

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Main report and appendices

Mission Dates: 16/10 to 30/10/18

Document Date: 06/12/2018

Project No. 2000001268

Report No. 4912-KH

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

AC	Agricultural Cooperative
ADB	Asian Development Bank
AFD	Agence Française de Développement
AEZ	Agro-ecological zone
AIMS	Accelerating Inclusive Markets for Smallholders project
ASEAN	Association of South East Asian Nations
ASPIRE	Agriculture Services Programme for Innovation, Resilience and Extension
AusAID	Australian Agency for International Development (now Department of Foreign Affairs and Trade)
AWPB	Annual Work Plan and Budget
B2B	Business to business
BFP	Boosting Food Production Project (RGC)
C/S F	Commune <i>Sangkat</i> Fund
CARDI	Cambodia Agricultural Research and Development Institute
CAVAC	Cambodia Agriculture Value Chain Program (Australian funding)
CBC	Credit Bureau Cambodia
CC (1)	Commune Council
CC (2)	Climate Change
CDRI	Cambodia Development Research Institute
CEW	Commune Extension Worker
CGAP	Consultative Group to Assist the Poor (hosted by World Bank)
CIC	Central Investment Committee
CIP	Commune Investment Programme
CMO	Component Management Office
COSOP	Country Strategic Opportunities Programme
CSES	Cambodia Socio-Economic Survey
D&D	Decentralisation and De-concentration
DAO	District Agriculture Office
DCED	Donor Committee for Enterprise Development
DfID	Department for International Development (UK)
DGDT	Directorate General for Domestic Trade, MoC
DICO	Department of International Cooperation, MOC
EFA	Economic and Financial Analysis
EU	European Union
FBS	Farm Business School
FFS	Farmer Field School
FI	Financial Institution
FL	Financial Literacy
FO	Farmer Organizations
FSP	Financial Service Provider
GDA	General Directorate of Agriculture
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Cooperation Agency)
GPS	Global Positioning System
GRF	Group Revolving Fund
HARVEST	Helping Address Rural Vulnerabilities and Ecosystem Sustainability
HCMC	Ho Chi Minh City
HH	Households
HIC	Hub investment committee
HPI-1	Human Poverty Index
HRD	Human Resource Development
IA	Implementing Agency
ICA	Investment Climate Assessment

ID Poor	Identification of Poor Household Programme, Ministry of Planning
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IP (1)	Implementing Partners
IP (2)	Indigenous People
IRR	Internal Rate of Return
KMC	Knowledge management and communication
LGF	Loan Guarantee Fund
LPA	Lead Project Agency
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MDGs	Millennium Development Goals
MEF	Ministry of Economy and Finance
MFI	Micro-finance Institution
MG	Matching grant
MIH	Ministry of Industry and Handicrafts
MIS	Management Information System
MOC	Ministry of Commerce
MOE	Ministry of Environment
MOP	Ministry of Planning
MOWA	Ministry of Women's Affairs
MOWRAM	Ministry of Water Resources and Meteorology
MRD	Ministry of Rural Development
MSME	Micro, Small and Medium Enterprises
MSP	Multi Stakeholder Platform
NAA	National Audit Authority
NCDD	National Committee for Sub-National Democratic Development
NF3	National Farmers' organizations Federations Forum
NGO	Non-Governmental Organization
NPV	Net Present Value
NSDP	National Socio-economic Development Plan
O&M	Operation and Maintenance
OECD	Organization for Economic Co-operation and Development
PADEE	Project for Agricultural Development and Economic Empowerment
PB	Programme Budgeting
PCR	Project Completion Report
PCC	Provincial Chambers of Commerce
PD	Project Director
PDA	Provincial Department of Agriculture
PDC	Provincial Department of Commerce
PDOWA	Provincial Department for Women's Affairs
PFI	Partner Financial Institution
PIA	Private investment advisor
PIM	Project Implementation Manual
PMO	Project Management Office
PPP (1)	Public Private Partnership
PPP (2)	Purchasing Power Parity
RET	Renewable energy technology
RGC	Royal Government of Cambodia
RIMS	Results and Impact Management System
ROI	Return on Investment
RPRP	Rural poverty reduction project
SAW	Strategy for Agriculture and Water

SM	Social mobilizer
SMM/SMS	Social mobilizer manager / supervisor
SME	Small and Medium Enterprises
SNEC	Supreme National Economic Council
SOE	Statement of Expenditures
SOP	Standard Operating Procedures
SPS	Sanitary and phyto-sanitary
S-RET	Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia Project
TA	Technical Assistance
TOR	Terms of Reference
TOT	Training of Trainers
TSSD	Tonle Sap Poverty Reduction and Smallholder Development Project
UNCT	United Nations Country Team
US	United States
USAID	United States Agency for International Development
VC	Value chain
VCS	Value chain specialist
WA	Withdrawal application
WB	World Bank

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Cambodia	Environmental and Social Category:	B
Project Name:	Accelerating Inclusive Markets for Smallholders (AIMS)	Climate Risk Classification:	2
Project Id:	2000001268	Executing Institution:	Ministry of Commerce
Project Type:	Marketing/Storage/Processing	Implementing Institutions:	Ministry of Commerce
CPM:	Kaushik Barua		
Project Director:	H.E. Sovicheat Penn, Project Director, Ministry of Commerce, PSU		
Project Area:	whole country		

Approval Date	14/12/2016	Last audit receipt	not available yet
Signing Date	28/02/2017	Date of Last SIS Mission	30/10/2018
Entry into Force Date	28/02/2017	Number of SIS Missions	3
Available for Disbursement Date	28/07/2017	Number of extensions	0
First Disbursement Date	01/08/2017	Effectiveness lag	2 months
MTR Date	not available yet		
Original Completion Date	31/03/2023		
Current Completion Date	31/03/2023		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$36,257,000
Domestic Financing breakdown	Beneficiaries	\$8,116,000
	Private sector local	\$8,586,000
	National Government	\$8,654,000
Co-financing breakdown,		
Project total financing		\$61,613,000

Current Mission

Mission Dates: 16/10 to 30/10/18

Days in the field: 7 days

Mission composition: Kaushik Barua, IFAD Country Programme Manager; Meng, Sakphouseth IFAD Country Programme Officers; Nigel Smith, team leader / market development; George Polenakis, investment; Antonio Rota, IFAD Senior Livestock Specialist; Krishna Thapa, M&E; Arsalan Vardag, FM; Amar Raj Mishra, procurement (remotely).

Field sites visited: Takeo, Kampot, Kampong Cham, Kampong Thom, Battambang, Siem Reap

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	3
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	N/A	Coherence between AWPB and Implementation	2
Nutrition	N/A	Performance of M&E System	2
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	5	Financial Management and Execution	4
Institutions and Policy Engagement	N/A	Acceptable Disbursement Rate	3
Partnership-building	5	Quality of Financial Management	4
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	
Quality of Beneficiary Participation	5	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management		Procurement	4
Exit Strategy			
Potential for Scaling-up			

Relevance	4
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

Background

Building on 20 years of successful RGC-IFAD cooperation, AIMS is a new generation of project specifically intended to foster new engines of agricultural growth and continue Cambodia's impressive record of poverty reduction and economic growth by helping make Cambodian agriculture sector bigger and better: bigger in terms of overall agricultural growth, better in terms of higher returns, especially returns on labour, and inclusiveness of this growth. AIMS introduces a range of new good practice approaches for inclusive market development.

The project goal is to Enhance prosperity of Cambodian smallholder farmers through increasingly profitable links to agri-businesses and markets. The project development objective is to increase returns from farming for smallholders, including poorer farmers, through efficient public-sector investment. The project has two closely inter-related and demand-driven components: (1) Value Chains Development and (2) Value Chain Financing. AIMS expects to server 75,000 direct beneficiaries, of whom 60,000 beneficiaries will achieve increased real net farming income by more than 30%.

AIMS is financed by RGC (US\$8.6 million), an IFAD loan (USD36.3 million) and significant beneficiary and private sector financing. The Financing Agreement was signed and became effective on 28 Feb 2017. The Project Completion Date is 31 Mar 2023 and Closing Date is 30 Sep 2023.

AIMS is the first IFAD-supported project led by the Ministry of Commerce, who also lead Component 1. MEF co-chairs the project and leads the implementation of Component 2 on Value Chain Financing.

Mission objectives

For supervision, four key areas of project performance are to be reviewed and rated: (i) Fiduciary aspects (ii) Project implementation progress (iii) Outputs and outcomes by components and (iv) Sustainability.

For support, the mission's objectives are to work closely with the teams of MOC, MEF and other partners to accelerate the effective delivery of the project and identify and address issues in the design and/or implementation to improve project performance towards its development objectives. The mission will give particular attention to two areas: 1) ensuring the project teams develop a sound understanding of the main elements of the AIMS approach and demystifying some of the new best practices the project will adopt, 2) accelerating the scaling-up of activities in the field. The mission follows the Implementation Support missions of August and April 2018, and the Supervision Mission of December 2017.

Key Mission Agreements and Conclusions

Overall project performance remains *moderately satisfactory* (score = 4 out of maximum 6). The quality of understanding and practical implementation has improved substantially in the 6 months since the last support mission. Examples of emerging good practice in initial business cluster development have been seen in Takeo, Kampot, Kampong Cham and Siem Reap. However, there are variations in quality in other parts of the project and with almost two years past since effectiveness, the project must now rapidly scale-up delivery and disbursement through 2019.

The emerging good practices, and the cadre of 'good practice leaders' among the project teams responsible for these, need to be the basis for accelerating delivery while at the same time raising the consistency of quality practices in the field. A more consistent business mindset needs to be applied by all teams and across all activities and greater consideration of the investment and financial aspects of different opportunities needs to be mainstreamed from the earliest engagement with producers and businesses.

Financial performance versus the AWPB18 is unsatisfactorily low, at only approximately 10.5% as at 5 Oct 2018 – 9 months into the financial years. There are two main factors driving this. Firstly, that the initial capitalization of the two financing instruments under Component 2 has not yet been completed (Value Chain Innovation Fund and Line of Credit). Secondly, there have been substantial delays to the recruitment of the technical teams and especially the social mobilization (SM) teams. The contracts with the SM services providers not yet signed. This procurement needs to be completed and SMs trained and mobilized to the field by Jan 2019. Initial capitalization of the financing instruments under Comp 2 also needs to be completed within this financial year.

Performance of the contracted staff should be carefully monitored over the next six months and corrective measures taken if performance is below that required. The Private Investment Advisors (PIA) team are very recently recruited and will require significant coaching to adapt to the AIMS approaches and better understand the two key functions of their role, namely: i) assist the deal makers (farmers, business, service providers) to analyse the financial aspects of their plans, and; ii), assist the deal makers to access the best option for financing their plans – with a priority for financing from their own resources or from the market.

Strategic partnerships are continuing to be negotiated covering all five commodities. This is a positive initiative of MOC and should deliver significant value to AIMS. From the wide range of discussions to date, five stand out as priority partnerships which are particularly relevant to immediate opportunities to accelerate AIMS. These are: on poultry with GIC and Heifer International; on rice contract farming in the Kampong Cham hub; on cassava technical production issues with CIAT, and; on the raw silk production pilot with RUPP. Agreements on these five partnerships should be concluded as a

matter of urgency to accelerate the project. Other potentially valuable partnerships are also at various stages of development, not least with UNDP and VSO on cassava and rice (respectively), and discussion should continue once the five priority partnerships are in place.

To support the accelerated geographical role-out and intensification of AIMS, the two satellite offices (Siem Reap; Preah Vihear/K. Thom) should be strengthened with extra staff and resources and reporting directly to MOC PMO while keeping close coordination with nearby hubs. Further adjustments to project delivery structures will be closely reviewed during future mission through 2019.

D. Overview and Project Progress

Among the commodities being supported, poultry, vegetables and quality assured rice are the three VCs emerging as having the most immediate potential for accelerated impacts and scaling up. On the poultry VC in particular, AIMS has the potential to implement a world-class holistic approach to respond to the strong market demand. This can be achieved by applying a cluster approach to scale-up the best-in-class intensified rural chicken production system established by Green Innovet Cam (GIC[1]). This scaling-up should be done in partnership with Heifer International to support the commercialization of large numbers of poultry producer groups while developing close linkages to MFIs to provide affordable market-based financing for such investments. The poultry VC should therefore be a priority for all hubs and used as a test case to fast-track internal learning and experience of an ideal inclusive market development process within AIMS. In addition, the project should now begin the process of screening other high potential commodities for possible future inclusion from 2020 onwards. This should include field pilots with GIC to assess the commercial and technical viability of traditional-breed pig supply chains based on intensified smallholder production using similar systems to those developed by GIC for intensified smallholder chicken production.

In relations to private investment in the VC, there remains a strong interest in collaborating with AIMS among the partner financial institutions (PFIs), including RDB and the MFIs – both at the headquarters and local branch level. The priority for AIMS must now be to begin to channel prospective deals and investors from the emerging clusters to the interested PFIs. Poultry clusters should be a particular priority for the hub and satellite teams to link producers and ACs (following appropriate investment planning support) to interested MFIs if they want additional resources to invest beyond their own available funds. In addition, the hub teams should remain open to inviting branch staff from any local MFI or bank rank branch interested in attending the MSP or other meetings to offer their services to actors in the local supply chains. A key role of the PIA is to establish and deepen these networks with local finance providers. The MEF PIU, especially the assigned Financial Investment Officer (MEF) and the newly recruited Financial Investment Specialist, will lead this process and mentor the PIA team.

In promoting investment in the supply chains, the Investment team need to better understand that the project's financial instruments for promoting private investment (VCIF, Line of Credit) should focus on areas where there is a need to support the market and go together with them into otherwise sound opportunities but where they are not yet confident to go alone.

M&E is one aspect of the project in which tangible progress has yet to be made despite significant time and resources invested to date. The situation needs to be quickly remedied as reliable, timely and relevant information is vital to all project teams to be able to manage for results. The Director of DICO has quickly taken ownership of the issues and already begun to take corrective actions, including the replacement of the International M&E TA. Building on this, an M&E turn-around plan has been developed jointly between the PMO and mission team which should be strictly implemented over the next six months to resolve these issues and deliver a fully operational M&E system and MIS no later than April 2019. This includes the need to quickly begin the rolling baseline in the first set of cluster locations.

A positive aspect of the emerging AIMS implementation is the decision by MOC to leverage the project to accelerate inclusive market development activities of all Provincial Departments of Commerce beyond that envisaged at design. This is both an expansion of geographical coverage and an intensification/ diversification in many provinces to multiple commodities under AIMS where only a sign commodity had been envisaged. The mission is fully supportive of this as AIMS has the mandate to work across the whole country. Additional provinces (such as Kep) should be supported, subject to there being confirmed opportunities that meet AIMS criteria for inclusive cluster development in one or more of the supported commodities and the ability of the relevant hub or satellites team to provide the necessary technical support. With this in mind, relevant staff from PDoCs should be invited to attend relevant skills training (e.g. financial investment analysis) and Technical Working meetings of AIMS.

The inclusion of the Chambers of Commerce (CCs) and Farmers Organizations (FO) in the core implementing team of the project is an important innovation by RGC and IFAD which strengthens the relevance of project activities and, most importantly, enhances the likely institutional sustainability of the core inclusive cluster development processes beyond the end of the project. To capitalize on this, and lay the foundation for the exit strategy, AIMS should now begin in earnest to implement a structured capacity development process with the partner CCs and with NF3[2] (the recently formed national apex farmers organization) which should eventually become the main FO partner of AIMS.

Procurement is moderately satisfactory. The cumulative progress on procurement plan of 2017 and 2018 of individual consultancy services is 84% and of goods is 64% (in 2018, it is 76% and 55% respectively). TOR, request of EOI, minutes of CEC, PRC and contract agreement documents were well prepared and documented. The evaluation report and contract negotiation were moderately satisfactory. Despite progress on completing planned activities, the procurement plan approved by IFAD and MEF have discrepancies on activity and estimated cost. Some serious weaknesses were noted on the evaluation of EOIs (CVs) of International M&E consultant and Financial Investment Specialist. Steps will need to be taken to address the identified shortcoming in the future.

On financial management, financial controls and procedures are adequate. The principal issues are the need to properly implement the online accounting software, including completing the reporting modules, and provide additional contracted financial staff to the hub and satellite teams to strengthen financial management and administration in these offices.

In conclusion, the mission found that the project's overall performance to date is moderately satisfactory and that it remains on track to meet its overall development objectives. There are emerging good practices in the business clusters development on which the project can now build and some high potential strategic partnerships, particularly in poultry.

There is however an increasing need to accelerate and scale-up project delivery and disbursement while improving overall consistency of quality delivery by raising the performance of those areas lagging up to that of the best areas already seen in the project. In support of this, detailed actions have been agreed between the mission and MOC and MEF and are attached to this Aide Memoire.

[1] Green Innovet Cambodia is a spin-off social enterprise from the Tonle Sap Smallholder Development Project in which they created a model for intensified smallholder production for traditional breed chickens. The system has been reviewed in detail by IFAD's senior global livestock specialist and was assessed to be 'world-class'. The effectiveness and efficiency of the system when used by smallholder is such that it creates highly profitable smallholder poultry enterprises.

[2] National Farmers' Organization Federations Forum (NF3)

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
PIAs and VCs work PIAs and VCs work in cooperation to develop a common understanding on the modus operandi (sequence, roles and responsibilities, financing tools)	MEF, MOC, FIS, PD	11/2018
Prioritize expansion of poultry SC activities Prioritize expansion of poultry SC activities and mobilization /development of poultry clusters with production upgrading based on GIC best practice model. Link to MFIs for financing, GIC for technical service provision on market basis and Heifer and AIMS SM own teams to mobilize and support commercialization of large numbers of poultry producer groups.	MOC	11/2018
Strengthen continuous improvement and self-learning Strengthen continuous improvement and self-learning in the project to achieve consistent high-quality implementation at increasing scale, including through the following combined measures (co-ordinated by Asst to PD): 1. Quarterly Technical Working Meetings involving all project staff 2. Establish multi-disciplinary 'Acceleration Team' of current 'practice leaders' that have demonstrated best understanding of AIMS. Team to be led by Assistant to PD and focus on identifying and disseminating good practice, reviewing/updating all guidance materials and providing on-the-job backstopping of other teams (also in other hubs). Role is part-time in addition to current responsibilities. To include VC, FIS, M&E etc. 3. PMO VC team and PIU FIA to regularly attend hub monthly meetings for the next 12 months (at least once every two months) 4. Establish system for 'good practice' rapid replication across other project teams	MOC (PD via Asst to PD)	11/2018
Chicken SC investments PIAs and VCs work in unison, and with Heifer and GIC, to develop a template for backyard chicken VC investments and promote it to farmers and FIs	PIAs, VCs	11/2018
Private investment facilitation Identify sources of market-based financing for private investments (FIS at central level and PIAs at local level collect information on the terms & supply of MFIs credit)	MEF (FIS / PIAs)	11/2018

AIMS Financing instruments Complete the formal set-up of AIMS financing instruments: a. Finalize subsidiary loan agreement with RDB for LoC and transfer first tranche of US\$ 3 million b. Capitalize VCIF and transfer first tranche of US\$1 million to RDB c. Complete the official set-up of CIC (MEF) and HICs (MOC) Note: To avoid cash flow issue at the designated account, the transfer of the LoC first tranche of US\$ 3 million and VCIF US1 million to RDB should be made directly from IFAD to RDB account at the request of RGC.	MEF	11/2018
Poultry Prepare and sign tripartite cooperation MOU (non-financial) between AIMS, GIC and Heifer defining expected roles and cooperation mechanisms in the field. Green Innovet Cam (GIC). Support GIC to develop business plan and then negotiate and sign partnership agreement, probably on PPP basis to support innovative new social enterprise critical to successful smallholder poultry sector commercialization. Heifer international – finalize and sign results-based agreement on basis agreed during the mission to mobilize 35,000 households into poultry cluster across the country.	MOC	11/2018
Co-ordination with SAAMBAT / Wat 4 Cam Co-ordination with SAAMBAT / Wat 4 Cam and other major projects. Assistant to Project Director to act as focal point for coordination with other major projects. Immediate priority is for AIMS to provide list of priority districts for irrigation and infrastructure support to Wat 4 Cam and Saambat teams	MOC	11/2018
Strengthen two satellite offices with additional human resources Strengthen two satellite offices with additional human resources (+ 1-2 VC Specialist, 1CC / 1FO, 1 PIA, 1 Finance & Admin) reporting directly to PMO in PP in terms of planning, resource allocation, FM, fund low. while continuing close coordination with nearby hubs, especially or regional MSP/market development. Siem Reap to cover Banteay Meanchey. PVH / K Thom to also cover Stung Treng + Ratanakiri. Kep to be included in Takeo hub subject to credible opportunities.	MOC	12/2018
Develop Business Skill training modules, materials and ToT Develop Business Skill training modules, materials and ToT – led by MOC VC team in close coordination with MEF PIU. AIMS to adopt single standard business skills training format to be implemented by the three SM service providers. BS ToT must be ready before SMs start in Jan 19. Business skills training should be use the modules and materials proven under HVAP as the starting-point and then quickly adapt these to the AIMS context	MOC / MEF	12/2018
Team building Team building and internal training activities for PIAs and VCs (mentoring and coaching by FIS)	MEF (FIS), PD	12/2018

Rice Contract farmer facilitation partner for Kampong Cham hub. Identify and agree partnership agreement with new strategic partner with extensive experience of facilitating modern rice contract farming supply chain development between agricultural cooperatives and leading export millers in north / east of the country and advanced mentoring for commercialization of rice ACs and AC unions. Agreement should ideally target mobilizing 10,000-15,000 farmers into AIMS support rice cluster and build on and replicate existing industry-leading supply chains in the hub.	MOC	12/2018
Silk Finalize partnership agreement with RUPP for raw silk production pilot, with initial results to be available by Dec 19 to allow assessment of potential to scale-up	MOC	12/2018
SM teams Complete the contracting, orientation training and mobilization to the field of the social mobilization team via the three SM service providers. All SM service provider contracts to be performance-based contracts with clear mechanisms included for six monthly performance review and contract adjustment. Contract should include terms to allow adjustments of locations covered, staffing and scope of work subject to the needs of the project.	MOC	01/2019
Assign KPIs to FIS and PIAs and VC Teams Assign KPIs to FIS and PIAs and VC Teams linked to the No of beneficiaries financed, Amount of investment financed, No of business deals facilitated, No of investment propositions assessed.	MOC / MEF	01/2019
Cassava Finalize partnership agreement with CIAT as lead technical partner to identify practical solution to address disease, pest and sustainable production issues to be rolled-out at scale through market-based systems	MOC	01/2019
Cassava Identify and agree partnership agreement with new strategic partner with extensive experience of mentoring the commercialization of ACs and AC unions who are able to provide embedded technical services to their members on improved production techniques (experience may be in other field crops not only cassava). UNDP – conduct further discussions with UNDP on potential partnership and clarify issues related to the draft project proposal.	MOC	03/2019
Screening of potential additional commodities Screening of potential additional commodities: include in AWPB 19 preliminary activities to complete screening of possible additional high potential growth commodities in each hub, to identify most promising 1-2 additional commodities to be considered for future inclusion in AIMS. MOC to lead with MEF PIU close involvement. Potential candidates include longan, fish, mango, traditional pigs (similar to GIC traditional poultry opportunity). Inclusion in list does not mean approval to include in AIMS but to evaluate opportunity.	MOC / MEF	10/2019

<p>Traditional breed pig supply chain pilot</p> <p>Conduct pilot with GIC to replicate similar production model for intensified traditional-breed pigs as for intensified traditional-breed chicken. Pilot will provide evidence to assess technical, financial and market feasibility for inclusion of traditional-breed pigs as additional commodity in AIMS post-MTR.</p>	<p>MOC with GIC</p>	<p>10/2019</p>
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E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 4

Justification of rating

The project is now 20 months since effectiveness, yet most of the the technical teams in the hubs (VC and Investment teams) have been in their roles less than 6 months and the Social Mobilizer field teams will only start in Jan 2019. Despite this, a majority of the hubs and satellite teams have implemented good quality initial field activities with a growing business mindset in brokering new deals between producers, buyers and service providers. Thought there has been variations in quality in some teams which will need to be addressed. MFI remain interested to partner and finance the investments needed. These are strong foundation on which to now expand the scale of field activities. As such the theory of change remains highly relevant.

Log-Frame Analysis & Main Issues of Effectiveness

The log frame indicators and targets remain highly relevant. However, it is too early to assess progress against the logframe beyond some initial progress against basic output indicators such as number of MSPs conducted where there has been some small initial progress.

The principal issues to raise effectiveness to satisfactory is to rapidly increase the scale of field activities when the new Social Mobilizer teams are on-bard in Jan 2019 while achieving a more uniform quality of implementation across the project.

Development Focus		
Targeting and Outreach	Rating: 4	Previous rating: 4

Justification of rating

In a large majority of field activities observed by the mission, project target groups have been effectively mobilized into AIMS. The M&E system is still being set-up and will capture data disaggregated by gender, age and poverty status for main project participants. Recruitment of the SM team as well as the emerging strategic partnerships will further accelerate and deepen the effectiveness of targeting and outreach.

The VC and hubs teams have shown an in-depth understanding of eligibility criteria to select beneficiaries and efforts required to encourage participation of smallholders. This process is outlined in the Facilitation Guide for Value Chain development. New provincial teams joining AIMS now need assistance to understand and effectively apply these processes.

Main issues

The primary issues remain to complete the establishment and training of the full SM teams in each hub, putting in place the partnership arrangement with the strategic partners and providing capacity building support to NF3 so it can operate as an effective partner to AIMS and fully represent the interests of farmers within the project. In addition, the new provincial teams joining AIMS now need assistance to understand and effectively apply proper targeting and outreach processes.

Gender equality & women's participation	Rating: 4	Previous rating: 4
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Justification of rating

Three of the target commodities are expected to be particularly relevant to rural women's participation in the project and clusters: chicken, vegetables and raw silk production. As with all commodities, work on these is only just beginning and so it is too early to draw broader conclusion.

The MOC PMU plans to further discussions with the Ministry of Women's Affairs to establish mechanisms for AIMS to be able to collaborate with MOWA and their provincial departments, with a first priority opportunity for this identified in Kampot on poultry.

Main issues

No significant issues are yet observed.

Agricultural Productivity	Rating: N/A
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Nutrition	Rating: N/A
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Adaptation to Climate Change	Rating: 4	Previous rating: 3
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Justification of rating

Senior staff of the PMO are fully aware of impact of climate change which is also included-as part of the SECAP- in the internal Facilitation Guide for Value Chain Development. Through the strategic partnership with ASPIRE -to be built- the VC Team has identified four entry points where AIMS could benefit from: (a) Conduct of Vulnerability Reduction Assessment (VRA) in ASPIRE that reflects the impact and solutions to overcome climate change (b) Delivery of resilient technical extension packages (c) Resilient infrastructures and (d) Plan the conduct of technical demonstration applied to AIMS flagship commodities. However, there are also risks to rolling out these activities due to the delayed recruitment of the full VC teams in the hubs.

Main issues

As previously noted, the primary issue remain to ensure the VC teams and wider project teams gain a strong practical understanding of the four entry points on CC adaptation identified in the PDR and how to apply them within the clusters. This requires that practical guidance is included in the VC Facilitation Guidelines and basic foundation training planned for all project staff. Establishing an effective partnership with ASPIRE PDAFFs is an important part of this process.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Mainstream CC adaptation into cluster development Follow a multi-dimensional approach to mainstream CC adaptation considerations into cluster development, including: <ul style="list-style-type: none"> • Partnership building with ASPIRE to start at earliest convenience with NCDDS (Mol) for VRA and resilient infrastructures and General Department of Agriculture (GDA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF). • Include soft copy of existing VRAs in the AIMS MIS • Mapping the existing resilient infrastructures already and to be built under the component 4 of ASPIRE • Mapping sites where successful delivery of resilient extension technical packages and on-site demonstration occurred, villages where community had built its resilience. • Plan on site demonstration applied to AIMS flagship commodities to be used as a learning sites between ASPIRE and AIMS. 	MOC	06/2019

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: N/A
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Partnership-building	Rating: 5	Previous rating: 5
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Justification of rating

AIMS has formalized implementing partnerships with three Chambers of Commerce and two farmers organizations, on behalf of the national apex body. Negotiations are advance with three strategic partners (Heifer, GIC and RUPP) and progressing on other priorities in rice and on cassava with CIAT. Beyond this, MOUs have been put in place with MAFF/ASPIRE and with private service providers (e.g. Cambodia Green). Co-operation agreements are being discussed with the PFIs and three NGO's will be contracted shortly as SM partners. Within the next 6 months, AIMS will have +15 major external partnerships in addition to RGC co-operation agreements with MAFF and other government agencies. AIMS remains the most open, partnership driven programme in the country programme.

Main issues

The priority now is to finalize the five priority strategic partnership agreements, namely with Heifer (pending), GIC (pending),

The priority now is to finalize the five priority strategic partnership agreements, namely with: Hierer (poultry), GIC (poultry), AVSF (for rice), CIAT (cassava) and RUPP (silk). There is also a need for AIMS to quickly establish effective partnership arrangements with several of the major new infrastructure/agriculture development programmes – including SAAMBAT (IFAD), Wat 4 Cam (AFD) and the forthcoming WB agriculture diversification project. Capacity build of the CCs and NF3 must also begin to support them to become stronger partner in preparation for the project exit strategy.

Human and Social Capital and Empowerment

Rating: 4

Justification of rating

The consultative, stakeholder-based approach of the MSPs enhances ownership and sustainability of the project's outcomes, but also ensures increased empowerment and human capital in terms of smallholders, producers, small traders interacting on a common platform with larger suppliers/ traders/ private sector. The process contributes to enhanced participatory planning and decision making. The SAAMBAT design will also build on this process and methodology, with MSPs identifying key infrastructure requirements for the rural communities.

Main issues

There are no major issues in this aspect, but given the continued and increasing importance of the MSP process, it is key that they continue receiving support and guidance from the project and the hubs.

Quality of Beneficiary Participation

Rating: 5

Previous rating: 4

Justification of rating

While there is a growing understanding and confidence among the AIMS 'practice leaders' in how to motivate beneficiaries to The majority of field activities observed by the mission clearly demonstrate an exceptionally high degree on consultation with project beneficiaries in determining project activities and support that they will receive and participate in. AIMS' approach of minimizing subsidy and direct cash incentives for participation also strengthens the responsiveness of the project to the priorities of the beneficiaries, whose participation is voluntary and motivate by them seeing relevance and value in the core activities of the project itself.

Main issues

Participate without direct financial incentives: there is still significant variation on this between the project teams. Those teams current lagging, need to be supported and closely coached to develop the skills and techniques to do this effectively and let the priorities of farmers and buyers jointly drive the project agenda via the MSP and cluster development processes.

Responsiveness of Service Providers

Rating: 4

Previous rating: 4

Justification of rating

It is too early to assess service providers' performance as the main service providers on SM and via the strategic partnerships are yet to be formally on board.

Environment and Natural Resource Management

Rating:

Exit Strategy

Rating:

Potential for Scaling-up

Rating:

c. Project Management

Quality of Project Management

Rating: 4

Previous rating: 4

Justification of rating

There remains a very high degree of commitment and understanding of AIMS at the highest levels in MOC and MEF and

through the senior & middle management associated with AIMS. A deep understanding of the development objectives fully guides the project. The inclusion of General Department of Policy (MEF) as the technical lead of Comp 2 has further strengthened project management. Key positions are staffed with competent individuals and addition of the Assistant to the PD in MOC has added further depth. Going forward, to support the project expansion, there is a need to adopt more structure project management and coordination process to achieve a more consistent quality of management across the hubs/satellites and strengthen project and knowledge management between the centre and hubs.

Main issues

As previously noted, the priority now is to establish highly effective and disciplined management systems and processes that will provide the project with increasing institutional resilience. Mobilizing the team of 'practice leaders' under the management of the Assistant to the PD will be a critical part of this process as well as establishing routine process for regular technical working meetings and other management meetings and processes. The availability of timely, relevant and reliable management information is also increasingly vital for establishing disciplined result-driven project management. Accordingly, the project M&E system and MIS needs to be quickly brought into full operation.

Agreed Action	Responsibility	Agreed Date
Project Management		
IFAD support IFAD to provide close implementation support as needed, including support missions in Jan and April 19 plus remote support in Nov/Dec (especially on priority strategic partnership agreements).	IFAD	11/2018
Begin institutional strengthening programme Begin institutional strengthening programme with NF3 and 3 CCs in support of AIMS exit strategy. To include use of good practice tools (e.g. RESPIRATION tools from HVAP). If needed, recruit institutional development specialist to coordinate activities. (individual or partner institutions with track record) Include in AWPB 19.	MOC	12/2018
Staff skills strengthening Provide specific professional skills training and coaching to project staff including: (delivered in-house where possible) <ul style="list-style-type: none"> • Business acumen • Investment skills, including basic financial analysis • Facilitation skills, including World Café and other techniques Other priority skill needs as identified through 'Acceleration Team' and Technical Working Meetings.	MOC / MEF	12/2018
Contract staff performance Closely monitor and follow-up of VC, Investment and M&E staff and review performance after 6 months and adjust contracts / term as needed in discussion with IFAD ISM in Apr 19	MOC / MEF	04/2019

Knowledge Management

Rating: 4

Previous rating: 4

Justification of rating

KM systems in the project are still being established. However, there is an emerging cadre of 'practice leaders' who have led much of the implementation of the merging good practice seen so far in the project. This creates increasing confidence that the project is quickly acquiring the essential knowledge and skills for highly effective project delivery.

Main issues

The priority now is to formerly establish a multi-disciplinary 'Acceleration Team' of the identified 'practice leaders' under the management of the Assistant to the PD. The roles of this 'A team' is to drive, in a very practical way, the accelerated learning and replication of good practice across the project. This will also include direct on-the-job coaching of those individuals and teams currently lagging behind in their practice as well as supporting the new provinces joining AIMS to be able to implement the AIMS modalities with confidence.

Value for Money

Rating: 4

Previous rating: 4

Justification of rating

As the project has not yet commenced large scale activities in the field it is difficult to provide a clear assessment of VFM. However, the institutional platforms at the hub level (the farmer organizations, the common understanding across project partners, identification of high potential models) are in place and should witness effective disbursements in the next two quarters. Therefore, despite the lack of substantial outputs, the supervision mission suggests a rating of moderately satisfactory. The project is also well placed to mobilize several of the identified major strategic partnership in parallel to scaling-up field activities. If these partnerships are not established on schedule, there is a risk of negative performance in the next year.

Main issues

As stated above, the project has not yet commenced large scale activities in the field it is difficult to provide a clear assessment of VFM. The project has not yet completed the procure of a major part of its field team via the Social Mobilization Service Provider. This is delaying all scaling up activities, so there are few outputs to date. The SM teams are now due to be in post by Jan 2019 after which point there is expected to be a rapid increase in the level of outputs. In parallel, the MOC is negotiating several strategic partnerships that are expected to deliver extreme strong VFM in terms of both the cost:benefit ratio and also at large scale, especially those on chicken with Heifer and GIC, as well as on rice with AVSF. Other partnerships on cassava may also deliver strong VFM at scale but are less progressed at present.

Coherence between AWPB and Implementation

Rating: 2

Previous rating: 4

Justification of rating

Financial performance versus AWPB 18 is very low, only 10.5% as at 5 Oct 2018 – 9 months into the FY. There are two main factors driving this.

Firstly, initial capitalization of the financing instruments (Comp 2) has not been completed (VICF / LOC). This needs to be completed within this financial year.

Secondly, substantial delays to contracting of SM service provider has delayed scaling-up of field activities. This procurement needs to be completed and the SM teams mobilized to the field by Jan 2019.

AWPB Inputs and Outputs Review and Implementation Progress

While all major activities in the AWPB are in progress, delays on the SM service provider procurement have had knock-on delays in almost all other aspects of the project. Under Comp 2, the major aspects of the AWPB 18 are expected to be completed within the period of the AWPB even though they were not yet completed at the time of the mission.

Performance of M&E System

Rating: 2

Previous rating: 4

Justification of rating

M&E system is not yet operational despite significant time and resources invested to date. The situation needs to be quickly remedied. Director of DICO has quickly taken ownership of the issues and already begun to take corrective actions, including the replacement of the International M&E TA. Building on this, an M&E turn-around plan has been developed jointly between the PMO and mission team which should be strictly implemented over the next six months to resolve these issues and deliver a fully operational M&E system and MIS no later than April 2019. This includes temporary strengthening of the M&E team until the M&E system is fully operational and the need to quickly begin the rolling baseline in the first cluster locations.

M&E System Review

a) Monitoring and Evaluation System

- Monitoring and Evaluation System has developed but not completed. The following parts still lacking in the system:
 - A disaggregate outcome indicator on the target increased net income by commodity should be added to the internal log frame for disaggregated targeting and performance tracking.
 - The annual targets of log frame indicators not fixed yet and it is necessary for monitoring and progress reporting;
 - Types and level of monitoring: process monitoring, inputs and outputs monitoring of investment proposal, performance monitoring of partners also need to clarify in the system as well as MoC/MEF level monitoring, PMO level monitoring, hub level monitoring, community level monitoring (POs/groups) not cleared;
 - Results chain developed but not finalized and not targeted on it indicators too;
 - Data Management system including data collection formats not clearly captured: what, when, who, how etc
 - Measurement plan not well captured in the system:
 - Monitoring: what, when, who, how (performance monitoring, inputs and outputs monitoring of

- Investment proposals, process monitoring etc.)
- Evaluation: what, when, who, how (baseline survey, outcome survey, mid-term evaluation and final evaluation)
 - The improved farmers' diary (which also forms part of the rolling baseline survey) is not incorporated in the system;
 - Annual monitoring and evaluation plan also not covered;

b) Results Chain

The results chain of 4 value chain commodities has developed but need improving with input from the VC teams and need to finalize. The target for each indicator is not set and hence, without targets, the results chain is meaningless.

c) Data Management

The data collection formats was developed but not finalized. One service provider as been hired for MIS development and the work already started but the status of the work is not reported. This should build on the experience of the HVAP project in Nepal.

d) Operating Results Measurement System (ORMS): The ORMS also not yet developed.

Agreed Action	Responsibility	Agreed Date
Project Management		
Implement M&E turn-around plan Implement M&E turn-around plan as attached to this report, covering 4 key aspects: a. M&E system set-up b. Establishment of baselines data and information c. MIS development and operationalize Training of all project staff on M&E systems	MOC	10/2018
Strengthen PMO M&E team Strengthen PMO M&E team for critical next six months to implement turn-around plan including: replacement of International TA on 12 months performance-based contract, 4 months additional intermittent international TA from HVAP expert, 6 months temporary secondment of M&E consultant from Takeo to PMO M&E team	MOC	11/2018
Prepare result-based AWPB 2019 Prepare result-based AWPB 2019, with targets by commodity by hub/satellite and for Comp 2 and ensure approved before 1 Jan 19.	MOC	12/2018
Complete project M&E system and MIS Complete project M&E system and MIS to be fully operational and populated with field data no later than 30 April 2019.	MOC	04/2019

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Previous rating: 3

Justification of rating

A technical "Note to implement SECAP" has been included in the main VC Development Facilitation Guide of the project. Full roll-out has been delayed through the SMs until they are on board from Jan 2019. AIMS has developed a tool in Khmer enabling its staff the check the status of climate change for each target areas from the Rapid Mapping step: "AIMS Rapid Mapping with Vulnerability Index". The new 'Acceleration Team' will now drive this process.

SECAP Review

SECAP Review

The Acceleration Team is in the process of being formed. A technical meeting is scheduled shortly after the mission and will cover:

- implementation of SECAP into the Know-How guide.
- including the Vulnerability Index into AIMS MIS. Vulnerability Index is immediately operational in terms of tracking the status of climate change, interviewing people and facilitating discussion around Climate change, while it may take some time to gather all the VRAs undertaken by different projects.

Under ASPIRE and AIMS partnership, AIMS (lead by the “Acceleration team”)

- Ask for inventory of VRA undertaken by NCDDDS (ASPIRE, LGCC and others projects).
- Map the best practices under the component 3 and 4 of ASPIRE.
- Share and disseminate the Knowledge Products, used and produced by the component 4 of ASPIRE.
- Connect AIMS staff with SNAs involved in the conduct and use of VRAs

Through the above step, AIMS is now mobilizing to use two established tools:

- Vulnerability Risk Assessment (VRA). There is commitment from NCDDDS (in ASPIRE, LGCC and others projects) and Small Grant Programme to share the VRA with AIMS. This will facilitate to proceed for the mapping.
- Vulnerability Index (VI). This tool was jointly developed by MoE and the International Institute for Environment and Development (IIED). See "IIED TAMD Cambodia" for their work with MoE and "Cambodia Vulnerability Index 2014-IFAD.xlsx" vulnerability index covering Cambodia wide. IIED and MoE have used the Commune Data Base to produce the Vulnerability Index (VI),

This will create an enabling environment for Mainstreaming Climate change in cluster development and induce the SECAP's implementation.

Agreed Action	Responsibility	Agreed Date
Project Management		
Mainstream of Climate Change adaptation Mainstream of Climate Change adaptation considerations and SECAP into AIMS processes, driven by the Acceleration Team	MOC	11/2018

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$8,116,000	\$0	0.0%
	Private sector local	\$8,586,000	\$0	0.0%
	National Government	\$8,654,000	\$980,000	11.3%

Acceptable Disbursement Rate

Rating: 3

Previous rating: 1

Justification of rating

The project is in its second year of implementation and by 31 August 2018, IFAD had released only USD 2.140 million (5.9%) out of a total loan of USD 36.3 million..

Main issues

1. The project had a slow start in the first year with designated accounts opened in June 2017 and project account opened in august 2017. Startup advance of USD 0.5 million was provided by IFAD in Aug 2017. However, other conditions precedent for withdrawal were fulfilled with further delays e.g. Project Steering Committee was established in Dec 2017, PIM was approved in March 2018 and Accounting Software was setup in Aug 2018. All of the above contributed in substantially delayed start of the project activities.
2. The designated account is administered through revolving fund arrangement, whereby the advance is based on six months forecast amount of IFAD financed expenditure approved in the AWPB. AWPB for 2018 was approved in March 2018 while the revolving fund advances was released by end of April 2018 to MOC and MEF designated accounts. The project has disbursed USD 0.338 million until 31 August 2018 from IFAD funds, however, no WA has been submitted until now. The mission urges the CPMU to urgently prepare and submit to IFAD a WA expenses incurred from the start of the project to date (USD 0.338 million) and to submit a quarterly withdrawal application in the future.
3. The preparation and approval of AWPB was delayed for 2018 AWPB (March 2018) and it appears that it would

also be delayed for 2019 AWPB. The mission recommends that the overall process of preparation and approval of AWPB needs to be planned so that the approval from IFAD and MEF is obtained before the end of November each year.

4. For 2018 AWPB the actual financial progress until Aug 2018 is USD 1.318 million (10.6%) as compared to annual target of USD 12.446 while expected expenditure for the remaining year is not expected to be substantial. It was noted that the project needs to monitor actual performance as compared to AWPB both for physical and financial targets on a monthly basis and that serious efforts should be made to achieve at least 80% disbursement level as compared to the AWPB.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Withdrawal Application: <ul style="list-style-type: none"> • Immediate submission of WA for expenses incurred so far. • Quarterly WA to be prepared and submitted to IFAD. 	PMO	11/2018
AWPB Preparation & Approval: Timely preparation of AWPB and approval from IFAD and MEF before 30 Nov each year except for 2019 AWPB for which 31 Dec has been agreed.	PMO, MOC, MEF	12/2018
Disbursements vs. AWPB Serious efforts should be made to achieve at least 80% disbursement level as compared to AWPB.	PMO	12/2019

Fiduciary Aspects

Quality of Financial Management

Rating: 4

Previous rating: 3

Justification of rating

Overall financial management of the project is reasonably organised & controls over expenditure & disbursements are appropriate, however, accounting software needs substantial improvement and financial consultants need to be hired at regional hubs. AWPB preparation & monitoring, monthly financial reporting, cash flow management and internal audit arrangements also need improvements. 7. The project is inherently complex and can be considered highly risky as it is being implemented by two ministers, three regional hubs, a number of provinces and various partners. However, due to appropriate organisation structure and, strong internal controls, the overall control risk is rated as medium (Please see FMAQ).

Main issues

1. Accounting and Financial Reporting: The project has procured and recently implemented an accounting software (SAGE 50) which fulfills most of the IFAD requirements - Accounting Software Evaluation Questionnaire is attached with the SV report. However, it was noted that (a) desktop version of the software has been implemented due to which consolidation of accounting data and preparation of financial reports becomes complicated, time taking and prone to mistakes; (b) the software has not been implemented at the regional hubs due to which accounting transactions are being recorded in excel in the regions while these would be posted in the accounting software in the PMO; and (c) reporting function of the software needs development and customization. Finally, the PMO is currently working on posting of previous transactions in the accounting software and is expected to be upto date on the posting by end of November 2018.
2. The mission recommends that online version of the Accounting Software should be implemented at PMO, MEF and also at the regional hubs and reporting function of the accounting software should be developed/customised. Finally, all historical transactions should be posted into the software urgently. The mission also suggests that technical assistance from ASPIRE may be obtained as it has implemented online version of the same software in eleven provinces and five implementing agencies. The mission has facilitated initial meeting between finance department of AIMS and ASPIRE, whereby ASPIRE agreed to provide assistance to AIMS, subject for official letter. Finally, it is recommended that project needs to prepare monthly financial reports[1] for monitoring and decision-making.
3. Staffing. With the establishment of regional hubs, increase of project activities and establishment of accounting software in the regional hubs, financial consultants need to be hired at the regional hubs to ensure proper accounting and reporting.
4. Internal controls. The project has strong internal controls. However, it is recommended that the CFO / National Finance Specialist should visit the regions on a quarterly / half yearly basis to (i) provide training to field staff on basic finance matters; (ii) review the financial management at the regions; and (iii) to evaluate how to make the FM process more efficient and to resolve any issues. It is also recommended that the project implement a system to

- enable those staff/consultant wishing to take advance DSA to cover their field activities to do so.
5. AWPB and budgeting system. The preparation and approval of AWPB was delayed for 2018 AWPB (March 2018) and it appears that it would also be delayed for 2019 AWPB. The mission recommends that the overall process of preparation and approval of AWPB needs to be planned so that the approval from IFAD and MEF is obtained before the end of November each year.
 6. Treasury and funds flow. The project account maintained by MEF and sub-project accounts in the three regional hubs are not specified in the Financing Agreement. The mission recommends that the CPMU prepare half-yearly cash forecasts (with monthly updates) taking into account financial commitments and forecasted expenditures.
 7. Internal Audit. The project needs to establish internal audit arrangements either through the internal audit departments of MOC and MEF or through a private audit firm. The TORs of the internal auditor needs to be approved by IFAD and internal audit reports need to be provided to IFAD.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Regional CFO / National Finance Consultant to conduct a quarterly / half yearly visit to all regional hubs to (a) review the work and (b) to evaluate how to make the FM process more efficient and to resolve any issues.	PMO	11/2018
Internal Audit: Project to have internal audit conducted either by the Internal Audit Department of MOC and MEF or by a private audit firm. TORs to be shared with IFAD for No Objection and reports to be shared with IFAD.	PMO	12/2018
Cash Flow Forecast: Preparation of six-monthly cash flow forecast and its monthly updating.	PMO	12/2018
Preparation of Monthly Financial Reports. Monthly financial reports should include analyses of disbursement rates by category, AWPB financial execution by sub-component, cash situation and forecast, procurement plan execution and administrative issues.	PMO	12/2018
DSA to Consultants: Implement a system to enable those staff/consultant wishing to take advance DSA to cover their field activities to do so.	PMO	12/2018
Finance Management Team: <ul style="list-style-type: none"> Financial Consultants at Regional Hubs would need to be hired with the implementation of accounting software in the Regional Hubs. Training to field staff on basic finance matters to be provided by CFO and National Finance Specialist. 	PMO	12/2018
Accounting Software: <ul style="list-style-type: none"> Online version of the Accounting Software to be implemented at PMO, MEF and Regional Hubs; Reporting function of the accounting software needs to be developed; Technical assistance from ASPIRE project may be obtained. 	PMO	12/2018

Quality and Timeliness of Audit

Rating:

Previous rating: 4

Counterparts Funds

Rating: 5

Previous rating: 4

Justification of rating

Counterpart funds is rated as satisfactory (5). By 31 August 2018, GoC has provided funding of USD 1.134 million (13.1%) of the total envisaged contribution of USD 8.654 million. Main issues

Main issues

1. GoC has provided USD 1.134 million to the project as per 2018 AWPB. By 31 August 2018, actual expenditure from GoC funding was USD 0.980 million, which is 11% of the total envisaged contribution of the GoC.
2. The mission noted that although the GoC contribution was also in kind in the shape of office, utilities and government officers deputed to the project, the procedure for valuation, recording and reporting it has needs to be developed.
3. The mission also noted that procedure for recording and reporting of both cash and in-kind contribution by other project parties including the beneficiaries, the private business, UNDP and Heifer etc. also needs to be developed.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Beneficiary, Private Business and other Parties Contribution: Develop and implement procedure for valuation, recording and reporting of cash and in-kind contribution by the Beneficiaries, Private Business, UNDP, Heifer etc. .	PMO, MOC, MEF	12/2018
Government In Kind Contribution: Develop and implement procedure for valuation, recording and reporting of In-kind contribution by the Government.	PMO, MOC, MEF	12/2018

Compliance with Loan Covenants

Rating: 4

Previous rating: 4

Justification of rating

Compliance with loan covenants is rated as moderately satisfactory (4). The program has complied with some financing agreement covenants, while compliance on some is still outstanding.

Main issues

The program has complied with some financing agreement covenants, while compliance on some is still outstanding including timely submission and approval of AWPB, submission of regular WAs, submission of unaudited financial statements and timely appointment of auditors. Full details are in appendix 3 to the supervision report. The project needs to develop mechanism / procedure to ensure timely compliance with loan covenants.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Convenants Developing mechanism to ensure compliance with loan covenants including the following: <ul style="list-style-type: none"> • Timely submission of AWPB • Submission of Draft Financial Statements • Submission of Quarterly WA • Recording of Beneficiary contribution • Timely appointment of external auditor • Project's response to the management letter of auditors • Maintenance of Audit Log 	PMO	12/2018

Procurement

Procurement

Rating: 4

Previous rating: 3

Justification of rating

The cumulative progress on procurement plan of 2017 and 2018 of individual consultancy services is 84% and of goods is 64% (in 2018, it is 76% and 55% respectively). TOR, request of EOI, minutes of CEC, PRC and contract agreement documents were well prepared and documented. The evaluation report and contract negotiation were moderately

satisfactory. Despite good progress on completing planned activities, the procurement plan approved by IFAD and MEF have discrepancies on activity and estimated cost. Some serious weaknesses were noted on the evaluation of EOIs (CVs) of International M&E consultant and Financial Investment Specialist.

Procurement Review

The procurement section of PMO at Department of International Cooperation is responsible for carrying out the procurement activities of Component 1 and 3. This section has 3 officers and a National Procurement Specialist contracted to assist the team. Mr. Phal Phanut, a new officer, has no previous knowledge and experience on procurement. The procurement activities of Component 2 are carried out by the PIU at MEF.

The procurement plans were well prepared. The procurement processes were initiated after the MEF approval on 22 August 2017; the cumulative number of procurement activities of 2017 and 2018 for services was 44 and for goods was 14, of which 38 activities of services and 9 activities of goods were completed within 13 months period. However, the procurement of Communication and Knowledge Management Officer of Takeo Hub (to fill the vacant post) and Project Coordinator Consultant in MEF in 2018 were not in IFAD approved AWPB and procurement plan. Both of these activities need to be included in the revised procurement plan of 2018.

The procurement process basically followed the RGC procurement manual. The procurement of services was initiated by concerned implementing units and the procurement of goods by the procurement unit. The approved procurement methods were strictly applied; the contents of TORs were well structured; objective, scope, responsibility, delivery, qualification and experience were adequately elaborated. Request for expression of interest, standard request for proposal and contract documents were well drafted; advertisement, SRFP issue and submission register, minutes of bid opening, evaluation, contract negotiation and award of contract were satisfactory prepared. The documentation of contract is in good order and had been maintained in separate files.

However, following shortfalls were also noticed:

1. Notice for extension of EOI was not published in newspapers and public domain (AIMS/C1/C/2017/1).
2. Ravi Venkataraman's CV was not evaluated because of his intermitted contract in another project but despite having a similar ongoing intermitted contract in Bangladesh, Mr. Preethi De Silva's CV was evaluated, ranked 1st and awarded the contract (AIMS/C1/C/2017/6).
3. San Veasna has a Master Degree but was given 8 marks lesser than the mark allocated for a Master Degree holder. Similarly, Mr. Tith Chrin has been given full mark for his experience on value chain development ...but his cv does not show any such experiences (AIMS/C1/C/2017/17).
4. Vin Sokhal has two Master Degrees but was given marks equivalent to Bachelor Degree. Mr. Mao Manin has only Bachelor Degree, which is below the required qualification but was ranked 2nd (AIMS/C1/C/2017/22).
5. The contracted consultant Mr. Khieu Suntheng did not meet the minimum criteria for evaluation (i) Professional experience, 40 marks and (ii) Adequacy of assignment, 40 marks. The CEC evaluation report included two more experiences as his strength but those were not mentioned anywhere in his CV (AIMS/C2/C/2018/2).
6. The contract was signed with Mr. Seang on 5th July, 2018 but the contract commencing date was 1st July 2018, 4 days before the signing date (AIMS/C2/C/2018/9).
7. Contract agreement signed for non-consultancy procurement activities with four consultants at MEF in 2018 were not budgeted and included in IFAD approved AWPB & procurement plan.

Contract payment tracing system is well maintained and documented in Finance Unit at AIMS PMO. The tracking of procurement progress is being monitored by the procurement unit. Register of Contract were prepared by AIMS PMO and MEF PIU separately, but these two registers need to be consolidated and updated in IFAD's prescribed format. The updated Register of Contracts need to be sent IFAD on a regular basis.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Unplanned procurement Seek IFAD and MEF concurrence before processing the unplanned urgent procurement activities and accommodate all those unplanned activities in the revised procurement plan of respective year.	AIMS PMO/MEF PIU/ IFAD	11/2018
AWPB & Procurement plan approval Ensure that IFAD approved AWPB & Procurement plan and MEF approved AWPB & Procurement Plan have no discrepancies on activities and estimated budget allocation. In case of inconsistency, seek IFAD NOL by sending a revised AWPB and procurement plan.	AIMS PMO/ MEF PIU/IFAD	11/2018
Staff recruitment evaluation Ensure that (i) all applicants are equally treated while evaluating their EOIs for elimination or detail evaluation, (ii) all CVs are carefully read and evaluated following the evaluation criteria set out for the vacancy (iii) all key element of contract agreement are correctly written and carefully reviewed by the authority before signing the contract.	AIMS PMO/ MEF PIU	11/2018
Staff recruitment evaluation Review the evaluation report of AIMS/C2/C/2018/2, take necessary action for improvement and for avoiding possibility of declaring mis-procurement by IFAD	MEF PIU/ IFAD	11/2018
Producer staff training Explore suitable procurement training program for recently appointed procurement staff in DICO and ensure their participation.	AIMS PMO	12/2018
Staff contracts Include additional condition in new contracts and contract extensions: "The Consultant agreed that he will not resign from the post at least ---- months to accept new job in other organisation or to start other business" under the clause 2 "Term" of contract agreement.	AIMS PMO/ MEF PIU	

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
PIAs and VCs work PIAs and VCs work in cooperation to develop a common understanding on the modus operandi (sequence, roles and responsibilities, financing tools)	MEF, MOC, FIS, PD	11/2018
Prioritize expansion of poultry SC activities Prioritize expansion of poultry SC activities and mobilization /development of poultry clusters with production upgrading based on GIC best practice model. Link to MFIs for financing, GIC for technical service provision on market basis and Heifer and AIMS SM own teams to mobilize and support commercialization of large numbers of poultry producer groups.	MOC	11/2018

Strengthen continuous improvement and self-learning Strengthen continuous improvement and self-learning in the project to achieve consistent high-quality implementation at increasing scale, including through the following combined measures (co-ordinated by Asst to PD): 1. Quarterly Technical Working Meetings involving all project staff 2. Establish multi-disciplinary 'Acceleration Team' of current 'practice leaders' that have demonstrated best understanding of AIMS. Team to be led by Assistant to PD and focus on identifying and disseminating good practice, reviewing/updating all guidance materials and providing on-the-job backstopping of other teams (also in other hubs). Role is part-time in addition to current responsibilities. To include VC, FIS, M&E etc. 3. PMO VC team and PIU FIA to regularly attend hub monthly meetings for the next 12 months (at least once every two months) 4. Establish system for 'good practice' rapid replication across other project teams	MOC (PD via Asst to PD)	11/2018
Chicken SC investments PIAs and VCs work in unison, and with Heifer and GIC, to develop a template for backyard chicken VC investments and promote it to farmers and FIs	PIAs, VCs	11/2018
Private investment facilitation Identify sources of market-based financing for private investments (FIS at central level and PIAs at local level collect information on the terms & supply of MFIs credit)	MEF (FIS / PIAs)	11/2018
AIMS Financing instruments Complete the formal set-up of AIMS financing instruments: a. Finalize subsidiary loan agreement with RDB for LoC and transfer first tranche of US\$ 3 million b. Capitalize VCIF and transfer first tranche of US\$1 million to RDB c. Complete the official set-up of CIC (MEF) and HICs (MOC) Note: To avoid cash flow issue at the designated account, the transfer of the LoC first tranche of US\$ 3 million and VCIF US1 million to RDB should be made directly from IFAD to RDB account at the request of RGC.	MEF	11/2018
Poultry Prepare and sign tripartite cooperation MOU (non-financial) between AIMS, GIC and Heifer defining expected roles and cooperation mechanisms in the field. Green Innovet Cam (GIC). Support GIC to develop business plan and then negotiate and sign partnership agreement, probably on PPP basis to support innovative new social enterprise critical to successful smallholder poultry sector commercialization. Heifer international – finalize and sign results-based agreement on basis agreed during the mission to mobilize 35,000 households into poultry cluster across the country.	MOC	11/2018
Co-ordination with SAAMBAT / Wat 4 Cam Co-ordination with SAAMBAT / Wat 4 Cam and other major projects. Assistant to Project Director to act as focal point for coordination with other major projects. Immediate priority is for AIMS to provide list of priority districts for irrigation and infrastructure support to Wat 4 Cam and Saambat teams	MOC	11/2018

Strengthen two satellite offices with additional human resources Strengthen two satellite offices with additional human resources (+ 1-2 VC Specialist, 1CC / 1FO, 1 PIA, 1 Finance & Admin) reporting directly to PMO in PP in terms of planning, resource allocation, FM, fund low. while continuing close coordination with nearby hubs, especially or regional MSP/market development. Siem Reap to cover Banteay Meanchey. PVH / K Thom to also cover Stung Treng + Ratanakiri. Kep to be included in Takeo hub subject to credible opportunities.	MOC	12/2018
Develop Business Skill training modules, materials and ToT Develop Business Skill training modules, materials and ToT – led by MOC VC team in close coordination with MEF PIU. AIMS to adopt single standard business skills training format to be implemented by the three SM service providers. BS ToT must be ready before SMs start in Jan 19. Business skills training should be use the modules and materials proven under HVAP as the starting-point and then quickly adapt these to the AIMS context	MOC / MEF	12/2018
Team building Team building and internal training activities for PIAs and VCs (mentoring and coaching by FIS)	MEF (FIS), PD	12/2018
Rice Contract farmer facilitation partner for Kampong Cham hub. Identify and agree partnership agreement with new strategic partner with extensive experience of facilitating modern rice contract farming supply chain development between agricultural cooperatives and leading export millers in north / east of the country and advanced mentoring for commercialization of rice ACs and AC unions. Agreement should ideally target mobilizing 10,000-15,000 farmers into AIMS support rice cluster and build on and replicate existing industry-leading supply chains in the hub.	MOC	12/2018
Silk Finalize partnership agreement with RUPP for raw silk production pilot, with initial results to be available by Dec 19 to allow assessment of potential to scale-up	MOC	12/2018
SM teams Complete the contracting, orientation training and mobilization to the field of the social mobilization team via the three SM service providers. All SM service provider contracts to be performance-based contracts with clear mechanisms included for six monthly performance review and contract adjustment. Contract should include terms to allow adjustments of locations covered, staffing and scope of work subject to the needs of the project.	MOC	01/2019
Assign KPIs to FIS and PIAs and VC Teams Assign KPIs to FIS and PIAs and VC Teams linked to the No of beneficiaries financed, Amount of investment financed, No of business deals facilitated, No of investment propositions assessed.	MOC / MEF	01/2019
Cassava Finalize partnership agreement with CIAT as lead technical partner to identify practical solution to address disease, pest and sustainable production issues to be rolled-out at scale through market-based systems	MOC	01/2019

Cassava Identify and agree partnership agreement with new strategic partner with extensive experience of mentoring the commercialization of ACs and AC unions who are able to provide embedded technical services to their members on improved production techniques (experience may be in other field crops not only cassava). UNDP – conduct further discussions with UNDP on potential partnership and clarify issues related to the draft project proposal.	MOC	03/2019
Screening of potential additional commodities Screening of potential additional commodities: include in AWPB 19 preliminary activities to complete screening of possible additional high potential growth commodities in each hub, to identify most promising 1-2 additional commodities to be considered for future inclusion in AIMS. MOC to lead with MEF PIU close involvement. Potential candidates include longan, fish, mango, traditional pigs (similar to GIC traditional poultry opportunity). Inclusion in list does not mean approval to include in AIMS but to evaluate opportunity.	MOC / MEF	10/2019
Traditional breed pig supply chain pilot Conduct pilot with GIC to replicate similar production model for intensified traditional-breed pigs as for intensified traditional-breed chicken. Pilot will provide evidence to assess technical, financial and market feasibility for inclusion of traditional-breed pigs as additional commodity in AIMS post-MTR.	MOC with GIC	10/2019
Development Effectiveness		
Mainstream CC adaptation into cluster development Follow a multi-dimensional approach to mainstream CC adaptation considerations into cluster development, including: <ul style="list-style-type: none"> • Partnership building with ASPIRE to start at earliest convenience with NCDDDS (Mol) for VRA and resilient infrastructures and General Department of Agriculture (GDA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF). • Include soft copy of existing VRAs in the AIMS MIS • Mapping the existing resilient infrastructures already and to be built under the component 4 of ASPIRE • Mapping sites where successful delivery of resilient extension technical packages and on-site demonstration occurred, villages where community had built its resilience. • Plan on site demonstration applied to AIMS flagship commodities to be used as a learning sites between ASPIRE and AIMS. 	MOC	06/2019
Project Management		
Implement M&E turn-around plan Implement M&E turn-around plan as attached to this report, covering 4 key aspects: <ol style="list-style-type: none"> a. M&E system set-up b. Establishment of baselines data and information c. MIS development and operationalize Training of all project staff on M&E systems	MOC	10/2018
IFAD support IFAD to provide close implementation support as needed, including support missions in Jan and April 19 plus remote support in Nov/Dec (especially on priority strategic partnership agreements).	IFAD	11/2018

Strengthen PMO M&E team Strengthen PMO M&E team for critical next six months to implement turn-around plan including: replacement of International TA on 12 months performance-based contract, 4 months additional intermittent international TA from HVAP expert, 6 months temporary secondment of M&E consultant from Takeo to PMO M&E team	MOC	11/2018
Mainstream of Climate Change adaptation Mainstream of Climate Change adaptation considerations and SECAP into AIMS processes, driven by the Acceleration Team	MOC	11/2018
Begin institutional strengthening programme Begin institutional strengthening programme with NF3 and 3 CCs in support of AIMS exit strategy. To include use of good practice tools (e.g. RESPIRATION tools from HVAP). If needed, recruit institutional development specialist to coordinate activities. (individual or partner institutions with track record) Include in AWPB 19.	MOC	12/2018
Staff skills strengthening Provide specific professional skills training and coaching to project staff including: (delivered in-house where possible) <ul style="list-style-type: none"> • Business acumen • Investment skills, including basic financial analysis • Facilitation skills, including World Café and other techniques Other priority skill needs as identified through 'Acceleration Team' and Technical Working Meetings.	MOC / MEF	12/2018
Prepare result-based AWPB 2019 Prepare result-based AWPB 2019, with targets by commodity by hub/satellite and for Comp 2 and ensure approved before 1 Jan 19.	MOC	12/2018
Contract staff performance Closely monitor and follow-up of VC, Investment and M&E staff and review performance after 6 months and adjust contracts / term as needed in discussion with IFAD ISM in Apr 19	MOC / MEF	04/2019
Complete project M&E system and MIS Complete project M&E system and MIS to be fully operational and populated with field data no later than 30 April 2019.	MOC	04/2019
Financial Management & Execution		
Unplanned procurement Seek IFAD and MEF concurrence before processing the unplanned urgent procurement activities and accommodate all those unplanned activities in the revised procurement plan of respective year.	AIMS PMO/MEF PIU/ IFAD	11/2018
AWPB & Procurement plan approval Ensure that IFAD approved AWPB & Procurement plan and MEF approved AWPB & Procurement Plan have no discrepancies on activities and estimated budget allocation. In case of inconsistency, seek IFAD NOL by sending a revised AWPB and procurement plan.	AIMS PMO/ MEF PIU/IFAD	11/2018

Staff recruitment evaluation Ensure that (i) all applicants are equally treated while evaluating their EOIs for elimination or detail evaluation, (ii) all CVs are carefully read and evaluated following the evaluation criteria set out for the vacancy (iii) all key element of contract agreement are correctly written and carefully reviewed by the authority before signing the contract.	AIMS PMO/ MEF PIU	11/2018
Staff recruitment evaluation Review the evaluation report of AIMS/C2/C/2018/2, take necessary action for improvement and for avoiding possibility of declaring mis-procurement by IFAD	MEF PIU/ IFAD	11/2018
Withdrawal Application: <ul style="list-style-type: none"> • Immediate submission of WA for expenses incurred so far. • Quarterly WA to be prepared and submitted to IFAD. 	PMO	11/2018
Regional CFO / National Finance Consultant to conduct a quarterly / half yearly visit to all regional hubs to (a) review the work and (b) to evaluate how to make the FM process more efficient and to resolve any issues.	PMO	11/2018
Convenants Developing mechanism to ensure compliance with loan covenants including the following: <ul style="list-style-type: none"> • Timely submission of AWPB • Submission of Draft Financial Statements • Submission of Quarterly WA • Recording of Beneficiary contribution • Timely appointment of external auditor • Project's response to the management letter of auditors • Maintenance of Audit Log 	PMO	12/2018
Producer staff training Explore suitable procurement training program for recently appointed procurement staff in DICO and ensure their participation.	AIMS PMO	12/2018
AWPB Preparation & Approval: Timely preparation of AWPB and approval from IFAD and MEF before 30 Nov each year except for 2019 AWPB for which 31 Dec has been agreed.	PMO, MOC, MEF	12/2018
Beneficiary, Private Business and other Parties Contribution: Develop and implement procedure for valuation, recording and reporting of cash and in-kind contribution by the Beneficiaries, Private Business, UNDP, Heifer etc. .	PMO, MOC, MEF	12/2018
Government In Kind Contribution: Develop and implement procedure for valuation, recording and reporting of In-kind contribution by the Government.	PMO, MOC, MEF	12/2018
Internal Audit: Project to have internal audit conducted either by the Internal Audit Department of MOC and MEF or by a private audit firm. TORs to be shared with IFAD for No Objection and reports to be shared with IFAD.	PMO	12/2018

Cash Flow Forecast: Preparation of six-monthly cash flow forecast and its monthly updating.	PMO	12/2018
Preparation of Monthly Financial Reports. Monthly financial reports should include analyses of disbursement rates by category, AWPB financial execution by sub-component, cash situation and forecast, procurement plan execution and administrative issues.	PMO	12/2018
DSA to Consultants: Implement a system to enable those staff/consultant wishing to take advance DSA to cover their field activities to do so.	PMO	12/2018
Finance Management Team: <ul style="list-style-type: none"> Financial Consultants at Regional Hubs would need to be hired with the implementation of accounting software in the Regional Hubs. Training to field staff on basic finance matters to be provided by CFO and National Finance Specialist. 	PMO	12/2018
Accounting Software: <ul style="list-style-type: none"> Online version of the Accounting Software to be implemented at PMO, MEF and Regional Hubs; Reporting function of the accounting software needs to be developed; Technical assistance from ASPIRE project may be obtained. 	PMO	12/2018
Disbursements vs. AWPB Serious efforts should be made to achieve at least 80% disbursement level as compared to AWPB.	PMO	12/2019
Staff contracts Include additional condition in new contracts and contract extensions: "The Consultant agreed that he will not resign from the post at least ---- months to accept new job in other organisation or to start other business" under the clause 2 "Term" of contract agreement.	AIMS PMO/ MEF PIU	

Accelerating Inclusive Markets for Smallholders (AIMS)

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							project M&E system	Annual	PMO	
	Household members		150 000	300 000	31 103	31 103	10.4				
	1.a Corresponding number of households reached							project M&E system	Annual	PMO	
	Non-women-headed households	0	37 500	75 000	7 254	7 254	9.7				
	Women-headed households	0									
	1 Persons receiving services promoted or supported by the project							project M&E system	Annual		
	Indigenous people	0									
	Males	0		37 500							
	Females	0		37 500							
Goal Enhance prosperity of Cambodian smallholder farmers through increasingly profitable links to agri-businesses and markets	80% of total of 75,000 direct beneficiaries >30%							Survey	Baseline; Mid-term; End line	PMO	Assumes continued social, political and economic stability in the country and neighboring ASEAN region
	Households	0	20 000	60 000							
Objective To increase returns from agriculture value chains for smallholders, including poorer farmers and youth, through efficient public sector investment	Number of beneficiaries' increased return on labour in farming by 50%							Survey, annual VC tracking	Baseline; Mid-term; End line	PMO	There are no prolonged collapses in export/local demand or prices for agricultural products.
	Households	0	13 500	40 000							
	Public return on investment (ROI)							PCR	end of project	PMO	
	ROI	0		20							

Outcome 1. Profits to farmers and businesses from Inclusive value chains increased for multiple higher value products.	Adoption rate of production and postharvest technologies of participating farmers						Annual VC Tracking; Survey	Baseline; Mid-term; End line	PMO	There are no prolonged collapses in export/local demand or prices for agricultural products. For AIMS value chains substantial improvements in production and post-harvest are necessary and feasible as foundations of growth.
	adoption rate	0	40	60						
	Beneficiaries reporting adoption of new/improved inputs, technologies or practices						survey, annual VC tracking	Annual	PMO	
	Households		15 000	45 000						
	Aggregate value of products sold in target locations in priority value chains in real terms						Annual VC tracking survey	Annual	PMO	
	percentage increase		10	30						
Outcome 2. Private investment increased in priority value chains from smallholders and agribusinesses	Smallholder investment in priority value chains and production clusters						Annual VC Tracking, Survey	Annual	PMO	Sufficient numbers of banks and MFIs continue to show commercial interest and commitment to expanding agricultural lending portfolio to smallholder and agribusiness sectors Participating smallholders have sufficient interest to improve their financial literacy. Positive framework conditions for investment into agriculture
	percentage increase		10	30						
	Partner Financial Institutions (PFIs) continue financing VCs after end of project						project reports	Annual	PMO	
	PFIs		4	5	3	3				
	Agri-business investment in priority value chains and production clusters						Annual VC tracking survey	Annual	PMO	
	percentage increase		10	30						
	Participating smallholder farmers with increased financial literacy						pre/post FL training assessment	Annual	PMO	
	smallholder farmers		50	50						
Outcome 3. Substantially increased capacity of national and sub-national institutions to design and deliver inclusive agriculture market development initiatives	MSPs that are active, well attended and positively regarded by participants of target VC cluster locations						Project reports; MSP Participant surveys	Annual	PMO	External socio-political factors do not disrupt MSPs. Sufficient interest from Private sector in MSPs across all priority VCs of AIMS. Assumes 80% of total direct project beneficiaries
	MSPs		90	90						
Output Farmers receiving training in production practices and financial/business literacy	1.1.4 Persons trained in production practices and/or technologies						project report	Annual	PMO	Assumes 66% of total direct project beneficiaries

Young people trained in fishery						
Total persons trained in livestock						
Men trained in livestock						
Total persons trained in fishery						
Women trained in livestock						
Total persons trained in crop		30 000	60 000			
Indigenous people trained in crop						
Men trained in crop						
Young people trained in crop						
Women trained in fishery						
Indigenous people trained in livestock						
Women trained in crop						
Men trained in fishery						
Young people trained in livestock						

	Indigenous people trained in fishery							project report	Annual	PMO	
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services										
	Indigenous people										
	Young										
	Males		24 750	50 000							
	Females										
Output PPPs or similar partnerships with large and small agri-businesses and service enterprises	PPPs or similar partnerships with large and small agri-businesses and service enterprises							Project reports	Annual	PMO	Sufficient interest and involvement of Private Sector in partnering government.
	partnerships		100	250	31	31	12.4				
Outcome additional ORMS core indicators to be monitored and reported, but no targets	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities							survey, annual VC tracking	base; mid-term; endline; annual	PMO	
	Women in leadership position										
	Percentage of POs										
	Number of POs				12	12					
	Percentage of indigenous POs										
	2.2.5 Rural producers' organizations reporting an increase in sales							survey, annual VC tracking	base; mid-term; endline; annual	PMO	
	Rural POs with women in leadership position										
	Number of rural POs										
	Percentage of rural POs										

	Policy 2 Functioning multi-stakeholder platforms supported						project report	Annual	PMO
	Number				98	98			
	2.1.3 Rural producers' organizations supported						project report	Annual	PMO
	Young								
	Total size of POs								
	Males								
	Women in leadership position								
	Females								
	Rural POs supported				110	110			
	Indigenous people								

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 16/10 to 30/10/18

Document Date: 06/12/2018

Project No. 2000001268

Report No. 4912-KH

Asia and the Pacific Division
Programme Management Department

Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier (USD '000) as at 31 Aug 2018

Financier	Appraisal	Disbursements	Per cent disbursed
IFAD loan	36,257	2,479	7%
Government	8,654	980	11%
Beneficiaries	8,116	-	-
Private Business	8,586	-	-
Total	61,613	3,458	6%

Table 2B: Financial performance by financier by component (USD '000) as at 31 Aug 2018

Component	IFAD loan			Government			Beneficiaries			Private Business			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Value Chain Development	13,994	189	1%	6,810	476	7%	273	-	-	-	-	-	21,077	666	3%
Value Chain Financing	20,721	13	0%	602	211	35%	7,843	-	-	8,586	-	-	37,751	224	1%
Project Management Unit	1,542	136	9%	1,243	292	23%	-	-	-	-	-	-	2,785	428	15%
Total	36,257	338	1%	8,654	980	11%	8,116	-	-	8,586	-	-	61,613	1,318	2%

Table 2C: IFAD loan disbursements (USD, as at 31 Aug 2018)

Category	Category description	Original Allocation	Disbursement	W/A pending	Balance	Percent disbursed
I	Consultancies	2,100,000	-	210,618	1,889,382	10.0%
II	Training	3,200,000	-	66,284	3,133,716	2.1%
III	Credit	8,100,000	-	-	8,100,000	0.0%
IV	Grants	16,800,000	-	-	16,800,000	0.0%
V	Operating Costs	2,600,000	-	61,365	2,538,635	2.4%
	Unallocated	3,500,000	-	-	3,500,000	0.0%
	Advance Account	-	2,140,533	-	(2,140,533)	-
	Total	36,300,000	2,140,533	338,267	33,821,200	6.8%

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 16/10 to 30/10/18
Document Date: 06/12/2018
Project No. 2000001268
Report No. 4912-KH

Asia and the Pacific Division
Programme Management Department

Kingdom of Cambodia
Accelerating Inclusive Markets for Smallholders Project
Ministry of Commerce (MoC), Project Management Office (PMO)
Physical and Financial Progress (as end of September 2018)

Accelerating Inclusive Markets for Smallholders Project	Quantities Target 2018						Unit Cost	TOTAL BUDGET TARGET 2018					Quantities Achievement 2018*					Financial Achievement 2018**				
COMPONENT 1, 2 & 3	Unit	Q1	Q2	Q3	Q4	Total	(US\$)	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
COMPONENT 1																						
I. Investment Costs																						
I.1 Value Chain Development																						
I.1.1. Value Chain Facilitation Brokering and Sector Development Facility																						
I.1.1.1 VC Brokering & Facilitation																						
1. Pre-investment support, training and demonstration and B2B activities (Exclude DSA and Transportation Fee)	Meeting	6	6	9	9	30	164	984	984	1 476	1 476	4 920										
2. Sector development facility-SDF: Public Fund to address specific bottlenecks to the VC development identified by the VC actors (95% of the total cost) and Beneficiary contribution to the Public Fund (5% of the total cost)	LS	-	-	-	-	-	-	-	100 000	200 000	200 000	500 000										
Sub Total:		6	6	9	9	30	164.00	984	100 984	201 476	201 476	504 920	-	-	-	-	-	-	-	-	-	-
A. Regional Hub Offices																						
A.1 Regional Hub Kampong Cham (Exclude DSA and Transportation Fee)																						
3. MSP at hub level meeting	Meeting	2	2	2	2	8	2 860	5 720	5 720	5 720	5 720	22 880										
4. MSP at cluster level Meeting	Meeting	26	26	26	26	104	1 280	33 280	33 280	33 280	33 280	133 120										
5. Cluster Meeting	Meeting	52	-	-	-	52	108	5 616	-	-	-	5 616										
6. Hub Coordination and Consultation Meeting	Meeting	2	2	2	2	8	560	1 120	1 120	1 120	1 120	4 480										
Sub Total:		82	30	30	30	172	4 808	45 736	40 120	40 120	40 120	166 096	-	-	-	-	-	-	-	-	-	-
A.2 Regional Hub Battambang (Exclude DSA and Transportation Fee)																						
7. MSP at hub level Meeting	Meeting	2	2	2	2	8	2 860	5 720	5 720	5 720	5 720	22 880										
8. MSP at cluster level Meeting	Meeting	17	17	16	16	66	1 280	21 760	21 760	20 480	20 480	84 480										
9. Cluster Meeting	Meeting	33	-	-	-	33	108	3 564	-	-	-	3 564										
10. Hub Coordination and Consultation Meeting	Meeting	2	2	2	2	8	560	1 120	1 120	1 120	1 120	4 480										
Sub Total:		54	21	20	20	115	4 808	32 164	28 600	27 320	27 320	115 404	-	-	-	-	-	-	-	-	-	-
A.3 Regional Hub Takeo (Exclude DSA and Transportation Fee)																						
11. MSP at hub level Meeting	Meeting	0	2	0	2	4	2 860	-	5 720	-	5 720	11 440	-	-	-	-	-	-	-	-	-	-
12. MSP at cluster level Meeting	Meeting	24	24	24	24	96	1 280	30 720	30 720	30 720	30 720	122 880	-	4	3	5	12	1 848	1 800	667	-	4 315
13. Cluster Meeting	Meeting	48	-	-	-	48	108	5 184	-	-	-	5 184	3	11	10	4	28	-	1 397	1 249	-	2 646
14. Hub Coordination and Consultation Meeting	Meeting	3	3	3	3	12	560	1 680	1 680	1 680	1 680	6 720	1	3	3	-	7	54	832	1 317	-	2 203
Sub Total:		75	29	27	29	160	4 808	37 584	38 120	32 400	38 120	146 224	4	18	16	9	47	1 902	4 029	3 233	-	9 164
Grand Total:								115 484	106 840	99 840	105 560	427 724						26 293.91	10 599.72	20 076.29		56 969.92
I.1.1.2 Market-oriented social mobilizers																						
A. Support Regional Hub and Satellite office																						
15. Social Mobilisation (app. 50HH/group) - Group Formulation	Group	-	200	175	175	550	50	-	10 000	8 750	8 750	27 500	-	-	-	-	-	-	-	-	-	-
16. MSP _ Village / Commune level (B2B, B2S Interaction) Level (4 time of Cluster)	Meeting	-	244	244	244	732	50	-	12 200	12 200	12 200	36 600	-	-	-	-	-	-	-	-	-	-
17. Consultant for developing training material on BLT with Drawings & Visual Aid and Farmers Diary on respective Value chain and conducting ToT	P/D	-	15	15	15	45	700	-	10 500	10 500	10 500	31 500	-	-	-	-	-	-	-	-	-	-
18. ToT training to Business Literacy Facilitator (BLF) on Business Financial Literacy Class (BLC) & Data Entry on Tablet by SM (25-30 BLF per class for 10 days)	Meeting	-	3	3	2	8	10,000	-	30 000	30 000	20 000	80 000	-	-	-	-	-	-	-	-	-	-
19. Business Literacy course rolling out at Group level (50HHs) for 20 session by BLF /a	Meeting	-	80	75	75	230	400	-	32 000	30 000	30 000	92 000	-	-	-	-	-	-	-	-	-	-
20. Incentive for BLF to facilitate BLC at Group Level (20 Session @ 3 per day)	Group	-	80	75	75	230	60	-	4 800	4 500	4 500	13 800	-	-	-	-	-	-	-	-	-	-
21. BLF partial remuneration for data collection+MIS Entry via tablet (40 /year on annual basis)	Group	-	80	75	75	230	40	-	3 200	3 000	3 000	9 200	-	-	-	-	-	-	-	-	-	-
B. Staff																						
22. Salary of Field base staff Social Mobilizers (SM) at the cluster level (1 SM takes care Of 2 clusters)	P/M	-	240	240	240	720	200	-	48 000	48 000	48 000	144 000	-	-	-	-	-	-	-	-	-	-
23. 7 SM Supervisors (1/SO and 1/hub)	P/M	-	21	21	21	63	350	-	7 350	7 350	7 350	22 050	-	-	-	-	-	-	-	-	-	-
24. 3 SM Manager (1/hub)	P/M	-	9	9	9	27	400	-	3 600	3 600	3 600	10 800	-	-	-	-	-	-	-	-	-	-
C. Capacity Building																						
25. SM training on Social mobilization, MIS, VC, MSP,BLC (25-30 SMS per class, for max 20 training days)	Events	-	1	-	1	2	20,000	-	20 000	-	20 000	40 000	-	-	-	-	-	-	-	-	-	-
D. Social Mobilizer Equipment																						
26. Tablet for SM and Business Literacy Facilitator (BLF), SM Supervisor and SM Manager	Unit	-	90	-	-	90	300	-	27 000	-	-	27 000	-	-	-	-	-	-	-	-	-	-
27. Internet fees for MIS Data Entry / Online Discussion for SM and BLF	P/Y	-	30	30	30	90	60	-	1 800	1 800	1 800	5 400	-	-	-	-	-	-	-	-	-	-

Accelerating Inclusive Markets for Smallholders Project		Quantities Target 2018						Unit Cost		TOTAL BUDGET TARGET 2018					Quantities Achievement 2018*					Financial Achievement 2018**				
		Unit	Q1	Q2	Q3	Q4	Total	(US\$)	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	
COMPONENT 1, 2 & 3	28. Motorcycles for Coordinator, SM Supervisor, and SM Manager	Unit	-	30	-	-	30	1,500	-	45 000	-	-	45 000	-	-	-	-	-	-	-	-	-	-	
	29. Laptop for 7 SM Supervisors and 3 SM Managers	Unit	-	10	-	-	10	1 000	-	10 000	-	-	10 000	-	-	-	-	-	-	-	-	-		
	E. Travel allowance						-																	
	30. Fuel motorcycle	P/M	-	90	90	90	270	40	-	3 600	3 600	3 600	10 800	-	-	-	-	-	-	-	-	-		
	31. DSA for In-country Travel	Day	-	120	120	120	360	34	-	4 080	4 080	4 080	12 240	-	-	-	-	-	-	-	-	-		
Sub Total:									-	273 130	167 380	177 380	617 890	-	-	-	-	-	-	-	-	-		
I.1.2 Motorcycles and Equipment																								
32. Motorcycles for Hubs (13 VCT staff and 5 support staff X 3 RHOs) and Motorcycle for Satellitte Offices (2 X 4 SO)		Unit	62	-			62	1 650	102 300	-	-	-	102 300	62	-	0		62	111 650.22	-	-		111 650.22	
33. Office furniture for VCD Office		LS	-	1	-	-	1	10 000	-	10 000	-	-	10 000	-	-	-		-	-	-	-		-	
34. Office furniture for hub		LS	-	3	-	-	3	15 000	-	45 000	-	-	45 000	-	-	-		-	-	-	-		-	
35. Office furniture for saterlite office		LS	-	4	-	-	4	1 500	-	6 000	-	-	6 000	-	-	-		-	-	-	-		-	
36. Tablet for Hub (2M&E)		Unit	-	6	-	-	6	300	-	1 800	-	-	1 800	-	-	-		-	-	-	-		-	
37. Tablet for saterlite office (2 X 4 SO)		Unit	-	8	-	-	8	300	-	2 400	-	-	2 400	-	-	-		-	-	-	-		-	
38. Desktop for 18 Hub staff per hub and 4 satellite staff per office		Unit	-	66	-	-	66	1 400	-	92 400	-	-	92 400	-	-	-		-	-	-	-		-	
39. UPS for all Desktop 66 units		Unit	-	66	-	-	66	85	-	5 610	-	-	5 610	-	-	-		-	-	-	-		-	
40. Laptop for VCD		Unit	-	11	-	-	11	1 600	-	17 600	-	-	17 600	-	-	-		-	-	-	-		-	
41. Printer/Photocopier/Scanner for Hub (3 X 3 Hubs, and 1 X 4 SO)		Unit	-	13	-	-	13	500	-	6 500	-	-	6 500	-	-	-		-	-	-	-		-	
42. Photocopier for hub (1 X 3 Hubs)		Unit	-	3	-	-	3	3 500	-	10 500	-	-	10 500	-	-	-		-	-	-	-		-	
43. LCD Projector & screen for 3 hubs and 4 SO		Unit	-	7	-	-	7	850	-	5 950	-	-	5 950	-	-	-		-	-	-	-		-	
44. LCD Projector & screen for VCD		Unit	-	1	-	-	1	1 000	-	1 000	-	-	1 000	-	-	-		-	-	-	-		-	
45. Multi-functioned Photocopier for PMO		Unit	-	2	-	-	2	4 500	-	9 000	-	-	9 000	-	-	-		-	-	-	-		-	
46. Dig. camera with GPS for 3 Hubs and 4 SO (1 per each)		Unit	-	7	-	-	7	500	-	3 500	-	-	3 500	-	-	-		-	-	-	-		-	
47. Air Conditioner (KgC X 3, KgC Meeting Room X 2, BB X 3, BB Meeting Room X 2, TK X 3, SO 4 X 1)		LS	-	1	-	-	1	13 000	-	13 000	-	-	13 000	-	1	-		1	-	12 835	-		12 835	
Sub Total:									102 300	230 260	-	-	332 560	62	1		-	-	111 650	12 835	-	-	124 485	
II.1 Technical Assistance																								
48. Salary for Assistant to Project Director		P/M	2	3	3	3	11	3 510	7 020	10 530	10 530	10 530	38 610											
49. Salary of Hub Deputy Manager		P/M	6	9	9	9	33	2 260	13 560	20 340	20 340	20 340	74 580											
50. Salary for Farmer Facilitators BTB - CFAP (2 Hubs & 2 SOs)		P/M	1	3	3	3	10	4 990	4 990	14 970	14 970	14 970	49 900											
51. Salary for Farmer Facilitators KCM & TKO - FNN (2 RHO-KCM & 2 SO-KCM and 2 TK=RHO-TKO)		P/M	1	3	3	3	10	7 620	7 620	22 860	22 860	22 860	76 200											
52. Salary for Private Sector Facilitators BTB - CC (2 Hubs & 2 SOs)		P/M	1	3	3	3	10	4 850	4 850	14 550	14 550	14 550	48 500											
53. Salary for Private Sector Facilitators KCM - CC (2 Hubs & 2 SOs)		P/M	1	3	3	3	10	4 850	4 850	14 550	14 550	14 550	48 500											
54. Salary for Private Sector Facilitators TKO - CC (2 Hubs)		P/M	1	3	3	3	10	2 425	2 425	7 275	7 275	7 275	24 250											
55. Salary for Communication & KM Officer (M & E Speecialist, 1 per hub)		P/M	3	9	9	9	30	1,500	4 500	13 500	13 500	13 500	45 000											
56. Value Chain Specialist Nat. TA (2 for each hub)		P/M	6	18	18	18	60	1 500	9 000	27 000	27 000	27 000	90 000											
57. Value Chain Specialist Nat. TA for satelittle office (1 / office)		P/M	4	12	12	120	148	1 200	4 800	14 400	14 400	144 000	177 600											
58. International VC development specialist (ITA) based at VCD Office		P/M	1	3	3	3	10	10 000	10 000	30 000	30 000	30 000	100 000											
59. Senior National VC Development Specialist (NTA) based at VCD Office		P/M	1	3	3	3	10	3 040	3 040	9 120	9 120	9 120	30 400											

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 16/10 to 30/10/18
Document Date: 06/12/2018
Project No. 2000001268
Report No. 4912-KH

Asia and the Pacific Division
Programme Management Department

Appendix 3: Compliance with legal covenants: status of implementation

Description	Target/Action Due Date	Compliance status
Financing Agreement		
Section B Para 6 and LTB Para 13 - Designated Accounts for IFAD Loan There shall be two bank accounts denominated in USD (Designated Accounts). One will be opened for the Ministry of Commerce (MOC) and one will be opened for the Ministry of Economy and Finance (MEF) in the National Bank of Cambodia.	Condition precedent for first WA	Complied MOC: 16 June 2017 MEF: 16 Jun 2017
Section B Para 6- Designated Accounts for RGC Counterpart Financing The borrower shall open a bank account denominated in USD (RGC Counterpart Account) in the National Bank of Cambodia for RGC Counterpart Financing.	Condition precedent for first WA	Complied 16 June 2017
Section B Para 7 and LTB Para 17 - Programme Accounts There shall be one Project Account denominated in USD (the Project Account) opened by MOC. The Project Account shall receive and hold the proceeds of the Financing transferred from the MOC Designated and RGC Counterpart Account. The MOC Project Account financial resources shall be used for the implementation of component 1 and the overall project's coordination activities. The Designated Account managed by MEF shall be used for the implementation and coordination activates related to component 2 and shall transfer funds to two additional Sub- Project Accounts for the management of the credit line and the Value Chain Innovation Fund 9VCIF) by the Rural Development Bank (RDB) or a qualified private bank.	Condition precedent for first WA	Complied but some observations. MOC PA: 10 Aug 2017 Sub-Project Accounts opened in Regional Hubs but these were not specified in Financing Agreement. Project Account for MEF was opened on 13 Sept 2017, however, it was not provided for in the Financing Agreement. MEF Sub Project Accounts Not yet opened
Section B Para 8. - Counterpart Funding The Borrower/Recipient shall provide counterpart financing for the Programme in the amount of USD 8,650,000.	Throughout the programme	In process.
Section E Para 1. - Conditions Precedent to Withdrawal The following are designated as additional general conditions precedent to withdrawal <ul style="list-style-type: none"> The Project Management Office (PMO) and Programme Steering Committee (PSC) has been duly established and 	Condition precedent for first WA	Complied PMO: 5 Apr 2017

Description	Target/Action Due Date	Compliance status
<p>staffed in accordance with Section II, Schedule 1 to this Agreement;</p> <ul style="list-style-type: none"> • The Project key staff, including a Project Director and a Finance Officer at MOC, acceptable to the Fund have been duly appointed. • By MOC Ministerial order the Department of International Cooperation (DICO) has been entrusted as financial administrator for component 1 and the overall project for coordination purposes. • A computerized accounting system acceptable for the Fund shall have been procured at PMO; • A Project Implementation Manual (PIM) shall have been prepared in form and substance satisfactory to the Fund; and • For disbursement related to component 2.1, as Subsidiary Agreement between the borrower and RDB or a qualified private bank as outlined in section I of Schedule 1 to this Agreement has been signed, in form and substance satisfactory to the Fund. 		PSC: 5 Dec 2017 PD: 5 Apr 2017 FO: 5 Apr 2017 DICO: 5 Apr 2017 Accounting Software: Aug 2018 PIM: 6 Mar 2018 Subsidiary Agreement: 25 May 2018
<p>Schedule 1, II, Para 1 - Programme Steering Committee (PSC). The PSC shall be co-chaired by MEF and MOC and will be comprised of members representative of Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Industry and Handicrafts (MIH), Ministry of Environment (MOE), Ministry of Women's Affairs (MOWA), partner institutions such as, Provincial Chambers of Commerce from Regional Hub, PFIs (MFIs plus RDB or qualified private bank), National Network of Farmer Organizations, Technical Working Group on Agriculture and Water - Development Partner Lead Facilitator.</p>	After effectiveness	Complied
<p>Schedule 1, II, Para 2 - Lead Executing Agency (LEA) The LEA shall be MOC, who shall have the overall responsibility for the Project implementation on behalf of the Steering Committee.</p>	After effectiveness	Complied
<p>Schedule 1, II, Para 3 - Project Management Office (PMO) A PMO shall be established within the MOC, with structure, functions and responsibilities in accordance with the PIM and acceptable to the Fund. The PMP will be led by a Project Director (PD), expected to be at the Director General of Domestic Trade (DGGT) and Directorate General of International Trade (DGIT) with additional externally recruited project staff as required. The finance unit of PMO will be headed by a Finance Officer.</p>	After effectiveness	Complied
<p>Schedule 1, II, Para 4 - Implementing Agency (IA) Within MEF, a Project Implementation Unit (MEF-PIU) will be established with the General Department of International Cooperation and Debt Management (GDICDM) as the Management Team of Component 2.</p>	After effectiveness	Complied
<p>Schedule 1, II, Para 8 & 9 - Programme Implementation Manual (PIM). The Borrower shall prepare a PIM which shall include (i) institutional coordination and day to day execution of the Project; (ii) Project budgeting, disbursement, financial management, procurement monitoring, evaluation, reporting and related procedures; (iii) detailed description of Implementation arrangements for each Project component and (iv) such other administrative, financial, technical and organisation arrangements and procedures as shall be required for the Project.</p> <p>The LPA shall forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund and the LPA shall promptly provide copies thereof to the Fund.</p>	Condition precedent for first WA	Complied
<p>Schedule 2, Para 2 & LTB Para 16 - Start-up Costs</p>		Complied

Description	Target/Action Due Date	Compliance status
Withdrawal in respect of expenditure for start-up costs in Categories I, II, and V incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500,000.	Upto satisfaction of conditions precedent to withdrawal	
Schedule 3, Para 2 - Project Audits The external audit will be carried out the private audit firms haired among those already prescribed by other International IFIs. Only those firms will be invited to submit expression of interest and selected through a competitive process acceptable to the Fund.	30 June 2019	Not yet due
General Conditions		
Section 7.01 (b) (ii) - AWPB Before each Project Year, the LPA shall submit the draft AWPB to the oversight body designated by the Borrower tfor its review. When so reviewed, the LPA the LPA shall submit the draft AWPB to IFAD for comments no later than 60 days before the beginning of the Project Year. If IFAD does not comment on the draft AWPB within 30 days of receipt, the AWPB shall be deemed to be acceptable to IFAD.	31 Oct 2017 31 Oct 2018	Complied but substantially delayed. 2017: 12 Mar 2018 2018: Delay expected
Section 7.08 - Insurance The Borrower / LPA shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practice.	Ongoing	Equipment and Motorcycles have not been insured.
Section 8.01 - Implementation Records The Borrower/Recipient shall ensure that Project Parties maintain records and documents adequate to reflect their operations in implementing the Project until the Project Completion Date and shall retain such records and documents for at least ten (10) years thereafter.	Ongoing	Complied and ongoing
Section 9.01 - Financial Records The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date and shall retain such accounts and records for at least ten (10) years thereafter.	Ongoing	Complied and ongoing
Section 9.02 - Financial Statements The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund with four (4) months of the end of each Fiscal Year.	30 April 2018 30 April 2019	Not Complied
Section 9.03 - Audit of Accounts The Borrower / Recipient shall (a) each Fiscal Year, have the accounts relating to the Project audited in accordance with the auditing standards acceptable to the Fund and the IFAD Guidelines on Project Audits by Independent auditors acceptable to the Fund; (b) within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report.	30 June 2019	Not yet due

Description	Target/Action Due Date	Compliance status
The Borrower / Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.	31 July 2019	Not yet due