

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS) Supervision Report

Mission Dates: (remote) 14 September to 30 October 2020

Document Date: 27/11/2020

Project No. 2000001268

Report No. 5551-KH

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

AC	Agricultural Cooperative
AIMS	Accelerating Inclusive Markets for Smallholders project
ASPIRE	Agriculture Services Programme for Innovation, Resilience and Extension
AWPB	Annual Work Plan and Budget (AIMS)
B2B	Business to business (AIMS)
B2S	Business to service provider (AIMS)
BLF	Business Literacy Facilitators (AIMS)
CC	Climate Change
CC	Chamber of Commerce
CIAT	Centre for International Tropical Agriculture
DGDT	Directorate General for Domestic Trade, MoC
DICO	Department of International Cooperation, MOC
EFA	Economic and Financial Analysis
FI	Financial Institution
FL	Financial Literacy
FO	Farmer Organizations
FSP	Financial Service Provider
GDA	General Directorate of Agriculture
GIC	Green Innovet Cam (a livestock service provider)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Cooperation Agency)
GRF	Group Revolving Fund
HARVEST	Helping Address Rural Vulnerabilities and Ecosystem Sustainability
HH	Households
ID Poor	Identification of Poor Household Programme, Ministry of Planning
IFAD	International Fund for Agricultural Development
IP	Indigenous People
IRR	Internal Rate of Return
LoC	Line of Credit (AIMS)
LPA	Lead Project Agency (AIMS)
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Micro-finance Institution
MG	Matching grant
MIS	Management Information System
MOC	Ministry of Commerce
MOE	Ministry of Environment
MOP	Ministry of Planning
MSME	Micro, Small and Medium Enterprises
MSP	Multi Stakeholder Platform (AIMS)

MTR	Mid-term review
NAA	National Audit Authority
NF3	National Farmers' organizations Federations Forum
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
ORMS	Operational Results Management System (IFAD)
PADEE	Project for Agricultural Development and Economic Empowerment
PCC	Provincial Chambers of Commerce
PD	Project Director (AIMS)
PDAFF	Provincial Department of Agriculture, forestry, and Fisheries
PDC/PDOC	Provincial Department of Commerce
PFI	Partner Financial Institution (AIMS)
PIA	Private investment advisor (AIMS)
PIM	Project Implementation Manual (IFAD)
PIU	Project Implementation Unit – MEF (AIMS)
PMO	Project Management Office – MOC (AIMS)
PO	Producers Organization
PPP	Public Private Partnership
RDB	Rural Development Bank
RET	Renewable energy technology
RGC	Royal Government of Cambodia
RIMS	Results and Impact Management System (IFAD)
SC	Supply Chains
SM	Social mobilizer (AIMS)
SMM/SMS	Social mobilizer manager / supervisor (AIMS)
SOE	Statement of Expenditures
SOP	Standard Operating Procedures
S-RET	Cambodia Project (IFAD / MAFF)
TA	Technical Assistance
TOR	Terms of Reference
TOT	Training of Trainers
VC	Value chain
VCIF	Value chain innovation fund (AIMS)
VCS	Value chain specialist (AIMS)
WA	Withdrawal application (IFAD)

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:	Storage, processing and marketing	Implementing Institutions:	Ministry of Commerce
CPM:	Kaushik Barua		
Project Director:	H.E. Samrith Sakura Director General, General Department of Domestic Trade AIMS Project Director Ministry of Commerce		
Project Area:	whole country		

Approval Date:	14/12/2016	Last audit receipt:	03/07/2020
Signing Date:	28/02/2017	Date of Last SIS Mission:	30/10/2020
Entry into Force Date:	28/02/2017	Number of SIS Missions:	7
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: (remote) 14 September to 30 October 2020

Days in the field: 3

Mission composition: Shyam Khadka, Team Leader; Ms. Girija Srinivasan, member; Mr. Dewan Alamgir, member; Mr. Arsalan Vardag, Financial Management Specialist; and Phan Duy Toan, Procurement Specialist. Field visits were undertaken by Mr. Meng Sakphouseh, Country Programme Officer (CPO, IFAD) and Julian Abrams (consultant).

Field sites visited: Batheay, Preah Sdoch, Baray, and Banan districts.

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.13	Assessment of the Overall Implementation Performance		4.0

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	5
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	4
Nutrition	N/A	Performance of M&E System	4
Adaptation to Climate Change	4	Social, Environment, and Climate Standards requirements	4

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

Relevance	5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

As one of the three pillars of the evolving programmatic approach of the partnership between the Royal Government of Cambodia (RGC) and the IFAD, the Accelerating Inclusive Markets for Smallholders (AIMS) project, was designed with the goal of 'enhancing prosperity of Cambodian smallholder farmers through increasingly profitable links to agri-businesses and markets'.^[1] It defines its development objective as 'increasing returns from farming for smallholders, including poorer farmers, through efficient public-sector investments. This objective is to be achieved through: (i) profits to farmers and businesses from the promotion of inclusive value chains; (ii) increased private investment in priority value chains from smallholders and agri-businesses; and (iii) substantially increased capacity of national and sub-national institutions to design and deliver inclusive agriculture market development initiatives. The project intends to serve smallholder farm households, including poor (ID1 and ID2) and near poor farmers and the secondary target groups through value chains development and financing. It is financed by Royal Government of Cambodia (RGC) (US\$8.6 million) and the International Fund for Agricultural Development (IFAD) loan (USD36.3 million). Significant contribution is expected from the beneficiaries and the private sector as well. The project entered into force on 28 Feb 2017 and it is to be completed by 31 Mar 2023.

This is the fourth supervision mission for AIMS. Its key objective was to help the project to increase the development impact of operations through improved results, better implementation, and risk management, and increased institutional development—all while ensuring compliance with the financing agreement. To that end, the key tasks assigned to the mission were: (i) to review the project's implementation progress; (ii) scrutinize and amend as required the proposed AWPB&PP for the forthcoming year; (iii) update the project's logframe, (iv) assess the appropriateness of the project's targeting strategy and its execution; (vi) review the adequacy of the monitoring system and its reporting; (vii) review compliance with financing covenants; and (viii) help identify and discuss actual and potential/emerging problems.

^[1] The other two pillars constitute of Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Sustainable Assets for Agricultural Markets, Business and Trade (SAAMBAT) programme.

Key Mission Agreements and Conclusions

AIMS has made significant achievements in implementing Project activities. These include putting into place a fully-staffed management structure, including a performance management system, in place; drafting key policy and procedural documents and obtaining IFAD's approval, where necessary; and setting up planning and monitoring systems. Importantly, AIMS has rearranged implementation arrangements for value chain investments and created an additional layer of provincial units, which by decentralising project management is expected to contribute very significantly in enhancing its performance. In terms of programme operations on the ground, it has brought 41,103 households (HHs) under the Project, promoted over 1,000 producer's organization (POs), conducted 369 multi-stakeholders platform (MSPs) and 662 business to business (B2B) meetings that directly benefitted 23,000 households; assisted installing 133 pumping wells under the sector development facility (SDF); initiated disbursement of value chain investment fund (VCIF) grants; and disbursed USD 1.79 million under the line of credit facility.

AIMS entered into force on 28 February 2017 and thus has completed 3 years and 7 months - almost 60 per cent of its design life. The project had a slow start in the first two years due to delays at various stages till effecting first disbursement (August 2017). Most of the technical teams in the hubs could join the Project only after mid-2018 and the Social Mobilizers only from January 2019. Approval of AWPBs were delayed both in 2018 and 2019. While improved budget release helped the project to improve its performance initially in 2020, the restrictions put in response to worldwide pandemic of corona virus (COVID-19) and the recent flood that hit 9 out of the 18 AIMS provinces adversely affected the performance of the Project. As a result, cumulative disbursements under the IFAD loan on 31 August 2020 reached only \$4.6 million or 12.7% of the of total loan, which when compared to the projected disbursement of \$22.58 million (62.3% of total IFAD loan)^[2] is low. Since the disbursement under government share of cost is higher at \$4.51 million, overall financial progress is higher at 20.3% of total estimated amount of financing from these two sources. When compared to the targeted disbursement this is less than one-third, however. Since the project is moving in the right direction and it is gaining skills and confidence in applying the core AIMS approaches, methodologies and tools, overall project performance is rated as moderately satisfactory (score = 4 out of maximum 6).

Following the joint review of the achievements on the ground, the wrap-up meeting was held with the PMO under the chairmanship of Mr. Sakura Samrith in which the recommendations made by the Mission were discussed in detail and agreed upon with minor modifications. Key agreements reached were:

1. Formulating the 2021 AWPB aiming at consolidating the gains already made by the project and also creating a strong base of new beneficiary households who can be actively served in 2022 and thereafter;
2. Enhancing the overall impact of AIMS by striking a balance between increasing income and assets of the participant households by introducing a second value chain and reaching to the targeted number of households;
3. Deepening the collaboration with ASPIRE and other projects so that the production-related issues smallholders farmers are facing are resolved effectively and on timely basis;
4. Selecting disproportionately higher no of ID1 and ID2 poor to achieve an improvement in the rate of participation of

poor HHs, while also intensifying support to develop cohesive groups that can sustain beyond project completion; and

5. Further strengthening of the project management by rigorously applying performance-based management system at provincial level and in managing the service providers, consultants and staff.

[\[2\]](#) SEMFIN worksheet on AIMS COSTAB files.

D. Overview and Project Progress

AIMS has two components: (i) value chain development, and (ii) value chain financing. The first component focuses on brokering, facilitation, innovations development and capacity building support to inclusive growth initially of five higher value product value chains - covering food and non-food crops and It also provides for a Sector Development Facility (SDF) with initial allocation of US\$ 5 million, now increased to US\$ 10 million, which focuses on "public goods" that address specific bottlenecks to the VC development identified by the VC actors themselves. The second component aims at stimulating increased private investment through value chain investment support, including targeted partial matching grants, to 'first movers', and a line of credit that refinances up to 80% of the loans granted by participating financial institutions.

Component 1: Value chains development

By August 2020 the number of POs has reached to 1,023 with an average membership of 41. Rural households normally produce multiple products such as rice and vegetables, chicken, and vegetables etc. In such situations the same households may be included in multiple value chains and encourage rural families to diversify their sources of income. The POs are yet to become a vibrant organization as development of organization takes time. It is reported that most of the business transactions are between individual farmer/HH with a particular buyer unless the supply order is large enough that warrants collective selling.

Table 1: HHs and business activities by Value Chains

No	Value chain	# province	# PO	# HHs	Events		# contracts	Quantity(ton)		Value in USD		# of expired contract
					MSP	B2B		Contract**	Actual	Contract**	Actual	
1	Cassava	11	188	8,549	136	154	38	35,490	11,454	3,339,305	1,031,820	19
2	Rice	15	282	11,403	59	110	122	26,999	17,619	12,165,203	5,833,013	33
3	Vegetable	15	194	5,701	62	125	71	5,835	n/a	5,192,928	n/a	n/a
4	Backyard poultry	15	359	11,660	112	273	190	399		1,971,270	n/a	n/a
	Total		1,023	37,313	369	662	421	68,723	29,073	22,668,705	6,864,833	52
*For chicken meat only												
**Contract value includes live bird, eggs, and meat												

Overall, under Value Chain component the Project has made some significant progress by organizing farmers into POs, forming and facilitating 369 MSPs and 662 B2B meetings that enabled significant increase in sales and profit for more than 23,000 beneficiaries who were organized by May 2020. The B2B meeting introduced and developed trust between

producers and buyers and resulted increased sales through the new channels and contracts as shown in Table 1. Reportedly many producers are receiving better price and signing longer contracts. To remain relevant, it is important that B2Bs solve problems important to producers and traders.

The progress under business literacy training (BLT) is lagging far behind, however, partly because of COVID-19 pandemic and partly due to delayed enlistment of beneficiary farmers. The partners from the non-governmental (NGOs) and respective VC teams are planning to organize BLT and training of trainers (TOT) for Business Training Facilitators (BLFs) to accelerate BLT. Sometimes local entrepreneurs were also invited as motivators who shared their experience with the trainees. In general, the project methodology of organizing POs, providing BLT, and forming MSPs has produced initial good results as producers are selling to local as well as outside large firms under informal and formal contracts. Parallely, there is a great opportunity to introduce user friendly farmer diary through Chamka App introduced by ASPIRE.

Under the SDF so far 133 pumping wells out of 333 demanded for water supply for vegetables and backyard poultry (BYP) have been completed. Since the Project is required to properly identify the construction site and set-up better water use management, most producers will benefit from the pumping wells for the production purpose. Other items being demanded include slaughterhouses, hygienic wet markets, common collection points, minor access roads, and minor field irrigation suitable for specific locations. To maximize the benefit of the SDF, project could categorize this facility into 2 parts- schemes that benefit specific area) and those that benefits specific Producer Organization. The SDF guideline should be amended to include such categorisation.

Component 2: Value chain financing

The approval of value chain investment fund (VCIF) grant proposals began mostly from November 2019. As of December 2019, 36 producers in six provinces have been provided grant of USD 25,389 under window 1 for BYP value chain ranging from USD 259 to USD 1,000 per proposal. There has been no approval and disbursement under window 2 and 3. No further disbursements were carried out even under Window 1 due to institutional rearrangements. About 50% of producers and amount disbursed is in Takeo province. One third of these farmers have also received loans from the credit line from ARDB. In partnership with the large private sector firms, such as AMRU Rice, project can make use of window 1 and 2 to stimulate their engagement and get support. This should be developed as a total package, be included in the private sector proposal, and submitted to IFAD for 'no objection'.

Following organizational rearrangements, VCIF guidelines were reviewed, changed, and approved by IFAD and MOC in August/September 2020. The guidelines are available in *Khmer* language as well and training of the VCI staff and Social Mobilisers (Managers and Coordinators) in new guidelines has commenced. The templates for investment proposals, MOU with grantee etc., are being finalised. Communication material on VCIF for intended target groups needs to be prepared and shared including examples of what is innovative first mover investments under different commodities.

Under the line of credit sub-component, there has been considerable progress in implementation of recommendations, albeit with delays, since the fielding of two implementation support mission (ISMs) in January and June 2020 to address issues of: (a) finalising the wholesale lending arrangements between ARDB and MFI to provide loans to smallholder farmers, and (b) develop specific loan products that suit project farmers. ARDB, under the credit line, has drawn USD 2 million, has cumulatively disbursed USD 1.79 million till August 2020. During 2020, ARDB has disbursed USD 1.01 million. In terms of value chains, loan disbursements to different commodities are backyard poultry (46%), rice (27%), vegetables (14%) and cassava (13%). Of the total, 64% of the loans disbursed are to farmers, 24% to traders and 12% to service providers. The loan outstanding as of 31 August 2020 is USD 1.5 million. No overdue loans have been reported so far. As smallholder farmers are the primary target of the facility, obviously, the credit line facility from the ARDB should a loan product with small size.

Project Management

The project management has undergone substantial changes since the fielding of last supervision mission. First, the institutional arrangements for administering of VCIF have been changed and Ministry of Commerce (MOC) has taken over the implementation of Component 2 from the Ministry of Economy and Finance (MEF). So, MOC is now responsible for both implementing both components. Along with this change, key staff at the hub offices for component 2, the private investment advisors, were transferred by MEF to MOC are renamed as value chain investment specialists (VCI). Second, a new administrative layer of provincial units has been created under the Provincial Department of Commerce (PDoC), by re-allocating staff from hub offices. So, the project now operates through a 3-tier structure, viz. PMO, Hub/PDoC, and SM. Also, value chain investment specialists with support from social mobilisation team are now responsible for managing the VC innovation fund. Since restructuring of functions, the team-work between VCI specialists and social mobilisers has improved. This has brought VC/investment team closer to producers, POs, buyers, service providers and ASPIRE teams. This has allowed quick responses to business opportunities as well as fixing of problems.

Overall, project management has performed well in terms of restructuring of its management, development of management guidelines, recruitment of all PMO staff members, completion of training of social mobilization and VC team members, and adoption of unified management and implementation process. At the time of the mission, PMO has all professional and support service staff members on Two specialists – ICT Specialist and Finance Investment Specialist – joined in May and August 2020 respectively. With these, the PMO has a total of 51 persons (34 men and 17 women).

Altogether, the project has a total of 274 employees (187 men and 87 women) including those employed by the three SM NGOs. VCI teams have been actively working under the guidance of PMO to develop annual work plan, organize the farmers into POs, undertake MSPs, and facilitate MSP and B2B events. The coordination of the project has improved: monthly meeting is organized for provincial teams along with project-wide quarterly meetings. PDoC's ownership of the project is strong. Provincial Directors visit farmers/POs and attend MSP meetings, and facilitate business contracts with POs. The move of simplifying and unifying value chain related works and locating management teams at the provinces has helped improving management efficiency.

Strategic Management of AIMS

Programme coverage: While AIMS has made impressive progress in bringing almost 110% of the MTR target of 37,500 HHs under the project's fold, in extending the programme coverage further, the following factors become relevant to consider:

As its targeted no of beneficiary HHs is 75,000 and these need to be brought under the project significantly before the project completion so that there is adequate time for AIMS in providing support to these groups to develop themselves as cohesive groups of producers who have adequate technical and business operations capacity and are properly linked with the key value chains all ends viz. inputs supply, technical advisory services and outputs marketing. This requires the project to reach to the targeted no of households by the end of 2021.

While the AIMS was designed to work with groups already in existence under ASPIRE, in practice a large proportion of the groups are newly formed. It implies the need for making larger effort in developing cohesive groups that can be sustained beyond project completion date.

While identifying the new beneficiaries, it is important that the much larger numbers of ID1 and ID2 poor are brought under the project and thereby make the project inclusive as intended originally and compensate for the under-representation of the ID1 and ID2 poor.[\[3\]](#)

In line with the project design AIMS has been focusing on five "flagship" value chains, viz., rice, vegetables, backyard chicken, cassava and to a much lesser extent, raw silk. While the project was to add additional value chains from Year 2 onwards, this has not been done so far. In order to provide adequate development time for new VCs it is important that if any VC is introduced this be done as soon as possible.

AIMS is mandated to operate in all parts of the country, with actual locations determined by the selection of priority value chains and is currently operating in 18 of country's 25 provinces. The change from Hub-based to province-based implementation arrangement implies that any extension to new provinces will entail significant administrative overhead costs, and given the limited time left, without necessarily achieving desired outcomes, and thus adversely affecting 'value for money' of the project.

While the productivity and profitability of the farm production enterprises financed so far will increase over time, the size of the enterprises are relatively small and unlikely to ensure the meeting of the target of increasing the household assets by at least 25%.

Considering above factors, in terms of deepening and expanding the operations of the project, refer to the actions/recommendations list.

Programme Management leadership and staffing

The project has faced initial challenges, firstly because AIMS being the first such project for the Ministry of Commerce[\[4\]](#); secondly, the project implementation being divided under two ministries; and thirdly, the project management being hub-based rather than province-based; and fourthly, the disruptions caused by COVID-19 pandemic. While the changes in the overall implementation arrangement of the Project (Para 16 above) has allowed more functional harmonisation between component 1 and 2 and getting the project management closer to the intended beneficiaries, the project continues to face some managerial challenges. These include: (i) skills and knowledge gap among individual staff, including heterogeneous experience of the value chain investment specialists (VCIs) which impedes the quality of project delivery; and (ii) difficulty in achieving common understanding within the AIMS team in understanding the strategy, direction, and the ways of working. In addition, the project is experiencing a relatively high staff turnover, especially among the social mobilisers, mainly due to higher compensation offered by other organizations.

While functional and organizational restructuring undertaken by the PMO has started producing better results, some challenges remain. Firstly, the change from Hub to Province-based management requires closer coaching and technical backstopping from PMO. Secondly, staff turnover has to be reduced.[\[5\]](#) Thirdly, while some VCIs are capable, others who are recruited from chamber of commerce and farmer organisations need capacity development, particularly in the areas of advising on investment proposals and scrutiny. To this end, the PMO has completed one round of training of VC/VCI teams and recently recruited Finance Investment Specialist is expected to provide more support in developing technical capacities of VC team. Similarly, both PMO and social mobilization service providers (three NGOs/farmers organization (FO) recognize that social mobilizers need enhanced skill of facilitation, training, and reporting skill.

Aiming at improving the performance of the project, PMO has introduced provincial performance management system that works under the framework of 'One Work Plan for ALL'. Under this framework each PDoC office is made accountable for its performance and outcome and the annual work plan and budget have been divided by each province, broken down further on quarterly and monthly basis. The MIS system has been aligned with these plans and the achievements or lack of it is monitored closely during the Hub Coordination Meetings. The incorporation of these system has allowed the Hub management and PMO to assess the performance of each PDoC and the concerned staff.

Since the social mobilisers play a key role in building the capacity of POs, they need to have adequate time to for helping the members build a strong PO. Currently, the SMs are required to undertake a large number of activities including data collection and therefore they have been unable to serve the POs as expected and required.^[5] The need to bring-in new members and promote and strengthen new POs is likely to exacerbate the situation further. The performance of the three service providers, viz. CIRD, FNN, and AFD/Muslim AID in managing the performance of the of the SMs will also play in crucial role in effecting required changes.

Please refer to the missions's actions/recommendations list.

Component 1: Value Chains Development

Presently Social Mobilizers form POs and MSPs and VC/VCI teams lead the business facilitation functions but eventually POs will have to take the lead of organizing and sustaining MSPs for their own benefit. Currently POs are divided into two categories: a) part of established agricultural cooperatives that ensures certain level of continuing of activities beyond the project period; and b) informal groups with project-developed management. The informal POs may evolve into Farmer Organizations (FOs) and/or join existing ACs/FOs or may be organized by the local entrepreneurs as a network of suppliers. At this stage they need strong capacity building support in the form of leadership, management training and system development to prepare for the future.

The mission endorses the strategy of continuing with rice and cassava as thousands of households benefit because of market development efforts by the project, and expansion of vegetable and chickens value chains as growth sector where new entrepreneurs/farmers are expected (Appendix 4.1). These two growth VCs should be promoted as second or third business for households, wherever feasible (para 20 above). AIMS should explore possibility of 2-3 more potential VCs for future development.

On deepening the VC-related interventions, refer to the actions/ recommendations list.

Programme priorities for 2021

The recommended programme strategy and management has significant implications to the annual work programme and budget (AWPB) for 2021. As noted, the market-oriented social mobilisers need to focus sharply on intensifying their interaction with and support existing POs and as a second priority on bringing-in new beneficiaries under the fold of AIMS. To the staff and organizations engaged in value chain development, the focus will be more on serving the existing POs with business development support. The overall emphasis during 2021 need to be on the qualitative and process aspects of the programme delivery so that the activities undertaken contributes to the achievement of outputs which in turn will help achieve the project outcomes. The outcome-focused approach is necessary in the light of limited time left till project completion. Since this approach also has significant bearing to the mid-term review (MTR) of the project, which as per the Financing Agreement is due by February 2021, the Project Management should also consider agreeing with IFAD to shift the MTR to a later date.

The progress made by AIMS largely due to the activities of Social Mobilization service providers and VC/VCI teams. Their services should be continued as crucial grassroots functions and their skills in organization building, business facilitation, and report writing needs to further strengthened. An issue that accompanies all value chain, especially, the rice and cassava value chains, is that the producers could not supply contracted amount, in fact could only supply less than half in case of rice and cassava combined. Another issue that has sometimes played a role is that when market price is more than the contract price farmers tend to sell to other buyers than designated buyers. This may be reduced by signing contract not mentioning a fixed price. Furthermore, while business and financial literacy trainings are aimed at households, there is little structured capacity development of POs, especially in market linkages and agribusinesses. In future POs will have to play a larger negotiating role in market linkages. In this light, the project needs to assess the capacity of POs for market linkages and business promotion and facilitate trainings to ensure continuation of linkages after project completion.

Currently, overwhelming majority of PO members are smallholders and microenterprises. The project management expects eventually some PO members will emerge as entrepreneurs and other farmers will have sustainable income from farming. Also, POs/PO-members have a number of affiliation (no estimate of each category is available at this stage: a) part of agricultural cooperatives formed by the General Directorate of Agriculture (GDA); b) part of local farmer organizations; and c) informal groups formed by AIMS without formal/legal institutional structure yet. The POs formed by and affiliated with the project may eventually take one or more of the following institutional structures/legal form: (i) Continue and/or join existing agricultural cooperatives (ACs); (ii) Local association under Department of Interior; (iii) Company/Association; (iv) Local entrepreneurs/enterprise. In this backdrop, AIMS will need to follow a systematic process

of arriving at final decisions. The principles of such process will be not create too many unnecessary new organizations which may collapse after the project but try instead to become a part of existing organizations available at the village/commune/district level, and conduct detail consultations with POs to fully capture their views on this subject. To start the process the first step will be to develop map of present organizational status of AIMS supported POs.

The most common challenge as reported by the project is price fluctuation of commodities - a common problem for agricultural commodities. There is no ready solution for this issue as four VCs/products are very common commodities without product distinctiveness. In such situations the following steps can slowly make producers better off: a) Make production more efficient through mechanization and adaptation of improved technologies; b) select high-value items such high-value vegetables, special rice etc; and c) produce multiple items (i.e. diversification of sources of income) by each household.

The second set of challenges are related to production: low level farmers' knowledge about production system; pest control etc. This requires in larger part a close working relationship with government and private extension services, and wherever feasible, with ASPIRE project, for example, production issues related to pest/ virus and to a lesser but significantly by the Project itself, mainly by using SDF funds, for example, shortage of water for irrigation. The project has already recruited GIC as technical service providers for chicken value chain, also in addressing the mortality rates among chicken which is reported to be relatively high. The project is collaborating with ASPIRE to procure disease free cassava seed, a critical constraint for cassava value chain.

Component 2: Value Chain Financing

Value Chain Innovation Fund

For the VCIF operations capacity development of social mobilisers and VCI specialists will be a priority since they need to develop joint understanding in proposal development/appraisal. With hubs given the responsibility for sanction under window 1, adopting an aggressive disbursement policy can lead to wrong selection of proposals and hence it is advisable to pilot test the implementation of the new guidelines for 3 to 6 months. Further simplification of the guidelines will be warranted with more experience gained during implementation. It is advisable to draw up a sample list of innovative proposals that are considered under VCIF and update every six months. Some of the innovations that are emerging for small holders are vegetable cultivation under greenhouses, small hatchery units especially solar based, cool vans for vegetable transport etc.

Line of credit

ARDB is in advance stage of discussions with AMK, a micro-finance institution, for wholesale lending facility and suggestions were provided by the mission in drawing up the MOU contents.^[7] The MOU needs to be discussed jointly and finalised by project management, ARDB and AMK and then sent to IFAD for clearance. Similarly, credit manual needs to be prepared for the credit line. The initial 3 to 6 months should be a pilot phase where systems and processes will be set for loan appraisal, disbursement, monitoring and MIS reporting.

The credit demand assessment is scheduled for third/fourth week of October and inputs were provided to finalise the questionnaire. The survey should provide analysis on a) indebtedness of households, b) further credit needs especially for commodities that AIMS is promoting, c) collateral availability, d) possibility for VCF, e) product changes the households are expecting. Based on the findings there could be an estimate for quantum of credit line and ARDB and AMK could finetune their products based on the findings. Moreover, if the survey shows that the farmers are availing credit from other large MFIs who are offering credit for vegetables and backyard poultry, the project should try entering into partnership with them for financing AIMS farmers without the credit line under AIMS.

PMO is in discussions with large buyer companies like AMRU Rice and already has firm arrangements for contract farming based on which it is possible to develop value chain financing products. ARDB has mentioned that they would offer collateral free loans to farmers through value chain financing instruments and this should be explored further.

^[3] The current share of ID1 And ID2 poor is respectively 4.4% and 10.3% as against 12.2% and 14.9%, respectively, in general population.

^[4] IFAD-assisted five earlier projects were under the management of the Ministry of Agriculture & Fisheries (MAFF).

^[5] Of the six private investment advisors who were in charge of VCIF under component 2 were shifted as VCI specialists under component 1, two have resigned since.

^[6] The social mobilization starts with selection of potential villages followed by rapid rural assessment, identification of farmers for the respective value chains, formation of POs, entering data in the newly built MIS software, introducing farmer diary, and providing BLT. The social mobilizers also assist in formation as well as facilitation of MSPs and B2B meetings. This process is found to be challenging for a number of reasons: villages and households are widely dispersed that makes field visits very time consuming (in some instances social mobilizers need motor bike ride of 70-100 per day to attend PO meetings); baseline and farm data collection takes several hours per household; and data entry in MIS is very time consuming that reportedly slowed both updating of MIS and

[7] . The MOU, *inter alia*, to include: a) the major purpose of the credit line is to finance small farmers, especially in priority value chains of backyard chicken and vegetables, and modify products to suit farmer needs, also try innovations like value chain financing, b) overall ratio of loan disbursement to small holder farmers to other VC actors can be 70:30 under the credit line, AMK to disburse loans up to USD 10,000 for VC actors and larger loan sizes by ARDB, c) clear roles and responsibilities of AIMS, ARDB and AMK to be specified, d) clear processes for loan application origination, disbursement, monitoring and MIS reporting, e) loan disbursement by AMK and reimbursement process by ARDB.

Agreed Action	Responsibility	Agreed Date
9. Programme Management leadership and staffing Agree on an output-based contract with the three NGOs providing SM services and follow the same process of rigorous review and termination/ non-renewal of contracts if the performance is not found to be satisfactory.	PMO working with the service providers	11/2020
29. Component 2: Value Chain Financing Training to SM staff Arrange awareness training to SMS on VCIF so they can guide farmers appropriately, in view of SMs being the frontline staff dealing directly with the farmers.	PMO	11/2020
31. Component 2: Value Chain Financing MOU with AMK Finalise the MOU with AMK as per contours discussed during the mission ((Appendix 4.2) and send the draft for clearance to IFAD.	PMO, ARDB	11/2020
32. Component 2: Value Chain Financing Credit manual Prepare credit manual as per outline given in January ISM	ARDB	11/2020
33. Component 2: Value Chain Financing Credit demand assessment Assess the need for credit for priority value chains, drawing upon the findings of credit demand assessment and work with AMK and ARDB for product changes. Sign MOUs with other MFIs already financing project HHs.	PMO/AIMS, ASPIRE, ARDB	12/2020
28. Component 2: Value Chain Financing Communication material on VCIF for intended target groups Prepare and share communication material for intended target groups including examples of what is innovative first mover investments; update the list of innovations every six months	PMO	01/2021
34. Component 2: Value Chain Financing Value chain financing Develop value chain financing instruments, basing it on partnerships to be forged with large buyers.	PMO, ARDB	01/2021
23. Component 1: Value Chains Development Carry out capacity assessment of POs in market linkages and agri businesses and develop suitable proposals for MTR.	PMO	02/2021

25. Component 1: Value Chains Development Facilitate and have arrangements for extension services for farmers based on constraints analysis in different value chains with ASPIRE/ other service providers. MIS should track farmers receiving extension support.	PMO	02/2021
27. Component 1: Value Chains Development Review rice, chicken, and vegetable value chains from food safety point of view to ensure safe production, transportation and retail sales. Identify any scope for improvement at producer, transportation and retail premises, and undertake necessary corrective measures.	VC Team	02/2021
19. Component 1: Value Chains Development Establish the national vegetable and chicken networks.	PMO	03/2021
30. Component 2: Value Chain Financing Review of guidelines for VCIF Review and revise the guidelines and also templates, based on implementation experience in first four months.	PMO, ARDB	03/2021
13. Programme priorities for 2021 Agree with IFAD to postpone the MTR of the Project to the third/ fourth quarter of 2021 and prepare all key documents and fulfil all requirements of MTR.	PMO	06/2021
20. Component 1: Value Chains Development Develop organizational affiliation of present and future POs.	PMO/AIMS	06/2021
22. Component 1: Value Chains Development Develop an approach paper for promoting institutional mechanisms for continuing MSPs beyond project implementation period.	PMO	06/2021
24. Component 1: Value Chains Development Undertake another study analysing the effectiveness of business and financial literacy trainings on a sample basis and share the results for MTR.	VC Team/M&E	06/2021
4. Strategic Management of AIMS Explore the possibility of adding a new commodity and if found to meet the specified criteria, propose its inclusion. No new commodity will be introduced after the stated deadline.	PMO	12/2021
8. Programme Management leadership and staffing Rationalise the tasks assigned to SM by reducing the workload related to data collection so that they can work closely with POs, build trust, and ensure cohesiveness and well-functioning group dynamics. In doing so, assess the role of SMs vs VCI and explore the possibility of VCIs taking more responsibility for brokering and other business development services.	Under the overall guidance of PMO, PDoC, SM service providers	12/2021

18. Component 1: Value Chains Development Identify 2-3 potential value chains for future development as the present value chains mature and AIMS' interventions can be gradually phased-out.	PMO	12/2021
21. Component 1: Value Chains Development Continue consultation with POs on future organizational options.	PMO with Provincial AIMS team	12/2022
1. Strategic Management of AIMS Intensify project support to develop cohesive groups that can sustain beyond project completion.	Under the overall guidance of PMO, PDoC, SM service providers, VCIs etc.	
2. Strategic Management of AIMS Undertake quick assessment of areas where new clusters can be developed, identify the household and help them form POs and strengthen them so that at project completion AIMS's reaches to approximately 75,000 household.	Under the overall guidance of PMO, PDoC, SM service providers	
3. Strategic Management of AIMS In identifying new beneficiaries, select disproportionately higher no of ID1 and ID2 poor so that the overall ratio of ID1 and ID2 poor HHs reaches to at least 14% and 13%, respectively by project completion.	Under the overall guidance of PMO, PDoC, SM service providers	
5. Strategic Management of AIMS Limit the project coverage to 18 provinces currently being served.	PMO	
6. Strategic Management of AIMS Support the existing group with a second value chain which has some synergy with the VC already, taking into consideration of following factors: a) Striking a balance between the need to increase the income and assets of the participant households while reaching to the targeted number of households; and b) Using the unique AIMS Household number and ongoing GIS mapping to avoid double counting of beneficiaries.	Under the overall guidance of PMO, PDoC, SM service providers, VCISs etc.	
7. Programme Management leadership and staffing Undertake rigorous review of the performance of PDoCs as well as staff directly linked with the field level delivery and make this a condition for renewal of the contracts issued to the individual staff.	Under the overall guidance of PMO, PDoC, SM service providers	
10. Programme Management leadership and staffing Pro-actively implement the provision of Business Literacy Facilitators as per the project design report, also considering the contribution BLFs can make in serving the POs in post-project situation.	Under the overall guidance of PMO, PDoCs, SM service providers	

11. Programme priorities for 2021 Formulate the 2021 AWPB aiming at consolidating the gains already made by the project in creating a viable project implementation structure, staffing it and contracting various service providers, while also creating a strong base of new beneficiary households who can be actively served during 2022 and thereafter. The indicative programme priorities with attendant qualifications in order of importance should be (see actions 11.a to 11.e).	PMO working with Hub, PDoC and other project partners and service providers.	
11.a Programme priorities for 2021 Deepen the collaboration with ASPIRE and other projects, pursuing the framework of programmatic approach, so that the production-related issues smallholders farmers are facing are resolved effectively and on timely basis.	PMO working with ASPIRE.	
11.b Programme priorities for 2021 Facilitate finalisation of the MOU between ARDB and AMK aiming at substantially increasing the access of smallholder farmers, particularly those engaged in backyard poultry and vegetable growing, whose credit needs range from \$1,000 to \$3,000 (Para 37) and allocate resources accordingly.	PMO working with ARDB and AMK.	
11.c Programme priorities for 2021 Limit the 'first mover' grant, since the risks are very limited with the conventional VCs pursued so far.	PMO working with Hubs, PDOCs	
11.d Programme priorities for 2021 Agree on output- based payment with substantial weight being put on reducing the mortality rate of chickens with respect to the contract signed with GIC for supporting backyard poultry. Put on hold the implementation of contract signed for supporting cassava till the national policy objective is clarified further and the raw silk VC till the marketability and profitability of the VC is well-established and demand base from the producers enlarges.	PMO working with GIC and other VC support service providers	
11.e Programme priorities for 2021 Implement with caution the market-driven productive infrastructure sub-component such as for pump-wells, considering actual need of the HHs to engage in particular VC commodity and the possible distortionary effect this grant-funded activity may create.	PMO working with Hubs, PDOCs	
12. Programme priorities for 2021 In line with the Programmatic approach followed in Cambodia, AIMS financing facility for VCIF, SDF and line of credit should be accessible to ASPIRE beneficiaries. For the VCs promoted by ASPIRE but not by AIMS, a cautious approach be adopted considering the level of financial resources and knowledge and skills available to AIMS.	AIMS and ASPIRE PMOs and field units	
14. Component 1: Value Chains Development Accelerate BLT for PO members/farmers. Implement plan for Sept-December 2020 to clear backlog.	PMO	

15. Component 1: Value Chains Development Organize training on organization building, business facilitation and report writing for strengthening capacity of social mobilizers and VC team/VCLs.	PMO	
16. Component 1: Value Chains Development Organize training on PO management and business facilitation for PO leaders.	PMO with provincial teams	
17. Component 1: Value Chains Development Continue value chain development work with the existing four value chains, with emphasis on vegetable and chicken value chains, and while continuing with the effort being made to develop further partnerships with large private sector buyers and entering into MOUs with them as soon as these become feasible.	PMO	
26. Component 1: Value Chains Development Study the share of farmer price realization as compared to consumer sale price and improve negotiations/tie up with larger buyers to get better share.	PMO	

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness	Rating: 4	Previous rating: 4
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Justification of rating

Evidences available so far shows that the theory of change assumed by the project is correct and the value chain development support, along with value chain financing, altogether has directly benefited participating households and the likelihood of project objectives being met is very high. These households have been enthusiastically participating in VC being promoted and generated significant volume of private investment. A moderately satisfactory rating reflects implementation delays faced by the Project, including in recent times caused by COVID-19 pandemic.

Log-Frame Analysis & Main Issues of Effectiveness

As can be seen from the logframe (Section H), AIMS has suffered from slower rate of implementation in 2020. This is in continuation of the under-performance experienced in earlier years. It is to be noted, however that it has brought 41,103 HHs under the Project, promoted over 1,000 POs, conducted 369 MSPs and 662 B2B meetings, and assisted in installing 133 pumping wells under the SDF. Furthermore, it has started disbursing under VCIF and disbursed USD 1.79 million under the line of credit facility. These have directly benefitted 23,000 households.

With most documents related policy and procedure in place, favourable changes effected in overall implementation arrangement, establishment of provincial offices, the project can be expected to achieve all its major outcome indicators, unless unforeseen disruptions such as caused by COVID-19 hampers project delivery.

Going forward, AIMS should increase its effectiveness by, first, addressing production-related issues faced by the farmers and second, expanding income generating opportunities by introducing a second VC commodity. One such specific area relates to relatively high mortality rate among chickens which needs to be reduced by helping to develop a closer working relationship between GIC and BYP growers.

Development Focus

Targeting and Outreach	Rating: 4	Previous rating: 4
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Justification of rating

Targeting and outreach is rated as moderately satisfactory. Good progress in mobilising farmer households with 55% of design target has been achieved but the project is yet to commence key activities such as MSPs, Business literacy trainings etc., for households mobilised since May. MIS is tracking target groups by poverty and gender. The coverage of poor is only 15% since many poor are subsistence farmers and have limited marketable surplus. Farmer Organisations, institutional partners to AIMS, are yet to enrol their network POs under AIMS. The project is also working substantial numbers of women traders and input suppliers.

Main issues

As against the target of 75,000 households, as of 31 August 2020, the project has mobilised 41,103 households, or 55% of total target. It also compares very favourably with 18,818 HHs mobilised by September 2019 and 23,588 HHs by May 2020. In contrast to the project design assumptions that the project will work with existing producer organisations, AIMS has to mobilise farmers and form new POs, since the programmatic approach with ASPIRE has been picking up only recently and Farmer Organisations institutional partners, of AIMS are slow in enrolling their existing network POs in AIMS. As a result, only about 27% of households mobilised are from existing POs and 73% of households have been mobilised either by including them into existing POs or by forming new POs. About 5 % of households are not in any PO. It is estimated that only 30% of the farmers are covered under both ASPIRE and AIMS. However, the targeting strategy of the project is yet to be documented.

While enrolment in MIS has been completed for households mobilised since May 2020, key project activities such as MSPs, BLTs etc. for most households mobilised since May are yet to commence.

The MIS currently tracks outreach with disaggregation of poverty groups, gender, youth, and indigenous groups. The table below shows targets and achievements by poverty groups. Poor 1 category are the very poor in the villages who have subsistence living and do not have marketable surpluses and hence are not joining POs. 15% of households mobilised are poor (1 and 2), 76% are near poor and 8% are better off. The project also reports a total of 94,145 persons [42,987 men (45.6%), and 41,158 women (54.4%)] of which 2,346 (2.5%) and 3,736 (3.96%) are youth and indigenous people respectively.

While at the initial stage the poor households will be hesitant to take up commercial production with higher investments, every year/season before the cropping season, the group leaders/ business literacy facilitators with the support of SMs and also local representative of Department of Women Affairs, should hold a campaign to include poor households by sharing with them the information on the profitability of the commodities and include them in existing POs. Overall, project activities appear to be responding well to the needs of the target groups, as interactions with farmers during field visit and e-discussions with hub teams reveal. VCIF, which is the grant facility is earmarked 70% towards small farmers with clear targeting criteria aimed at poor and near poor households^[1].

[1] Rice maximum of 3 hectares of total cropped land, Cassava, maximum 3 hectares of cassava land, Vegetables maximum of 0.5 hectare of vegetable land, Silk maximum 1 hectare of total crop land and for BYP household ownership of max 3 motorbikes or one hand tractor.

Agreed Action	Responsibility	Agreed Date
35. Targeting and Outreach Document the targeting strategy to ensure that all social mobilisation teams follow the target group specifications and also the processes to include priority target groups such as poor, women, and youth. Include measures to capture needs of different groups periodically for course corrections.	PD, Team leader	12/2020
37. Targeting and Outreach Enrol existing POs of ASPIRE and FOs Agree with: (i) ASPIRE on number of POs to be covered under the programmatic approach, and (ii) with Farmer Organisations to enrol their existing POs who are in the priority commodities with AIMS. Plan for additional mobilisation of HHs thereafter.	PD, AIMS and PD ASPIRE, CEOs, Farmers organisations	12/2020
36. Targeting and Outreach Campaign to include poor in existing POs Organise campaigns to enrol left out poor farmers prior to cropping/ production cycle with support from group leaders, local authorities; SMs etc.	PMO, PDoC, SM, SPs	
38. Targeting and Outreach Monitor targeting and mobilisation Monitor incremental mobilisation as to whether i) new POs are in clusters to facilitate market linkages, ii) poverty groups are being adequately mobilised, iii) those households which are in programmatic approach with ASPIRE iv) ensuring that the drop-outs are minimal, especially those from the poor households, and v) individuals HHs who are yet to join any PO.	PMO, SM SPs	

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

Gender equality and women's participation is rated as moderately satisfactory. There is strong mobilisation of women with 57% of households are represented by females. Women's participation in profitable value chains of vegetables and chicken are high. The production is taken up close to home enabling them to balance their different roles. Women's access to inputs and markets are improving with contracts with traders and input suppliers. The project is yet to develop gender strategy with clear gender mainstreaming activities and targets. Monitoring tools will have to incorporate gender disaggregation. 50% of Social mobilisers who are front line workers are women. Other positions in PMO and hubs are male oriented.

Main issues

The project is achieving substantial results in outreach of women reflecting the feminisation of agriculture in Cambodia. About 57% of the households mobilised are represented by women, being the primary earning member from the household; 16% are women-headed and 45% of group leaders of POs are women. AIMS is expanding knowledge and skills of women in profitable value chains such as BYP and vegetables. These commodities provide high returns as the case studies show and undertaken largely closer to home enabling women to balance their multiple roles. Empowerment of target groups especially women is expected to improve further with deepening of services such as business literacy trainings, MSP meetings, B2B meetings, firm contracts for inputs and output marketing etc.

During MSP sessions, the project needs to facilitate discussions on any gender specific constraints that women traders and input suppliers face including legal aspects that can enable women to expand their businesses. In terms of representation among staff, 50% of the social mobilisers are women and among social mobilisation supervisors, 14%. It is 18% in PDOC technical team and 8% among PDOC staff team. In PMO, about 31% of staff and TA are women. This implies that the project management needs to make efforts to hire more women in any vacancies that arise, especially at higher managerial positions.

At PMO, a gender focal point has been appointed but similar focal points are needed at provincial levels and in social

mobilisation teams. There is also limited understanding and analysis of existing gender roles and gender relations in the chosen commodities and also within households. Baseline surveys at present do not capture information on women's decision making and empowerment related indicators. The project needs to analyse the MIS data collected to see how women and men participate in the chosen commodities.

Gender sensitization of core staff and social mobilisation teams is necessary to ensure effective participation of women and men in project activities especially participation of women in MSPs, attendance in business literacy trainings, effective leadership in producer groups. Based on gender strategy, the TORs of service providers (both technical and social mobilisation) will need to have clauses for gender main streaming.

Agreed Action	Responsibility	Agreed Date
39. Gender equality & women's participation Gender strategy Prepare gender strategy for the project on priority basis using the guidelines, as applicable, appended as 4.3).	PD, Gender Focal Point	12/2020
40. Gender equality & women's participation Utilise MIS for analysis and corrections Analyse the MIS data collected to see how women and men participate in the chosen commodities in terms of a) land/ flock size, b) investments made, c) production and market volumes, d) participation in meetings and trainings organised by the project and take corrective measures.	PMO	06/2021
41. Gender equality & women's participation Gender mainstreaming Train and sensitise core staff and social mobilisation team on Gender strategy. Include in the TORs of service providers (both technical and social mobilisation) clauses for gender mainstreaming, deriving from gender strategy. Facilitate discussions during MSP discussions on any gender specific constraints that women face to expand their businesses.	PMO, Gender Focal Point	

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

There is no study so far that indicates any change in productivity. During the early stage of the value chain development (rapid mapping, cluster meeting etc) as well implementation many of the challenges reported by producers are related to production and productivity. Low level of production due to limited access to irrigation, spread of disease, lack of quality seed etc. have been identified as critical reason for supplying enough produce as per contracts. AIMS is establishing linkage with service providers to address some of the production issues, for example, it has engaged GIC to support chicken value and working with ASPIRE to bring disease free seed for cassava from CIAT, and supporting small water pumps under SDF finance for irrigation for vegetables and chicken value chains.

Main issues

AIMS can address the productivity issue at least in limited scale by measuring impact of water supply on vegetable productivity by comparing impact on vegetable production 'with' and 'without' for beneficiary HHs and comparing vegetable production of neighbouring HHs without access to irrigation. Secondly, changes in productivity of rice and cassava may be measured in groups/POs jointly supported by ASPIRE and AIMS in three pilot provinces where ASPIRE and AIMS are collaborating.

Nutrition

Rating: N/A

Justification of rating

AIMS is not designed as a nutrition or nutrition sensitive project. However, the selection value chain has direct impact on household nutrition. Two value chains – vegetable and chicken – have direct positive impact on improve family nutrition as part of the production is consumed by family members. The promotion of good quality food items helps increased availability of good quality food in the market.

Main issues

Cambodia experiences a malnutrition burden among its under-five population. The national prevalence of under-five stunting is 32.4%, which is greater than the developing country average of 25%. Cambodia's under-five wasting prevalence of 9.8% is also greater than the developing country average of 8.9%. Cambodia's adult population also face a malnutrition burden. 46.8% of women of reproductive age have anaemia, and 7.4% of adult men have diabetes, compared to 6.9% of women. Meanwhile, 4.8% of women and 2.7% of men have obesity.

Nutrition and balanced diet issues may be discussed in BLT and POs meetings as well as other events without increasing cost to the project that may slowly contribute to enhanced awareness. Similarly, low-cost campaign on nutrition issue may be launched through BLT and PO meetings. Besides, a simple in-house study can be conducted to compare consumption of vegetable and chicken (egg and meat) between families producing these two items as opposed to families not having own production.

Agreed Action	Responsibility	Agreed Date
42. Nutrition Conduct a simple in-house study to compare consumption of vegetable and chicken (egg and meat) between families producing these two items as opposed to families not having own production.	PMO	12/2021

Adaptation to Climate Change

Rating: 4

Previous rating: 4

Justification of rating

The project and other stakeholders such as large buyers and researchers recognize adverse impact of climate change on agriculture and increased risks on rural households dependent on rice/cassava production. The project has undertaken practical steps to thwart adverse impact of climate change by promoting poultry and year-round vegetable production, especially via drip irrigation and through the pumping well irrigation. Besides, it is collaborating with SAMBAAT that invests in climate-resilient productive infrastructure, such as irrigation and roads and with ASPIRE to develop clean seeds for cassava production. Climate change, adaptation and mitigation are included in the curriculum of the Business Literacy.

Main issues

With regard to infrastructure, in addition to the market-based approach, productivity and resilience will drive the decision-making process e.g. pumping well, slaughterhouse, multi-purpose centre, and greenhouse production. In addition, by cooperating with ASPIRE/MAFF, the AIMS's farmers received training on new methods and approaches to climate change such as selecting varieties and production techniques that are resilient to climate change. Pending the official finalization of the Environmental Codification Law that cover all aspects of SECAP, it was agreed in 2018 to use the Vulnerability Index (VI) developed by the Ministry of Environment.

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: 4

Previous rating: 4

Justification of rating

Rated as moderately satisfactory (4/6). AIMS does not deal directly with macro-level policy issues, however, its works with four value chains. It facilitates buyer/sellers contract through MSP and B2B, and coordinates with other services provider that may result in important lessons for policy changes. A new emerging trend is observed whereby large traders and companies are purchasing bulk quantities through a formal contract. This is an important change for both small producers as well as local buyers. The MSP experience should provide lessons for future business environment as well as role of private sector in agriculture and investment in local community. The provincial chambers of commerce are also good partners, which can resolve local policy issues that might be hindering businesses.

Main issues

The interventions in four value chains have also revealed the need for interventions in production and technologies to remove production related constraints for successful business promotion. It will be interesting to learn the process of extension services through private parties such as GIC and programmatic approach of ASPIRE and AIMS. The main challenge to AIMS issues are to document experience and micro-level policy issues emerging from AIMS project so far and continue such documentation till the end of the project. Overall, it is expected that the project will generate important policy insights on these issues in the next 1-2 years.

Agreed Action	Responsibility	Agreed Date
43. Institutions and Policy Engagement Policy engagement. Prepare short policy papers on: a) Experience of the project both in market development as well as production/technological challenges in each value chain; b) Role of MSP in facilitation of market linkage and market system development and business deals for smallholders and local producers; c) Experience and role of formal buyers, chambers, and support services in developing vibrant market system for farmers and other agribusinesses. d) Documentation of experience of programmatic approach for project implementation in value chains.	PMO	12/2021

Partnership-building

Rating: 5

Previous rating: 4

Justification of rating

Rated satisfactory. Recently, PMO has developed productive partnerships with the PDOs for expediting implementation through provincial units. It continues its partnership with the Chambers of Commerce, farmers organization, and NGOs for providing various services. The partnership with ARDB has been deepened aiming at substantially increasing private investment. An MOU with AMK- a micro-finance institution is expected to be finalised soon. PMO also has developed productive partnership with several buying organizations that has helped ensuring markets for the farm produces. For primary production related technical services it has been working and strengthening the partnership with GIC and department of agriculture and ASPIRE. Details are presented in Appendix 4.4.

Main issues

In the light of significant production-related issues being faced by project beneficiaries, AIMS needs to work even more closely with ASPIRE and MAFF and other identified private agencies for service delivery to the farmers, including GIC.

Human and Social Capital and Empowerment

Rating: 4

Previous rating: 4

Justification of rating

The project works with existing groups/ cooperatives and also forms new groups for their capacity development for market interface and negotiations resulting in better social cohesion. Purposive inclusion of poor farmers and women is building human capital. Networking and linkages between traders/service providers and producers is building social fabric among economic actors. Business and financial literacy training with 50 hours trainings and farmer diary when fully rolled out has the potential for skill development among farmers to conduct farming as business. Development of cadre of Local Resource Persons by building their skills will be necessary for building better human capital in distant and widespread villages.

Quality of Project Target Group Engagement and Feedback

Rating: 5

Justification of rating

The direct beneficiaries have a number of opportunities to participate in project activities and influence direction of the project: BLT, production of farmer diaries, PO meetings, MSP and B2B meetings. Farmers' views and priorities drive the priorities and activities of the project, especially via the MSP and B2B/B2S activities. These are deliberate and systematic processes mainstreamed into the design to place beneficiaries at the heart of the project. Beneficiaries and other value chain actors were consulted during the early stage of the project. POs are expected to be involved eventually in greater numbers. The value chain events (cluster meeting, MSP, B2B, B2S) that connect the value chain actors play a crucial role in transforming the mindset to behave as producers and traders rather 'beneficiaries'.

Main issues

none

Responsiveness of Service Providers

Rating: 5

Previous rating: 5

Justification of rating

The main service providers are three NGOs working as Social Mobilizers involved in organizing the farmers, forming POs, conducting BLT through BLFs, entering MIS data, and supporting VC/VCI in facilitating MSP, B2B and B2S meetings. However, their skills on facilitation and reporting need to be improved. Their roles and responsibilities need to be further clarified to reflect the workload and nature of the job. SBK, a consulting firm in charge of baseline survey, is performing well. In 2020, the M&E Team has harmonized with the company to change its questionnaire to correspond to the project log frame. A new service provider GIC has been recruited to support chicken value chain.

Main issues

The facilitation and reporting skill of SMs need to be enhanced through training and joint participation with VC/VCI teams. GIC is expected to promote model chicken farm, improved production practices, facilitate vaccination to reduce mortality rate etc. Its activities are yet to reach a scale to make informed observation about its performance. The project is also expected to work with other service providers in future.

Environment and Natural Resource Management

Rating: 4

Justification of rating

Rated as moderately satisfactory (4/6). In designing the AIMS adequate care have been taken to ensure that it promotes environmental sustainability in consideration of less predictability, especially at times of intense rainfall. While some specific safeguards will be required, particularly for cassava keeping in view of significant long-term risks to soil fertility, AIMS management continues to observe the design priorities with respect to environmental and natural resource management.

Main issues

AIMS has been actively encouraging the BYP growers to convert chicken droppings into compost fertiliser, especially when rice husks are easily available. It is also supporting farmers with pump irrigation, which is helping farmers with vegetable cultivation and raising chickens. By helping farmers to diversify their source of income away from rainfed rice, the BYP and vegetable farming is also enabling farmers to become more resilient. Since these interventions are inherently less vulnerable to unpredictable rains, the issue of natural resource management becomes less intense to the farmers.

Going forward, since the issues from pests and diseases, continues to affect cassava production, AIMS should promote sustainable production system that are attractive to smallholders to invest in suited to the different agro-ecological zones, particularly through enhanced access of farmers to disease free planting materials. The PMO is actively engaged in finding a solution that responds to this issue.

Exit Strategy

Rating:

Main issues

POs are the core institutions that will continue to provide services to the farmers. However, POs formed by the project and already existing ones have differences in their legal forms, governance and management functions and thus resultant cohesion among group members. The project is planning to carry out a capacity assessment of POs including the governance, management and member cohesion. They also need to develop a database of POs in terms of their legal forms, membership, years of functioning etc. Based on these information the project has to develop protocols for group strengthening and also growth path for POs. Legal form will be necessary for entering into contracts and business agreements. Strengthening POs, formalising them to have suitable legal form and also develop a network of POs with linkages with PDOC will ensure a smooth exit.

Agreed Action	Responsibility	Agreed Date
44. Exit Strategy Exit strategy Develop a clear exit strategy for the project activities and make it available for MTR along with further project activities and investments needed.	PMO	02/2021
45. Exit Strategy Develop systems and procedures for PO strengthening Based on mapping of POs and also capacity assessment exercise, provide for their systematic functioning, develop clear pathways for the growth of POs and also ensure networking with PDOC.	PMO	

Potential for Scaling-up	Rating: 4	Previous rating: 4
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Justification of rating

Rated as moderately satisfactory; expected to increase following MTR. AIMS was designed as a second-generation project in IFAD's Cambodia portfolio. As such, it incorporates the lessons IFAD learnt from earlier projects and draws upon international good practices in value chain development and financing. Even though this genre of project is relatively new for MOC, it has already scaled-up the project to cover 18 of the 24 rural provinces in the country. Compared to an expected 11 provinces at design, the achievement is substantial. The project is working on 4 key value chains and piloting with the fifth. As reported by last mission, the project is seen to bring substance and capacity to MOC's core domestic trade mandate via its Provincial Departments of Commerce and AIMS is increasingly being mainstreamed in MOC. By changing the implementation arrangement to give a key role to PDOC in implementation, AIMS has increased further a quicker learning and faster scaling-up of its approaches and methodology.

Main issues

In general, the KM process has improved over time and the project has prepared some KM products on its practices. This is expected to be intensified following MTR.

c. Project Management

Quality of Project Management	Rating: 4	Previous rating: 4
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Justification of rating

The overall project management is rated moderately satisfactory (4/6). There has been progress made in implementation, restructuring of management system, development of management guidelines, recruitment of all PMO staff members, completion of training of social mobilization and VC team members and adoption of unified management and implementation process. At the time of the mission, PMO has all professional and support service staff members on board. Two specialists – ICT Specialist and Finance Investment Specialist – joined in May and August 2020 respectively. Overall, the project has a new Project Director who was previously running the operations of the project.

Main issues

The project needs to enhance coordination with VC/CI and SM teams through development of annual plan and implementation of the same and comprehensive M&E. Skill development should continue as a regular activity for all field staff members.

Knowledge Management	Rating: 5	Previous rating: 4
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Justification of rating

AIMS has a well-functioning website (aims.moc.org.kh) and Facebook page that provides information about the project as well as various KM products. KMC team regularly updates the content and report traffic to senior management. It has produced all necessary guidelines. The BLT for PO members is a well-developed training course that directly benefits the beneficiaries. It has good communication with ASPIRE, SAMBAAT, other projects/donors such as UNDP, SDC-funded CHAIN project, provincial chambers of commerce, and important service providers. The project has produced 6 case studies in English and Khmer and circulated to stakeholders. The project website (aims.moc.gov.kh) is to store project information, news, jobs and procurement announcement, KM product and other publications.

Main issues

none

Value for Money	Rating: 4	Previous rating: 4
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Justification of rating

Rated as moderately satisfactory (4/6). The overall financial progress of AIMS stands at 20.3% of total estimated amount of financing from the RGOC and IFAD sources. Cumulative disbursement from IFAD loan stands lower at 12.7%. Comparing to the COSTAB at the design, the overhead costs and the consultancy services, has been slightly over the base cost scenario but still within the total price including contingency. The overall costs of delivered outputs as compared to budget costs (which were the basis of the ex-ante cost-benefit analysis, CBR) is good, particularly in view of the additional private investment made by the farmers, ACs and businesses. The investments are resulting in making project on track to reach its outcome-level indicator targets.

Main issues

The value for money of AIMS, despite being expected to be very high, has suffered due to long delays at various stages of implementation. Since the project has a very strong beneficiary base, all actors in the selected VCs are enthusiastically participating, and most of the reasons for the delays faced so far appear to have now been resolved, the project is expected to accelerate the pace of implementation in near future. This will help enhancing the value for money significantly.

Coherence between AWPB and Implementation

Rating: 4

Previous rating: 3

Justification of rating

The achievement under AWPB of 2020 as of August 2020 is USD 3.46 million, 14.71% against the budget of USD 23.50 million. AWPB originally approved for USD 10.99 million was revised to USD 23.50 million in May 2020; allocations under SDF were enhanced. Subsequently considering COVID-19 related issues, the enhanced allocations under SDF and VCF have been put on hold by IFAD. In order to ensure coherence, the management may revise the AWPB, to reflect implementation targets.

AWPB Inputs and Outputs Review and Implementation Progress

In 2019, against the AWPB USD 13.24 million, the achievement was USD 3.73 million i.e. 28.2%. The achievement under AWPB of 2020 as of August 2020 is USD 3.46 million - 14.7% against the budget of USD 23.50 million. AWPB originally approved for USD 10.99 million was revised to USD 23.50 million in May 2020, mainly by increasing allocation for SDF. Subsequently, considering COVID-19 related issues, the enhanced allocations under SDF and VCF have been put on hold. The travel restrictions and social distancing norms to be followed between March to May for coping with the COVID-19 pandemic has caused slower implementation. With VCIF getting implemented and credit line arrangements being made with AMK, the expenditure is likely to go higher in 2021. However, the project has to moderate the expenditure, keeping in view the need for deepening of services for existing beneficiaries who have been enrolled in third and fourth quarters of 2020 and also fine tuning the processes and systems for VCIF and credit line.

The priorities for 2021 while preparing AWPB 2020 are achieving the outreach targets as per design, including more ID poor into existing groups, and including ASPIRE groups in line with programmatic approach and existing POs in farmer organisations network. Within this framework, priority actions are listed in the following table.

Agreed Action	Responsibility	Agreed Date
43. Coherence btw. AWPB and implementation AWPB 2021 While preparing AWPB prioritise: a) improving services (MSP, B2B, B2S, Business literacy) for existing beneficiaries; b) achieving outreach targets to ensure initial mobilisation is complete and include more ID poor into POs; c) existing households to take up additional priority commodities; d) commodities being traditional prioritise innovations under VCIF; e) pilot in select provinces the credit line arrangements with AMK on priority commodities and then scale up; f) mid-term survey of results; g) strengthening POs as vibrant/sustainable organisations.	PD	12/2020

Performance of M&E System

Rating: 4

Previous rating: 2

Justification of rating

Since last supervision mission, when performance was rated as unsatisfactory, the project has invested in improving M&E system. The function is internal to PMU now with adequate staff. The project has a detailed M&E manual. An external agency has conducted baseline survey and results are awaited. Rolling base line data being collected for all households is very extensive, time consuming and can be simplified. MIS is still evolving and while outreach data and certain output indicators are available from automated MIS the project largely relies on paper-based system for monitoring activities. Project has developed provincial performance-based tool for monitoring key output indicators which enables VCI team and Social mobilisation jointly responsible for planning and delivering results.

M&E System Review

Project management has made earnest efforts to make M&E system operational. The M&E specialists from hubs were brought to PMO to operationalise M&E. In addition, IFAD fielded M&E ISM in November 2019 and in January 2020. The

framework for M&E and M&E manual and formats has been developed, and the consultant also focused on the capacity development of the project team. Training and coaching of VC team and social mobilisers for ensuring quality data collection has taken major effort.

The project has adopted tablet-based data collection for tracking each project household rolling baseline data on total farming income and their investment plans and production plans. This resulted in social mobilisation team's total engagement in data collection with little time for project implementation. Following recommendations in the last ISM in June, the project simplified data collection points further but still finds that too much data being collected with farmers' getting impatient and SMs facing difficulty to collect reliable data. This mission has worked on these aspects further. It has been agreed:

1. Goal level indicator of tracking total farming income for project households will be done on sample basis through external agency; baseline, outcome surveys and midterm and end line surveys will track this indicator. The project's MIS data will include basic information on priority commodities and relevant information such as land holding, ownership of mobile phone and agri equipment etc., about the households for planning project activities.
2. The investment and production plans will be prepared for the household as part of farmer diary. The actual investments made, and production and sales volume and value will be part of MIS.
3. Farmer diary will include details of priority commodity as well as total farming related income and expenditure to help farmers understand their income and expenditure aspects. BLF and SM will ensure that commodity specific key data is captured as per season in the project MIS.

Of the households brought under the Project so far, the basic data on households and data related to farmer diary has been collected for only about 8,000 households. With the above clarifications and simplifications, the basic data on households should be collected within next 3 months. Similarly, Monitoring Officers (MO) both at the provincial and PMO levels need to work further on data points to be captured in MIS. The project's web-based MIS is yet to be fully developed; the project has paper based weekly progress reports and excel based tools which they match and monitor. Management estimates that web-based MIS will be fully functional by second quarter next year.

SBK is carrying out rolling base line study which, include data on household income, household assets, loan access, community participation and hunger period. Additional information on key Indicators such as post-harvest management, market access, extension, women decision making, gender balance in workload, nutrition related aspects of children, adults etc., and environment related aspects need to be included in base line study. Project is conducting an annual outcome survey internally. For 2021 onwards the study can be conducted by external agency and can also include control group for comparison.

Agreed Action	Responsibility	Agreed Date
35. Performance of M&E System Simplify data collection of baseline, investment plans and farmer diary Goal level indicator of tracking total farming income for project households to be done on sample basis through external agency. Collect only basic HH information on priority commodities and other relevant information for planning project activities; Farmer diary that farmers keep to include total farm income and expenditure to help farmers understand their income and expenditure. SM to collect priority commodities related data from farmers diary for MIS.	PMO	12/2020
37. Performance of M&E System Annual outcome survey In Annual Outcome Survey, higher level logframe indicators and key domains such as access to extension, nutrition, gender balance in workload, women decision making to be included. For 2021 onwards the study to be conducted by external agency.	PMO	02/2021
38. Performance of M&E System Map business clusters Map the capacity of the business clusters in terms of production volume and once the data set is ready, put it into the map aiming at attracting buyers.	PMO with field units	06/2021
36. Performance of M&E System Rolling Baseline study Additional information on key Indicators such as post-harvest management, market access including farm gate prices, access to extension, women decision making in key stages of commodity production and marketing, gender balance in work load, household decision making, nutrition related aspects, environment related aspects to be included in base line study.	PMO	12/2021

**Social, Environment, and Climate
Standards requirements**

Rating: 4

Justification of rating

A number of actions are being undertaken so far for fulfilling the SECAP requirements. These include the inclusion of the topic as part of the curriculum of the Business Literacy training. In addition, criteria such as productivity and resilience have been added in addition to the market-based approach, for making decisions for selecting productive infrastructure such as pumping well, slaughterhouse, multi-purpose centre etc. Furthermore, pumping well irrigation sub-component under SDF provides farmers with small-scale irrigation infrastructures that helps them to adapt to the reduced water availability in dry season due to climate change. Likewise, working closely with ASPIRE/ MAFF, AIMS's farmers are being trained in new methods and approaches that help them to adapt to climate change

SECAP Review

While the project design required AIMS to implement the SECAP, no official tools were made available or suggested. Pending the official finalization of the Environmental Codification Law that cover all aspects of SECAP, it was agreed in 2018 to use the Vulnerability Index developed by the Ministry of Environment at all stages of the value chain development by all concerned staff. In addition, AIMS should make further efforts to benefit from the more rigorous implementation of recommendation made by last supervision mission that include: a) implementation of SECAP through know-how guide; and b) making Vulnerability Index fully operational by also incorporating the outputs from the planned ASPIRE district vulnerability mapping exercise; and c) sharing and disseminating the knowledge products, used and produced by ASPIRE.

d. Financial Management & Execution

Acceptable Disbursement Rate**Rating: 3.0****Previous rating: 3****Justification of rating**

Automated rating based on IFAD disbursement data

Main issues

The project is in its fourth year of implementation and by 31 August 2020, IFAD had released only USD 11.5 million (31.7%) including unjustified advance of USD 9.0 million (24.8%) out of a total loan of USD 36.3 million.

The project had a slow start in the first two years due to delayed establishment of Project Steering Committee (Dec 2017), approval of PIM (Mar 2018), late opening of bank accounts (Aug 2018) and setup of accounting software (Aug 2018). Now with the amendment in the Financing Agreement signed in July 2020 transferring responsibility of Component 2 to MOC, various other requirements are being fulfilled including opening of bank accounts. All of the above contributed to substantial delay in implementing the project activities. Further delays have been caused by delayed approval of AWPB, for 2018 it was approved in March 2018, for 2019 it was approved in August 2019 and for 2020 revised AWPB was approved in July 2020. It is therefore necessary that the overall process of preparation and approval of AWPB be planned properly so that the approval from IFAD and MEF is obtained before the end of November each year.

Since last supervision mission, the Project has resolved issues related to regular submission of WAs to IFAD, release of counterpart contribution and utilization of IFAD funds for counterpart contribution.

Agreed Action	Responsibility	Agreed Date
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
Cashflow Clear WAs for both RGC and IFAD, MoC provide all supporting docs to ME, MEF to clear all eligible expenses.	MEF / MOC	10/2019
AWPB Preparation & Approval Timely preparation of AWPB and approval from IFAD and MEF	MOC	11/2019
Disbursements vs. AWPB Serious efforts should be made to achieve at least 80% disbursement level as compared to AWPB.	PMO	12/2019
Preparation of WA Submit WA for funds utilised by ARDB.	MOC / ARDB	12/2020

Fiduciary aspects**Quality of Financial Management****Rating: 4****Previous rating: 3****Justification of rating**

Financial Management is rated as moderately satisfactory (4). Overall, financial management of the project has improved. This includes improvements in the accounting software, hiring of national finance advisor, training of provincial finance team, resolution of pending WAs and initiation of internal audit.

Main issues

More specifically, since last supervision mission, the accounting software has been implemented at the regional hubs and reporting function of the software has been improved. However, it is to be noted that the software needs to be made available online so that consolidation and reporting can be improved further. As noted, preparation and approval of AWPB was delayed substantially since the start of the Project. The Project has started preparing forecasts of expenditure

however it needs improvements in preparing a proper cash flow forecast by including opening bank balances, submission of WA and receipt of funds and closing bank balances in the cash flow forecast.

Internal audit of the Project was conducted in detail both at PMO and at regional hubs and draft report has been submitted to the Project wherein a number of observations have been made and recommendations have put forward. The internal audit report needs to be provided to IFAD and implementation of the recommendations also communicated to IFAD. Through the amendment to the Financing Agreement the responsibility of managing Component 2 has been transferred to MOC. As a next step, PMO needs to work with RGC/MEF for the transferring of the remaining balance of previous DA/MEF-PIU to DA/MOC-PMO.

Agreed Action	Responsibility	Agreed Date
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
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.	MOC & MEF	10/2019
Cash Flow Forecast Preparation of six-monthly cash flow forecast and its monthly updating.	MOC	10/2019
DSAs Resolve issue of ineligible DSAs.	MEF / MOC	11/2019
Counterpart Fund Bank Account MOC to open and maintain separate account for project counter-part funds	MOC	12/2019
Finance Team Recruit one Finance Assistant at MOC to support Finance team at AIMS.	MOC	12/2019

Accounting Software Accounting software to be operational across all project locations with expanded field team to 7 FM consultants	MOC	01/2020
Internal Audit Submit Internal Audit reports to IFAD along with implementation status of internal audit and recommendations.	MOC	11/2020
Advance for Component 2 Transfer of an advance of USD 540,000 with the MEF to the MOC following an appropriate process of RGOC and in consultation with IFAD.	MOC / MEF	12/2020
Cash flow forecast Improve Cash Flow forecast to include opening bank balance, receipt of funds and closing bank balances.	CFO	12/2020
Accounting software Implement accounting software on online basis so that consolidation and reporting can be improved further.	CFO	01/2021
Compliance with SOPs Ensure compliance with all SOP and other rules & regulation to avoid problems in future	MOC	
Regional Financial Management 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.	MOC	

Quality and Timeliness of Audit

Rating: 4

Previous rating: 4

Justification of rating

The external audit report for the project's financial statements FY 2019 with an unqualified opinion was submitted within the stipulated due date.

Main issues

The 2019 audit reports, which were due on 30 Jun 2020 with 3 month extension to 30 Sept 2020, were submitted and gratefully received within the stipulated submission deadline. This is aligned with expected standards and best practice. The audit was performed by BDO (Cambodia) Limited on the basis of International Standards on Auditing. The auditor expressed an Unqualified Opinion on Financial Statements.

However, the audit report has a limitation of use clause which is against IFAD policy on public disclosure. Therefore, the Auditors' terms of reference next year should explicitly acknowledge IFAD's right to publicly disclose audit reports (audited financial statements and audit opinion) and audit should issue reports without a limitation of use clause.

There were no following up on the implementation of previous year recommendations included.

Agreed Action	Responsibility	Agreed Date
2020 audit ToR should explicitly acknowledge IFAD's right to publicly disclose project audit reports. The audit report has a limitation of use clause which is against IFAD policy on public disclosure. Therefore, the Auditors' terms of reference next year should explicitly acknowledge IFAD's right to publicly disclose audit reports (audited financial statements and audit opinion) and audit should issue reports without a limitation of use clause.	PMU, auditors	10/2020
the Proper vouchers should be used in accordance with the nature of each transaction.	Accountant/PMU	12/2020
Consistent reference numbers should be used between the Bank book and Bank disbursement voucher.	Accountant/PMU	12/2020
All the voucher should be stamped "POSTED" after being recorded into the accounting system in order to prevent re-use and re-post.	Accountant/PMU	12/2020
Detailed follow up on previous recommendations should be included in Audit Report	PMU, auditors	12/2020

Counterparts Funds

Rating: 4

Previous rating: 3

Justification of rating

Counterpart funds is rated as moderately satisfactory (4). By 31 August 2020, RGC had disbursed USD 4.5 million (52%) out of a total budgeted contribution of USD 8.6 million.

Main issues

The Project was successful in resolving various issues including justification of expenses to MEF and clear pending WA for Counterpart funding. Thereafter the process of submission of WA for RGC contribution and its approval and release of funds has become regular and efficient. Accordingly, RGC contribution has significantly increased since last supervision mission from USD 2.1 million (24%) to USD 4.5 million (52%) of the total budgeted Counterpart funding of USD 8.6 million. The Project has also opened separate Bank Accounts (RGC Counterpart Account and RGC Project Account) as recommended in previous supervision mission and as required under amended Financing Agreement.

As recommended in the previous supervision mission, the Project has developed guidelines for valuation, recording and reporting of In-kind contribution by the Government and the beneficiaries. The calculations shared by the Project show Government In-Kind Contribution of around USD 680, 000 per year mainly comprising of salary, office space and utilities. However, the mission noted that the Government In-Kind contribution needs to be reported also in Interim Financial Statements and Annual Financial Statements. Similarly, the Beneficiaries, Private Businesses and other parties' In-Kind contribution also needs to be calculated and reported.

Agreed Action	Responsibility	Agreed Date
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
Cashflow: Clear WAs for both RGC and IFAD, MoC provide all supporting docs to MEF; MEF clear all eligible expenses.	MEF / MOC	10/2019
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. .	MOC	12/2019
Government In Kind Contribution Develop and implement procedure for valuation, recording and reporting of In-kind contribution by the Government.	MOC	12/2019
Bank Account MOC to open and maintain separate account for project counter-part funds	MOC	12/2019
domestic contribution Undertake a review of ratio of total cost shared between RGOC and IFAD.	MEF and IFAD	12/2020
Beneficiary, Private Business and other Parties Contribution Calculate and report in-kind contribution by the Beneficiaries, Private Business, UNDP, Heifer etc.	MOC	12/2020
Reporting of IKC Report Government In-Kind Contribution in Interim Financial Reports and Annual Financial Statements.	MOC	12/2020

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 most financing agreement covenants, while compliance on some is still outstanding.

Main issues

While the program has complied with most financing agreement covenants, few are still outstanding. These include: (i) timely submission and approval of AWPB, and (ii) timely appointment of auditors. Through the amendment of the Financing Agreement, responsibility of implementing Component 2 was transferred to MOC and this required PMO to consult with MEF regarding to the procedure of new designated account opening for component 2.

Agreed Action	Responsibility	Agreed Date
Financing Covenants: Develop mechanism to ensure compliance with loan covenants including the following. a) Timely submission of AWPB b) Recording of Beneficiary contribution c) Technical discussion with MEF on Opening of Designated Account in National Bank of Cambodia for Component	MOC MOC MOC/MEF	12/2020

Procurement

Procurement

Rating: 4

Previous rating: 4

Justification of rating

Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required; however, prompt resolution of issues/constraints is likely.

Procurement Review

The Procurement Plan for 2020 was submitted and IFAD's no objection was obtained on 17 February 2020. So far, the 2020 Procurement Plan has been revised 3 times - in April, May and October 2020. The project proposed to apply direct contracting for accelerating implementation of some services and work packages to respond to the COVID-19 pandemic. The procurement plan was prepared in consistence with the provisions of the Letter to Borrower. Actual data and information are being updated regularly for tracking implementation progress of the procurement plan. By 30 September 2020, a total of 15 out of planned 17 individual consultants were recruited. To response to COVID-19 pandemic, selection of the service provider for promoting Chicken VC was accelerated using single source selection, with adequate justification provided. A work package for construction of pumping wells to supply water for domestic use and gardening of farmer group was added in the revised procurement plan in response to COVID-19 pandemic as well as to prolonged drought in early 2020.

The procurement and contract documents requested by the mission for ex-post reviews are made available and are sufficient. Post review of randomly selected procurement and contract documents show that procurement procedures and processes were carried out in general in compliance with IFAD project procurement guidelines, the Standard Operating Procedures for (SOP), and the Procurement Manual. Procurement notices were advertised on the procurement website (www.bongthom.com) and the project website. There are cases that re-advertisements for EOIs were made due to limited number of interested consultants for the assignment. The requests for EOI for two consulting services (Promote farmer investment on Cassava VC and Silk VC) were advertised twice on Bongthom and project websites, and on UNDB website without any EOIs submitted.

Procurement/consultant evaluation committees and Procurement review committees were established according to the SOP and the Procurement Manual. For individual consultant selection, reference checks were conducted for the short-listed candidate before proceeding with contract negotiation. Following IFAD's procurement workshop organized in Beijing in December 2019, Annexes on additional provisions and self certification form were included in the bidding and contract documents. It is noted that clarifications of bids as needed at the bid evaluation stage was omitted for a work package (SDF pumping wells). Minor errors in EOI evaluation reports and some discrepancy of supporting documents were identified from random checks of procurement and contract documents by the mission.

The SDF Guidelines was revised in May 2020. The first batch of 27 SDF proposals for construction of pumping wells to supply water for gardening and domestic use were submitted to IFAD for review and no objection. For implementation of Value Chain Innovation Fund, VCIF Guidelines was drafted and finalized in September 2020. It is notable that there are some inconsistencies on IFAD's prior review requirements between the SDF/ VCIF guidelines and the Letter to the Borrower. To ensure risk mitigation for SDF/ VCIF activities, taking into account the implementation systems established in place and the ceiling VCIF grant amounts for different windows (US\$1,000 for Window 1, US\$20,000 for Window 2, US\$100,000 for Window 3, it is agreed that IFAD's prior review thresholds for SDF/ VCIF proposals will be adjusted.

Performance evaluations were conducted for contract renewals for individual consultants. The project has applied contract expiry date 31 December for long-term time-based individual consultant contracts since 2020. This measure helps to ease tracking and monitoring contract renewals for a large number of on-going individual consultant contracts. Adjustment of the contract price for inflation factors were made for renewals of individual consultant contracts. Contract register is prepared up to date in the contract register. It is noted that there is a high turnover rate (about 20%) of individual consultants over 2018 – 2020 period. There were concerns about underperformance of SM service providers and low remuneration paid to social mobilisers. Management of SM service provider contracts need to be strengthened using performance-based

payment mechanisms.

While the Procurement Review Working Paper has been presented in Appendix 4.5, agreements reached during the supervision mission were as under.

Agreed Action	Responsibility	Agreed Date
Procurement Prior review for SDF proposals: Submit any SDF proposal with a grant amount valued above US\$ 30,000 for IFAD prior review and no objection. The SDF Guidelines be updated accordingly.	MOC/PMO	
Procurement Prior review for VCIF proposals: Submit any VCIF proposal with a grant amount valued above US\$ 20,000 for IFAD prior review and no objection. The VCIF Guidelines be updated accordingly.	MOC/PMO	
Procurement Strengthening SM contract management: Strengthen management and supervision of the SM service provider contracts by: a) Reviewing and approving annual/ quarterly work plan and budget including the payment schedule in consistence with measurable results/deliverables prepared by SM service providers; b) Supervising implementation progress and results against the approved annual/ quarterly work plans; c) Certifying annual/ quarterly progress reports including the achieved results by HUB managers; d) Reviewing and approving quarterly payments to SM service providers based on the acceptance of the quarterly progress reports and the achieved results.	MOC/PMO, Regional HUBs	

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4.13	Previous rating: 4.0
Assessment of the Overall Implementation Performance	Rating: 4.0	Previous rating: 4.0

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
9. Programme Management leadership and staffing Agree on an output-based contract with the three NGOs providing SM services and follow the same process of rigorous review and termination/ non-renewal of contracts if the performance is not found to be satisfactory.	PMO working with the service providers	11/2020

29. Component 2: Value Chain Financing Training to SM staff Arrange awareness training to SMS on VCIF so they can guide farmers appropriately, in view of SMs being the frontline staff dealing directly with the farmers.	PMO	11/2020
31. Component 2: Value Chain Financing MOU with AMK Finalise the MOU with AMK as per contours discussed during the mission ((Appendix 4.2) and send the draft for clearance to IFAD.	PMO, ARDB	11/2020
32. Component 2: Value Chain Financing Credit manual Prepare credit manual as per outline given in January ISM	ARDB	11/2020
33. Component 2: Value Chain Financing Credit demand assessment Assess the need for credit for priority value chains, drawing upon the findings of credit demand assessment and work with AMK and ARDB for product changes. Sign MOUs with other MFIs already financing project HHs.	PMO/AIMS, ASPIRE, ARDB	12/2020
28. Component 2: Value Chain Financing Communication material on VCIF for intended target groups Prepare and share communication material for intended target groups including examples of what is innovative first mover investments; update the list of innovations every six months	PMO	01/2021
34. Component 2: Value Chain Financing Value chain financing Develop value chain financing instruments, basing it on partnerships to be forged with large buyers.	PMO, ARDB	01/2021
23. Component 1: Value Chains Development Carry out capacity assessment of POs in market linkages and agri businesses and develop suitable proposals for MTR.	PMO	02/2021
25. Component 1: Value Chains Development Facilitate and have arrangements for extension services for farmers based on constraints analysis in different value chains with ASPIRE/ other service providers. MIS should track farmers receiving extension support.	PMO	02/2021
27. Component 1: Value Chains Development Review rice, chicken, and vegetable value chains from food safety point of view to ensure safe production, transportation and retail sales. Identify any scope for improvement at producer, transportation and retail premises, and undertake necessary corrective measures.	VC Team	02/2021

19. Component 1: Value Chains Development Establish the national vegetable and chicken networks.	PMO	03/2021
30. Component 2: Value Chain Financing Review of guidelines for VCIF Review and revise the guidelines and also templates, based on implementation experience in first four months.	PMO, ARDB	03/2021
13. Programme priorities for 2021 Agree with IFAD to postpone the MTR of the Project to the third/ fourth quarter of 2021 and prepare all key documents and fulfil all requirements of MTR.	PMO	06/2021
20. Component 1: Value Chains Development Develop organizational affiliation of present and future POs.	PMO/AIMS	06/2021
22. Component 1: Value Chains Development Develop an approach paper for promoting institutional mechanisms for continuing MSPs beyond project implementation period.	PMO	06/2021
24. Component 1: Value Chains Development Undertake another study analysing the effectiveness of business and financial literacy trainings on a sample basis and share the results for MTR.	VC Team/M&E	06/2021
4. Strategic Management of AIMS Explore the possibility of adding a new commodity and if found to meet the specified criteria, propose its inclusion. No new commodity will be introduced after the stated deadline.	PMO	12/2021
8. Programme Management leadership and staffing Rationalise the tasks assigned to SM by reducing the workload related to data collection so that they can work closely with POs, build trust, and ensure cohesiveness and well-functioning group dynamics. In doing so, assess the role of SMs vs VCIs and explore the possibility of VCIs taking more responsibility for brokering and other business development services.	Under the overall guidance of PMO, PDoC, SM service providers	12/2021
18. Component 1: Value Chains Development Identify 2-3 potential value chains for future development as the present value chains mature and AIMS' interventions can be gradually phased-out.	PMO	12/2021
21. Component 1: Value Chains Development Continue consultation with POs on future organizational options.	PMO with Provincial AIMS team	12/2022

1. Strategic Management of AIMS Intensify project support to develop cohesive groups that can sustain beyond project completion.	Under the overall guidance of PMO, PDoC, SM service providers, VCI's etc.	
2. Strategic Management of AIMS Undertake quick assessment of areas where new clusters can be developed, identify the household and help them form POs and strengthen them so that at project completion AIMS's reaches to approximately 75,000 household.	Under the overall guidance of PMO, PDoC, SM service providers	
3. Strategic Management of AIMS In identifying new beneficiaries, select disproportionately higher no of ID1 and ID2 poor so that the overall ratio of ID1 and ID2 poor HHs reaches to at least 14% and 13%, respectively by project completion.	Under the overall guidance of PMO, PDoC, SM service providers	
5. Strategic Management of AIMS Limit the project coverage to 18 provinces currently being served.	PMO	
6. Strategic Management of AIMS Support the existing group with a second value chain which has some synergy with the VC already, taking into consideration of following factors: a) Striking a balance between the need to increase the income and assets of the participant households while reaching to the targeted number of households; and b) Using the unique AIMS Household number and ongoing GIS mapping to avoid double counting of beneficiaries.	Under the overall guidance of PMO, PDoC, SM service providers, VCISs etc.	
7. Programme Management leadership and staffing Undertake rigorous review of the performance of PDoCs as well as staff directly linked with the field level delivery and make this a condition for renewal of the contracts issued to the individual staff.	Under the overall guidance of PMO, PDoC, SM service providers	
10. Programme Management leadership and staffing Pro-actively implement the provision of Business Literacy Facilitators as per the project design report, also considering the contribution BLFs can make in serving the POs in post-project situation.	Under the overall guidance of PMO, PDoCs, SM service providers	
11. Programme priorities for 2021 Formulate the 2021 AWPB aiming at consolidating the gains already made by the project in creating a viable project implementation structure, staffing it and contracting various service providers, while also creating a strong base of new beneficiary households who can be actively served during 2022 and thereafter. The indicative programme priorities with attendant qualifications in order of importance should be (see actions 11.a to 11.e).	PMO working with Hub, PDoC and other project partners and service providers.	

11.a Programme priorities for 2021 Deepen the collaboration with ASPIRE and other projects, pursuing the framework of programmatic approach, so that the production-related issues smallholders farmers are facing are resolved effectively and on timely basis.	PMO working with ASPIRE.	
11.b Programme priorities for 2021 Facilitate finalisation of the MOU between ARDB and AMK aiming at substantially increasing the access of smallholder farmers, particularly those engaged in backyard poultry and vegetable growing, whose credit needs range from \$1,000 to \$3,000 (Para 37) and allocate resources accordingly.	PMO working with ARDB and AMK.	
11.c Programme priorities for 2021 Limit the 'first mover' grant, since the risks are very limited with the conventional VCs pursued so far.	PMO working with Hubs, PDOCs	
11.d Programme priorities for 2021 Agree on output- based payment with substantial weight being put on reducing the mortality rate of chickens with respect to the contract signed with GIC for supporting backyard poultry. Put on hold the implementation of contract signed for supporting cassava till the national policy objective is clarified further and the raw silk VC till the marketability and profitability of the VC is well-established and demand base from the producers enlarges.	PMO working with GIC and other VC support service providers	
11.e Programme priorities for 2021 Implement with caution the market-driven productive infrastructure sub-component such as for pump-wells, considering actual need of the HHs to engage in particular VC commodity and the possible distortionary effect this grant-funded activity may create.	PMO working with Hubs, PDOCs	
12. Programme priorities for 2021 In line with the Programmatic approach followed in Cambodia, AIMS financing facility for VCIF, SDF and line of credit should be accessible to ASPIRE beneficiaries. For the VCs promoted by ASPIRE but not by AIMS, a cautious approach be adopted considering the level of financial resources and knowledge and skills available to AIMS.	AIMS and ASPIRE PMOs and filed units	
14. Component 1: Value Chains Development Accelerate BLT for PO members/farmers. Implement plan for Sept-December 2020 to clear backlog.	PMO	
15. Component 1: Value Chains Development Organize training on organization building, business facilitation and report writing for strengthening capacity of social mobilizers and VC team/VCI.	PMO	
16. Component 1: Value Chains Development Organize training on PO management and business facilitation for PO leaders.	PMO with provincial teams	

17. Component 1: Value Chains Development Continue value chain development work with the existing four value chains, with emphasis on vegetable and chicken value chains, and while continuing with the effort being made to develop further partnerships with large private sector buyers and entering into MOUs with them as soon as these become feasible.	PMO	
26. Component 1: Value Chains Development Study the share of farmer price realization as compared to consumer sale price and improve negotiations/tie up with larger buyers to get better share.	PMO	
Development Effectiveness		
35. Targeting and Outreach Document the targeting strategy to ensure that all social mobilisation teams follow the target group specifications and also the processes to include priority target groups such as poor, women, and youth. Include measures to capture needs of different groups periodically for course corrections.	PD, Team leader	12/2020
37. Targeting and Outreach Enrol existing POs of ASPIRE and FOs Agree with: (i) ASPIRE on number of POs to be covered under the programmatic approach, and (ii) with Farmer Organisations to enrol their existing POs who are in the priority commodities with AIMS. Plan for additional mobilisation of HHs thereafter.	PD, AIMS and PD ASPIRE, CEOs, Farmers organisations	12/2020
39. Gender equality & women's participation Gender strategy Prepare gender strategy for the project on priority basis using the guidelines, as applicable, appended as 4.3).	PD, Gender Focal Point	12/2020
40. Gender equality & women's participation Utilise MIS for analysis and corrections Analyse the MIS data collected to see how women and men participate in the chosen commodities in terms of a) land/ flock size, b) investments made, c) production and market volumes, d) participation in meetings and trainings organised by the project and take corrective measures.	PMO	06/2021
42. Nutrition Conduct a simple in-house study to compare consumption of vegetable and chicken (egg and meat) between families producing these two items as opposed to families not having own production.	PMO	12/2021
36. Targeting and Outreach Campaign to include poor in existing POs Organise campaigns to enrol left out poor farmers prior to cropping/ production cycle with support from group leaders, local authorities; SMs etc.	PMO, PDoC, SM, SPs	

38. Targeting and Outreach Monitor targeting and mobilisation Monitor incremental mobilisation as to whether i) new POs are in clusters to facilitate market linkages, ii) poverty groups are being adequately mobilised, iii) those households which are in programmatic approach with ASPIRE iv) ensuring that the drop-outs are minimal, especially those from the poor households, and v) individuals HHs who are yet to join any PO.	PMO, SM SPs	
41. Gender equality & women's participation Gender mainstreaming Train and sensitise core staff and social mobilisation team on Gender strategy. Include in the TORs of service providers (both technical and social mobilisation) clauses for gender mainstreaming, deriving from gender strategy. Facilitate discussions during MSP discussions on any gender specific constraints that women face to expand their businesses.	PMO, Gender Focal Point	
Sustainability and Scaling up		
44. Exit Strategy Exit strategy Develop a clear exit strategy for the project activities and make it available for MTR along with further project activities and investments needed.	PMO	02/2021
43. Institutions and Policy Engagement Policy engagement. Prepare short policy papers on: a) Experience of the project both in market development as well as production/technological challenges in each value chain; b) Role of MSP in facilitation of market linkage and market system development and business deals for smallholders and local producers; c) Experience and role of formal buyers, chambers, and support services in developing vibrant market system for farmers and other agribusinesses. d) Documentation of experience of programmatic approach for project implementation in value chains.	PMO	12/2021
45. Exit Strategy Develop systems and procedures for PO strengthening Based on mapping of POs and also capacity assessment exercise, provide for their systematic functioning, develop clear pathways for the growth of POs and also ensure networking with PDOC.	PMO	
Project Management		

43. Coherence btw. AWPB and implementation AWPB 2021 While preparing AWPB prioritise: a) improving services (MSP, B2B, B2S, Business literacy) for existing beneficiaries; b) achieving outreach targets to ensure initial mobilisation is complete and include more ID poor into POs; c) existing households to take up additional priority commodities; d) commodities being traditional prioritise innovations under VCIF; e) pilot in select provinces the credit line arrangements with AMK on priority commodities and then scale up; f) mid-term survey of results; g) g) strengthening POs as vibrant/sustainable organisations.	PD	12/2020
35. Performance of M&E System Simplify data collection of baseline, investment plans and farmer diary Goal level indicator of tracking total farming income for project households to be done on sample basis through external agency. Collect only basic HH information on priority commodities and other relevant information for planning project activities; Farmer diary that farmers keep to include total farm income and expenditure to help farmers understand their income and expenditure. SM to collect priority commodities related data from farmers diary for MIS.	PMO	12/2020
37. Performance of M&E System Annual outcome survey In Annual Outcome Survey, higher level logframe indicators and key domains such as access to extension, nutrition, gender balance in workload, women decision making to be included. For 2021 onwards the study to be conducted by external agency.	PMO	02/2021
38. Performance of M&E System Map business clusters Map the capacity of the business clusters in terms of production volume and once the data set is ready, put it into the map aiming at attracting buyers.	PMO with field units	06/2021
36. Performance of M&E System Rolling Baseline study Additional information on key Indicators such as post-harvest management, market access including farm gate prices, access to extension, women decision making in key stages of commodity production and marketing, gender balance in work load, household decision making, nutrition related aspects, environment related aspects to be included in base line study.	PMO	12/2021
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

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
Cashflow Clear WAs for both RGC and IFAD, MoC provide all supporting docs to ME, MEF to clear all eligible expenses.	MEF / MOC	10/2019
Cashflow: Clear WAs for both RGC and IFAD, MoC provide all supporting docs to MEF; MEF clear all eligible expenses.	MEF / MOC	10/2019
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.	MOC & MEF	10/2019
Cash Flow Forecast Preparation of six-monthly cash flow forecast and its monthly updating.	MOC	10/2019

AWPB Preparation & Approval Timely preparation of AWPB and approval from IFAD and MEF	MOC	11/2019
DSAs Resolve issue of ineligible DSAs.	MEF / MOC	11/2019
Disbursements vs. AWPB Serious efforts should be made to achieve at least 80% disbursement level as compared to AWPB.	PMO	12/2019
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. .	MOC	12/2019
Government In Kind Contribution Develop and implement procedure for valuation, recording and reporting of In-kind contribution by the Government.	MOC	12/2019
Bank Account MOC to open and maintain separate account for project counter-part funds	MOC	12/2019
Counterpart Fund Bank Account MOC to open and maintain separate account for project counter-part funds	MOC	12/2019
Finance Team Recruit one Finance Assistant at MOC to support Finance team at AIMS.	MOC	12/2019
Accounting Software Accounting software to be operational across all project locations with expanded field team to 7 FM consultants	MOC	01/2020
2020 audit ToR should explicitly acknowledge IFAD's right to publicly disclose project audit reports. The audit report has a limitation of use clause which is against IFAD policy on public disclosure. Therefore, the Auditors' terms of reference next year should explicitly acknowledge IFAD's right to publicly disclose audit reports (audited financial statements and audit opinion) and audit should issue reports without a limitation of use clause.	PMU, auditors	10/2020
Internal Audit Submit Internal Audit reports to IFAD along with implementation status of internal audit and recommendations.	MOC	11/2020

Financing Covenants: Develop mechanism to ensure compliance with loan covenants including the following. a) Timely submission of AWPB b) Recording of Beneficiary contribution c) Technical discussion with MEF on Opening of Designated Account in National Bank of Cambodia for Component	MOC MOC MOC/MEF	12/2020
the Proper vouchers should be used in accordance with the nature of each transaction.	Accountant/PMU	12/2020
Consistent reference numbers should be used between the Bank book and Bank disbursement voucher.	Accountant/PMU	12/2020
All the voucher should be stamped "POSTED" after being recorded into the accounting system in order to prevent re-use and re-post.	Accountant/PMU	12/2020
Detailed follow up on previous recommendations should be included in Audit Report	PMU, auditors	12/2020
Preparation of WA Submit WA for funds utilised by ARDB.	MOC / ARDB	12/2020
domestic contribution Undertake a review of ratio of total cost shared between RGOC and IFAD.	MEF and IFAD	12/2020
Beneficiary, Private Business and other Parties Contribution Calculate and report in-kind contribution by the Beneficiaries, Private Business, UNDP, Heifer etc.	MOC	12/2020
Reporting of IKC Report Government In-Kind Contribution in Interim Financial Reports and Annual Financial Statements.	MOC	12/2020
Advance for Component 2 Transfer of an advance of USD 540,000 with the MEF to the MOC following an appropriate process of RGOC and in consultation with IFAD.	MOC / MEF	12/2020
Cash flow forecast Improve Cash Flow forecast to include opening bank balance, receipt of funds and closing bank balances.	CFO	12/2020
Accounting software Implement accounting software on online basis so that consolidation and reporting can be improved further.	CFO	01/2021

Compliance with SOPs Ensure compliance with all SOP and other rules & regulation to avoid problems in future	MOC	
Regional Financial Management 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.	MOC	
Procurement Prior review for SDF proposals: Submit any SDF proposal with a grant amount valued above US\$ 30,000 for IFAD prior review and no objection. The SDF Guidelines be updated accordingly.	MOC/PMO	
Procurement Prior review for VCIF proposals: Submit any VCIF proposal with a grant amount valued above US\$ 20,000 for IFAD prior review and no objection. The VCIF Guidelines be updated accordingly.	MOC/PMO	
Procurement Strengthening SM contract management: Strengthen management and supervision of the SM service provider contracts by: a) Reviewing and approving annual/ quarterly work plan and budget including the payment schedule in consistence with measurable results/deliverables prepared by SM service providers; b) Supervising implementation progress and results against the approved annual/ quarterly work plans; c) Certifying annual/ quarterly progress reports including the achieved results by HUB managers; d) Reviewing and approving quarterly payments to SM service providers based on the acceptance of the quarterly progress reports and the achieved results.	MOC/PMO, Regional HUBs	

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Logical Framework

Mission Dates: (remote) 14 September to 30 October 2020

Document Date: 27/11/2020

Project No. 2000001268

Report No. 5551-KH

Asia and the Pacific Division
Programme Management Department

Accelerating Inclusive Markets for Smallholders (AIMS)

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							MIS - Farmer Diary, MIS	Annual	PMO	
	Household members		150 000	300 000	73 488	137 549	45.8				
	1.a Corresponding number of households reached							MIS - Farmer Diary, MIS	Annual	PMO	
	Women-headed households		18 750	37 500	4 074	6 499	17.3				
	Non-women-headed households		18 750	37 500	14 298	33 347	88.9				
	Households		37 500	75 000	18 372	39 846	53.1				
	1 Persons receiving services promoted or supported by the project							MIS - Farmer Diary, MIS. Member of active cluster of AIMS and other projects (ASPIRE)	Annual		
	Females			75 000	39 361	47 006	62.7				
	Males			75 000	12 969	39 148	52.2				
	Young				1 004	2 101					
	Indigenous people				2 277	2 939					
	Total number of persons receiving services		75 000	150 000	52 330	86 154	57.4				
Project Goal Enhance prosperity of Cambodian smallholder farmers through increasingly profitable links to agri-businesses and markets	80% of total of 75,000 direct beneficiaries increased real net farming income by >30%							MIS - Farmer Diary, MIS	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							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Development 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%							MIS - Farmer Diary, MIS	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)							MTR & 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							MIS - Farmer Diary	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			1							
	percentage increase										
	Aggregate value of products sold in target locations in priority value chains in real terms							MIS - Farmer Diary	Annual	PMO	
	aggregate value										
	percentage increase		0	0							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outcome 2. Private investment increased in priority value chains from smallholders and agribusinesses	Agri-business 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
	value										
	percentage increase										
	Smallholder investment in priority value chains and production clusters							MIS - Farmer Diary, MIS	Annual	PMO	
	value										
	percentage increase										
	Participating smallholder farmers with increased financial literacy							pre/post FL training assessment	Annual	PMO	
	smallholder farmers		1	1							
	Partner Financial Institutions (PFIs) continue financing VCs							MIS	Annual	PMO	
	PFIs		4	5							
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		1	1	15	15	1 500				
Output Farmers trained on improved technologies for production or post-harvest practices	1.1.4 Persons trained in production practices and/or technologies										
	Total number of attendances to training sessions				1 317	1 317					
	Men trained in crop				512	512					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Women trained in crop				805	805					
	Total persons trained in crop		45 000	60 000	1 317	1 317	2.2				
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services										
	Females		17 500	25 000	1 698	1 698	6.8				
	Males		17 500	25 000	1 224	1 224	4.9				
	Persons in rural areas trained in FL and/or use of FProd and Services (total)		35 000	50 000	2 922	2 922	5.8				
Outcome Outcome 4: increased increased sales by POs	2.2.5 Rural producers' organizations reporting an increase in sales							Buy and sell contract	base; mid-term; endline; annual	PMO	
	Number of Rural POs				976						
	Rural POs with women in leadership position				791						
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities							Buy and sell contract	base; mid-term; endline; annual	PMO	
	Number of POs				384						
	Percentage of indigenous POs				39						
	Women in leadership position				364						
	PPPs or similar partnerships with large and small agri-businesses and service enterprises										
	partnerships		100	250							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	partner supported agri-businesses										
	Numbers of MSP organized										
	MSP		927	1 853	99	588	31.7				
	2.1.3 Rural producers' organizations supported							MIS	Annual	PMO	
	Rural POs supported		812	1 628	433	1 035	63.6				

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Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

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

Mission Dates: (remote) 14 September to 30 October 2020
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Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category

Appendix 2: Actual financial performance by financiers; by component and disbursements by categories

Table 2A: Financial performance by financier (USD '000) as at 31 Aug 2020

Financier	Appraisal	Disbursements	Per cent disbursed
IFAD loan	36,257	4,611	13
Government	8,654	4,511	52
Beneficiaries	8,116	-	-
Private Business	8,586	-	-
Total	61,613	9,123	15

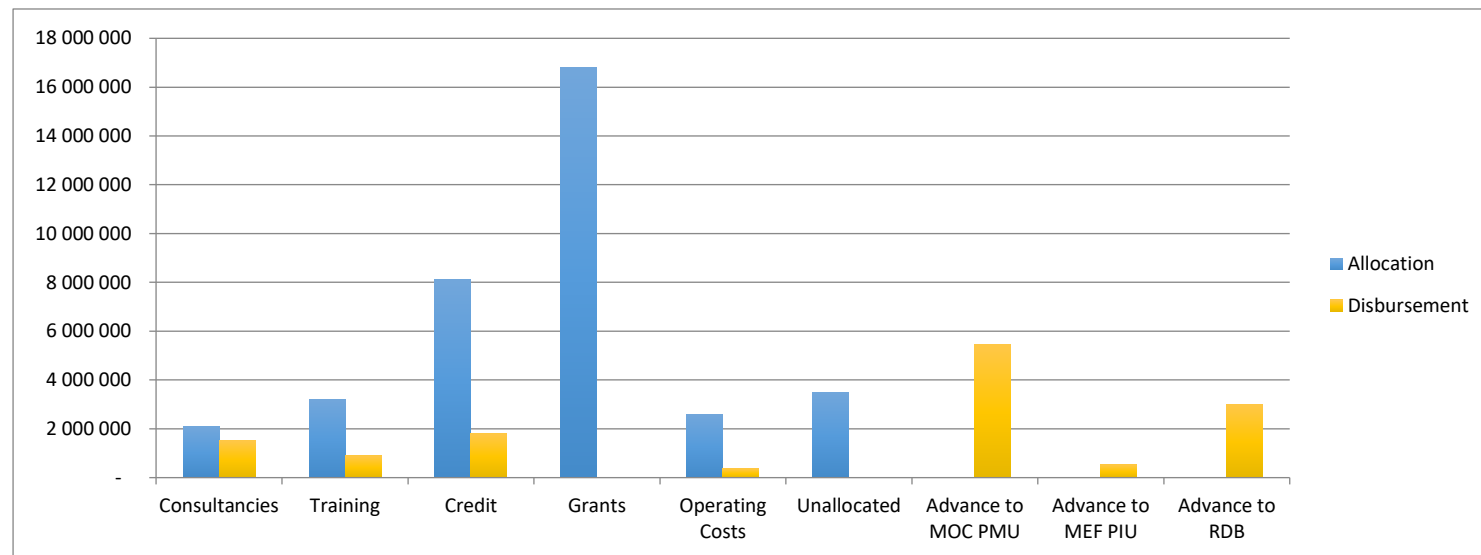
Table 2B: Financial performance by financiers by components (USD '000) as at 31 Aug 2020

Component	IFAD loan			Government			Beneficiaries			Private Business			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Value Chain Development	13,994	1,969	14	6,810	2,829	42	273	-	0	-	-	-	21,077	4,798	23
Value Chain Financing	20,721	2,050	10	602	381	63	7,843	-	0	8,586	-	-	37,751	2,430	6
Project Management Unit	1,542	592	38	1,243	1,302	105	-	-	0	-	-	-	2,785	1,895	68
Total	36,257	4,611	13	8,654	4,511	52	8,116	-	0	8,586	-	-	61,613	9,123	15

Table 2C: IFAD loan disbursements (USD, as at 31 Aug 2020)

Category	Category description	Original Allocation	Disbursement	W/A pending	Balance	Percent disbursed
I	Consultancies	2,100,000	1,422,092	97,832	580,076	72.4%
II	Training	3,200,000	744,484	145,384	2,310,132	27.8%
III	Credit	8,100,000	-	1,793,657	6,306,343	22.1%
IV	Grants	16,800,000	-	25,389	16,774,611	0.2%
V	Operating Costs	2,600,000	353,297	29,486	2,217,217	14.7%
	Unallocated	3,500,000	-	-	3,500,000	-
	Advance – MOC PMU		5,460,450	-	(5,460,450)	-
	Advance – MEF PIU		539,686	-	(539,686)	-
	Advance - RDB	-	3,000,000	-	(3,000,000)	-
	Total	36,300,000	11,520,009	2,091,748	22,688,243	37.5%

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement



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Accelerating Inclusive Markets for Smallholders (AIMS) Supervision Report

Appendix 2: Physical progress measured against AWP&B

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Appendix 2: Physical progress measured against AWP&B

Component /Outcome	Subcomponent/Output/Head Activity	Activity	Plan			Achievement		Achiv (%)	
			Financial	Unit	Physical	Financial	Physical	Finance	Physical
I-INVESTMENT COST - COMPONENT 1	CATEGORY I - CONSULTANCIES of COMPONENT 1	I.1 TA, included Remuneration/DSA&Travell (Net of Taxes)	994,422	-	454	496,496	219	50%	48%
	CATEGORY II - TRAINING of COMPONENT 1	II.1-Regional Hub Office Takeo (RHO -TKE)	58,140	-	113	23,455	135	40%	119%
		MSP	29,580		68	9,416	24	32%	35%
		Project Prioritization and Consultation Meeting for SDF	2,380		28	-	100	0%	357%
		Floating Market at Provincial Level	21,700		9	12,140	5	56%	56%
		Capacity Building for Staff	480		4	330	4	69%	100%
		Quarterly Meeting at Hub	4,000		4	1,569	2	39%	50%
		II.2-Regional Hub Office Kampong Cham (RHO - KPC)	106,460	-	234	29,196	112	27%	48%
		MSP	55,680		128	12,409	40	22%	31%
		Project Prioritization and Consultation Meeting for SDF	6,800		80	300	35	4%	44%
		Floating Market at Provincial Level	43,200		18	16,293	35	38%	194%
		Capacity Building for Staff	480		4	118	1	25%	25%
		Quarterly Meeting at Hub	300		4	75	1	25%	25%
		II.3-Regional Hub Office Battambang (RHO - BTB)	51,900	-	128	24,878	59	48%	46%
		MSP	27,840		64	10,458	35	38%	55%
		Project Prioritization and Consultation Meeting for SDF	4,080		48	275	14	7%	29%
		Floating Market at Provincial Level	19,200		8	13,937	6	73%	75%
		Capacity Building for Staff	480		4	117	2	24%	50%
		Quarterly Meeting at Hub	300		4	91	2	30%	50%
		II.4 - Market-oriented social mobilizers	1,112,794	-	3	422,806	1	38%	42%
		II.5 - Contracting Out to Support the Specific Flagship Value Chain	14,300,000	-	5	-	-	0%	0%

	CATEGORY IV - GRANT of COMPONENT 1	Contracting out to promote farmer investment on Chicken VC including extension and market	350,000	LS	1	-	-	0%	0%
		Contracting out to promote farmer investment on Cassava VC including extension and market	350,000	LS	1	-	-	0%	0%
		Contracting out to promote farmer investment on Silk VC including extension and market	100,000	LS	1	-	-	0%	0%
		Sector Development Facility (SDF)	3,500,000	LS	1	-	-	0%	0%
		Near-farm and On-farm water management for high value-added crop	10,000,000	LS	1	-	-	0%	0%
	CATEGORY VII - GOODS of COMPONENT 1	VII.1 - Department of Private Sector Development	916,100	-	163	716,541	160	78%	98%
	VII.2 - Carry Over Year 2019	Office furnitures for the Core Project Management Team	4,000	LS	1	3,982	1	100%	100%
	VII.3 - Regional Hub Offices (RHOs)	Regional Hub Offices' VC System (1 each of 3 RHOs)	240,000	Set	3	77,825	1	32%	33%
		TOTAL INVESTMENT COST - COMPONENT 1	17,539,816	-	1,100	1,713,371	686	10%	62%
II-RECURRENT COST - COMPONENT 1	CATEGORORY V - OPERATING COST of COMPONENT 1	V.1-Department of Private Sector Development	20,400	-	72	8,225	31	40%	43%
		V.2-Regional Hub Office - KPC	119,040	-	4,299	35,917	1,409	30%	33%
		II.3-Regional Hub Office - TKE	72,208	-	2,595	22,105	1,004	31%	39%
		V.4-Regional Hub Office - BTB	63,200	-	2,212	25,912	924	41%	42%
		TOTAL II-RECURRENT COST - COMPONENT 1	274,848	-	9,178	92,159	3,369	34%	37%
		TOTAL COMPONENT 1 - INVESTMENT & RECURRENT COST	17,814,664	-	10,278	1,805,530	4,055	10%	39%
I-INVESTMENT COST - COMPONENT 2	CATEGORY I - CONSULTANCIES of COMPONENT 2	Consultancies Remuneration (Net of Taxes) /DSA&Travell	62,750	-	19	8,613	2	14%	11%
		1. Line of Credit	3,300,000	-	3	1,015,719	1	31%	42%
		Line of Credit Carry Overed from AWPB2019	200,000	LS	1	200,000	1	100%	100%
		Line of Credit for 2020	3,000,000	LS	1	815,719	0	27%	27%
		Support Partner MFI/RDB on New Product Development	100,000	LS	1	-	-	0%	0%
	CATEGORY IV - GRANT of COMPONENT 2 - MEF PIU	2. VC Innovation Fund	535,000	-	2	-	1	0%	50%
		Value Chain Innovation Fund (included Beneficiary contribution & Private Business)	500,000	LS	1	-	1	0%	50%
		Fund Administration to Support the Operation of RDB	35,000	LS	1	-	1	0%	50%
		TOTAL I-INVESTMENT COST - COMPONENT 2	3,897,750	-	24	1,024,332	4	26%	18%
		TOTAL COMPONENT 2 - INVESTMENT & RECURRENT COST						26%	18%

			3,897,750	-	24	1,024,332	4		
I-INVESTMENT COST - COMPONENT 3	CATEGORY I - CONSULTANCIES of COMPONENT 3	I.1 - Implementation support		Unit				42%	100%
			20,000		1	8,382	1	42%	100%
		External Audit fee	20,000	Unit	1	8,382	1	42%	100%
		I.2 - M&E System		-	1	15,069	0	15%	25%
		Rolling Baseline Survey	100,458	LS	1	15,069	0	15%	25%
		I.3 - Knowledge management and communications		-	2	-	-	0%	0%
		Develops Knowledge Portal, Integrate Existing MIS, and Mobile Applications for AIMS Project.	40,000	Contract	1	-	-	0%	0%
		Video Clip on Promotion of AIMS 5 Commodities Outcome and Impact	25,000	LS	1	-	-	0%	0%
	CATEGORY II - TRAINING of COMPONENT 3	I.4 - TA, included Remuneration/DSA&Travell (Net of Taxes)	379,240	-	112	191,609	50	51%	44%
		II.1 - Capacity Development and Training	20,000	-	1	-	-	0%	0%
		IFAD Regional Workshop/Meeting	20,000	LS	1	-	-	0%	0%
		II.2 - Implementation support (workshops)	27,000	-	4	4,605	1	17%	25%
	CATEGORY VII - GOODS of COMPONENT 3	VII.1- M&E	205,500	-	42,101	200,450	42,101	98%	100%
		VII.2 - Knowledge management and communications	100,000	-	2	49,220	1	49%	50%
		Publishs Knowledge Products and Communication Material	50,000	LS	1	49,220	1	98%	100%
		Value Chain Actors Directory	50,000	LS	1	-	-	0%	0%
		VII.3 - KMC Carry Over Year 2019	36,800	-	2	32,020	2	87%	88%
		Produce Promotional/Demo/Training Videos	30,000	LS	1	25,340	1	84%	75%
		Communication Material Printng	6,800	LS	1	6,680	1	98%	100%
		TOTAL INVESTMENT COST - COMPONENT 3	953,998		42,226	501,354	42,156	53%	100%
	CATEGORORY V - OPERATING COST of COMPONENT 3	V.1 - Knowledge management and communications	8,000	-	40,000	7,700	40,000	96%	100%
		Farmer Brand Name/Logo Development (18 provinces)	8,000	Unit	40,000	7,700	40,000	96%	100%
		V.2 - Office operation cost	295,545	-	5,323	119,085	1,957	40%	37%
		TOTAL RECURRENT COST - COMPONENT 3	303,545	-	45,323	126,785	41,957	42%	93%
		TOTAL COMPONENT 3 - INVESTMENT & RECURRENT COST	1,257,543			628,139		50%	
		TOTAL ALL COMPONENT 1,2 & 3 - CATEGORY I - VII - AWPB2020	22,969,957			3,458,001		15%	

Note:	Total			Total		Achiv (%)	
Value Chain Innovation Fund (included Beneficiary contribution & Private Business)	500,000			-			
Fund Administration to Support the Operation of RDB	35,000			-			
Total	535,000			-			
Total Budget 2020	23,504,957			3,458,001	-		
				<u>14.7%</u>	-		

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: (remote) 14 September to 30 October 2020
Document Date: 27/11/2020
Project No. 2000001268
Report No. 5551-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 (referred to as the "Designated Accounts") opened by the Borrower and maintained by the Ministry of Commerce in the National Bank of Cambodia, through which the proceeds of the IFAD Financing shall be channelled: <ul style="list-style-type: none"> Designated Account 1: for implementation of the Component 1 and the overall project's coordination Designated Account 2: for implementation of the Component 2 	Condition precedent for first WA	Complied with FA MOC: 16 June 2017 MEF: 16 Jun 2017 Not Complied with Amendment to FA Designated Account 2 for implementation of Component 2 needs to be opened and maintained by MOC
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 with FA MEF: 16 June 2017 Complied with Amendment to FA MOC: 04 August 2020
Section B Para 7 and LTB Para 17 - Programme Accounts There shall be three Project Accounts denominated in USD (the "project Account") to implement the project activities: <ul style="list-style-type: none"> Project Account 1: will be maintained by the Ministry of Commerce to receive and hold the proceeds of the financing transferred from Designated Account 1. Project Account 2: will be maintained by the Rural Development Bank (RDB) to receive and hold the proceeds of the financing transferred from Designated Account 2 to implement the management of the credit line and the Value Chain Innovation Fund (VCIF). Project Account 3: will be maintained by the Ministry of Commerce to receive and hold the proceeds of the financing transferred from RCG Counterpart Account to implement the project activities. 	Condition precedent for first WA	Complied MOC-PA-IFAD: 10 Aug 2017 MOC-PA-RGC: 30 July 20
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 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 staffed in accordance with Section II, Schedule 1 to this Agreement; The Project key staff, including a Project Director and a Finance Officer at MOC, acceptable to the Fund 	Condition precedent for first WA	Complied PMO: 5 Apr 2017, Revised 27 Aug 2020

Description	Target/Action Due Date	Compliance status
<p>have been duly appointed.</p> <ul style="list-style-type: none"> 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. 		<p>PSC: 5 Dec 2017 PD: 5 Apr 2017 FO: 5 Apr 2017 DICO: 5 Apr 2017</p> <p>Accounting Software: Aug 2018, upgraded in early 2020</p> <p>PIM: 6 Mar 2018 Subsidiary Agreement: 25 May 2018</p>
<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 (DGD) 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. However, after amendment of FA: now all Components are being implemented by MOC
<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 Withdrawal in respect of expenditure for start-up costs in Categories I, II, and V incurred before the</p>		Complied

Description	Target/Action Due Date	Compliance status
satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500,000.		
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	Complied
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 for 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.	2018: 31 Oct 2017 2019: 31 Oct 2018 2020: 31 Oct 2019	Complied but substantially delayed. 2018: 12 April 2018 2019: 5 Aug 2019 2020: 2 Apr 2020 Revised 03 July 2020
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	Not Applicable for RGC
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 30 April 2020	Not Complied Complied 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 2020 31 July 2020	Complied Complied
The Borrower / Recipient shall submit to the Fund the reply to the management letter of the auditors within		

Description	Target/Action Due Date	Compliance status
one month of receipt thereof.		
Section 11.01 (c) - Taxation The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its financial.	Ongoing	Complied and ongoing
Letter to the Borrower		
Para 13 & 14 - Revolving Fund The Designated Accounts will be administered following Revolving Fund arrangements. Under the revolving Fund modality, the first advance withdrawal cannot exceed the period of six months' forecast amount of IFAD financed expenditures approved in the AWPB. Further advanced to the Designated Account will be made for the next reporting period based on the AWPB or expenditure forecast provided that at least 50% of the immediately preceding advance and 100% of all period advances have been fully justified.	Ongoing	Complied and ongoing
Para 19 - Counterpart Funding Counterpart funding will be allocated to AIMS through the Government budgeting system.	Ongoing	Complied
Para 20 - Beneficiary Contribution Beneficiary contribution, mainly in kind, shall be properly accounted for in the AIMS accounting system.	Ongoing	Not Complied
Para 33 - Appointment of first Independent Auditors The Borrower / Recipient must appoint independent auditors acceptable to IFAD within 120 days after entry into force of the Agreement.	120 days after effectiveness	Not Complied
Para 33 - Appointment of subsequent Independent Auditors The Borrower / Recipient will appoint independent auditors acceptable to IFAD, within 120 days after the beginning of each succeeding fiscal year.	30 April 2018 30 April 2019 30 April 2020	Not Complied Not Complied Not Complied
Para 34 - Audit Log Audit Log (of audit observations) shall be maintained and updated regularly.	Continuous	Complied
Amendment dated 13 Oct 2017 - Interim Financial Reports (IFR) Interim Financial Reports must be submitted to IFAD at quarterly intervals within 45 days after the period-end.	Ongoing	Complied

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS) Supervision Report

Appendix 4: Technical background analysis

Mission Dates: (remote) 14 September to 30 October 2020
Document Date: 27/11/2020
Project No. 2000001268
Report No. 5551-KH

Asia and the Pacific Division
Programme Management Department

Appendix 4.1: Analysis of Selected Value Chains and profitability

A. Value Chains

1. Rice

Nearly 40% of population are involved in agriculture where rice is the main commodity. Cambodia's annual export of rice has reached about 700,000 tons with policy support from RGC, which is eyeing 1 million tons of annual target. Because of national importance the project has organized 282 producer organizations (POs) with 11,403 HHs in 15 provinces (August 2020). Through MSPs and national level negotiation by AIMS, the project facilitated signing of 122 contracts worth USD12.16 million to supply about 27,000 tons of rice. Many contracts have been renewed by the buyers. However, the producers could so far supply only USD 5.8 million worth of rice due to various supply constraints.

Rice is a traditional Cambodian produce where millions depend on rice production. As the same time, RGC is expanding irrigation facilities and GDA is actively providing technical assistance. The overall growth will continue. As described by the industry leader, Amru Rice, the demand for organic, Jasmin and premium Cambodian rice is growing. Amru is producing/procuring organic rice under contract farming arrangement with ASPIRE/AIMS members.

The challenges are related to production such as shortage of irrigation water, pest control, level of farmers' knowledge, and low productivity. These are generic issues need to be addressed on case to case basis. As confirmed by industry leader, Amru Rice, drought, lack of adequate irrigation, low productivity is the main reason for loss of production. In many cases, this type of problem may be location specific that should be addressed in collaboration with GDA (PDAFF)/ASPIRE. Besides, technical assistance from company like Amru may also be received through contract farming arrangement.

The project will continue to remain involved in this value chain as it is the largest commodity sector that requires minimum level of intervention to produce good results for the beneficiaries, that is, assistance for marketing in bulk quantities.

2. Cassava

Cassava is a relatively new commodity in Cambodia with production capacity exploded from 16,000 ha in 2000 to 600,000 ha in 2016. Total national production was 14 million ton in 2017. Cassava earns about USD 700 million annually and contributes to 3-4% of GDP. More importantly about 90,000 HHs are involved in cassava farming in 13 provinces. The uniqueness of Cassava value chain is that all produces are for export through traders and companies to Thailand and Vietnam. So far (August 2020), 188 POs with 8,549 HHs in 11 provinces are producing cassava. Through 38 contracts with four companies, the POs could supply 35,490 tons (USD 3.33 million). But the actual supply has been for USD 1.3 million. The project reports that majority of farmers sold cassava to silos/traders directly without contract although price offered by companies under contract is better than traders. Discussion with two cassava traders reveals that sometimes traders pay some money in advance or pay cash that may be the reason for producers' preference to sell to local traders. Of course, occasional payment delays are also reported.

The project has organized 136 and 154 MSP and B2B meetings respectively that led to successful contracts as well as informal contacts for cassava exports through traders. However, the contract values have been much higher than actual supply. The project sees production related issues as challenges: i) lack of quality of seed; (disease free 'clean' seeding); ii) knowledge gap of farmers on production techniques; and iii) virus attack in the field. These are issues that ASPIRE/GDA has skill and technology to handle with. AIMS along with ASPIRE/GDA is in the process of selecting international service provider (CIAT) to support farmers including providing healthy/resilient seeds demonstration, village technical meeting, and producing healthy/resilient seed nurseries.

One of the long-term issues is lack of any domestic demand for cassava made products for industrial use or for human consumption. It has been reported that production cost of processed cassava products such as starch in Cambodia is higher than the main buying countries, Thailand and Vietnam that results local companies loss-making businesses.

Future market development. But an alternative approach could be to develop **niche markets** for food items such as cassava cake, cassava pudding, starch etc for **urban consumers** made from cassava flour by promoting its health benefits and gluten free characteristics. This can be implemented by working with food processing firms, bakers etc that would of course require local small-scale production of cassava flour.

3. Vegetables

The vegetable VC is a very promising value chain for expansion as the vegetable business is profitable with very good growth potential nationally. This is suitable for smallholders, but investment is relatively high for green house production. The project has estimated aggregate demand and supply that shows a much higher demand than supply that offers great potential for POs/AIMS.

Up to August 2020, the project has organized 194 POs in 15 provinces with 5,701 households as members. The producers follow market demand for selection of basket of vegetables. The project through its traders' survey has identified 72 traders who buy from POs, however, the survey conducted by PDOC has shown that there were 1219 traders who are buying from various suppliers. It has been found that producers do sell through some of their existing buyers who buy for local markets as well as for larger markets such as Phnom Penh. A number of supply constraints have been identified: a) shortage of water; b) financial services; c) production related services; and d) extension services in remote areas. The pumping wells are contributing to additional vegetable production. The project reports that traders need access to credit to ensure prompt payment to producers.

The apparent impacts of the project are a) improved access to market; b) assistance for irrigation; and c) assistance for market information. The project has prepared sample business analysis that shows significant increase in income because of business contracts. For example, an analysis of three POs in two provinces involving 44 HHs shows base income varies between USD 111-338. Because of supply contracts the income of the same groups has increased to USD 137-1,689.

Future direction. The project will continue with this value chain for its growth potential. The main strategy should be to work with the farmers so far organized to diversify the basket of vegetables, organize technical training, promote greenhouse production wherever feasible, and marketing assistance including hygienic transportation.

4. Chicken

This is another very promising value chain which is suitable for poorer families with small landholdings in all provinces. Up to August 2020, the project has organized 359 POs in 15 provinces with 11,660 households as members. The value chain has four products - chicks, eggs, day-old-chicks, and meat - from indigenous breeds. No pure local breed is available yet. The POs have signed 190 contract worth of USD 2.595 million. Through its traders' survey has identified 98 traders who buy from POs, however, the survey conducted by PDOC shown that there were 1219 traders who are buying from various suppliers. It is reported that demand far exceeds supply. Two important service providers in this value chain are a) input sellers (feed sellers) and b) vet service providers (vaccinators, vet for curative service, medicine stores) that provide holistic support to the value chain. The VC offers opportunity to expand fast. It has engaged GIC as technical service provider which will promote its model farms, provide technical assistance (technical/production training to 20,000 producers) and vaccination service to reduce mortality rate. This is a right move to remove this critical support service.

One downside of chicken value chain is the waste management at the cluster/village, which if not properly done can cause serious environmental problem in the neighborhoods. The project reports waste management system that the producers practice depending on the size of operations. There are simple waste management techniques that can convert chicken litters into compost that then can be used in the field for vegetable production.

Future expansion; The project plans to expand the value chain to all 18 provinces. GIC is expected to provide veterinary services, quality feed etc. so that farmers are motivated to expand production. The smallholders will need finance –VCIF and loan – to start and expand chicken business. Investment proposals for slaughterhouses, collection points etc. may also be considered subject to availability of funds.

5. Natural Silk

This value chain is at nascent state, only one PO has been formed. Natural silk VC has been selected to support this national heritage. Cambodia has the reputation of fine natural silk. This value chain is to participate in production of fine raw silk which apparently has no problem of demand as it is linked with tourism industry.

However, to develop successful clusters of producers the project needs to consider its present work as a pilot technology transfer initiative. The following steps may be considered: a) select 50-100 interested families who are willing to participate in silk production; b) provide training on plantation of mulberry plants, cocoon production and extracting silk from cocoon; c) provide mulberry plants; d) provide technical assistance from plantation to silk production by a recognized expert or an expert institution. The total cost should be paid for a period of 2-3 years (or at least up to first silk production) from SDF.

Lessons for future

The present four VCs has provided important lessons for future:

- Rice and cassava value chains require minimum level interventions, i.e. establishing market linkage, as these are mature products with steady demand and established marketing system. Large companies and traders, and millers in case of rice, are actively purchasing rice and cassava annually more or less predictable amounts. The project's main continued intervention is to connect with larger existing buyers. The rice production business is unlikely to attract new investors in production as mostly the present farming families will continue do so, that is, growth will be minimum unless the planned export of rice and large-scale expansion of irrigation in dry season materialize soon. More growth is expected in organic, jasmine, and premium rice production targeting export market.
- High-value vegetable production is expected grow due to demand from urban centers and increase in HH income. Since it requires smaller piece of land that provides opportunity to bring a large number of HH in this business. This is a women-friendly business who take care of day to day family works as well as

nearby vegetable plots. Since the items are perishable producers are normally close to towns. Increasingly buyers will be demanding for high quality, and hygienic conditions in transportation and retail marketing. New families are expected to join this business.

- The demand for chicken production is also on the rise and which is particularly, good for poor families with small pieces of land. These businesses are also managed by women and are expected to expand because of increasing demand. Access to start-up capital is important for expanding this value chain.
- The project interventions in market development, technical assistance, small processing, and storage can attract more local investments to create business and employment.

Future Direction

Broadly the following strategies are recommended:

- *Rice*: Continue with rice sector as a large number of Cambodian rural population are involved in this value chain, requires interventions only in marketing area, and entice big buyers to supply bulk quantities that ensures participation of a large number of beneficiaries. Encourage production of organic, jasmine, and premium rice through contract farming;
- *Cassava*: Continue with cassava value as it involves a large number of families but requires interventions in marketing only. However, efforts should be made to develop local demand for cassava flour for various food items by promoting small scale local processing.
- *Vegetable and Chicken*: Redouble emphasis on these two VCs as growing sectors. The mission endorses engagement of technical service providers for these value chains. for example, GIC for chicken value chain as well as stronger engagement with PDAF and ASPIRE project.
- Continue organizing new households under the existing value chains, especially rice, vegetables, and chicken value chains in the same or new clusters. The strategy should be to form POs from and around clusters of producers already doing business. This approach will allow efficient delivery of services in addition to reaching out to a large number of farmers. But there should be balance between HH expansion and providing BLT.
- Explore potential 2-3 more value chains in the present project districts/communes for creating new product basket that may be supported starting 2022.

B. Profitability and Project Efforts

Profitability of businesses. No formal impact study or profitability analysis with a large sample is available at this stage. If producers/farmers maintain 'farmers diaries' where sales and expenditures are to be recorded regularly that would be a very low-cost solution for gathering authentic data for profitability analysis. The mission received 20 cases (five from each of the four value chains) studies that show that typical rice, cassava, vegetable, and chicken production businesses are generally profitable. Rice is profitable but the rate of return is low compared to other three businesses. At the same time variation in profitability is low from place to place as price and cost of production is somewhat similar. But rice production provides the biggest absolute amount of income to the families. Similarly, cassava production is profitable, but the rate of return varies widely from place to place because yield varies wildly (for example, 12 to 25 tons per ha) depending on soil condition, access to irrigation and inputs (fertilizer). Cassava also brings significant annual income to the families.

In terms of profitability, vegetable cultivation (greenhouse production) tops the list followed by chicken. However, since land size for vegetable production is relatively small, in most of the cases several hundred square meters, and average number of birds per chicken farm is about 100, the total income to the families is relatively low from these two businesses. However, a combination of these two businesses with rice or cassava could provide good additional income. At the same time HHs can expand chicken and vegetable business as the demand is growing fast compared to other rice and cassava.

Floating markets: The project is sponsoring and facilitating 'floating markets' (temporary markets) that in some locations meet once in a week on a designated day of the week and in other locations 2-4 times per year. Farmers bring their products directly to these markets that has generated additional sales. This type of temporary 'farmers' markets' may be continued and increased in number subject to local feasibility. Similarly, e-commerce platforms may also be used as much as possible.

Common challenges. The most common challenge as reported by the project is price fluctuation of commodities, which is a common problem for agricultural commodities. There is no ready solution for this issue as four VCs/products are very common commodities without product distinctiveness. In such situations the following steps can slowly make producers better off: a) Make production more efficient through mechanization and adaptation of improved technologies; b) select high-value items such high-value vegetables, special rice etc; and c) each farming family produce multiple items (i.e. diversification of sources of income). The second set of challenges are related to production: low level farmers' knowledge about

production system; pest control etc. These can be and should be addressed by the project. For example, shortage of irrigation water is being addressed by using SDF funds. Production issues, pest control, virus control etc can be addressed by ASPIRE and other service providers. The project has already recruited GIC as technical service providers for chicken value chain.

Impacts: As reported by AIMS, the apparent impacts of the project are: a) increase in income and sales of HHs; b) improved access to market through traders and companies; and c) enhanced management and technical/market knowledge due to interaction with buyers and service providers. Annual outcome survey may provide more insights about overall impacts on the beneficiaries.

Sector Development Activities. The SDF is to develop 'public good' that benefits the community as a whole. So far 133 pumping wells out of 333 planned for water supply for vegetables and backyard chicken production have been completed. Other items could be slaughtering house, hygienic wet markets, common collection points, minor access roads, and minor field irrigation suitable for specific locations. But the future production of such facilities may be hampered at least in 2021 due to resource constraint.

Appendix 4. 2 – Guidelines for Finalising MOU between ARDB and AMK

1. This should be a tri-partite agreement between AIMS, ARDB and AMK. The processes of loan proposal to sanction and disbursement and monitoring should be developed together by AIMS team, ARDB and AMK and should be included preferably as annexure to the MOU. The MOU should have all terms and conditions spelt out very clearly. MOU should have details of following aspects:
 - a) Brief details of AIMS – its goal and objectives, area of operations, key interventions by the project. (Definitions used in MOU to be given in the annexure. For example, small holder farmer, VC actor, PO, Cooperative, etc.)
 - b) Purpose of the credit line and role of ARDB under the project.
 - c) Target group, select commodities that will be supported under the credit line, broad loan requirements for production (per 100 chicken, half acre of vegetable cultivation, per greenhouse etc..)
 - d) Purpose of the partnership between AIMS, ARDB and AMK – a) to provide loans to small holder farmers (maximum loan size). And also, value chain actors (maximum loan size). Overall ratio of loan disbursement to small holder farmers to other VC actors can be 70:30. b) Loan product customization to suit the cash flows of the commodity production and sale of small holder farmers. c) Developing collateral substitutes for providing loans to small farmers. d) Value Chain Financing where feasible.
 - e) Broad Roles and responsibilities of AIMS and AMK in convening and participating in MSP, soliciting loan proposals from members of producer organisations, processing and loan sanction and disbursement, monitoring of activity and loan repayment. Credit decision is that of AMK and primary responsibility of loan collection is that of AMK.
 - f) Orientation of staff of AIMS on loan processes and orientation of AMK staff on AIMS project to be carried out.
 - g) Features of Loan products of AMK for financing the priority commodities both small holder farmers and Value chain actors. Interest rate to be fixed as per policy of AMK. Loan risk is completely that of AMK.
 - h) Phasing and likely amount of credit – In initial six months credit line will be disbursed only in select provinces and only to small farmers. After 6 months credit line will be open for other VC actors. Year wise – likely loan disbursement.
 - i) Coordination meetings - Monthly review will be done for initial 3 to 6 months between AMK, ARDB and AIMS to fine tune processes and formats for reporting. There after at least quarterly meetings.
 - j) Loan disbursement and reimbursement process between AMK and ARDB. AMK will disburse loans first as per agreed processes to AIMS small farmers and AIMS partner VC actors and claim reimbursement from ARDB. The claim will be verified and financed by ARDB. Role of AIMS management in verifying the loan disbursed to be detailed. Incremental loans will be reimbursed i.e. loan disbursed minus repayments received by AMK. Terms and conditions governing the loan such as proper books of accounts, MIS, audit by external agency, interest rate, processing fee, other fees, etc., to be given in detail.
 - k) AMK to follow client protection principles regarding adequate debt and avoiding over-indebtedness, staff behavior, grievance redressal etc.,
 - l) MIS reporting by AMK to ARDB and AIMS (specify the periodicity); after project closure also till the loan is repaid by AMK fully, the MIS reports will be submitted to ARDB, MEF and MOC.
 - m) Failure or delay in delivering the services; (as per prevalent practices in Cambodia)
2. Dispute resolution and arbitrage; (as per prevalent practices in Cambodia)
3. The credit line will flow for ASPIRE farmers as well. AIMS will be nodal agency to coordinate this credit flow.
4. Draft MOU will be sent to IFAD for clearance before signature.

Appendix 4.3 – Guidelines for Developing the Gender Mainstreaming Strategy Of AIMS

1. Introduction (half page)
 - a. Context
The context section should include a very short summary description of AIMS, its size, implementing partners, objectives, and components. Include a description of the main achievements of the project in terms of reaching its objectives as well as the main challenges in achieving the objectives. Refer to IFAD Policy on Gender and Women's Empowerment.
 - b. Rationale
The rationale should be an explanation of why AIMS needs to address gender, and why having a Gender strategy will help achieve project objectives. Include IFAD requirements, government requirements, and also needs for gender balancing in roles and relations etc.
2. Lessons Learned (1/2 to one page)
This section can contain any experiences in the other IFAD or similar market led projects related to gender and women's empowerment. The strategy that follows should be one that can clearly be seen to have taken in to account those lessons and responded to them.
3. Goal (30 words or less!)
This should be a statement of the ideal situation that you want to achieve. It should align directly with the achievement of AIMS project goal.
4. Activities and Outputs (5- 8 pages)
 Gender Mainstreaming at the organizational level (3 pages)
This section should detail what are the requirements to establish gender responsive systems within the within AIMS organization that will have an impact at the field level. It will look at –

- *Development of a gender check list for all components and subcomponents,*
- *Targeting performance,*
- *Analysing and addressing gender concerns of farmers and businesses/traders,*
- *Human Resource service rules,*
- *Project staff gender sensitization etc*

It will also look at accountability of staff. Some examples are:

- understanding the different roles, responsibilities, and experiences of women and men in relation to the issue being addressed
- seeking out opportunities to actively involve women as well as men in consultation and decision-making processes
- acting on women's as well as men's priority concerns
- seeking out ways to promote benefit for women as well as men
- being personally informed about gender issues and gender mainstreaming, and seeking out ways of promoting this understanding and commitment amongst colleagues and partner organisations
- Being aware of personal attitudes and behaviour and the ways in which these affect communications with women and men and understanding of development and change.

5. Gender Mainstreaming within project activities (5 pages)
This section will detail out all the requirements to establish a more gender responsive project delivery mechanism. Each sub-component will be elaborated here and will have a check list to help field level implementers to ensure that their implementation is gender responsive. It should look at capacity building/trainings for community people, the quality of the reports that need to be generated, the knowledge products developed etc. Some guiding points are:
 - ensuring gender balance in project trainings - BFL, Technical services/ extension etc.,
 - gender balance among participants in beneficiary meetings – MSPs, B2B meetings, B2S meetings, etc.,
 - staff raise relevant gender issues in project monitoring meetings and Review meetings
 - project reports reflect gender issues, and all information disaggregated by sex
 - final project reports systematically identify gender gaps and gender-related project successes

Policy advice and dialogue

- all information used in policy dialogue (workshops, conferences, knowledge products etc) been disaggregated by age, sex and ethnic origin?
- a strong collaborative relationship with the Government regarding gender equality considerations been established, including with, but not limited to, the province machinery for the advancement of women?

Staff of project and also service providers

- the terms of reference for all posts include require gender sensitivity and/or gender expertise
- all staffing advertisements indicate that the project is an equal opportunity employer
- recruitment, promotion and Management Review Group meetings, and the training committee, include the appropriate gender concerns in their discussions, especially with regard to the career development and promotion of female staff members

Internal staff meetings & Service provider meetings and reports

- staff consistently raise the relevant gender issues at meetings in a concise, effective and relevant manner
- staff especially senior management, seek to ensure gender balance in all committees, sub-committees and decision-making fora

Training and briefing sessions of staff

- the needs of staff members for training or information on gender mainstreaming been identified. These needs have been analyzed so as to identify the most effective means of meeting them (training, briefing, weekly consultation, one-on-one discussion, etc.) Training or capacity building been provided to meet these needs
- gender equality information is systematically prepared and presented at meetings, in order to ensure productive discussion of gender issues and learning by participants
- Appropriate monitoring mechanisms to measure the impact of training on improved performance been established

M&E framework

- Baseline data to capture participation of women and men in commodities, their work loads, decision making on production to marketing, and also household decision making.
- Capturing similar data in AOS, midterm and end line surveys
- Analysing MIS data to analyse how women and men grow the commodities, access to extension, marketing, sales value volume and corrective measures.

Budget allocations

- the AWPB budget exercise take into account the relevant gender equality considerations.

Procurement

- Are gender equality issues taken into account in local procurement of services from Service providers? Examples include: Service providers should practice gender equality, that with regard to the employment of women and children, that have maternity leave policies in place or provide crèches for their employees?

Appendix 4.4 - Partnership-Building

Partner Name (may also include networks, multi-stakeholder partnerships etc.)	Details of partnership <i>Indicate whether NGO, INGO, UN agency, Government agency etc. Is the partnership based on written agreement? Provide any additional details about the partnership</i>
Financing partnerships	
	<p>1-Background of Partnership building.</p> <p>1.1- Value Chain Strategic Partners.</p> <p>As of the 2018 Supervision Mission, a Strategic Framework was established to identify Strategic Partners for the five commodities (vegetables, chicken, rice, cassava and silk) using the SDF facilities. The identification of the Strategic Partners laid on two main eligibility criteria: Value Chain expertise (production and processing) and cross-cutting skills/competences that may be transferable between commodities (Market-driven mobilisation, brokering and market linkages and business skill development).</p> <p>Heifer International¹ and GIC² emerged as potential Strategic Partners for backyard chicken), CIAT and UNDP for cassava.</p> <p>Despite having strong objection on the use of SDF, the Ministry of Economy and Finance (MEF) found it relevant that AIMS identify Strategic Partner on chicken and cassava. However, the process had gone through changes, moving from Strategic Partnership, to service providers and finally as consulting firms. CIAT and UNDP have been dropped.</p> <p>The contract between GIC and PMO was signed on August 11th, 2020. GIC will support 20,000 existing AIMS households in 10 provinces.</p> <p>For cassava, AIMS is partnering with the General Department of Agriculture (GDA), the technical implementing arm of the Ministry of Agriculture, Forestry and Fisheries (MAFF).</p> <p>1.2- Programmatic Approach with ASPIRE.</p> <p>The process started in 2018 with the signing of a Memorandum of Understanding between ASPIRE and AIMS on August 28th, 2018.</p> <p>2019 marked the period of mutual learning between ASPIRE and AIMS at management national and implementers at sub-national levels: participation in respective Value chain events, coordination meetings with respective management and Technical Assistance. It was understood that AIMS will benefit from the experience of ASPIRE on technical knowledge, extension packages and network with outstanding farmers. In exchange, ASPIRE would have access to market linkages, financing facilities and to some extent infrastructure (public goods) from AIMS.</p> <p>The first joint implementation occurred in Kampong Cham in February 2020 with the conduct of a joint MSP with participation of respective farmers, VC actors and concerned public institutions and local authorities. Drawing experience from Kampong Cham, the process of Programmatic Approach has been developed and used in Battambang and Takeo. Unfortunately, from March until June, the onset of Covid-19 hampered the momentum built to pursue the Programmatic Approach.</p> <p>While ASPIRE Secretariat and AIMS PMO have not yet taken stock on experience in the three provinces, the Programmatic Approach won acceptance of concerned public institutions (Provincial Department of Agriculture, Forestry and Fisheries (PDAFF) and Provincial Department of Commerce (PDoC) in other provinces. It has spread to other provinces. From July onwards, ASPIRE Secretariat and AIMS PMO, either individually or jointly, solved issues caused by misinterpretation and/or misunderstanding of the provincial teams.</p>
KM and Policy partners	
	AIMS does not have KM and Policy partners.
Private Sector	
	At the sub-national level, the project staff and implementing partners mobilize the

¹ Heifer International Cambodia is an International NGO that has a solid network of Self-Help Groups and Agricultural Cooperatives in twenty-eight communes, specialised in chicken production and expressed the interest to move from production to market-based approach.

² GIC is a private company registered at MoC in 2018. Its management and staff had demonstrated a proven experience as poultry service provider under CADTIS, private consulting firm, in the Tonle Sap Poverty Reduction and Smallholder Development Project, an RGC, ADB, IFAD and government of Finland supported project.

	<p>input suppliers, buyers, traders and service providers through different value chain events organized by the project. Any active player is registered in the project MIS. Since 2020, MoC/PMO took the initiative to contact Phnom Penh-based buyers such as KCCV, Yamato Green, Remic, Makro... and connect them with AIMS potential POs. A Memorandum of Understanding has been signed with KCCV, a local private company, to promote the development of safe agri-food products. KCCV buys vegetables and backyard chicken from AIMS Producer Organizations (PO) in 10 provinces.</p> <p>Recently, a Memorandum of Understanding, was signed with Makro, a Phnom Penh-based Thai-wholesaler. The company will buy mainly buy vegetables from AIMS POs.</p> <p>2.3- Other partners. AIMS intends to have cooperation with CHAIN, a Swiss supported project, implemented by SNV in Kampong Thom, Stung Treng and Preah Vihear. The project will extend its cooperation with Harvest II, an UsAid-supported project. AIMS is exploring partnership with the:</p> <ul style="list-style-type: none"> - SDF funds under the Ministry of Economy and Finance (MEF) and executed by a private company Khmer Enterprise with focus on promotion of entrepreneurship. - SAAMBAT component 1 (Value Chain Infrastructure) under the Ministry of Rural Development (MRD) and Component 2 Skills, Technology and Enterprise, especially component 2.2, Digital Technology and Enterprise for Rural Value Chain.
Coordination/Implementing Partners	
	<p>The project is dealing with two categories of Implementing farmers.</p> <p>1- Social Mobilisers. The project is contracting with three local NGOs: FNN³, AFD/Muslim Aid⁴ and CIRDS⁵ respectively in regional Hubs 1 (Takeo), 2 (Kampong Cham) and 3 (Battambang).</p> <p>2-Chamber of Commerce and Farmer Organizations. Chamber of Commerce and Farmer Organisations (FNN and CEFAP) sign a contract with AIMS PMO. Their respective assigned staff were Hub-based. In addition to common responsibilities as Hub Facilitators, the Farmer Organization staff will have specific tasks to encourage participation of Farmer Associations and POs formed by Farmer Organizations in Cambodia. Concerning Chamber of Commerce (CoC), additional tasks consist in liaising with the Chamber of Commerce and encourage participation of private sector in the project. From 2018 Supervision Mission onwards, the project moved from Hub to provincial-based management. Such a move necessitated in 2019, the conversion of all provincial-based Technical Assistance positions (Value Chain, Hub Facilitators, M&E and Private Investment Advisors) into Value Chain Investment specialists and assign the new VCIs per target province.</p>

³ Farmer and Nature Net.

⁴ Action for Development in joint venture with Muslim Aid Cambodia

⁵ Cambodian Institute for Research and Rural Development.

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS)

Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: (remote) 14 September to 30 October 2020
Document Date: 27/11/2020
Project No. 2000001268
Report No. 5551-KH

Asia and the Pacific Division
Programme Management Department

Appendix 5: Mission preparation and planning, TORs, schedules, people met.

A. TERMS OF REFERENCE - COUNTRY PROGRAMME MISSION – 2020

COUNTRY OF ASSIGNMENT / LOCATION: CAMBODIA

MISSION NAME: Joint Supervision Mission (Joint Remote Supervision of ASPIRE, AIMS, SAAMBAT, SRET from 20 September to 31 October 2020)

REPORT TO: Kaushik Barua, Country Director

MISSION COMPOSITION:

IFAD Staff:

- Mr. Kaushik Barua, APR, Mission Leader
- Mr. Meng Sakphouseth, APR, Deputy Mission Leader

Consultants:

- Ms. Maliha Hamid Hussein, Team Leader for SAAMBAT
- Mr. Julian Abrams, Mission Member
- Mr. Manu Jouve, Team Leader for ASPIRE
- Mr. Arsalan Vardag, Financial Specialist, Mission Member
- Mr. Phan Duy Toan, Procurement Specialist, Mission Member
- Mr. Shyam Khadka, Team Leader for AIMS
- Mr. Karan Sehgal, Team Leader for SRET
- Mr. Alamgir Dewan, Mission Member
- Ms. Girija Srinivasan, Mission Member
- Mr. Tichafara Curtis Mparutsa (Fara), Rural Development Specialist, Mission Member.

Partners:

- EIB: Mr. Kevin Cheung (only for SAAMBAT Component 1)
- EU delegation: to be confirmed

BACKGROUND

1. Cambodia became a member of IFAD in 1992 and has implemented projects and programmes for agriculture and rural development with IFAD financing since 1996. The current Country Strategic Opportunities Programme (COSOP) covers the period 2013-21 and is designed to produce the following strategic outcomes: (1) Poor smallholders enabled to take advantage of market opportunities; (2) Poor rural households and communities increase resilience to climate and other shocks; and (3) Poor rural households improve access to strengthened rural service delivery by Government, civil society and private sector agencies.

2. Current IFAD financed interventions include ASPIRE¹ (extension services and climate resilient agriculture) led by Ministry of Agriculture, Forests and Fisheries (MAFF); AIMS² implemented by Ministry of Commerce (MoC); TSSD AF³ financed in partnership with Asian Development Bank (ADB) and implemented by MAFF and National Committee for Sub-National Democratic Development Secretariat (NCDD-S), S-RET⁴ which is implemented by MAFF and is operationally integrated with ASPIRE and SAAMBAT⁵ which is implemented by MRD.

3. The Royal Government of Cambodia and the International Fund for Agriculture Development recognize that the development of the rural economy depends on multiple and interdependent conditions that cannot be achieved through the efforts of any single project. There are considerable opportunities for leveraging and building synergies among IFAD financed projects as well as those of other bilateral and multilateral financing and donor agencies which are not fully capitalized upon when projects work in an isolated manner in silos. There are many interventions that often require long-gestation periods beyond the life of a single project, especially those related to local institutional growth, developing a more market-oriented approach and building partnerships with the private sector by pilot testing and incubating new innovations. As a result of these factors, stating from IFAD 10, the RGC and IFAD have initiated an integrated approach of two programmes: ASPIRE (Agriculture Extension Programme) and AIMS (Agriculture Market Linkage Programme) to enhance the impact of their investments on

¹ Agriculture Services Programme for Innovation, Resilience and Extension

² Accelerated Inclusive Markets for Smallholders

³ Tonle Sap Poverty Reduction and Smallholder Development Additional Financing

⁴ Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia

⁵ Sustainable Assets for Agriculture Markets, Business and Trade

agriculture value chains for smallholders keeping with the principles that outlines in the Government's Development Cooperation and Partnership Strategy. An integrated approach has led to greater economy and efficiency by pooling resources and achieving economies of scale.

4. The adoption of the programmatic approach also responds to IFAD's Country Strategy Programme Evaluation (CSPE) recommendations for Cambodia. IFAD's experiences in many countries supports the scaling up of this approach and many countries are now using a programmatic approach in achieving their development objectives. Following the progress of IFAD 10, the Cambodia country program delivery team developed a programmatic approach in IFAD 11 through the development of SAAMBAT to create further synergies and alignments across all projects in the country and with the interventions of partner international financial institutions. The approach entailed designing synergies at three levels: a. At the field level, multi stakeholder platforms (MSPs) are being organized with a range of value chain stakeholders; these MSPs determine the interventions needed to support value chains; b. At the project level, AWPB planning across projects (starting with AIMS focusing on market linkages and ASPIRE focusing on production and value chains); c. At the national level, establishing a country program steering committee with participation by all projects, partner ministries and partner development agencies (chaired by the Ministry of Economy and Finance/ MEF, the Borrower and national supervising entity for all IFI-financed projects). These alignments should enable more effective planning, more holistic support to rural communities (aligning production, marketing and infrastructure support), greater alignment with other projects (e.g. the menu of infrastructure demands from MSPs will also be provided to the KfW financed rural infrastructure project), and greater space for policy engagement (through deeper partnerships with MEF and other agencies).

5. As a result of the programmatic approach and the deeper partnerships built in-country, the space for IFAD to contribute to policy development in the country has expanded. IFAD was appointed co-chair of the Agriculture Working Group; the IFAD country program steering committee will be chaired by MEF that determines all key economic policies; the IFAD project coordinated Agriculture Sector Master Plan will map out investments in the sector till 2030. Considering the potential for expansion through the programmatic approach, the Borrower/ MEF also took the initiative to direct IFAD's new co-financing partner, the European Investment Bank to the IFAD11 design.

6. The new approach will be consolidated over IFAD11 and 12. By the end of IFAD12, IFAD and partners envisage some common program support units across the projects, a streamlined design process whereby IFAD replenishments will be used to top up the program. The country program should be in a position to absorb an even larger PBAS allocation including on blend terms, to attract large climate funds, build deeper partnerships with the private sector. While secondary financial markets and capacity for the rigorous valuation and due diligence needed for equity investments is still low, if these capacities are developed in the country, IFAD will also be well placed to pilot the private sector window in IFAD12. Through IFAD's greater engagement in the policy framework, IFAD will also be able to influence the climate change, gender and youth related policies in the country.

7. The development of the rural economy depends on multiple and interdependent conditions that cannot be achieved through the efforts of any one project. Therefore, the IFAD-financed projects will work in synergy through a programmatic approach. IFAD is also working with other development partners including AFD, KfW, World Bank and ADB to explore how this programmatic approach can be further extended. At national level, this programmatic approach will be overseen by a Country Programme Steering Committee and will be supported by technical assistance for policy development and for programme monitoring and evaluation (M&E). At local level, the key planning and coordinating mechanism will be based on the Multi-Stakeholder Platform methodology piloted by AIMS.

MISSION OBJECTIVES

8. The overall objective of the Supervision Mission is to help the project increase the development impact of operations through improved results, better implementation and risk management, and increased institutional development—all while ensuring compliance with the financing agreement.

Joint supervision Mission:

- (a) Review the project's implementation progress against design targets and the AWPB, using the key indicators as defined in the logframe;
- (b) Scrutinize and amend as required the proposed AWPB&PP for the forthcoming year;
- (c) Update the project's logframe, modifying it as necessary, including retrofitting of emerging best practices; reflect any such modifications in outputs and/or activities in the main body of the supervision report;
- (d) Undertake field visits to the project area to spot check and verify targeting, outreach and physical progress;

-
- (e) Discuss with project beneficiaries their perception of the project, the level of their participation and resource allocation processes; actively seeking their opinion on improving project performance;
 - (f) Assess the appropriateness of the project's targeting strategy and its effective execution on the ground, agreeing necessary adjustments to increase outreach and contain benefit leakage (or elite capture), and review project performance in terms of gender-equity;
 - (g) Review the adequacy of the monitoring system and its reporting with the Project Manager or Coordinator and the M&E Officer and agree upon any required remedial measures. Assess whether targeting performance is being monitored and sex-disaggregated data collected;
 - (h) Assess to what extent gender-balanced participatory monitoring is part of the M&E system;
 - (i) Review compliance with financing covenants. Where there is non-compliance or delay in compliance, discuss the issues with the Borrower/Recipient (explaining the possible consequences of non-compliance), and propose remedial actions;
 - (j) Help identify and discuss actual and potential/emerging problems and constraints and agree on solutions, changes or improvements and the responsibility for their implementation;
 - (k) Explore matters related to the project that may delay or adversely affect project implementation and that would impact on the achievement of the development objectives;
 - (l) Discuss the project completion and closing dates and, if necessary, the extension of these dates. Request the Borrower to submit a timely request for such an extension;
 - (m) Consider the needs for TA and assist in drawing up TOR for TA inputs.
 - (n) Assess KM systems
 - (o) Harvest lessons learned and document success stories from the field
 - (p) Any other priorities or activities identified by the CD or CPO.

KEY MISSION TASKS

9. The mission members will follow the IFAD guidelines for the project supervision. The specific requirements of the mission leader, team leader and the mission members are described below. These will, however, be subject to adjustment by the Team Leader in consultation with the Mission Leader and Deputy Mission Leader (CD and CPO) as necessary. The Team Leader/ CD/ CPO will also consult with the Project Technical Lead (PTL) for the respective projects on any key requirements for specific missions. Any other inputs and advice from the Project Delivery Team (PDT, comprising APR, PMI, ECG, FMD and LEG) will also be incorporated. Since the requirements of the mission are likely to evolve, once the work has commenced, they should be considered as flexible and open to modification within the context of the overall objectives of the mission, subject to the agreement of the Team Leader and Mission Leader. While specific responsibilities have been assigned to individual mission team members, the work should be considered a collaborative activity.

At least two weeks before the commencement of the missions, the IFAD HQ-based program associate in collaboration with the team leaders will circulate relevant documentation to the team members. In addition. The team leader in consultation with the Mission Leader Dy. Mission Leader and the Project Delivery Team will determine specific tasks, in addition to the outputs in the tables below, for team members.

10. The team will:
- (a) Study all relevant background documents,
 - (b) Receive briefing from the ICO and Project/Programme Lead Agency;

Mission Leader (ML) / Country Director

Reports to Nigel Brett, APR Director

The ML, in collaboration with the CPO, will ensure oversight for the mission. Specifically, he will:

- (a) Represent IFAD and ensure alignment with IFAD strategic priorities;
- (b) Ensure synergies of recommendations across the country program and with priorities of the Government and other development partners;
- (c) Ensure clearance by IFAD internal quality reviews;

- (d) In collaboration with the CPO, ensure the acceptance and commitment of Government, the project team and other partners with regard to the supervision mission report and recommendations.

Deputy Mission Leader (DML) / Country Programme Officer (CPO)

Reports to Kaushik Barua, Country Director

The DML will represent IFAD and oversight the mission. Specifically, he will:

- Brief the mission team on key strategic and policy issues linked to the project implementation;
- Represent IFAD and liaise with government, project stakeholders and partners;
- Direct the mission based on in-country experience, knowledge about development policies and strategies and lesson learnt from the experience of other donor agencies.
- Provide oversight of the outputs of the mission;
- Clear the mission AM before sharing with government;
- Represent IFAD in all consultations, pre-wrap up and wrap-up meeting with key government representative and stakeholders;
- Participate in the IFAD internal quality review process.

The Team Leader (TL)

Reports to: ML / DML

The Team Leader (TL) will be responsible for leading the Team and ensuring that the terms of reference are fully met in a professional, efficient, effective, and timely manner. To this end, the TL will coordinate, manage and review the work of the team. The TL will also have responsibility for supervising the outputs of each mission member and for ensuring the overall consistency and quality of all of the mission's written contributions. The TL will be directly responsible for preparing the main Supervision report in collaboration with other team members.

Technical Specialists / Team Members

Reports to: TL

The Technical Specialists will review the outputs and outcomes by component. They will assess the performance of each component in terms of outputs achieved and rate each component based on evidence of outcomes and outputs achieved during the review period, taken from progress reports, RIMS reporting, etc. The implementation progress of each component should be rated separately.

II. INDIVIDUAL OUTPUTS for joint supervision mission for ASPIRE, SAAMBAT, SRET and AIMS: 20 Sep-31 Oct 2020

SECTION OF THE SM REPORT	ASPIRE	AIMS	SRET	SAAMBAT
C. Mission Objectives and Key Conclusions	Manu	Shyam	Karan	
D. Overview and Project Progress	Overall: Manu Com 1: Julian Com 2: Manu Com 3: Manu Com 4: Julian	Overall: Shyam Com 1: Alamgir Com 2: Girija	Karan	Overall: Maliha Com 1: Julian Com 2: Maliha
Effectiveness	Manu	Shyam	Karan	Maliha
Targeting and Outreach	Fara	Girija	Karan	Maliha
Gender equality & women's participation	Fara	Girija	Karan	Maliha
Agricultural Productivity	Manu	Alamgir	Karan	Maliha
Nutrition	Fara	Alamgir	Karan	Maliha
Adaptation to Climate Change	Manu	Alamgir	Karan	Julian
Institutions and Policy Engagement	Julian	Alamgir	Karan	Maliha
Partnership-building	Manu	Girija	Karan	Maliha
Human and Social Capital and empowerment	Fara	Girija	Karan	Maliha
Quality of beneficiary participation	Fara	Alamgir	Karan	Maliha
Responsiveness of service providers	Manu	Alamgir	Karan	Maliha
Environment and natural resource management	Manu	Shyam	Karan	Maliha
Exit Strategy	Manu	Girija	Karan	Maliha
Potential for Scaling-Up	Manu	Shyam	Karan	Maliha
Quality of Project Management	Julian	Alamgir	Karan	Maliha
Knowledge Management	Fara	Alamgir	Karan	Maliha
Value for Money	Julian	Shyam	Karan	Maliha

SECTION OF THE SM REPORT	ASPIRE	AIMS	SRET	SAAMBAT
Coherence btw. AWPB and implementation	Manu	Girija	Karan	Maliha
Performance of M&E System	Julian	Girija	Karan	Julian
Requirements of SECAP	Julian	Shyam	Karan	Julian
Acceptable Disbursement Rate	Arsalan	Arsalan	Arsalan	Arsalan
Quality of financial management	Arsalan	Arsalan	Arsalan	Arsalan
Quality and timeliness of audit	Arsalan	Arsalan	Arsalan	Arsalan
Counterpart funds	Arsalan	Arsalan	Arsalan	Arsalan
Compliance with loan covenants	Manu	Shyam	Karan	Maliha
Procurement	Toan	Toan	Toan	Toan
Relevance	Manu	Shyam	Karan	Maliha
Reallocation among categories	Arsalan	Arsalan	Arsalan	Arsalan
Extension of Project Completion Date	Manu	Shyam	Karan	Julian
Logical framework	Julian	Girija	Karan	Julian
Additional financing	Manu	Shyam	Karan	Julian
Project area	Manu	Shyam	Karan	Julian
Cancellation	Manu	Shyam	Karan	Julian
Environmental and social category (SECAP)	Julian	Shyam	Karan	Julian
Climate Risk Classification (SECAP)	Julian	Shyam	Karan	Julian
H. Lessons Learned	Manu	Alamgir	Karan	Julian
I. Logical Framework	Manu	Girija	Karan	Julian
Aide-Memoire	Manu	Shyam	Karan	Maliha
Management Letter	Manu	Shyam	Karan	Maliha
Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category	Arsalan	Arsalan	Arsalan	Arsalan
Appendix 2: Physical progress measured against AWP&B	Julian	Girija	Karan	Maliha
Appendix 3: Compliance with legal covenants: status of implementation	Manu	Shyam	Karan	Maliha
Appendix 5: Mission preparation and planning, TORs, schedules, people met.	Manu	Shyam	Karan	Maliha

COSOP/Country Programme Report and UNDAF Outcome 3: **Shyam and Maliha**

B. AIMS Mission schedule

Date and time		Activity	Participating IFAD mission member
Monday, 28 Sept 2020			
AM	10:00 - 1130	Project overview and progress on components and key activities; challenges being faced which need to be addressed by the mission	Whole team
AM	11:45-12:25	Project overview and progress on components and key activities; challenges being faced which need to be addressed by the mission	
PM	1:15-4:30	Action taken on SM, ISM recommendations	
Tuesday, 29 Sept 2020			
AM	10:00 - 1130	AWPB of 19-20 and 20-21 presentation	whole team
AM	11-45:1:15	AWPB of 19-20 and 20-21 presentation	whole team
PM	2:30-5:00	Presentations on project management, finance and procurement - progress, key issues. Log frame presentation	whole team
Wednesday 30 Sept 2020			
AM+PM	10:00-5:00	Presentation on individual value chains - should include targeting, gender and social inclusion aspects and issues -	Shyam, Alamgir and Girija

		achievement so far, issues being faced and plans for the year.	
parallel session	10:00-5:00	Procurement	Toan, IFAD procurement specialist
	10:00-5:00	Finance	Arsalan, IFAD Finance specialist
Thursday, 1 October 2020			
AM	10:00 - 1130	Discussions on VCIF - progress achieved window wise, process changes made since last ISM, Challenges being faced and plans for next year	Shyam, Alamgi and Girija
AM	11-45:1:15	Discussions on credit line with RDB, progress made, issues being faced and plans for the year	Shyam, Alamgi and Girija
PM	2:30-3:45	Discussions with VC team of region 1	Shyam, Alamgi and Girija
PM	3:45 to 5:00	Discussions with Social mobilisation team region 1	Shyam, Alamgi and Girija
parallel session	10:00-5:00	Procurement	IFAD procurement specialist
	10:00-5:00	Finance	IFAD Finance specialist
Friday, 2 October 2020			
AM	10:00 - 1130	Discussions with VC team of region 2	Shyam, Alamgi and Girija
AM	11-45:1:15	Discussions with Social mobilisation team region 2	Shyam, Alamgi and Girija
PM	2:30-3:45	Presentation on and discussions with field visit team	Shyam, Alamgi and Girija
PM	3:45 to 5:00	Discussions with Social mobilisation team region 3	Shyam, Alamgir and Girija
parallel session	10:00-5:00	Procurement	IFAD procurement specialist
	10:00-5:00	Finance	IFAD Finance specialist
Sat/Sun 3-4 October 2020		Mission reviews documents submitted and prepare queries	
Monday, 5 October 2020			
AM	10:00 - 1130	Discussions with 3 Regional Service providers, social mobilisers and officers	Shyam, Alamgir and Girija
AM	11-45:1:15	Discussions with technical service provider/ input suppliers (poultry VC)	Shyam, Alamgir and Girija
PM	2:30-3:45	Discussions with ARDB	Shyam, Alamgir and Girija
PM	3:45 to 5:00	Discussions with technical service providers/input suppliers (vegetable VC)	Shyam, Alamgir and Girija
parallel session	10:00-5:00	Procurement	
	10:00-5:00	Finance	
Tuesday, 6 October 2020			
	10:00 - 1130	Discussions with marketing agents- poultry VC, KCCB, small traders (vegetables and chicken)	Shyam, Alamgir and Girija
	11-45:1:15	Discussions with marketing agents (vegetables VC)	Shyam, Alamgir and Girija
	2:30-3:45	Discussions with marketing agents (cassava VC)	Shyam, Alamgir and Girija
	3:45 to 5:00	Discussions with marketing agents - rice VC, AMRU Rice	Shyam, Alamgir and Girija
parallel session	10:00-5:00	Procurement	
	10:00-5:00	Finance	

Wed. 7 October 2020			
	10:00 - 1:00	Discussion on M&E	Girija Srinivasan
	10:00 - 1:00	Discussion on project management and knowledge management	Shyam, Alamgir
	2:30-3:45	Discussions with ASPIRE	Shyam, Alamgir, Girija
	3:45 to 5:00	Discussion on agriculture productivity, nutrition,	Alamgir
	3:45 to 5:00	Discussions on partnerships	Girija Srinivasan
parallel session	10:00-5:00	Procurement	Toan, IFAD procurement specialist
	10:00-5:00	Finance	Arsalan, IFAD Finance specialist
Thu. 8 Oct. 2020			
	10:00 - 1:00	Discussion on gender, targeting, Human and social empowerment, partnership building	Shyam, Girija Srinivasan
	10:00 - 1:00	Discussion on Institutions and policy engagement, responsiveness of service providers, Lessons learned	Shyam, Alamgir
	2:30 to 5:00	M&E	Girija Srinivasan
Fri 9 October 2020		Meeting with RDB and VC team for credit line and VCIF	Girija Srinivasan and Alamgir
Sat-Tue 10-13 Oct.		Residual meetings and drafting of the aide-memoire	Shyam, Alamgir, Girija
Wed. 14 Oct. 2020		Team leader shares Draft-Draft AM with CD, CPO, MMs. TL incorporates feedback.	
Thu., 15 Oct, 1PM		TL shares the draft AM with the PMO	
Fri. 16 Oct. 3:30-6:00 PM		Wrap-up meeting with PMO	
Sat-Mon 17-19 Oct		MMs draft sections of the Supervision report and TL works on the AM	
Tues, 20 October		TL Issues conformed copy of the AM	
Wed - Sun, 21-25 Oct.		MMs submit remaining contribution to the TL. TL drafts SR. TL shares Management letter to CD.	
Mon/Tue 26-27 Oct.		TL shares the draft SR with MMs and obtains comments/ suggestions	
Wed. 29 October		TL shares draft SR and IPRM with CD, CPO.	

C. List of persons remotely met

Title	Name and Surname	Institution	Position	Position in AIMS
HE Mr.	Chan Sokty	PMO/MoC	Director General, General Department of Domestic Trade	Ex-Project Director
Mr.	Samrith Sakura	PMO/MoC	Deputy Director General of General Department of Domestic Trade (GDDT)	Project Director
Mrs.	Kong Sedhika	PMO/MoC	Deputy Director General of General Department of Domestic Trade (GDDT)	Deputy Project Director
Mr.	Sieng Komira	PMO/MoC	Deputy Director, Department of Private Sector Development	Value Chain Project Manager
Mr.	Lim Chansopheak	PMO/MoC	Deputy Director, Department of Private Sector Development	VC Team member (In Charge of HUB Takeo)
Mr.	Chhim Sopheak	PMO/MoC	Department of Private Sector Development	VC Team member (In Charge of HUB KPC)
Mr.	Lim Amrin	PMO/MoC	Department of Private Sector Development	VC Team member (In Charge of HUB KPC)
Mr.	Cheng Srunhak	PMO/MoC	Department of Private Sector Development	VC Team member (In Charge of HUB BTB)
Mr.	Phin Sambo	PMO/MoC	Department of Private Sector Development	VC Team member (In Charge of HUB BTB)

Ms.	Orn Phearin	PMO/MoC	Department of Private Sector Development	VC Team member (In Charge of HUB Takeo)
Mr.	Kim Lydet	PMO/MoC	Acting Director, Department of International Cooperation	Operations Project Manager
Ms.	Mam Manny	PMO/MoC	Department of International Cooperation	Assistant Manager
Mr.	Duong Vannarith	PMO/MoC	Department of International Cooperation	Chief of Procurement Unit
Ms.	Ek Sereyroath	PMO/MoC	Department of International Cooperation	Procurement Officer
Mr.	Hong Bunseng	PMO/MoC	Department of International Cooperation	Procurement Officer
Mr.	Phal Phanut	PMO/MoC	Department of International Cooperation	Procurement Officer
Mr.	Sou Vuthy	PMO/MoC	Department of International Cooperation	Chief of Finance Unit
Mr.	Sin Sochivin	PMO/MoC	Department of International Cooperation	Finance Officer
Ms.	Pa Sokchanna	PMO/MoC	Department of International Cooperation	Finance Officer
Ms.	Bun Ngim	PMO/MoC	Department of International Cooperation	Finance Officer
Ms.	San Solita	PMO/MoC	Department of International Cooperation	Finance Officer
Mrs.	Po Rathana	PMO/MoC	Department of International Cooperation	Chief of M&E Unit
Mr.	Bun Daravuth	PMO/MoC	Department of International Cooperation	M&E Officer
Ms.	Chhun Sreyon	PMO/MoC	Department of International Cooperation	Chief Communication Unit
Mrs.	Lay Sophal	PMO/MoC	Department of International Cooperation	Communication Officer
Mr.	Soum Seyha	PMO/MoC	Department of International Cooperation	Communication Officer
Mr.	Sek Chandara	PMO/MoC	Department of International Cooperation	Communication Officer
Mr.	Khloeung Doura	PMO/MoC	Department of International Cooperation	Chief of Admin Unit
Ms.	Cheanyroth Oudomleapythida	PMO/MoC	Department of International Cooperation	Admin Officer
Mr.	Heap Vanda	PMO/MoC	Department of International Cooperation	Admin Officer
Ms.	Kroeun Thonkeahy	PMO/MoC	Department of International Cooperation	Admin Officer
Mr.	Ung Dara Rat Moni	TA Team		Project Team Leader
Mr.	Thourk Bunroeun	TA Team		Senior VC Specialist
Mr.	Leang Heng	TA Team		Communications specialist
Mr.	Hor Daluch	TA Team		Procurement Specialist
Mr.	Khem Ponna	TA Team		National M&E Specialist
Mr.	Chin Sosamphors	TA Team		National M&E Specialist
Mr.	Sieng Kan	TA Team		Senior VC Specialist
Mrs.	Lor Veasna	TA Team		Admin. Assistant
Mr.	Sangha	TA Team		Senior VC Specialist
Mr.	Mit Bun	RDB	Chief of Credit Department	Project Team
Mr.	Thim Buntheng	RDB	Deputy Head of Project Management	Project Team

Cambodia

Accelerating Inclusive Markets for Smallholders (AIMS) Supervision Report

Appendix 6: Procurement

Mission Dates: (remote) 14 September to 30 October 2020
Document Date: 27/11/2020
Project No. 2000001268
Report No. 5551-KH

Asia and the Pacific Division
Programme Management Department

Appendix 6 - Procurement

Review of Procurement Plan

AIMS Procurement Plan for 2020 was submitted and obtained IFAD no objection on 17 February 2020. So far, the 2020 Procurement Plan was revised 3 times in April, May and October 2020 with some revisions in response to COVID-19 pandemic. The procurement plan was prepared in consistent with provisions of the Letter to Borrower. The project proposed to apply direct contracting for accelerating implementation of some service and work packages to cope with COVID-19 pandemic.

By 30 September 2020, a total of 15 out of planned 17 individual consultants were recruited. To response to COVID-19 pandemic, selection of the service provider for promoting farmer investment on Chicken VC including extension and market was accelerated using single source selection with justification provided. A work package for construction of SDF pumping wells to supply water for domestic use and gardening of farmer group was added in the revised procurement plan (May 2020) and is under implementation to response to COVID-19 pandemic and prolonged drought in early 2020.

A template of procurement plan with plan and actual data was used for preparation of the procurement plan in line with RGC's procurement manual. Actual data and information were updated regularly for tracking implementation progress of the procurement plan.

Review of Ongoing/Completed Procurement Activities and Documentation

II.1. Process and procedures from prequalification to bidding

Post review of randomly selected procurement and contract documents show that procurement procedures and processes were carried out in general in compliance with IFAD project procurement guidelines and the Standard Operating Procedures for all externally financed projects and programs in Cambodia (SOP) and the Procurement Manual (May 2012). Procurement notices were advertised on the procurement website (www.bongthom.com) and the project website (www.aims.moc.gov.kh). There are cases that re-advertisements for EOIs were made due to limited number of interested consultants for the assignment. For instance, requests for EOI for two consulting services (Promote farmer investment on Cassava VC and Silk VC) were advertised twice on Bongthom and project websites (June 2020), and on UNDB website (July 2020) without any EOIs submitted. Consequently, the project proposed to cooperate with General Directorate of Agriculture (GDA) under MAFF through Letter of Agreement for implementation of services for promoting cassava VC.

For implementation of Sectoral Development Facilities (SDF) under Component 1, SDF Guidelines was revised in May 2020. The 1st batch of 27 SDF proposals for construction of pumping wells to supply water for gardening and domestic use were submitted to IFAD for review and no objection. The contract for construction of 333 pumping wells is under implementation. For implementation of Value Chain Innovation Fund (VCIF) under Component 2, VCIF Guidelines was drafted and finalized in September 2020. According to VCIF Guidelines, review and approval of VCIF grant proposals will be conducted by Hub Investment Committee (HIC) or Central Investment Committee. It is notable that there are some inconsistencies on IFAD's prior review requirements between the SDF/ VCIF guidelines and the Letter to the Borrower. To ensure risk mitigation for SDF/ VCIF activities, taking into account the implementation systems established in place and the ceiling VCIF grant amounts for different windows (US\$ 1,000 for Window 1, US\$ 20,000 for Window 2, US\$ 100,000 for Window 3), it is agreed that IFAD's prior review thresholds for SDF/ VCIF proposals shall be adjusted as follows: (i) Any SDF proposal with a grant amount valued above US\$30,000 will be submitted for IFAD prior review and no objection; and (ii) Any VCIF proposal with a grant amount valued above US\$20,000 will be submitted for IFAD prior review and no objection.

II.2 Process and procedures from evaluation to awards

Procurement evaluation committees (PEC), Consultant evaluation committees (CEC) and Procurement review committees (PRC) were established according to the SOP and the Procurement Manual. MOC/PMO staffs of M&E unit and Finance unit are members of the CEC/ PEC. MEF's representative participated CEC/ PEC and PRC for goods and service contracts. For individual consultant selection, reference checks were conducted for the short-listed candidate before proceeding with contract negotiation. For procurement subjected to IFAD prior review, the procurement documents were submitted to IFAD for review and no objection via NOTUS. It is noted that clarifications of bids as needed at the bid evaluation stage was omitted for a work package (SDF pumping wells) subjected to prior reviews.

Following IFAD's procurement workshop organized in Beijing in December 2019 and in compliance with IFAD policies on anti-corruption, sexual harassment and sexual exploitation and abuse, Annexes on additional provisions and self certification form were included in the bidding and contract documents for work and service contracts under AIMS.

Post reviews of procurement and contract documents at MOC/PMO showed that procurement process and procedures for evaluation and contracting were carried out in general in compliance with IFAD project procurement guidelines and the SOP. Minor errors (cut and paste) in EOI evaluation reports and some discrepancy of supporting documents were identified from random checks of procurement and contract documents by the mission.

Review of Contract Administration and Management

Performance evaluations were conducted for contract renewals for individual consultant positions. The project has applied contract expiry date 31 December for long-term time-based individual consultant contracts since 2020. This measure helps to ease tracking and monitoring contract renewals for a large number of on-going individual consultant contracts. Adjustment of the contract price for inflation factors were made for renewals of individual consultant contracts. It is noted that there is a high turnover rate (about 20%) of individual consultants over 2018 – 2020 period. One of reasons for high staff turnover could be restructures and decentralizations of technical functions between Component 1 and Component 2 after the 2019 supervision mission.

There were concerns about underperformance of SM service providers and low remuneration paid to social mobilisers. MOC/PMO's M&E cumulative data for January – August 2020 duration showed very low achievements against planned targets on TOT to Business Literacy Facilitators (20%) and Business Literacy Trainings (BLT) to farmers (6%) conducted by SM service providers. Management and supervision of SM service provider contracts need to be strengthened: (i) Review and approve the annual/ quarterly work plan and budget including the payment schedule in consistence with measurable results/deliverables prepared by SM service providers; (ii) Supervise implementation progress and results against the approved annual/ quarterly work plans; (iii) Certify annual/ quarterly progress reports including the achieved results by HUB managers; (iv) Review and approve quarterly payments to SM service providers based on the acceptance of the quarterly progress reports and the achieved results.

At MOC/PMO, the procurement tracking sheet was used for monitoring procurement progress of the planned consulting services and goods. Actual data and information on implementation progress of the procurement plan were updated regularly. Contract register is prepared up to date in the contract register.

Review of project's procurement filing system and the ease of document retrieval

The procurement and contract documents requested by the mission for ex-post reviews are available and sufficient.

Review of issues identified in the previous review and aide-mémoire and procurement related issues identified in project audit reports

Title of Agreed action	Responsibility	Deadline	Status
Recruit 1 additional procurement assistant working at MOC to support the procurement team for AIMS' procurement activities (dedicated 100% to AIMS procurement)	MOC	01 Jan 2020	Done (31 March 2020)
Prepare procurement plans with procurement methods and prior/post review in line with provisions of Letter to Borrower 26/02/17	MOC	01 Jan 2020	Done
Update PIM to include the revised version of the SDF, VCIF, and LC.	MOC	01 Jan 2020	SDF Guidelines was approved in May 2020. Revised VCIF Guidelines was approved in September 2020; PIM was revised in June 2020.

The Financial Audit Report for 2019 raised no significant issues relating to procurement.

Review of any significant changes in the Borrower/Recipient's procurement system and practices

There is no significant change in RGC's procurement system and practices. The current applicable national procurement regulations include Procurement Law 2012, Implementing Rules and Regulations Governing Procurement, 2010, Standard Operating Procedures for All Externally Financed Programs/Projects in Cambodia, 2012; Procurement Manual for All Externally Financed Programs/Projects in Cambodia (Volume I - Policies and Procedures; Volume 2 - National Bidding Documents for Goods and Works (NCB, Shopping), 2012; and Procurement Manual for Consulting Service, MEF, 2010.

Assessment of further procurement staff training needs

Currently, there are five people working at the procurement unit of MoC/PMO including Chief of Procurement Unit, 02 Procurement Officers, a National Procurement Specialist (Intermittent) and a Procurement Assistant. The Chief of Procurement Unit has 08-year experience in charge of Procurement Unit and has been implementing several donor-funded projects at MOC (TDSP, CTIS, SSP, E-Commerce Formulation Project, GO4eCAM and AIMS). National Procurement Specialist with more than 10-year relevant experience with donor-funded projects was recruited in May 2020 (intermittent term). One Procurement Officer has about 8-year relevant experience. One Procurement Officer just has 02-year experience and another Procurement Officer just moved from the Admin Unit to the Procurement Unit at MoC/PMO.

Trainings on NOTUS rollout for project staff were organized in Vientiane (March 2019). MAFF/SEC staffs in charge were getting used to NOTUS for submission of procurement and contract documents subjected to IFAD's prior reviews. MOC/PMO staffs attended the procurement workshop organized by IFAD in Beijing in December 2019. One Procurement staff attended a training course on the Procurement Manual and SOP organized by MEF in 2020. Newly recruited procurement staffs in MOC/PMO had been training on the job by senior procurement officers. The project express further procurement training needs on SOP and Procurement Manual (for new procurement staff), NOTUS, contract management.

Key findings and conclusions from the PRM assessment update

During the supervision mission, the Procurement Risk Matrix was prepared for AIMS (see the excel file attached). The inherent procurement risk rating for AIMS is 2.28 (*Moderate*), and the net risk with mitigation measures is 2.54 (*Low*).

Procurement performance indicator rating and justification

Pillars	Rating	Justification
Review of Procurement planning	5	Procurement planning exhibits minor shortcomings that have no impact on project implementation and performance.
Process and Procedures: from prequalification to bidding	5	Processes and procedures applied exhibit minor shortcomings that have no impact on project implementation and performance.
Process and Procedures: from evaluation to awards	4	Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. 21 Implementation support is required; however, prompt resolution of issues/constraints is likely.
Contract management	3	Processes, procedures and systems for administration, supervision and management of contracts exhibit numerous shortcomings. Project implementation is negatively impacted; implementation support is required; resolution of issues/constraints is likely but will take some time.

Record Retention	5	The project's record retention exhibits minor shortcomings that have no impact on project implementation and performance.
Overall	4	Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required; however, prompt resolution of issues/constraints is likely.

Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD

Actions	Responsibility	Deadline	Status
Prior review for SDF proposals: Submit any SDF proposal with a grant amount valued above US\$ 30,000 for IFAD prior review and no objection. The SDF Guidelines to be updated accordingly.	MOC/PMO	October 2020 onwards	Agreed
Prior review for VCIF proposals: Submit any VCIF proposal with a grant amount valued above US\$ 20,000 for IFAD prior review and no objection. The VCIF Guidelines to be updated accordingly.	MOC/PMO	October 2020 onwards	Agreed
Strengthening SM contract management: Strengthen management and supervision of the SM service provider contracts by: Review and approve the annual/ quarterly work plan and budget including the payment schedule in consistence with measurable results/deliverables prepared by SM service providers; Supervise implementation progress and results against the approved annual/ quarterly work plans; Certify annual/ quarterly progress reports including the achieved results by HUB managers; and Review and approve quarterly payments to SM service providers based on the acceptance of the quarterly progress reports and the achieved results.	MOC/PMO, Regional HUBs	October 2020 onwards,	Agreed

IFAD Procurement Risk Matrix

Division	APR				
Country	Cambodia				
Project	Accelerating Inclusive Markets for Smallholders (AIMS)				
Date	Oct-20				NET RISK RATING
INHERENT RISK RATING	2.28				2.54
Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating
COUNTRY RISK ASSESSMENT	1.90				2.20
Legal and Regulatory Framework	2.20				2.60
Country procurement law, regulations and manual exist	3	3 they all exist, 2 only two exist, 1 only one exist or none	<ul style="list-style-type: none"> - Procurement Law 2012, - Implementing Rules and Regulations Governing Procurement, 2010, - Standard Operating Procedures for All Externally Financed Programs/Projects in Cambodia, 2012. - Procurement Manual for All Externally Financed Programs/Projects in Cambodia (Volumn I - Policies and Procedures; Volume 2 - National Bidding Documents for Goods and Works (NCB, Shopping), 2012. - Procurement Manual for Consulting Service, MEF, 2010 		3
Existence of Standard Bidding Documents for Goods, Works, and Services	3	3 all exist, 2 only for NCB & ICB, none for Shopping, 1 none exists	Available of standard bidding documents/RFQ for goods, works and consulting services.		3

Procurement Monitoring	3	Use PEFA Framework, see worksheet for details	PEFA for Cambodia, 2015: "The Law on Procurement (2012) meets four of the six requirements." Four requirements met by the Law on Procurement include (i) organized hierarchically and precedence is clearly established; (ii) freely and easily accessible to the public through appropriate means; (iii) applying to all procurement undertaken using government funds; and (iv) making open competitive procurement the default method of procurement and define clearly the situations in which other methods can be used and how this is to be justified. Two requirements yet satisfied are (i) providing for public access to all of the following procurement information: government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints; and (ii) providing for an independent administrative procurement review process for handling procurement complaints by participants prior to contract signature.		3
Procurement Methods	1	Use PEFA Framework, see worksheet for details: Use of competitive procurement methods	PEFA for Cambodia, 2015: "There is no reliable data on whether contracts in 2014 were justified in accordance with legal requirements." "In 2012, out of a total of 2,351 contracts over the KHR 100m threshold, 1,577 (67%) were issued using open competitive methods and 774 (33%) were issued using less competitive methods. No information is available on what proportion of the less competitive contracts was justified in accordance with legal requirements."	Prior review the procurement plan for approval and conduct ex-post reviews to ensure that procurement methods are applied in compliance with the regulations.	2
Public access to procurement information	1	Use PEFA Framework, see worksheet for details: Public access to complete, reliable, and timely procurement information	PEFA for Cambodia, 2015: "There is no system to generate substantial and reliable coverage of key procurement information"; "Of the four information elements, only information on public bidding documents is made available to the public, e.g. through national newspapers. Procurement plans, contract awards and data on resolution of procurement complaints are not available to the public in a complete, reliable and timely way."	Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites.	2
Accountability and Transparency	1.60				1.80
Procurement Complaints Management	1	Use PEFA Framework, see worksheet for details: Existence of an independent administrative procurement complaints system	PEFA for Cambodia, 2015: "There is no independent procurement complaints review body"; "Articles 62 and 63, Chapter 10 on the Law on Procurement promulgated by the Royal Decree No. NS/RKM/0112/004, dated 14 January 2012, define the settlement of conflicts and complaints but do not establish an independent institution to review procurement complaints. In case of a dispute, the settlement of the appeal/complaint is addressed by the concerned entity involved in procurement. In case of unsatisfactory resolution of the complaint and if no agreement is arrived at, the case can be referred to MEF, the administrative authority controlling the procurement agency. Complainants who are not satisfied with the decision made by MEF may appeal to the competent court of law. However, no separate independent procurement complaints mechanism exists, and no complaints are made."	Independent Advisory Panels to handle procurement complaints should be established at MEF and subnational governments.	1

Cambodia
Accelerating Inclusive Markets for Smallholders
Supervision report - Mission dates: 28 September- 31 October 2020

Country Corruption Perception Index score	1	The score is published on Transparency.org. 0 to 29 = 1, 30 to 60 = 2, 61 to 100 = 3	The CPI score 20 (raking 161/180 countries) for 2018 as assessed by Transparency.org. CPI source data captures the following aspects of corruption, based on the specific question wording used to collect the data: Bribery; Diversion of public funds; Prevalence of officials using public office for private gain without facing consequences; Ability of governments to contain corruption and enforce effective integrity mechanisms in the public sector; Red tape and excessive bureaucratic burden which may increase opportunities for corruption; Meritocratic versus nepotistic appointments in the civil service; Effective criminal prosecution for corrupt officials; Adequate laws on financial disclosure and conflict of interest prevention for public officials; Legal protection for whistleblowers, journalists, investigators when they are reporting cases of bribery and corruption; State capture by narrow vested interests; Access of civil society to information on public affairs.	Corruption can be eliminated by reducing red tape and excessive bureaucratic burden; Avoiding nepotistic appointments in the civil service; Strengthening effective criminal prosecution for corruption officials; Enforcing legal protection for whistleblowers; and Ensure easy access of civil society to information on public affairs.	1
2-tiered system to handle complaints	2	3 as stated, 2 only a single level system, 1 no system	Articles 62 and 63, Chapter 10 on the Law on Procurement promulgated by the Royal Decree No. NS/RKM/0112/004, dated 14 January 2012, define the settlement of conflicts and complaints but do not establish an independent institution to review procurement complaints. In case of a dispute, the settlement of the appeal/complaint is addressed by the concerned entity involved in procurement. In case of unsatisfactory resolution of the complaint and if no agreement is arrived at, the case can be referred to MEF, the administrative authority controlling the procurement agency. Complainants who are not satisfied with the decision made by MEF may appeal to the competent court of law. However, no separate independent procurement complaints mechanism exists, and no complaints are made.	Independent Advisory Panels to handle procurement complaints should be established at MEF and subnational governments.	2
Existence of a debarment system	2	3 full existence, 2 existence of complaints body that is the authority, 1 does not exist	A debarment system exists but not fully enforced (Articles 66 and 67, Chapter 12 on the Law on Procurement promulgated by the Royal Decree No. NS/RKM/0112/004, dated 14 January 2012).	Conduct prior and ex-post reviews to strengthen enforcement of the debarment system.	3
Existence of an independent and competent local authority responsible for investigating corruption allegations	2	3 existence of independent Anti-Corruption agency, 2 existence of an office within a government ministry/agency that carries out some/all these functions, 1 does not exist	Existence of the National Council Against Corruption (11 members) and the Anti-Corruption Unit and ACU branches at provinces responsible for investigating corruption allegations (the anti-corruption law No. NS/RKM/0410/004, April 2010).	Strengthening effective criminal prosecution for corruption officials; Enforcing legal protection for whistleblowers	2
PROJECT INSTITUTIONAL RISK ASSESSMENT	2.66				2.88
Capability in Public Procurement	2.60				3.00

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Existence of a Procurement Unit with at least 2 staff members (Design stage, reference is to govt agency) Existence of a Procurement Officer (Implementation)	3	3 as stated, 2 one staff member, 1 does not exist (at Design stage) 3 as stated, 2 someone else doing Procurement, 1 procurement function not consistently handled by anyone	There are total 3 procurement officers with 1 Chief of Procurement Unit, 2 Procurement Officers, and 1 National Procurement Specialist for AIMS Project. A new National Procurement Specialist was recruited in September 2019 to replace Mr. Nak Rotha who resigned in June 2019. Updated 2020: Currently, there are five people working at the procurement unit of MoC/PMO including Chief of Procurement Unit, 02 Procurement Officers, a National Procurement Specialist (Intermittent) and a Procurement Assistant.		3
Staff member(s) have at least 7 years' experience in donor-funded public procurement	2	3 as stated, 2 for less than 7 years and/or experience in public procurement but not donor-funded, 1 for less than 3 years' experience	02 Procurement Staff members and have 07 years experience in donor-funded public procurement and another 1 procurement staff just has 01-year experience. The National Procurement Specialist has 11 years' experience with EU-funded projects. Updated 2020: The Chief of Procurement Unit has 08-year experience in charge of Procurement Unit and has been implementing several donor-funded projects at MOC (TDSP, CTIS, SSP, E-Commerce Formulation Project, GO4eCAM and AIMS). National Procurement Specialist with more than 10-year relevant experience with donor-funded projects was recruited in May 2020 (intermittent term). One Procurement Officer has about 8-year relevant experience. One Procurement Officer just has 02-year experience and another Procurement Officer just moved from the Admin Unit to the Procurement Unit at MoC/PMO.	Updated 2020: Provide on-the-job trainings for newly recruited procurement staff.	3
What is the general quality of documents produced by the procurement office?	2	3 for very good bidding documents, evaluation reports and contracts, 2 for mediocre documents, 1 for documents with bad quality	The Updated Standard Operating Procedure (SOP) issued by RGC' Sub Decree No. 74, dated 22 May 2012 for All Externally Financed Projects/Programs in Cambodia and IFAD Procurement Guideline and Handbook including the standard bidding document/RFP are followed. There are 03 kinds of Procurement Committees including Procurement Review Committee (PRC), Consultant Evaluation Committee (CEC), Bid Evaluation Committee (BEC) to review, evaluate and approval on the bidding document and proposal. The statement on Ethical Conduct and Fraud and Corruption to be signed by the CEC or BEC and PRC all stages in procurement process. Updated 2020: There are still cases of draft bidding documents or evaluation reports with insufficient and/or inconsistent data and information; omission of bid clarification as required.	Updated 2020: Ensure use of correct templates for bidding document/ contract documents for work/ goods/ service contracts; Undertake bid clarifications as needed at bid evaluation stage. Conduct prior reviews/ ex-post reviews to improve quality of procurement and contract documents.	3
Do procurement staff have immediate access to the legal and regulatory framework documents?	3	3 for all, 2 for some, 1 for none	The procurement staff can access the Updated Standard Operating Procedure (SOP) issued by RGC' Sub Decree No. 74, dated 22 May 2012 for All Externally Financed Projects/Programs in Cambodia and IFAD Procurement Guideline and Handbook, which are available on the internet.		3
Are the procurement and financial management functions separated?	3	3 for total separation, 2 for some separation, 1 for procurement being done by FM staff	Based on the AIMS PMO Structure, there are 02 separated Units between Finance Unit and Procurement Unit to avoid any conflict of interest.		3
Public Procurement Processes	2.71				2.76

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Procurement Methods	2.75				2.75
Procurement methods for Goods consistent with IFAD Guidelines	3	3 as stated, 2 for national or international, 1 for none	The Updated Standard Operating Procedure (SOP) and Procurement Manual issued by RGC' Sub Decree No. 74, dated 22 May 2012 for All Externally Financed Projects/Programs in Cambodia (including Procurement for Goods, works and services) and is acceptable by IFAD as per the Financing Agreement.		3
Procurement methods for Works consistent with IFAD Guidelines	3	3 as stated, 2 for national or international, 1 for none	The Updated Standard Operating Procedure (SOP) and Procurement Manual issued by RGC' Sub Decree No. 74, dated 22 May 2012 for All Externally Financed Projects/Programs in Cambodia (including Procurement for Goods, works and services) and is acceptable by IFAD as per the Financing Agreement. Updated 2020: Fast track procurement procedures under CoVID-19 pandemic applied for some contracts		3
Procurement methods for Services consistent with IFAD Guidelines	3	3 for large-value method for firms, small value method for firms and method for individual consultants; 2 for two of the above; 1 for only one or less	The Updated Standard Operating Procedure (SOP) and Procurement Manual issued by RGC' Sub Decree No. 74, dated 22 May 2012 for All Externally Financed Projects/Programs in Cambodia (including Procurement for Goods, works and services) and is acceptable by IFAD as per the Financing Agreement.		3
Easy access to bidding documents by foreign firms	2	3 bidding documents are free and could be issued/sent electronically; 2 foreign bidders have to wire funds to Project to buy bidding docs; 1 bidding docs not practically available to foreign bidders	International bidding is advertised on UNDB website which could be accessed by foreign firms. Under the Updated Standard Operating Procedure (SOP), bids could be paid for by check or bank transfer, but hard copy of the bids have to be collected either in person or could be sent through post/courier.		2
Procurement Planning	2.67				2.67
Are procurement plans prepared ahead of time and consistent with annual work plans/budgets?	2	3 prepared ahead and consistent, 2 one of either, 1 none	The Budget in the Procurement Plan prepared ahead of the year is consistent with AWPB (Annual Work Plan and Budget). However, the 2019 AWPB and procurement plan was obtained IFAD's no objection on 07 May 2019, and finally approved by MEF in August 2019. There are still some inconsistencies between the AWPB and the PP. Updated 2020: 1. AIMS's Procurement Plan for 2020 was submitted to IFAD on 14 February 2020 and obtained no objection on 17 February 2020. The Procurement Plan for 2020 was revised 03 times in April, May, and October 2020 with some revisions in response to COVID-19 pandemic.	Start earlier (Sep/Oct) the project planning process to ensure approval of the AWPB and procurement plan in Nov/Dec before the fiscal year for project implementation	2
Do procurement people participate in the annual work planning processes?	3	3 if required by regulation and practiced, 2 if required by regulation, 1 if none of above	The Procurement Team participate in meetings for AWPB preparation.		3
Are Procurement Plans done using an effective format with planned and actual rows across 3 different categories	3	3 for all, 2 for some, 1 for none	Procurement Plans are prepared using the format with planned, revised, and actual rows across different categories (goods, non-consulting services and consulting services) in line with the Procurement Manual		3
Procurement Processes	2.71				2.79
Minimum number of quotations established by law	3	3 for three or more; 2 for two, 1 if it does not state or less than two	At least 03 or more of quotations established by law.		3

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Minimum number of days for advertised procurement under competitive bidding processes	3	3 for minimum of 30 days; 2 for minimum of 20 days; 1 for less than 20 days or not stated	At least 30 days for advertised procurement under national competitive bidding processes.		3
Is there enough time provided for bidders to ask questions and receive answers in the bidding process?	3	3 if bidders have a minimum of 3 days for the RFQ method, 7 days for competitive methods to ask questions, 2 if less than ... but more than two, 1 if two days or less	Bidders could ask questions during a time of no later than 7 days before the bid opening.		3
Are clarifications provided to all bidders?	3	3 for all, 2 for some, 1 for none	The clarifications provided to all bidders as required under SOP.		3
Are bids received prior to the deadline securely stored?	3	3 for all, 2 for some, 1 for none	Bids submitted before the deadline are accepted and stored.		3
Are procurement securities securely stored?	3	3 for all, 2 for some, 1 for none	Bidding Documents including bid securities are kept in a locked cabinet.		3
Are public bid openings conducted for advertised procurements, and within an hour of receipt of bids?	3	3 for both, 2 for bid openings being conducted more than an hour after receipt, 1 for bid openings not being conducted	Bid openings are conducted right after the closing of bid submission deadline.		3
Are minutes of bid openings taken, and sent to bidders who submitted bids?	3	3 for both, 2 for minutes being taken but not being sent, 1 for none	The minutes of bid openings taken, and sent to bidders who submitted bids		3
Are evaluations conducted by a suitably qualified ad-hoc evaluation committee?	3	3 for both, 2 for qualified but not ad-hoc, 1 for ad-hoc or none	Bid/proposal evaluations are conducted by Bid Evaluation Committee (BEC)/Consultant Evaluation Committee (CEC) and reviewed and approved by Procurement Review Committee (PRC) established by Ministerial Declaration (Prakas)		3
In evaluation, is responsiveness based on criteria requirements in the bidding documents?	2	3 for all, 2 for some, 1 for none	Responsiveness evaluation is based on the evaluation criteria in the bidding documents and approved by the PRC. Updated 2020: there are still cases that responsiveness was evaluated not in consistence with requirements in the bidding document/ RFP (prior review cases); Minor errors (cut and paste) in EOI evaluation report found.	Updated 2020: To ensure responsiveness evaluation is based on requirements in the bidding documents/ RFP; Undertake bid clarification as needed at the bid evaluation stage.	3
Are evaluations completed within the bid validity period?	2	3 for all, 2 for some, 1 for none	The evaluations completed within the bid validity period. For some cases of consulting firm selections, extensions of valid periods of submitted bids and bid securities were required.	Eliminate avoidable lagging times between different stages of the procurement process.	2
Are conditions precedent to contract effectiveness clearly stipulated in the contract? (i.e., advance payment security, performance security, insurance, etc)	3	3 for all, 2 for some, 1 for none	All conditions precedent to contract effectiveness clearly stipulated in the contract (i.e., advance payment, term of payment, security, performance security, insurance, warranty etc). Contract format is included in the standard bidding document/RFP.		3

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Does the agency maintain a complete record of the process? This would include copies of all public advertisements, pre-qualification documents (if used, the pre-qualification evaluation report documenting any decisions not to pre-qualify certain potential bidders), the bidding documents and any addenda, a record of any pre-bid meetings, the bid opening minutes, the final bid evaluation report (including a detailed record of the reasons used to accept or reject each bid), appeals against procedures or award recommendations, a signed copy of the final contract and any performance and advance payment securities issued, etc.	2	3 for all, 2 for some, 1 for none	Bids/proposals, evaluation reports, minutes and supporting documents are maintained and recorded for all steps of procurement progress. In some cases, procurement, and contract documents (advertisement, minutes) were not filled in one folder for each contract. Updated 2020: Some discrepancy of supporting documents identified from random checks of procurement and contract documents by the mission.	Updated 2020: Procurement and contract documents including all supporting documents to be filled and updated regularly in a separate folder for each contract.	2
Are all contracts awarded advertised publicly?	2	3 for all, 2 for some, 1 for none	Some contracts awarded advertised in the Project's website		2
Contract Administration and Management	2.73				2.82
Existence of authority levels in the contract management process	3	3 for existence, 2 for some practice, 1 for none	The contract management process including financial management procedures, thresholds for certifying and approval of payments are specified in AIMS PIM (March 2018).		3
Existence of approval thresholds for contract amendments	3	3 for existence, 2 for some practice, 1 for none	The Procurement Review Committee has a right to review for approval on the contract amendments.		3
Is there an effective contract monitoring system/framework in place?	1	3 for all, 2 for some, 1 for none	The Implementation Team and Finance Team check and review reports/deliverables from consultants/suppliers. There are some time-based consulting service contracts without clearly specified deliverables in the TOR. Updated 2020: There are cases of underperformance of SM service providers and low remuneration paid to social mobilisers.	Updated 2020: Strengthen management and supervision of the SM service provider contracts by: (i) Review and approve the annual/ quarterly work plan and budget including the payment schedule in consistence with measurable results/deliverables prepared by SM service providers; (ii) Supervise and certify annual/ quarterly progress reports including the achieved results by HUB managers; (iii) Review and approve quarterly payments to SM service providers based on the acceptance of the quarterly progress reports and the achieved results.	2
Is there a process to monitor delivery of goods to verify quantity and quality?	3	3 for all, 2 for some, 1 for none	The Procurement Team and Admin Team are responsive for review and check the inspection of goods. The Inspection and Acceptation Letter are approved and released when total amount and value of goods are in line with the contract agreement.		3

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Is there a framework for approval of deliverables and payment process for consulting services contract?	2	3 for all, 2 for some, 1 for none	The term of payment for consulting services contracts had been reviewed by PRC in the contract negotiation stage based on the TOR, Scope of work and SOP. There are some time-based consulting service contracts without clearly specified deliverables in the TOR.	Expected outputs/deliverables to be specified clearly in the TORs and contract documents. Result-based contract should be applied for consulting service contracts as possible. Updated 2020: Process payments service providers based on the acceptance of the achieved results.	2
Is there a process for resolution of final payment and contract closure?	3	3 for all, 2 for some, 1 for none	Contract resolutions of final payment and contract closure are specified in the contract.		3
Are contract disputes handled in accordance with a formal complaints/arbitration system?	3	3 for all, 2 for some, 1 for none	The contract disputes arising out of the contract, which cannot be amicably settled between the parties, shall be referred to National Commercial Arbitration in Cambodia based on the Law of Cambodia.		3
Are works contracts supervised by independent engineers or a named project manager?	3	3 for all, 2 for some, 1 for none	N/A: Project is yet to have a work contract.		3
Are contracts completed on schedule and within the approved/ contracted contract price?	3	3 for all, 2 for some, 1 for none	So far, signed contracts completed on schedule and within the approved contract price.		3
Does the organization have contract registers that register all contracts (with names, prices, and dates), per procurement category?	3	3 for all, 2 for some, 1 for none	MOC PMO have contract registers that register all contracts (with names, prices, and dates), per procurement category (Goods, Service and Works). Updated 2020: The contract registers are updated.		3
Are adequate contract administration records maintained? (These would include contractual notices issued by the supplier, contractor, purchaser or employer; a detailed record of all changes or variation orders issued affecting the scope, qualities, timing or price of the contract; records of invoices and payments, progress reports, certificates of inspection, acceptance and completion; records of claim and dispute and their outcomes; etc.)	3	3 for all, 2 for some, 1 for none	MOC PMO have maintained and updated regularly contract records by the Admin Team.		3

Risk Rating System

L: Low Risk

M: Medium Risk

H: High Risk

Updated Risk Rating System (June 2020)

Low: 2.5 - 3.0

Moderate: 2.0 - 2.49

Substantial: 1.5 - 1.99

High: 1.0 - 1.49