outcome	Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
implementation of national policies, programmes and projects	and reported/communicated								
PDO4. Gender equality and social inclusion advanced through analysis, advocacy and/or action conducted and promoted through the Partnership	Instances of policies, projects, and programs informed by additional gender analysis and/or adopting additional gender actions plan or gender targets	Report	0	1	2	3	4	5	One policy/project/program informed per year

### Intermediate Results

#### Component 1: Promoting sustainable and inclusive public services



Output	Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
IR1. Improved supervision, management and accountability in health facilities and in all health management agencies	Proportion of health centers with functioning health center management committees	Percent	89	91	93	95	97	99	Full list of IR indicators will be contained in the project-level results framework for H-EQIPII.
IR1	Average score on clinical vignette for health workers improved	Percent	79					85	Average score of the health center's quarterly quality assessment under Vignette and competency test section. Once we introduce new vignette, the average score will reduce.

**Component 2: Enhancing social accountability and service delivery (results from Implementing the Social Accountability Framework Phase 2)**

Output	Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
IR2. Transparency of public service providers (primary schools, health centers and communes) is improved	% of targeted public service providers that post and annually update full and complete I4C information (including standards, performance data and budget information).	Percent		30	40	60	80	100	Full list of IR indicators will be contained in the project-level results framework for ISAFII.
IR3. Citizens are better informed about service delivery standards, and budgets	% of citizens (male/female) participating in the ISAF process able to cite at least two (of 6) standards for each of the three services (primary school, health center and commune).	Percent		60	70	80	90	90	

**Component 3: Strengthening evidence for inclusive and equitable social and economic development**

Output: IR4. Advice and Analytics inform policy and practice in PROMISE Partnership priority areas, which includes gender equality and social inclusion

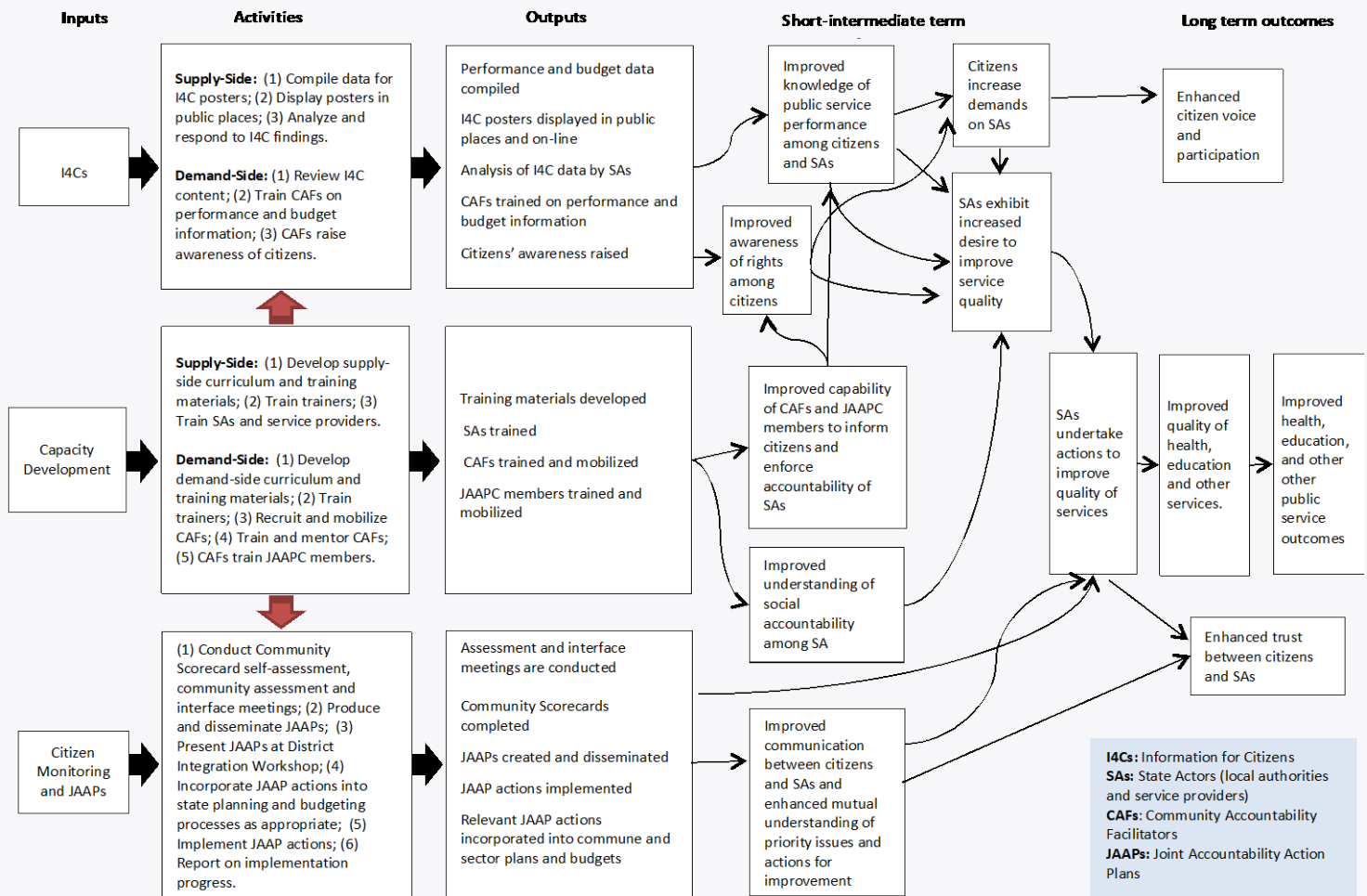
Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
Number of knowledge products (papers, analytical studies, briefs, articles etc) produced <sup>[3]</sup>	Number	0	3	6	9	12	15	Three products per year
Products with a primary or significant gender focus								
Number of knowledge-sharing activities (seminars, other knowledge sharing events, stakeholder engagement, capacity building, etc.)	Number	0	2	4	6	8	10	Two events per year

<sup>[3]</sup> "produced" means 'delivered in the World Bank system'

Output: IR5. The PROMISE Partnership provides a platform for enhanced collaboration at all levels consistent with the World Bank and DFAT strategic frameworks in Cambodia

Indicator	Unit of Measure	Baseline	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Comments
Establishment of Partnership functional implementation structure and procedures (e.g., Operation Manual approved, PASA process approved, ETC recruited, PC ToR approved and meetings held)	No/Yes	No	Yes	Yes	Yes	Yes	Yes	
The Annual Partnership survey reports enhanced collaboration between World Bank and DFAT staff	Report	No	Yes	Yes	Ye	Yes	Yes	

# Annex 6: Theory of Change for the ISAF II project



## Annex 7: Budget

Below is the initial PROMISE Partnership Trust Fund budget allocation. Each component will have a detailed sub-budget developed to World Bank standards. The Steering Committee will have the power to transfer funds between budget lines without requiring an amendment to the Administrative Agreement.

BANK EXECUTED COMPONENTS (BE)*	FUNDS
1. H-EQIP 2 Implementation Support	1,800,000.00
2. ISAF II Implementation Support	900,000.00
3A. Equitable and Inclusive Development Programmatic Analysis, Support and Advice	4,500,000.00
3B. Program Management and Administration#	500,000.00
<b>Subtotal (BE)</b>	<b>7,700,000.00</b>

RECIPIENT EXECUTED COMPONENTS (RE)	FUNDS
1. H-EQIP 2 Project	26,857,143.00
2. ISAF II Project and follow-on activities	13,428,571.00
<b>Subtotal (RE)</b>	<b>40,285,714.00</b>
<b>Trust Fund Fee (5-2% graduated fee assessed on RE)</b>	2,014,286.00
<b>Total Budget in holding currency (AUD)</b>	<b>50,000,000.00</b>

\*For every charge incurred for bank-executed activities, a 12% fee is added by the World Bank. If the full \$7,700,000 in bank-executed budget is expended, fees of \$924,000 will have been paid from the bank-executed budget components.

#The World Bank Trust Fund Proposal (Page 10 of Annex 1) lists Program Management and Administration as a separate budget line due to its different implementation procedures. We have grouped this along with the PASA under Component 3 because both are bank-executed activities designed to support the flexible Partnership approach.