National Committee for Sub-National Democratic Development Secretariat (NCDDS)

Terms of Reference (ToR)

Local Economic Development (LED) Consultant

Sustainable Climate-Resilient Accelerated Local Economic Development (SCALED) Project

Position	**: Local Economic Development (LED) Consultant**
Duty Station	: NCDD Secretariat, Phnom Penh, Cambodia
Contract Duration	: 80 working days, over the period from November 2026 to February 2027
Market Approach	: National (Short-Term Individual Consultancy)
Expected Start Date	: November 2026
Contract Type	: Lump-sum contract
Grant Number	: E748-KH

1. Background

The 10-Year National Programs on Sub-National Democratic Development, Phase 2 (NP2, 2021-2030), was designed to implement key decentralization and deconcentration policies, specifically the Law on the Management of the Capital, Provincial, Municipal, District and Khan Administrations (2008), Law on the Management of the Commune/Sangkat Administrations (2001). The NP2 aims at enhancing the delivery of public services and local development with mainstreaming of gender equality, social equity and inclusiveness and climate change adaptation through establishing the structures and governance systems of sub-national administrations to be modern, autonomous, efficient, transparent, and accountable in providing public services and local development. NP2 is implemented under leadership and management of the National Committee for Sub-National Democratic Development (NCDD) with assistance of NCDD Secretariat (NCDDS) for day-to-day management and implantation of the program.

The Royal Government of Cambodia (RGC), through NCDDS, is preparing the Sustainable Climate-Resilient Accelerated Local Economic Development (SCALED) Project to support implementation of the 10-Year National Program for Sub-National Democratic Development Phase 2 (NP2, 2021-2030). The project is expected to be implemented over a five-year period (2027-2031) with an indicative budget of US$80–100 million, primarily financed by the World Bank (WB) and other anticipated development partners. As part of early preparation, the World Bank together with the RGC undertook a detailed knowledge Stocktake, from which a summary of findings relevant to this assignment is annexed below.

The proposed Project Development Objective (PDO) focuses on three interrelated dimensions:

1. Strengthening subnational administrations' resilience systems and capacities;
2. Delivery of local economic and climate-resilient infrastructure; and
3. Promoting citizen participation, social accountability, and inclusive service delivery.

The project consists of four components:

- Component 1: Local Resilience Systems Strengthening;
- Component 2: Local Resilience and Economic Investments;
- Component 3: Innovation and Learning; and
- Component 4: Coordination, Policy and Implementation Support.

Local Economic Development (LED) is a central pillar of the SCALED Project, particularly under Components 1 and 2. Under the D&D reforms, District/Municipality (DM) administrations have already received a substantial range of functions, staff, and budget lines transferred from national line ministries. Many of these devolved functions carry direct or relevance to LED, even though LED was not always their originally stated purpose. To support the preparation of SCALED, NCDDS seeks to recruit a qualified Local Economic Development Consultant to deliver focused technical inputs on the mapping of LED-relevant functions and the design of an LED investment menu and capacity building menu, for incorporation into project design.

2. Objective of the Assignment

The assignment is bounded by three inter-related areas relevant to LED under SCALED: (i) productive economic/infrastructure investments at subnational level; (ii) the enabling environment for micro and local entrepreneurship development; and (iii) the devolved/transferred functions of District/Municipality (DM) and Commune/Sangkat (CS) administrations that carry direct or latent relevance to LED.

The objective of this consultancy is to deliver focused technical inputs to inform the design of SCALED, building on the findings of the SCALED Knowledge Stocktake and verification of the underlying evidence (see annexed summary for initial guidance), and structured around three outputs: (i) a functional mapping of LED-relevant functions already devolved to DMs and CSs; (ii) a menu of LED investments for SCALED financing; and (iii) a prioritized menu of capacity building support options relevant to strengthening SNAs' capacity to exercise LED-relevant functions.

The Consultant's inputs will feed directly into project design documents, including the Project Implementation Manual (PIM) and District Implementation Manual (DIM).

This is a focused, time-bound design input assignment; it is not intended as a standing advisory role, a general capacity needs assessment, or a stakeholder engagement/training delivery function. Those activities are covered separately, as described in Section 3.

A central premise of this assignment is that many functions already transferred to DMs and CSs carry direct or latent relevance to LED, even though they were not originally assigned with LED as an explicit purpose. The Consultant is expected to identify how these existing mandates can be interpreted, sequenced, or better coordinated to advance LED outcomes, rather than assuming that LED requires an entirely new set of functions or structures.

3. Scope of Work

The consultancy will seek to address the following key questions:

- What is the practical scope of LED at DM level, and is operationalizing Joint Prakas 343 a SCALED priority? And if so, is it feasible in the climate-vulnerable rural districts the project will target?
- What capacity would DMs need to exercise LED functions, and can an LED capability be attached to an actual position?

- What should the LED investment menu contain, how should investments be prioritized across districts, and can existing financing channels carry them?
- What prevents local private sector participation, and what can a DM actually do about it?
- How can LED results be measured, given that no LED baseline exists?

The Consultant shall use relevant documents and the Stocktake report to perform tasks below:

3.1. LED Functional Mapping and Capacity Needs for Component 1: Local Resilience Systems Strengthening

- Review and use the SCALED Knowledge Stocktake and its underlying source documents as a core evidence base for the LED functional mapping, with particular attention to the findings on transferred functions, fiscal arrangements, staffing and technical capacity, climate resilience, local economic potential, private sector participation, and LED results measurement;
- Organize the functional mapping around three broad categories identified through the Stocktake: (i) regulatory and administrative services to businesses; (ii) economic infrastructure and productive assets; and (iii) facilitative and developmental LED functions (currently exercised function, mandated function but not performed or absent), while testing and refining these categories against government mandates and implementation practice;
- Identify capacity, budgetary, or authority gaps limiting DMs/CSs from activating LED-relevant functions, including the relationship between each function and its applicable budget component, financing source, responsible position or unit, and relevant planning and decision-making mechanism; distinguish gaps addressable through capacity building or improved implementation from those that would require new functional transfers, regulatory changes, new positions, or inter-ministerial decisions;
- Collaborate with Climate Risk Geographic Consultant to identify climate risks dimension of each LED-relevant function, including whether the function contributes to climate risk reduction, resilient economic infrastructure, productive asset protection, land-use management, or livelihood diversification, and identify the relevant institutional and financing arrangements;
- Consult with DM/CS councils and relevant line ministries to validate the functional mapping;
- Prepare a concise diagnostic report presenting the Theory of Change and functional mapping, including the key findings, evidence gaps, binding constraints, and design implications identified through the Stocktake review and validation process, to inform project design.

3.2. Design of the LED Investment Menu at District/Municipality Level for Component 2: Local Resilience and Economic Investments

- Develop a menu of LED-relevant investments for SCALED financing at subnational level, the Consultant is encouraged to put forward the latter where the evidence and their

professional judgment support it, rather than limiting the Menu to what is already straightforward. For each type of investment, the consultant will identify the relevant functions, setting out at a level of detail useful for decision-making rather than legal drafting:

- Develop a menu of LED-relevant investment options drawing on the functional mapping, the SCALED Knowledge Stocktake, and verification of its underlying evidence. The consultant will identify investments that support productive economic infrastructure and assets, and improve the enabling environment for micro and local entrepreneurship.
- Propose practical criteria for prioritizing investments and differentiating the menu across district context, taking into account local economic potential, binding constraints to economic activity, climate vulnerability, expected benefits, and implementation capacity (see point below). The consultant should explain how the proposed criteria would guide the selection and sequencing of investments in the target districts.
- Assess whether existing financing channels can support each investment category and its ongoing operation and maintenance. The consultant will identify relevant financing sources, eligibility restrictions, and recurrent financing gaps, and propose feasible adaptations or complementary financing where needed.

- Assess barriers to local private-sector participation and identify feasible DM responses. The consultant will distinguish constraints that DMs can address through their existing regulatory, administrative, infrastructure, or facilitative functions from those requiring action by other levels of government. The consultant will also explain how the proposed investment menu and related DM actions could help address these barriers, rather than treating private-sector participation solely as private implementation of publicly financed investments.

3.3. Results Measurement Framework for LED for Components 3 and 4: Innovation and Learning, Coordination, Policy and Implementation Support

- Design an LED results measurement framework, considering a layered approach — for example, a district-level structural baseline combined with a transaction-level layer for process indicators such as processing time and formalization volume, where transaction volumes justify it — or another approach the Consultant considers more robust;
- Ensure relevant transactions and administrative records capture the gender of the applicant, coordinating with the Gender and Social Inclusion assignment so that SCALED can report on women's enterprise participation from its primary LED data source;
- Develop templates, indicators, and reporting tools for LED implementation and monitoring, ensuring all tools are practical, scalable, and aligned with government systems and World Bank requirements; and
- Prepare guidance on coordination mechanisms between subnational administrations, relevant line ministries, the private sector, producer groups, and other stakeholders involved in LED implementation.

3.4. Capacity Building Document

- Prepare prioritized topics for capacity-building support options relevant to strengthening SNAs' capacity to exercise the LED-relevant functions identified under Section 3.1 (this is a prioritized menu of options, not a general capacity needs assessment);
- Coordinate with the Senior Capacity Development Consultant, who will lead the capacity needs assessment and the development of the training package;
- Provide technical inputs on LED content for training materials, in collaboration with the Senior Capacity Development Consultant; and
- Present the capacity building menu with clear links to the functional mapping.

4. Expected Deliverables

The Consultant shall produce the following deliverables. The functional mapping, the LED investment menu, and the capacity building menu shall be presented together as a single integrated LED Design Note, rather than as separate stand-alone deliverables.

No.	Deliverable	Indicative Timeline	Payment Schedule
1	Inception Report, including methodology and workplan	Within 1 week of contract signing	20% upon acceptance of the inception report
2	Draft LED Note including District-Level Functional Mapping, Capacity Needs, and LED Investment Menu options	November 2026	20% upon acceptance of Deliverable 2
3	Revised Draft Note with Functional Mapping, Capacity Needs, LED Investment Menu options, and LED Results Measurement framework	December 2026	40% upon acceptance of Deliverable 3
4	Capacity Building training topics	December 2026	20% upon acceptance of all final deliverables
5	Final Note, incorporating all elements of the consultancy, and reflecting comments and recommendations received	February 2027	

5. Duration of the Assignment

The assignment is expected to be conducted over a period of approximately 80 Days between November 2026 and February 2027, with level of effort to be determined by NCDDS.

The Consultant may be required to travel to provinces, districts/municipalities, and communes/sangkats as necessary.

6. Payment

The payment will be made on the basis of lump sums to be determined based on qualifications, deliverable outputs, and contract negotiation.

7. Reporting and Supervision

The Consultant will report directly to the Project Director and/or designated Project Manager of SCALED Project preparation. For technical implementation, the consultant will closely collaborate and maintain regular coordination with:

The Consultant will work closely with:

- Relevant technical departments of NCDDS;
- Technical line Ministries and ARDB Bank;
- World Bank technical team;
- Other consultants engaged in SCALED project preparation, including but not limited to the Senior Project Management Consultant, Climate Change Consultant, Spatial and Socioeconomic Data Analyst Consultant, and the Senior Capacity Development Consultant, providing technical inputs to their respective outputs as relevant.

The Consultant shall coordinate the planning and scheduling of any consultations with DM/CS councils and subnational staff with the Senior Project Management Consultant and other consultants engaged in SCALED preparation, with a view to combining or sequencing consultation activities where possible and avoiding duplicative engagement or consultation fatigue among subnational stakeholders. NCDDS will support this coordination, including through a shared consultation calendar where feasible.

The Consultant shall coordinate closely with the consultants responsible for Gender and Inclusion, Climate Change/Resilience, Capacity Development, Project Management, and SNA fiscal/fund-flow analysis, particularly where Stocktake findings identify cross-cutting issues relating to gender and inclusion, climate-resilient investment, institutional capacity, monitoring indicators, or financing arrangements. The Consultant shall use the relevant outputs of these assignments where they provide evidence or design parameters for the LED functional mapping and investment menu, while maintaining clear boundaries between assignments.

All deliverables shall be submitted in English. Khmer summaries may be requested where necessary.

The Consultant is expected to:

- Participate in regular preparation meetings with the NCDDS project team and the World Bank Task Team, as required.
- Provide brief written progress updates to NCDDS upon request.
- Respond in a timely manner to review comments and requests for revisions from NCDDS and the World Bank Task Team.

8. Required Qualifications and Experience

Education

- Advanced university degree (master's degree or higher preferred) in Economics, Local Economic Development, Public Policy, Public Administration, Development Studies, Urban and Regional Planning, Climate Resilience, or related fields.

Professional Experience

- Minimum 10 years of relevant professional experience in local economic development, decentralized development, or local governance;

- Demonstrated experience working on donor-funded projects, preferably financed by the World Bank or other multilateral development partners;
- Strong experience in local planning systems, subnational governance, climate-resilient development, and local economic development;
- Experience supporting government institutions in Cambodia or similar contexts;
- Experience developing operational guidelines, manuals, and inputs to training materials;
- Familiarity with decentralization and deconcentration reforms is highly desirable;
- Prior experience conducting functional assignment analysis or functional reviews of decentralization reforms is a strong advantage.

Skills and Competencies

- Excellent analytical and report-writing skills;
- Ability to work effectively with government agencies and development partners;
- Strong understanding of climate resilience and inclusive development approaches;
- Fluency in English and Khmer (written and spoken) is required.

9. Selection Method

The Consultant will be selected in accordance with the applicable procurement and consultant selection procedures of the World Bank and the Royal Government of Cambodia.

10. Ethical Considerations and Confidentiality

The Consultant shall:

- Maintain confidentiality of all project information and documents;
- Comply with applicable government and donor policies;
- Avoid conflicts of interest during the assignment; and
- Ensure that all outputs are original and of professional quality.

11. Administrative Support

NCDDS will:

- Facilitate access to relevant documents and stakeholders;
- Coordinate meetings with relevant ministries and subnational administrations;
- Provide available project information and background materials;
- Review and provide feedback on deliverables in a timely manner; and
- Provide the Consultant with access to the SCALED Knowledge Stocktake, its underlying source documents, relevant government legal and policy instruments, and other available project preparation materials, subject to document availability and applicable confidentiality requirements.

ANNEX

Stocktake Summary: LED Functions and Service Delivery Mapping

Relevant Findings for SCALED Activity A-1 Design Questions

Prepared for SCALED GFPP Preparation — August 2026 (Version 3)

> *Note on Purpose and Use: This summary review of thirteen documents from the SCALED Knowledge Stocktake, calibrated against the SCALED Identification Mission Aide Memoire (May 2026) and the draft A-1 Terms of Reference as marked up by the World Bank team. It is provided to the Local Economic Development Consultant as a starting point, not a substitute for direct engagement with the underlying documents. Findings are presented with design implications framed as analytical propositions to be tested, not as predetermined conclusions. Design questions are grouped by SCALED component. Several propositions can only be resolved through primary consultation and are flagged as such. Documents reviewed: Sub-Decree No. 152 on the Transfer of the DM Fund 2024–2028 (RGC, 2023); Sub-Decree No. 153 on the Transfer of the C/S Fund 2024–2028 (RGC, 2023); Sub-Decree No. 285 on Optional Functions of SNAs (RGC, 2014); Sub-Decree No. 76 on Professional Positions and Job Descriptions in DMK Structures (RGC, 2023); Sub-Decree No. 68 on Administrative Service Delivery at SNAs (RGC, 2013); Joint Prakas No. 343 on Service Provision at DM Administrations (MEF–MoI, 2026); Joint Circular No. 007 on Social and Sanitation Service Expenses of the DM and CS Funds (MEF–MoI, 2025); Cambodia: SNA Infrastructure Finance and Institutional Capacity to Deliver Services (WB, 2026); Cambodia Inter-Governmental Fiscal Architecture Study (WB, 2021); Scaling Up Locally-Led Climate Action in Cambodia (WB, 2024); Manual on Preparing Climate-Resilient Infrastructure Projects (NCDD, 2018); Beyond Phnom Penh: Unlocking Potential in Cambodia's Secondary Cities (WB, 2026); SCALED Stocktake Report on Cambodia's D&D Reform (draft v2, 2026). Version 3 changes: Climate risk and resilience folded in as a cross-cutting dimension of the functional framework and of each design question, rather than treated as a separate theme. Evidence from the secondary cities report incorporated, principally the district-level Economic Potential Index and the national informality findings. Five design questions retained, grouped by component.*

1. The Central Problem: LED Functions Are Assigned but Not Financed, Staffed, or Measured — and Climate Resilience Is Assigned to the Wrong Envelope

Cambodia does not have an LED mandate problem at the District/Municipality level. It has a mandate that exists on paper and dissolves on contact with fiscal, staffing, and measurement reality. The 2019 transfer moved 55 functions and nearly 20,000 staff to the DM level, and the LED-relevant subset is substantial: urban land-use master planning, construction permits, business licensing, community market management, eco-tourism site development, guesthouse and restaurant licensing, agricultural extension, agro-industry, and construction and maintenance of local roads, bridges, drainage and small-scale irrigation. Joint Prakas 343 (2026) has since given this an operational edge, setting fee ceilings and maximum processing timeframes for a detailed schedule of business-facing services.

Against that mandate sits the fiscal reality. Once delegated education spending is stripped out, purely decentralized DMK expenditure is approximately 1.9 percent of total public expenditure. Transfers constitute over 97 percent of DMK revenues; own-source revenue is roughly 1 percent of total SNA revenue. Personnel absorb around 60 percent of DMK budgets, while maintenance and capital spending stands at roughly 25 percent and is declining. At commune level the squeeze is documented precisely: average annual fiscal transfers reached about US$127,000 per commune in 2022, but 57 percent was consumed by administrative costs and unplanned expenses, leaving 43 percent for development priorities. DMKs cannot borrow, and central line ministries retain de facto control over many functions formally transferred.

The third deficit is the one most likely to be underestimated. Existing subnational systems measure physical outputs — kilometres of road, metres of drainage — and do not measure business formation, employment, firm survival, or household income. The consultant will find no baseline against which an LED investment menu can be appraised or a results framework populated.

Climate resilience runs through all three deficits rather than sitting beside them, and the reviewed instruments now allow this to be stated precisely rather than impressionistically. There is no instrument assigning climate change to DMK or C/S administrations as a distinct function. What exists is a body of planning guidance and technical manuals — the 2014 CS planning guidelines, the 2017 technical manual for local government, the 2018 resilient

infrastructure manual — which tell an administration how to integrate climate into planning without establishing that it must. It is a methodology without a mandate.

The nearest thing to a duty is Joint Circular 007 (2025), which provides that DM and C/S administrations "shall use" Social and Sanitation Services budget resources to support climate change prevention measures, listing climate change as the eleventh of eleven project areas with eligible activities covering action plans, training, disaster evacuation and shelter, solar installation, reforestation, and irrigation and flood-diversion works. But the placement is decisive. Climate is financed from the Social Services and Environmental Sanitation component, not from Local Development where LED investment sits; under Sub-Decree 153 that component is legally prior to Local Development at C/S level and sized annually by MEF; and the technical secretariat preparing these budgets is the Consultative Committee for Women and Children at DM level. Climate action is therefore fiscally located in the social welfare envelope and institutionally administered by a social-sector committee, structurally separated from the economic development budget line. The only livelihood provisions in the circular — income-generating activities and vocational training for poor and vulnerable families under social protection — are framed as welfare rather than economic development. Climate-resilient productive infrastructure serving a local economy has no natural home in this instrument.

What DMs and communes actually do with discretionary climate money confirms the consequence. Performance-based climate resilience grant investment is 76 percent irrigation and 19 percent roads, with 3 percent on awareness, 1 percent on livelihood training and 1 percent on livelihood infrastructure. Only 5 percent of local climate finance touches livelihoods at all. Less than 1 percent of C/S budgets are spent on natural resource management and climate change. Meanwhile the economic stakes are large: GDP may fall 9.4 percent by 2050 without adaptation, crop yields by up to 30 percent under high-emission scenarios, with a possible 6 percent increase in the poverty rate within this decade, and inland fishery losses of US$56–112 million in 2019 alone.

An analytical framework for structuring the mapping. The stocktake points to three categories of LED function whose constraints differ substantially, and which should not be treated as a single class. This framework is offered as the organising logic for the functional map required by comments MF3 and MF12, with the climate dimension of each identified:

- *Regulatory and administrative services to business* — licensing, permits and registrations under Joint Prakas 343, delivered through the OWSO. Already mandated, already priced, legally live. The binding constraint is process quality, awareness and demand, not authority. Climate dimension: construction and land-use permitting is the DM's principal instrument for keeping economic activity out of flood-prone land, and it is currently exercised as a revenue transaction rather than a risk-management function.
- *Economic infrastructure and productive assets* — markets, roads serving economic corridors, drainage protecting productive land, irrigation. Mandated but fiscally starved, with a declining capital envelope and critical shortages of engineering and contract-management staff. Climate dimension: this is where resilience is technically well specified and fiscally under-provisioned, at a documented climate additionality of roughly 25 percent on the manual's worked example.
- *Facilitative and developmental LED functions* — value-chain facilitation, business advisory services, investment promotion, producer-group support, tourism destination development. Largely optional rather than obligatory, with no dedicated financing line, no established staff position, and no operational manual. Climate dimension: livelihood diversification away from climate-exposed activity belongs here, and it is precisely the 5 percent that local climate finance does not reach.

The implication for all design questions: **the assignment should** not ask whether DMs have an LED mandate — they demonstrably do. It should **ask, function by function, why the mandate is not producing economic outcomes, and which deficit is binding in each case.** This maps onto the reviewers' required classification of functions as currently exercised, mandated but not performed, or absent (MF3, MF12). The climate finding adds **a fourth diagnostic question the consultant should apply to every function: which budget component finances it, and which committee prepares that budget?** Circular 007 shows that a function's fiscal address determines who controls it, and that climate and LED currently have different addresses.

COMPONENT 1 — Local Resilience Systems Strengthening

2. Design Question 1

What is the practical scope of LED at DM level, and is operationalizing Joint Prakas 343 a SCALED priority — and feasible in the climate-vulnerable rural districts the project will target?

Finding 2.1 — Joint Prakas 343 is the most consequential document for defining operational LED scope, and it post-dates most of the stocktake. The LED-relevant entries are concrete: a commerce business permit for premises over 10 m² at a maximum 80,000 riel and 7 working days; registration of a small handicraft establishment at 100,000 riel and 5 days; guesthouse opening for eight rooms or fewer at 15,000 riel per room and 20 days; retail pesticide licensing up to 5 tons at 50,000 riel and 15 days; a garage registration up to 250 m² at 200,000 riel and 5 days; a villa construction permit up to 100 m² at 320,000 riel and 15 days. This is a ready-made map of the DM's business-facing interface with performance standards already set by Government.

Finding 2.2 — The Prakas is a schedule of transactions, and the LED functions least operationalized are the ones with no transaction. Community market management, eco-tourism site development, dissemination of agricultural techniques, agro-industry promotion and animal production appear in the 2019 transfer list but have no counterpart in the Prakas: no fee, no service standard, no revenue.

Finding 2.3 — The service portfolio presupposes formal, fixed-premises enterprise, and national formalization rates make this a serious constraint. Garage registration, villa construction permits, guesthouse licensing and commercial premises permits imply a density of formal business characteristic of municipalities and district towns. Nationally only 9 percent of enterprises hold a business operating licence, and in secondary cities 85 to 90 percent of enterprises are informal. In dispersed, agriculture-dependent rural districts the realistic transaction volume across much of the schedule may be very low.

Finding 2.4 — Sub-Decree 285 resolves the legal status of the developmental functions, and the answer is permissive. Article 4 defines optional functions as those a council chooses within its jurisdiction in response to citizens' needs. Article 5 requires only that the function be within jurisdiction, not already assigned to another council, within administrative and financial capacity, and of benefit to citizens. Article 8 provides that the council initiates by integrating the function into its development plan and three-year rolling investment programme. Article 9 requires consultation with the relevant Ministry where the function falls under its jurisdiction. Article 14 permits financing from own resources, intergovernmental fiscal transfers, and other legal sources; Article 15 allows fees for optional-function services, with income treated as own-source revenue for operation and maintenance of those services.

Finding 2.5 — Climate and LED functions share a planning entry point but not a budget. Circular 007 requires social and sanitation projects, including climate, to be prioritized and included in the three-year rolling investment programme — the same instrument through which Sub-Decree 285 Article 8 requires optional functions to be adopted. The two therefore compete and coordinate at the planning stage while drawing on separate fund components with different rules and different preparing committees.

Design implication — Component 1, with a dependency on Component 2: The proposition to test is that Prakas 343 operationalization is necessary but insufficient and possibly secondary for SCALED, because its transaction-dense services concentrate in exactly the urban and peri-urban settings the project is least likely to prioritise. The consultant should test this directly by establishing, for a small sample of target-profile rural districts, how many Prakas 343 transactions of each type were processed in the last complete year. If volumes are negligible, LED emphasis should shift decisively toward economic infrastructure and facilitative functions, with Prakas 343 support scoped as a targeted district-town intervention. Given a 9 percent national licensing rate, the more promising framing of Prakas 343 work may be reducing the cost and complexity of formalization rather than improving service quality for the few already formal.

A second proposition, now well grounded: the facilitative LED functions SCALED most wants DMs to perform can be adopted lawfully today under Sub-Decree 285, financed from the DM Fund, without a new transfer instrument. The constraints are the Article 5 capacity test, the Article 9 ministry-consultation requirement, and Article 15's confinement of fee income to O&M of that service. The consultant should search for a working precedent, since one DM that has actually done this would be more persuasive to NCDDS than a legal reading.

A third proposition, arising from Finding 2.5 and the Circular 007 analysis: that climate-resilient livelihood functions are best pursued as optional functions under Sub-Decree 285 financed from Local Development, rather than through the Circular 007 climate window, because the latter is capped, socially framed, prepared by a social-sector committee, and demonstrably does not reach productive activity. The counter-proposition worth testing with MEF is that the Circular 007 climate category could instead be broadened to admit productive investment — a lighter-touch reform, but one requiring central agreement.

3. Design Question 2

What capacity would DMs need to exercise LED functions, and can an LED capability be attached to an actual position?

Finding 3.1 — The specialist shortage is specific and named. DMKs face critical shortages of engineers, procurement specialists and contract managers — the three roles on which delivery of economic infrastructure depends.

Finding 3.2 — 76.6 percent of DMs cite lack of technical expertise as a barrier to working with private providers. For an LED agenda premised on DMs contracting, regulating and partnering with firms, this is the most limiting finding in the reviewed material.

Finding 3.3 — Basic operational equipment is a live constraint. 73.7 percent of DMKs cite lack of equipment, internet or digital tools as a reason tasks take time; the items most needed are motorbikes for fieldwork (54.7 percent) and desktop computers (46.7 percent).

Finding 3.4 — Climate-resilient design imposes a specific and demanding technical requirement. The NCDD manual sets out a six-step procedure: site risk assessment, identification of technical options, data identification, field data collection including topographic survey, calculation and design using hydrological applets, and construction supervision against the resilient design. Standards are specified — a 20-year return period for small structures such as culverts, 50 years for larger bridges. These steps are performed by Technical Support Officers or contracted Technical Service Consultants. This is hydrological and engineering work, and it falls on administrations already short of engineers.

Finding 3.5 — Sub-Decree 76 makes creating a new position an inter-ministerial act. Article 3 mandates standardized job descriptions as the minimum standard for recruitment and staffing and the basis for performance evaluation and capacity development. Article 4 provides that creation, amendment and definition of professional positions shall be determined by a Joint Proclamation between the Ministry of Civil Service, the Ministry of Interior and the Ministry of Economy and Finance, upon request of the DMK administration. Article 5 requires alignment with the budgetary framework and human resource plans. With personnel already absorbing around 60 percent of DMK budgets, a new post is a fiscal question before it is an administrative one.

Design implication — Component 1, coordinated with the Senior Capacity Development Consultant (MF11R10): **The proposition to test is that the prioritized capacity menu should be organised around the specific functions in the LED map and the specific positions that would exercise them,** rather than around generic LED training. Sub-Decree 76 supplies a concrete feasibility test the consultant can apply function by function: is there an existing DMK position whose standardized job description already encompasses it? Where yes, capacity support is training and equipment. Where no, the function requires an Article 4 Joint Proclamation — a three-ministry process likely to outlast SCALED preparation — which pushes the recommendation toward assigning functions to existing posts.

The climate finding sharpens this rather than adding to it. Resilient design capability is not an LED-specific need but a precondition for any climate-resilient economic infrastructure, and it is the same engineering shortage identified in Finding 3.1. The consultant should test whether resilient design is realistically an in-house DM capability or whether the sustainable model is a shared or contracted technical service at provincial level — the Technical Service Consultant route the manual already contemplates. The consultant should also test whether equipment provision belongs in the menu, since it is cheap, immediately binding and unusually well evidenced.

COMPONENT 2 — Local Resilience and Economic Investments

4. Design Question 3

What should the LED investment menu contain, how should investments be prioritized across districts, and can existing financing channels carry them?

Finding 4.1 — Sub-Decree 152 is permissive on expenditure content. The DM Fund is set at 1.6 percent of the prior year's approved national recurrent revenue for 2024–2028, across General Administrative Operations, Social Services and Environmental Sanitation, and Local Development. Article 7 allows DM administrations to finance expenditures of any component provided these are in the approved budget and do not contradict the Law on Public

Financial System or other SNA laws. There is no positive list restricting Local Development spending. The constraint is envelope size and absence of guidance, not legal prohibition.

Finding 4.2 — The Local Development allocation formula is weighted to need, not economic potential: 40 percent equal share, 20 percent population, 40 percent poverty index, disbursed in four equal quarterly instalments.

Finding 4.3 — A district-level instrument for economic prioritization already exists. The Economic Potential Index is computed for all 210 districts across three pillars — natural endowments, local infrastructure, and agglomeration advantages — drawing on gravity-weighted domestic market access, travel time to seaports and airports, road density, population density and skilled workforce, and satellite land-use data. Critically for this assignment, the natural endowments pillar incorporates climate anomalies measured against a 42-year baseline, so economic potential and climate exposure are assessed within one framework.

Finding 4.4 — The associated sequencing logic maps onto SCALED's likely target profile. Connectivity and service reliability should be established before active investment promotion; for frontier and remote districts the priority is targeted public investment in connectivity and basic infrastructure rather than private-sector-led expansion. Firm quality rather than firm numbers drives income differences, with the share of young and formal firms the key variable.

Finding 4.5 — The C/S Fund is proportionally larger but its development spending is residual by law. Sub-Decree 153 sets the C/S transfer rising from 2.7 percent of recurrent revenue in 2024 to 3.5 percent in 2028, against the DM's flat 1.6 percent, but imposes a priority order in which General Administration is met first, Social Services and Environmental Sanitation second within an annual ceiling, and Local Development receives the residual. Its disbursement profile is back-loaded and irregular: 25, 25, 40 and 10 percent by quarter, which cannot easily be matched to the DM's even quarterly instalments for a jointly financed contract.

Finding 4.6 — Capital and maintenance spending is around 25 percent of DMK budgets and declining, while climate-resilient design carries a documented additionality of roughly 25 percent on the manual's worked example — US5,000 on a US20,000 dam structure. The 2018 manual addresses sustainability through Water User Committees collecting user fees of the order of 1,000 riel.

Finding 4.7 — The default climate investment has a documented distributional problem. Benefits from canal rehabilitation are geographically fixed: households nearer rehabilitated canals gain dry-season cropping income while those further away do not, increasing stratification. The recommended remedy is complementing canals with non-canal infrastructure such as small-scale groundwater pumping.

Design implication — Component 2: The proposition to test is that the LED investment menu should be constructed as a subset of what DM Fund Local Development already lawfully permits under Article 7, aligned to existing government-approved investment lists as MF3 requires, with any item falling outside those lists explicitly identified along with the instrument needed to admit it.

On prioritization, the proposition to test is that the Economic Potential Index offers a ready, spatially explicit basis for the economic-potential criterion needed at the point of project selection — the allocation formula itself being fixed by sub-decree and weighted to poverty. Because the index already embeds climate anomalies, it allows economic potential and climate exposure to be weighed together rather than sequentially. The consultant should test whether district-level EPI scores are robust enough for operational use in SCALED target districts, and whether a simple typology — high potential and high exposure, low potential and high exposure, and so on — could differentiate the investment menu by district type rather than applying one menu everywhere.

On menu content, the strongest evidence-based caution is the 76 percent irrigation concentration. When DMs and communes receive discretionary climate money they default to a single familiar asset class that is geographically fixed in its benefits and reaches livelihoods only incidentally. The proposition to test is that the menu should be explicitly designed to counteract this default, by specifying eligible categories beyond irrigation and roads, requiring an economic rationale for each investment, and treating the 5 percent livelihood share as a design failure to be corrected rather than a baseline to be matched. Every category should carry an explicit O&M answer — which budget line, which position, what recurrent cost, and whether a user-committee fee model is realistic — given Finding 4.6.

Scope boundary: the design of the investment window itself, including fund-flow mechanics, disbursement arrangements, performance conditionality, and whether climate financing should be integrated into core fund components rather than run as a parallel channel, belongs to the separate GFPP fund-flow options assignment. The A-1 consultant should supply investment content and consume that assessment's conclusions on channel.

5. Design Question 4

What prevents local private sector participation, and what can a DM actually do about it?

Retained and promoted following comments SS4R3 and SS8R7.

Finding 5.1 — The evidence base is almost entirely from the state's side. The reviewed material describes what the DM is mandated, financed and able to do. It contains no systematic evidence from Cambodian firms about whether they use DM services, whether Prakas 343 fee ceilings and timeframes match actual experience, what informal costs they encounter, or what they would want a DM to provide.

Finding 5.2 — Informality is the binding national constraint, and it is a formalization-cost problem rather than a promotion problem. Only 9 percent of enterprises nationally hold a business operating licence; 85 to 90 percent of enterprises in secondary cities are informal. Local economies consist largely of many small informal businesses generating limited wage employment, and the recommended response is to reduce the cost and complexity of formalization rather than to offer investment incentives.

Finding 5.3 — 76.6 percent of DMs cite lack of technical expertise as a barrier to engaging private providers, so the obstacle is documented on the government side of the transaction as well as the firm side.

Finding 5.4 — The DM holds three genuine instruments of local economic discretion. Under Joint Prakas 343 Article 2, councils may issue a Deika setting actual fees below the annexed maxima according to local circumstances and livelihoods, with concessionary rates to be considered for IDPoor cardholders. Under Sub-Decree 285 Article 15 they may charge for optional-function services and retain income for O&M. Under Sub-Decree 152 Article 7 they have unrestricted content discretion over Local Development spending.

Finding 5.5 — There are two documented precedents for contracting private providers, both narrow: Circular 007 permits hiring companies for cleaning, collection and transportation of solid and liquid waste, and the 2018 manual contemplates contracted Technical Service Consultants for resilient design. Localized infrastructure gaps, particularly piped water and waste management, are identified as prerequisites for attracting manufacturing and food-processing investment.

Design implication — Components 1 and 2: The proposition to test is that the most tractable private sector entry point is not enterprise support, which lies outside DM mandate and capacity, but the DM's role as counterparty to firms — as licensor, as purchaser through procurement, and as landlord of markets and productive assets. Each is an existing function with an existing budget line and an identifiable position, and each is a point at which DM behaviour measurably affects local business costs.

Given a 9 percent licensing rate, the proposition deserving most attention is that the Deika power under Prakas 343 Article 2 is an underused formalization instrument: a DM can lawfully set fees below the national maxima to reduce the cost of formalizing, and can do so differentially. Whether fee level is in fact the binding constraint on formalization, as against time, complexity, informal payments or tax exposure, is unknown from the reviewed material and is exactly what a targeted business consultation should establish.

The consultant should test whether the gap between Prakas 343 maximum timeframes and actual processing experience, and between maximum fees and total costs incurred, can be established through a small-n business consultation. Given the 90-day limit and the exclusion of stakeholder engagement from the TOR, this should be scoped tightly — a small number of structured conversations in two or three target-profile districts, framed as evidence-gathering for design rather than as consultation.

COMPONENTS 3 AND 4 — Innovation and Learning; Coordination, Policy and Implementation Support

6. Design Question 5

How can LED results be measured, given that no LED baseline exists?

Finding 6.1 — The measurement deficit is the stocktake's most distinctive LED finding. Systems record physical outputs rather than economic outcomes. There is no routine subnational measurement of business formation,

employment, firm survival or enterprise income, and the absence of a domestically owned monitoring framework obscures true SNA impact.

Finding 6.2 — The OWSO transaction stream is a candidate dataset, but informality substantially weakens it. Every permit and registration issued under Prakas 343 is a priced, dated, located record of economic activity. But with 9 percent of enterprises nationally holding a business licence, licence records would capture a small and probably unrepresentative fraction of local economic activity — and in low-transaction rural districts the dataset may be too thin to support an indicator at all. This is a material weakening of the proposition as stated in earlier versions of this summary.

Finding 6.3 — A district-level composite measure already exists and is climate-inclusive. The Economic Potential Index covers all 210 districts and combines natural endowments including climate anomalies, local infrastructure, and agglomeration advantages, using satellite land-use data validated at 93.2 percent accuracy. It offers a baseline that requires no new collection.

Finding 6.4 — The recommended institutional fix is a designated lead for an integrated district monitoring framework, alongside acceleration of FMIS and NRMIS and development of DMK asset registries. An LED measurement layer attached to these would be more sustainable than a standalone system.

Design implication — Component 3 and the results framework: The proposition to test is that SCALED's LED measurement should rest on two layers rather than one: a district-level structural baseline drawn from the EPI and satellite land-use data, which is available now and requires no collection effort; and a transaction layer from OWSO records used for process indicators such as processing time and formalization volume, where transaction volumes justify it. The consultant should test whether OWSO records are captured digitally or on paper, whether they aggregate above DM level, and whether a licence issued is a defensible proxy for a business operating. Given the informality finding, the honest expectation is that it is not, and that formalization rate of change is a more defensible indicator than formalization level.

The consultant should also test the proposition that licensing volume is the wrong target altogether, since firm quality — the share of young and formal firms — drives income differences more than firm numbers.

Cross-assignment dependency: if OWSO transaction records do not capture the sex of the applicant, SCALED will be unable to report on women's enterprise participation from its primary LED data source. Adding that field is a low-cost design decision that must be taken early, and is a live coordination point with the A-3 Gender and Social Inclusion assignment. The distributional finding at 4.7 — that geographically fixed climate infrastructure benefits stratify by proximity — is a second point of contact with A-3.

Component 4 note: LED functional expansion is an inter-ministerial process, not an NCDDS-internal one. Sub-Decree 285 Article 9 requires ministry consultation before adopting an optional function; Sub-Decree 76 Article 4 requires a three-ministry Joint Proclamation to create a position; Circular 007 places climate spending under MEF-determined ceilings prepared by the Committee for Women and Children and approved by the Provincial Governor. Each is a matter for the multi-ministerial TWG under Component 4, and the consultant's recommendations should identify which body would need to act on each.

7. Priority Documents for Consultant Review

Priority	Document	Relevance
Essential	Joint Prakas No. 343 on Service Provision at DM Administrations (2026)	DQ1, DQ4, DQ5 — the operational service schedule; the Deika fee-setting power
Essential	Sub-Decree No. 285 on Optional Functions of SNAs (2014)	DQ1 — Articles 4, 5, 8, 9, 14, 15: the route for adopting facilitative LED functions
Essential	Sub-Decree No. 152 on Transfer of the DM Fund 2024–2028 (2023)	DQ3 — Article 7 expenditure permissiveness; allocation formula

Essential	Joint Circular No. 007 on Social and Sanitation Service Expenses (2025)	DQ1, DQ3 — where climate action is fiscally and institutionally located
Essential	Sub-Decree No. 76 on DMK Professional Positions (2023)	DQ2 — Article 4: how a new LED position would have to be created
Essential	Cambodia: SNA Infrastructure Finance (WB, 2026)	DQ1–DQ5 — fiscal baseline, capacity survey data, priority recommendations
Essential	Scaling Up Locally-Led Climate Action in Cambodia (WB, 2024)	DQ3, DQ5 — the 76% irrigation concentration; distributional effects; climate-economy evidence
Important	Beyond Phnom Penh: Cambodia's Secondary Cities (WB, 2026)	DQ3, DQ4, DQ5 — the district-level EPI; informality and firm-quality findings
Important	Manual on Preparing Climate-Resilient Infrastructure Projects (NCDD, 2018)	DQ2, DQ3 — the six-step design procedure; return periods; 25% climate additionality
Important	Cambodia Inter-Governmental Fiscal Architecture Study (WB, 2021)	DQ1, DQ3 — the 55 transferred functions (Annex 5a), fiscal asymmetry
Important	Sub-Decree No. 153 on Transfer of the C/S Fund 2024–2028 (2023)	DQ3 — C/S envelope, priority order, disbursement profile
Important	Sub-Decree No. 68 on Administrative Service Delivery at SNAs (2013)	DQ1, DQ4 — OWSO model, delegation, Articles 21–22
Supplementary	Project Implementation Manual of DM Administrations (NCDD, 2013)	DQ3 — not yet reviewed; existing DM investment procedures
Supplementary	Technical Manual for Inclusion of Climate Resilience in Planning (2017)	DQ1 — how climate enters the DIP/CIP cycle alongside optional functions
Supplementary	Evaluation of Regional Economic Development RED-IV (GIZ, 2024)	DQ1, DQ2 — longest-running LED programme evidence
Supplementary	Gendered Barriers Facing MSMEs in the Digital Green Economy (ADB/CDRI, 2025)	DQ4 — demand-side evidence; A-3 coordination point