

## Project Completion Report Validation

### Project for Agricultural Development and Economic Empowerment Kingdom of Cambodia

Date of validation by IOE: November 2019

#### I. Basic project data

			Approval (US\$ m)**		Actual (US\$ m)	
Region	Asia and the Pacific	Total project costs	43.2		41.493	
Country	Kingdom of Cambodia	IFAD loan and percentage of total	17.5	40.5%	18.288	44.1%
Loan/grant number	Loan 870, DSF grant 8101, Top-up loan 2000001394	IFAD grant	17.5	40.5%	16.523	39.8%
Type of project (subsector)	Agricultural development	Borrower	4.7	10.9%	4.449	10.7%
Financing type	IFAD-initiated and co-financed	FAO	0.3	0.7%	0.306	0.7%
Lending terms*	Highly concessional	SNV	0.7	1.6%	0.668	1.6%
Date of approval	03/04/2012	iDE	0.4	0.9%	0.847	2.0%
Date of loan signature	08/06/2012	Beneficiaries	2.1	4.9%	0.412	1.0%
Date of effectiveness	08/06/2012					
Financing amendments	21/07/2015, 29/06/2016, 29/03/2017	Number of beneficiaries	90,000		88,986 (Direct 80,706; Indirect, 8,280)	
Financing closure extensions	0	Project completion date	30/06/2018		30/06/2018	
Country programme managers	Khalid El Harizi; Benoit Thierry; Kaushik Barua	Financing closing date	31/12/2018		31/12/2018	
Regional director(s)	Hoonae Kim Nigel Brett	Mid-term review			04/2015	
Project completion report reviewer	Shijie Yang	IFAD financing disbursement at project completion (%)			99.29% (Top-up loan) 74.97%	
Project completion report quality control panel	Fumiko Nakai Fabrizio Felloni	Date of the project completion report			20/11/2018	

Source: Project Completion Report (2018) and President's Report (2012).

\* There are four types of lending terms. This was a loan on highly concessional terms, free of interest but bearing a service charge of three fourths of one per cent (0.75 per cent) per annum and having a maturity period of 40 years, including a grace period of 10 years.

\*\* The approval amount does not include the top-up loan.

## II. Project outline

1. **Introduction.** Cambodia has witnessed a strong economic growth in the past two decades with significant achievements in poverty reduction. However, the relatively narrow economic base for growth has resulted in unequal benefits distribution that some population was unable to take advantage of economic improvement. This was particularly true for rural poor due to low levels of productivity, low diversification, and low value of the farming system. The Project for Agricultural Development and Economic Empowerment (PADEE) is a six-year programme that aimed to tackle those challenges to alleviate rural poverty with an actual total financing package of US\$51.7 million. The IFAD Executive Board approved the financing for PADEE in April 2012 and the project was completed as per original schedule on 30 June 2018.
2. **Project area.** The project was implemented in five southern Cambodian provinces (Kandal, Takeo, Kampot, Prey Veng, and Svay Rieng). The incidence of poverty in the five provinces, including all existing communes, averaged 22 per cent at project design (President Report, paragraph 10). The project aimed to reach 246 communes in 33 districts in the five provinces and 90,000 beneficiary households in total (approximately 450,000 people), of which 49,000 households were expected to benefit from all project key interventions as part of the improved group revolving funds (IGRF) groups.
3. **Project goal, objectives and components.** The project **goal** was to improve the livelihoods of poor rural people in the target communes of Kampot, Kandal, Prey Veng, Svay Rieng and Takeo provinces. The **development objective** was to improve agricultural productivity and diversify income sources for rural households living in poverty in the selected provinces.
  - a. **Component 1 - Improved Access to Financial Services** (US\$15.757 million at design and US\$13.671 at completion). The specific objective was to improve the target population's access to financial services in a sustainable way. It included three subcomponents: (i) a group conditional capital transfer scheme;<sup>1</sup> (ii) capacity-building for improved access to finance; and (iii) support to existing group revolving funds. Specifically, the first sub-component would set up a group conditional capital transfer scheme to transfer funds to village-based IGRFs over a three-year period, conditional upon their performance on a set of milestones.<sup>2</sup>
  - b. **Component 2 - Improved Access to Technology and Markets** (US\$24.603 million at design and US\$20.681 million at completion). The specific objectives were to support economic empowerment of target households and contribute to agricultural development in the project area. It includes three sub-components: (i) innovation in capacity-building; (ii) applied training and capacity-building; and (iii) small rural business development.
  - c. **Component 3 - Project Coordination and Management** (US\$5.784 million at design and US\$7.146 million at completion). The project would finance three main subcomponents: (i) the Ministry of Agriculture, Forestry and Fisheries (MAFF) project support unit (PSU); the (ii) Ministry of Women's Affairs (MOWA) implementation support unit; and (iii) project coordination and administration by provincial administrations.
4. **Target group.** The project was designed to target resource-poor rural women and men and their households. Landless and land-poor farmers, rural youth and

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<sup>1</sup> This was revised in the PCR as formation of groups of poor households for constituting IGRFs and re-capitalizing poor family economic base through an increase in their assets.

<sup>2</sup> The Group Conditional Capital Transfer Scheme is the transfer of funds mechanism to IGRFs over a three-year period conditional on performance: Year 1, the transfer is USD80/member if members opened a savings account and took financial literacy training; Year 2, it was USD80/member and members had to take technical training; and, Year 3 it was USD80/member on the condition that loans granted in Years 1 and 2 must be on schedule and/or repaid on time.

women-headed households usually included in the poorest category would be a priority for project assistance. In order to include the land-poor, the project would pursue a balance between improving agricultural productivity and supporting some of the poorest and most vulnerable rural population segments (President Report, paragraph 13). The selection of beneficiary households was based on the Identification of Poor Household Programme, by the Ministry of Planning, and validated by participatory wealth ranking exercises. By completion, the project covered 88,986 households, of which 8 per cent were considered poorest, 22 per cent poor, 61 per cent medium poor households, and 9 per cent were above poverty line.

5. **Financing.** The total project investment was composed of an IFAD Loan of SDR11.3 million (US\$17.5 million) and an IFAD Grant of SDR11.3 million (US\$17.5 million) under the Debt Sustainability Framework (DSF). The project was also funded by the Government of Cambodia (US\$4.69 million), an IFAD loan top-up loan (US\$2.8 million), beneficiary contributions (US\$2.19 million), and contributions from implementing partners including SNV Netherlands Development Organization (SNV) (US\$668,500), Food and Agriculture Organization of the United Nations (FAO) (US\$313,350), and International Development Enterprises (iDE) (US\$378,490). The Global Environment Facility (GEF) funding of US\$4.6 million was approved to support the Building Adaptive Capacity through the Scaling-Up of Renewable Energy Technologies in Cambodia (S-RET) to be complementary to PADEE, although not reflected in the project costs. A top up loan of US\$2.9 million was approved by IFAD in 2016 for scaling up activities around Value Chain Cluster and Farmer to Farmer Extension Approach (Component 2).

Table 1

**Project costs and financing by component at design and completion (US\$`000)**

Component	IFAD Loan		IFAD Grant		IFAD Loan Top Up		RGCCF		PIPs (FAO, iDE, SNV) and Ben.		Total	
	Appra.	Actual	Appra.	Actual	Appra.	Actual	Appra.	Actual	Appra.	Actual	Appra.	Actual
1. Improved Access to Financial Services	12,725	11,659	2,461	1,660	-	46	257	1	313	307	15,757	15,934
2. Improved Access to Technology and Markets	3,397	3,518	13,081	11,411	1,250	1,063	3,634	2,761	3,241	1,929	24,603	18,613
3. Project Coordination and Management	1,378	1,175	1,958	3,453	1,650	830	799	1,688	-	-	5,785	6,951
<b>Total</b>	<b>17,500</b>	<b>16,351</b>	<b>17,500</b>	<b>16,524</b>	<b>2,900</b>	<b>1,938</b>	<b>4,690</b>	<b>4,450</b>	<b>3,554</b>	<b>2,236</b>	<b>46,145</b>	<b>41,498</b>

Source: PCR (2019).

6. **Project implementation.** The project was led by MAFF and implemented through decentralization framework at sub-national level. The General Directorate of Agriculture of MAFF had responsibility for land-based technical support at the national and sub-national levels. MoWA implemented the programme's gender mainstreaming strategy and its non-land-based activities in Component 2. The National Committee for Sub-National Democratic Development took responsibility for integrating the programme into emerging sub-national administrative structures and supporting implementation activities through its network of advisers at Provincial and District levels. Three implementation partners which also co-financed the project were FAO (on rural finance), iDE (establishing private extension service), and SNV (on/off farm enterprise training curriculum development and market linkages<sup>3</sup>).
7. The **project approach** was designed to be flexible and demand-driven, where farmers' choices take centre stage. Farmer field schools would be used to disseminate adoption of new technologies but there would be a shift in training

<sup>3</sup> With SNV facilitation, Value Chain Cluster has made connections with nine companies and two agricultural cooperatives.

approach from simple delivery to involving farmers in adoption by associating training with IGRF funds, as well as dissemination outside the school.

8. **Adjustment during implementation.** Modifications to PADEE were introduced after the mid-term review (MTR) without altering the overall project design. Modifications included: (i) the overall target population was reduced from 90,000 to 68,200 households, or approximately 341,000 people, due to: a) overestimation of Group Revolving Fund Members of the Rural Poverty Reduction Project;<sup>4</sup> and b) shifting of the bio-digester activity for 4,000 households to S-RET Project at MTR; (ii) reallocations of funding and the addition of US\$2.9 million IFAD top up grant;<sup>5</sup> and (iii) a top up GEF funded Building Adaptive Capacity project through S-RET.
9. The financing agreements were revised three times to reflect: (i) relocation for both loan and grant; (ii) additional financing of SDR 2.1 million; and (iii) amendment to the Letter to the Borrower/Recipient to include provisions associated to S-RET. For more details see Annex III.
10. **Intervention logic.** To achieve the project objectives, the project was designed along three impact pathways: access to finance to capitalize economic base and diversify agricultural income; productivity and value-addition enhancements; improvement of client resilience to sustain the livelihood improvement. Specifically, more technically capable extension would help beneficiaries go beyond subsistence farming to selling produce at via organized markets fetching higher prices over traditional farm gate and local buyer sales practice. IGRF group management, training, and capacity building in groups, along with increased incomes and improved food security would increase target beneficiary household financial, human, social, physical, and natural capital. The emphasis on climate resilience was reinforced when S-RET access to renewable energy interventions were introduced to PADEE. Together, it was expected to improve livelihoods and reduce poverty, as well as increase climate change resilience.
11. **Delivery of outputs.** The project directly served 88,986 households (99 per cent of its original target and 130 per cent of the target revised at MTR). Beneficiaries included 49,200 households from IGRFs (100 per cent of target), 11,875 non-IGRF households, 580 additional households supported by the MoWA (83 per cent of target), 1,534 in the Rural Business Stimulus Facilities supported by SNV (102 per cent of target), 8,280 non-IGRF households attending farmer field school diversification demonstration (104 per cent of target), 1,444 households in 15 value chain clusters, and 16,073 benefiting from farmer to farmer extension activities. Women headed households represented more than half of these totals.
12. For Component 1, PCR reported that PADEE met or beat main output targets (revised after the MTR). A comparison with the original logframe targets (President Report, 2012), the project achieved four out of five output targets. Regarding Component 2, the project met seven project output targets according to the PCR. A comparison with the original logframe targets, the project also 100 per cent met the six output targets. Details see Annex IV.

### III. Review of findings

#### A. Core criteria Relevance

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<sup>4</sup> This is an IFAD-financed project: Rural Poverty Reduction Project in Prey Veng and Svay Rieng (RPRP). The project started in 2004 and ended in 2011. It was expected to transfer the Group Revolving Fund Members from RPRP to PADEE, but the outreach number in RPRP was over-estimated. According to the MTR, "The initial target to support existing groups under RPRP was unrealistically high and a survey of these groups indicated a target of around 3,000 households from about 125 IGRF groups is more realistic". Outreach was also reduced "due to the removal of activities on biogas" (Supervision June 2016).

<sup>5</sup> The additional financing was approved in September 2015. It applied to scaling-up/ strengthening of: i) IGRFs; ii) farmer to farmer learning; iii) nutrition support; and iv) market and value chain development support.

13. **Relevance of objectives.** The project was aligned with the Government's agricultural development strategies and contributed to the implementation of National Rectangular Strategy III, as well as the government's overall decentralization policy. The project goal and objective were consistent with IFAD Strategic Framework 2011–2015 goals of improving natural resource and economic asset bases of the rural poor, facilitating access inclusive financial services, improving nutrition, raising incomes, and building resilience in a changing natural environment. The PADEE design was consistent with the COSOP 2007-2012 for Cambodia, in terms of strategic objectives 1 and 2 "sustainable improvement of the livelihoods of the rural, and promoting pro-poor decentralization and de-concentration reform and local governance for agricultural and rural development through institutional support." PADEE was aligned with the COSOP 2013 -2018 for Cambodia in three specific ways: (i) moving from a livelihoods approach to a focus on enabling poor farmers market opportunity access under strategic objective 1; (ii) promoting decentralization and deconcentrating of public services towards a broader concept of pro-poor rural service delivery under strategic objective 3; and, (iii) taking a more explicit focus on climate resilience of poor rural households under strategic objective 2 (PCR, 2018).
14. **Relevance of design. The project design and intervention logic was found to be mostly relevant and coherent.** It was specifically designed to help poor rural households build financing assets and increase incomes by investing the opportunities created by improved good agricultural practices and technologies. Specially, this would diversify means of livelihoods improvement (e.g., poultry raising, vegetable production, aquaculture); improve on-farm productivity through enhanced production practices and better technologies (good quality seeds, modern varieties, irrigation); improve market access through collection points, value chain clusters, and contract farming. Eventually, those interventions would increase incomes through enhanced productivity and/or diversified on-farm enterprises (PCR, paragraph 62). The community-based grassroots organizations were expected to enhance the social capital. However, the Cambodia country strategy and programme evaluation (CSPE) conducted in 2017<sup>6</sup> pointed out that the design of a number of projects, including PADEE, showed the tendency of having "add-on" activities with weak internal coherence and coordination challenges. In the case of PADEE, it was not clear how the activity on low-cost bio-digesters in the initial design was linked to other interventions, and also, the design did not properly address its feasibility and implementation procedures.<sup>7</sup>
15. **The agriculture technology extension model and landless activities were appropriate to the local context.** According to the Cambodia CSPE conducted in 2017, the extension model in PADEE improved compared to previous projects in two aspects. Firstly, in contrast to the previous projects where the menu of training topics was largely standard without due consideration to agro-ecological and socio-cultural differences (CSPE, paragraph 108), PADEE made the training better contextualized by offering, in addition to a common curriculum, options that can be selected by beneficiaries through the common interest groups (CIGs).<sup>8</sup> The design improvement has directly affected the training effectiveness. Secondly, although on a limited scale, support of the non-land based activities or high-value production were found to be well contextualized into the local needs of the landless population.

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<sup>6</sup> The main evaluation mission was conducted in May 2017.

<sup>7</sup> Cambodia CSPE. The bio-digester activity was eventually absorbed by a linked but separate grant-financed project, S-RET.

<sup>8</sup> It was recognized that the 50 members of the IGRF group seldom would have common technology support priorities and after the MTR, CIGs were introduced. Farmers who are not members of the IGRF groups may also participate in a CIG. Thus, there is no obligation or other pressure on farmers to participate in IGRF, and the technical support is designed according to the demand of farmers and the market, and may also involve technical assistance to individual members.

16. **The design of group revolving fund improved compared with previous IFAD-financed projects, though the approach was still rigid and lacked a long-term vision.** PADEE's design of the IGRF differed from earlier projects, also reflecting on lessons from the previous experience on GRF, and introduced a number of measures to address weaknesses identified. Still, the 2017 CSPE found that the PADEE IGRF design was short of a clear vision with regard to what should happen to IGRFs and groups after project closure – whether they are to be a basis for a long-term development path or an intermediate (and temporary) step, which have had important implications on the sustainability (CSPE, paragraph 106). As was the case with the previous projects, PADEE still had a rather rigid project-driven approach, for example, in terms of the group size (i.e. fixed at 50 members). As pointed out in the CSPE, the cash transfer to the IGRF was based on a fixed amount per member (e.g. US\$240) and this created the perception among members that this was his/her "entitlement", resulting in a general reluctance to accept new entrants. Though the design weakness was not discussed in the relevance section, key lessons learned in the PCR did mention that IGRFs ran the risk of being unsustainable unless their long-term profitability was considered at design, including a well-researched assessment of the future rural financial service sector supply and demand context. Similarly, PCR score descriptor also pointed out that the groups members were reluctant to share the financial assets obtained, which became a constraint for further expansion (page 17 Appendix 3).
17. **The PADEE intervention activities could have been better sequenced.** According to the PCR, while establishing IGRFs at the outset of the programme provided basic financial instruments to beneficiaries, many households were not initially able to maximize use of funding due to a lack of income generating investment opportunities. PCR acknowledged that the design could have provided technical training to stimulate income generating activities and formation of CIGs (including co-funding of income generating activities ventures and cooperative farming activities) ahead of the formation of IGRFs to prepare beneficiaries for access to financial capital.
18. **Relevance of targeting.** PADEE targeted resource poor rural women and men and their households, particularly smallholder rice farmers. Compared with previous IFAD projects, PADEE focused more on farmers, who are economically active than a poverty-centered targeting approach, which is also reflected in the poverty profile of the beneficiaries (see paragraph 5). Overall, this is considered to be appropriate given the more market-oriented approach in this project. To avoid excluding the land poor from project benefits, the project also pursued a balanced approach that supported the rural poorest and most vulnerable through non-farm interventions and non-land based activities.
19. **In sum,** PADEE was well aligned with both Government and IFAD strategies in rural development investment. The design was overall coherent in achieving the project objectives and it improved the previous extension model. The targeting approach was also relevant to the fast changing country context and the programme covered non-land based activities to ensure the inclusiveness. However, there were some weaknesses in the design, such as the IGRF approach/model with important implications on the sustainability and the sequences of project activities. Given these weaknesses, which were not discussed in the PCR, the relevance is rated as *moderately satisfactory* (4), compared with the PCR's rating of 5.

### **Effectiveness**

20. The development objective (see paragraph 4) will be partly assessed in the rural poverty impact section. The following paragraphs assess the achievement of the two specific objectives as identified in the President's Report, which aligns with the programme's components.

21. Objective 1- Targeted households improve financial literacy and increase level of investment and/or savings. Three sub-components worked to achieve this objective (see paragraph 3). An overview of the logframe indicated that the outcome indicators defined under this objective were mostly achieved (see Annex IV) other than the incremental size of IGRFs initial funds.
22. **First of all, financial literacy was improved with a series of capacity development training by a specialist service provider.** The training course includes family cash flow, support for opening savings accounts with a micro-finance intermediary (MFI), and the support to link IGRFs with MFIs. Training also introduced household savings as a risk management tool (e.g., for natural disasters and illness) as well as way to accumulate capital for future investments (PCR, paragraph 76). The financial literacy training increased the capacity of the IGRF committee leaders, who were reported by the PCR to have showed gradual increases of confidence in managing the loans and group members (paragraph 192). The opening of all 984 IGRF group accounts with MFIs encouraged members to save and interact with the formal financial sector, which may have also improved the financial literacy.
23. **Secondly, increased level of investment and/or savings was mostly achieved.** This was achieved through effective membership training and support provided by Commune Extension Workers (CEWs) and accounting support from Mobile Field Agents (MFAs). The PCR reported a virtuous cycle between savings and good operation of IGRFs: savings not only increased the capital increase, but also encouraged members to attend group meetings. It is said that if there was good operation of IGRF (PCR, paragraph 78), there was increased saving/spending. Nevertheless, the PCRV did not find quantitative evidence in the PCR report to substantiate this statement. According to the PCR, most of the IGRF groups showed solid lending performance (84 per cent of IGRF lend more than 70 per cent of their capital). Some 83 per cent of IGRFs increased the size of their initial funding by 30 per cent or more after three years of operation, or 17 per cent less of expected results (PCR, paragraph 74).
24. **While mobile field agents and external accounting systems were effective, there was uncertainty left for sustaining the benefits.** MFAs provided ongoing group management, membership development, and supervisory support to the groups from start up to maturity. In spite of the financial literacy training provided, the majority of IGRFs would still need support from contracted MFAs once PADEE closed. Similarly, the MicroBanking System for Windows (MBWin) online accounting system, though effective for book keeping, may have also affected the sustainability (see the section on sustainability).
25. Lastly, although good level of investment and savings were observed by the PCR, there might also be other reasons that contributed to the good performance, like remittances and work in textile factories (CSPE, paragraph 135).
26. Objective 2 - Targeted households use improved production technologies, establish market linkages, and diversify income sources. An overview of the logframe indicated that the outcome indicators defined under this objective were mostly achieved (see Annex IV) other than the e-PADEE initiative.
27. **Overall, a series of on- and off-farm training provided by the project led to beneficiary adoption of new production technology and diversification of income.** In PADEE, there were multiple players that contributed to the agriculture extension: CEWs, Farm Business Advisors, Mobile Support Team, and the Agriculture Expert System<sup>9</sup>. The improved demand-driven and contextualized extension model also contributed to the technology adoption. Therefore, adoption

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<sup>9</sup> Agriculture Expert System is a mobile tablet and digital system to provide farmers with production enhancing information which included inter alia improved seed selection, soil testing kits etc.).

rates were reported to be high as confirmed by the end-line survey finding adoption rates in the range of 63-100 per cent (CSPE, paragraph 131). However, evidence from the CSPE's field mission also noted that adoption was weakened by the capacity of CEWs. CEWs filled the gap left by the limited government workforce in extension, but most of the CEWs were young with limited agricultural education, limiting the training effectiveness. The changes related to productivity and income will be further discussed in the rural poverty impact section.

28. **Market linkages were established through various initiatives, but activities either started late or only had a limited coverage.** The value chain cluster, market collection points, and SNV's involvement all contributed to the market linkage establishment. The project assisted the beneficiary farmers with setting up value chain clusters involving 1,444 farmers. The value chain clusters include vegetables, chickens, mushrooms, and handicrafts. Trainings were also provided by the Community Learning Centres. SNV provided on/off farm enterprise training curriculum development and established Rural Business Stimulus Facilities. However, a review of the end-line survey revealed that although some positive changes were observed, it remained as piloting activities and farmers involved in those value chain clusters were usually not PADEE main targeting group (i.e. IGRF members).<sup>10</sup> Moreover, SNV's participation in value chain development only started in the fourth year of the project, though the need was identified early. As confirmed by the 2017 Supervision Report, the value chain clusters were still in their early stage of development and they would need continued support after PADEE completion. This overall weakened the effectiveness of marketing interventions.
29. **In sum, effectiveness is rated moderately satisfactory (4),** the same as the Programme Management Department's (PMD) self-assessment. PADEE has directly served 88,986 households, more than half of these are female-headed households. The project also mostly achieved the target outcome indicators. IGRFs improved farmers' access to finance and economic opportunities. However, despite the growth, the IGRFs' likelihood of sustainability should be further revisited. The beneficiaries adopted, to a varied extent, improved agricultural technologies and farming practices through training and extension services, but the market access could have been more widely supported to fully exploit the potential.

### **Efficiency**

30. **Timeline and disbursement.** Overall, the project timeline was slightly slower than Cambodia average,<sup>11</sup> but still reasonable. The disbursement was smooth and remained on track, as reflected in the project status reports periodically prepared by IFAD, which assessed the disbursement rate as "satisfactory" throughout the project life-span. Therefore, the project was completed as originally scheduled on 30 June, 2018, even with an additional financing in 2015.

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<sup>10</sup> As reported by the project's endline survey, very few households during the endline survey were part of any of these initiatives.

<sup>11</sup> The average is obtained from CSPE, which included all the IFAD-financed projects in Cambodia: CBRDP, RPRP, RULIP (Rural Livelihoods Improvement Programme in Kratie, Preah Vihear and Ratanakiri), TSSD, PADEE, and ASPIRE.

Table 2

**PADEE timeline from approval, signing, effectiveness and first disbursement**

	<i>Approval</i>	<i>Signing</i>	<i>Effectiveness<sup>12</sup></i>	<i>First disb</i>	<i>Approval- signing (months)</i>	<i>Effectiveness- first disb (months)</i>	<i>Approval- first disb (months)</i>
PADEE	03/04/2012	08/06/2012	08/06/2012	25/10/2012	2.17	4.57	6.74
Cambodia average	NA	NA	NA	NA	1.54	3.50	6.63
APR average	NA	NA	NA	NA	4.33	8.73	17.68

Notes: APR average for projects approved since 2000.

31. **PADEE costs and financing.** According to the PCR, the project achieved an overall disbursement rate of 89.9 per cent with IFAD loan disbursement rate at 99.29 per cent. IFAD grant disbursement was 99.94 per cent and IFAD additional financing was 74.97 per cent Government contributions were 95 per cent and beneficiary contributions were 19 per cent PADEE was expected to achieve about 95 per cent of its financial target once the eligible expenditures under process are consolidated (PCR, appendix 3). The shortfall in beneficiaries co-financing was due to a failure to monetize in-kind contributions complicated by poor communications on the issue between the monitoring and evaluation (M&E) and the financial teams.
32. **Project management costs.** PADEE spent 17 per cent of total budget on project management against the design allocation of 9.6 per cent. The PCR considered this as a modest rate given the effective involvement of several ministries and levels of government (e.g., national, provincial, commune, village levels). The management cost is close to Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri and Rural Poverty Reduction Project, which were 13 per cent and 14.26 per cent respectively but did not have the same complexity of management structures.
33. **Financial management.** The presence of knowledgeable and experienced staff in the PADEE finance unit from programme start-up was reported by the PCR to be key to the establishment of effective financial management systems. The accounting system also functioned well. However, a review of the MTR and supervision reports revealed several lapses and inefficiencies in procurement<sup>13</sup> and annual work programme and budget preparation.<sup>14</sup> The PCR also acknowledged some incoherence between the annual work programme and budget and its execution.
34. **Unit cost per beneficiary.** The project directly benefited 88,986 households with a total expenditure of US\$41.5 million. The unit cost per beneficiary household was US\$466 and per beneficiary US\$93. Compared to similar projects, Rural Livelihood Improvement Project in Upland Area (US\$183.20 per beneficiary) and Rural Poverty Reduction Project (US\$112.55 per beneficiary), PADEE per beneficiary costs was considered relatively low by the PCR (paragraph 149).
35. **Economic internal rate of return.** The PCR reported the financial net present value was US\$20.2 million, while the economic net present value was US\$15.7 million; the benefit-cost ratios were 1.37 and 1.3, respectively in financial and economic terms; financial internal rate of return was 26.2 per cent and economic internal rate of return was 23.4 per cent. This was higher than the 19.2 per cent

<sup>12</sup> Since the General Conditions for Agricultural Development Financing was amended in 2009, financing agreements between IFAD and governments enter into force upon the signature by both parties (unless the respective financing agreement states that it is subject to ratification). Prior to this, financing agreements used to contain conditions for effectiveness, upon fulfilment of which the financing agreement was declared effective. Hence, for the financing agreements signed after this change, the date of effectiveness, or now called "entry into force" is the same day as the date of the financing agreement.

<sup>13</sup> Compliance with procurement was rated as moderately unsatisfactory in 2017 supervision mission as the completion of procurement progress was delayed and was able to meet the planned schedule.

<sup>14</sup> According to the supervision report (2016), project management performance has fallen substantially and has been moderately unsatisfactory (3) since MTR. This was primarily the result of problems within the PSU especially the prolonged, confused and unsatisfactory annual work programme and budget preparation/approval process for FY2016, which has directly resulted in major delays in activities across the project.

estimated at design. The higher estimation could be partially explained by the fact that the PCR economic and financial analysis was based on nine production models compared with four models used in the design stage. An examination of the end-line household survey (2017) showed less than expected results for the crop yields across six different commodities compared with the PCR economic and financial analysis crop models. This may have led to lower economic efficiency, but the indicator is still above the opportunity costs of capital (12 per cent).

36. **In sum**, despite the less than optimal project management cost and some inefficiency in procurement, PADEE demonstrated satisfactory timeliness and disbursement performance, economic and financial efficiency, and unit costs. Therefore, the PCRV rated the Efficiency criterion as *satisfactory* (5), the same as PMD's self-assessment.

## Rural poverty impact

### Household income and assets

37. **Household income increased for both categories: on-farm and non-farm income.** The target group income grew in all categories of on-farm income sources (see table 3) according to the PCR. Specially, while growth rates of cash crops and vegetables for the target group were slower than non-target beneficiary, rice production grew in a higher rate for the target group as shown in Table 3. A review of the household survey report (indicated as the data source in the PCR)<sup>15</sup> reveals some discrepancies between these two documents:<sup>16</sup> the survey report shows a larger difference between the income growth rates from rice between target and non-targeted.<sup>17</sup> Since rice remains the dominant crop, this would result in a higher total on-farm income growth for the target group. To understand the higher growth rate of cash crops and vegetables, the PCRV reviewed the end-line household survey and noted that the much higher increase for non beneficiaries was due to some exceptionally large producers.
38. The income growth for beneficiary non-farming activity was higher than the non-target beneficiary and there are more target farmers found to practice small business. Overall, non-farm income of the target households increased by US\$13 per day (149 per cent increase), compared to US\$10 per day for non-target households (181 per cent). Although non-target group shows a 181 per cent increase, the non-targeted group's non-farm income was mainly driven by other sources (e.g. remittances and sale/rent of equipment or other assets) (see Table 4). On the other hand, the increase of the target group's non-farm income was mainly driven by small businesses, which could be linked with the project's intervention in promoting non-farming activities.

Table 3

#### Farm income growth compared to baseline (HH/Season for Target and Non-Target Groups)

Sources of Income	% Income growth Difference	
	Target group	Non-target group
Rice	88	65
Cash crops	26	61
Vegetables	19	23
Fruit	145	17

Source: PCR Table 07.

<sup>15</sup> SBK firm conducted the baseline survey at 2013, midline survey at 2014, and endline survey at 2017.

<sup>16</sup> For example, according to the Table 07 in the PCR, the rice income of the non-target group grew at 65 per cent, while the endline survey noted that the average income from rice sold for households in control group reduced over the period of 2013-2017. It is difficult for the PCRV to verify the data accuracy in the PCR or the survey.

<sup>17</sup> According to the SBK endline survey, average income from rice has increased from 1.6 million Riels to over 2.6 million Riels (equivalent to US\$393 and US\$639 respectively), while income for households in control domains reduced over the same period.

Table 4

**Non-farm income, USD/HH/day comparison between Target and Non-target group**

Sources of Income	Baseline		End-line		USD Difference		% Difference	
	Target group	Non-target group	Target group	Non-target group	Target group	Non-target group	Target group	Non-target group
Small businesses	6.99	7.26	15.66	10.73	8.67	3.47	124.0%	47.8%
Access to common property resources	2.44	4.51	5.22	5.37	2.78	0.86	113.9%	19.1%
Day labor employment	4.1	4.79	6.85	6.03	2.75	1.24	67.1%	25.9%
Other sources	3.8	2.3	14.56	10.40	10.76	8.1	283.2%	352.2%
Total	8.72	5.55	21.72	15.62	13	10.07	149.1%	181.4%

Sources: SBK's surveys 2013-2017

39. **PADEE directly and indirectly contributed to increasing assets** for 49,200 households who were members of IGRFs. Directly, the programme required holding at least one share in an IGRF as a condition for cash transfers to beneficiaries. This provided beneficiaries a new household asset (a direct financial asset as well as a financial asset with which to leverage loans) (paragraph 109). Indirectly, the income increase could contribute to household asset ownership. The end-line survey indicated that PADEE beneficiaries have increased the value of household assets<sup>18</sup> owned by a margin of 79 per cent compared to baseline, and it is significantly higher than the increase of the control domains (50 per cent).

**Agricultural productivity and food security**

40. **PADEE has a positive impact on agricultural productivity and food security, but the increase is marginal due to natural disasters.** The PCR noted that the agricultural production improvements were more in terms of diversification than in terms of productivity increase. The PCR used the loan repayment performance as a proximate indicator,<sup>19</sup> but this may not be a valid indicator as many factors may have affected the loan payments. To better understand this impact domain, the PCRV reviewed the end-line survey, which shows positive findings: despite natural disaster and climate constraints, PADEE project areas still showed an increase in agricultural productivity, while the control groups experienced a drop in rice yield compared with baseline. Climate situation imposed significant challenges for crop growing in 2016 that 75 per cent of rice producing households reported having been affected by drought or floods.
41. **Food security was reported to have improved** through the consumption of a greater diversity of agricultural production, particularly meat (PCR, paragraph 106). PADEE introduced some activities to address child malnutrition (e.g. low-cost early childhood nutrition promotion systems, 984 Mother-to-Mother Networks) (PCR, paragraph 96). Some positive changes in the malnutrition situation were reported by the PCR. Firstly, the chronic malnutrition in children under five years old decreased from 28 per cent to 12.6 per cent, though slightly shy of the target of 10 per cent. Secondly, for the indicator of wasted-acute malnutrition (i.e. weight for height), the situation worsened for both target and non-target groups (PCR, paragraph 103),<sup>20</sup> but more so for the non-targeted groups. However, the results need to be interpreted with caution: since the main income improvement was contributed by non-farming activities and remittance, the main driver of food security and nutrition improvement are difficult to ascertain.

**Human and social capital empowerment**

42. The PCR reported a satisfactory impact on human and social capital and empowerment based on three aspects: i) individual, group, and community

<sup>18</sup> This does not include financial assets.

<sup>19</sup> The good repayment rate suggests that loans for ongoing agricultural purpose at current levels of productivity remained important sources of income (PCR, paragraph 113).

<sup>20</sup> This indicator is usually associated with temporary shocks, such as famine, floods, or epidemic illness. This discovery is in line with previous findings of climate constrains over agricultural productivity.

empowerment through community-based groups (e.g. IGRFs, CIGs, Farmer Field Schools); ii) increased decision making within the IGRF groups empowered the targeted household members; iii) positive changes in farming and enterprise practices, which empowered individuals. It was noted in the PCR that IGRF members were satisfied with participatory decision making within groups, but at the households' level as well. The PCR also reported notable improvements in self-esteem, group/community solidarity, as well as a high level of ownership and commitment of the IGRFs. This was confirmed by some 309 IGRFs that were in the process of graduating groups into formal agricultural cooperatives. The PCRV considered the assessment to be reasonable.

### **Institutions and policies**

43. The project established and consolidated various grassroots institutions. Technical assistance from PADEE helped to create strong members-owned IGRF. IGRF committee leaders have shown gradual increases of confidence in managing the loans and group members because of financial literacy training, coaching and feedback from the project. Based on self-assessment results, groups were identified as strong, while 138 were classified medium, with four groups being weak (PCR, 114). A total of 984 IGRFs were registered in their commune, providing a level of formality which encouraged further business development and member confidence.
44. The project also contributed to a formation of a grassroots-level extension network through engagement with various external service providers (e.g. MFA, FAO, CEWs, iDE). According to the 2017 supervision report, 187 mobile support teams were trained and working under farmer field schools by the Provincial Department of Agriculture, 299 CEWs under General Directorate of Agriculture's business cluster development, 317 farm business advisors under iDE's public-private-partnership model, and 26 local champion farmers under PROCASUR-supported community learning centres. They have paid a key part in accompanying the beneficiary smallholders in their movements from subsistent farming to diversified income generating activities that are linked to the market opportunities. This will be continued and scaled-up under the ongoing IFAD-financed project ASPIRE (Agriculture Services Programme for Innovation, Resilience and Extension).
45. In summary, PADEE shows positive impacts on almost all the domains except for agricultural productivity, showing some mixed results. Thus, the PCRV rated the rural poverty domain as *satisfactory* (5), same as PMD's.

### **Sustainability of benefits**

46. The PCR is mostly positive about the sustainability prospect for project benefits. However, the PCR assessment is largely based on the fact that ASPIRE is continuing to support what was supported under PADEE (in particular to IGRFs).
47. The roadmap for the integration of PADEE activities, mainly IGRFs, value chain clusters and S-RET, into ASPIRE was developed for the continuity. ASPIRE has been supporting the operation of IGRFs and their transition to agricultural cooperatives (246 IGRFs covered out of 984, at the time of PADEE PCR). Furthermore, the PCR reported that the local authorities had committed to supporting IGRFs, for example, by assigning a staff member to be responsible for IGRF/agricultural cooperative development and merging IGRF activities into the commune development plan. These are seen to be positive steps, but a lack of a long-term vision for IGRFs at the onset, as discussed earlier, could also affect the success rate in strengthening the groups. Furthermore, various project documents raised concerns on the usage of external auditing system in relation to the group/IGRF sustainability.<sup>21</sup> In fact, the external auditing using MBWin system was

<sup>21</sup> Firstly, the MTR reported the unwillingness to pay from many group members. (MTR, paragraph 19). After the MTR, recognizing complains received on the quality of the service, a hotline system was set up by FAO, which improved the quality of the service. The most recent two supervision missions still mentioned the risks of the IGRFs being reliant on a

considered to have complicated the book-keeping process, which made IGRFs more dependent on external support, rather than self-reliant and sustainable. The PCR does not elaborate how such issue may have been or may be addressed in PADEE or ASPIRE.<sup>22</sup>

48. As discussed in the section on effectiveness, some market linkages established were considered to be still at early stage. At the same time, the 2017 supervision mission considered the collection points to be sustainable. With regard to improved agricultural technologies, it is probable that farmers will continue also given PADEE introduced a CIG-based approach which made technology transfer and training more responsive to farmers' demands.
49. In summary, for sustainability of PADEE benefit, the onus is largely on ASPIRE, which has taken over IGRFs and other activities, but it is not clear how some sustainability related concerns have been or are to be addressed (e.g. in relation to IGRFs). For some activities that provide economic benefits to farmers or entrepreneurs, the sustainability prospect is positive, even though there were uncertainties on some market linkage activities due to late interventions. Sustainability of benefits is rated as *moderately satisfactory* (4), the same as PMD's self-assessment.

## **B. Other performance criteria**

### **Innovation**

50. The PCR reported a number of innovations that were introduced by the project. Some of them were successful, while others were still at their early stage of trials, but promising. These innovations presented in the PCR include: safe-food and CamGAP vegetable growing practice, farmer-to-farmer extension, market linkages, energy and water-saving technologies, and alternative source for cooking.
51. In addition, the CSPE identified a few other innovative activities, including the CIGs introduced for training and technical support, e-PADEE, and public-private-partnership model for agricultural service provision. E-PADEE is an extension service provided through tablet devices, supported by the sub-project financed by the Korean supplementary funding (US\$380,000). The software modules introduced were on rice production and covered three topics, namely, the use of fertilizer, variety/seeds, and pest control. The report by SNV indicated that while the model may potentially be an effective and sustainable tool, especially through the partnership with the private sector, there were still some issues to be clarified in reflecting on the way forward, including the issue of licence (CSPE, paragraph 208). PADEE's work with iDE/Lors Thmey through a public-private-partnership allowed cofinancing the delivery of a range of services to farmers such as inputs, equipment (drip irrigation systems, nets, drum seeders), extension services (technical support) and market linkages (CSPE, paragraph 210).
52. Given the above-mentioned innovation piloted under PADEE, a rating of *satisfactory* (5) will be given to this criterion.

### **Scaling up**

53. **Innovations piloted under PADEE were reported to be scaled up, but mostly under follow-up IFAD-financed projects ASPIRE and AIMS.**<sup>23</sup> The PCR noted that as knowledge generated and good practices from the PADEE implementation have captured strong interest of the government and some have

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single service provider impaired its longer-term sustainability. According to the CSPE field visits, the dependency of groups on the MFA support was still significant.

<sup>22</sup> The latest status from the Ministry and partners informed the PCR that over 95 per cent of the IGRF groups are still in operation and have proven to be sustainable. The private sector service provider who has provided the MBWin system to the IGRF groups has continued working with them on a user-fee based approach (source: PMD's response to the PCR received on 19 December 2019).

<sup>23</sup> Accelerating Inclusive Markets for Smallholders (AIMS) is a US\$61.613 million IFAD and Government co-financed project that was approved in 2016.

been replicated or adapted in the design of ASPIRE and AIMS. For example, given growing demand for safe food, an increasing number of farmers were reported by the PCR to be likely to adopt the practice both in programme targeted areas but also in non-target areas as well, particularly as market access also continued to grow. ASPIRE is currently supporting the CamGAP. S-RET was embedded under the PADEE framework and has been transferred to ASPIRE to continue the intervention in both PADEE and ASPIRE provinces.

54. ASPIRE was expected to play a key role in continuing and deepening the partnership with MAFF, which aimed at developing a national extension policy based upon PADEE's extension framework. This would also feed into the Agriculture Sector Master Plan 2030. At a project level, the Asian Development Bank co-financing for the Tonle Sap model has also built on the PADEE extension model.
55. Scaling up is rated as *moderately satisfactory* (4), same as the PCR's self-assessment.

### **Gender equality and women's empowerment**

56. **PADEE made various efforts in promoting gender equality and women's empowerment:** (i) a comprehensive gender mainstreaming approach supported at all levels of the programme and guided by a national gender strategic plan; (ii) gender targeting and resulting strong participation of women; and (iii) a pro-active gender sensitive approach to supporting improved farm and non-land-based income generating activities.
57. **Gender equality was improved in various aspects: gender participation, access to credit, and women's decision making.** As of May 2018, the overall proportion of female members in IGRF was of 64 per cent, ranging from 55 per cent in Svay Rieng to 74 per cent in Kampot. On average, women held 51 per cent of IGRF board positions, ranging from a low of 42 per cent in Svay Rieng to a high of 58 per cent in Kampot and Kandal. Women participated almost equally in IGRF training (47 per cent to 53 per cent for men). All IGRF members received gender equality and nutrition training.

Table 4

#### **Women's representation in IGRFs**

Province	No. district	No. commune	No. village	No. member	Female member		Board member	Female BOD	
					Number	Percent	Number	Number	Percent
Kampot	5	36	144	7200	5358	74%	1008	587	58%
Kandal	5	36	144	7200	4781	66%	1008	586	58%
Prey Veng	11	86	344	17200	10807	63%	2408	1255	52%
Svay Rieng	4	30	120	6000	3274	55%	840	355	42%
Takeo	8	58	232	11600	7466	64%	1624	698	43%
<b>Total</b>	<b>33</b>	<b>246</b>	<b>984</b>	<b>49200</b>	<b>31686</b>	<b>64%</b>	<b>6888</b>	<b>3481</b>	<b>51%</b>

Source: PADEE PCR (2018).

58. *Access to credit.* At the end of the project, 31,980 women were members of IGRFs and accessed US\$11.8 million in loans, which, coupled with share-savings (an additional 34 per cent), enabled women to invest in housing, education, agriculture production and/or enterprises.
59. *Access to economic opportunities.* With the support of MoWA and its Provincial Department for Women's Affairs, PADEE supported some key productive activities of particular relevance and benefit to women, e.g. chicken raising, vegetable gardens, non-land-based activities such as bean sprout production, and handicrafts. These activities take place in or around the house and are easy for women to integrate in their daily schedule and household responsibilities (CSPE, paragraph 226).

60. *Improvement in women's decision-making.* Access to finance and economic opportunities empowered women in household decision-making, supplemented with a variety of gender awareness training. According to the project survey, 52 per cent of husbands and wives now make joint decisions on household resource use, compared with baseline's 27 per cent. However, most of the workload in the house still fell on the women, and household members only helped each other occasionally (PCR, paragraph 124).
61. In summary, project design paid attention to gender issues and contributed to gender equality and women's empowerment from various aspects. Thus, this criterion is assessed as *satisfactory* (5), the same as PMD's self-assessment.

### **Environment and natural resources management**

62. PADEE activities reportedly had little adverse environmental impacts. Training was provided in sustainable natural resource management, especially in technologies related to water harvesting, micro irrigation, and soil fertility testing for improved productivity. Informed and reduced use of chemical fertilizers and pesticide were also promoted. The PCR mission confirmed the trend of increased and improved awareness of the target groups on approaches and techniques related to environment protection and resource conservation. S-RET supported renewable energy technologies and their applications for smallholder agriculture can enhance biodiversity, increase yields and soil fertility as well as contribute to reducing greenhouse gas emissions. Lastly, the promotion of non-land based activities not only increased farmers' resilience to environment and natural resource limitations, but also reduced the development pressure to the vulnerable environmental conditions and scarce natural resources.
63. Overall, project interventions led to a more resilient smallholder agricultural sector, which enhanced environmental/natural resources management. This criterion is therefore rated as *moderately satisfactory* (4), the same as PCR's self-assessment according to the PCR rating matrix.<sup>24</sup>

### **Adaptation to climate change**

64. PADEE design did not explicitly address climate change issues, but several interventions have helped farmers to better cope with effects of climate change (e.g. soil fertility testing, drip irrigation, net houses, crop diversification, mulching). Climate smart production was promoted to enhance biodiversity, increases soil fertility, and contributes to greenhouse gas reduction. The income diversification also enhanced climate resilience (PCR, paragraph 126).
65. The GEF funded S-RET was approved in 2016 to be implemented in close integration with PADEE initially, and then with ASPIRE. S-RET has supported smallholder farmers to adopt affordable renewable energy technologies such as solar water pumps, efficient cooking stoves and bio-digesters, as well as increase their knowledge of renewable energy technologies for agricultural production, processing and/or post-harvest handling. S-RET was expected to generate climate benefits and improve climate resilience of some 8,000 smallholders (CSPE, paragraph 239). The end-line survey showed use of solar electricity as the main means of beneficiary household power has increased from 10.4 to 14.2 per cent.<sup>25</sup> Since the MTR, the percentage of households using firewood as the main source of cooking fuel has reduced from 91 to 85 per cent. Some 14 per cent of households now own a solar power cooking system, 67 per cent own small solar electrical appliances, and 19 per cent own improved cook stoves. However, this PCR cautions that, given the fast economic growth over the project life-span, the positive changes could not be attributed to PADEE alone.

<sup>24</sup> PCR Scores Descriptions show a different rating: a rating of *satisfactory* (5).

<sup>25</sup> The percentage of households using solar power is the highest in Svay Rieng and Prey Veng at 40 per cent and 24 per cent of households respectively, with increases of 29 per cent in Svay Rieng and 19 per cent in Prey Veng.

66. In summary, PADEE contributed to climate change resilience, even though the interventions were not explicitly defined in the design. Since the activities were still ongoing and were not fully achieved under PADEE, a rating of *moderately satisfactory* (4) is given, as per PCR's self-rating shown in the PCR rating matrix.

### **C. Overall project achievement**

67. PADEE achieved its development objective of improved agricultural productivity and diversification of income sources for the rural households living in poverty in the five project provinces. The project was effectively implemented and exceeded revised outreach. The agriculture technology extension model and landless activities promoted by the project were appropriate to the local context. With the improvement in the agricultural extension model, technology adoption was also found to have improved compared with previous IFAD-financed projects. Various activities started to strengthen farmers' access to market, which contribute to income intensification. Moreover, PADEE made various efforts in promoting gender equality and women empowerment, and nutrition states. On the other hand, some design weakness impaired the institutional sustainability of the IGRFs and led limited enhancement of market access. Many activities still require ongoing support from the new IFAD-financed project ASPIRE. Therefore, a rating of *satisfactory* (5) is given for PADEE's overall project achievement, the same as PMD's self-assessment.

### **D. Performance of partners**

#### **IFAD**

68. IFAD responded promptly to the request of the Government of Cambodia to prepare the loan and grant-financing project. IFAD was proactive in bringing in the GEF-financed S-RET, expanding the programmes ability to address climate change challenges and bringing affordable/sustainable renewable energy to programme beneficiaries. IFAD also mobilized an additional US\$2.9 million to promote PADEE's access to finance and market (PCR, paragraph 175).
69. During project implementation, IFAD provided overall satisfactory supervision support. Guidance from IFAD missions was found to have improved programme implementation, operational, and financial, management (PCR, paragraph 175). IFAD was flexible and responsive to the evolving implementation context and provided consistently good technical guidance. IFAD's response time on no objections, commitments, and follow ups on withdrawal applications were within reasonable time limits. For instance, the quality of first nine sets of financial statements were not satisfactory. Following 2013 supervision mission's advice, training was provided to the financial management team to resolve the problem. However, IFAD underestimated technical assistance need for value chain development. Even though, a need to increased support for PADEE's value chain development activities was identified early in the implementation of Component 2, SVN participation only began four years into the programme in 2016. The PCR pointed out that the project design failed to anticipate the efforts required to build the capacity to implement the value chain component effectively (paragraph 176).
70. IFAD's performance is rated as *satisfactory* (5), in line with PMD's rating.

#### **Government**

71. Indicators of positive performance of the Government include satisfactory disbursement performance throughout the project period, counterpart funding, and responsive project management and coordination.
72. **The PCR assessed the performance of MAFF and MoWA as satisfactory in general.** The Ministry of Economy and Finance provided overall inter-agency coordination, processed withdrawal applications, and approved procurement plans and other necessary financial documents. The Ministry of Economy and Finance was also in charge of ensuring timely sufficient government matching funds. MAFF

as the implementing agency lived up with the majority of the financing covenants and followed up on most of the recommendations of supervision missions, helping to assure implementation met annual work plans and budgets. The Government largely honoured its initial commitment of US\$4.7 million and the actual financial contribution was 95 per cent of its appraisal commitment as of 31 May 2018.

73. **Effective institutional support to PADEE at operational level.** Provincial Administrations, District Support Teams and involved Commune Councils showed clear commitment of assigning key focal points and technical staff to support field implementation and to assisting operational coordination with other implementing partners and service providers. PSU also relatively well managed and coordinated project activities at national level. Most notably, the implementation of PADEE components relied on effective partnership with FAO, SNV, iDE, MoWA, and PROCASUR. Under the PSU's overall coordination, implementation partners provided detailed operational plans and timely execution.
74. **Financial management.** Financial management arrangements of PADEE were overall solid with a good correlation between budgeting, accounting and reporting, flow of funds and audit. Auditors identified a series of internal control issues, especially at provincial level, most of which have been resolved as at the date of the MTR. The internal control environment was reported to be adequate with well-established segregation of duties applied in conformity with provisions of the project implementation manual and few areas in need of further improvements (e.g. recording of contribution from beneficiaries and improvement in the maintenance of the audit log) (MTR, paragraph 44). These issues were not raised again after MTR. The PCR assessment is therefore overall positive.
75. **In summary**, the performance of the Government is rated *satisfactory* (5) by the PCR/V, same as PMD's self-assessment.

#### **IV. Assessment of PCR quality**

##### **Scope**

76. The structure of the PCR follows the outline proposed in the PCR guidelines. Each section is adequately covered. Adequacy of project design under relevance is relatively weak considering the complexity of the project design. Overall, the scope of the PCR is *satisfactory* (5).

##### **Quality**

77. The PCR is informative and relatively well written with supporting data, including a very detailed economic and financial analysis, and sustainability analysis. Thanks to the rich M&E data collected during the project, the analysis is well elaborated with data from the field (e.g. rural poverty impact section). There are some limitations. The relevance was lean on C. 2 regarding the relevance of project design. The section of Physical Target and Output Delivery does not completely report against Log-frame indicators as per the project design, which to some extent, over-estimated the project's performance. The ratings are not completely consistent that there discrepancies observed on criteria Environment and Natural Resource Management, Adaptation to Climate Change, and Potential for Scaling up. PCR quality is rated as *moderately satisfactory* (4).

##### **Lessons**

78. The lessons learned are a good mix of experience from both operational (e.g. financial management, M&E, annual budget enhancement) and strategic levels (e.g. incentive schemes, supply-driven group formation). It also presented a balanced view from good practice and challenges learned from the project implementation. The key lessons could have been better supported with more reasoning and reflection to deepen the analysis, instead of presenting a long list of key points. The lessons of the PCR are rated as *moderately satisfactory* (4).

## **Candour**

79. The completion report attempts to balance positive achievements as well as shortcomings of the project (e.g. sequence of project activities, institutional sustainability). Nevertheless, the assessment of project effectiveness, especially regarding the value chain approach, could have been more critical to be aligned with lessons learned. Various factors concerning IGRF sustainability was missed out by the PCR, but was discussed in the recent supervision mission reports. The criterion of candour is rated as *satisfactory (5)*.
80. Overall, the PCR's quality is rated as *satisfactory (5)* based on the above considerations.

## **V. Final remarks and lessons learned**

### **Lessons learned**

81. The PCR proposes some good lessons for future action, including some good practices and areas for improvement, some of which are highlighted below.
82. **Lesson 1. Incentive scheme.** The project adopted a beneficiary incentive scheme to improve training quality, which is considered as a good practice. Specifically, the incentive scheme include: (i) cash transfers to beneficiaries through the Group Conditional Cash Transfer Scheme attending and applying select training and productive use of funds; (ii) use of mobile phone technology to track beneficiary training attendance and satisfaction; and (iii) annual rewards to the best farmer group initiatives and common interest groups performance.
83. **Lesson 2.** IGRFs run the risk of being unsustainable unless their long-term profitability is considered at design, including a well-researched assessment of the future rural financial service sector supply and demand.
84. **Lesson 3.** Allow for a longer value chain market access learning curve especially if implementation is a learning by doing intervention and particularly if related to non-land based activities (even if supported by external, expert service providers).

## Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
<b>Rural poverty impact</b>	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> <li>Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.</li> </ul>		No
<b>Project performance</b>	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
<b>Other performance criteria</b>			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes

<i>Criteria</i>	<i>Definition</i> *	<i>Mandatory</i>	<i>To be rated</i>
<b>Overall project achievement</b>	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
<b>Performance of partners</b>			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

\* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

## Rating comparison<sup>a</sup>

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRVR) rating</i>	<i>Net rating disconnect (PCRVR-PMD)</i>
<b>Rural poverty impact</b>	5	5	0
<b>Project performance</b>			
Relevance	5	4	-1
Effectiveness	4	4	0
Efficiency	5	5	0
Sustainability of benefits	4	4	0
<b>Project performance<sup>b</sup></b>	4.5	4.25	-0.25
<b>Other performance criteria</b>			
Gender equality and women's empowerment	5	5	0
Innovation	5	5	0
Scaling up	4	4	0
Environment and natural resources management	4	4	0
Adaptation to climate change	4	4	0
<b>Overall project achievement<sup>c</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>

<b>Performance of partners<sup>d</sup></b>			
IFAD	5	5	0
Government	5	5	0
<a href="#">[Click here and insert other partners, if any]</a>			
<b>Average net disconnect</b>	N/A		<b>-0.08</b>

<sup>a</sup> Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

<sup>b</sup> Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

<sup>c</sup> This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.

<sup>d</sup> The rating for partners' performance is not a component of the overall project achievement rating.

### Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRVR rating</i>	<i>Net disconnect</i>
Candour	N/A	5	N/A
Lessons	N/A	4	N/A
Quality (methods, data, participatory process)	N/A	4	N/A
Scope	N/A	5	N/A
Overall rating of the project completion report	N/A	5	N/A

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

**Table 1. Summary of amendments to the financing**

<i>Approval Date of Amendment</i>	<i>Approved changes in the loan clauses</i>
21 July 2015	<p>Reallocation for both loan and grant.</p> <ul style="list-style-type: none"> <li>- Loan 870: Equipment, group conditional transfer scheme, operating costs and allowances, and activities implemented by PIPs. No change to loan clauses.</li> <li>- DSF grant 8101: Technical assistance, consultancy services and training, operating costs and allowances, and activities implemented by PIPs.</li> </ul>
29 June 2016	<p>Additional financing.</p> <ul style="list-style-type: none"> <li>- Additional loan of SDR 2,100,000.0</li> <li>- Inclusion on the 'cover page' "Loan No. I-870-KH and Loan 2000001394, Grant No. I-DSF-8101-KH".</li> <li>- Amendments to A, Section A paragraph 3, Section B paragraph 1, Section B paragraph 7, Schedule 1 (for Sub-component 1.3, Sub-component 2.2, Sub-component 2.3, Sub-component 3.2), and Schedule 2 (as Schedule 2bis).</li> </ul>
29 March 2017	<p>Amendment to the Letter to the Borrower/Recipient to include provisions associated to S-RET, IFAD/GEF funded project. The amendment related to instructions to the financial management of S-RET resources: disbursement procedures, designated account and project accounts, statement of expenditures, start-up costs, procurement, and financial reporting and auditing.</p>

Source: PCR Appendix 6.

**Table 2. Summary of output and outcome indicators**

<i>Component 1 Outcome – Output Performance against MTR target</i>		
<b>Outcome - Improved Access to Financial Services - targeted households improve financial literacy and increase level of investment and/or savings</b>	<b>Cumulative</b>	<b>% Target Achieved</b>
Outcome 1: 984 IGRFs established by PY4 and functional by PY 6, as indicated by the volume of savings and loan transactions and loan losses below 5% of loans outstanding as recorded through MBWIN and the records on MFA visits. (Results and Impact Management System indicator)	981	99%
Outcome 2: By the end of PY 6, all IGRF groups have completed financial literacy training and have complied with at least two thirds of the conditions set for each transfer.	984	100%
Outcome 3: IGRF groups paid at least 95% of the amount due within 30 days of due date to the external service provider (MFAs).	981	99%
Outcome 4: 785 IGRFs increase the size of their initial fund by 30% after three years	650	82%
<b>Output indicators</b>		
Output 1: Contract with specialist service provider for accounting, record keeping and reporting finalized successfully .	984	100%
Output 2: Contract with specialist service provider for capacity building in financial literacy finalized successfully.	984	100%
Output 3: 49,200 beneficiaries registered as members of an IGRF and trained in financial literacy by PY4 (of which at least 50% are women).	49,200	100%
Output 4: All IGRFs have female committee members, and women account for at least 25% of elected committees: 1,722	3,196	100%

Source: PCR, page 8.

<i>Component 2 Outcome – Output Performance against MTR target</i>		
<b>Outcome - Improved Access to Technology and Markets - Targeted households use improved production technologies, establish market linkages, and diversify income sources</b>	<b>Cumulative</b>	<b>% Target Achieved</b>
Outcome 1: 70% of trained farmers still adopt8 recommended technology two years after project intervention: 70	95	99%
Outcome 2: 10% of IGRF members engaged in new or scaled-up non-land based income generating activities by PY5.: 4,920	5080	100%
Outcome 3: 34 small rural business matching grants approved and implemented efficiently by PY6.	34	99%
Outcome 4: Land and non-land based training packages developed (minimum 10 and 4 respectively), updated and endorsed by MAFF and MoWA by PY2	5	82%
Outcome 5: Around 200 Farmer Business Advisors providing extension services and supply of farm inputs to approximately 20,000 beneficiaries in a sustainable way by the end of the project period.: 200	368	184%
Outcome 6: The aggregate value of sales of each of the four priority VC products increases by 20% (in real terms) by IGRF members in the VC cluster areas within 3 years of starting VC activities in that cluster	35%	175%
Outcome 7: 20% of IGRF benefit from e-PADEE intervention : 9,840	1,649	17%
<b>Output indicators</b>		
Output 1: 490 CEWs trained and working by PY4, of which 50% are women.	492	101%
Output 2: 49,000 beneficiaries trained in first and second year packages by PY5	49,200	101%
Output 3: 6,000 outstanding farmers trained in first and second year packages by PY5	8,280	138%
Output 4: 3,800 beneficiaries trained in non-land based income generating activities, of which at least 70% are women by PY5	3,870	102%
Output 5: 400 improved seed variety demonstrations conducted by PY5	400	100%
Output 6: 400 crop diversification demonstrations conducted by PY5	400	100%
Output 7: Low costs early childhood nutrition promotion systems to be developed and tested in each province in 2015 and then reviewed/refined before wider roll-out to all districts from 2016.	Done	100%

Source: PCR, page 11.

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## Abbreviations and acronyms

AIMS	Accelerating Inclusive Markets for Smallholders
ASPIRE	Agriculture Services Programme for Innovation, Resilience and Extension
CEW	Commune Extension Worker
CIG	Common Interest Group
CSPE	Country strategy and programme evaluation
DSF	Debt Sustainability Framework
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
iDE	International Development Enterprises
IFAD	International Fund for Agricultural Development
IGRF	Improved Group Revolving Fund
MAFF	Ministry of Agriculture, Forestry and Fisheries
MBWin	MicroBanking System for Windows (banking software)
M&E	Monitoring and Evaluation
MFA	Mobile Field Agent
MFI	Micro-finance Intermediary
MoWA	Ministry of Women's Affairs
MTR	Mid-term Review
PADEE	Project for Agricultural Development and Economic Empowerment
PMD	Programme Management Department
PSU	Project Support Unit
S-RET	Scaling-Up of Renewable Energy Technologies
SNV	SNV Netherlands Development Organisation