

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

AC	Agricultural Cooperative
AIMS	Accelerating Inclusive Markets for Smallholders project
ARDB	Agricultural and Rural Development Bank
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)
BCF	Business Cluster Facilitator
CC	Climate Change
CoC	Chamber of Commerce
EFA	Economic and Financial Analysis
FI	Financial Institution
FL	Financial Literacy
FO	Farmer Organizations
GAP	Gender Action Plan
GAP	Good Agricultural Practices
GDA	General Directorate of Agriculture
GIC	Green Innovet Cam (a livestock service provider)
GKOC	Government of the Kingdom of Cambodia
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
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
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
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
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: Substantial
 Project Name: Accelerating Inclusive Markets for Smallholders Climate Risk Classification: Moderate
 Project ID: 200001268 Executing Institution: Ministry of Commerce
 Project Type: Storage, processing and marketing Implementing Institutions: Ministry of Commerce
 CPM: Frew Behabtu
 Project Director: Project Director: H.E Sakura Samrith (email: ssamrith@yahoo.com) Project Manager: Sieng Komira (email: komira@gmail.com) M&E Officer: Mr Nong Khem Ponna (email: Khemponna@gmail.com)
 Project Area: whole country

Approval Date: 14/12/2016 Last audit receipt: 30/06/2022
 Signing Date: 28/02/2017 Date of Last SIS Mission: 12/09/2022
 Entry into Force Date: 28/02/2017 Number of SIS Missions: 11
 Available for Disbursement Date: 28/07/2017 Number of extensions: 1
 First Disbursement Date: 01/08/2017 Effectiveness lag: 2 months
 MTR Date: 12/10/2021
 Original Completion Date: 31/03/2023
 Current Completion Date: 30/09/2024
 Financial Closure: not available yet

Project total financing

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

Current Mission

Mission Dates: 22 August to 12 September 2022
 Days in the field: 6
 Mission composition: Mr Meng Sakphouseth, Country Programme Officer, Mission Leader; Ms. Girija Srinivasan, Consultant, Team Leader; Mr. Antonio Rotha, Livestock Specialist; Ms. Rachele Arcese, Programme Officer, M&E, KM, Targeting and Gender Specialist; Mr. Arsalan Vardag, Financial Management Specialist; and Mr. Phan Duy Toan, Procurement Specialist.
 Field sites visited: Kampon Thom, Siem Reap, Battambang, Takeo, Kampot, Kep and Kampong Cham Provinces

B. Overall Assessment

Key SIS Indicator #1	∅	Rating	Key SIS Indicator #2	∅	Rating
Likelihood of Achieving the Development Objective		4.62	Assessment of the Overall Implementation Performance		4.33

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

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

Relevance					5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. AIMS is financed by the Royal Government of Cambodia (US\$ 8.6 million), IFAD loan (US\$ 36.3 million), beneficiaries (US\$ 8.1 million) and the private sector (US\$ 8.6 million). The Financing Agreement became effective on 28 February 2017. Project Completion extension from 31 March 2023 until September 2024 has been approved by IFAD. AIMS is led by the Ministry of Commerce. The project goal is to "enhance the prosperity of Cambodian smallholder farmers through increasingly profitable links to agri-businesses and markets". The project development objective is "to increase farm returns for smallholders, including poorer farmers, through efficient public-sector investment". The project has two interrelated components: (1) Value Chains Development and (2) Value Chain Financing. AIMS expects to serve 75,000 direct beneficiaries, of whom 60,000 households will increase in real net farming income by >30%, and 40,000 people will achieve the even more significant impact of increasing their return on labour by >40%.
2. IFAD fielded the Supervision Mission from 22 August to 7 September 2022^[1]. The mission aimed at: a) assessing the action taken on recommendations of MTR and ISM missions, b) reviewing the interventions under different value chains, c) reviewing the progress in Value Chain Investment funds (VCIF) and line of credit, d) strengthening implementation processes towards the exit strategy, e) reviewing the log frame and M&E system, f) assess financial performance and procurement.
3. The mission had an initial briefing with H.E. Tekreth Kamrang, Secretary of State Ministry of Commerce. It worked closely with the staff in PMO, Hub offices, PDOC provincial departments, Technical Service Providers, CEO of ARDB and critical staff of ARDB and AMK. The mission visited six provinces in all three hubs and had in-depth interactions with 9 Producers Organization (POs) and 18 traders. The day-to-day programme is provided in annex 1. The mission findings and recommendations were shared with H.E. Sakura Samrith, Project Director and Director General, General Directorate of Domestic Trade, Ministry of Commerce and his team and project partners on 6 September 2022 and the action points were agreed.
4. The overall key observations and recommendations were presented to H.E. Pan Sorasak, Minister of Commerce. H.E. while agreeing to the key recommendations mentioned that AIMS team will implement the exit strategy with the core aim of sustainability beyond the project. He mentioned that AIMS is a strategically important project for the Ministry and Government of Cambodia in improving the incomes of farmers by transitioning their livelihoods from subsistence to market oriented. While COVID 19 had increased the poverty ratio of the country from single digit to double digit, projects like AIMS will help in recovery of the households from the impact of COVID and more recent geo political tensions.
5. The Mission takes this opportunity to thank H.E. Sakura and the Project Management team for the excellent support provided to the Mission in performing its tasks.
6. ^[1] Mr. Meng Sakphouseth, IFAD Country Programme Officer, Mission Leader; Ms. Girija Srinivasan, Rural Finance and Value chain Specialist, Team Leader; Mr. Antonio Rota, Lead Global Technical Specialist - Livestock Development, IFAD; Ms. Rachele Arcese, Programme Officer, IFAD (remote participation); Mr. Arsalan Vardag, Financial Management Specialist (remote participation); and Mr. Phan Duy Toan, Procurement Specialist (remote participation).

Key Mission Agreements and Conclusions

7. AIMS has reached 77,510 households (HHs), exceeding the project's end target of 75,000 HHs. These households have joined 1,908 POs. The Technical Service Providers (TSPs), have reached 48,149 HHs with improved production techniques against their target of 60,000 households (HH). The project has conducted 2,240 multi-stakeholders platform (MSPs) events, provided business literacy training to 42,118 HHs; disbursed 1,893 Value Chain Innovation Fund (VCIF) proposals with a disbursement of US\$ 1.49 million, disbursed US\$ 4.57 million as line of credit for financing 533 investments, assisted in installing 333 pumping wells and 153 value chain linked common facilities under the Sector Development Facility (SDF). The 37,462 HHs spread over 1,183 POs benefitted from 2,344 sales contracts and 404,834 tonnes of production of the target 4 VC's commodities (rice, cassava, vegetable, and chicken) with the value of US\$ 83 million have been brokered by the project cumulatively. The developmental outcomes of the project are largely getting achieved. The overall performance of the project is on track.
8. Against the estimated cost of US\$ 61.6 million at design, cumulative disbursements by 30 June 2022 reached to US\$ 34.99 million or about 57%. Of this, IFAD loan was US\$ 20.32 million (56% of the total loan). Disbursement under government share of cost reached to US\$ 11.3 million or 130% of the cost. Beneficiary contribution and private sector investment are at 48% and 10% of the targets primarily due to implementation pace of VCIF. The project needs to maintain the current pace of expenditure and disbursement to fully utilize the funding.
9. The project management has implemented the exit strategy keeping in view the conclusion of contracts of Social Mobiliser organisations by March 2023. Five members of team from Provincial Department of Commerce (PDOC) have been inducted into the project management units. Their capacity to perform their responsibilities as an autonomous Project Management Unit needs to be systematically built by coaching and mentoring by PMO. One current key constraint for their field movement and learning on the job is inadequate budget for their travel and DSA.
10. The crucial linkages between the POs and the provincial teams have been the Social Mobilisers (SM) whose contract will end by March 2023. The ISM in April 2022, while considering 18 months extension for the project, agreed with the Government that a Business Cluster Facilitator (BCF) will take over the role of the SM to link between the Provincial team and POs. About 78 BCFs have been selected, deployed in the field and are receiving on the job training. There is an urgent need to identify and deploy the balance of about 350 BCFs by December 2022 so that they are trained by SM organisations and start being active from 1st January 2023.
11. For 2023, the other priority actions needed are: a) creating a national Producer Private Public Partnership (PPPP) platform for vegetable and chicken value chain actors to improve competitiveness and address the critical constraints, b) deepen the engagement with local traders with larger buyers to improve their contracts with POs, c) Based on demand for investments allocate flexibly additional grants of up to USD 2 million to VCIF from credit line, d) stepping up disbursement under VCIF and credit line and ensuring credit line is utilised predominantly for smallholder farmers.
12. IFAD will conduct a remote implementation support mission in the third week of December 2022 (to follow up and review the progress of VCIF, line of credit, and exit strategy), a physical ISM in March 2023 and Supervision mission in September – October 2023.

D. Overview and Project Progress

13. AIMS has two components: (i) value chain development, and (ii) value chain financing. The first component focuses on brokering, facilitation, and capacity building support and the second component aims at stimulating increased private investment through value chain investment support, and a line of credit.
14. **Component 1: Value chain development**
15. Value chain development is the lead component and brokering and facilitation within a selected cluster is the core approach. The key outputs planned for 2022 are largely achieved as of 30 June 2022. The outputs that are lagging behind are: a) training on Chamka app for Business Literacy Facilitators (BLFs) and Business Cluster Facilitator (BCFs), b) trader to trader network and dialogue, c) Consultation for Economic pole related prioritization. Reference is made to appendix 4.2 for detailed technical note on performance.
16. **Farmer enlistment and PO formation:** Three social mobiliser organizations have mobilized 76,821 farmers into 1,908 producer organizations - 378 are for vegetables, 722 for chicken, 261 for cassava, 545 for rice POs and 2 are for silk. Overall, systems to leverage the group strength such as monthly meetings, joint purchase of inputs to reduce costs, joint planning of production to meet contract requirements, internal savings and credit to purchase inputs etc., are yet to be institutionalized in many POs visited by the mission. It is the high priority for the Provincial Department of Commerce (PDOC) in the remaining project life.
17. **Business Cluster Facilitator (BCF):** The extension of the project has been agreed by IFAD on the premise that there will be adequate institutional arrangement to connect POs with Provincial management unit. About 79 BCFs have been selected, and are being trained. There is an urgent need to identify and deploy the pending BCFs so that they are well trained by SM organizations.
18. **Market related interventions:** AIMS is a unique initiative that adopts 4P approach. Multi stakeholder platforms are the key mechanism for bringing together different stakeholders in the respective value chain. Cumulatively, 2,240 MSPs meetings have been conducted (including B2B and B2S meetings) and 583 weekend floating markets are organized in 16 provinces. Overall, the project works with 720 traders and input suppliers with who 50,768 households are linked.
19. **Contract performance:** Actual sales volume of VC commodities through pre-contracted sales has been steadily increasing though there was a dip due to COVID in 2020 and in 2021. Cumulatively, 404,834 tonnes of production of US\$ 83.06 million have been brokered by the project. Project has adopted at least one PO and one contract policy; as of June 2022, 29% of the POs have formal contracts with traders/ input suppliers. However, during wet season the contracts are lower and are expected to pick up during dry season. Some households are uncertain about the production quantity and hence are not keen to enter into contracts. In hub 3 bordering Thailand the producers have trade arrangements with Thai traders.
20. **Table 1 – PO with contracts**

	No. of POs	No. of POs with current contract	% of POs with current contracts	No. of members in POs	No. of members with current contracts	% of members with current contracts	No. of traders with PO contracts
2020	1,365	378	28%	57,318	11,212	20%	225
2021	1,901	807	42%	76,620	22,202	29%	422
6 months of 2022	1,908	556	29%	78,883	12,639	16%	308

21. During field visits it was seen that a) the PO contracts are largely with local traders who the POs trust. Largely about 30% of production of vegetables and rice are sold through contracts and there is a need to crowd in more buyers in POs. b) The attempts to link POs to wholesalers have not very successful due to lower price offered by them and also delays in payments; c) Traders need facilitation support for contracts with reliable and larger buyers. d) Few traders provide market information on production to farmers. This aspect requires further work. e) While rice and cassava industry network is organised with national trade bodies in place outside the project support, the project needs to further strengthen PPPP platform at central level for chicken and vegetable value chains.
22. The actual volume and value of sales have been increasing over the years. The dip in sales due to COVID situation is being overcome since 2021.

23. Table – 2 Contract performance

	Total contracted volume (Kg)	Total contracted value (US\$)	Actual volume of sales (Kg)	Actual value of sales (US\$)	Per member volume of sales (Kg)	Per member value of sales (US\$)
2020	115,660,437	23,663,355	97,540,037	19,293,980	36,727	6,632
2021	248,881,815	43,701,792	185,285,466	33,313,135	37,696	6,697
6 months of 2022	73,252,341	20,349,635	69,056,425	18,950,964	45,141	8,544

24. Overall, 81% of contracted volume has been supplied and the performance of 2022 is at 94%. Compared to June 2021, the position at June 2022 is encouraging with 16% increase in volume of sales.
25. **Technical partners for improving production.** As against the end target of 60,000 farmers to be trained, the achievement is 48,149 (80%). There are few critical outputs that are yet to be achieved under GIC and GDA contracts (chicken production demonstration and market networks for clean cassava seeds etc.). As of 30 June 2022, 77% of the trained farmers are adopting improved technology as against the end target of 75%. For each commodity, one critical adoption indicator was identified and the adoption rates for these indicators are 49% for quality seeds under cassava, 63% for buying healthy 21 day old vaccinated chicken and 94% for high yielding seeds for vegetables.
26. Amru rice has initiated cassava seed production by launching a new initiative, CACC, partnering with farmer organisations to ensure organic cassava is available for the value added products of rice for export markets. PMO needs to engage with CACC for improving availability of clean seeds of cassava.
27. With three of TSP contracts (GIC, GDA, KLT) getting closed as of 31 Dec 2022, the PMO has been considering options to continue the services of TSPs. There is potential to train more farmers especially ID poor 1 and 2 who are joining existing POs. VCIF window 1 investments will be completely implemented through TSPs.
28. **Poultry Value chain:** Most of the indicators reveal good progress of the activities and full achievement will be attained by the end of the project. However, a number of issues need attention from the PMO and GIC in terms of reducing the unit cost of 21-day-old vaccinated chicks, feed and housing, and more importantly, ensuring access to affordable credit by rural households. Addressing these issues will have a direct impact on (i) competition with imports from Thailand and Vietnam; (ii) the replicability of the AIMS/GIC rural poultry farming model and its scalability; and, (iii) the sustainability of the project interventions. Full findings and recommendations are included in annex 4.1 of the report.
29. AIMS rural poultry value chain has not yet reached the level of maturity and robustness necessary to expand and reach the expected level of production, which would have a national economic impact, providing opportunities for import substitution in local markets and ultimately for export of "quality products" to neighboring countries. Achieving this goal requires a change geared toward business and marketing. The strategy for the development of a vibrant rural poultry value chain should address (i) the feasibility and affordability of investing in rural poultry development; (ii) the capacity of public and private institutions, including grassroots organizations; and (iii) market demand, opportunities, and constraints (e.g., in terms of infrastructure, communication technologies, prices, etc.). This requires a specific study.
30. **Business Literacy:** In all, 1,908 BLF were recruited, of which 1,481 have been trained and trained in turn 42,118 HH (27,115 women) members of POs (84% of end target of 50,000 HH). As per hub teams, about 25% of the BLFs can conduct training independently and thus are available for further training of members of POs.
31. **Chamka app:** AIMS has developed electronic modules of the business literacy training which are being uploaded and will be available through Chamka app developed by ASPIRE. BLFs are to be trained on the features of Chamka app and they should be trained on farmer diary – production, expenses and income – to be maintained in the app so that the project can shift from paper based booklet to online MIS.
32. Under the **Sector Development Facility** with focus on public goods that address specific bottlenecks to the VC development, 333 pumping wells have been constructed in 2020, an additional 153 infrastructure schemes¹¹ have been executed in 2021. User committees have been formed and the mechanism of user fee collection is yet to be fully institutionalized as seen during the field visits. PMO should study actual usage of the infrastructure created.

Actions	Responsibility	Deadline	Status
Develop strong result oriented plans for strengthening POs (repeat) PO regular meetings to be the core focus of PDOC/VC/BCF. Integrate production plans and input requirements, technical adoption discussions as per season, marketing plans, income and expenditure into PO meetings; joint purchase of inputs to reduce costs, joint planning of production to meet contract requirements to fetch better market prices, internal savings and credit to purchase inputs etc.,	PMO, PDOC, VCI, SM, BCF	October 2022 onwards	Agreed
BCF to be in place by 1st Jan 2023 to support all POs: With contracts of SM organizations getting over by March 2023, it is critical PMO puts in place BCF mechanism in all clusters/communes so that SM organizations train the selected BCFs well before exit. The end contract performance assessment of the SM will be based on how well the capacity of BCF being supported by SM. PDOC focal points/VCI to ensure BCFs receive on the job training to do independent work by March 2023.	PMO, PDOC	Jan 2023	Agreed
Chamka app training Train BCF and BLF in maintaining farmer diary in chamka app and phase out printed FD. PMO will not print any more FDs but encourage farmers to adopt the practice using locally available notebooks to ensure sustainability of the practice beyond project period. The BCF will send the picture FDs to PDoC focal point for entering data into MIS.	PMO	June 2023	Agreed
Work more intensively with traders: To improve contracts, VCI team to work with local traders to expand their capacity to procure more from POs, crowding in more local traders at POs after carrying out an integrity check on them and also link local traders with larger buyers after an assessment of such larger buyers. VC team at PMO to develop more market intelligence especially in vegetable and chicken value chain. (more details in the supervision mission report)	VCI team at various levels	On going	Agreed
PPPP for vegetable and chicken: While rice and cassava industry is organized with national trade bodies in place, PMO to develop a PPPP platform at central level for chicken and vegetable value chains to improve competitiveness of the industry, address regulatory issues arising from cheaper products from neighboring countries and also improve efficiency of the sector.	PMO		Agreed
Core technical practice adoption: Strengthen training and technical follow-up for full adoption of the AIMS technical package in all commodities especially in better vaccination and housing in chicken value chain, adoption GAP in vegetables, clean seeds in cassava.	PMO, TSPs, GIC	Dec 2022	Agreed
Address critical constraints in poultry value chain: Prepare proposals for (i) training and demonstration of alternative poultry housing models; poultry feeding in each province, including establishment of small feed production/demonstration units (at least 3 locations), and (ii) upgrading of poultry breeding facilities to expand 21-day vaccinated chick production capacity (at least 3 locations). These proposals to be linked to VCIF window 2 where possible	GIC, PMO, PDOC	June 2023	Agreed
Value chain study of rural Poultry and vegetable: Contract a value chain development specialists to undertake a studies on the rural poultry and vegetable value chain focusing on (i) a market analysis; (ii) the development of a strategy to structure the institutional set-up of the sector at the national level and the necessary policy and regulatory framework; the development of a roadmap for the official branding of Khmer poultry and vegetable production; and (vi) a business proposal to facilitate partnership and investment with the private sector.	PMO	June 2023	Agreed
Input costs reduction: The rising input costs is affecting all commodities and VC team/PDoC team to facilitate demand generation from PO members well in advance, negotiate and tie up with whole salers / large input suppliers to reduce input costs for producers.	PMO, PDOC, TSPs, hub teams	October 2022 onwards	Agreed
TSP engagement Develop MOU with each TSP based on past performance, based on scope for further training, and VCIF implementation. Work with GIC and KLT to develop a model for providing continued services to farmers	PMO	November 2022	Agreed
MOU with Amru rice, CACC for clean seed of cassava PMO to engage with CACC for improving availability of clean seeds of cassava.	PMO	November 2022	Agreed

Actions	Responsibility	Deadline	Status
Sector Development Facility Data maintained by PO and collected by BCF on actual usage of the infrastructure created and make efforts to maximize their usage rate and efficiency since currently, as seen during the field visits, the usage is largely that of PO members with very few others (indirect beneficiaries) benefitting. MIS needs to track direct and indirect users.	PMO, PDOCs, M&E	October 2022 onwards	Agreed
BLF training results Carry out a study on KAP (knowledge, attitude, practices) of business literacy trainings carried out by the project the results of which will be used for informing other stakeholders of results and also for Project Completion report.	PMO, PDOCs, M&E	March 2023	Agreed

33. Component 2: Value chain financing

34. 2.1. Value Chain Innovation Fund^[2]

35. **Window 1:** As of 31 July 2022, the project has approved 1,969 proposals and disbursed 1,893 proposals of US\$ 1.49 million, out of total VCIF of USD 3.4 million^[3]. Out of 1188 proposals received in 2021, 1116 have been disbursed, 7 claims are to be submitted to ARDB. PMO intends to open the proposals for 2022 shortly.
36. The issues in window 1 are: a) 207 days taken from developing the proposals to disbursement of 1,188 proposals; b) high transaction cost relating to grant disbursement of small value grants. Lack of working capital of TSP to execute the work in time and also lack a credit product to finance the farmer to execute the VCIF; c) There is high demand for VCIF from the farmers whereas the budget is limited (USD 800,000 for next two years); d) Demand for opening up window 1 for rice and cassava seed production since availability of seeds is a critical constraint and necessity for boosting exports.
37. After in-depth discussions with the project teams and ARDB, it has been decided:
- To allocate up to USD 2 million additional grant for window 1 flexibly from the credit line since the demand for VCIF is high (the credit line is unlikely to be disbursed fully for smallholder farmers and VCIF is addressing needs of smallholder farmers). AWPB 2023 will have an allocation of USD 1.5 to 1.8 million for VCIF based on demand estimate. AWPB 2024 will have lesser allocation considering the project ends in September 2024. Window 2 allocation will be overall USD 1 million;
 - To leverage credit for smallholder farmers under the credit line, VCIF will be held as cash guarantee by ARDB/AMK to be adjusted on repayment of the loan following ASPIRE AT arrangement. Thus, VCIF will be a back ended subsidy. It is expected at least 50% of the investees will avail credit line from ARDB/AMK.
 - Where the investees are arranging funds/credit themselves, TSPs - based on pipeline of proposals - will receive quarterly advance of the VCIF grant to initiate the investment. After doing a risk assessment based on past performance of TSPs, one option is for the PMO to ask for bank guarantee from TSP before release of advance.
38. The above measures are expected to address the current issues being faced in terms of multiple verification steps, lack of funds and delays.
39. **Window 2:** At MTR, PMO was advised to open window 2 for grant proposals and so far no proposal has proceeded beyond the expression of interest. Currently there are 8 EOI in hub 2 though both in hubs 1 and 3, traders expressed interest in cold trucks as well as slaughter houses for chicken and processing plant for cassava. From the approach of seeking only innovative proposals, the project should expand window 2 for proposals that address critical constraints faced by producers and invite proposals that improve competitiveness and overall economic impact. A preliminary list is given in appendix 4.2 of supervision mission report. One of the deterrents seen by the investees is lack of capacity to develop detailed proposals. The PMO needs to review the documentation requirements and simplify them further. The other issue has been that 20% grant amount is seen as too small especially farmer owned networks/agriculture cooperatives.
40. **Window 3:** Considering that the project has to disburse more numbers of window 1 investments, it is advisable that the project concentrates on window one and two only.

Actions	Responsibility	Deadline	Status
Window 1			
Budget allocations Flexibly increase budget for window by another USD 2 million by reallocating from credit line. Increase budget for 2023 up to USD 1.5 to 1.8 million.	PD, FM	October 2022	Agreed
Open up window 1 for seed production under rice and cassava	PMO	Immediate	Agreed
Grant to id poor 1 and 2 Increase grant amount to ID poor and poor 2 to USD 1500	PMO	October 2022	Agreed
Advance to TSPs Where the investees are arranging funds/credit themselves, TSPs based on pipeline of proposals to receive quarterly advance of the VCIF grant to initiate the investment. Based on risk assessment, PMO to ask for bank guarantee for performance.	PMO/TSPs	October 2022 onwards	Agreed
Ensure more than 1 round of invitation of proposals Ensure two to three rounds of proposals under window 1 to improve the amount of grants.	PMO/PDOC/VCIF/TSP	October 2022 onwards	Agreed
Window 2			
Increase the scope of investments Apart from innovations, include effective solutions for critical constraints faced in production and post harvest management in the proposals	PMO	October 2022 onwards	Agreed
Increase grant to farmer organisations/ cooperatives/ farmers networks Increase grants to registered farmer owned organisations up to 40% of the total long-term investment cost.	PMO	October 2022 onwards	Agreed

41. **Line of credit:** Out of USD 8.1 million credit line, the disbursement to ARDB has been USD 3.3 million so far (41%) and ARDB has disbursed USD 4.57 million (including repayments received). The outstanding loan is USD 2.56 million and non-performing loans are USD 55,876. ARDB has increased their staffing of mobile unit and coverage of provinces but continues to lend more to better off farmers and traders/input suppliers based on collateral; the average loan size of loans disbursed during 2022 is USD 8,202. ARDB is yet to develop products and processes suitable for small farmers.
42. Project entered into a tripartite agreement with AMK and ARDB on 8th April 2021 to improve lending to smallholder farmers. The pilot phase in four provinces initiated post MTR, is yet to yield results. AMK is yet to communicate clearly the product features under credit line that are different from the general micro finance loan; the current interest rate offered by AMK is seen as same as that of other MFIs. Farmers expect differentiated product with lesser interest rate from the credit line. From May 2022 to July 2022, 630 interested farmers were contacted by AMK but only 11 loans were disbursed for USD 15,250.
43. The credit line requires realignment since under the present conditions the credit line will not be utilised adequately for small farmers. AIMS can also adopt the blended finance mechanism to be offered under ASPIRE 2 as per the programmatic approach. The core issues were discussed with CEO and senior management of ARDB and AMK. It was agreed that:
- AMK lending:** ARDB will offer credit line in 14 provinces where they have presence and AMK will work with AIMS in four provinces which are not reached by ARDB. ARDB will consider reducing interest rate for wholesale loan to AMK if AMK will pass on the benefit of lower interest rate to farmers. AMK will also lend for VCIF investments in the four provinces as per procedures adopted by ARDB.
 - Loans to small farmers:** For ARDB, hence forth, small farmer financing will be the core focus of the credit line with 60% to 70% of credit line disbursements to be for small farmers with average loan size of USD 4000. VCIF investees in four value chains will be the priority. The grant amount of VCIF of 35% of investment amount will be blended with credit line and given as a loan to the farmer. The grant amount will act as cash collateral and in case farmer fails in repayment, the VCIF grant amount will be used to set off losses. ARDB, on the basis on cash collateral and hypothecation of assets created out of the investment, will disburse loans to farmers and will not insist on any further collateral.
 - Loans to other value chain actors:** The balance 30% to 40% loan disbursements will be for traders/ input suppliers/processors. The project will introduce those requiring finance. The average loan size will not exceed USD 30,000 keeping in view the target group of the project i.e., local small traders/small processors.
 - Innovations in products:** ARDB will pilot value chain financing instrument for financing producers under contract farming arrangement with established companies like AMRU Rice. Since AMRU rice is keen on ensuring adequate finance to the producers, it is willing to guarantee the repayment of loan of the producers it has contract with. While ARDB will lend to farmers, based on production plan, the

repayment will be ensure by AMRU rice from the sale proceeds of rice supplied by farmers.

5. **Credit line reallocation:** Since the VCIF demand is high, and the credit line disbursement (including repayments of loans outstanding) is likely to be only USD 6 to USD 6.5 million, USD 1.5 million to USD 2 million may be relocated to VCIF window 1.

Actions	Responsibility	Deadline	Status
Credit line reallocation Since the VCIF demand is high, and the credit line disbursement (including repayments of loans outstanding) is likely to be only USD 6 to USD 6.5 million, USD 1.5 million may be relocated to VCIF window 1. ARDB to lend not more average loan size agreed upon to ensure small farmers and small traders are targeted	PD, FM	October 2022 onwards	Agreed
Innovations in products ARDB to pilot value chain financing instrument for financing producers under contract farming arrangement with established companies like AMRU Rice	PMO	Dec 2022	Agreed
Innovations in processes ARDB to introduce digital loan processing and disbursement for AIMS borrowers	ARDB, PMO	Dec 2022	Agreed
AMK lending ARDB to offer credit line in 14 provinces where they have presence and AMK will work with AIMS in four provinces which are not reached by ARDB	PMO, ARDB, AMK	October 2022	Agreed
VCIF used as cash guarantee to leverage loans for small farmers To leverage credit for small holder farmers under the credit line, VCIF will be held as cash guarantee by ARDB/AMK to be adjusted on repayment of the loan. VCIF to be invested in interest bearing securities and benefit passed on to farmers as per agreed rate with PMO	PMO/ARDB/AMK	October 2022 onwards	Agreed

44. [1] Including wells, chicken slaughterhouses, grading sorting facilities, multiple commodity collection centers, vegetable collection centers.
45. [2] VCIF has three windows – Window 1 is meant for small holder farmers upto USD 1000 per farmer. Window 2 – SME investment upto USD 10,000 per VC SME actor, Window 3 - Medium business investments in the downstream VC □ for example export grade pack houses, modern slaughterhouses, multi-chamber cold stores, processing factories □ upto a maximum of USD 100,000. Currently disbursements have been from Window 1.
46. [3] The achievement at MTR – August 2022 - was cumulatively 1444 proposals were approved with USD 1,153,000 as grants. The disbursement as of August 2022 was for 692 proposals for USD 556,099 as grants.

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness **Rating: 5** **Previous rating: 4**

Justification of rating

47. At 23 months to the completion date of 30 September 2024, the project is reaching 103% of the intended target HH beneficiaries. As of 30 June 2022, the disbursement rate is 51% (IFAD loan 52%; Government 111%; beneficiaries 24%). Most of the physical outputs have exceeded or met over 60% of their targets. The project has substantially exceeded the technology adoption rate target originally set during design. Project is also able to increasing overall agricultural productivity and thereby making Cambodian local production more competitive at marketplace. The absolute volume of production of selected commodities in clusters identified has increased and buyers achieve adequate scale and are continued to attract a sign sales contract with the producers. The project aggressively engaging traders/ processors in order to strengthen market linkages, keeping in view of the widespread demand among smallholder producers for sales contract. These have been achieved through the additional service provided by technical package and a strong collaboration with ASPIRE as part of the IFAD Programmatic Approach. At MTR, the project's public ROI was already at 35% exceeded the target of 20%. The mission have a confidence that the project goal and objective are achievable by the new completion date of 30 September 2024. Restructuring of the project management and introduction of the technical service providers, have contributed positively to the project deliveries and the overall development effectiveness. Overall, development effectiveness has improved further this year reflecting the strong commitment from top level (Minister and this team) to make this project as a flagship project of Ministry of Commerce. The prospect for further improvement has been guided by H.E Minister to build further on crowding in more private sector and pave the way to work with ASPIRE AT.

Log-Frame Analysis & Main Issues of Effectiveness

48. **Project Goal and Development Objective.** At least 60,000 HH (80% of total 75,000 direct beneficiaries) are expected to achieve real net farming income increase of >30% and at least 40,000 HH (53% of total 75,000 direct beneficiaries) with return on labour in farming increased by 40%. The mission noted that the data provided by the mid-term survey in this regard were not consistent and asked the survey company to review accuracy and correctness of baseline data and retake the mid-term survey. There are a number of external factors that are affecting project households. Climate change continues to affect farming through measures are being taken by the project for risk management. COVID and Ukraine crisis related disruptions and also increase in input costs due to geo political situation are affecting incomes; however if normalcy returns, there is high likelihood that the project will achieve and exceed its goal.
49. **Outcome 1: Profits to farmers and businesses from inclusive value chains increased for multiple higher value products.** At the outcome level, the project has exceeded its physical target of 75% adoption rate of production and postharvest technologies of participating farmers. The aggregate value of products sold of USD 83 million (data based on registered contracts only). Overall, POs members are eager to adopt production and postharvest technologies, as they are relatively cheap and allow good profit.
50. **Outcome 2: Private investment increased in priority value chains from smallholders and agri-businesses.** At the outcome level, data on agri-business investment in priority value chains and production clusters are not available, as W2 has not been approved yet. The 2022 cumulative smallholder investment in priority value chains and production clusters amounts to USD 3.3 million (W1). The physical target of two Partner Financial Institutions (PFIs) continuing financing VCs has been fully achieved, while the percentage of smallholder farmers with increased financial literacy is 38% as of June 2022 as against the target of 50%.
51. **Outcome 3: Substantially increased capacity of national and sub-national institutions to design and deliver inclusive agriculture market development initiatives.** As of June 2022, the percentage of MSPs that are active, well attended and positively regarded by participants of target VC cluster locations is 65% as against the target of 90%. At the output level (i.e., Output 3.1 Farmers trained on improved technologies for production or post-harvest practices), the project trained 80% of targeted beneficiaries in crop and livestock (56% female) and 84% in business literacy (64% female). The physical achievements are likely to increase more in the upcoming two years of implementation as the project is currently negotiating additional training sessions on chicken and vegetables value chains.
52. **Outcome 4: Increased sales by POs:** As of June 2022, the number of POs that have been newly formed or strengthened is 1,908 (117% of appraisal target), of which 62% are formally registered. 77% of producers' organizations interviewed through annual outcome surveys (mainly 2020 and 2021) claim that they have recorded an increase in the volume of production sold or in the value of sales compared to the pre-project situation, with project support. The project also exceeded the number of Multi Stakeholder Platforms meetings organized (as of Jun 2022, 2,240 or 121% of appraisal target).

Development Focus

Targeting and Outreach **Rating: 5** **Previous rating: 5**

Justification of rating

53. The project follow pro-poor VC development approached. It delivers on the objectives of its targeting strategy and targeting performance is monitored regularly. As against the target of 75,000 households, current outreach is 77,510 households, 103% of appraisal target through the flagship value chain commodities. While Project is trying hard to reach ID Poor target, the near-poor household achievement is more than 123%. Project take significant effort to reaches out to ID poor HH, but generally they have no productive assets, dependent on labour and not enterprising and producing for markets, most of them get support from other projects and have been highly reluctant to join POs.

Main issues

54. According to the MIS data, the project reaches out to its intended target groups as identified in the PDR. Regarding geographic targeting, as of June 2022, the project covers 2,963 villages in 703 communes of 129 districts of 18 provinces (100% of the targeted provinces). The selection of geographies is guided by the scope for clusters of production and marketing of selected value chain commodities. Since March 2021, the total number of HH has increased by 0.02%, registering a decreased number of near-poor HH and an increased number of ID Poor HH due to covid-19 pandemic and drop-out of some farmers from project activities.

55. Overall, the quality of the data and information available regarding outreach of all groups of beneficiaries, including women, young men, young women and indigenous people, needs improvement, as detailed in the M&E section of the report.

56. **Table 3 – Households reached as of June 2022.**

Poverty ranking	Target	Achievement	%
ID Poor	20,250	12,649	62%
Near Poor	48,750	60,267*	123.6%
Better Off	6,000	4,594	76.6%
Total	75,000	77,510	103.32%

57. *the number decreased from 60,283 HHs in march 2021 because during the covid-19 pandemic some near-poor HH turned into poor (see increased number of ID poor) or dropped-out from project activities.

58. Among the AIMS-supported VCs, rural poultry farming results particularly suitable for resource-poor HH, women. For poultry, AIMS records the most significant number of POs HH members in the ID Poor (6 059 members) categories. During field visits, the mission interacted with ID poor who have benefitted from improved technology such as net house. Vulnerable HIV AIDS affected and also few disabled are benefitting from poultry intervention living life of dignity.

59. **Table 4 - POs Households Target by Commodity**

Name of Commodity	POs Formed	Number of households (cumulative as of June 2022)			
		IDA Poor	Near Poor	Better off	Total
Number	Number				
Vegetable	378	1339	9,579	678	11,552
Chicken	722	6059	19,272	1,144	26,378
Rice	545	2699	21,503	1,630	25,811
Cassava	261	2549	9,297	1,126	12,976
Silk	2	3	101		104
Total	1,908	12649	60,267	4,594	77,510

60. As per the last mission recommendation, the project started to track HH active in the production cycle and those dropping out, disaggregating data by gender and poverty profile and taking corrective measures. According to the data collected in April 2022, around 3% of HH dropped out from POs or stopped producing in the commodity value chain (mainly rice and chicken), and about 6% of HH have stopped seasonally. The main reasons for dropping out being migration and increase of agri-inputs costs.

61. **Table 5: Active households and Drop Out households**

Commodity	Total HH mobilized	HH dropped out of PO	HH resting in current production cycle	HH active in production cycle	
				Total	Female
Vegetable	11,821	476	731	11,646	6,520
Chicken	26,630	666	1,431	17,489	11,470
Rice	25,938	895	1,664	28,992	19,558
Cassava	13,019	285	777	11,994	6,795
Silk	102	0	0	102	84
Total	77,510	2,322 (3%)	4,603 (6%)	70,223 (91%)	44,427

Actions	Responsibility	Deadline	Status
Inclusion of ID poor in core project interventions Ensure that the project activities are adequately reaching ID poor especially contracts for sales, VCIF, LOC by setting sub targets and measuring performance	PMO	continued	Agreed

Gender equality & women's participation

Rating: 5

Previous rating: 5

Justification of rating

62. Specific assessment of progress on gender equality and women's empowerment is done through a dedicated gender Working Group, in liaison with other sister projects (ASPIRE and SAAMBAT). As of June 2022, women and girls account for 52% of beneficiaries exceeding AIMS' design target of 50%; in all core project interventions the women are getting adequately covered with more than 50% coverage except under line of credit where only 41% of borrowers are women. Although not being classified as a "gender-sensitive" or "gender-transformative" project, the project makes a significant contribution to addressing all three IFAD's gender policy objectives (i.e., economic empowerment, voice and decision making, equitable workloads) through effective implementation of its gender strategy and plan. The Ministry of Women's Affairs (MOWA) is a part of the Steering Committee. AIMS has ensured women leadership in the producer groups formed by requiring that out of three leaders of a producer group at least one should be a woman. Of 5,185 group leaders, 2,592 (49%) are

women. Women's participation in Value Chain Development is being successfully promoted, achieving >50% of female participation in most of the crop and livestock training (Rice 69%, B2B 48%, B2S 54%, BLT 64%, Cassava Demo/Nursery/Field day/GDA 51%, Cassava 49%, Chicken Demo Field day/GIC 60%). The project ensures that VCIF and LOC are equally promoted. As of June 2022, 49% of approved VCIFs are for women, and 41% of people receiving LOC are female. In terms of women empowerment and increased voice, women participate in project-related decision-making, with 50% of POs group leaders, deputy group leader and secretaries being female based on set quotas. During the mission, it was noted that farmers are overall aware about the importance of gender equity and equality thanks to the gender sensitization carried-out by the project through e.g., BL training sessions. In terms of women staff, as of Jun 2022, the percentages are as follows: PMO: 42.03%; TA: 7.69%; ARDB: 7.69%; SM team: 44.62%; 1Three hubs: 30.74%; GDA: 10%; GIC: 4.35%; KLT: 27.78%. All PDoC focal points have been trained on gender issues and mainstreaming principles. Gender-sensitive marketing materials and case studies have been developed and published (4 videos, 4 Facebook posts, 5 case studies). The project has explored avenues of drudgery reduction (i.e., adopted tools include drip irrigation, injecting fertilizers, trellis net, plastic mulch, and seedling tray, grass chopper machine, hatching egg machine, hand tractor/tractor), including mechanization, use of improved tools as reported in their well-prepared gender quarterly progress report. The project also analyzed some of the main reasons for women's inactivity in the production cycles, related mainly to heavy or sensitive manual works such as ploughing and pesticide spraying. The project also developed several case studies on women's control over sales proceeds. The data on women's workload and women's access and control over sales proceeds are expected to be collected by the 2022 Annual Outcome survey.

Main issues

63. The mission commends the project for reportedly addressing women's economic empowerment, increased voice and decision-making, and equitable workloads despite not being classified as a "gender-sensitive" or "gender-transformative" project.
64. The MIS collects, analyses and interprets sex- and age-disaggregated data with need for improvement for overall data collection (see M&E section). Specific assessment of progress on gender equality and women's empowerment is done through a dedicated gender WG, in liaison with other sister projects (ASPIRE and SAAMBAT).

Actions	Responsibility	Deadline	Status
Update the Gender Action plan Keep GAP continuously updated with activities for 2023-24 which take into consideration sustainability after project completion	PMO	continued	Agreed
Improve provincial performances Develop action plans for provinces which are lagging behind in women coverage under core activities like training, contracts, line of credit etc.	PMO, PDOC	October 2022 onwards	Agreed
Include further drudgery reduction measures under VCIF While the current investments such as drip irrigation, net house, mulching etc., are reducing drudgery reduction, TSPs to suggest further drudgery reducing technologies and measures such as women friendly equipment under VCIF	PMO, TSP	October 2022 onwards	Agreed

Agricultural Productivity

Rating: 5

Previous rating: 4

Justification of rating

65. Project activities are leading to a good increase in agricultural production in the project target area. Such increase is well measured, quantified and documented and meets targets. PMO has engaged Technical Service providers for better production technology adoption for improving yields. Awaiting the results of annual outcome survey for 2022, the project for the purpose of the mission carried out a small sample survey internally on productivity, which shows positive results over baseline figures of 2019. Field visits to POs that have received technical assistance shows adoption of better technologies leading to substantial increase in yield with moderate increase in area of cultivation/unit of poultry. The technical service providers have been engaged to provide training on better production techniques and have covered about 62% of the total households have been trained. The project has specified 6 core practices to be adopted by the households under each value chain which is also measured. The land preparation, better seed selection, appropriate usage of fertilizers and pesticides etc., are resulting in better productivity. A small sample survey of 222 households on productivity of different value chain commodities was carried out internally by M&E team and the sample was drawn from different POs in 16 target provinces. The results were compared with rolling base line results of 2019.

Main issues

66. **Table 6 – Agriculture productivity**

Commodity	Rolling baseline 2019	Year 2020	Year 2021	Year 2022	Change over baseline of 2022 (for cassava 2021)
Chicken					
Average herd size	124	173	172	229	84.6%
Average live chicken sold/HH	333	431.58	514.75	501	50.4%
Fresh cassava					
Average farm size/cycle (Ha)	1.62	3.1	3.06	n/a	88.8%
Average Yield / Ha (Ton)	13.49	19.92	20.16	n/a	49.44%
Rice					
Average farm size (Ha)	1.97	1.94	1.98	2.01	2%
Average Yield / Ha (Ton)	2.60	3.05	3.1	3.29	26.5%
Vegetable					
Average farm size (m2)	0.15	0.20	0.23	0.25	66.6%
Average Yield / Ha (Ton)	16.90	19.51	20.85	21.38	26.5%

67. The above results are very encouraging and show substantial increase in yield of commodities/herd sold under poultry. The annual outcome survey being carried out should capture project wide results on improving productivity.

Nutrition

Rating: 4

Previous rating: 4

Justification of rating

68. AIMS was not designed as a nutrition or nutrition sensitive project (so not rated). However, the selection of value chain – vegetable and chicken – have direct positive impact on improved family nutrition as part of the production is consumed by family members. Good agricultural practices in vegetables are leading to pesticide free/less chemical usage leading to better products for consumers. Through programmatic approach the project has been working with partners who are addressing some of the nutrition related awareness and better diet.

Adaptation to Climate Change

Rating: 4

Previous rating: 4

Justification of rating

69. The project has been undertaking practical steps to face adverse impact of climate change by producers. Promoting short term rice, diversifying livelihoods through poultry promotion, year-round vegetable production via drip irrigation and net houses, making available pump-well irrigation, producers' awareness raising on climate change adaptation and mitigation under business literacy training courses have been some of the measures that the project has undertaken. Besides, the project is collaborating with SAMBAAT, investing in climate-resilient productive infrastructure such as irrigation and roads, and with ASPIRE, developing clean seeds for cassava production. However, flooding during wet season and drought continue to affect production.
70. Cambodia is considerably impacted by climate change with frequent floods and droughts. The project is taking practical measures to enable farmers to adapt to climate change. Climate change adaptation and mitigation measures are included in the curriculum of the business literacy trainings. Similarly, awareness creation and mutual learning among participants is being actively encouraged through MSPs. Under poultry value chain, promoting local breed "khmer chicken", ensuring technical knowledge and practices to combat mortality, well ventilated housing are enabling farmers to diversify their incomes from agriculture and adapt to climate change. In collaboration with Amru rice, a leading integrator of rice value chain in the country, the project is introducing short-term rice varieties that are more drought/flood resilient. Promotion of organic cultivation, proper usage of fertilisers and pesticides are other practices that are promoted. Under vegetable cultivation, adoption of better technical practices including better seeds, net houses and drip/sprinkler irrigation is leading to better coping. With regard to infrastructure, in addition to the market-based approach on choosing the sector development facilities, productivity and resilience is being ensured by the investments made e.g., pumping well, slaughterhouse, multi-purpose centre, and greenhouse production. In addition, by cooperating with ASPIRE/MAFF, the AIMS's farmers are receiving training on new methods and approaches to climate change such as selecting varieties and production techniques that are resilient to climate change.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 5	Previous rating: 4
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Justification of rating

71. At the Ministry of Commerce, the strong commitment is from the top down to the implementer level. H.E Minister, is very proud of AIMS and considered AIMS a MoC's flagship project. The project has built the capacity of the Ministry of Commerce and its Provincial Line Departments to support the small holder farmer to connect to market. AIMS issue such as promoting local breed "khmer chicken" became internalized and a policy agenda for Ministry of Commerce. The AIMS's market negotiation mechanism and Provincial Weekend Market system have been mainstreaming fully into the tasks of the Ministry of Commerce and its department using national budget. The project is strengthening the capacity of PDOC in project implementation aspects, agriculture marketing and in working with different actors in agricultural value chains. Through formation and strengthening of producer organisations, the project has created an institutional mechanism for the rural producers to interface and negotiate with market players. Both these initiatives will need further strengthening. Although the government debt policy does not encourage to use loan fund to finance the policy work, the project is actually to influence policy based on successful initiatives such as 4P platforms, MSP, business literacy etc. on a silent mode.
- Institutions: The contribution of AIMS in building institutional capacity of PDOC and mainstreaming the market negotiation mechanisms is commended. PDOC as implementing agencies at province and hub levels have increased their capacities in project planning, implementation and monitoring. The 4P approach is the feature of AIMS, through which PDoC in the AIMS target areas are playing a brokering role and actively engaged in the conduct of the value chain events (MSP, B2B, B2S...) with various value chain actors. With induction of additional four-member team in each province in AIMS management units, the institution building of PDOC in project's market based approach is further deepened.
- The farmer organisations and Chambers of Commerce have improved their capacities in market negotiations and also brokering between the value chain actors working with the project. AIMS is also strengthening the capacity of farmers and their producer organisations from subsistence based livelihood to being market oriented profitable value chains by ensuring adoption of improved production technology and by facilitating market linkages. Producer organisations are participating in MSPs a unique mechanism to ensure all stakeholders in a commodity value chain have joint interest and many farmers are able to produce as per market demand. Climate change and increased cost of production are issues some producers are facing in firming up contracts. POs attached to Agriculture co-operatives have been able to negotiate for reduced prices for inputs by procuring in bulk and this practice has potential to benefit all POs and improve their confidence to enter into firm contracts. PO assessment are being regularly conducted by AIMS and the weak areas continue to be addressed.

Partnership-building	Rating: 5	Previous rating: 5
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Justification of rating

72. Partnership building continues to be strong. The project has robust private sector participation. Multi-stakeholder platforms have crowded-in buyers, sellers, and other value chain actors, which has benefited the producers. Some companies like Amru rice, KLT etc., are entering into firm contract farming arrangements. PMO is propagating the 'one PO at least one contract' norm to ensure benefit out of the market-led partnerships. With VCIF window 2 disbursements, 8 proposals are in the pipeline, and investments by the private sector are likely to improve. Under the IFAD-financed AIMS-SAAMBAT-ASPIRE programmatic approach, synergies are built in project implementation among IFAD financed projects and the recent initiative is sharing lessons in gender mainstreaming. AIMS is extending the principle to few other donor funded projects adopting value chain approach.
73. AIMS has core approach of private sector partnership and is working with 8 national level marketing companies, 245 input suppliers and 720 traders. There is reduction in number of traders from 897 to 720 due to some traders becoming inactive or dropping out. AIMS adopts the Programmatic approach to maximize synergies between IFAD funded projects of ASPIRE and SAAMBAT. With ASPIRE there is close coordination between Provincial Departments of Commerce and Agriculture, Forestry and Fisheries. Joint activities include Value Chain Development event of MSPs, floating market, SDF where ASPIRE HHs also participate and ASPIRE provided training, advise on production plan, use of technologies and agricultural inputs to AIMS HHs. SAAMBAT and AIMS have been working together very closely and the present economic pole approach of SAAMBAT has been implemented where in rural infrastructure for productivity enhancement have been undertaken in some of AIMS areas. Currently under component 2.2, SAAMBAT is creating a platform for sharing of information about agriculture production/economic poles wherein different applications already formulated can plug-in. SAAMBAT is evaluating the business literacy facilitators of AIMS to act as digital entrepreneurs for gathering information/data. The market facilitation approach is extended to others donor projects of EMPOWER, CHAIN, Harvest, Samaritan etc. Reference is made to annex 4 B for details on partnerships.

Human and Social Capital and Empowerment	Rating: 5	Previous rating: 4
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Justification of rating

74. Rural women and men are being supported to develop and their organizations were strengthened by the project. They gain control over the decision-making processes in term of the production and sale contract. AIMS has invested in the mobilisation of dispersed producers into producer groups, building social cohesion and joint action in producing for markets. AIMS has built farmers' technical capacity in production-related aspects and improved their negotiation skills through market facilitation, thus empowering them. In-depth Business and financial literacy training and low levels of direct project support empower farmers to make independent choices and conduct farming as a business. Networking and linkages between traders/service providers and producers are building social fabric among economic actors by improving trust among value chain actors. Many new traders, especially female traders, have emerged by the facilitation role played by AIMS, paving the way for new generation of entrepreneurs. They are now in a better position to gain access to essential social and economic benefit such as representative of the Producer Organization to engage with the public service, input supplier, buyer and financial institution.

Quality of Project Target Group Engagement and Feedback	Rating: 4	Previous rating: 5
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Justification of rating

75. The project through, business-oriented social mobilisation organisations, conduct the consultations with the PO regularly in additional to other consultation process including MSPs, meetings for VCIF, meetings for SDF proposals etc. This regularly engagement is also use to promote social inclusion and participation of vulnerable, marginalized and disadvantaged groups. The feedback from the PO has been used for better management and learning. Technical trainings and BLF trainings are highly appreciated by the producers. The households are participating in project marketing initiatives such as contracts with traders and floating markets. Both for VCIF and SDF where beneficiary contribution is involved, communities have been contributing. Beneficiary contribution in SDF is higher at 15% compared to mandatory 5%. Overall, target group engagement is high.

Main issues

76. The project needs to implement a sound grievance redress mechanism for target households to raise their issues and grievances if any. The project's beneficiaries can be given a dedicated number to call or a mailbox to write to. The project should also designate a senior officer as a client redress officer who will inform PD of the nature of grievances received and resolutions made.

Actions	Responsibility	Deadline	Status
Grievance redress mechanism Put in place a sound grievance redress mechanism for the target households (i.e., a dedicated number to call or an active mail box to write to)	PD	Dec 2022	Agreed

Responsiveness of Service Providers	Rating: 4	Previous rating: 4
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Justification of rating

77. Service providers to the project include: Technical Service Partners, imparting production techniques to farmers; Social mobilizer organizations, mobilizing farmers, imparting business literacy and facilitating filling up farmer diaries; Chamber of Commerce and Farmer Organization, in charge of value chain investment specialists in select provinces and ARDB who manages VCIF and also credit line.
- Technical Partners: Green Innovate Company (GIC) for poultry, General Directorate of Agriculture/ Ministry of Agriculture Forestry and Fisheries (GAD/MAFF) for cassava and Kaksethan Lors Thmey (KLT) for vegetable and Amru Rice for rice are the technical partners providing training, demonstration and organising field days for farmers. Amru Rice is a leading integrator exporting rice and value added products to premium markets. The progress reports of the TSPs show good adoption rates of technology by the farmers including on critical indicators. TSPs are also assisting hubs in technical assessment of proposals of farmers interested in VCIF. With TSP contracts largely ending by Dec 2022, the project has to work out nature and scope of work for the TSPs.
- Social mobilizer organizations include three NGOs: FNN in Takeo hub, AFD in Kampong Cham and CIRI in Battambang hub. Their performance has improved in mobilizing and coordinating the value chain development events. The requirements of the M&E system-collecting household information, baseline data for each household, formulate investment plan and updating of the farmer diary has been time consuming. Their contracts will end by March 2022 by which time they should train the cadre of Business cluster Facilitator.
- Farmers Organizations and Chamber of Commerce. The two institutions have a signed an institutional contract with AIMS with provision of staff filling the position of Hub Facilitators with additional responsibilities to link with existing Farmer Organizations producer groups and private sector. As noted in MTR, the two organizations did not bring a significant value as institutions to AIMS. However, the conversion of their respective staff from Hub facilitators to Value Chain and Investment specialist has enabled the project smooth implementation.
- ARDB. ARDB has performed its role as administrator of VCIF. A number of reasons for the slow and low delivery of credit include: ARDB does not have branches in all AIMS target provinces and

compliance with ARDB criteria and offering collateral has been difficult for households. ARDB dispenses larger loans to value chain actors and better off farmers. With AMK coming on board in April 2021 the line of credit was to have picked up, however only 9 loans have been disbursed since farmers are not able to see differentiation from other MFIs in terms of products and pricing. ARDB was dispensing subsidised credit at 7% rate of interest whereas AMK will charge 15 to 18% rate of interest depending on size of loan. The farmers expect subsidised interest based on past experience. This mission has addressed some of the constraints. (Reference is made to component 2 action points).

Environment and Natural Resource Management	Rating: 4	Previous rating: 4
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Justification of rating

- 78. AIMS continues to observe the project design priorities concerning environmental and natural resource management. In different value chains, AIMS proactively supports farmers who opt for organic farming (for rice), natural farming and good agriculture production practices under vegetable cultivation, and less intensive chicken growing. Overall, technical packages have propagated appropriate usage of fertilisers and pesticides. With rising fertiliser costs, the application of composts along with chemical fertilisers is being adopted by farmers. Under cassava, the long-term risks to soil fertility is still a work in progress where farmers adopt inter-cropping and other measures.
- 79. Under rice value chain, AMRU rice the technical partner is actively encouraging farmers for organic rice farming. AIMS is helping farmers to diversify their source of income from only rainfed rice, to poultry and vegetable farming enabling farmers to manage the natural resources better. With increasing cost of fertilisers, the farmers are provided technical knowledge to composts; the backyard poultry growers are converting chicken droppings into compost fertiliser, especially when rice husks are easily available. Adoption of drip irrigation and net houses is ensuring higher productivity with lesser resources. Under vegetable good agriculture practices are promoted and in many provinces the traders are demanding GAP vegetables and the higher price these vegetables are commanding are incentivising environment friendly practices. In cassava availability disease free planting materials is still work in progress. In partnership with other projects, AIMS has also been promoting renewable based solutions though in limited numbers.

Exit Strategy	Rating: 4	Previous rating: 4
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Justification of rating

- 80. The project management is implementing a two-pronged exit strategy to ensure project investments are sustained beyond closure. The provincial department of commerce (PDOC) staff have been appointed as focal points to take over the project's essential functions and continue serving the area. SM organisations' responsibilities are slowly transferred to the four PDOC staff in each province, who, in addition to a core function, also get direct responsibility of about 20 POs each. Institutional memory is forged by the systematic transfer of files and documents from SM organisations to PDOC; the focal points also shadow SM organisations in the field. BCFs who will be connected between POs and PDOC are being recruited and trained.
- 81. As part of the exit strategy, four additional PDOC staff (apart from Provincial Director) have been inducted into AIMS, their terms of reference have been included in their job description and they have received orientation training. Further strengthening the PDOCs' capacity to position themselves as capable and autonomous Project Implementation Unit is a priority (reference is made to the programme management section for further details). PDOC focal points are assigned a core function (social mobilisation, VCI, M&E, VC financing) apart from the responsibility of about 20 POs. They will need task-oriented training. PDOCs will ensure that market-related facilitation and interventions will be carried forward even beyond project period. In order to have connect with POs and field after the exit of SM organizations in March 2023, during ISM in 2022, it was decided to engage a cadre of Business cluster facilitator who will facilitate project activities with POs and members apart from ensuring that the infrastructure built under SDF are well utilized.
- 82. POs have low maintenance costs and are self sustaining institutionally and financially. With ASPIRE 2, being launched, there are possibilities to graduate POs to agriculture cooperatives; based on aspiration survey it is estimated about 30% of POs will become agriculture co operatives. The credit line is a revolving fund in nature and thus ARDB will continue to service the households and traders. A self-sustaining network of grassroots institutions of the PO/agricultural cooperatives, financial institutions, and private sector enterprises are expected to sustain project benefits.

Potential for Scaling-up	Rating: 5	Previous rating: 4
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Justification of rating

- 83. With PDOCs gaining hands-on experience, the scale up has started with Ministry of Commerce on their market facilitation roles for the farmers countrywide, which fits in well with the Cambodia Trade Integration strategy. The market facilitation mechanism of cluster-level multi-stakeholder platforms extends to other IFAD and donor-funded projects. The business literacy training modules have been digitised and uploaded to the Chamka app to be available nationwide for farmers. Unique initiatives of the project that can be scaled up include the 4P approach and cluster-level multi-stakeholder platforms to improve cooperation and trust among value chain actors.
- 84. Through AIMS, the PDOCs have gained hand-on experience with the delivery of a market-based project in both the management and implementation levels. The scale up has begun by MoC on AIMS' market facilitation roles country-wide which fits in with MoC's strategy under "Cambodia Trade Integration Strategy 2019-2023" which prioritises rice, cassava and fruits and vegetables for exports and all the three being priority commodities under AIMS. The project's approach of sustainably including smallholder farmers in profitable agriculture value chains is internalized within by MoC.
- 85. The Senior Management of MoC has found the management information system (MIS) under AIMS to be relevant for the Ministry for mapping various value chain actors and has expressed the necessity of scaling up the system Cambodia-wide for each PDOC. The Ministry will confirm the repository roles of the General Department of Domestic Trade in hosting the MIS. This is in alignment with the RGC policy, "Cambodia Digital Economy and Society Policy Framework 2021-2035" which has three pillars (1) building digital citizens, (2) building digital government and (3) enabling digital businesses. The current MIS with some customisation can contribute to pillar 2.
- 86. In transforming agriculture livelihoods from subsistence farming to market demand based production the business and financial literacy trainings play a crucial role. AIMS has digitized the training modules of business literacy training which are being uploaded in the Chamka app, developed by ASPIRE, which is being used by farmers for accessing extension related support and market information. Through the Chamka app the business literacy modules and farmer diary will be available to farmers country wide.
- 87. The project has implemented the 4P (Public, Private, Producer Partnership) process. The model gain attraction to the Minister of MOC. The sub-national project teams have acquired hand-on experience that could be mainstreamed into their roles and responsibilities within their respective institution (PDOc, Value Chain actors and service providers) and thus scaled up.

c. Project Management

Quality of Project Management	Rating: 5	Previous rating: 5
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Justification of rating

- 88. The project management team at the central level has remained almost unchanged over the years, ensuring implementation stability and continuity. Post MTR, the project management has implemented the exit strategy by inducting a five-member team in each provincial PDOC as project focal points. Their capacity to perform their responsibilities as an autonomous and capable Project Management and Implementation Unit is on-going, requiring mentoring and improvement by PMO. The project implementation progress is regularly assessed by H.E. Secretary and H.E. Minister of PDOC.

Main issues

- 89. The project management has implemented the exit strategy keeping in view the conclusion of contracts of SM organizations by March 2023, technical service providers largely by end of 2022, and scaling down the VCI staff from two to one in each province in 2023. Five member team from Provincial Department of Commerce (PDOc) have been inducted into the project management units at provincial level, the main AIMS functions have been included in the terms of reference of the PDOc staff and they have been provided training by PMO. PDOC focal points currently are working part time, have different levels of understanding of AIMS, and their field engagement also vary. Their capacity to perform their responsibilities as an autonomous and capable Project Management and Implementation Unit needs improvement and requires mentoring by PMO. The Project Deputy Directors managing the three hubs will play a pro-active role in mentoring the PDOc management in a coherent manner, strategize the project implementation during the remaining period and build the capacity of the PDOc focal points.
- 90. The focal points will also need task based training (how to conduct PO meetings, rural communication and facilitation, how to broker trade contracts, how to scrutinize VCIF proposals etc.) etc., Updated PIM can be the starting point for the focal points. The focal points will need to be develop clear work plans to be fully engaged with the project - to work with social mobilisers attending PO meetings, ensuring trade contracts of POs, facilitating MIS data collection by BCF etc. - to ensure they are smoothly taking over the responsibilities of SM organization and to take over progressively the main functions of SM organisations in field implementation. One key constraint for their field movement and learning on the job is inadequate budget for their travel and DSA.
- 91. The crucial linkages between the producer organizations and the provincial teams have been the social Mobilisers whose contract will end by March 2023. The ISM in April 2022 mission arrived at three pronged strategy to ensure the connection and oversight of POs with the provincial teams. a) A Business Cluster Facilitator (BCF) will link with the Provincial team and POs. b) Each PDOC focal point except the Provincial Director, to be allocated communes and all POs working in the communes to be their direct responsibility. c) VCI in each province will closely work with the PDOC team for implementing MSP events, SDF, VCIF, line of credit proposals etc., PMO has to ensure implementation of this strategy in all communes and not just under the communes identified under economic poles.
- 92. While under 4P targeting strategy the PMO is guiding the hubs on economic pole approach as the fourth P, for further development work, this concept is differently understood by the hub teams; PMO will need to develop a common understanding on economic pole especially the implementation aspects.
- 93. The project management has initiated a unique planning and monitoring tool for hub and province activities. The hub plan tracks the targets for Social mobilising partners, PDOC, technical partner— one work plan for all. Under the coordination of PDOc, each partner develop respective work plan against the AWPB activities. The hub's performance is monitored monthly/quarterly by PMO. With the phasing out of SMs and TSPs the tool will become PDOC centric and will need adjustment to reflect the priority action for next six months and there after staff related outputs and outcomes.

Actions	Responsibility	Deadline	Status
Programme coordination committee at PMO			
PD to constitute a programme co ordination committee consisting of Deputy Directors and operational managers to ensure programme implementation, mentoring of PDOC focal points and exit strategy implementation.	PD	November 2022	Agreed

Project manager to ensure technical aspects across three hubs Project manager to work closely with Deputy Directors to ensure the technical aspects are uniformly understood and implemented across all PDOCs including Economic pole related interventions	PM	Ongoing	Agreed
Mentoring of PDOC focal points Three Deputy Directors in charge of the three hubs prepare the detailed plans to mentor the PDOC focal points to ensure their knowledge, skills and confidence are systematically built to implement AIMS.	PD, Deputy Directors	Ongoing	Agreed
Task based training to PDOC focal points Arrange for training to the focal points on all the tasks they are expected to do and also on facilitation skills	PD	March 2023	Agreed
Ensure adequate DSA for focal points to visit field With each PDOC focal point being in charge of about 20 POs, PDOC focal points are to spend at least 10 days a month in the field supporting POs in brokering contracts and in implementing AIMS activities	PD, MEF	October 2022 onwards	Agreed

Knowledge Management **Rating: 5** **Previous rating: 5**

Justification of rating

94. KM and communication activities are included and budgeted for in the AWPB. Responsibilities for KM implementation are assigned at the central and provincial levels, and staff might benefit from further capacity building. Lessons and good practices are often documented and shared with broader audiences. Data from project M&E are usually used to inform KM initiatives, and information management is satisfactory though project does not have a specific KM plan document.

Main issues

95. During the first semester of 2022, the project published six cases studies, produced nine videos (two on value chain production; two success stories and five training modules on business literature) and trained all PDoc Focal Points on how to write case studies in line with last mission's recommendation. In doing so, the project executed 44% of the 2022 budget allocation of USD 450,500. The remaining part of the budget is expected to be used to publish more KM and COM material (case studies, videos, newsletters) and purchase branded articles (t-shirts, calendars, posters). The mission suggests that the project ensures the best value for budget allocation for KM expenditures.
96. The overall project's information management system in place is adequate. In collaboration with the M&E team, lessons are captured to potentially serve decision-making, improve project performance and support the scaling up of successes. The project is running an official website (aimsmoc.com, 7,298 users); a Facebook Page (20,087 followers), a Facebook Group (6.8K members), a YouTube channel (386 subscribers) and a Flickr account (859 photos), sharing project-related information, including training material, with wider audiences. The mission shared the link of the IFAD online Communication Kit (<https://ifadcomskit.weebly.com/>) to help boost the project's activities' impact and increase the outreach of the project's social media.
97. To improve the KM system further, the project agreed to use the KM plan template provided by the mission for the 2023-24 period. The plan indicates clear, specific and measurable KM objectives (i.e., influence policy; increased outreach; strengthen project implementation; contribute to the body of knowledge on project themes) and implementation aspects. The mission also presented the IFAD KM resource centre (<https://ifadkmcentre.weebly.com/>) to the project KM team to support their daily work through practical guidance, tools, templates, examples, contacts and inspiration, especially in view of project completion.

Actions	Responsibility	Deadline	Status
KM plan 2023-24 Prepare the 2023-24 KM plan based on the template provided by the mission and use it as one and only reporting tool on KM activities (planning, implementation and progress)	KM Specialist	December/ 2022	Agreed

Value for Money **Rating: 4** **Previous rating: 4**

Justification of rating

98. The Value for Money is rated as moderately satisfactory. The performance under AWPB planning and disbursement has improved since MTR. The adoption rates of technology package are high thus resulting in value for money in engaging TSPs. The market facilitation mechanisms need to yield better outcomes in terms of volume of trade through contracts. There is sufficient scope to add value and leverage investments through SDF, VCIF and LoC until project completion in 2024. The PMO has processes and procedures in place to ensure value for money in their procurement. The initial project delays and higher unit costs as compared to design are contributing to less than satisfactory performance. EFA at MTR confirmed that the project is generating substantial income for farmers.

Main issues

99. The performance under AWPB in terms of planning and execution has been improving. For FY 2022, the physical achievement is more or less in tandem with financial expenditure. No major cost deviations are seen.
100. Through engaging Technical service providers the project is aiming to solve production related issues and build confidence of producers to produce for markets. The adoption rates of technology practices are high as per reports of TSPs. This will have to be independently assessed by annual outcome survey. For chicken value chain better housing and feed solutions are still work in progress and can contribute significantly for value for money.
101. The market facilitation mechanisms such as MSPs, B2Bs, contract facilitation, business literacy trainings are yielding results; however there is scope for improving both volume and value of contracts in different value chains.
102. The project investments in VCIF is much appreciated by farmers who are investing in improved technology leading substantial improvement in yield and income. With proposed re allocation from credit line to VCIF there will be further efficiencies achieved. The sector development facility are sub optimally used; while farmers attached to POs are utilising it, during field visits it was seen that the original estimates of direct and indirect beneficiaries are yet to be achieved.
103. EFA at MTR confirmed that the project is generating substantial income for farmers. No further assessment has been carried out. While input costs are increasing in all VCs, still the commodities are found profitable by farmers.

Coherence between AWPB and Implementation **Rating: 4** **Previous rating: 3**

Justification of rating

104. The coherence between AWPB and implementation has improved vastly. Annual work plan and budget for 2021 for USD 12.16 million was prepared and approved by January 2021. Expenditure has been USD 8.58 million (71%). The AWPB for 2022 for USD 11.88 million was approved in January 2022 and the expenditure as of 30 June 2022 is 61%. The implementation is well poised to achieve more than 90% achievement for 2022.

AWPB Inputs and Outputs Review and Implementation Progress

105. The coherence between work plans and implementation has been steadily improving over the years. AWPB 2018 and AWPB 2019 were both approved late in the year; in March 2018 and August 2019 respectively. While in 2018, 13% of AWPB was achieved, there have also been significant cash flow issues in 2019 which resulted in AWPB achievement of 28%. In 2020, AWPB originally approved for USD 10.99 million was revised to USD 23.50 million in May 2020, of which around USD 10 million were allocated to SDF. Subsequently, considering COVID-19 related issues, the enhanced allocations under SDF and VCF have been put on hold.
106. For 2021, the physical target achievement is in tandem with financial targets and overall satisfactory. Expenditure under Component 2, both under VCIF and Line of credit was achieved to the tune of 52% due to a new rule by Government for ARDB to open a special account with National Bank of Cambodia and completing the formalities led to less utilisation. Component 1 achievement was 80% and component 3 was 78%.
107. For 2022, the implementation is well as per plan; the physical progress is more or less in tandem with financial achievement. Financially, 64% achievement under component 1 of value chain development; 59% under component 2 for value chain financing and 55% under component 3 under programme management.

Performance of M&E System **Rating: 4** **Previous rating: 4**

Justification of rating

108. M&E team has continued to work on providing information to management and project implementation teams on implementation aspects such as progress in project interventions, targeting, performance of PO contracts, performance of TSPs, SMs etc.,. The team has continued to coach Social Mobilisers in data collection for MIS which is still a challenge. While the M&E system is automated, it presents shortcomings in data entry, hence data quality. Annual progress reports are prepared in detail and are of good quality providing information on implementation as well as challenges being faced. M&E team is also carrying out need based studies for improving implementation. Managers use M&E information for planning or decision-making to the extent possible.

M&E System Review

109. **Logframe:** On the basis of a detailed joint review of the log frame, it was agreed to: (i) remove the youth and IP disaggregation under outreach because data from year 1 of implementation are unavailable. Also, the disaggregation by age and ethnicity is not mandatory for projects approved before IFAD 11, like AIMS; (ii) correct 2021 and 2022 actuals and update ORMS LF accordingly; (iii) ensure that the data provided to IFAD HQ for RIDE exercise are 100% accurate.
110. **MIS:** Data entry needs improvement in quantity (currently, the MIS tends to collect too much data. Data need to be reduced to the most critical ones) and quality. As a lesson learned for future projects, it was noted that to avoid double counting beneficiaries benefitting from more than one project-related activity, the MIS should record individuals (e.g., trainees and PO members) by personal ID number.
111. **Midterm survey:** Conducted at peak of COVID related restrictions and also coaching enumerators remotely seem to have had an impact on the results; there are other limitations mentioned in the report. Moreover, cattle is not a VC commodity of the project but seems to have a high influence on the total agriculture income and thus on the achievement of goal by the project. The goal level indicator analysis appears to be incorrect since investments in cattle is included as expenditure.
112. The study firm has to retake the mid-term survey due to data inconsistency and few errors in the report. The study team should consider including control group especially if the baseline reports are inconsistent. The sample can include HHs who are part of contracts and who are outside contracts and draw comparison. The survey should track the base line income in the value chains and HHs reporting increase in income of different intervals should be reported – HHs with 10% increase, 11 to 20%, 21 to 30% and more than 30% etc.,. There should be analysis by gender and poverty groups. The three income level indicators – total income of the household, total farming net income of household, total net farming income of 5 VC commodities that AIMS has- need to be collected and analysed to understand clear contribution of AIMS to HH and total farming income.
113. **Farmer diary:** SM organisations did not complete data entry into MIS on all aspects of farmer diary as agreed during the last mission. The mission proposed to simplify the data collection further, by keeping only data on total production, income and expenditure. The mission also reiterated the importance of training BCFs in data uploading through mobile app since SM organisations will be phased out as of March 2023.
114. **Data collection for PCR:** Since SM organisation contracts are ending and many TSP contracts are also concluding by Dec 2022, the project should complete data collection on their activities and results which will be used for project completion report.

Actions	Responsibility	Deadline	Status
Deepening the analysis of MIS data M&E team with the support of VCI team needs to collect the data maintained in farmer diary related to production, yield, income and profits etc., to take corrective action. To carry out desk based trend analysis of buy and sale contracts in different VCs to measure progress and to guide VC teams on further improvements. The effect of technical training on buy and sale contract in next season can also be studied to measure results	M&E	Oct 2022 onwards	Agreed
BCF led data collection Evaluate the data requirements and simplify data collection keeping in view at BCFs will have to carry out this function henceforth. Train and incentivise BCF for data collection and uploading to ensure availability of data throughout project implementation. BCF will also be responsible for helping farmers with farmer's diary entries. SM organisations to ensure that these are adequately carried out.	PD, M&E, SM organisations	Mar 2023	Agreed
Farmer diary further simplification Further simplify farmer diary to record only basic personal data and data on total production, income and expenditure; these should be maintained by farmers themselves with support from BCF	M&E	Dec 2022	Agreed
Annual outcome survey Include Goal level and development objective indicators in the forth coming annual outcome survey. Sampling may be discussed and possibility of including control group agreed with the survey company.	PD, M&E	Oct 2022	Agreed
Collect all data relating to PCR Since SM and TSP contracts are concluding collect all data that will be used in PCR	M&E, SM, TSP	Dec 2022	Agreed

Social, Environment, and Climate Standards requirements

Rating: 4

Previous rating: 4

Justification of rating

115. While the project design required AIMS to implement the SECAP, no official tools were made available. 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. Using this vulnerability framework a number of actions are being undertaken in fulfilling the SECAP requirements which mainly includes awareness building through the inclusion of relevant topics in 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.

SECAP Review

116. AIMS is socially inclusive. AIMS carried out rapid mapping for environmental risks (storm, flood, drought) while mapping value chains. Field staff of Hub Teams, VCI and Social mobilisers have been acquainted with existing Vulnerability Index tools. As explained in the section on environment and natural resource management several affirmative actions have been taken to combat environmental risks. Farmers are getting trained on climate risk mitigation as part of business literacy. Adoption of drip irrigation, net houses have reduced water requirement as well as cope with weather vagaries. In addition to the above, 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 which is being increasingly faced by the farmers in the project area. Similarly collection centers, multi purpose centers safeguard the produce from environmental risks. 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 such as by selecting varieties and production techniques that are resilient to climate change. The project has further opportunities of collaborating with ASPIRE 2 sharing and disseminating the knowledge products, used and produced by ASPIRE 2.

d. Financial Management & Execution

Acceptable Disbursement Rate

Rating: 3.0

Previous rating: 3

Justification of rating

117. Automated rating based on IFAD disbursement data

Main issues

118. The project is in its sixth year of implementation and by 30 June 2022, IFAD had released only USD 21.87 million (60%), including pending WAs and unjustified advance of USD 1.58 million and 3.46 million respectively, out of the total loan of USD 36.3 million.

119.

120. Main issues

121. 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). The amendment in the Financing Agreement was signed in July 2020 transferring responsibility of Component 2 to MOC. All 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, for 2020 revised AWPB was approved in July 2020, for 2021 the AWPB was approved much earlier in January 2021 compared to previous years and for year 2022 AWPB was again approved in January 2022. However, it still needs improvement so that the approval from IFAD and MEF is obtained before the end of November each year.

122. In view of abovementioned delays, the Project requested extension of 18 months and reallocation of funds between categories, and these were approved by IFAD in June 2022. Since MTR, the disbursements have accelerated and on average USD 1.0 to 1.5 million are being disbursed by the Project. With remaining 24 months of the Project, it appears that it would be able to disburse the remaining funds if it continues at the current pace.

123. Upon the MTR's recommendation ARDB has been more regular with the process of submission of WAs and has started submitting WAs once every three months.

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
AWPB Preparation and Approval Prepare AWPB and submit to IFAD for no objection.	MOC	11/2021
Withdrawal Application by ARDB ARDB to submit WA at least every three months	MOC / ARDB	11/2021
Reallocation of Categories in Financing Agreement Finalise reallocations between categories and submit to IFAD for approval and amendment in financing agreement.	MOC	12/2021

Fiduciary aspects

Quality of Financial Management

Rating: 5

Previous rating: 4

Justification of rating

124. Overall, financial management of the project has improved over the years. This includes improvements in the accounting software, training of provincial finance team, resolution of pending WAs, conducting internal audit and preparation of cash flows.

Main issues

125. The accounting software has been implemented at the regional hubs and the reporting function of the software has been more effective. The Project also prepares forecasts of expenditure and cash flow forecast.

126. Internal audit of the Project was conducted in detail both at DICO and at regional hubs and regular reports have been submitted to the Project wherein a few minor observations have been made and recommendations have put forward. However, the internal audit reports have not been shared with IFAD till date. The internal audit reports should be provided to IFAD and implementation of the recommendations also communicated to IFAD.

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
Accounting Software Implement accounting software on online basis so that consolidation and reporting can be improved further.	MOC	01/2022
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: 5

Previous rating: 5

Justification of rating

127. Audit report is submitted on time. Audit coverage and Auditing Standard is acceptable to IFAD, Management Letter indicate internal control matter with follow up on prior year. Audited FS is comprehensive and informative.

Main issues

128. Audit report is submitted on time. Audit coverage and Auditing Standard is acceptable to IFAD, Management Letter indicate internal control matter with follow up on prior year. Audited FS is comprehensive and informative.

Agreed Action	Responsibility	Agreed Date
Amendments were made to the account codes in the payment vouchers. Amendments were made to the account codes should be properly authorized.	PMU	06/2023
inconsistent dates between teh accounting system and payment voucher Payment vouchers' dates should be correctly reflected in the accounting system.	PMU	06/2023

Counterparts Funds

Rating: 5

Previous rating: 5

Justification of rating

129. Counterpart funds is rated as satisfactory (5). By 30 June 2022, RGC has disbursed USD 11.3 million (130%) including In-Kind contribution and has exceeded a total budgeted contribution of USD 8.6 million.

Main issues

130. The process of submission of WA for RGC contribution and its approval and release of funds is regular and efficient.

131. The Project has developed guidelines for valuation, recording and reporting of In-kind contribution by the Government and has also recorded these in the books of accounts of the Project since 2020. RGC In-Kind contribution is totalling USD 1.6 million until 30 June 2022.

132. The Project has developed guidelines for valuation, recording and reporting of In-kind contribution by the beneficiaries and private businesses and has also recorded these in the books of accounts of the Project since 2021. Beneficiary and private businesses In-Kind contribution is totalling USD 3.9 million and USD 0.9 million respectively until 30 June 2022.

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

133. Compliance with loan covenants is rated as moderately satisfactory (4). The program has complied with almost all financing agreement covenants except for timely submission of AWPB.

Main issues

134. The program has complied with almost all financing agreement covenants except timely submission of AWPB, appropriate recommendations has already been made and agreed upon. Full details are in appendix 3 to the MTR report.

Procurement

Procurement

Rating: 4

Previous rating: 4

Justification of rating

135. 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

136. The Procurement Plan for 2022 was submitted and obtained IFAD no objection on 08 February 2022. So far, the project made five updates on the Procurement Plan for revisions of budgets and adding several packages for reselection of individual consultants. Following the agreed actions of the implementation support mission (April 2022), VCIF grant activities were included in the procurement plan. For re-selections of individual consultants, the procurement plan was updated and obtained IFAD no objection before proceeding the re-selection process. However, there has been a lack of clarity on required procurement package to develop Farmer Brand Name and Logo for 18 provinces. This activity was treated as operational expenditure and charged into Category V – Operation Cost in the 2022 AWPB but has not been included in the Procurement Plan. Since this is the first time that MoC is experiencing this with IFAD funded project, more capacity needs to be built of the procurement team and more attention needed to made in drafting a procurement plan to ensure inclusion of all procurement packages in the plan in compliance with IFAD Project Procurement Guidelines and provisions of the Letter to the Borrower.

137. By 15 August 2022, 11 out of planned 13 goods contracts of the procurement plan for 2022 were awarded, two consulting firms and 03 out of 06 planned individual consultants were selected. Total 39 individual consultant contracts were renewed. One goods package, one consulting firm and re-selections of two individual consultants are under procurement process. By 31 July 2022, total 1,969 proposals for VCIF grant (Window 1) of total amount US\$1,564,519 have been approved and 96% (1,897 proposals) have been disbursed. Total 08 proposals for VCIF grant (Window 2) are to be developed for CIC review and approval.

138. The procurement and contract documents requested by the mission for post reviews are available and 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 and the Standard Operating Procedures on Procurement (SOP). Following the agreed actions of the MTR in 2021, minimum duration of 14 days for preparation of EOI for individual consultant selections was complied with. Annexes on additional provisions and self certification form were included in the bidding and contract documents. There are still shortcomings in drafting the bidding document for some goods contracts that needs to be enhanced.

139. The project has applied contract expiry date 31 December for long-term 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. Contract renewals were conducted for 39 individual consultants in early 2022 including adjustment of reimbursable costs for DSA and travel (from US\$250 to US\$185 following the request by MEF). Consultant performance assessments were conducted before contract renewals for individual consultants. Time-based consultants submitted their monthly progress reports and time sheets as supporting documents for their monthly payment requests. It is noted that there is a high turnover rate (total more than 30 individual consultants resigned over 2017 – 2022 period).

140. Due to impacts of Covid-19 restriction measures in 2021, implementation progress of 04 contracts for construction of SDF works were delayed and contract extensions for 4 – 5 months (till 31 May 2022) were done. There were delays in implementation of planned activities by some technical service providers. The PMO should check and verify TSP's implementation progress and accepted deliverables/outputs before processing the payment requests to ensure that installment payments of contracts are in consistency with the implementation progress and accepted deliverables/outputs as specified in the payment schedule of the signed contracts.

141. Contract register is maintained in an excel file. There are still some cases of contract renewals that require updates in the contract register. IFAD ICP Contract Monitoring Tool (ICP-CMT) was used for updating and monitoring contract data. Cleaning up several contract data (particularly for contract amendments/renewals) in the ICP-CMT is still required.

Actions	Responsibility	Deadline	Status
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Enhance quality of draft bidding documents for goods packages Enhance quality of draft bidding documents for goods packages to ensure compliance with IFAD project procurement guidelines and the SOP (2019).	MOC/PMO	Sep 2022 onwards	Agreed
Payments for TSP contracts in consistency with the implementation progress and accepted deliverables Check and verify TSP's implementation progress and accepted deliverables/outputs before processing the payment requests to ensure that installment payments of contracts are in consistency with the implementation progress and accepted deliverables/outputs as specified in the payment schedule of the signed contracts.	MOC/PMO	Sep 2022 onwards	Agreed

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4.62	Previous rating: 4.31
Assessment of the Overall Implementation Performance	Rating: 4.33	Previous rating: 4.17

F. Relevance

Relevance	Rating: 5	Previous rating: 5
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Justification of rating

142. The relevance of design elements of AIMS continue to hold true. AIMS's development objective of ' increasing returns from farming for smallholders is as relevant today as it was during the design. Cambodia's poverty headcount which declined till 2019 rose due to COVID by about 2.8% in 2020 . The poverty reduction till 2019 was a result of positive developments in the agriculture sector which makes AIMS with its focus on strengthening agricultural value chains highly relevant. The COVID-19 pandemic that caused disruptions in the agricultural inputs and produce supply chains, and more recent geo political tensions that is causing agri input prices to rise, have provided further justifications for organising these value chains better and strengthen them.

Main issues

143. During design and recently during MTR, AIMS was justified on following premises: (i) there is a pressing need to establish new engines for growth on new foundations through intensification, diversification, processing and commercialization; (ii) both credible current market opportunities for higher value agricultural growth, serving both domestic and export demand, as well as a number of important building blocks are emerging in Cambodia that enable its farmers and agri-businesses to capitalize on these opportunities; (iii) rural communities are being increasingly well connected by road and telecoms; (iv) rural financial sector is rapidly improving; and (v) Cambodia is experiencing a rapidly diversifying of promising initiatives in the support markets and business development services for farmers; and (vi) there is an increasing awareness and interest of farmers in market opportunities from farming as a business. All of these premises continue to remain valid.

144. Nearly 80 percent of Cambodians live in rural areas, and 65 percent rely on agriculture, fisheries, and forestry for their livelihoods and there is strong need for moving farmers from subsistence based farming to market led production. With its strong focus on poor and near poor AIMS has become even more relevant in addressing additional challenges posed by COVID-19 and more recently geo political tensions. During field visits farmers appreciated the major investments by AIMS in capacity building, market facilitation, technical trainings, SDF, VCIF etc., Credit line processes have been tweaked during the mission to be more responsive and relevant for small holder farmers.

G. Project Modifications

Responsibility	Modification type	Description
IFAD and the Borrower	Restructuring	<p>Since IFAD loan is projected to be fully disbursed by the extended Completion Date, no cancellation has been proposed. <i>what the changes in the project area, please state briefly names of locations.</i></p> <hr/> <p>Changes in the VCIF</p> <p>AIMS will start implementing Window 2 of the VCIF while Window 3 will be dropped altogether.</p>
IFAD and the Borrower	Project Area	AIMS was designed to be potentially a nation-wide project. However, 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. The current coverage of the project area of 18 provinces will therefore be continued during the rest of the implementation period and as such there will be no extension of geographical area beyond the current coverage.
IFAD with the Borrower	Restructuring	<p>Extension of Project Completion Date</p> <p>AIMS suffered from: (a) a slow progress made in first two years due to delays at various stages; (ii) further delays in engaging TSPs; (c) delay in getting AWPBs approved both in 2018 and 2019; and (d) cashflow related issues since 2020. Above all, restrictions put in response to worldwide pandemic of corona virus (COVID-19) and the flood that hit 9 out of the 18 AIMS provinces in 2020 also adversely affected the performance of the Project. As a result AIMS has been able to use only 32% of IFAD loan as against 76% of the time spent from the total implementation period of 6 years.</p> <p>Furthermore, while the project has been successful in bringing the targeted number of households, 75% of them were inducted in last one year. A large proportion of them have yet to be trained and made ready to prepare production plan and start engaging income generating activities. In contrast to the design expectations, most POS are newly formed and will take time to evolve into capable organizations. TSP for rice is yet to be contracted formally and that will delay creating desirable impact at the grassroots. These factors call for a longer implementation period.</p> <p>Keeping in view of the above, the MTR mission recommends the extension of the Project Completion Date from 31 March 2023 to 30 September 2024 – an extension by 18 months. Costs and financing plan has been prepared accordingly.</p>

Responsibility	Modification type	Description																																																																																																																																																																																																														
IFAD with the Borrower	Reallocation	<p>Project costs, financing and reallocation among categories Yes <input type="checkbox"/> X <input checked="" type="checkbox"/></p> <p>Building on the lessons learnt and thrust areas identified, the MTR mission has projected the costs for the remainder of the project period along with the changes in the project activities. Furthermore, while GKOC's contribution in financing the project has been more than projected in total terms (Para 49), it is not proportionately distributed across categories. A reallocation request reflecting this was submitted to IFAD on 2 June 2021. The project costs, financing and reallocation among categories were calculated keeping these factors in mind and briefly presented below.</p> <p>Total project costs including price and physical contingencies, duties and taxes are estimated at USD 25.9 million over the four-year project implementation period (including the 18-month project extension), as shown in Table 1 below. Of this amount, about USD 1.6 million (approximately 6.3% of total project costs) are duties and taxes and USD 0.8 million (approximately 3.2%) represents the foreign exchange component. Total base costs amount USD 24.9 million, while physical and price contingencies are estimated to add another USD 0.9 million (approximately 3.6%) to this amount. Investment costs account for 85% of the base costs and recurrent costs for remaining 15%.</p> <p>As can be seen from the table below, Component 1 – Value Chain Development, represents USD 13.9 million or 54% of the total project costs. For component 2 – Value Chain Financing, is allocated USD 9.6 million (37%). Project Management costs are about USD 2.5 million or 9.5% of the total project costs.</p> <p>Table1: components by financiers</p> <p style="text-align: center;">Kingdom of Cambodia Accelerating Inclusive Markets for Smallholders Project Components by Financiers (USD '000)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">RGC</th> <th colspan="2">IFAD LOAN</th> <th colspan="2">Total</th> <th rowspan="2">For. Exch.</th> <th rowspan="2">Local (Excl. Taxes)</th> <th rowspan="2">Duties & Taxes</th> </tr> <tr> <th>Amount</th> <th>%</th> <th>Amount</th> <th>%</th> <th>Amount</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>A. Value Chain Development</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Value Chain Facilitation Brokering and Sector Development Facility</td> <td>1,225</td> <td>13,0</td> <td>8,162</td> <td>87,0</td> <td>9,387</td> <td>36,2</td> <td>461</td> <td>7,988</td> <td>938</td> </tr> <tr> <td>2. Market-oriented social mobilizers</td> <td>449</td> <td>10,0</td> <td>4,045</td> <td>90,0</td> <td>4,495</td> <td>17,3</td> <td>-</td> <td>4,045</td> <td>449</td> </tr> <tr> <td>Subtotal</td> <td>1,674</td> <td>12,1</td> <td>12,207</td> <td>87,9</td> <td>13,881</td> <td>53,6</td> <td>461</td> <td>12,033</td> <td>1,387</td> </tr> <tr> <td>B. Value Chain Financing</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Knowledge Management, Planning and M&E</td> <td>133</td> <td>10,0</td> <td>1,201</td> <td>90,0</td> <td>1,335</td> <td>5,2</td> <td>311</td> <td>890</td> <td>133</td> </tr> <tr> <td>2. Project coordination</td> <td>286</td> <td>25,2</td> <td>849</td> <td>74,8</td> <td>1,135</td> <td>4,4</td> <td>59</td> <td>962</td> <td>113</td> </tr> <tr> <td>Subtotal</td> <td>419</td> <td>17,0</td> <td>2,050</td> <td>83,0</td> <td>2,469</td> <td>9,5</td> <td>371</td> <td>1,852</td> <td>247</td> </tr> <tr> <td>Total PROJECT COSTS</td> <td>2,103</td> <td>8,1</td> <td>23,809</td> <td>91,9</td> <td>25,912</td> <td>100,0</td> <td>832</td> <td>23,436</td> <td>1,644</td> </tr> </tbody> </table> <p>Following the review and agreement with the cost estimate prepared by the MTR Mission, GKOC suggested reallocations among categories, which while proposing some changes in Operating Costs and Goods categories is generally in line with the MTR mission's cost estimates and suggested reallocations. The recommended reallocation thus arrived is presented in the following table.</p> <p>Table 2: Actual and projected disbursement and proposed reallocation – by categories</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category No.</th> <th>Category Name</th> <th>Total Disbursed as of 31 August 2021</th> <th>WA Pending until 31 Aug 2021</th> <th>Projection from Sept to Dec 2021</th> <th>Projections from 2022-25</th> <th>Total Expected Disbursements</th> <th>Re Allocation</th> <th>Revised Allocation</th> <th></th> </tr> </thead> <tbody> <tr> <td>I</td> <td>Consultancies</td> <td>2,187,575</td> <td>443,478</td> <td>470,490</td> <td>1,536,097</td> <td>4,637,639</td> <td>2,550,000</td> <td>4,650,000</td> <td>100% net of tax</td> </tr> <tr> <td>II</td> <td>Training</td> <td>2,220,621</td> <td>1,254,533</td> <td>509,866</td> <td>6,501,975</td> <td>10,486,994</td> <td>7,300,000</td> <td>10,500,000</td> <td>100% net of tax</td> </tr> <tr> <td>III</td> <td>Credit</td> <td>1,995,376</td> <td>-</td> <td>349,901</td> <td>4,600,000</td> <td>6,945,277</td> <td>(1,150,000)</td> <td>6,950,000</td> <td>100% net of tax</td> </tr> <tr> <td>IV</td> <td>Grants</td> <td>905,856</td> <td>44,993</td> <td>821,212</td> <td>4,700,000</td> <td>6,472,061</td> <td>(10,300,000)</td> <td>6,500,000</td> <td>100% net of tax</td> </tr> <tr> <td>V</td> <td>Operating Costs</td> <td>730,637</td> <td>105,132</td> <td>235,000</td> <td>3,661,669</td> <td>4,732,438</td> <td>2,150,000</td> <td>4,750,000</td> <td>100% net of tax</td> </tr> <tr> <td>VI</td> <td>Works</td> <td>-</td> <td>-</td> <td>-</td> <td>2,758,017</td> <td>2,758,017</td> <td>2,750,000</td> <td>2,750,000</td> <td>100% net of tax</td> </tr> <tr> <td>VII</td> <td>Goods</td> <td>-</td> <td>-</td> <td>-</td> <td>200,000</td> <td>200,000</td> <td>200,000</td> <td>200,000</td> <td>100% net of tax</td> </tr> <tr> <td></td> <td>Unallocated</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>(3,500,000)</td> <td>-</td> <td></td> </tr> <tr> <td></td> <td>TOTAL</td> <td>8,040,065</td> <td>1,848,136</td> <td>2,386,469</td> <td>23,957,758</td> <td>36,232,428</td> <td>-</td> <td>36,300,000</td> <td></td> </tr> </tbody> </table>		RGC		IFAD LOAN		Total		For. 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IFAD	Logical Framework	The logframe of the project has been revised to some extent to reflect changes in the scope of the project. In doing so while the outreach and goal targets have not been changed, some reduction in the targeted level of return to labour has been recommended reflecting the results of updated EFA. In contrast, the adoption rate target has been increased. While a few indicators with measurement issues have been dropped, a few others have been simplified for ensuring more accurate measurement. Please see the section on logframe for details.																																																																																																																																																																																																														

H. Lessons Learned

Cluster based approach with adequate HHs and production volume necessary for market facilitation

145. AIMS is a nationwide programme implemented in 86% of districts, 56% of communes and 26% of villages in the country but covering 2 % of households. While the geographical spread gives an opportunity for scaling up among more target households, it also poses unique challenges especially in programme implementation costs and also in market facilitation functions. Covering more households within a geography provides volume advantage and opportunities for market facilitation with larger buyers.

Poultry value chain is highly relevant for poor including very poor

146. Under AIMS, rural poultry farming is found to be a powerful tool for poverty alleviation. The limited land required for production, the relatively low investment capital, the possibility of supplementing feed with plants and local crop by-products, the limited time necessary for poultry rearing (ideal for households' women), and the high demand for poultry products (eggs and meat) are among the characteristics that make this activity particularly suitable for resource-poor households, women particular. More than 50% of the ID poor 1 category (the poorest) are in poultry value chain. The choice of local khmer breed makes rearing easy, technical package including training has built skills and confidence to rear birds and availability of sales contracts brokered by the project has ensured appropriate price for the produce. Results show that the full adoption of AIMS/GIC rural poultry production protocol (build appropriate housing for chicks and chickens; purchase chicks vaccinated at 21 days old; avoid releasing chicks and chickens into the wild; provide appropriate feed and water; take appropriate biosecurity and hygiene measures; and organize production according to market demand.) lead to a very low mortality rate, efficient production and consequent economic profit. The partial adoption of the technology may result in low chicken performance (e.g., slow growth of chicken, higher losses due to disease, predation, and/or accidents) often resulting in low income or even economic losses, leading to relatively high rates of "drop out" or resting of operations. There are still possibilities to improve profits by lowering the cost of chick housing and also local feed. The AIMS rural poultry farming model has remained rather static over the years, while more dynamism is needed to be able to cope with a rapidly changing socio-economic environment and challenges. Strengthening collaboration among technical service providers, PDoCs and BCFs and knowledge sharing facilitated by IFAD/GoC programmatic approaches in implementing development projects will be strategic for the rapid identification of innovations to be field tested and demonstrated to farmers.

Moderating M&E ambition

147. The MIS planned was very ambitious and envisaged tracking each household income, production and investment plan. The SM organisations spent enormous time in data collection on these aspects affecting farmer mobilisation and MSP meetings. The data collection has been rationalised but still is heavy. As a result, the project M&E became operational only by third year. There should be clear distinction as to which data is needed at farmer level, which at hub level and which at project level. Above all, the M&E requirements should be closely aligned to generating information that are of high importance and the M&E plan closely aligned with the project's ability to implement such plan.

While emphasis post-harvest interventions are appropriate, production issues continue to weaken agricultural value chains

148. During design AIMS laid heavy emphasis on building market linkages for farmers for selling their produce, less so for market-oriented social mobilization and much less so on transferring technology for increasing agricultural productivity. As noted, (See Agricultural productivity section above), AIMS PMO soon realized that the farmers also face daunting challenges related to production and productivity and in turn being competitive with agricultural imports from neighbouring countries. Following such realization, PMO complemented the design by allocating over US\$ 4 million for hiring TSPs.

149. In line with the programmatic approach followed in IFAD's Cambodia country programme, AIMS was expecting to receive support from ASPIRE and SAMBAT. While the rationale for adopting such approach is strong, multiple start dates of the project resulting into varying levels of maturity and mismatch in criteria applied in selecting clusters makes ground-level overlaps of geographical area or even the target groups difficult. Furthermore, simple co-ordination challenges among projects with differing reporting lines tend to limit the effectiveness of mutual support.

150. It is in the above backdrop that the need for complementing the original design with technical service provisioning has been endorsed by successive supervision missions and this mission as well. This offers a good lesson that can be utilized profitably in designing agricultural value chain projects in future.

Farm business diaries are very relevant to farmers and project management alike

151. AIMS has introduced farm business diaries for the first time on a large scale within IFAD projects in Cambodia. These a simple pre-printed farm record books for farmers to be able to record their various costs and incomes in a more structured way. As a result, they can track the amount of profit they are making from their different crops and livestock. They have been especially well received by the farmers in producer groups being supported by AIMS to link to new market opportunities and buyers. Uniformly enthusiastic feedback to the mission suggests farmers find them a simple but powerful tool to empower them to engage with buyers more confidently, as well as starting to contribute to a more business-like mindset to their farming.

152. From a project perspective, the combination of the farmers diaries with the planned tablet-based data collection by project beneficiaries themselves (i.e. the business literacy facilitators) within the MIS is a key foundation stone for the data-driven management of the project for results and offers the prospect of rolling, highly detailed, auditable household level M&E data for a large majority project beneficiaries.

I. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Regional CFO / National Finance Consultant to conduct a quarterly / half yearly visit to all regional hubs to (a) review the work and (b) to evaluate how to make the FM process more efficient and to resolve any issues.	PMO	11/2018
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
Internal Audit Submit Internal Audit reports to IFAD along with implementation status of internal audit and recommendations.	MOC	11/2020
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
AWPB Preparation and Approval Prepare AWPB and submit to IFAD for no objection.	MOC	11/2021
Withdrawal Application by ARDB ARDB to submit WA at least every three months	MOC / ARDB	11/2021
Reallocation of Categories in Financing Agreement Finalise reallocations between categories and submit to IFAD for approval and amendment in financing agreement.	MOC	12/2021
Accounting Software Implement accounting software on online basis so that consolidation and reporting can be improved further.	MOC	01/2022

<p>Amendments were made to the account codes in the payment vouchers. Amendments were made to the account codes should be properly authorized.</p>	PMU	06/2023
<p>inconsistent dates between teh accounting system and payment voucher Payment vouchers' dates should be correctly reflected in the accounting system.</p>	PMU	06/2023
<p>Compliance with SOPs Ensure compliance with all SOP and other rules & regulation to avoid problems in future</p>	MOC	
<p>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.</p>	MOC	

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

: Logical Framework

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Accelerating Inclusive Markets for Smallholders

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project							Total HH registered in MIS+ number people attended technical training by (GIC+KLT+GDA+Amru)	Annual		
	Males			75 000	12 865	67 372	89.829				
	Females			75 000	16 212	74 046	98.728				
	Young				0	3 875					
	Indigenous people				0	19 327					
	Total number of persons receiving services		75 000	150 000	29 077	141 418	94.279				
	1.a Corresponding number of households reached							MIS - Farmer Diary, MIS	Annual	PMO	
	Women-headed households		18 750	37 500	161	48 514	129.4				
	Non-women-headed households		18 750	37 500	246	28 996	77.3				
	Households		37 500	75 000	407	77 510	103.3				
1.b Estimated corresponding total number of households members							HHs Multiply by 4	Annual	PMO		
Household members		150 000	300 000	1 628	314 891	105					
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%							Endline and evaluation survey	Baseline; Mid-term; End line	PMO	Assumes continued social, political and economic stability in the country and neighboring ASEAN region
	Households	0	20 000	60 000							

Results Hierarchy	Indicators						Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	
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 40%						Endline and evaluation survey	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)						Endline and evaluation survey	end of project	PMO	
	ROI	0		20	0	35				
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						Technical service providers report and verification/check by M&E-PMO	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			75	77	77				
	Aggregate value of products sold						Formal & infomal contract/agreement	Annual	PMO	
	aggregate value				18 950 964	83 064 752				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	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							Value of private sector investment (VCIF-W2)	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
	USD										
	Smallholder investment in priority value chains and production clusters							Value of Smallholder investment (VCIF-W1)	Annual	PMO	
	USD				838 094	3 339 002					
	Participating smallholder farmers with increased financial literacy							BLT Pre&Post test result	Annual	PMO	
	smallholder farmers		1	50	38	38	76				
	Partner Financial Institutions (PFIs) continue financing VCs							PFI signed MOU with AIMS (entry in MIS)	Annual	PMO	
PFIs		2	2		2	100					
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	90	65	65	72.222				
Output 3.1 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 persons trained by the project		45 000	60 000	28 670	48 149	80.248				
	Men trained in crop				10 498	15 197					
	Women trained in crop				11 729	15 402					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
	Men trained in livestock				2 121	6 114					
	Women trained in livestock				4 322	11 436					
	Total persons trained in crop				22 227	30 599					
	Total persons trained in livestock				6 443	17 550					
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services							SM Report/Hub report/MIS			
	Males		17 500	25 000	3 336	15 003	60				
	Females		17 500	25 000	9 176	27 115	108.5				
	Persons in rural areas trained in FL and/or use of FProd and Services (total)		35 000	50 000	12 512	42 118	84.2				
Outcome Outcome 4: increased increased sales by POs	2.2.5 Rural producers' organizations reporting an increase in sales							PO's annual sale report/cluster tracking	base; mid-term; endline; annual	PMO	
	Number of Rural POs			1 628	0	1 255	77.088				
	Rural POs with women in leadership position				0	1 255		Buy and sell contract	base; mid-term; endline; annual	PMO	
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities										
	Number of POs				208	1 183					
	Women in leadership position				208	1 183					
	PPPs or similar partnerships with large and small agri-businesses and service enterprises										
	partnerships		100	250	435	720	288				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
	partner supported agri-businesses				533	720					
	Numbers of MSP organized										
	MSP		927	1 853	530	2 240	120.9				
	2.1.3 Rural producers' organizations supported							MIS	Annual	PMO	
	Rural POs supported		812	1 628	6	1 908	117.2				

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Accelerating Inclusive Markets for Smallholders

Supervision Report

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

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

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

Table 1A: Financial performance by financier (USD '000, as at 30 June 2022)

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	36,257	18,995	52%
Government	8,655	11,263	130%
Beneficiaries	8,116	3,858	48%
Private Business	8,586	871	10%
Total	61,614	34,987	57%

Table 1B: Financial performance by financier by component (USD '000, as at 30 June 2022)

Component	IFAD Loan			Government			Beneficiaries			Private Business			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Value Chain Development	13,994	11,931	85%	6,810	7,861	115%	273	521	191%	-	871	0%	21,077	21,184	101%
Value Chain Financing	20,721	5,014	24%	602	599	100%	7,843	3,337	43%	8,586	0	0%	37,752	8,950	24%
Project Management Unit	1,542	2,050	133%	1,243	2,803	226%	-	0	0%	-	0	0%	2,785	4,853	174%
Total	36,257	18,995	52%	8,655	11,263	130%	8,116	3,858	48%	8,586	871	10%	61,614	34,987	57%

Table 1C: IFAD loan disbursements (USD, as at 30 June 2022)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Consultancies	2,100,000	5,500,000	3,696,905	146,751	1,656,344	70%
II	Training	3,200,000	9,500,000	5,306,787	458,936	3,734,277	61%
III	Credit	8,100,000	8,100,000	3,221,159	73,500	4,805,341	41%
IV	Grants	16,800,000	10,000,000	3,313,286	829,336	5,857,378	41%
V	Operating Costs	2,600,000	2,500,000	1,319,533	40,092	1,140,375	54%
	Unallocated	3,500,000	700,000	-	-	700,000	-
	Advance – MOC PMU	-	-	2,460,021	-	-2,460,021	-
	Advance – MEF PIU	-	-	-	-	-	-
	Advance - RDB	-	-	1,002,319	-	-1,002,319	-
	Total	36,300,000	36,300,000	20,320,009	1,548,615	14,431,376	60%

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Accelerating Inclusive Markets for Smallholders

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Ministry of Commerce
Department of International Cooperation
Accelerating Inclusive Markets for Smallholders Project (AIMS)
STATEMENT OF PROJECT EXPENDITURE ACCOUNTS
For the Six Months Ending June 30, 2022

Description	Unit	FY 2022 full year						
		Physical targets 2022	Physical Progress 2022	%	AWPB financial target 2022	Finacial Progress for 2022	%	
I-INVESTMENT COST - COMPONENT 1								
CATEGORY I - CONSULTANTS								
I.1 - TA, included Remuneration/DSA&Travell (Net of Taxes)								
1	Project Team Leader - UNG DARA ROT MONI	P/M	12	5	42%	66 000	33 032	50.05%
2	Senior Value Chain Development Specialist #1 - NGET SOPHEA	P/M	12	6	50%	34 200	16 380	47.89%
3	Senior Value Chain Development Specialist #2 - SIENG KAN	P/M	12	6	50%	34 200	17 324	50.65%
4	Senior Value Chain Development Specialist #3 - KIM SANGHA	P/M	12	6	50%	34 200	16 920	49.47%
5	Financial Investment Specialist (FIS)- TAM SARMAO	P/M	12	6	50%	34 200	17 285	50.54%
6	National TA for VC Product Development	LS	0	0	#DIV/0!	-	-	#DIV/0!
7	Hub Deputy Manager - RHO KPC - TRY BUN Y	P/M	12	5	42%	27 000	12 439	46.07%
8	Farmer Facilitators KPC - FNN	P/M	12	3	25%	54 000	30 646	56.75%
9	Private Sector Facilitators KPC - CC - LENG NALIN	P/M	12	0	0%	52 800	-	0.00%
10	National Value Chain Investment Specialist - PRV - MOM PHEARUN	P/M	12	3	25%	22 800	5 676	24.90%
11	National Value Chain Investment Specialist - KPC - NOB MOM	P/M	12	5	42%	20 400	10 604	51.98%
12	National Value Chain Investment Specialist - STR - THORNG SAIYANN	P/M	12	5	42%	21 000	9 608	45.75%
13	National Value Chain Investment Specialist - KRT - CHRIN TITH	P/M	12	5	42%	19 200	9 967	51.91%
14	National Value Chain Investment Specialist - PVH - LY PISETH	P/M	12	4	33%	16 800	7 215	42.95%
15	National Value Chain Investment Specialist - KPC - HENG SARAN	P/M	12	5	42%	18 000	8 216	45.64%
16	Finance and Administrative Consultant - KPC - VEN VENG	P/M	12	6	50%	19 200	8 033	41.84%
17	National Value Chain Investment Specialist - TBK - LY MATH	P/M	12	5	42%	16 200	10 917	67.39%
18	National Value Chain Investment Specialist - STR - SAN SAROM	P/M	12	5	42%	19 200	10 415	54.24%
19	National Value Chain Investment Specialist - MDK - THONGTHY LYDA	P/M	12	4	33%	25 200	-	0.00%
20	National Value Chain Investment Specialist - RTK - TEP RATHA	P/M	12	5	42%	22 800	21 082	92.46%
21	National Value Chain Investment Specialist - TBK - YIN CHEN	P/M	12	5	42%	22 200	10 430	46.98%
22	Hub Deputy Manager - RHO BTB - EM SOKHOM	P/M	12	5	42%	27 600	13 192	47.80%
23	Farmer Facilitators BTB - CFAP	P/M	12	4	33%	54 000	29 666	54.94%
24	Private Sector Facilitators BTB - CC - LENG MAKARA	P/M	12	5	42%	52 800	28 640	54.24%
25	National Value Chain Investment Specialist - SR - PHON THOU	P/M	12	5	42%	20 400	10 983	53.84%
26	National Value Chain Investment Specialist - BTB - SIV SOPHEAK	P/M	12	5	42%	20 400	13 430	65.83%
27	National Value Chain Investment Specialist - BTB - OEUK PISITH	P/M	12	5	42%	25 200	11 805	46.85%
28	National Value Chain Investment Specialist - BMC - KANG YINMY	P/M	12	5	42%	22 800	14 480	63.51%
29	National Value Chain Investment Specialist - SRP - KAING CHANLEN	P/M	12	5	42%	22 800	12 710	55.75%
30	Finance and Administrative Consultant - BTB - HIEK LIDA	P/M	12	6	50%	21 600	10 187	47.16%
31	Hub Deputy Manager - RHO TKE - OUK PISETH	P/M	12	5	42%	19 800	10 910	55.10%
32	Farmer Facilitators for TKE - FNN	P/M	12	3	25%	27 000	16 604	61.49%
33	National Value Chain Investment Specialist - KAD - LAY NARITH	P/M	12	5	42%	24 000	9 654	40.23%
34	National Value Chain Investment Specialist - KAM-CHEA SOPHON	P/M	12	5	42%	22 800	10 795	47.35%
35	National Value Chain Investment Specialist - TKE - SAT SAMNANG	P/M	12	5	42%	25 200	19 161	76.03%
36	National Value Chain Investment Specialist - KPS - BOU SAMARDY	P/M	12	5	42%	22 800	12 402	54.39%
37	National Value Chain Investment Specialist - TKE - SOT KOSAL	P/M	12	5	42%	21 000	9 362	44.58%
38	National Value Chain Investment Specialist - KAD - LAY RETH	P/M	12	3	25%	22 800	9 080	39.82%
39	National Value Chain Investment Specialist - KEP - CHEY VIREAK	P/M	12	5	42%	20 400	10 681	52.36%
40	Finance and Administrative Consultant - TKE - RATH KONGKEAR	P/M	12	6	50%	15 000	6 592	43.95%
I.2 - Implementation Support								
41	Potential Production Volume In Rural Area Respond to Value Chain Market Application (Carry Over 2021-50%)	LS	1	0	0%	25 000	-	0.00%
CATEGORY II - TRAINING								
II.1 - Department of Private Sector Development								
42	4P Dialogue - Public-Private-Producer-Partnership at Provincial Level	Meeting	4	0	0%	7 500	-	0.00%
43	Inter -Project Learning - Programmatic Partnership Dialogue	Meeting	2	0	0%	6 750	-	0.00%
44	Digital Business Literacy Training (Carry Over 2021-90%)	LS	1	0.36	40%	72 000	32 000	44.44%
45	Enhance Chamka App and Training to BLF	LS	1	0	0%	209 000	-	0.00%
CATEGORY VII - GOODS								
VII.1 - Implementation Support								
46	IT Office Equipment - PMO	LS	1	1	100%	150 000	150 000	100.00%
47	Video Collaboration Equipments	LS	1	1	100%	80 000	78 000	97.50%
48	Office Furniture	LS	1	1	100%	56 000	56 000	100.00%
CATEGORY II - TRAINING								
II.2 - Regional Hub Office Takeo (RHO -TKE)								
49	MSP Meeting, (1 meeting/(30 participants)	Meeting	228	105	46%	36 480	12 357	33.87%
50	Project Prioritization and Consultation Meeting for Development Intervention under Economic Pole	Meeting	143	22	15%	22 905	3 111	13.58%
51	Capacity Building (Course Training) for project's staff	Meeting	4	2	50%	7 400	1 900	25.68%
52	Quarterly Meeting at Hub @ 1 day-meeting (40 participants)	Meeting	4	1	25%	1 920	508	26.43%
53	Field business model learning and exchange-out of province	Expo Visit	14	6	43%	11 795	4 695	39.80%
54	T2T Network and Dialogue (trader to trader)	Meeting	13	3	23%	8 475	903	10.65%
55	Inter -Project Learning - Programmatic Partnership Dialogue	Meeting	20	2	10%	4 250	94	2.21%
CATEGORY VII - GOODS								
VII. 2 - Implementation Support								
56	Farmers' Diary Book Printing	Unit	12800	12800	100%	38 399	56 995	148.43%
57	BLT Printing to Pos/Clusters	Unit	323	323	100%	58 103	89 640	154.28%
58	NAS Station (1 units)	LS	1	1	100%	55 000	32 500	59.09%
59	IT Office Equipment - Hubs	LS	1	1	100%	63 333	62 367	98.47%
CATEGORY II - TRAINING								
II.3 - Regional Hub Office Kampong Cham (RHO - KPC)								
60	MSP Meeting, (1 meeting/(30 participants)	Meeting	498	302	61%	79 680	24 704	31.00%
61	Project Prioritization and Consultation Meeting for Development Intervention under Economic Pole	Meeting	292	130	45%	46 720	9 073	19.42%
62	Capacity Building (Course Training) for project's staff	Meeting	4	2	50%	7 400	1 840	24.86%
63	Quarterly Meeting at Hub	Meeting	4	1	25%	1 120	40	3.57%
64	Field business model learning and exchange-out of province	Expo Visit	29	22	76%	24 458	17 883	73.12%
65	T2T Network and Dialogue (trader to trader)	Meeting	18	4	22%	9 000	644	7.15%
66	Inter -Project Learning - Programmatic Partnership Dialogue	Meeting	30	9	30%	2 625	403	15.33%
CATEGORY VII - GOODS								
VII. 3 - Implementation Support								
67	Farmers' Diary Book Printing	Unit	24403	24403	100%	73 209	56 995	77.85%
68	BLT Printing to Pos/Clusters	Unit	615	615	100%	110 776	110 700	99.93%
69	NAS Station (1 units)	LS	1	1	100%	55 000	65 000	118.18%
70	IT Office Equipment - Hubs	LS	1	1	100%	63 333	62 367	98.47%

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Accelerating Inclusive Markets for Smallholders Project (AIMS)
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Description	Unit	FY 2022 full year					
		Physical targets 2022	Physical Progress 2022	%	AWPB financial target 2022	Finacial Progress for 2022	%
CATEGORY II - TRAINING							
II. 4 - Regional Hub Office Battambang (RHO - BTB)							
70 MSP Meeting, (1 meeting/30 participants)	Meeting	207	123	59%	33 145	16 662	50.27%
71 Project Prioritization and Consultation Meeting for Development Intervention under Economic Pole	Meeting	145	100	69%	23 225	8 955	38.56%
72 Capacity Building (Course Training) for project's staff	Meeting	4	3	75%	7 400	4 950	66.89%
73 Quarterly Meeting at Hub	Meeting	4	1	25%	1 120	250	22.32%
74 Field business model learning and exchange-out of province	Expo Visit	38	19	50%	32 015	15 873	49.58%
75 T2T Network and Dialogue (trader to trader)	Meeting	13	6	46%	6 525	1 368	20.96%
76 Inter -Project Learning - Programmatic Partnership Dialogue	Meeting	10	8	80%	875	585	66.80%
CATEGORY VII - GOODS							
VII. 4 - Implementation Support							
77 Farmers' Diary Book Printing	Unit	19797	19797	100%	59 392	56 995	95.96%
78 BLT Printing to Pos/Clusters	Unit	498	498	100%	89 620	58 140	64.87%
79 NAS Station (1 units)	LS	1	1	100%	55 000	65 000	118.18%
80 IT Office Equipment - Hubs	LS	1	1	100%	63 333	62 367	98.47%
CATEGORY II - TRAINING							
II.5 - Market-oriented social mobilizers							
81 Market-oriented social mobilizers for KCM RHO-AFD (US\$1,815,303.63)	LS	1	1.2	150%	199 592	336 922	168.81%
82 Market-oriented social mobilizers for Battambang RHO-CIRD (US\$1,306,903.00)	LS	1	0.7	88%	305 975	240 813	78.70%
83 Market-oriented social mobilizers for Takeo RHO-FNN (US\$920,548.20)	LS	1	0.3	38%	395 309	138 106	34.94%
II.6 - Contracting Out to Support the Specific Flagship Value Chain							
84 Contracting out to promote farmer investment on Chicken VC including extension and market (GIC-US\$ 995,763.00)	LS	0	0.1	25%	272 505	126 000	46.24%
85 Contracting out to promote farmer investment on Cassava VC including extension and market (GDA-US\$1,230,500.00)	LS	1	0.27	27%	467 590	129 203	27.63%
86 Contracting out to promote farmer investment on Vegetable VC including extension and market (KLT-US\$ 1,100,638)	LS	1	0.2	40%	507 708	330 191	65.04%
87 Design, develop and publish flaship value chain materials (Carry Over 2021-100%)	LS	1	0	0%	100 000	-	0.00%
88 Contracting out to promote farmer investment on Rice VC including extension and market	LS	0.4	0.1	25%	406 932	91 985	22.60%
CATEGORY IV - GRANT							
VI.1 - Sector Development Facility (SDF)							
89 Sector Development Facility (SDF)	set	1	0.25	42%	1 500 000	1 405 431	93.70%
TOTAL INVESTMENT COST - COMPONENT 1					6 982 894	4 537 032	64.97%
II-RECURRENT COST - COMPONENT 1							
CATEGORY V - OPERATION COST							
V.1 - Department of Private Sector Development							
90 Cleaner # 1	Month	12	6	50%	1 800	1 000	55.56%
91 Inernet/telephone fees	Month	12	0	0%	4 800	-	0.00%
92 Driver - Toyota Hiace #1-2789	Month	12	6	50%	3 600	1 800	50.00%
93 Driver - ISUZU Pick Up #2-0108	Month	12	6	50%	3 600	1 800	50.00%
94 Driver - ISUZU Pick Up #3-0107	Month	12	6	50%	3 600	1 800	50.00%
95 Driver - Ford Everest #4-0777	Month	12	6	50%	3 600	1 800	50.00%
96 Driver - Ford Everest #5-0888	Month	12	6	50%	3 600	1 800	50.00%
97 Driver - Ford Pick Up #6-0130	Month	12	6	50%	3 600	1 800	50.00%
V.2 - Regional Hub Office - KPC							
98 Incremental Operation Cost	LS	108	54	50%	16 200	7 713	47.61%
99 Cleaner #1	Month	12	6	50%	1 800	750	41.67%
100 Driver # 1-0134	Month	12	6	50%	3 600	1 500	41.67%
174 BCF's Allowance	Month	6	0	0%	-	-	#DIV/0!
101 O&M Vehicle # 1	Month	1	0.45	45%	1 800	875	48.59%
102 Fuel, O & M Project Motorcycles # 1-26	Month	312	78	25%	9 360	1 998	21.35%
103 Food & Porket of DSA for in-country Mission	Day	1890	995	53%	26 460	17 898	67.64%
104 Accomodation of DSA for in-country Mission	Night	1080	514	48%	21 600	7 320	33.89%
105 Travel in-country Mission	LS	1	1	56%	12 000	8 914	74.28%
V.3 - Regional Hub Office - TKE							
106 Incremental Operation Cost	LS	60	30	50%	9 000	4 232	47.02%
107 Cleaner #1	Month	12	6	50%	1 800	900	50.00%
108 Driver Pick Up # 1	Month	12	6	50%	3 600	1 800	50.00%
175 BCF's Allowance	Month	6	0	0%	-	-	#DIV/0!
109 O&M Vehicle # 1-0133	Month	1	0.25	25%	1 800	382	21.22%
110 Fuel, O & M Project Motorcycles # 1-16	Month	192	48	25%	5 760	1 236	21.46%
111 Food & Porket of DSA for in-country Mission	Day	1135	568	50%	15 890	12 600	79.30%
112 Accomodation of DSA for in-country Mission	Night	650	326	50%	13 000	4 760	36.62%
113 Travel in-country Mission	LS	1	0.5	50%	6 000	2 509	41.82%
V.4-Regional Hub Office - BTB							
114 Incremental Operation Cost	LS	48	24	50%	7 200	2 921	40.57%
115 Cleaner #1	Month	12	6	50%	1 800	900	50.00%
116 Driver Pick Up # 1-BTB	Month	12	6	50%	3 600	1 800	50.00%
117 Driver Pick Up # 2-Pailin	Month	12	6	50%	3 600	1 800	50.00%
176 BCF's Allowance	Month	6	0	0%	-	-	#DIV/0!
118 O&M Vehicle # 1-0131	LS	1	0.5	50%	1 800	880	48.89%
119 O&M Vehicle # 2-0132	LS	1	0.5	50%	1 800	1 518	84.34%
120 Fuel, O & M Project Motorcycles # 1-16	Month	192	96	50%	5 760	1 680	29.16%
121 Food & Porket of DSA for in-country Mission	Day	945	474	50%	13 230	8 610	65.08%
122 Accomodation of DSA for in-country Mission	Night	540	270	50%	10 800	5 360	49.63%
123 Travel in-country Mission	LS	1	0.5	50%	4 500	2 554	56.76%
TOTAL II-RECURRENT COST - COMPONENT 1					281 960	115 211	40.86%
TOTAL COMPONENT 1 - INVESTMENT & RECURRENT COST					7 264 854	4 652 243	64.04%
I-INVESTMENT COST - COMPONENT 2							
CATEGORY III - CREDIT							
I.1 - Value Chain Investment Support (Line of Credit)							
124 Line of Credit (ARDB + AMK) for 2022	LS	0.27	0.18	67%	1 242 000	805 861	64.88%
CATEGORY IV - GRANT							
II. 1 - VC Innovation Fund							
125 Value Chain Innovation Fund (included Beneficiary contribution) Window 1 (Carry Over 2021)	LS	0.17	0.15	89%	802 750	719 338	89.61%

Ministry of Commerce
Department of International Cooperation
Accelerating Inclusive Markets for Smallholders Project (AIMS)
STATEMENT OF PROJECT EXPENDITURE ACCOUNTS
For the Six Months Ending June 30, 2022

Description	Unit	FY 2022 full year					
		Physical targets 2022	Physical Progress 2022	%	AWPB financial target 2022	Finacial Progress for 2022	%
126 Value Chain Innovation Fund (included Beneficiary contribution & Private Business) Window 1 and 2	LS	0.12		0%	555 750	-	0.00%
127 Fund Administration to Support the Operation of ARDB	LS	0.29	0.15	53%	71 250	40 211	56.44%
TOTAL I-INVESTMENT COST - COMPONENT 2					2 671 750	1 565 410	58.59%
TOTAL COMPONENT 2 - INVESTMENT & RECURRENT COST					2 671 750	1 565 410	58.59%
I-INVESTMENT COST - COMPONENT 3							
CATEGORY I - CONSULTANTS							
I.1 - TA, included Remuneration/DSA&Travell (Net of Taxes)							
128 National Procurement Specialist (NTA)	P/D	160	40	25%	40 000	5 000	12.50%
129 National Finance Specialist (NTA)	P/M	12	6	50%	39 600	19 506	49.26%
130 National Media Specialist (NTA)	P/M	12	6	50%	33 600	13 444	40.01%
131 Extension of Contract of International MIS Specialist	Contract	1	0.3	30%	50 000	15 200	30.40%
132 National Communications and M&E Specialist (NTA) #1	P/M	12	6	50%	31 800	15 587	49.02%
133 National Communications and M&E Specialist (NTA) #2	P/M	12	6	50%	31 800	15 287	48.07%
134 National IT Specialist	P/M	12	6	50%	33 000	12 500	37.88%
135 National Admin Assistant	P/M	12	6	50%	13 200	5 937	44.98%
136 National Finance Assistant	P/M	12	6	50%	13 200	5 486	41.56%
137 Internal Audit Consultant	Contract	1	0.9	90%	45 650	45 500	99.67%
138 National Procurment Assistant	P/M	12	5	42%	13 200	5 855	44.36%
I.2 - Implementation support							
139 External Audit fee	Unit	1	0	0%	12 500	-	0.00%
140 Porfolio Support Consultant	LS	12	0	0%	26 400	-	0.00%
141 Develop AIMS World Wide Web (Carry Over 2021-100%)	LS	1	1	100%	100 000	100 250	100.25%
I.3 - M&E System							
142 Annual Outcome Tracking Survey+Carry Over 2021	LS	1	1	100%	80 000	81 573	101.97%
CATEGORY VII - GOODS							
VII.1 - M&E System							
143 Value Chain Actors Directory	LS	1	1	100%	98 500	98 800	100.30%
VII.4- Knowledge management and communications							
145-153 Publishs Knowledge Products and Communication Material	LS	1	0	0%	110 500	-	0.00%
154 Video Clips Produce on on Project Successful Stories (5 Videos)	LS	5	0	0%	60 000	-	0.00%
155 Design/Develop/Printing Calandar and Poster 2023	LS	1	0	0%	80 000	-	0.00%
VII.3- Implementation Support							
156 Video Collaboration Equipments	LS	1	1	100%	80 000	78 000	97.50%
157 Vehicles	LS	2	0.2	10%	100 000	11 700	11.70%
TOTAL INVESTMENT COST - COMPONENT 3					1 092 950	529 625	48.46%
II - RECURRENT COST - COMPONENT 3							
CATEGORY V - OPERATION COST							
V.1 - Knowledge management and communications							
158 Farmer Brand Name/Logo Development (18 provinces)	LS	1000000	1000000	100%	200 000	200 000	100.00%
V.2 - Office operation cost							
159 Incremental Operation Cost	Month	24	12	50%	21 600	11 032	51.07%
160 Food & Porket of DSA for in-country Mission	Day	2700	1012.5	38%	37 800	23 032	60.93%
161 Accomodation of DSA for in-country Mission	Night	2432	912	38%	48 640	25 460	52.34%
162 Cleaner	Month	12	6	50%	1 800	1 000	55.56%
163 Fuel, O&M Project Motorcycles # 1-4	Month	48	22	45%	1 440	181	12.55%
164 Administrative Support Assisant	Month	9	2	22%	2 700	600	22.22%
165 Drivers # 1-0999	P/M	12	6	50%	3 600	1 800	50.00%
166 Drivers # 2-4545	P/M	12	6	50%	3 600	-	0.00%
167 Drivers # 3-0128	P/M	12	6	50%	3 600	1 800	50.00%
168 Drivers # 4-0129	P/M	12	6	50%	3 600	1 800	50.00%
169 Drivers # 5-8168	P/M	12	6	50%	3 600	1 800	50.00%
170 Fuel for 15 Vehicles	Month	180	90	50%	36 000	19 737	54.82%
171 O&M for 11 Vehicles	LS	11	3	27%	19 800	4 356	22.00%
CATEGORY VI (a) - POC							
172 POC	P/M	12	6	50%	65 400	32 700	50.00%
CATEGORY VI (b) - ROAD TAX							
173 Annual Road tax - 15 Vehicles	LS	15	0	0%	6 000	-	0.00%
TOTAL RECURRENT COST - COMPONENT 3					459 180	325 297	70.84%
TOTAL COMPONENT 3 - INVESTMENT & RECURRENT COST					1 552 130	854 922	55.08%
TOTAL ALL COMPONENT 1,2 & 3 - CATEGORY I - VII - AWPB 2022					11 488 734	7 072 575	61.56%

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-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		
<p>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:</p> <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^[1]_[SEP] 	Condition precedent for first WA	Complied with FA MOC: 16 June 2017 MEF: 16 Jun 2017 Amendment to FA MOC: 11 Oct 2021
<p>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.</p>	Condition precedent for first WA	Complied with FA MEF: 16 June 2017 Complied with Amendment to FA MOC: 04 August 2020
<p>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:</p> <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 Agricultural and Rural Development Bank (ARDB) 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 RGC 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 Sub-Project Accounts opened for each Hub.
<p>Section B Para 8. - Counterpart Funding The Borrower/Recipient shall provide counterpart financing for the Programme in the amount of USD 8,650,000.</p>	Throughout the programme	In process.
<p>Section E Para 1. - Conditions Precedent to Withdrawal Following are designated as additional general conditions precedent to withdrawal</p> <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 have been duly appointed. 	Condition precedent for first WA	Complied PMO: 5 Apr 2017, Revised 27 Aug 2020 PSC: 5 Dec 2017

Description	Target/Action Due Date	Compliance status
<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. 		PD: 5 Apr 2017 FO: 5 Apr 2017 DICO: 5 Apr 2017 Accounting Software: Aug 2018, upgraded in early 2020 PIM: 6 Mar 2018 Subsidiary Agreement: 25 May 2018
<p>Schedule 1, II, Para 1 - Programme Steering Committee (PSC). The PSC shall be co-chaired by MEF and MOC and will be comprised of members representative of Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Industry and Handicrafts (MIH), Ministry of Environment (MOE), Ministry of Women's Affairs (MOWA), partner institutions such as, Provincial Chambers of Commerce from Regional Hub, PFIs (MFIs plus RDB or qualified private bank), National Network of Farmer Organizations, Technical Working Group on Agriculture and Water - Development Partner Lead Facilitator.</p>	After effectiveness	Complied
<p>Schedule 1, II, Para 2 - Lead Executing Agency (LEA) The LEA shall be MOC, who shall have the overall responsibility for the Project implementation on behalf of the Steering Committee.</p>	After effectiveness	Complied
<p>Schedule 1, II, Para 3 - Project Management Office (PMO) A PMO shall be established within the MOC, with structure, functions and responsibilities in accordance with the PIM and acceptable to the Fund. The PMP will be led by a Project Director (PD), expected to be at the Director General of Domestic Trade (DGDT) 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</p>	Condition precedent for first WA	Complied

Description	Target/Action Due Date	Compliance status
<p>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>		
<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 satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500,000.</p>		Complied
<p>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.</p>	30 June 2019	Complied
General Conditions		
<p>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.</p>	2018: 31 Oct 2017 2019: 31 Oct 2018 2020: 31 Oct 2019 2021: 31 Oct 2020 2022: 31 Oct 2020	Complied but delayed. 2018: 12 April 2018 2019: 5 Aug 2019 2020: 2 Apr 2020 - Revised 03 July 2020 2021: January 2021 2022: 20 Jan 2022
<p>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.</p>	Ongoing	Not Applicable for RGC
<p>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.</p>	Ongoing	Complied and ongoing
<p>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.</p>	Ongoing	Complied and ongoing
<p>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</p>	30 April 2018 30 April 2019	Not Complied Complied

Description	Target/Action Due Date	Compliance status
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 2020 30 April 2021 30 April 2022	Complied Complied Complied
<p>Section 9.03 - Audit of Accounts The Borrower / Recipient shall</p> <p>(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.</p> <p>(b) within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report.</p> <p>The Borrower / Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.</p>	<p>30 June 2020 30 June 2021 30 June 2022</p> <p>31 July 2020 31 July 2021 31 July 2022</p>	<p>Complied Complied Complied</p> <p>Complied Complied Complied.</p>
<p>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.</p>	Ongoing	Complied and ongoing
Letter to the Borrower		
<p>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.</p>	Ongoing	Complied and ongoing
<p>Para 19 - Counterpart Funding Counterpart funding will be allocated to AIMS through the Government budgeting system.</p>	Ongoing	Complied
<p>Para 20 - Beneficiary Contribution Beneficiary contribution, mainly in kind, shall be properly accounted for in the AIMS accounting system.</p>	Ongoing	Complied
<p>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.</p>	120 days after effectiveness	Not Complied
<p>Para 33 - Appointment of subsequent Independent Auditors The Borrower / Recipient will appoint independent auditors acceptable to IFAD, within 120 days after the beginning of</p>	30 April 2018	Not Complied

Description	Target/Action Due Date	Compliance status
each succeeding fiscal year.	30 April 2019 30 April 2020 30 April 2021 30 April 2022	Not Complied Complied Complied 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 30 days after the period-end.	Ongoing	Complied

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

Appendix 4: Technical background analysis

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Appendix 4 – Technical notes

Appendix – 4.1 Technical report on AIMS rural poultry value chain

By Antonio Rota

The IFAD Technical Adviser on Livestock Development (TA) visited from 23 to 27 September 4 selected producers' organizations (POs) located in Siam Reap, Battambang, Kampot and Keb provinces, respectively; the "floating market" and a poultry slaughterhouse in Kampot province. It was a unique opportunity (i) to assess with project stakeholders (particularly rural poultry producers, mostly women and traders) the progress made in the field; (ii) to evaluate the degree of adoption of the proposed rural poultry model; (iii) to discuss challenges and future plans, and (iv) to collect data on production and marketing. Before the field visits, the AIMS PMO organized a meeting with the participation of key project stakeholders, where the overall progress of the project was presented and discussed. Specific meetings were also organized with PDO representatives to further assess in detail the results achieved at the provincial level. During the field trip, the TA had the opportunity to interact with the director and staff of GIC, the service provider contracted by AIMS to implement activities to support the rural poultry value chain.

The TA wishes to express his gratitude to AIMS and GIC staff for organizing an excellent mission. He is particularly grateful for the advises and support received from H.E. Tekreth Kamrang, Secretary of state of the Ministry of Commerce, H.E. Mr. Samrith Sakura, AIMS Project Director, Ms. Girija Srinivasan, Team Leader and Mr. Narin Oum, GIC Director. He thanks Mr. Francisco Pichon, IFAD Country Director and Mr. Meng Sakphouseth, IFAD Country Programme Officer, for the opportunity to join this fruitful supervision mission.

Main findings and recommendations

Key indicators for the rural poultry development subcomponent reveal that 17,550 poultry producers have been trained as part of 722 POs on chick production and chicken rearing, of which 65 percent are women (88 percent of the project objective); 25 chick production demonstrations have been conducted (25 percent of the project objective); 561 chicken rearing production demonstrations have been conducted (98 percent of the project objective); 856 field days have been conducted (67 percent of the target) and 23 farm model exchange visits have been organized, exceeding the target; 14,022 producers have adopted rural poultry technologies according to the GIC protocol (80 percent of the project objective) while 14,994 have experienced a reduced chicken mortality rate (up to a maximum of 15 percent) compared to 80-90 percent in the traditional rural production system. The GIC director indicated that the low chick demonstration score is due to the high investment cost (about US\$3,000, including the egg incubator and equipment to raise the 21-day-old chicks) and the difficulty in locating suitable breeders. However, he reassured the Mission that 103 potential chick producers have been identified and discussions are underway with VCIF for the provision of funds to start the business. The GIC Director also reassured the Mission that field days will soon be organized for farmers on chick production and that the goal will be achieved in the remaining project implementation period. Overall, on the basis of the data provided above, the mission assessed the implementation of the rural poultry value chain sub-component as satisfactory.

Under AIMS, rural poultry farming confirmed to be a "powerful" tool for poverty alleviation as per IFAD global experience. The limited land required for production, the relatively low investment capital, the possibility of supplementing feed with plants and local crop by-products, the limited time necessary for poultry rearing (ideal for households' women), and the high demand for poultry products (eggs and meat, although not quantified yet) are among the characteristics that make this activity particularly suitable for resource-poor households, women, and young people in particular. It must be noted that while vegetables, rice and cassava are traditional cultivations, AIMS/GIC poultry model started from zero, and it is very innovative and technically sound. For poultry, AIMS records the largest number of POs HH members in the Poor 1 (1,794 members) and 2 (4,168 members) categories, with 19,272 members considered "near-poor" and an acceptable number of "better-off" households (1,144 members). Out of 17,550 household members who received poultry training, 65 percent were women and about 6 percent were young people under the age of 24, most of whom were young women. Among AIMS commodities, poultry has the highest value per kilogram of product, specifically US\$4.62/kg (according to GIC data) and US\$6.3/kg in "floating markets" (AIMS data), compared to US\$1.1/kg for vegetables and rice. According to GIC data, validated by the Mission's calculations with data collected during the field visits, a typical poultry farm with a 500-egg incubator can generate a net profit ranging from US\$3,000 and US\$4,000 per year depending on the hatching rate (ideally 80-85percent). A poultry farm with 4 batches (but field observations revealed that 3 batches are more common) of 200 chickens (90-100 days production cycle) can generate a net profit ranging from US\$800 to US\$1,000 per year largely depending on mortality rate (ideally 2-3 percent) and efficiency of production. Unfortunately, PO members have clearly indicated that these net profits have been eroded in recent months by the significant increase in feed costs (there has been an average increase of 15-20 percent for commercial feed). The vast majority of women PO members indicated that the income generated from poultry production either is spent on paying school's fees for children, buying food for household consumption and covering basic household needs, or is reinvested to expand poultry production. Finally, several POs members indicated that poultry manure is used in vegetable production and rice nurseries, or eventually sold.

AIMS reported that 907 contracts were signed between 281 traders and 455 POs for the supply of chicken with a total value of US\$8,186,787 (corresponding to a total production of about 2,000 tons). The Mission had the opportunity to interact with several traders during field visits and collect interesting data. Most of the traders met had written contracts with POs to supply chicken. The average purchase price ranges from KHR13,000 to KHR16,000 per kg of live chicken during the normal period and rises to KHR18,000 reals during Khmer holidays. The resale price ranges from KHR19,000 per kg of live chicken for wholesalers and KHR20,000 for individual buyers. In the case of processed poultry, the average price is KHR25,000 per kg (up to KHR27,000/kg) of poultry meat, but it may increase further during the holidays or as in the case of a trader in Kampot, who processes and freezes poultry to sell it in Phnom Penh at KHR32,000/kg (and above). It is worthwhile to mention that street food vendors in the area of Ankor cultural site reported during interviews that "AIMS chicken" are preferred because of their quality and taste. Roasted chicken are sold in a range of KHR25,000 to KHR40,000 depending on the size and are generally purchase at KHR17,000 from traders. In the floating market in Kampot, "black chicken" has been noted to be sold at KHR35,000/kg: these products are used as "traditional medicine" for a variety of human

health problems. These breeds should be more exploited by POs, considering that the Chinese willingly buy these poultry products.

While the overall assessment of the AIMS rural poultry subcomponent is rather positive, a number of issues related to the replicability of the model by resource-poor rural poultry producers, economic viability and scalability, which could compromise future sustainability and have direct implications for the project's exit strategy, need to be further discussed and addressed. In detail:

Replicability: AIMS collected data on the degree of adoption of the proposed GIC rural poultry production model. The results show that while 80 percent of households have adopted the GIC protocol (build appropriate housing for chicks and chickens; purchase chicks vaccinated at 21 days old; avoid releasing chicks and chickens into the wild; provide appropriate feed and water; take appropriate biosecurity and hygiene measures; and organize production according to market demand), only 1,277 households have fully adopted the proposed technology (9.1 percent of total adopters). The vast majority, specifically 76.2 percent, adopted only 3 and 4 elements of the model. Partial adoption of the technology may result in low chicken performance (e.g., slow growth of chicken, higher losses due to disease, predation, and/or accidents) and consequently limited income or even economic losses, leading to relatively high rates of "drop out" or resting of operations. The data seem to support this statement, as in the case of poultry, out of 26,630 households mobilized, 666 dropped out of production and 1,431 suspended production for various causes.

Moreover, as mentioned earlier, while the GIC technical protocol has contributed to a drastic reduction in mortality, which characterized the traditional system, still only about 18 percent of farmers manage to keep mortality below 5 percent. The risk of significant losses due to disease is widely reported in AIMS documents, while the situation seems more under control from feedback collected from farmers during field visits. GIC reported that 63% of target households are vaccinating chicken. This is a good result but not sufficient. The TA noted a worrisome practice: in order to save on the cost of day-old chicks, some PO members are buying unvaccinated day-old chicks or produce day-old chicks themselves and vaccinating them. There is a possibility that low quality vaccines are available in veterinary village pharmacies/shops or vaccination is not practiced according to good practices, resulting in significant losses. This practice should be discouraged especially where GIC-trained day-old chick producers operate in a given project area.

- 1. Recommendation:** *GIC and PDOs staff to reinforce training and technical follow-up on full adoption of AIMS technical package, especially on poultry health, biosecurity measures and vaccination with POs. Starting date: September 2022. End date: December 2022*

During the discussion with PO members, the high cost of the proposed housing model in the demonstration sites was identified as the main limiting factor for the adoption of the GIC technical package. In fact, only the wealthiest households can afford to purchase or build such infrastructure. In this case, the use of local building material (e.g., wood, bamboo, etc.) is often recommended to reduce cost, but PO members reported that such material is becoming scarce and prices are rising sharply. There are alternative models with a different design at a lower cost that provide durability, convenience of daily operations, and comfort

for birds (e.g., "hoops" models for poultry¹), and GIC should evaluate the cost, assess field viability and pilot their demonstration in one location in each province. The IFAD TA remains available to assist GIC in identifying such alternative models (some designs have been already shared).

- 2. Recommendation:** *GIC to prepare a proposal for training and demonstrating alternative poultry housing models within one PO per province. Starting date: September 2022. Ending Date: April 2023.*

Along with replicability, the TA identified issues related to competition from imported rural poultry from Thailand and Vietnam; increasing cost of inputs and access to finance which may compromise the sustainability of the rural poultry sector, especially for resource-poor households. The issues of access to finance is not discussed in this report, since it will be addressed in the Aide Memoire of the Supervision Mission.

Economic viability: As already mentioned above, the two production models, notably 21 day-old vaccinated chick production and chicken rearing, assure, if GIC protocol is followed, a net profit to resource-poor households in rural areas. Such profit, however, risk to significantly diminish due to increase of cost of production. There are two costs that represent together more than 90 percent of variable costs, notably cost of day-old chicks and feed and one fixed cost, poultry housing. The latter has been already discussed, while there are options for reducing variable costs. Reducing the cost of production is the only way forward, along with specific policies to protect local production, which would make it possible to compete with imported Thai and Vietnamese rural poultry products. In detail:

Production of day-old chicks: Currently, the cost of day-old chicks is around R5,000 (US\$1.2-1.3) and are produced by poultry farmers who operate incubators with an average capacity of 500-1,000 eggs. By doubling the production capacity of poultry farmers, both in terms of fertile egg production and incubation capacity, it would be possible to reduce the cost per day-old chick by an estimated 5 to 10 percent (depending on the hatching rate), and with an incubation capacity of 5,000 eggs, an estimated reduction of 10 to 15 percent. This would have an immediate direct effect on production costs at poultry rearing and increase the availability of day-old chicks in rural communities. It should be noted that among the causes leading to the cessation of poultry activities, OP members mentioned the unavailability of day-old chicks during inspection visits. Expanding the capacity of poultry farmers involves (i) professionalizing poultry breeding farmers, then providing additional training on hatchery technology and hygiene, and (ii) funding the expansion of poultry rearing and hatchery facilities. Providing further training (with the opportunity to visit professional poultry hatchery facilities) and estimating technical needs for production expansion would be the task of the GIC, while AIMS could consider facilitating access to funds subsidized under Window 1 (or 2?) by developing an ad hoc financing package. The selection of poultry breeders at provincial level, who demonstrated interest, technical capacity, well-established supplying networks, managerial skills and leadership, for further expansion would be a key element of success for the project.

- 3. Recommendation:** *Pilot the upgrading of poultry breeding farm facilities in three locations in the project area to expand the capacity of production of 21 day-old vaccinated chicks to be*

¹ Large scale poultry hoops : <https://bestnestbox.com/products/the-best-chicken-hoop-20x48>; small scale <https://apppa.org/page-18095>

finance under window 1. Responsibility: GIC/AIMS. Starting date: October 2022. End date: June 2023.

Feed production: One of the main features of the GIC model is the development of the capacity of local producers to formulate and mix a poultry feed using local ingredients (typically, rice bran, broken rice, corn, farm-grown vegetables, crushed shells, and salt) at a level of 70percent for raising chickens. However, commercial feeds are needed at 100 percent during the first two weeks to cover the nutritional requirements for a good growth phase and 30 percent during the remaining period until sale. For a batch of 100 chickens, this means the need to purchase 3 bags (30 kg/bag) of commercial feed at a price ranging from R74,000 to R80,000, depending on the brand and province. It would be possible to partially replace commercial feed during the second week of the growth phase and totally replace commercial feed in the remaining period if (i) feed production units were established at the provincial level and (ii) an appropriate feed formula was developed. Feed crushers and mixers (made in China and India) are available in the market (check the price in Cambodia, but should not be more than US\$ 5,000 per unit). In terms of formulation, the ideal technical solution would be to produce (i) a feed for the second stage of young pullets and (ii) a high-protein "nucleus" that would be supplemented with local or farm ingredients. An ideal formula should be based on cornmeal (contracts could be made with corn producers, individuals or POs) and cassava root meal as energy sources (links could be made with AIMS POs that produce cassava), and fishmeal (including seafood) as a source of protein (high-quality fishmeal normally contains between 60 percent and 72 percent crude protein). Such formulation would require the necessary supplementation with minerals and vitamins. Similarly, in the case of poultry hatcheries, GIC should provide technical support and develop a proposal (which should include data collection and full documentation of pilot activities), in coordination with AIMS should facilitate the establishment of small feed production units at the provincial level to supply PO member to be funded under window 1 (or 2). Equally important would be the selection of suitable producers and the development of an ad hoc financing package. Finally, considering that rural poultry is promoted under different IFAD funded projects in Cambodia, it would be very effective, efficient and relevant to involve their PMOs as part of the programmatic approach adopted by the Cambodian Government and IFAD as project implementation strategy.

- 4. Recommendation:** *Develop a proposal for establishing small feed production /demonstration units in three locations in the project area to expand the capacity of production of poultry feed. Responsibility: GIC/AIMS/MAF. Starting date: October 2022. End date: June 2023.*

Technologies exist to produce on-farm quality ingredients for poultry feed. One interesting option is the production of azolla (*Azolla pinnata*) as poultry feed. Azolla is an aquatic plant found all over the world. Azolla is green in color and resembles seaweed or moss that floats freely on the surface of water. It can be used in animal and poultry feed as a source of protein. In India this technology is well developed to produce livestock feed, including dairy cattle (<http://www.akmindia.in/azolla-cultivation/>), but many other farmers are adopting this technology (Kenya <https://youtu.be/XVrDO-bCh8M>), including Cambodia (https://web.facebook.com/Azollaincambodia/?_rdc=1&_rdr). 4.5 square meters and 10-15 cm ware deep units can produce 2kg/day of azolla, which are sufficient to feed 100 chicken. GIC technicians should learn and pilot azolla production as part of demonstration under AIMS of innovative technologies with selected/performing POs. PDOs, MAF technical staff

and PMOs of other IFAD funded projects should be involved, data collected and full documenting should be part of KM project activities.

A second technology, which is becoming very popular globally, is the use of insects as a source of protein for livestock production. In particular, on-farm production of "black soldier" (larvae would be suitable for the project area. The production technology is already available in Cambodia (https://web.facebook.com/BSFCambodia/?_rdc=1&_rdr), and once again, GIC technicians should learn and experiment with this technology with selected POs.

- 5. Recommendation:** *GIC to prepare a proposal for training and demonstrating alternative poultry feeding technologies. Responsibility: GIC/AIMS/MAF. Starting date: October 2022. End date: June 2023.*

Poultry genetics: A third option to reduce costs would be to shorten the production cycle to achieve a final product with the same marketing weight in a shorter time than the 100 days required to produce a Khmer breed chicken. This is what has happened globally for commercial broilers and has required immense resources for genetic improvement research with the creation of increasingly efficient hybrid lines. Such resources are not available for rural poultry in Cambodia. However, selection of the best-performing roosters and laying hens on poultry breeding farms is possible, and breeders should have received specific training in this area. There may be the possibility of introducing crossbreeding practices, with heavier cocks to be crossed with locally bred laying hens, to have chickens that reach commercial weight faster. However, the taste and texture of crossbred chicken meat are different, and consumers looking for local poultry meat may not appreciate them. Conversely, restaurants might appreciate a chicken with a carcass conformation similar to that of local poultry, slightly softer and at a lower price. Therefore, it is more suitable to raise crossbred chicken in peri-urban areas, where it is easier to sell directly to restaurants or to fulfill contracts with traders who deliver chicken to restaurants. This is a technical issues which should be discussed as part of GoC/IFAD programmatic approach with PMOs of other IFAD funded projects in Cambodia promoting rural poultry value chains.

Scaling up

During the field visit, the issue of future scaling up was discussed extensively by H.E. Mr. Sakura and the Mission. While it is expected that the most efficient POs will continue to operate locally, at least as long as rural poultry production continues to generate a substantial profit, there is concern that the rural poultry value chain developed so far under AIMS is not sufficiently structured and robust to expand and reach the expected level of production, which would have a national economic impact, providing opportunities for import substitution in local markets and eventually for export of "quality products" to neighboring countries. Achieving this goal requires a change in approach from rural poultry production geared toward poverty alleviation and increasing the resilience of resource-poor households to production geared toward trade and enterprise. While the former is highly valued by IFAD, the Cambodian government, via AIMS, is pursuing the goal of increasing the prosperity of Cambodian smallholder farmers through increasingly profitable linkages with businesses and agricultural markets.

In IFAD's experience, preliminary assessments for the development of an expansion strategy to develop a vibrant rural poultry value chain should address (i) the feasibility and economic viability of investing in rural poultry development in a given environment; (ii) the

capacity of public and private institutions, including grassroots organizations; and (iii) market demand, opportunities, and constraints (e.g., in terms of infrastructure, communication technologies, prices, etc.). These elements should be taken up in the TORs for a specific study including (i) a market analysis; (ii) a strategy to structure the institutional set-up of the rural poultry value chain at the national level and the necessary policy and regulatory framework; and (iii) a business proposal to facilitate investment with the private sector.

It is also important to clearly define the characteristics of the end-product to be marketed and for which market it is intended, which would lead to the creation of a “branded poultry product”. There are many examples of definition of poultry production system (e.g. the “Label Rouge” poultry production system in France - [Label Rouge: Pasture-Based Poultry Production in France | The Poultry Site](#)). In the case of the current AIMS-supported rural poultry value chain, the end-product is a quality chicken of the local Khmer breed (the definition of “Khmer breed” needs also to be defined), reared for a period of 95-100 days and characterized by an average carcass weight of between 0.9 and 1 kg. Such chicken would be raised according to globally accepted organic production principles, which include sufficient space for poultry, ample access to water, and a feeding regime based primarily on locally available food ingredients, without the use of antibiotics and GMO ingredients.

Rural poultry production in Cambodia is in no way able to compete with commercial broiler production, which is largely dominated by the Thai company Charoen Pokphand Group (CP), but rather aims to meet the demand for traditional poultry products, especially in urban consumption centers. Unfortunately, no data on consumers’ demand are available which hamper planning production. The target customers are upper-middle class people who can afford to buy a relatively expensive product. For example, in Battambang market, CP chicken is sold at KHR10,000/kg, crossbred chicken at KHR15,000/kg, and Khmer chicken at KHR24,000/kg. Market access in urban centers, such as Phnom Penh, or in supermarkets (Cambodia is considered one of the most dynamic and attractive retail markets in Southeast Asia, due to strong economic growth and a rising middle class) would require (i) maximum product safety according to Hazard Analysis Critical Control Point (HACCP) and ISO standards; (ii) branding (see ref. to Label Rouge above) and advertising of the product; and (iii) continuous supply throughout the year of poultry products which are consistent in quantity and quality. In this context, situations such as the one described in Appendix 4B (AIMS report), where contracts with private companies have been terminated or suspended because “farmers do not have the products,” would be unacceptable.

In this final phase of the project, AIMS in full collaboration with PMOs of other IFAD funded projects, has the opportunity to lead the development of a comprehensive strategy to address the challenge of making the aforementioned shift to business-oriented rural poultry production and marketing according to a well-structured value chain. An interesting case to learn from is EthioChicken in Ethiopia ([EthioChicken](#)) which developed a full-fledged poultry value chain with rural poultry farmers (including resource poor households). Based on the results of the proposed study on scaling-up the sector (including the report that will soon be available from Mr Fara Mparutsa, IFAD Rural Development Specialist) the project is expected to facilitate the establishment of partnerships with private entities willing to invest.

A model that should be promoted and which is adopted also by large companies such as CP, build on vertical integrated contracting systems for producing poultry in an efficient and structured mode. Modern poultry production contracts are agreements between an integrator

company and farmers (growers) that bind farmers to tend company's birds until they reach market weight in exchange for monetary compensation. Poultry contracts have two main components: the division of responsibility for providing inputs and the method used to determine grower compensation. Growers provide land and housing facilities (according to technical standards), utilities (electricity and water), and labor. Operating expenses such as repairs and maintenance, clean-up cost, and manure and mortality disposal are also the responsibility of the grower. Integrators provide day-old chicks to be grown to processing weight, feed, medication, and the services of field personnel and makes decision about the frequency of flock rotations on any given farm. The integrator is responsible for organizing transportation, processing and marketing of poultry at the end of the production cycle and compensate the grower for the labor provided.

In the context of AIMS, the implementation of the above model may present a possible challenge: the presence and willingness of private companies to invest in the sector and additional incentives are needed to develop an attractive business opportunity. Under the IFAD-funded TSSD in Cambodia, some experience has been gained with Marketing Investment Groups providing inputs to poultry producers and buying back chicken to be delivered to buyers/traders through marketing channels; lessons learned should be evaluated by the AIMS PMO. One option would be to support empowering and outsource the integrator role to technical service providers (TSPs) hired under IFAD-funded projects (AIMS, TSSD, ASPIRE). However, the expansion of vertical integrated schemes nationwide requires business development, logistical, technical and managerial skills that need to be integrated into TSPs. The support of a value chain expert to assist AIMS in developing a viable business model is highly recommended.

- 6. Recommendation:** *Contract a Value Chain Development Specialist to undertake a study a rural poultry value chain study focusing on (i) a market analysis; (ii) developing a strategy to structure the institutional set-up of the sector at national level and the necessary policy and regulatory framework; developing a roadmap for officially branding Khmer poultry production, and (vi) a business proposal to facilitate partnership and investments with the private sector. Responsibility: AIMS. Starting date: January 2023. End date: June 2023.*

Case study (GIC data)²



² More case studies available at <https://aimsmoc.com/>

Ms Choer Sopha in Roka village, Roka commune, Sangke district, Battambang province. Her family is part of category “Poor 1”. She received and fully adopted a technical package for raising local chicken from the AIMS project in November 2021. Her poultry business has grown and now she has doubled production. Her chickens are healthy and fast growing and regularly vaccinated. She raised a total of 148 heads in four batches of respectively 50, 53, 53 and 45 chicken, experiencing no poultry mortality. She sold 340.4 kg of live birds on the local market at an average price of KHR 15,000/kg which generated an income of KHR 5,106,000 (approximately US\$1250).



Mr. Tiim Khea is a poultry-breeding farmer in Pring Chrum village, Pring Chrum commune, Jing Prey district, Kampong Cham province. He started from 10 AIMS/GIC blocks chicken house model with a 590 eggs incubator received from AIMS in August 2022. At present, he has already expanded to a 20 block of chicken house with 2500eggs incubator. He is selling a 21 days old vaccinated chick at KHR5000/chick (US\$1.25) and chicken ready for the market at KHR15000/kg. He is selling an average of 2500-3000 day old chicks per month and he has sold already 6,000 chicken on the market.

Appendix 4.2; Detailed technical note on component 1 and 2 implementation

Component 1: Value chains development

1. Value chains development is the lead component of AIMS and brokering and facilitation within a selected cluster is the core approach. The key outputs planned for the year 2022, are largely getting achieved at the half year mark as of 30 June 2022; the financial achievement of the component is 67% of the budget of USD 7.54 million. Few outputs that are lagging behind are a) training on chamka app for BLFs, b) trader to trader network and dialogue, c) Consultation for Economic pole related prioritisation.

2. **Priority commodities;** AIMS is working on the five priority commodities identified at design- rice, cassava, chicken, vegetable and silk. While there has been a strong domestic market demand for vegetables and backyard chicken, there is reportedly competition with cheaper goods from Thailand and VietNam affecting chicken value chain. The mission took an in depth assessment of poultry value chain. Rice and cassava value chains are both for export and domestic markets. Silk is a niche commodity and intervention opportunities for AIMS has been limited.

3. **Farmer enlistment and PO formation;** AIMS has engaged three social mobiliser organisations to work with the Regional Hub offices who have mobilised 76,821 farmers into 1,908

producer organisations in 761 business clusters. Of these POs, 378 are vegetables, 722 for chicken, 261 for cassava, 545 for rice POs and 2 are for silk. Of the PO members inducted, 3% have dropped out due to migration and 6% are resting between production cycles. AIMS will continue to mobilise members, especially ID poor, within the existing POs in profitable value chains such as chicken and vegetable.

4. As against the design assumption that the project will work largely with existing POs, AIMS had to form new POs and hence the maturity of POs for market interactions vary. Overall, systems to leverage the group strength such as monthly meetings, joint purchase of inputs to reduce costs, joint planning of production to meet contract requirements to fetch better market prices, internal savings and credit to purchase inputs etc., are yet to be institutionalised in many POs visited by the mission. TSPs like Amru rice and AMK, MFI have also mentioned about PO leaders and POs requiring further strengthening to work jointly. The POs can also help ensure consistent quality of produce by providing advice to farmers and ensure that producers meet with the level of quality and safety expected by the market, either through formal certification or through a trust-based relation between buyers and the PO.

5. It is expected that 25% of POs will graduate to become agriculture co operatives. The proposed ASPIRE 2 project can work with these POs.

6. **Business commune Facilitator;** The ISM in April 2022 mission agreed with the Government that a Business Commune Facilitator (BCF) in each commune will be the link between the Provincial team and POs. The extension of the project has been agreed by IFAD on the premise that there will be adequate institutional arrangement to connect POs with Provincial management unit. About 78 BCFs have been selected, deployed in the field and are receiving on the job training. There is an urgent need to identify and deploy the balance 350 BCFs so that they are well trained by SM organisations. The core responsibilities of BCF are a) PO meetings - production and marketing planning for PO members, related input supply arrangements, ensuring contracts are well performed, b) support farmers in farmer diary maintenance, c) line of credit canvassing, d) support in VCIF proposal, e) improving utilisation of SDF, f) MIS reporting etc., The project will introduce payment for services for BCF services by PO members since many of the roles of BCF are directly benefitting the members. BCFs will be provided a small incentive by the project for their services with reducing scale every year; increasingly PO members will pay for their services leading to sustainable service provision.

7. **Market related interventions;** AIMS is a unique initiative that adopts 4P approach. Conducting multi-stakeholder platforms, B2B and B2S meetings, floating weekend markets, facilitating contracts between POs and suppliers/ traders, negotiations with national players at PMO and signing MOUs constitute major interventions of the project. Cumulatively, 2244 MSPs, meetings have been conducted (including B2B and B2S meetings) and 583 weekend floating markets are organized in 16 provinces. Overall, the project works with 720 traders and input suppliers with who 50,768 households are linked.

8. Multi stake holder platforms are the key mechanism for bringing together different stakeholders in the respective value chain, for developing joint actions to address constraints and maximise opportunities in VCs. MSPs though were designed at hub level and cluster level, in practice cluster level MSPs are being conducted. Project has carried out a study of effectiveness of MSPs which shows that overall 73% respondents found that the MSP provided comprehensive solutions. The suggestions for improvement included crowding in more POs and traders to MSP events and also to improve logistics.

9. Contract performance; Actual sales volume of VC commodities through pre-contracted sales has been steadily increasing though there was a dip due to COVID in 2020 and in 2021. Cumulatively, 404,834 tonnes of production of USD 83.06 million have been brokered by the project. Project has adopted at least one PO and one contract policy and is working towards improving linkages and contracts; as of June 2022, 29% of the POs have written contracts with traders/ input suppliers. However, during wet season the contracts are lower and are expected to pick up during dry season. Some households are uncertain about the production quantity and hence are not keen to enter into contracts. In vegetable value chains there are on going trade relationships with traders who also supply inputs and procure the outputs, and the producers and traders are not keen to enter into written contracts. In hub 3 bordering Thailand the producers have trade arrangements with Thai traders.

	No. of POs	No. of POs with current contract	% of POs with contracts	No. of members in POs	No. of members with current contracts	% of members with current contracts	No. of traders with PO contracts
2018	149	18	12%	7,233	760	11%	11
2019	524	102	19%	25,209	3,121	12%	63
2020	1,365	378	28%	57,318	11,212	20%	225
2021	1,901	807	42%	76,620	22,202	29%	422
6 months of 2022	1,908	556	29%	78,883	12,639	16%	308

10. During field visits it was seen that a) the PO contracts are largely with local traders who the POs trust. While producers are assured of a market for their production, the traders are able to forge firm contracts with larger buyers based on assured supply. They are also able to collect at a central point reducing their transaction costs. Largely about 30% of production of vegetables and rice are sold through contracts and there is a need to crowd in more buyers in POs. b) The attempts to link POs to wholesalers have not very successful due to lower price offered by them and also delays in payments – one payment for 4 cycles of supplies. c) Traders have plans for expanding their business and need facilitation support for contracts with reliable and larger buyers. In the case of vegetables for example, traders expect POs to organise a large number of farmers to produce in a coordinated cropping calendars to ensure a regular supply of the produce needed by buyers throughout the year. d) Few traders provide market information on production to farmers to enable them to produce for the market. This aspect requires further work.

11. The actual volume and value of sales (both in total quantum as well as per member volume and value) have been increasing over the years. While 2019 performance is based on fewer POs and members, the dip in sales due to COVID situation is being overcome since 2021.

	Total contracted volume (Kg)	Total contracted value (US\$)	Actual volume of sales (Kg)	Actual value of sales (US\$)	Per member actual volume of sales (Kg)	Per member actual value of sales (US\$)
2018	17,672,900	4,072,422	17,585,600	4,009,341	54,033	12,439
2019	40,157,666	8,359,289	35,366,598	7,497,332	42,632	13,364
2020	115,660,437	23,663,355	97,540,037	19,293,980	36,727	6,632
2021	248,881,815	43,701,792	185,285,466	33,313,135	37,696	6,697
6 months of 2022	73,252,341	20,349,635	69,056,425	18,950,964	45,141	8,544

12. Overall, quantity and quality demanded by traders not being met by the POs is a constraint; overall 81% of contracted volume has been supplied and the performance of 2022 is at 94%. Compared to June 2021, the position at June 22 is encouraging with 16% increase in volume of sales. Given that the trade conditions have improved and covid related disruptions are no more there, the VCI team have to ensure that one PO one contract is pursued with greater vigour.

13. It is necessary that VCI team works on expanding the capacity of local traders to procure more from POs, crowding in more local traders after carrying out an integrity check on them and also link local traders with larger buyers after an assessment of such larger buyers. While rice and cassava industry is organised with national trade bodies in place, the project needs to develop 4 P platform at central level for chicken and vegetable value chains to improve competitiveness of the industry, address regulatory issues arising from cheaper products from neighbouring countries and also improve efficiency of the sector.

14. VCI team at PMO needs to develop more market intelligence especially in vegetable and chicken value chain. This will involve collecting data relating to a) trends in production, b) trends in import and export, c) arrivals in major markets, d) customer preferences, d) price movements, e) logistics etc., and transforming the data into information, extracting insights and distributing them to farmers and traders. PMO can work with such intelligence providers in Cambodia such as agritech solution providers or build internal capacity. The starting point can be 4 P consultations on vegetable and chicken.

15. **Technical partners for improving production.** Overall, the performance of the technical service providers is satisfactory though performance varies from one to another. PMO has engaged the services of technical partners to introduce improved production technologies for 4 value chains. AIMS adopts a 4 P approach where direct engagement of private sector company has been found crucial to ensure a) production is related to market demand, b) the quality inputs and other production related processes specified by the company are adopted, c) marketing aspects are taken care of. TSPs have also provided support in preparation of VCIF proposals for adoption of improved technologies that have been pre approved by the project while selecting the TSPs.

TSP and contract till	Targets	Achievement
GIC – Dec 2022	<ul style="list-style-type: none"> Conduct 20,000 HH Training on both chick and chicken raising (Chicken fattening) Establish 100 Chick production demonstration and 570 chicken fattening demonstration Conduct 1,280 Field Days Conduct 22 exchange visits. 	17550 Households trained (88%) 25 Chick production demonstration (25%) and chick fattening demonstration (98%) 856 farmer field days (67%) 23 exchange visits (105%) 14,022 adopted chicken production and 14994 households report less than 20% chick mortality
GDA – Dec 2022	<ul style="list-style-type: none"> Conduct Farmers Training for 150 POs/Villages (3,750HH) Organize 150 Field Days (7,500 HH) Conduct 150 cassava Demos Establish 45 Cassava Nursery (Production of clean seeds). Establish 45 market net work Conduct 20 exchange visits. 	108 courses conducted (72%) Demo and field days (100%) 100% achievement 45% achievement of see market network 100% achievement
KLT - Dec 2022	<ul style="list-style-type: none"> Conduct Farmer Training 12,000HH Conduce 480 field demonstrations Organize 480 field days Organize 36 Business exchange and business linkages. 	12,414 HH trained (103%) 502 demonstrations (105%) and 485 field days (101%) Exchange visits 100% achieved 89% of farmers are adopting at least 3 out

		of 6 of technology adoption
Amru rice till Dec 2023	<ul style="list-style-type: none"> • Technical service support/training 16,000 farmers • Organize 500 Rice production Field demonstration including post-harvest technologies • Link 500 rice POs to seed company or seed producer groups • Organize 500 rice field days • Organize exchange visit for 1,500 producer group leaders • Conducted 16 business matching events • Facilitate 400 buy and sale contracts 	<p>7861 farmers trained (49%)</p> <p>274 demonstrations (54%)</p> <p>Other activities are yet to be undertaken</p>

16. As against the end target of 60,000 farmers to be trained, the achievement is 48,149 (80%). There are few critical outputs that are yet to be achieved under GIC and GDA contracts (chicken production demonstration and market networks for clean seeds etc.,) The adoption of technology parameters (6 in each commodity) have been identified and adoption of at least 3 out of 6 parameters is considered as adoption rate. As of 30 June 2022, 77% of the trained farmers are adopting improved technology as against the end target of 75%. For each commodity one critical adoption indicator was identified by last ISM and the adoption rates for these indicators are as under;

TSP/Commodity	Core indicator	HH Trained	HH Adoption of core indicator	% as against the target of 75%
KLT-Vegetable	Use of high yielding seeds	12,414	11620	94%
GIC-Chicken	Buying healthy 21 day old vaccinated chicken	17,550	10,987	63%
GDA- Cassava	High yielding disease free seeds	7,427	3,636	49%

17. The mission interacted with 4.vegetable POs, 1 rice PO and 4 chicken POs. These are largely well performing POs.

18. Vegetable POs; Farmers appreciate the technical trainings received by KLT and narrate a number of improved practices adopted as a result of the training which appropriate methodology for seed selection, include drip irrigation plastic mulching developing a production plan and also appropriate usage of fertilisers. 25% of households met report marginal expansion of area under vegetable cultivation. Some of the members have also staggered production to ensure continuous harvest spread over a longer period of time ensuring that the vegetables fetch better price. There is a high demand for net houses but availability of finance is extremely restricting the adoption of this technology. VCIF has been found to be very useful in adoption of water saving methodologies like drip irrigation and sprinkler and also adoption of net houses. Members generate a number of advantages due to drip irrigation which include saving of labour and water ability to increase the number of crop cycles and also reduced usage of fertilizer and decreased usage of fossil fuel. There is potential to bring down the cost of cultivation by joint purchase of fertilisers, seeds.

19. **Rice POs;** The rice producers are benefiting from training on inputs better seed selection and also production planning. PO members are yet to do joint procurement of the inputs since they do not

have the required funds to procure in bulk. All the members have access to credit from different financial institutions. Amru rice is training some of the members for seed production. PO has been in a position to crowdin traders with AIMS support and negotiate for better price. Many members report that they have doubled the production yield through better planting technologies. One of the reasons for increase in yield is access to irrigation which was taken up by another department.

20. **Poultry Value chain;** Overall, the mission rated the implementation of the rural poultry value chain interventions as satisfactory (full mission findings and recommendations are included in supervision report). Most of the indicators reveal good progress of the activities and full achievement will be attained by the end of the project. However, a number of issues need attention from the PMO and GIC in terms of reducing the unit cost of 21-day-old vaccinated chicks, feed and housing, and more importantly, ensuring access to affordable credit by rural households. Addressing these issues will have a direct impact on (i) competition with imports from Thailand and Vietnam; (ii) the replicability of the AIMS/GIC rural poultry farming model and its scalability; and, in general, (iii) the sustainability of the project interventions.

21. Although it is expected that the most efficient POs will continue to operate locally, at least as long as rural poultry production continues to generate a substantial profit, the Mission assessed that AIMS rural poultry value chain has not yet reached the level of maturity and robustness necessary to expand and reach the expected level of production, which would have a national economic impact, providing opportunities for import substitution in local markets and ultimately for export of "quality products" to neighboring countries. Achieving this goal requires a change geared toward business and marketing. The strategy for the development of a vibrant rural poultry value chain should address (i) the feasibility and affordability of investing in rural poultry development in a given environment; (ii) the capacity of public and private institutions, including grassroots organizations; and (iii) market demand, opportunities, and constraints (e.g., in terms of infrastructure, communication technologies, prices, etc.). This requires a specific study including (i) a market analysis; (ii) a strategy to structure the institutional set-up of the rural poultry value chain at the national level and the necessary policy and regulatory framework; and (iii) a business proposal to facilitate investment with the private sector.

22. With three of TSP contracts (GIC, GDA, KLT) getting closed as of 31 Dec 2022, the PMO has been considering options to continue the services of TSPs. There is potential to train more farmers especially id poor 1 and 2 who are joining existing POs. VCIF window 1 investments will be completely implemented through TSPs; chicken and vegetable proposal processes are well developed and for rice and cassava clean seed production will be supported. More importantly TSPs need to develop a business model to service already trained farmers. POs the mission interacted with were ready to pay for the services.

23. **Business Literacy.** In all, 1,908 BLF were recruited, 1,481 have been trained and they in turn have trained, 42,118 HH (27,115 women) members of POs resulting in achievement of 84% of total target of 50,000 HH. As per hub teams, about 25% of the BLFs can conduct training independently and thus are available for further training of members of POs.

24. **Chamka app;** AIMS has developed electronic modules of the business literacy training which is being uploaded and will be available through Chamka app developed by ASPIRE. BLFs are to be trained on the features of Chamka app and they should be trained on farmer diary – production, expenses and income – to be maintained in the app so that the project can shift from paper based booklet to online MIS. PMO will not print any more FDs but encourage farmers to adopt the practice locally available notebooks to ensure sustainability of the practice beyond project period.

25. **The Sector Development Facility** has been directly managed by PMO with focus on public goods that address specific bottlenecks to the VC development identified by the VC actors. While 333 pumping wells have been constructed in 2020, an additional 153 infrastructure schemes³ have been executed in 2021. User committees have been formed and the mechanism of user fee collection is yet to be fully institutionalised as seen during the field visits. During field level interactions, farmers mentioned that the SDF intervention by the project has been very useful. Irrigation is a major felt need and so also the collection centers which brings traders to their door steps and also protects the produce from unseasonal weather. PMO should study actual usage of the infrastructure created and make efforts to maximize their usage rate and efficiency since currently, as seen during the field visits, the usage is largely that of PO members with very few others (indirect beneficiaries) benefitting.

³ Including wells, chicken slaughterhouses, grading sorting facilities, multiple commodity collection centers, vegetable collection centers.

overall the structures created under SDF are sub optimally utilised and there is a need to work further with the community for improved usage institutionalising the system of user fee and also ensuring that more than the PO members and other households also get to use the structures.

Component 2;

Component 2.1. VCIF

Window 1 – As of 31 July 2022, the project has approved 1,969 proposals and disbursed 1,893 proposals of USD 1.49 million. Out of 1188 proposals received in 2021, 1116 have been disbursed, 7 claims are to be submitted to ARDB. The cause of concern is 65 investees dropping out after HIC approval. The main reasons;(i) lack of capital, (ii) change occupation, (iii) migration, etc. PMO intends to open the proposals for 2022 shortly. During field visits it was seen that there is high demand for VCIF for better technology adoption. Post MTR, PMO has negotiated the payments to ARDB for managing VCIF given changes in responsibilities; currently 5% of VCIF is paid as administration charges.

Out of total VCIF of USD 3.4 million, the disbursement so far has been only under window 1 to the tune of USD 1.497 million and in respect of 1,893 Households.

Value chain	2019		2020		2021	
	Approved – number of proposals and (amount)		Approved – number of proposals and (amount)		Approved – number of proposals and (amount)	
Chicken (TSP)	0	0	277 (USD253,641)	276 (USD253,122)	329 (USD315,863)	291 (USD280,516)
Vegetable (TSP)	0	0	0	0	313 (USD213,622)	287 (USD189,645)
Chicken and vegetable (non TSP)	36 (USD25,389)	36 (USD25,389)	468 (USD345,405)	465 (USD342,298)	546 (USD410,600)	538 (USD405,710)
Total applications	36	36	745	741	1,188	1,116
Total amount	(USD25,389)	(USD 25,389)	(USD599,046)	(USD595,420)	(USD940,084)	(USD 875,871)

The issues in window 1 are a) 207 days taken from developing the proposals to disbursement of 1,188 proposals. b) high transaction cost relating to grant disbursement - manpower involved in many stages in the sanction and disbursement of small value grants. Lack of working capital of TSP to execute the work in time and also lack a credit product to finance the farmer to execute the VCIF. C) There is high demand for VCIF from the farmers whereas the budget is limited (USD 800,000 for next two years). After in depth discussions with the project teams and ARDB, it has been decided that

a) Open up the window 1 investments for rice and cassava VCs for seed production since availability of seeds is a critical constraint and necessity for boosting exports,

b) Since the demand for VCIF is high, allocate upto USD 2 million additional grant for window 1 flexibly from the credit line. (The credit line is unlikely to be disbursed fully for small holder farmers and VCIF is addressing needs of small holder farmers). AWPB 2023 will have an allocation of USD 1.5 to 1.8 million based on demand estimate. AWPB 2024 will have lesser allocation considering the project ends in September 2024. Window 2 allocation will USD 1 million.

c) To leverage credit for small holder farmers under the credit line, VCIF will be held as cash guarantee by ARDB to be adjusted on repayment of the loan. Thus VCIF will be a back ended subsidy. ARDB will disburse grant and loan together. For investees borrowing from the credit line, the credit amount and VCIF grant will be released together as a loan to the investee by ARDB/AMK under intimation to provincial teams and PMO to ensure that investee pays the TSP as per schedule of work. It is expected at least 50% of the investees will avail credit line from ARDB/AMK.

d) Where the investees are arranging funds/credit themselves TSPs based on pipeline of proposals will receive quarterly advance of the VCIF grant to initiate the investment. The investees will need to arrange funds for the balance amount. Based on pace of completion of VCIF investment, further advance will be released for the next quarter. After doing a risk assessment based on past performance of TSPs, the PMO will ask for bank guarantee from TSP before release of advance.

e) The above measures are expected to address the current issues being faced in terms of multiple verification steps, lack of funds and delays.

Window 2 - At MTR, PMO was advised to open window 2 for grant proposals and so far no proposal has proceeded beyond the expression of interest. Currently there are 8 EOI in hub 2 though both in hubs 1 and 3, traders expressed interest in cold trucks as well as slaughter houses for chicken and processing plant for cassava. From the approach of seeking only innovative proposals, the project should expand window 2 for proposals that address critical constraints faced by producers and invite proposals that improve competitiveness and overall economic impact. A preliminary list is given below;

Value Chain	Economic impact	Typical investments needed (examples) to be expanded further
Vegetable	Import substitution	Greenhouse, water management, custom hiring of machinery, post-harvest handling and transportation.
Backyard chicken	Import substitution	Production of 21 day old vaccinated chicken, larger feed plants, modern slaughter and packing houses
Cassava	Export	Disease free planting material, Improved soil management, Processing units especially by ACs custom hiring of machinery,
Rice	Export	Seed production (larger units), Organic fertiliser production Other investments in seed value chain, custom hiring of machinery,

One of the deterrents seen by the investees is lack of capacity to develop detailed proposals. The PMO needs to review the documentation requirements and simplify them further. They should also guide the traders to experts who can assist in the documentation for fees. The other issue has been that 20% grant amount is seen as too small especially farmer owned networks/agriculture cooperatives. The grant can be increased to 40% for the agriculture cooperatives and farmer networks. For other individuals and registered firms, the project should work with prospective grantees and work out detailed viability analysis and if there is a proven case for higher amount of grant for risky and innovative solutions this can be considered up to 30%. It is important that the VC team clearly communicates the broad intention of the window

Component 2.2 Line of credit; Out of USD 8.1 million credit line, the disbursement to ARDB has been USD 3.3 million so far (41%) and ARDB has disbursed USD 4.57 million (including repayments received). The loan outstanding is USD 2.56 million and non performing loans are 9 under chicken and loans to be recovered are USD. 55,876. ARDB has increased their mobile unit staffing and also coverage of provinces but continues to lend more to better off farmers and traders/input suppliers based on collateral; the average loan size of loans disbursed during 2022 is USD 8,202. ARDB is yet to develop products and processes suitable for small farmers.

Project entered into a tripartite agreement with AMK and ARDB on 8th April 2021 to improve lending to smallholder farmers. The pilot phase in four provinces initiated post MTR, is yet to yield results. AMK is yet to communicate clearly the product features under credit line that are different from the general micro finance loan; the current interest rate offered by AMK is seen as same as that of other MFIs. Farmers expect differentiated product with lesser interest rate from the credit line. From May 2022 to July 2022, 630 interested farmers were contacted by AMK but only 11 loans were disbursed for USD 15,250.

Details	Vegetable	Chicken	Rice	Cassava	Total
Cumulative no. of loan disbursed	134	204	97	98	533
Cumulative amount of loan disbursed (US\$)	908,852	1,654,359	1,489,752	519,461	4,572,423
No. of loans to farmers	133	194	86	97	510
Amount of loan to farmers (US\$)	901,852	1,295,359	866,306	499,461	3,562,977
No. of loan to buyers/traders	-	6	10	1	17
Amount of loan to buyers/traders (US\$)	-	58,000	573,446	20,000	651,446
No. of loan to input suppliers	1	3	1	-	5
Amount of loan to input suppliers (US\$)	7,000	251,000	50,000	-	308,000
No. of loan to service providers	-	1	-	-	1
Amount of loan to service providers (US\$)	-	50,000	-	-	50,000
No. of loan disbursed in H1-2022***	5	7	13	3	28
Amount of loan disbursed in H1-2022 (US\$)	23,419	71,000	91,738	43,500	229,656
Cumulative amount of loan repayment/collection	372,217	739,995	631,476	252,358	1,996,046

(US\$)					
No. of loan outstanding	92	126	81	33	332
Amount of loan outstanding (US\$)	536,635	914,364	858,276	267,102	2,576,378

The credit line requires realignment since under the present conditions the credit line will not be utilised adequately for small farmers. AIMS can also adopt the blended finance mechanism to be offered under ASPIRE 2 as per the programmatic approach. The core issues were discussed with CEO and senior management of ARDB and AMK. It was agreed that

a) AMK lending; ARDB will offer credit line in 14 provinces where they have presence and AMK will work with AIMS in four provinces which are not reached by ARDB. ARDB will consider reducing interest rate for wholesale loan to AMK if AMK will pass on the benefit of lower interest rate to farmers.

b) Loans to small farmers; For ARDB, hence forth, small farmer financing will be the core focus of the credit line with 60% to 70% of credit line disbursements to be for small farmers with average loan size of USD 4000. VCIF investees in four value chains will be the priority; AIMS will provide the list of VCIF investees interested in credit and ARDB will follow their due processes for loan sanction. The grant amount of VCIF of 35% of investment amount, will be blended with credit line and given as a loan to the farmer. The grant amount will act as cash collateral and in case farmer fails in repayment, the VCIF grant amount will be used to set off losses. ARDB, on the basis on cash collateral and hypothecation of assets created out of the investment, will disburse loans to farmers and will not insist on any further collateral. The grant amount will be either back ended subsidy for farmers or adjusted towards the last few loan instalments. ARDB will invest the grant in interest bearing securities and will disburse proportionate interest to farmers.

c) Loans to other value chain actors; The balance 30% to 40% loan disbursements will be for traders/ input suppliers/processors. The project has nearly 750 traders working with the POs. The project will introduce the traders requiring finance for expansion of their business/ investment under window 2. The collateral conditions of ARDB will be met by the traders. The average loan size will not exceed USD 30,000 keeping in view the target group of the project i.e. local small traders/small processors.

d) Innovations in products; ARDB will pilot value chain financing instrument for financing producers under contract farming arrangement with established companies like AMRU Rice. Since AMRU rice is keen on ensuring adequate finance to the producers, it is willing to guarantee the repayment of loan of the producers it has contract with. While ARDB will lend to farmers, based on production plan, the repayment will be ensure by AMRU rice from the sale proceeds of rice supplied by farmers.

e) Credit line reallocation; Since the VCIF demand is high, and the credit line disbursement (including repayments of loans outstanding) is likely to be only USD 6 to USD 6.5 million, USD 1.5 million to USD 2 million may be relocated to VCIF window 1 with the core purposes of adequate investments by farmers in improved technology. This will also bring alignment

with programmatic approach of lending to small holder farmers under credit line of ARDB
with proposed ASPIRE 2.

Appendix 4 B – Partnerships

#	Partners	Type	Operation Modalities	Scope of work	Coverage
A-Technical Partners					
1	GIC-Chicken (GREEN INNOVAT CAM)	Private company	Contract Agreement signed on 11 August 2020 and will end in 2022. Support 20,000 households	<ul style="list-style-type: none"> Conduct 20.000 HH Training on both chick and chicken raising (Chicken fattening) Establish 100 Chick production demonstration and 570 chicken fattening demonstration Conduct 1,280 Field Days Conduct 22 exchange visits. 	13 provinces: Hub-1 (5Provinces:Takeo, Kampot, KampongSpeu, Kep), Hub-2(4 provinces: KampongCham, KampongThom, Mondulkiri, PreyVeng) and Hub-3 (4province Battambang, BanteayMeanchey Siem Reap and Pailin
2	GDA-Cassava (General Directorate Of Agriculture, Ministry of agriculture, forestry and fisheries)	Public Institution	Contract Agreement signed on November 12, 2020 and will end in 2022. Support 10,000 households	<ul style="list-style-type: none"> Conduct Farmers Training for 150 POs/Villages (3,750HH) Organize 150 Field Days (7,500 HH) Establish 45 Cassava Nursery (Production of clean seeds). Establish 45 market net work Conduct 150 cassava Demos Conduct 20 exchange visits. 	9 provinces: Hub-2 (6provinces: Kampong Cham, Kampong Thom, Kratie, Stung Treng, Ratanakiri, Tbong Khmum), and Hub-3 (3 province: Battambang, Banteay Meanchey and Pailin)
3	KLT-Vegetable (KAKSETHAN LORSTHMEY)	Private Company, nascent from IDE	Contract signed on June 02, 2021 and will end in 2022. Support 12,000 HH	<ul style="list-style-type: none"> Conduct Farmer Training 12,000HH Conduce 84 field demonstrations Organize 84 field days Support in development of VCIF proposals. Organize 36 Business exchange and business linkages. 	12provinces:Hub-1(5provinces:Takeo, Kampot, Kampong Speu, Kandal, Kep) Hub-2(3provinces: Kampong Cham, Kampong Thom, TbongKhmum) and Hub-3 (4provinces: Battambang, Banteay Meanchey, Siem Reap and Pailin)
4	Amru Rice (Amru Rice)	Private Company,	Contract signed on January 01, 2022 and will end in 31, December 2023. Support 16,000 HH	<ul style="list-style-type: none"> Technical service support/training 16,000 farmers Link 500 rice POs to seed 	16provinces: Hub-1 (5Provinces:Takeo, Kampot, KampongSpeu, Kep), Hub-2 (8

	Cambodia Co.LTD.)			<p>company or seed producer groups</p> <ul style="list-style-type: none"> • Organize 500 Rice production Field demonstration including post-harvest technologies • Organize 500 rice field days • Organize exchange visit for 1,500 producer group leaders • Conducted 16 business matching events • Facilitate 400 buy and sale contracts • Support in writing VCIF proposal 	<p>provinces: KampongCham, KampongThom, Mondulkiri, PreyVeng, Prah Vihea, Steoung traeng, Kratieand&Tbong Khmum) and Hub-3 (3province: Battambang, BanteayMeanchey and Siem Reap)</p>
B-Programmatic Approach					
5	ASPIRE	<p>An RGC and IFAD supported programme. ASPIRE covers 24 provinces</p>	<p>There is no contract signed, but collaboration occurs at national between management of respective Management and sub-national levels between Provincial Departments of Commerce and Agriculture, Forestry and Fisheries</p>	<p>. Joint activities on Value Chain Development event MSP. . ASPIRE provided training, advise on production plan, use of technologies and agricultural inputs. . AIMS provided market facilitation, SDF, VIFG and facilitate the conduct of floating market. Joint activities on Value Chain Development event MSP. . ASPIRE provided training, advise on production plan, use of technologies and agricultural inputs.</p> <p>ASPIRE . Provided:</p> <ol style="list-style-type: none"> 1. Chick Distribution 2.Chicken Feed Distribution 3.Training on Chicken Raising 4.Chick Cage Distribution 5.Vaccine Distribution <p>. AIMS provided 1. market facilitation and floating</p>	<p>10 provinces</p>

				Market 2. SDF (3 pumping well and 1 chicken collection. 3. ARDB Loan 25 HHs 4. BLT to PO Members (87 HHs)	
6	SAAMBAT	An RGC, IFAD, EIB and EU supported project in 12 provinces	The main focus is on the development of 50 economic poles within 12 provinces where there activities by ASPIRE and AIMS. At the provincial level, coordination involves three Provincial Departments: Agriculture, Forestry and Fisheries (ASPIRE), Commerce (AIMS) and Rural Development (SAAMBAT).	. Value Chain Infrastructures under the Ministry of Rural Development (MRD) . Skills, Technology (Digital Literacy) and Enterprise. SAMBAT. Provided. - Provide 2 roads (1 rubber road length of 8 Kms and 1 gravel Road length of 3 Kms (In process of Procurement). AIMS Provided; - VCIF 18 HHs ARDB loan 7 HHs	The first batch of 10 Economic Poles covered three AIMS provinces: Battambang, Kampong Cham and Kandal. TAK. Economic Pole at Economic Pole (Traing District)
7	EMPOWER	MOI and SIDA through UNEP	NCDD	Empower Project provide: - Solar for Production of Chick and vegetable AIMS Provided: - VCIF 5 HHs - 2 Pumping Wells - ARDB loan 9 HHs	TAK. Economic Pole at Economic Pole (Tram kak District)
8	Action For Development (AFD)	NGO	No contract has been signed, but cooperation has been made at the sub-national level between the provincial Department of Commerce and AFD.	- Joint activities on Value Chain Development on production (Chicken, Vegetable POs). AIMS provided market facilitation, SDF, VCIF and facilitate the conduct of floating market.	
9	Help the Old Age and Most Vulnerable (HOM)	NGO	No contract has been signed, but cooperation has been made at the sub-national level between the provincial Department of Commerce	- AIMS provided market facilitation, SDF, VCIF and facilitate the conduct of floating market. HOM provided training	

			and HOM.		
10	CARITAS Cambodia	NGO	We have not signed a contract with each other, but between the two parties is to agree on all activities with the cooperation of the Provincial Department of Commerce and Caritas only	<ul style="list-style-type: none"> - AIMS provided market facilitation, SDF, VCIF and facilitate the conduct of floating market. - Caritas provide training, Advice on production plan, use of technologies and agricultural inputs. 	
11	COFAP	NGO	No contract has been signed, but cooperation has been made at the sub-national level between the provincial Department of Commerce and COFAP only.	<ul style="list-style-type: none"> - AIMS provided market facilitation, SDF, VCIF and facilitate the conduct of floating market. - COFAP provided training. 	
12	TSSD-AF	RGC, IFAD and ADB supported project in 7 provinces	Joint Workplan has been made at Sub national level between AIMS and TSSD-AF	<ul style="list-style-type: none"> - AIMS provided market linkage. TSSD-FA provide training and production technical support. 	Prey Veng province, 8 P.Os (CH=5, RI=3)= 4 Clusters.
13	CIRD	NGO	Direct contact with PDoC at the sub-national level	<ul style="list-style-type: none"> - Field demonstration - Farmer Training - Conduct Business exchange and business linkages. - Provide BLT to farmer. 	Working with 2 PO in Kampong Cham province
14	DPA	NGO	Direct contact with PDoC at the sub-national level	Vegetable	Ratanakiri
16	LEAP	World Bank supported Project implemented by the Ministry of Interior.	Cooperation for jointly organized the weekly market and market linkage	<ul style="list-style-type: none"> -Chicken : -Vegetable - Jointly organized weekly market event -Joined MSP event -AIMS Trader provide chicks to LEAP producer and contracted for boilers 	Siem Reap province.
17	AgriSud	French NGO	Partnership for weekly market promotion	<ul style="list-style-type: none"> - Agrisud provides technical production training to vegetable and fruit tree farmers - Linked farmers to 12 hotels, makro, and Angkor markets - Provide two dryers to farmer 	Siem Reap province in Battambang Hub.

				<p>groups for product spices incidence.</p> <ul style="list-style-type: none"> - Agrisud facilitates traders to sell vegetables at the weekly market <p>Support PDoC in designing product logo for selling at the weekly market</p>	
18	GRET/CIRD	French NGO and local NGO		Chicken	Siem Reap province
19	Samaritan	International NGO	<p>Capacity building to producers and market linkage</p> <ul style="list-style-type: none"> - Samaritan provides the trainings and grant materials to the chicken producer - AIMS focused on market linkage (MSP, contract) and mobilized the producers into producer organizations - CIRD/SM provided BLT 	Poultry	Battambang province.
20	Chain/SNV	International NGO		Vegetable	Stung Treng, Preah Vihear, Kratie
21	VSO/CACU RECOVER project	NGO/project The project is funded by EU	<p>Capacity building to producers and market linkage</p> <ul style="list-style-type: none"> - VSO/CACU provide CamGAP trainings to PO members - AIMS facilitate market link through MSP and other events - The trained PO member are eligible to access any facilities of AIMS when available particularly those plans to invest in nethouse technologies for CamGAP certification - VCI responsible for vegetable VC is focal person to VSO/CACU while VSO/CACU's provincial facilitator is the focal person to AIMS 	<p>-Vegetable</p> <ul style="list-style-type: none"> - 2 POs with 50 HH producers in Sangkae and Aek Phnom Districts, Battambang - Chicken <p>There are around 270 HHs farmers and formed into 21 POs in Moug Russei District, Battambang Province</p>	Battambang province

C-Private sector					
22	MAKRO	Thai wholesale market	MoU signed on 28 September 2020	Buyer	446 households producing vegetable and 73 chickens.
23	KCCV	Private company	MoU signed on 8 April 2021	Buyer	64 households producing vegetables and 180 chickens.
24	Ly Ly	Private company	MoU signed on 22 January 2021	Buyer	60 households producing vegetables.
25	La La garden	Private company buying vegetables	MoU signed on 30 September 2021	Buyer	150 households producing vegetables.
26	PLG Agriculture	Private company	buy vegetables and Chicken	Cover in Kampong Speu	29 HHs in KSP (25 HHs for Vegetable and 3 HHs for Chicken)
27	Input suppliers		Sale of inputs	Number of input suppliers per commodity: Vegetable: 42 Chicken: 95 Rice: 52 Cassava: 56 Silk: 0	Number of households engaged: Vegetable: 8,306 households Chicken: 20,764 households Rice: 11,960 households Cassava: 11,569 households
28	Input suppliers (MEDIVATE)	Private company	Sale of inputs and Medicine for Chicken	Cover all of Area in Cambodia	
29	GREENAT STORE	Private Company	Buy Chicken	Order one week a time	41 HHs (TAK)
30	KOC	Private Company	Buy Vegetable	Order and shipping by transportation Service	6 HHs (KAM)
31	Farmer Market	Private company	Supply support and Contract farming -Linkage to potential POs whose products are potential and meet their need -AIMS identified the potential POs based on the purchase order and requirement -AIMS organized the field visit/tour to those POs or arranged the sample delivery -AIMS facilitated the contract	-Vegetable -chicken -1 PO vegetable in BMC, 13 members -3 POs vegetable in Pailin, 70 producers - 6 clusters of vegetable and chicken with 300 members of POs in Siem Reap	Siem Reap, Banteay Mean Chey, Pailin
32	Laey Baitong				

33	AMRU RICE	Private Company	Buy Rice	Wet Rice amount of 1,144 Tones	TAK 524 HHs
34	O Plus	Private Company	Contract farming -Provide inputs as package to producers with 100% paid -Contracted broilers from the producers at the price of 4\$ per kg -provide technical support	-Chicken -Pilot with 5 HHs in a PO. These 5 - HHs produced 2500 heads of broilers	Battambang province
35	East West Seeds	Private company producing and selling vegetable seeds	Sales of seeds	Input Supplier Field demonstration - Farmer Training - Provide BLT to farmer	East West Seeds is operating in Kampong Cham and Battambang Hubs. under the programmatic Approach with ASPIRE and AIMS. -working with 43 PO on Vegetable in Kampong Cham
36	K-Link	Private company Fertilizer Supplier	Bio Booster Fertilizer	Input Supplier	Cover on AIMS project of PO members in Ratanakiri, Kampong Cham province.
37	Cam Agriculture	Private company	Producing and selling Fertilizer, Pesticides, Rice Seed and vegetable seed	Input Supplier	Kampong Thom province.
38	Kdey SangKheum Kasikor Kampuchea AC Union	AC Union	Collect community production and sale agriculture inputs	Contracted with 4 VG-POs, and 2 CH-POs and collection fresh vegetable within 03 districts. Supply agriculture input for Kroach Chhma district.	Collect community product with contract on 105HHs and without contract 200HHs. Supply agriculture input on 500HHs.
39	Signatures of Asia (SoA)	Private Company	Rice mill & Exporter	Rice, Palm sugar	PVH, KPS
40	Golden Rice	Private Company	Rice mill & Exporter	Rice	PVH
41	ST Crop Agri-Sciences	Private Company	Sale of crop protection	Input Supplier	PVH, KPC, KPT, SRP, BMC,....
42	AGRIKING BEE	Private Company	VG	Bayer	PVH, SRP
43	Japanese Organic Fertilizer	Private company	Sale of inputs	Input Supplier	Tbong Khmum Province and others
44	RARY	Private company	Contract buying on Chili commodity	Buyer	Operation at Kampong Cham

	Handicraft		with 4 PO since 2020		province with 95 households. Currently, the company has suspended buying activities because farmers do not have products.
45	CJ Agro Business	Private company	MoU with Kampong Cham since 2020 and Contract buying on vegetable commodity with 2 PO since 2020	Buyer	Operation at Kampong Cham province with 175 households. Currently, the company has suspended buying activities because farmers do not have products.
46	Care All	Private company	MoU with Kampong Cham since 2021 on vegetable commodity	Buyer	Operation at Kampong Cham province with 172 households. Currently, the company has suspended buying activities because farmers do not have products.
47	Home Food	Private company	MoU with Kampong Cham since 2021 on Chicken commodity	Buyer	Operation at Kampong Cham province with 17 households. Currently, the company has suspended buying activities because farmers do not have products.

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

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

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Appendix 5 - Terms of reference supervision mission accelerating inclusive markets for smallholders (aims) - IFAD loan no. 2000001751 22 August – 7 September 2022

1. The Accelerating Inclusive Markets For Smallholders (AIMS) project was designed jointly by the government of the kingdom of Cambodia (GKOC) and the international fund for agricultural development (ifad) with the immediate objective of delivering substantial and sustained direct financial benefits to over

75,000 smallholder farmers and agribusinesses through the inclusive development of selected value chains for higher value agricultural products serving both domestic and export markets. aims is financed by GKOC (us\$8.6 million), ifad loan (usd36.3 million) and the participating farmers and the private sector. Following the approval by IFAD'S executive board on 14 December 2016, the project entered into force on

28 Feb 2017. AIMS is to be completed by 30 September 2024. Along with the ASPIRE and SAAMBAT projects, aims is one of the three pillars of the evolving programmatic approach of the partnership between the GKOC and ifad.

2. Supervision missions focus on identifying bottlenecks and issues of implementation and proposing concrete solutions; and assessing / rate the project performance. The scope of supervision normally encompasses the following areas:

- Monitoring the compliance of using the fund with legal covenants and procedures
- Monitoring the implementation of the agreed actions of listed in the previous am
- Reporting on project performance status and project results
- Updating status against the logical framework.
- Assessing and managing project risks.
- Review of progress reports and provide comments on the contents to the recipient (if required), identify issues that require action by ifad, and to decide the appropriate action to take.
- addressing implementation issues and providing follow-up implementation support
- evaluating project implementation status and project performance, action taken on mtr and
- ism recommendations,
- Review of the AWPB & procurement plan (pp) for the following year.
- Procurement review.
- Financial management review.
- in depth review of chicken value chain.
- Programme extension for 18 months and core activities during extension.
- progress in exit strategy including assignment of communes to pdoc and performance of
- Business cluster facilitators
- Progress in implementation of gender action plan.
- Assess the appropriateness of the project's targeting strategy and its effective execution on the ground and review project performance in terms of gender-equity;
- Providing social, environment, and climate standards support and oversight.

- Assessing and addressing sexual harassment, sexual exploitation and abuse (sh/sea) risks.
- Ensuring operational feedback from stakeholders.
- Tracking co-financing contributions and disbursements.
- Leveraging and monitoring partnerships.
- Learning lessons and identifying innovations.
- Assessing and processing project restructuring needs based on project performance and evolving circumstances.
- Any other priorities or activities identified by the CD or CPO.

3. The mission is required to produce the following outputs: (i) update the integrated project risk matrix; (ii) draft Aide memoire, (iii) draft full mission report, and (iv) draft of the management letter. The team leader will discuss with the member to allocate team responsibility for difference section of the report.

4. The mission report will follow a standard the supervision mission template which can be downloaded from the following linked: <https://drive.google.com/file/d/1a2qhrn95osdrfkoousdbhbdbtkprden/view?usp=sharing>

5. Guideline for the project rating can be downloaded from the following linked:

<https://drive.google.com/file/d/1yksiyned-dvgjjthp2qfnivfoxtvlco-/view?usp=sharing>

the ifad team composition will include the following specialists:

1. Meng Sakphouseth, mission leader.
2. Girija Srinivasan, rural vc financing specialist, team leader.
3. Le Chi Dung, finance specialist (joint remotely).
4. Duy Phan Toan, procurement specialist (join remotely).
5. Rachele Arcese, programme officer (m&e, km, targeting and gender specialist remote attendance due to sick leave)
6. Antonio Rota, livestock specialist

The mission will report to country director, dr. Francisco Pichon and Mylene Kherallah, IFAD project technical lead will provide technical support to the mission remotely. The tentative programme is as follows:

Day to day programme

IFAD Supervision Mission - Day to day programme

21 August to 7 September 2022

Day/Time	Programme	Location
Monday 22 August 2022		
Morning	Kick-off meeting Implementation progress	Ministry of Commerce
Afternoon	Presentation on chicken, vegetable, rice and cassava value chain by VC PMO/Value Chain team	Ministry of Commerce
Tuesday 23 August 2022		
Morning	Gender: Action taken from the 2021 MTR and 2022 ISM	Ministry of Commerce
Afternoon	Travel to Siem Reap	
	Vegetable PO in Kampong Thom province	Lvea Chum village, Tropeang Russey commune, Kampong Svay district, Kampong Thom province
Wednesday 24 August 2022		
Morning	Vegetable PO in Siem Reap	Baek Kampleung village, Chan Sar commune, Saut Nikum district, Siem Reap province
Afternoon	Meeting with provincial team (PDoC, Technical Assistance, SM and BCF), partners and traders	Siem Reap PDoC office
Thursday 25 August		
Morning	Rice PO in Battambang	Sala Trav village, Kampong Preang commune, Sangker district, Battambang province
Afternoon	Meeting with provincial team (PDoC, Technical Assistance, SM and BCF),	Battambang PDoC office

	partners and traders	
Friday 26 August 2022		
Morning	Visit AMRU Rice factory	Kampong Speu
Afternoon	Vegetable PO	Tropeang Chak village, Tramkak commune and district, Takeo province
Saturday 27 August 2022		
Morning	Kampot floating market	Kampot provincial town and province
	Meeting with Kampot and Takeo provincial teams (PDoC, Technical Assistance, SM and BCF), partners and traders	Kampot PDoC office
Afternoon	Chicken PO in Kep	O Krasar village, O Krasar commune, Kep municipality, Kep province
	Travelled to Phnom Penh	
Sunday 28 August 2022: report writing		
Monday 29 August 2022		
Morning	Meeting with ARDB Senior management	Phnom Penh
Afternoon	Presentation by the Technical Service Providers: GDA, KLT and AMRU Rice	Ministry of Commerce
Tuesday 30 August 2022		
Morning	Presentation by GIC	Ministry of Commerce
Afternoon	Meetings with PMO	Ministry of Commerce
Wednesday 31 August 2022		
Morning	Travel to Kampong Cham	Trapeang Reang Sour Sien Commune, Prey Chhor, Kampong Cham province

Afternoon	Meeting with Kampong Cham provincial team (PDoC, Technical Assistance, SM and BCF), partners and traders Travel to Phnom Penh	Kampong Cham PDoC office
Thursday 01 September 2022		
Morning	Meeting on Project management review, VCIF	
Afternoon	Meeting with ARDB	
Friday 02 September 2022		
Morning	Meeting with AIMS management and IFAD on VCIF, M&E	PMO/MoC
Afternoon	Exit strategy , TSP engagement	PMO/MoC
Saturday 03 September 2022: report writing		
Sunday 04 September 2022: report writing		
Monday 05 September 2022		
Morning	Consultation with the PMO teams	PMO/MoC
Afternoon		
Tuesday 05 September 2022		
Morning	Zoom meeting with AMK	PMO/MoC
Afternoon	Wrap-up	Ministry of Commerce
Wednesday 06 September 2022: courtesy visit to the Minister of Commerce and discussions with MEF		

List of people Met

Title	Name and surname	Position
Ministry of Commerce (MoC)		
HE Mrs.	Tekreth Kamrang	Secretary of State
Project Management Unit (PMO), Ministry of Commerce (MoC)		
HE Mr.	Samrith Sakura	Project Director
Mrs.	Kong Sedhika	Deputy Project Director
Mr.	Sieng Komira	Deputy Project Director and VC Manager
Mr.	Lim Chansopheak	Deputy Project Director
Mr.	Chea Laichea	Operations Manager
Mr.	Sou Vuthy	Finance Chief
Mr.	Duong Vannarith	Procurement Chief
Ms.	Ek Sereyroath	Procurement
M	Chhim Sopheak	VC Team
Ms.	Orn Phearin	VC Team
Mr.	Siv Vannara	VC Team
Mrs.	Oeun Sonita	VC Team
Ms.	Moeuk Chhunly	VC Team
Mrs.	Sar Sereyvichika	VC Team
Mr.	Cheng Srunhak	VC Team
Mr.	Yin Sovatha	VC Team
Mr.	Leang Pheap	VC Team
Mr.	Phal Phanuth	Procurement
Ms.	Bun Ngim	Finance Officer
Ms.	Chhun Srey On	Admin
Mr.	Heap Vanda	Procurement
Mr.	Hak Sokly	Procurement Assistant
Ms.	Lay Sophal	KMC Officer
Mrs.	Po Rothana	M&E Officer
Mr.	Ung Dara Rat Moni	Team Leader
Mr.	Nget Sophea	Senior VC specialist
Mr.	Khem Ponna	M&E specialist
Mr.	Sieng Kan	Senior VC specialist
Mr.	Tam Saramao	Finance Investment specialist
Mr.	Chin Sosamphors	M&E specialist
Mr.	Chin Dara	IT specialist
Mr.	Mao Bora	KMC specialist
Mr.	Phet Chho	Finance specialist
Ministry of Economy and Finance (MEF)		
Mr.	Keo Vibol	Deputy Chief of Office
Agricultural and Development Bank (ARDB)		
HE Mr.	Kao Thach	Chief Executive Officer
Mr.	Chan Seyha	Deputy Chief Executive Officer
Mr.	Ban Lim	Deputy Chief Executive Officer
Mr.	Pech Sany	Deputy Chief Executive Officer
Mr.	Mit Bun	Chief of Credit Department
Ms.	Ieng Chankreusna	Head of Project Coordination Unit
Ms.	Pich Sorphea	Official
AMK		

Mr.	Suon Pisey	Chief Retail Business Officer
Mrs	Ear Buncheng (Mrs.)	Retail Business Development Manager
Technical Service Providers (TSP)		
Mr.	Oum Narin	Executive Director, GIC
Mr.	Sin Por	Programme Manager, GIC
Mr.	Kuy Huot	Deputy Director General, General Department of Agriculture (GDA), MAFF
Mr.	Say Tom	Deputy Director of Department of Horticulture, General Department of Agriculture (GDA), MAFF
Mr.	Ros Kimsan	Chief Executive Officer, Kasekthan Loas Thmey (KLT)
Mr.	Yong Yeng	Kasekthan Loas Thmey (KLT)
Mr.	Song Saran	Chief Executive Officer, AMRU Rice
Mr.	Kan Kunthy	Deputy Chief Executive Officer, AMRU Rice
Farmer Organisations (FO)		
Mr.	Pan Sopheap	Executive Director, FNN
Mr.	Sok Sotha	Executive Director, CFAP
Social Mobilisation organisations (SM)		
Mr.	Leng Huch	SM Manager, FNN
Mr.	Marp Longheng	SM Supervisor, FNN
Ms.	Nong Chanavy	SM, FNN
Mr.	Tin Hatha	SM, FNN
Mr.	Am Samboeun	SM, FNN
Mr.	Say Ko	SM, FNN
Ms.	Sok Kunthea	SM, FNN
Mr.	Khairul Hafiz	Executive Director, LSO
Mr.	Ley Chamroeun	Executive Director, AFD
Mr	Sakrony	SM Manager
Mr.	Prak Sereyvath	Executive Director, CIRD
Mr.	Van Saran	SM Manager, CIRD
Mr.	Teng Bunly	SM Supervisor, CIRD
Mr.	Tep Sopheakmongkol	SM Supervisor, CIRD
Ms.	Sang Rosa	SM CIRD
Mr.	Kea Prak	SM CIRD
Mr.	Sean Soeum	SM CIRD
Mr.	Rat Chanra	SM CIRD
Ms.	Han Sokuntha	SM CIRD
Ms.	Mean Sokuntha	SM CIRD
Mr.	Ouch Chanthel	SM CIRD
Provincial teams (PDoC, VCI, partners) and traders		
Mr.	Tes Sophal	Director, PDoC Takeo and Hub Manager
Mr.	Ouk Piseth	Takeo Deputy Hub Manager
Mr.	Dul Tola	PDoC Takeo, Admin.
Mr.	Heng Tola	PDoC Takeo, Finance
Mr.	Sok Kimyouheng	PDoC Takeo Focal Point
Mr.	Sok Mony	PDoC Takeo Focal Point
Mr.	Un Sopheap	PDoC Takeo Focal Point
Mr.	Sat Samnang	Takeo VCI
Mr.	Sot Kosal	Takeo VCI
Mrs.	Rath Kongkea	Takeo VCI
Mr.	Lor Haileng	ARDB

Mr.	Nheu Phannat	ARDB
Mr.	Ky Chanrasy	ARDB
Mr.	Kong Khoeung	Project Manager, AMRU Rice Takeo
Mr.	Pol Aphireak	Kasekthan Loas Thmey (KLT) Takeo
Mr.	Em Rotmoni	Director, PDoC Kep
Mr.	Ang Sophea	PDoC Kep Focal Point
Mr.	Sambath	PDoC Kep Focal Point
Mr.	Chey Vireak	Kep VCI
Mr.	Srey Compheak	Director, PDoC Kampot
Mr.	Lean Slnath	PDoC Kampot Focal Point
Mr.	Chhun Rathmony	PDoC Kampot Focal Point
Mr.	Nguon Chansopheap	PDoC Kampot Focal Point
Mr.	Nhanh Vantha	PDoC Kampot Focal Point
Mr.	Touch Saoudom	PDoC Kampot Focal Point
Mr.	Pich Outdom	Kampot VCI
Mr.	Chea Sophon	Kampot VCI
Mr.	Nom Bol	Trader
Mrs.	Dy Sona	Trader
Mr.	Soy Vanna	Trader
Mrs.	Sao Sreypov	Trader
Mrs.	Ing Sarun	Trader
Mr.	Huth Chivorn	Input supplier
Mr.	Mao Pros	Trader
Mr.	Om Bunthoeun	Director, PDoC Kandal
Mr.	Nhel Sambo	Director, PDoC Kampong Speu
Mr.	Srey Vanna	Kampong Speu PDoC Focal Point
Mr.	Ty Narong	Kampong Speu PDoC Focal Point
Mrs.	Phin Sovankanika	Kampong Speu PDoC Focal Point
Mr.	Uy Thol	Kampong Speu VCI
Mr.	Bou Somardy	Kampong Speu VCI
Mr.	Tean Vichit	AMRU Rice
Mrs.	Chuop Cathy	AMRU Rice
Mr.	Chheang Borin	Director Kampong Cham and Hub Manager
Mr.	Try Bun Y	Deputy Hub Manager
Mrs.	Leng Nalin	Kampong Cham, VCI
Ms.	Nob Mom	Kampong Cham, VCI
Mr.	Heng Saran	Kampong Cham, VCI
Mr.	Lay Pechseyla	PDoC Kampong Cham Focal Point
Mr.	Pen Raden	PDoC Kampong Cham Focal Point
Mr.	Lim Sengleang	PDoC Kampong Cham Focal Point
Mr.	Blang Van Chim	GDA
Mr.	Seng Tangchu	GIC
Ms.	Ang Many	East west seed
Mr.	Chuob Sonivot	AMRU RICE
Mr.	Ya Nin	ARDB
Mr.	Sean Kimsrun	AMK
Mr.	Sen Sakrony	SMM, AFD
Mr.	Koeun Sophea	SM,AFD
Mr.	Pan Sophat	SM,AFD
Ms.	Tal Senghorn	BCF
Mr.	Sieng Sovutha	BCF
Mr.	Din Soklot	BCF

Ms.	Heab ChhunLeang	BCF
Ms.	Khon Dany	BCF
Mr.	Phai Pha	BCF
Mr.	Theam Sotha	BCF
Mr.	Soun Chhoeurn	Trader
Mrs.	Yin Sorn	Trader
Mrs.	Yi Sothea	Trader
Mr.	Cheng Thong	Trader
Mr.	Chon Thong	Trader
Mr.	Krang Sokry	Trader
Mr.	Ngin Sreang	Trader
Mr.	Long Vanthy	Trader
Mr.	Choeun Ravy	Trader
Mr.	Siv Soklin	Trader
Mr.	Neang Sothea	Trader
Mr.	Thy Thea	Trader
Mr.	Phan Sam Ang	Director, PDoC Preah Vihear
Mr.	Chea Veng	Director, PDoC Kratie
Mr.	Lim Sreng	Director, PDoC Mondulkiri
Mr.	Khieu Tha	Director, PDoC Ratanakiri
Mr.	Aun Sokha	Director, PDoC Stung Treng
Mr.	Va Rithy	Director, PDoC Prey Veng
Mr.	Tauch Sakhan	Director, PDoC Tbaung Khmum
Mr.	Hiev Vanna	Director, PDoC Kampong Thom
Mr.	Mean Vanna	PDoC, Kampong Thom
Mr.	Chorn Vy	PDoC Kampong Thom Focal Point
Mr.	Vorn Sereyvath	PDoC Kampong Thom Focal Point
Mr.	Sea Longtherath	Kampong Thom, VCI
Mr.	Saing Charya	Kampong Thom, VCI
Mr.	Kim Huot	Director, PDoC Battambang and Hub Manager
Mr.	Em Sokhom	Deputy Hub Manager
Mr.	Chan Sokphirum	PDoC Battambang Admin.
Mr.	Son Sour	PDoC Battambang Focal Point
Ms.	Loeung Kimlinh	PDoC Battambang Focal Point
Mr.	Peth Thavro	PDoC Battambang Focal Point
Mrs.	Eang Panhaphearak	PDoC Battambang Focal Point
Mr.	Soeng Sereyratanak	PDoC Battambang Focal Point
Mr.	Chhun Chanra	PDoC Battambang Focal Point
Mr.	Oeun Khemara	Battambang VCI
Mr.	Lieng Makara	Battambang VCI
Mr.	That Sithana	Battambang VCI
Mr.	Oeur Khemara	Battambang VCI
Mr.	Oenh Piseth	Battambang VCI
Mrs.	Hiek Lida	Finance specialist
Mr.	Im Vuthea	AMRU Rice Battambang
Mr.	Chan Ton	Trader, Battambang
Mr.	Hun Vanna	Deputy chief AC
Mr.	Rom Reaksmey	AMK, Battambang
Mr.	Soeung Kem	CEO, Trav Chou (trader)
Mr.	Lim Dola	ARDB, Battambang
Mr.	Chea Kosal	ARDB, Battambang
Mr.	Ros Senghak	ARDB, Battambang

Mr.	Pin Mongkol	Coordinator, AMRU Rice Battambang
Mr.	Sok Sathim	Director, PDoC Pailin
Mr.	Phoeun Kimly	Director, PDoC Siem Reap
Mr.	Duong Vireya	PDoC Siem Reap Focal Point
Mr.	Sun Kimsan	PDoC Siem Reap Focal Point
Mr.	Kaing Chanlen	Siem Reap, VCI
Mr.	Heang Panha	Siem Reap, VCI
Mr.	Phon Tou	Siem Reap, VCI
Mr.	Roeun Phallik	Siem Reap, VCI
Mr.	Suoy Chamroeun	Siem Reap, VCI
Mr.	Lat Punlork	Siem Reap, BCF
Mr.	Se Songla	Siem Reap, Technical staff
Mr.	Kun Kea	Siem Reap, Technical staff
Mr.	Yem Oun	Siem Reap, Technical staff
Mr.	Hay Chitra	Takeo, Technical staff
Mr.	Bouk Laychy	Director, PDoC Banteay Meanchey

Site visits

Tuesday 23 August: vegetable PO in Lvea Chum village, Tropeang Russey commune, Kampong Svay district, Kampong Thom province

List of persons met		
Mr.	Ho Hiek	PO Leader
Mrs.	Sieng Sokhim	PO Leader
Mrs.	Nai Mom	PO member
Mrs.	Chong Soklay	PO member
Mrs.	Sieng Khai	PO member
Mrs.	Ho Kimlis	PO member
Mrs.	Mill Sombor	PO member
Mrs.	Mak Heang	PO member
Mrs.	Samreth Yat	PO member
Mrs.	Srieng Khuon	PO member
Mrs.	Yong Lem	PO member
Mrs.	Heang Sophal	PO member
Mrs.	Han Sreynoch	PO member
Mrs.	Un Met	PO member
Mrs.	Mom Chhan	PO member
Mrs.	Seab Chanthoeun	PO member
Mrs.	Phon Sopha	PO member
Mrs.	Meng Linda	PO member
Mr.	Zy Nry	PO member
Mrs.	Chhoeung Sichan	PO member
Mrs.	Uon Lor	PO member

Wednesday 24 August 2022

Team 1: vegetable PO in Baek Kampleung village, Chan Sar commune, Saut Nikum district, Siem Reap province.

List of persons met

F	Prak La	PO Leader
F	San Vuth	PO member
F	Ry Sai	PO member
F	Phuk Kamsath	PO member
M	Chhoeun Chheat	PO member
F	Lat Chamroeun	PO member
M	Vanh Veun	PO member
F	Kuy La	PO member
F	Soeum Kamret	PO member
F	Tith Hor	PO member
M	Van Thorn	PO member
F	Pleang Sar	PO member
M	Reum Chai	PO member
F	Sub Sort	PO member
F	Nel Huoch	PO member

Team 2: chicken PO in Bos Kor village, Kok Thok Krom commune, Chikreng district, Siem Reap province.

List of persons met		
Mrs.	Sang Chantha	PO Leader
Mrs.	Lat Hong	PO member
Mrs.	Norng Nen	PO member
Mrs.	Chhay Lorn	PO member
Mrs.	Sagn Ten	PO member
Mrs.	Sang Thuong	PO member
Mrs.	Nang Non	PO member
Mrs.	Vor Mom	PO member
Mrs.	Sang Thoeun	PO member
Mrs.	Vor Vet	PO member
Mrs.	Vanh Von	PO member
Mrs.	Kuy La	PO member
Mrs.	Soeum Kamret	PO member
Mrs.	Tith Hor	PO member
Mr.	Van Thorn	PO member

Thursday 25 August 2022

Team 1: rice PO in Sala Trav village, Kampong Preang commune, Sangker district, Battambang province.

List of persons met		
Mrs.	Loch Hoeut	PO Leader
Mrs.	Ouch Sokhen	PO member
Mrs.	Chan Ratha	PO member
Mrs.	Tha Chanthan	PO member
Mrs.	Sok Pheakdey	PO member
Mr.	Rieng Phirun	PO member
Mrs.	Nhon Sopheap	PO member
Mrs.	Hak Kimleng	PO member
Mrs.	Soy Phalla	PO member

Mrs.	Hers Sinuon	PO member
Mrs.	Sim Hing	PO member
Mrs.	Vieng Phira	PO member
Mr.	Chhim Bunya	PO member
Mr.	Yim Nguon	PO member
Mr.	Pech Pek	PO member
Mr.	Keo Samkhan	MDO
Mr.	Phon Sokmean	TCL
Mrs.	Han Sokunthea	

Team 2: chicken PO in Pou Battambang village, Roka commune, Sangker district, Battambang province.

List of persons met		
Mr.	Yai Long	PO Leader
Mrs.	Cheub Sopha	PO member
Mrs.	Cheub Soda	PO member
Mr.	Muon Re	PO member
Mr.	Van Ratha	PO member
Mrs.	Srun Naran	PO member
Mr.	Vath Ratha	PO member
Mrs.	Ouch Heang	PO member
Mrs.	Rin Nary	PO member
Mrs.	Rom Rany	PO member
Mr.	Vin Bet	PO member
Mrs.	Hoeu Mis	PO member
Mrs.	Mao Iv	PO member
Mrs.	Ngoch Thoeut	PO member
Mrs.	Larp Leap	PO member

Afternoon

Traders and partners met in Battambang PDoC		
Mr.	Chan Ton	Silo owner
Mr.	Hun Vatha	Deputy chief of Agricultural Cooperative
Mr.	Van Vutha	Finance of Agricultural Cooperative
Mr.	Lay Cheng Veng	Manager of Agricultural Cooperative
Mr.	Soeurng Kem	CEO, Trav chou Upland
Mr.	Rom Reasmey	AMK Battambang
Mr.	Chea Kosal	ARDB Battambang
Mr.	Lim Dola	ARDB Battambang
Mr.	Ros Senghak	ARDB Battambang

Friday 26 August 2022

Team 1: vegetable PO in Tropeang Chak village, Tramkak commune and district, Takeo province

List of persons met		

Mr.	Un Oeun	PO Leader
Mrs.	Doeuk Da	Deputy PO leader
Mr.	Neang Touch	PO member
Mr.	Nop Sophea	PO member
Mr.	Mil Mith	PO member
Mr.	Yim Kath	PO member
Mrs.	Kim Sokun	PO member
Mrs.	Mang Onn	PO member
Mrs.	Phy Chantha	PO member
Mr.	Peth Pros	PO member
Mrs.	Moal Phallin	PO member
Mr.	Khem Pros	PO member
Mrs.	Svay Chreng	PO member
Mr.	Soun Heam	PO member
Mrs.	Chhil Kunthea	PO member
Mrs.	Nann Sokhom	PO member
Mrs.	Un Chiv	PO member
Mrs.	Sor Sok	PO member
Mrs.	Ing Phally	PO member
Mr.	Yi Thorn	PO member
Mrs.	Chan Samol	PO member
Mrs.	Ing Phalla	PO member
Mr.	Ngin Vorn	PO member

Team 2: chicken PO in Boeng village, Boeng Nimol commune, Chhouk district, Kampot province

List of persons met		
Mr.	Han Sina	PO Leader
Mrs.	Neang Monokiri	PO Deputy leader
Mrs.	Em Sorphea	PO member
Mrs.	Ek Phonea	PO member
Mrs.	Phok That	PO member
Mrs.	Han Sokhy	PO member
Mrs.	Oun Kim	PO member
Mrs.	Chhun Yon	PO member
Mrs.	Tim Moeun	PO member
Mrs.	Mam Sokhom	PO member
Mrs.	Mao Ry	PO member
Mrs.	Mam Sokha	PO member
Mrs.	Hem Kimsay	PO member

Saturday 27 August 2022

Vegetable PO in O Krasar village, O Krasar commune, Kep municipality, Kep province

List of persons met		
Mr.	Ora Phirum	PO Leader
Ms.	Son Phary	PO Deputy leader
Mrs.	Chea Channa	Secretary
Mrs.	Poung Seir	PO member

Mrs.	Leng Hen	PO member
Mrs.	Nak Yen	PO member
Mrs.	Poung Suon	PO member
Mrs.	Kien Mom	PO member
Mrs.	Nak Sokha	PO member
Mrs.	Seng Pen	PO member
Mr.	Khuon Thim	PO member
Mrs.	Nget Pech	PO member

Wednesday 31st August 2022

Vegetable PO in Tranpeang Reang Sour Sien Commune, Prey Chhor, Kampong Cham province

List of persons met		
Mr.	Chem Chhoun	PO Leader
Ms.	Chun Kimpeoun	PO Deputy leader
Ms.	Yea Yuthea	Secretary
Mr.	Soun Chhoun	BLF
Mr.	Lim Hourn	PO member
Mr.	Chun Kimphoerun	PO member
Mr.	Bao Bunthoeun	PO member
Mrs.	Phy Sokoeurn	PO member
Mr.	Mong Hou	PO member
Mrs.	Nhean Channy	PO member
Mrs.	Tub Chanthu	PO member
Mrs.	Phun Phea	PO member
Mrs.	Tenh Soeurn	PO member
Mr.	Long Mech	PO member
Mrs.	Veng Nun	PO member
Mrs.	You Pheach	PO member
Mrs.	Yin Sorn	PO member
Mrs.	Yi Sothea	PO member
Mr.	You Chhoeun	PO member
Mrs.	Thoem Chhoeun	PO member

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

Appendix 6: Procurement

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Appendix 6 A Procurement

Accelerating Inclusive Markets for Smallholders Program (AIMS)

IFAD PRM -Part A Country Level

(Based on MAPS II– ASSESSMENT OF NATIONAL PROCUREMENT SYSTEM)

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
Pillar I – Legal, Regulatory and Policy Framework					
1	The public procurement legal framework achieves the agreed principles and complies with applicable obligations.				
1(a)	Scope of application and coverage of the legal and regulatory framework	<ul style="list-style-type: none"> - Procurement is guided by the Law on Public Procurement 2012, and splits into two systems: (i) state-funded procurement – which refers to Implementing Rules and Regulations on Public Procurement; and (ii) externally funded procurement, which refers to Standard Operating Procedures for All Externally Financed Projects/Programs in Cambodia (SOP). - Implementing Rules and Regulations Governing Public Procurement, 2010; - Standard Operating Procedures for All Externally Financed Programs/Projects in Cambodia (the Updated version under sub-Decree 181 ANK/BK updated 02December 2019) including (i) Standard Operating Procedures on Project Management for All Externally Financed Projects/Programs in Cambodia; (ii) Standard Operating Procedures on Financial Management for All Externally Financed Projects/Programs in Cambodia; and (iii) Standard Operating Procedures on Procurement for All Externally Financed 	L		L

¹ The Indicators and Sub-Indicators are extracted from OECD-MAPS II of 2017 in order to harmonize with other MDBs and to save time and effort in conducting Part A assessments in case a recent MAPS II assessment has been conducted for the borrower's country system. The criteria to be applied in assessing each Sub-Indicator are those of OECD-MAPS II.

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		<p>Projects/Programs in Cambodia.</p> <ul style="list-style-type: none"> - Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia (the updated version under sub-Decree 181 ANK/BK dated 02 December 2019) including (i) Volume I - rules and regulations governing procurement operations and procurement arrangements and procedures; (ii) Volume II - Standard National Procurement/Bidding Documents (SPD/SBD) for procurement of goods and works; and (iii) Volume III - Standard International Competitive Bidding Documents (goods, works), Sample RFP, Templates of contract negotiation for consulting services, and Sample contracts of Individual consulting services; - (Procurement Manual for Consulting Service, MEF, 2010) 			
1(b)	Procurement methods	<ul style="list-style-type: none"> - Competitive bidding is the norm. Bid invitation notices for all packages estimated to cost above US\$25,000 have to be advertised in accordance with the instructions in the SOP 2019 (shopping without advertising can be applied for goods/work packages with cost estimation below US\$25,000). Fractioning of contracts to limit competition is prohibited (CSPRA, ADB 2019²). - Direct contracting/Single Source Selection is used only when stipulated in the project Procurement Plan or with 'no objection' from the DP and MEF on an exceptional basis (SOP 2019, Volume 1). 	M	The Letter to Recipient will specify provisions for application of different procurement methods and direct contracting/single source selection.	M
1(c)	Advertising rules and time limits	<ul style="list-style-type: none"> - The legal framework follows international good practice by public advertising, providing sufficient time for bid preparation (30 days for NCB) which also include appropriate complaints handling mechanism (CSPRA, ADB 2019). - For international open competitive bidding (goods, works, services), procurement notice will be advertised in UN Development Business (www.devbusiness.com) and the DP 	L		L

² CSPRA, ADB 2019 – Cambodia Country and Sector/Agency Procurement Risk Assessment, ADB 2019.

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		<p>external website (arranged by the DP); Website of the project Executing/ Implementing Agency; One Khmer and one English language newspaper of national circulation (SOP 2019, Volume 1).</p> <ul style="list-style-type: none"> - For national open competitive bidding (goods, works, services), procurement notice will be advertised in one Khmer and one English language newspaper of national circulation; Website of the project Executing/ Implementing Agency; Free and publicly accessible website (SOP 2019, Volume 1). 			
1(d)	Rules on participation	<ul style="list-style-type: none"> - There are no nationality restrictions and no domestic preference in case on NCB, however, in case of ADB funded projects, bidding is limited to Member Countries of ADB unless the financing agreement indicates otherwise (CSPRA, ADB 2019). - The SOEs will only be considered eligible if they are (i) legally and financially autonomous (for example, they receive no public funds or subsidies, directly or indirectly, from the state budget); (ii) operate under the commercial Law; and (iii) are not under the supervision by the agency contracting them, that is, the EA (or its parent Ministry) undertaking the procurement (SOP 2019, Volume 1). 	L		L
1(e)	Procurement documentation and specifications	<ul style="list-style-type: none"> - The standard bidding documents for goods, works and consulting services are provided in the SOP on procurement (Volume II and Volume III). - References to brand names, catalogue numbers or similar classifications should be avoided whenever possible as they potentially limit competition. When there is no other alternative to clarify an otherwise incomplete specification, the words "or equivalent" must be added after such reference (SOP 2019, Volume 1). 	L		L
1(f)	Evaluation and award criteria	<ul style="list-style-type: none"> - The bidding document will include all the evaluation and qualification criteria which will be used to carry out the evaluation of the Bids and to qualify Bidders through post-qualification. No other factors, methods or criteria should be used other than those specified in the bidding document (SOP 2019). - The evaluation criteria might take into account factors of life-cycle 	L		L

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		cost, sustainability, innovation, etc. SOP 2019, Volume 1).			
1(g)	Submission, receipt and opening of tenders	<ul style="list-style-type: none"> - Bid opening should be conducted within 30 minutes from the bid submission deadline; Bid opening minutes are sent to all bidders who attended the bid opening ceremony by email within 05 working days (SOP 2019, Volume 1). - Confidentiality of bids and bid evaluation is maintained prior to bid opening and until after the notice of contract award (SOP 2019, Volumes II and III). 	L		L
1(h)	Right to challenge and appeal	<ul style="list-style-type: none"> - Procedures and timeframe for settlement of procurement complaints (challenges and appeals) are specified in SOP 2019 and also in the standard bidding documents (SOP 2019, Volumes II and III). - Any complaint that has not been resolved by the Project Manager, to the satisfaction of the complainant, can be referred by the complainant to the GDPP for review and final decision. The decision of the GDPP with regard to the complaint shall be final but without prejudice to any other recourse or remedies available under the Laws of the Kingdom of Cambodia (SOP 2019). 	L		L
1(i)	Contract management	<ul style="list-style-type: none"> - Standard contract format is included in the standard bidding document/RFQ with provisions on contract amendments and dispute resolves. 	L		L
1(j)	Electronic Procurement (e-Procurement)	<ul style="list-style-type: none"> - The Law on Public Procurement provides the adoption of e-procurement at an appropriate time. Presently, no government agency uses e-procurement but advertises the procurement plan, bid notices and contract award details on the websites. It is noted that under the second phase of implementation of the Financial Management Information System, e-procurement is identified as an activity to be adopted. Suitable guidelines need to be prepared (CSPRA, ADB 2019). - It is envisaged that e-Procurement in Cambodia will be implemented in a phased manner under the Budget System Reform Strategy 2018-2025 (SOP 2019). 	S		S
1(k)	Norms for safekeeping of records, documents	<ul style="list-style-type: none"> - All records pertaining to the procurement should be retained by the concerned EA/IA in the relevant Contracts File. The Procurement Officer with the assistance of the Administrative 	L		L

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	and electronic data.	Officer will compile pre- and post-contract files of all procurement exercises, and maintain and secure same for the duration of the project. The Project Director has overall responsibility for ensuring that these files are handed over to the EA/IA at the completion of each project. The files are a matter of public record and may be subject to audit by the DP or Government and must be retained by the EA/IA for at least five years after the project completion (SOP 2019, Volume 1).			
1(l)	Public procurement principles in specialized legislation	- Draft PPP Procurement Manual (version 2016) is available to clarify the implementing rules and regulations to support the provisions of Cambodia's Law on Concessions (2007). A new version of Law on Concessions (NS/RKM/1121/018) was promulgated in 18 October 2021.	L		L
2	Implementing regulations and tools support the legal framework				
2(a)	Implementing regulations to define processes and procedures conditions	<ul style="list-style-type: none"> - Implementing Rules and Regulations Governing Procurement, 2010; - Standard Operating Procedures for All Externally Financed Programs/Projects in Cambodia (the Updated version under sub-Decree 181 ANK/BK updated 02December 2019) including (i) Standard Operating Procedures on Project Management for All Externally Financed Projects/Programs in Cambodia; (ii) Standard Operating Procedures on Financial Management for All Externally Financed Projects/Programs in Cambodia; and (iii) Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia. - Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia (the Updated version under sub-Decree 181 ANK/BK updated 02December 2019) including (i) Volume I - rules and regulations governing procurement operations and procurement arrangements and procedures; (ii) Volume II - Standard National Procurement/Bidding Documents (SPD/SBD) for procurement of goods and works; and (iii) Volume III - Standard International Competitive Bidding Documents (goods, works), Sample RFP, Templates of contract negotiation for consulting services, and Sample contracts 	L		L

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		<ul style="list-style-type: none"> of Individual consulting services. - All documents of the SOP 2019 are accessible at https://gdicdm.mef.gov.kh/en/. 			
2(b)	Model procurement documents for goods, works and services	<ul style="list-style-type: none"> - Standard bidding documents/RFPs (in English) for goods/ works/ consulting services (Volume II and Volume III of SOP 2019) are accessible at https://gdicdm.mef.gov.kh/en/. 	L		L
2(c)	Standard contract	<ul style="list-style-type: none"> - Standard contract formats are included in the bidding document/RFQ with provisions on contract amendments and dispute resolves. - The contents of the standard contract conditions are generally consistent with internationally accepted practice. 	L		L
2(d)	User's guide or manual for procuring entities (insert link to manual if possible)	<ul style="list-style-type: none"> - Implementing Rules and Regulations Governing Procurement, 2010. - Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia (the Updated version under sub-Decree 181 ANK/BK updated 02December 2019) including (i) Volume I - rules and regulations governing procurement operations and procurement arrangements and procedures; (ii) Volume II - Standard National Procurement/ Bidding Documents (SPD/SBD) for procurement of goods and works; and (iii) Volume III - Standard International Competitive Bidding Documents (goods, works), Sample RFP, Templates of contract negotiation for consulting services, and Sample contracts of Individual consulting services. - All documents of the SOP 2019 are accessible at https://gdicdm.mef.gov.kh/en/. 	L		L
3	The legal and policy frameworks support the sustainable development of the country and the implementation of international obligations				
3(a)	Sustainable Public Procurement (SPP)	<ul style="list-style-type: none"> - Sustainability and life-cycle cost are alternative factors of bid evaluation criteria as indicated in the SOP 2019. - The standard bidding document for NCB/NS of goods/works has no provisions on sustainable procurement or life-cycle cost. Some provisions on sustainable procurement/life-cycle cost indicated in the ICB standard bidding document. 	M		M
3(b)	Obligations deriving	<ul style="list-style-type: none"> - Procurement under the projects financed by development 	L		L

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	from international agreement	partners which have to be in compliance with the guidelines and procedures as stipulated in the financing agreement. Should the agreement fail to determine any other procurement guidelines and procedures, the procurement process shall be conducted in accordance with the provisions of the Law on Public Procurement (Article 3, the Law on Public Procurement, 2012).			
Consolidated findings for Pillar I		- Legal, regulatory and policy framework are clear and mainstreamed with international procurement practices. There are some constraints on application of e-procurement and sustainable public procurement.	M		M
Pillar II – Institutional Framework and Management Capacity					
4	The public procurement system is mainstreamed and well-integrated with the public financial management system				
4(a)	Procurement planning and the budget cycle	- All procuring agencies have to prepare a Project Procurement Plan for each project and procurement activities can be initiated only after approval of the project PP. All procuring entities are required to submit annual procurement plans to MEF prior to 31 December prior to the budget executing year (CPSRA, ADB 2019).	L		L
4(b)	Financial procedures and the procurement cycle	- In case of projects funded by DP, the budgeting cycle is the project implementation period. In such cases, procurement can be started under advance action up to but before contract signing till the project is approved by the DP and the financing agreement is declared effective (CPSRA, ADB 2019).	L		L
5	The country has an institution in charge of the normative/regulatory function				
5(a)	Status and legal basis of the normative/regulatory institution function	- The normative/regulatory functions are clearly assigned to ministries and line agencies within the government	L		L
5(b)	Responsibilities of the normative/regulatory function	- For state-funded projects, the General Directorate of Public Procurement (GDPP) of the MEF is the oversight body. For externally assisted projects the General Department for International Cooperation and Debt Management of MEF is the	M		M

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		<p>oversight body.</p> <ul style="list-style-type: none"> - With the tremendous increase in developmental activities and extensive procurement, the Government may like to consider the establishment of a National Procurement Regulator (the Regulator). The Government is in the process of designating the GDPP as the Regulator. The Regulator should be responsible for revisions/changes in existing laws, developing or updating the SPs, IRRs, and standard procurement documents, post all public procurement details on its designated website, information management, undertake procurement audits on an annual basis, provide reports on such audits, design and organize a procurement professionalization program, maintain list of sanctioned/ black-listed firms and individuals (CSPRA, ADB 2019). 			
5(c)	Organization, funding, staffing, and level of independence and authority	<ul style="list-style-type: none"> - The institution's internal organization, authority and staffing the General Department for International Cooperation and Debt Management of MEF are sufficient and consistent with its responsibilities. 	L		L
5(d)	Avoiding conflict of interest	<ul style="list-style-type: none"> - The General Department for International Cooperation and Debt Management of MEF is structured and functioned for separation of duties and to avoid conflicts of interest, actively involved in the preparation of the SOP and its associated manuals, standard procurement documents, in addition to participation in various procurement committees and maintaining oversight. 	L		L
6	Procuring entities and their mandates are clearly defined.				
6(a)	Definition, responsibilities and formal powers of procuring entities	<ul style="list-style-type: none"> - Definition, responsibilities and competencies of procuring entities are mentioned in Chapter 3 of Law on Public Procurement (2012), and elaborated clearly in Sub-Decree 13 ANKr.BK on Procedures for Establishing, Organizing and Functioning of the Procurement Committee and Procurement Unit (2015), and Volume 1 of the SOP 2019. 	L		L
6(b)	Centralized procurement body	<ul style="list-style-type: none"> - Centralized procurement function in charge of consolidated procurement, framework agreements or specialized procurement 	M		M

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		<p>is not mentioned under Law for Public Procurement 2012, though the public finance management systems are highly centralized and rely on central government.</p> <ul style="list-style-type: none"> - The General Department of Public Procurement (GDPP) under MEF undertakes no procurement itself. Procurement was decentralized to line ministries, institutions and provinces (Prakas no.45 MEF.PrK, 2015 and Prakas no.10 MEF.PrK, dated 14 January 2019). 			
7	Public procurement is embedded in an effective information system				
7(a)	Publication of public procurement information supported by information technology	<ul style="list-style-type: none"> - The centralized online National Procurement Portal that provides up-to-date information and is accessible to all interested parties is not yet established. Currently, procurement notices are advertised on public procurement websites, newspapers and EA/IA websites. 	S		S
7(b)	Use of e-Procurement	<ul style="list-style-type: none"> - There is no system of e-procurement in the government. However, all Ministries and MEF do post the procurement plan, advertisements and contract award details. The Government is planning to adopt e-procurement in the near future (CSPRA, ADB 2019). - It is envisaged that e-Procurement in Cambodia will be implemented in a phased manner under the Budget System Reform Strategy 2018-2025. 	S		S
7(c)	Strategies to manage procurement data	<ul style="list-style-type: none"> - The online National Procurement Portal including e-Procurement functions is for collecting data on the procurement of goods, works and services, including consulting services is not yet established. - The GDPP maintains records with data on what have been procured, value of the procurement and who has been awarded the contract for all contracts above thresholds but cannot evidence the materiality of these contracts against the total procurement methods for goods, services and works as there is no integrated system to monitor procurement values and records (PEFA 2021). 	S		S

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
8	The public procurement system has a strong capacity to develop and improve				
8(a)	Training, advice and assistance	- Government sponsored and DP funded training programs are conducted, but there is no internationally recognized professionalization program (CSPRA, ADB 2019).	M		M
8(b)	Recognition of procurement as a profession	- Regular examinations for awarding professional procurement certifications are not yet established	S		S
8(c)	Monitoring performance to improve the system	- A system for procurement performance management is not yet established.	S		S
Consolidated findings for Pillar II		- Institutional framework and management capacity of public procurement are moderately satisfactory with existing constraints on used of e-procurement, centralized procurement body, monitoring procurement performance.	M		M
Pillar III – Public Procurement Operations and Market Practices					
9	Public procurement practices achieve stated objectives				
9(a)	Procurement Planning	- The requirements and desired outcomes of contracts are defined in a procurement plan. Instructions for preparation, appraisal and revision of procurement plans are specified in Chapter 7 of Law on Public Procurement (2012), and Volume 1 of the SOP 2019. - Requirements on strategic procurement plan are elaborated in Volume 1 of the SOP 2019.	L		L
9(b)	Selection and contracting	- Procedures for bid submission, receipt and opening are clearly described in the bidding documents. - Alternative techniques/factors (life-cycle cost, approach to market for strategic procurement planning, contract types) are considered to achieve best value for money. Throughout the bid evaluation and award process, confidentiality is required.	L		L
9(c)	Contract management in practice	- Inspection, quality control, supervision of work and final acceptance of products is carried out with records. - Delays in contract implementations are often happened due to objective and subjective matters	M	- Monitoring closely contract implementation progress with periodic progress reports and follow-up actions.	M

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
10	The public procurement market is fully functional				
10(a)	Dialogue and partnerships between public and private sector	- The Cambodia Constructor's Association and other supplier's associations have been formed resulting in a competitive and well-functioning private sector competition has increased in recent years (CSPRA, ADB 2019).	L		L
10(b)	Private sector's organization and access to the public procurement market	- The private sector is competitive, well-organized, willing and able to participate in the competition for public procurement contracts.	L		L
10(c)	Key sectors and sector strategies	- Risks associated with certain sectors are assessed by the DPs such as ADB through CSPRA exercise;	M		M
	Consolidated findings for Pillar III	- Overall, public procurement operations and market practices is positive.	L		L
Pillar IV – Accountability, Integrity and Transparency of the Public Procurement System					
11	Transparency and civil society engagement strengthen integrity in public procurement				
11(a)	Enabling environment for public consultation and monitoring	- Draft regulations are only selectively available for public consultation with relevant NGOs, the private sector or other parties before their enactment ³ .	M		M
11(b)	Adequate and timely access to information by the public	- Legislation, policies and practices allowing members of the public to obtain information on the organization, functioning and decision-making process of public administration in Cambodia are currently inadequate ⁴ . - Only three of six elements of public procurement information (Legal and regulatory framework for procurement; Government	S		S

³ Source: <https://uncaccoalition.org/new-civil-society-report-on-cambodia-stronger-enforcement-efforts-more-transparency-and-de-politicisation-of-key-institutions-needed-to-advance-anti-corruption-efforts/>

⁴ Source: <https://uncaccoalition.org/new-civil-society-report-on-cambodia-stronger-enforcement-efforts-more-transparency-and-de-politicisation-of-key-institutions-needed-to-advance-anti-corruption-efforts/>

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		procurement plans; Bidding opportunities; Contract awards (purpose, contractor and value); Data on resolution of procurement complaints; Annual procurement statistics) are made available to the public in a complete, reliable, and timely manner and for the 46% of the procurement entities that have reported their statistics in 2019 (PEFA 2021).			
11(c)	Direct engagement of civil society	- The legal/regulatory and policy framework allows and encourage citizens to participate in sub-national development and sectoral planning processes (Policy Framework on Planning System at Sub-National Level, 2014).	L		L
12	The country has effective control and audit systems				
12(a)	Legal framework, organization and procedures of the control system	- This is provided by law ⁵ . All line ministries have established an Inspectorate General to undertake internal audits. Need for developing staff capacity (CSPRA, ADB 2019). - Internal audit function covers all government agencies, public administrations (PAEs) and public enterprises (Pes). They have formal procedures aligned with the international standards including annual work programs, definition, and maintenance of audit documentation, follow up on recommendations; In the assessed sample and as per General Department of Internal Audit (GDIA) feedback, managements in Line Ministries/institutions provide partial response to the audit recommendations received from their internal audit unit, and percentage of achievement of audit recommendations is within 50% (PEFA 2021).	M		M
12(b)	Co-ordination of controls and audits of public procurement	- Public procurement is subject to audit and inspection by the Ministry of Economy and Finance and relevant competent institutions (Article 52, Law on Public Procurement 2012). - The General Inspectorate Department (GID) under the MEF has the authority to carry out a post-award audit to examine and determine whether or not the procedural aspects of applicable procurement regulations were followed (SOP 2019).	L		L

⁵ The Law on Cambodian Audit, dated 03 March 2000, which is published on the website of the MEF General Department of Internal Audit (GDIA) (www.gdia.mef.gov.kh).

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
12(c)	Enforcement and follow-up on findings and recommendations	<ul style="list-style-type: none"> - Each EA/Line Ministry has an Inspectorate Department, which carries out investigations when any breach of the RGC rules and regulations occurs, which could be related to procurement transactions. The breach is investigated and a detailed report is submitted to the highest level of management in the EA for appropriate actions (SOP 2019). - In the assessed sample and as per GDIA feedback, managements in LMs/institutions provide partial response to the audit recommendations received from their internal audit unit, and percentage of achievement of audit recommendations is within 50%(PEFA 2021). 	M		M
12(d)	Qualification and training to conduct procurement audits	<ul style="list-style-type: none"> - All Departmental Internal Audit Units in the Ministries come under the oversight and guidance of the General Department of Internal Audit of the MEF (GDIA-MEF), which is also responsible for developing and issuing guidelines for internal audit function. It is also responsible for capacity building by providing continuous support and training (SOP 2019 on FM). There are ad-hoc trainings on procurement audits as parts of investment inspection/audit trainings. - The MEF is responsible for the appointment of external auditors for the DP-financed projects (SOP 2019). 	M		M
13	Procurement appeals mechanisms are effective and efficient				
13(a)	Process for challenges and appeals	<ul style="list-style-type: none"> - The SOP on Procurement 2019 provides the detailed mechanism for submission and resolution of complaints and disputes (CSPRA, ADB 2019). 	L		L
13(b)	Independence and capacity of the appeals body	<ul style="list-style-type: none"> - The RGC has adopted the Sub-decree no.21 ANKr.BK, dated 21 February 2018, on Rules and Procedures for Complaints and Mechanism of Complaint Resolution. A Committee of Public Procurement Arbitration has been established as an independent committee composed of the Minister of Economy and Finance as a chairman, Secretary of State of Economy and Finance as a vice chairman, Director General of GDPP as a permanent member, and director general of the GDICDM, and Head of the Legal Council Secretariat as members. The GDPP is acting as a 	L		L

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		technical adviser to the Committee and provides recommendations but the ultimate decision is made above GDPP (PEFA 2021).			
13(c)	Decisions of the appeals body	- When complaints are lodged, the Public Procurement Committee has the power to suspend the contract award to solve complaints within 15 working days as allowed in Sub-decree no. 21 ANKr.BK, 2018; According to past complaints resolved, complaints are always resolved within the timeframe (15 working days or less) as determined in Article 16 and 25 of Sub-decree no. 21 ANKr.BK, 2018; Decisions by the Committee are binding for all parties even if there is an option to appeal in the courts. This situation has not taken place in the assessment period (PEFA 2021).	L		L
14	The country has ethics and anti-corruption measures in place				
14(a)	Legal definition of prohibited practices, conflicts of interest, and associated responsibilities, accountability and penalties	- The Law on Anti-Corruption became effective in 2010. The Procurement Manual (PM) and tender documents include adequate provisions on integrity violations, specific measures are in place and implemented. All concerned staff are required to sign a code of ethics (CSPRA, ADB 2019).	L		L
14(b)	Provisions on prohibited practices in procurement documents	- Standard bidding documents/RFPs include provisions on fraud, corruption and other prohibited practices, as specified in the procurement regulatory framework. The statement on ethical conduct and fraud and corruption are to be signed by the BEC/PRC members, bidders/contractors (SOP 2019).	M	- Include IFAD's templates of self-certification forms for bidders and contractors in the bidding document/RFP and contract documents.	L
14(c)	Effective sanctions and enforcement systems	- The Law on Anti-Corruption became effective in 2010. The PM and tender documents include adequate provisions on integrity violations, specific measures are in place and implemented. All concerned staff are required to sign a code of ethics (CSPRA, ADB 2019).	L		L
14(d)	Anti-corruption framework and integrity training	- The offense of corruption stated in this law and in the other laws and provisions in force of the Kingdom of Cambodia also falls under the competency of the Anti-Corruption Unit, the only	L		L

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		competent unit to investigate and file a corruption case to the court. Other units and individuals who have known the offenses of corruption stated in this law and in other laws and provisions in force of the Kingdom of Cambodia shall file their complaints regarding those offenses to the Anti-corruption Unit or capital/provincial anti-corruption office (Article 73, Law on Public Procurement 2012).			
14(e)	Stakeholder support to strengthen integrity in procurement	<ul style="list-style-type: none"> - The Anti-Corruption Unit (ACU) has signed about 100 memoranda of understandings with the chambers of commerce, Special Economic Zones, Associations, local and international private companies, which in total consists of around 1,000 companies and institutions as their members, to combat corruptions and attract private investment. Notably, the ACU participates and observes public procurement process to ensure transparency (PEFA 2021). 	L		L
14(f)	Secure mechanisms for reporting prohibited practices or unethical behavior	<ul style="list-style-type: none"> - Provisions in the Law on Anti-corruption 2010 (Chapter 2) require the Anti-Corruption Commission to keep confidential the identity of persons who report corruption, and take the necessary measures to provide security to corruption 'whistle-blowers'. - While a limited reporting mechanism and whistleblower protection is stipulated in the Anti-Corruption Law, there is no available evidence to suggest that whistleblowers are adequately protected in practice⁶. 	M		M
14(g)	Codes of conduct/codes of ethics and financial disclosure rule	<ul style="list-style-type: none"> - During the course of public procurement process, the chair, vice chair and members of the procurement committee, procurement officials, bidders as well as other officials and staff who are involved in the work of procurement shall abide by the procurement code of conduct. The procurement code of conduct shall be determined by the Prakas of the Minister of Economy and Finance (Law on Public Procurement, 2012). - The statement on ethical conduct and fraud and corruption are to be signed by the BEC/PRC members, bidders/contractors (SOP 	L		L

⁶ Source: <https://uncaccoalition.org/new-civil-society-report-on-cambodia-stronger-enforcement-efforts-more-transparency-and-de-politicisation-of-key-institutions-needed-to-advance-anti-corruption-efforts/> .

Indicator # and Sub-Indicator #	Sub-Indicator Description ¹	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		2019).			
Consolidated findings for Pillar IV		- Overall, the public procurement system operates with integrity, that has appropriate controls, and that has anti-corruption measures in place. There are some constraints on access to information by the public, engagement of civil society in the consultative process for procurement policy development, provisions on fraud, corruption and other prohibited practices in consistence with IFAD policies, and training to conduct procurement audit.	M		M
Consolidated findings at country level			M		M

Accelerating Inclusive Markets for Smallholders Program (AIMS)

IFAD PRM – Part B Project Level

ASSESSMENT OF THE PROJECT'S PROCUREMENT IMPLEMENTATION ARRANGEMENTS

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
1	ASSESSMENT OF PROJECT COMPLEXITY				
1(a)	Project is new of its kind and introduces new procurement methodologies	<ul style="list-style-type: none"> - The project has two components: (i) value chain development, and (ii) value chain financing. The first component focuses on facilitation, innovations development and capacity building support to inclusive growth initially of selected value chains (rice, silk, chicken, cassava and vegetables). It also provides for a Sector Development Facility (SDF) which focuses on "public goods" that address specific bottlenecks to the VC development. The second component aims at stimulating increased private investment through value chain investment support, including Value Chain Innovation Fund (VCIF) and a line of credit that refinances by participating financial institutions. - AIMS's executing agency – the Ministry of Commerce (MOC) has experiences working with other donors (WB, ADB, JICA...), but not with IFAD before. 	M		M
1(b)	Project investment value is high and includes substantial inter-dependent procurement contracts that require advanced sequencing and coordination skills	<ul style="list-style-type: none"> - Project investment activities are expected with low values (small-scaled public infrastructure investments under the Sector Development Facility; small matching grants under the VCIF) 	L		L
1(c)	Project area is geographically spread in different locations	<ul style="list-style-type: none"> - Project area included 18 provinces in 03 regional hubs (Battambang, Kampong Cham and Takeo regional hub office). 	S	Three regional hub offices (Battambang, Kampong Cham and Takeo) to strengthen coordination, facilitation and technical supports for implementation of project activities.	M
1(d)	Project includes a number of implementing	<ul style="list-style-type: none"> - The Project is implemented by the Project Management Office 	M	Three regional hub	L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	partners and cooperating agencies	(PMO) under MOC and the Project Implementation Unit (PIU) under MEF. - The implementing partners includes (i) the national network of Farmer Organizations, (ii) the Provincial Chambers of Commerce (PCoC) in the three provinces hosting the hub offices, and (iii) Agriculture and Rural Development Bank (ARDB) and selected microfinance institutions (AMK) for management of the Line of Credit under Component 2.		offices (Battambang, Kampong Cham and Takeo) to strengthen coordination, facilitation and technical supports for implementation of project activities.	
1(e)	Project involves community participation in procurement activities which calls for detailed monitoring requirements by IA	- Procurement activities will be mainly conducted by the PMO at central level.	L		L
1(f)	Project is classified with High or Substantial SECAP risks (including security risks)	- The project is classified with Moderate SECAP risks. All SDF infrastructure investments are small-scaled. VCIF grants under component 2 are small (below US\$30,000 per grant for Window 2).	L		L
1(g)	Project is in a Fragile State with weak governance structures	- Directorate General of Domestic Trade (DGDT) and Directorate General of International Trade (DGIT) under MOC and the provincial chambers of commerce (PCoC) have good governance structures with clear functions, roles and responsibilities for line agencies within the institution.	L		L
Overall Assessment of the risk posed by Criterion 1		Project implementing agencies at MOC have experience working with other donors (WB, ADB, JICA...), but not with IFAD before; the project area is spread in 18 provinces.	M		L
1. ASSESSMENT OF IMPLEMENTING AGENCY CAPACITY (Process/Procedures, Personnel and Performance/Product - 3Ps)					
2.1	PROCESS/PROCEDURES				
2.1.1	ASSESSMENT OF IA's Procurement Legal & Regulatory Frameworks (Procurement Rules, Methods and Processes) <i>(Section 2.1.1 is to be filled only if the IA is an autonomous national agency or a private entity which is allowed to have a separate legal framework for procurement other than the national procurement law/regulations which was assessed under Part A) – not applicable for AIMS project.</i>				
Overall Assessment of the risk posed by Criterion 2.1.1		n.a			
2.1.2	IA's Procurement Strategy and Procurement Planning Process				
2.1.2(a)	The IA's preparation of its annual procurement plan is preceded by conceptualization of a Procurement Strategy based on market research, previous	- Preparation of the procurement plans is based on work plans and budgets, market research, previous experience. Procurement strategies are prepared for some donor-funded projects (e.g ADB, WB) and newly introduced in the SOP 2019, but not specified as	M	Conduct prior reviews of the draft procurement plans to ensure compliance with the	L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	experience and own capacity assessments	mandatory under the Law on Public Procurement 2012.		LtB/LtR, addressing procurement risks and value for money.	
2.1.2(b)	IA's procurement plans are prepared ahead of time and in tandem with request for budget appropriation to MOF (or competent authority in case on autonomous bodies).	<ul style="list-style-type: none"> - All institutions implementing procurement shall draw up their annual procurement plans. Their procurement plans shall be consistent with the annual budget package (Law on Public Procurement, 2012). - The annual project procurement plan must be reviewed and approved by the General PRC prior to submission with the Annual Work Plan and Budget to the MEF for approval (SOP 2019). 	L		L
2.1.2(c)	IA's procurement department staff participate in the annual work planning processes	<ul style="list-style-type: none"> - Procurement staffs in each line agencies participate in the annual work planning processes. 	L		L
2.1.2(d)	The project's Procurement Strategy adequately addresses project complexity, IA's internal capacity and experience as well as market supply capacity	<ul style="list-style-type: none"> - Preparation of procurement strategy is not mandatory as specified under the Law on Public Procurement 2012. - Procurement strategy was just introduced under SOP 2019 and has not been prepared for AIMS. 	S	Conduct prior reviews of the draft procurement plans to ensure compliance with the LtB/LtR, addressing procurement risks and value for money.	M
2.1.2(e)	IA's procurement plan for the project is consistent with the project's annual work plan/budget (AWPB)	<ul style="list-style-type: none"> - Procurement plans are prepared in general in consistence with the AWPBs. 	L		L
2.1.2(f)	IA's Procurement Plans follow an effective format with planned and actual rows for tracking progress achieved across the 3 different categories of procurement	<ul style="list-style-type: none"> - The procurement monitoring and tracking form (PMTF) with "planned" not "actual" rows for goods/works/services is available in SOP 2019 and used by the implementing agencies. 	L		L
Overall Assessment of the risk posed by Criterion 2.1.2		<ul style="list-style-type: none"> - Procurement planning process is in general effective and in consistence with IFAD's requirements, except gaps in preparation of procurement strategy. 	M		L
2.1.3	Procurement Management and Contract Administration systems and internal control /audit procedures				
2.1.3(a)	IA's standard contracts for procurement of Goods, Works and Services generally consistent with IFAD contracts	<ul style="list-style-type: none"> - Standard contracts of goods, works, consulting services and non-consulting services (prepared using the templates as part of standard bidding documents/RFP under the SOP 2019 on 	M	Include IFAD's templates of self-certification forms for	L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		procurement) are generally consistent with IFAD contract templates. Standard bidding documents/RFPs include provisions on fraud, corruption and other prohibited practices, as specified in the procurement regulatory framework. - Members of the BEC/PRC and bidders/contractors are required to signed Statement on Ethical Conduct and Fraud and Corruption (similar to IFAD's certification form.		bidders and for contracts in the bidding document/RFP and contract documents.	
2.1.3(b)	IA's standard contracts for procurement of Goods, Works and Services implement IFAD's SECAP requirements	- Requirements on social and environmental aspects such us Environmental and Social Management Plan (ESMP) for work contracts and Code of conduct on Environmental, Social, Health and Safety (ESHS) for service contracts are indicated in the contract templates as a part of the bidding document/RFP (Volume 3, SOP 2019 on Procurement). - SECAP notes were prepared during RECAF design and mainstreamed into project implementation.	M	Mainstream SECAP requirements and ESCMP into project/sub-projects implementation	L
2.1.3 (c)	The IA has established internal control systems with Segregation of Authority including effective separation between procurement and financial management	- The internal control systems have segregation of Authority and separation between procurement evaluation committee (PEC/CEC) and procurement review committee (PRC), and between procurement and financial management unit.	L		L
2.1.3(d)	The IA has an effective internal audit function in addition to independent and timely external financial audit (having specialized "procurement audit" is a plus)	- All line ministries have established an Inspectorate General to undertake internal audits as required under Law on Cambodia Audit (2020). - Internal audits are conducted for AIMS by a project internal auditor.	L		L
2.1.3 (e)	IA has established contract management procedures and contract management forms for monitoring progress against Time, Cost, Quality and Scope of the signed contracts for Goods, Works and Services.	- Contract management procedures including financial control mechanisms, and financial delegation and authorities are specified in PIM and implemented.	L		L
2.1.3 (f)	The IA develops a comprehensive Contract Management Plan for major contracts with clear indication of roles and responsibilities	- Contract management procedures including financial control mechanisms, and financial delegation and authorities are specified in PIM and implemented. - Contract management plan is introduce in SOP on Procurement, 2019.	L		L
2.1.3 (g)	IA's procedures for initiation and approval of Contract Variations are established and clear	- Procedures for initiation and approval of contract variations are specified clearly under the SOP 2019 on procurement, and implemented by the project.	L		L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
2.1.3 (h)	Contract Amendments beyond a prescribed threshold (not exceeding 15% of time duration or contract value) require higher level approvals	<ul style="list-style-type: none"> - If the final quantity of the work done differs from the quantity in the Bill of Quantities for the particular item by more than 25 percent and one percent of the contract value, the parties shall agree upon an adjustment of the rate to allow for the change in accordance with the provisions for Variations (Volume 2, SOP 2019 on Procurement). - When the total amount of contract variations or price escalation results in an increase in the original contract amount, the approval of the PRC will be required (SOP 2019 on Procurement). 	L		L
2.1.3 (i)	IA has established procedures for receipt/acceptance of contract outputs in Goods, Works and Services	<ul style="list-style-type: none"> - Procedures for receipt/acceptance of contract outputs in Goods, Works and Services are specified under PIM and implemented. 	L		L
2.1.3 (j)	IA has established procedures for receipt/approval of deliverables and approval of payments for Goods, Works and Services	<ul style="list-style-type: none"> - Procedures for receipt/acceptance of deliverables and approval of payments are specified under PIM and implemented. 	L		L
2.1.3 (k)	IA's payment procedures lead to timely payments to the contracted parties in line with IFAD standard contracts	<ul style="list-style-type: none"> - Payments to the contracted parties follow provisions of the signed contract. 	L		L
2.1.3 (l)	IA's Contractual Dispute Settlement procedures always provide for amicable settlement and stipulate arbitration for contracts with foreign contracted parties	<ul style="list-style-type: none"> - Contractual Dispute Settlement procedures provide for amicable settlement and stipulate arbitration for contracts with contracted parties as specified in the standard contract formats 	L		L
2.1.3 (m)	The IA has well-developed claim assessment procedures for initiating own claims or for verification of validity and costing of contractual claims filed by the contracted parties	<ul style="list-style-type: none"> - Claim assessment procedures for initiating own claims or for verification of validity and costing of contractual claims filed by the contracted parties are specified under PIM and implemented. 	L		L
Overall Assessment of the risk posed by Criterion 2.1.3		Procurement Management and Contract Administration systems and internal control /audit procedures are generally in consistence with IFAD's requirements	L		L
2.1.4	RECORD KEEPING				
2.1.4(a)	A serial-numbered procurement file is maintained for each procurement activity (with records from requisition to acceptance/receipt of goods/works/services)	<ul style="list-style-type: none"> - Procurement file is maintained for each procurement activity with records from detailed procurement plan to acceptance/receipt of goods/works/services 	L		L
2.1.4 (b)	Original contracts secured in a fire and theft	<ul style="list-style-type: none"> - Original contracts are maintained by the finance and accounting 	L		L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	proof location	section under the PMO			
2.1.4 (c)	A separate contract file is maintained with a copy of the contract and all subsequent contractual correspondence e.g. contractual notices by supplier, contractor, purchaser or employer; a detailed record of all changes or variation orders issued affecting the scope, quality, 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.)	- A separate contract file is maintained with a copy of the contract and all subsequent contractual correspondence by the finance and accounting section under PMO	L		L
2.1.4 (d)	The IA Procurement & Contract Files are maintained for at least 7 years beyond project closure in a secure place.	- The procurement and contract files must be retained by the EA/IA for at least five years after the project completion (SOP 2019 on Procurement). - IFAD General Conditions of Agricultural Development Financing (Version 2020) mentioned in Section 8.01. Implementation Records "The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter."	M	IFAD General Conditions of Agricultural Development Financing is attached as an integral part of the Financing Agreement.	L
2.1.4(e)	The IA maintains an up-to-date Contract Register that records all ongoing contracts (with names, prices and dates) per procurement category for ease of retrieval of contract data	- The contract registers are prepared and updated by the finance section under the PMO	L		L
Overall Assessment of the risk posed by Criterion 2.1.4		- Record keeping procedures are generally in consistence with IFAD's requirements	L		L
2.2	IA's PERSONNEL CAPABILITIES: IA's Procurement Personnel Capabilities and Procurement resources (systems and facilities).				
2.2(a)	The IA has a dedicated Procurement Department/Unit with a Director and a team of experienced staff	- Procurement function of the project is managed by the Department of International Cooperation (DICO) which as per its institutional mandate, is in charge for the administration of all externally funded	L		L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
		projects of MoC. DICO is organized with six units (finance, procurement, administration, M&E, communication and implementation) with a procurement team of experience staffs.			
2.2(b)	The IA's Procurement Unit has previous experience with donor/IFI-funded procurement procedures	- Procurement Unit under DICO has experience with donor-funded project such as WB, ADB, JICA, etc. and familiar with donor procurement procedures.	L		L
2.2 (c)	IA's regular annual procurement volume exceeds expected project procurement in value and complexity (i.e. the IA normally conducts more and more complex procurement than what is required as part of the project)	- MOC's regular annual procurement volume exceeds expected project procurement in value and complexity.	L		L
2.2 (d)	IA's procurement staff have Job Descriptions that cover all foreseen functions of the intended project procurement	- All procurement staff at PMO have Job Descriptions that cover all foreseen functions of the intended project procurement.	L		L
2.2 (e)	The number and qualifications of the staff of the IA Procurement Department are sufficient to undertake the additional procurement that will be required under the proposed project	- The Procurement Unit at DICO has 1 Chief of Unit, 2 procurement officer and a National Procurement Specialist. The Team has to handle six different projects (TDSP, CEDEP I & II Projects, CTIS Project, SSP Project, E-Commerce Formulation Project and AIMS) at the same time, thus suffering from work overload.	M	A senior procurement specialist and a procurement assistant to be recruited and worked at PMO.	L
2.2 (f)	The IA Procurement Department has adequate facilities such as PCs, internet connections, photocopy facilities, printers, safes etc. to undertake the foreseen project procurement	- The Procurement Unit at DICO have adequate facilities (as PCs, internet connections, photocopy facilities, printers, safes etc.) to undertake their tasks.	L		L
2.2 (g)	The IA's Procurement Department staff are certified practitioners or have attended relevant procurement training programs	- Procurement staff at DICO have attended relevant procurement training programs organized by MEF and donors.	L		L
2.2 (h)	The IA's Procurement Department staff are capable of working in one of IFAD's official languages	- Procurement staffs at DICO have good English communication skills.	L		L
2.2(i)	The Project Director is issued a Project Charter granting him/her sufficient authority to control and authorize project activities (documented in PIM)	- Project Director's authority to control and authorize project activities is documented in PIM.	L		L

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
2.2 (j)	The IA has access to claim initiation or claim assessment experts either internally or externally especially for large value contracts with foreign vendors.	<ul style="list-style-type: none"> - The PMO has access to claim initiation or claim assessment experts either internally or externally. - The RGC has adopted the Sub-decree no.21 ANKr.BK, dated 21 February 2018, on Rules and Procedures for Complaints and Mechanism of Complaint Resolution. A Committee of Public Procurement Arbitration has been established as an independent committee composed of the Minister of Economy and Finance as a chairman, Secretary of State of Economy and Finance as a vice chairman, Director General of GDPP as a permanent member, and director general of the GDICDM, and Head of the Legal Council Secretariat as members. The GDPP is acting as a technical adviser to the Committee and provides recommendations but the ultimate decision is made above GDPP (PEFA 2021). 	L		L
Overall Assessment of the risk posed by Criterion 2.2		<ul style="list-style-type: none"> - Procurement personnel capabilities and procurement resources (systems and facilities) are generally consistent with IFAD's requirements. 	L		L
2.3	IA's PERFORMANCE (PRODUCTS & PAST EXPERIENCE)-guided by quantitative indicators of Pillars II and III of OECD MAPS II (based on performance of the previous year)				
2.3(a)	% of the total annual IA contracts that are awarded in open and restricted bidding	- tbc			
2.3(b)	Percentage and value of IA's annual contracts that are awarded under direct contracting (single source)	- tbc			
2.3(c)	IA's Efficiency in completing the bidding process (open and restricted) for Goods (measured in time from advertisement to contract award and signature)	- tbc			
2.3(d)	IA's Efficiency in completing the bidding process (open and restricted) for Works (measured in time from advertisement to contract award and signature)	- tbc			
2.3 (e)	IA's Efficiency in completing the competition process for Services (measured in time from advertisement to contract award negotiations and signature)	- tbc			
2.3(f)	% of bidding documents for Goods/ Non-	- tbc			

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	Consulting Services and Works in the last one or two years where more than one amendment to the bidding documents was issued				
2.3(g)	% of RFPs for consulting services where more than one amendment to the RFP was issued	- tbc			
2.3(h)	% of procurement competitions in Goods /Non-Consulting Services, Works and Consulting Services that failed or were cancelled	- tbc			
2.3(i)	Average number of responsive bids in Goods/Non-consulting Services, Works and Consulting Services competitions	- tbc			
2.3(j)	% of procurement competitions for Goods/ Non-Consulting Services, Works and Consulting Services conducted electronically	<ul style="list-style-type: none"> - There is no system of e-procurement in the government. However, all Ministries and MEF do post the procurement plan, advertisements and contract award details. The Government is planning to adopt e-procurement in the near future (CSPRA, ADB 2019). - It is envisaged that e-Procurement in Cambodia will be implemented in a phased manner under the Budget System Reform Strategy 2018-2025. 			
2.3(k)	% of contracts awarded to SMEs in the previous year	- tbc			
2.3(l)	% of procurement competitions and contracts that integrate sustainable procurement considerations (at least 1 social/labor plus 1 environmental criteria)	- Sustainability criteria that take into account stated economic, environmental, and social benefits in support of the project objectives, and may include the flexibility of the proposal to adapt to possible changes over the life-cycle are optional in bid evaluation criteria (SOP 2019 on procurement).			
2.3 (m)	Percentage of IA's contracts for Works with cost over-runs above 10% of initial contract price.	- tbc			
2.3 (n)	Percentage of IA's contracts for Works with time over-runs above 10% of initial contractual duration	- tbc			
2.3 (o)	Average number of complaints received from	- tbc			

Assessment Area # and # of related criterion of assessment	Description of Assessment Criterion	Findings regarding possible non-compliance with Project Objectives & IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
	bidders as to the fairness of bidding documents or contract award				
2.3(p)	% of bidders' appeal decisions that were accepted and enforced (with ruling against the IA)	- tbc			
2.3 (q)	% of Vendors Invoices paid on time in Goods/Non-Consulting Services, works and Consulting Services contracts.	- tbc			
2.3 (r)	Is the general quality of documents produced by the IA's Procurement Department in line with IFAD's expected quality levels: i. Quality of Bidding Documents for Goods/NCS and Works ii. Quality of RFP for Consulting Services iii. Quality of Bid Evaluation Reports iv. Quality and adequacy of responses to bidders' qualifications	- In general, quality of procurement documents prepared by the PMO are satisfactory and in line with IFAD's expectation.			
2.3 (s)	Management / Procurement Audit: i. % of IA contracts subjected to specialized procurement audit ii. the IA timely implements recommendations	- tbc			
Overall Assessment of the risk posed by Criterion 2.3		tbc			
Overall Assessment of the risk posed by Criterion 2			L		L
Overall Assessment of the risk posed by Part B			M		L
Overall Assessment of the risk posed by Part A			M		M
Overall Assessment of the risk posed by Parts A and B [inherent risk to be determined by the SPO]			M		M

Appendix 6 B Finance

ACCOUNTING SOFTWARE EVALUATION

Name of software: SAGE 50

Evaluation by: Arsalan Vardag, FM Specialist

Project (if applicable): AIMS, Cambodia

Date: June 2022

FUNCTIONALITY	Y/N/Comments
Double-entry?	Yes
Multi-currency?	No - Only one Currency - USD
User friendly? - e.g., Windows driven; web-enabled	Windows - Friendly user Web Based version also available.
Ability to account under different bases of accounting (cash, modified cash, modified accrual, accrual)	Both cash basis and Accrual
Dual chart of account enabled? (Ability to track in accordance with or	Yes - Coded in the Chart of

link to local reporting systems as well as IFAD requirements)	Accounts
Capacity to track the following data: i) actual ii) budget iii) forecast iv) life of project per Financing agreement	Yes i) Yes ii) Yes iii) Yes iv) Yes
Ability to use for tracking contracts and other commitments? (By contract milestone, payment schedule monitoring)	No
Ability to track /link physical performance indicators (e.g., units of output or contract completion status) as required by project	No
Ability to track and search by specific transaction references (e.g., check PO, direct payments, vouchers etc.)	Yes
Includes a fixed asset/inventory management registry	No
Facilitates commitment controls on expenditure. Ability to track each Contract against corresponding budget line item, and then each payment against each contract?	Yes
Multi location installation and consolidation ability (for AWPB, expenditure, disbursements)?	Yes
Ability to record transactions by component, AWPB activity, expense category, funding source and geographical location	Yes

Ability to allocate expenditure to different financing sources	Yes
Edit checks within the system to prevent the duplication of transactions e.g., not being allowed to enter the same invoice number for the same supplier	Yes
Systems to record non-cash accounting transactions (e.g., Journal Vouchers) on double- entry basis	Yes
System generation of payment vouchers; Audit trails of system users and approvals of payments	Payment Vouchers - Yes Audit trail - Yes Approval of Payments - Yes but not used
Ability to make period end closures, with only controlled/limited (documented) possibility to change date from previous periods	Yes
Purchase ledger with link to procurement contracts and purchase orders for the recording of purchase invoices and generation of payments	No
Generation of Trial balance and transaction lists for each ledger account	Yes
General ledger with in-flow of transactions from purchase and sales ledger and ability to make adjusting journal entries	Yes
Multi language? (Indicate which)	No - English only
User manual/documentation available?	Yes

Experience with other IFAD projects (country & project name)	Yes ASPIRE, Cambodia S-RET, Cambodia NCDD, Cambodia ADESS, Cambodia RPRP, Cambodia RULIP, Cambodia PADEE, Cambodia AIMS, Cambodia
REPORTING	
Ability to track and report on flexible reporting cycles (e.g., month, quarter, calendar year, fiscal year, project cumulative etc.)	Yes
Ability to track and report project expenditure by project financier	Yes
Ability to track and report project disbursement by project financier	Yes
Ability to track and report by IFAD agreement category	Yes
Ability to track and report by IFAD project component	Yes
Ability to track and report by AWPB activity	Yes

Ability to track and report by geographical location	Yes
Ability to generate reports for previous periods (e.g., lost report)	Yes
Ability to generate report formats with a clear audit trail (e.g., no additional revisions needed in a spread sheet which would modify an audit trail)	Yes
Sub-ledger reconciliation to General Ledger	Yes
Sub-ledger to GL reconciliation report	Yes
Generation of bank reconciliation statements with integrity?	Yes - not currently used
Project accounting – whereby expenditure can be allocated to components, financiers and thus reported upon	Yes
Automatically generated contract monitoring forms (WAs)? Contract register?	No
Calculation of foreign exchange gains / losses with system integrity. Both realized and unrealised gains / losses	No
Ability to record contributions from beneficiaries / co-financiers (including counterpart): both receipts and payments	Yes
Generation of WAs from system, including:	No
Form 104	No
SOEs	No

CMFs	
WA disbursement monitoring (paid, pending, amounts withheld). Including direct payment WAs.	No
Generation of financial statements	Yes - To be customised
Capacity to customize reporting, e.g., IFRs,	Yes - To be customised
SECURITY	
Unique user IDs and passwords	Yes
User roles defined within the system and linked to user IDs	Yes
Adequate internal security features? (e.g., cannot delete posted transaction, controlled access, password protection)	Yes
Limited access to system setup and extreme control exercised over data-fixes (testing etc)	Yes
Security includes back-up and system maintenance procedures	Yes
Security includes a self-diagnostic check to ensure integrity	Yes
SUPPORT	
Support readily available for a) technical issues, and b) training? (locally/regionally/internationally)	Yes, but limited period based on contract
Is software support vendor-accredited?	Yes off-self package

PROCUREMENT ADMINISTRATION	
Capacity to track and report on procurement information:	
i) by procurement procedure (NCB, ICB, LS, etc.),	No
ii) by contract,	No
iii) by source of supply,	No
iv) by status (e.g., committed, completed etc.)	No
GENERAL COMMENTS	
Not cost prohibitive? (indicate costs of purchase and customisation to date & foreseen)	USD 35,000 (including one year maintenance)
Are sub-entities of the Project using the software accessing on-line or sending batches of transactions for uploading?	Yes
Comments: (e.g., hardware requirements, frequency of training needed, amount of customization needed to meet project specific requirements etc.)	Desktop version can be operated on a mid range computer. For online a server is needed.
Would you recommend this software for use by IFAD projects?	Yes

Financial Management Assessment Questionnaire at Supervision

Country: Cambodia	Performed by: Arsalan Vardag, Financial Management Specialist	
Project Name: AIMS	Mission Ref.: August 2022	Date of review: August 2022

Summary

Pillars	Brief description of current issues	Inherent (Current) Risk H/S/M/L	Planned Mitigation Measures	(Future) Residual Risk H/S/M/L
1. Organization and Staffing <i>Risk that the implementing entity does not have the necessary number of adequately qualified and experienced financial management staff in the national and regional centers, resulting in limited ability to meet the functional needs of the project</i>	N/A	L	N/A	L
2. Budgeting <i>Risk that budgeted expenditures are not realistic, not prepared or revised on a timely basis, and not executed in an orderly and predictable manner, resulting in funds not being available when needed, ineligible costs and reallocation of project funds and slow implementation progress</i>	AWPB preparation and approval is usually delayed.	M	Timely preparation of AWPB and approval from IFAD and MEF	L
3. Funds flow & Disbursement Arrangements <i>Risk that funds from multiple financiers disburse with delay due to cumbersome treasury arrangements or inability of project cost centers and service providers to justify prior</i>	N/A	L	N/A	L

<i>advances, resulting in delayed implementation</i>				
<p>4. Internal Controls</p> <p><i>Risk that appropriate controls over Project funds are not in place, leading to the inefficient or inappropriate use of project resources.</i></p>	<p>Detailed internal audit was conducted and report has been submitted to the Project wherein a number of observations are reported and recommendations have been made.</p> <p>However, the Internal Audit Report is not shared with IFAD.</p>	L	<p>The Internal Audit Report need to be shared with IFAD and updated on implementation of recommendations.</p>	L
<p>5. Accounting and Financial Reporting</p> <p><i>Risk that accounting systems – including polices and standards – are not integrated and reliable, leading to inaccuracies in financial records and that reasonable records are not prepared, issued and stored, leading to lack of informed decision-making.</i></p>	N/A	L	N/A	L
<p>6. External Audit</p> <p><i>Risk that independent and competent oversight of the Project financial statements is not in place or performed timely leading to possible misrepresentation of the financial results and/or suspension or other remedies due to compliance breaches.</i></p>	N/A	L	N/A	L

Assessment of overall FM risk

Overall FM risk is rated as Moderate.

AWPB needs to be prepared and approved on time. The Internal Audit Report need to be shared with IFAD and updated on implementation of recommendations.

Detailed Findings

	Topic	Brief description of issues	Mitigation Measures
1.	Organization and Staffing		
a.	Adequacy of organizational structure to meet functional needs of the project. <i>Describe the composition and roles of the project's FM department. Is there any overlap between roles? Are the conditions adequate for the appropriate performance of FM functions?</i>	MOC - PMO: Org Structure is adequate. National Finance Advisor has been hired.	
b.	Availability of clear job descriptions for key project positions, including fiduciary positions. <i>Do terms of references clearly outline each person's role?</i>	JDs are available including fiduciary positions.	
c.	Adequacy of project FM staff (numbers and skill) matching functional needs of project. <i>Do project FM staff have the necessary educational qualifications and minimum professional experience for their position?</i>	IFAD e-learning done as well as participation in FM training. Skills and knowledge is adequate.	
d.	Are project staff subject to annual performance reviews? <i>Is there any follow-up conducted on weaknesses noted, if any?</i>	Performance based evaluation system is not implemented for Government Staff but is implemented for Consultants.	
e.	Staff adequately informed about IFAD's anti-corruption policy. <i>Has staff undergone training on the policy and associated measures?</i>	Yes	
2.	Budgeting		
a.	Timely preparation and approval of AWPB. <i>Who is involved in the AWPB preparation/approval process? Is there adequate checking of the AWPB by finance/accounting department prior to submission to IFAD? Are budgets prepared in sufficient detail to allow for meaningful monitoring of subsequent performance? Is there a parallel government planning process besides the AWPB</i>	AWPB preparation and approval is usually delayed. <ul style="list-style-type: none"> • 2018: March 2018 • 2019: August 2019 	Timely preparation of AWPB and approval from IFAD and MEF

Topic	Brief description of issues	Mitigation Measures
<p><i>that the project needs to follow?</i></p>	<ul style="list-style-type: none"> • 2020: July 2020 • 2021: Jan 2021 • 2022: Jan 2022 	
<p>b. AWPB is in line with the components in the design document and the expenditure categories of the Schedule 2 of the Financing Agreement. <i>Are activities included that were not foreseen originally? Does the budget include physical and financial targets?</i></p>	Yes	
<p>c. Financing sources and implementing agencies for each components and categories in the AWPB are identified. <i>Is there any significant variations in the funding available from different sources from previous AWPBs?</i></p>	Yes	
<p>d. Linkage between AWPB and Procurement plan are identified (for cost estimate and activities). <i>Check assumptions to support cost estimates.</i></p>	Yes	
<p>e. Does the project consistently track budget vs actuals? <i>Is there periodic analysis of planned vs actual expenses? Are significant variations noted and followed-up on?</i></p>	Yes	
3. Funds flow and Disbursements Arrangements		
<p>a. Designated Account and Disbursement methods. <i>Describe the arrangements.</i></p>	<ul style="list-style-type: none"> • For IFAD funding Revolving fund method used. Funding for 6 months AWPB is provided. Further advance is provided upon 50% justification of previous advance. • RGC uses Imprest Account method, funding through WA for replenishment basis. • Two Designated Accounts (IFAD and Counterpart Funds) at National Bank of Cambodia (NBC) 	

Topic	Brief description of issues	Mitigation Measures
	<ul style="list-style-type: none"> • Two Project Accounts (IFAD and Counterpart Funds) at Comercial Bank • One Project Account for each HUB at Comercial Bank 	
<p>i) Disbursement methods used and preparation of WAs. <i>Are the disbursement methods used by the project appropriate? How frequently are WAs prepared and submitted to IFAD? How frequently are replenishments occurring? Are direct payments being used? Are the authorized signatories aligned to the delegation of authority provided by the Borrower/Recipient? (check for ICP projects) Does the timeliness of funds disbursement affect the project implementation?</i></p>	<ul style="list-style-type: none"> • The WAs are prepared and submitted to IFAD and MEF regularly almost monthly. • The Specimen of authorized Signatories is provided to IFAD. • ARDB has submitted WA on quarterly basis as recommended. 	
<p>ii) Adequacy of the authorized allocation. <i>Is the AA adequate? Are there liquidity constraints?</i></p>	Yes	
<p>iii) Adequacy of SOEs supporting documentation. <i>Is the supporting documentation provided sufficient and according with the requirements for the specified category, SoE threshold and disbursement method?</i></p>	Yes	
<p>iv) Designated Account and Project Accounts monitoring and reconciliation. <i>Does the project prepare bank reconciliations? Are the Project Accounts reconciled with the Designated Account? Is the segregation of duties appropriate? **In the final year of implementation it is required to prepare a recovery plan.</i></p>	Yes	
<p>v) Counterpart funds (government, beneficiaries, etc.) <i>What is the counterpart funding covering? Is counterpart funding provided on a timely basis? How is the project recording and tracing the counterpart funds?</i></p>	<ul style="list-style-type: none"> • RGC provides both Cash and In-Kind contribution. • Cash contribution is budgeted in AWPB and provided through Imprest and Replenishment method. • In-kind contribution comprises of salaries, office space and utilities. • Project has developed guidelines for valuation, recording and reporting of In-kind contribution by the Government and the beneficiaries. • Project has reported Government 	

	Topic	Brief description of issues	Mitigation Measures
		and Beneficiary Contribution	
b.	Efficiency of the funding channels. Timeliness and traceability of funds. <i>Is it possible to identify the flow of funds until the final recipient? **For credit lines, describe the flow of funds and the arrangements.</i>	Yes	
c.	Budget execution compared with the AWPBs. <i>Describe any constrain in the AWPB approval process.</i>	AWPB preparation and approval takes considerable time.	
4.	Internal Controls		
a.	Policies, Procedures, and Manuals. <i>Are there policies or procedures that outline the decision processes? Are they clear? Is there a separate Financial Manual (or equivalent)? How often are policies, procedures, and manuals reviewed/updated? What is the process of approval when modifications are required?</i>	Yes. PIM, SOPs and IFAD guidelines are available. PIM has been revised.	
b.	Segregation of duties. <i>Are the following functional responsibilities performed by different units or persons?</i> i) Preparation of a transaction; ii) Review of a transaction; iii) Authorization of a transaction; iv) Custody of assets; and v) Reconciliation of accounts	Yes, proper segregation of duties is established.	
c.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, receipt of good and services, approval of payments, payment, classification, etc.) <i>Is there documentary evidence to confirm the delivery and acceptance of goods, works, and/or services? Can it be verified that they were delivered to the end beneficiaries? Perform a sample check. Are payments to suppliers and consultants done on a timely basis? If there are delays, identify how long delays are and whether they significantly impact project execution. Is the timing of the payment identified in contracts with third parties? Is the filing/archive and maintenance of records appropriate?</i>	Yes	
d.	Controls over cash. <i>What are the arrangements of cash management in the project?</i>	Yes	

Topic	Brief description of issues	Mitigation Measures
<p>Who has the control over cash, documents and records? Is this function sufficiently independent? Who has custody of the petty cash box? Is the petty cash subject to monthly reconciliation as well as spot checks?</p>		
<p>e. Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management) / and other operational accounts. <i>For decentralized activities, who is responsible for overall Financial Management? Is there adequate segregation of duties?</i></p>	<p>Yes The Project has started preparing forecasts of expenditure.</p>	
<p>f. Adequacy of contract management and filing (use of contracts register and monitoring form). <i>Is the contract register updated on a regular basis? Who is responsible for the process?</i></p>	<p>Yes</p>	
<p>g. Adequacy of controls on project assets management. i) Vehicle and other assets management (are assets property tagged, is a physical inventory count done on a regular basis?) ii) Fuel management (do drivers maintain a log book?) iii) Travel authorisations (incl. DSA paid to staff) iv) Recordkeeping for fixed assets and inventory (how often is the fixed asset register reviewed and updated?) v) What policies and procedures (insurance) are in place to adequately safeguard or protect assets from fraud, waste, and abuse?</p>	<p>Yes</p>	
<p>h. Workshops: i) Availability of list of participants (daily list of participants for multiple-day workshops) ii) If a DSA/Per diem was paid to participants. What applicable rates the projec followed for the payments? iii) Receipts/invoices for workshop expenditures. iv) How are workshop venues paid? Is there a pre-existing policy of the implementing agency on cash management for workshops?</p>	<p>Yes</p>	
<p>i. Eligibility of advances from project funds and timely justification. <i>On what basis are funds transferred to other executing agencies (MoU, Contracts, etc.)? Are the modalities for different types of partners or suppliers provided for in the PIM?</i></p>	<p>Yes</p>	
<p>j. Compliance with Financial Management covenants in the Financing Agreements and Letter to the Borrower /Recipient. <i>Identify whether any of the covenants have not been met.</i></p>	<p>The program has complied with most financing agreement covenants, while compliance on</p>	<p>• Timely submission and approval of AWPB</p>

	Topic	Brief description of issues	Mitigation Measures
		few is still outstanding including: <ul style="list-style-type: none"> • Timely submission of AWPB 	
k.	Eligibility of expenditures with respect to Financing Agreement. <i>Have there been cases of ineligible expenses noted in previous supervision missions or external audit reports? If yes, what were the reasons for ineligibility? Perform a check on at least 30% of the expenses claimed since the previous supervision mission to verify eligibility in accordance with the Financing Agreement, Letter to the Borrower, and other IFAD requirements.</i>	Yes	
l.	Existence of Internal Audit arrangements. <i>Is there an internal audit department in the implementing entity? Will the project be covered by an internal audit? If not, is internal audit deemed necessary to ensure appropriate internal controls function effectively? What is the role of the internal audit?</i>	Yes. Internal audit arrangement of the Project have been established recently.	
m.	Adequacy of internal audit arrangements and quality of report. <i>Is internal audit independent? What are the qualifications of IA staff? What is the scope of the internal audit?</i>	Yes	
n.	Assessment of matters raised in audit reports. <i>Has the internal auditor reported any issue that could lead to a potential ineligible expenditure? Has the project taken actions to address the audit recommendations?</i>	Detailed internal audit was conducted and report has been submitted to the Project wherein a number of observations are reported and recommendations have been made. However, the Internal Audit Report is not shared with IFAD.	The Internal Audit Report need to be shared with IFAD and updated on implementation of recommendations.
5.	Accounting and Financial Reporting		
a.	Basis of accounting applied by the project (cash, accrual), and whether the accounting standards are in line with IFAD's requirements (e.g.	Cash Basis	

Topic	Brief description of issues	Mitigation Measures
IFRS/IPSAS/IPSAS cash).		
b. Adequacy and reliability of accounting system. <i>Is double entry accounting used? Specify the accounting software used.</i> <i>Is budget data entered and monitor through the accounting system? Can the accounting system produce regular automated financial reports? Does the project have adequate policies and procedures and manuals in place to guide activities and ensure staff accountability? Is the accounting policies and procedures updated regularly and for the project activities? Are the policies and procedures communicated with the appropriate personnel?</i>	Yes. SAGE 50 – please see accounting software evaluation questionnaire.	
c. Fixed assets register maintained and reconciled (sample and physical check).	Yes	
d. Adequate documentation and controls for information systems, including documented accounting procedures, backup/filing of financial records, integration of all sub-systems. <i>Who is responsible for recordkeeping?</i>	Yes, Finance Officer is responsible for recordkeeping.	
e. Adequacy of chart of accounts for project accounting purposes. <i>Refer to the most recent audit review in the Audit Report Tracking System (ARTS) for the most recent assessment of financial reporting and assigned performance rating.</i>	Yes	
f. Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings. <i>Identify control measures in place.</i>	Yes	
g. Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions. <i>Does the project use the same accounting system to record co-financing?</i>	<ul style="list-style-type: none"> • In-kind contribution comprises of salaries, office space and utilities. • Project has developed guidelines for valuation, recording and reporting of In-kind contribution by the Government and the beneficiaries. • Project has recorded and reported Government, Beneficiary and 	

	Topic	Brief description of issues	Mitigation Measures
		Private Party Contribution.	
h.	Completeness, accuracy, usefulness, and timeliness of financial reports. <i>Are financial reports provided in accordance with International standards? Are financial reports prepared following the IFAD Handbook for Financial Reporting and Auditing?</i>	Yes	
i.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	Yes	
j.	Interim FM reports – unaudited annual Financial Statements <i>Does the project prepare Interim Financial Statements according to frequency outlined in the Letter to the borrower/recipient? Is the project submitting unaudited annual Financial Statements within 4 months the end of the FY?</i>	Yes	
k.	Reasonable alignment between disbursement rate of recurrent costs versus investment costs. <i>For consistency, assess the information reported in the Financial Statements against the information reported in the progress reports</i>	Yes	
6.	External Audit (Refer to Audit Report Tracking System (ARTS – Quality & Timeliness of Audit Section))		
a.	Performance of first audit. <i>If the first audit has not yet been done, comment on the status of procurement of the auditor and comment on their ToR.</i>	First Audit has been conducted.	
b.	If the first audit has already been done and assessed in the Audit Report Tracking System (ARTS): <i>(i) refer to the latest supervision mission report which should make reference to the most recent audit review (as recorded in ARTS), which should already cover timeliness and audit standards;</i> <i>(ii) comment on the status of the procurement of the auditor and the adequacy of their ToR for the next cycle; and</i> <i>(ii) comment on the implementation status of the ARTS recommendations, highlighting what has been resolved and what is still outstanding.</i>	External Audit firm is selected by MEF to external audit for all IFAD projects in Cambodia. Auditor's TORs are reviewed, discussed and agreed by MEF and IFAD. External Audit timeliness and quality is satisfactory for 2021.	

Cambodia

Accelerating Inclusive Markets for Smallholders

Supervision Report

Appendix 7: Integrated Project Risk Matrix (IPRM)

Mission Dates: 22 August to 12 September 2022

Document Date: 13/10/2022

Project No. 2000001268

Report No. 6227-KH

Asia and the Pacific Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Moderate	Moderate
<i>Political Commitment</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Governance</i>		<i>No risk envisaged - not applicable</i>
<i>Macroeconomic</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Fragility and Security</i>		<i>No risk envisaged - not applicable</i>
Sector Strategies and Policies	Moderate	Moderate
<i>Policy alignment</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Policy Development and Implementation</i>		<i>No risk envisaged - not applicable</i>
Environment and Climate Context	Moderate	Moderate
<i>Project vulnerability to environmental conditions</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project vulnerability to climate change impacts</i>	<i>Low</i>	<i>Low</i>
Project Scope	Moderate	Moderate
<i>Project Relevance</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Technical Soundness</i>	<i>Moderate</i>	<i>Moderate</i>
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
<i>Implementation Arrangements</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Monitoring and Evaluation Arrangements</i>	<i>Moderate</i>	<i>Low</i>
Project Financial Management	Low	Low
<i>Project Organization and Staffing</i>	<i>Low</i>	<i>Low</i>
<i>Project Budgeting</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Funds Flow/Disbursement Arrangements</i>	<i>Low</i>	<i>Low</i>
<i>Project Internal Controls</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Accounting and Financial Reporting</i>	<i>Low</i>	<i>Low</i>
<i>Project External Audit</i>	<i>Low</i>	<i>Low</i>
Project Procurement	Moderate	Moderate
<i>Legal and Regulatory Framework</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Accountability and Transparency</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Capability in Public Procurement</i>	<i>Low</i>	<i>Low</i>
<i>Public Procurement Processes</i>	<i>Low</i>	<i>Low</i>
Environment, Social and Climate Impact	Low	Low
<i>Biodiversity Conservation</i>	<i>Low</i>	<i>Low</i>
<i>Resource Efficiency and Pollution Prevention</i>		<i>No risk envisaged - not applicable</i>
<i>Cultural Heritage</i>		<i>No risk envisaged - not applicable</i>
<i>Indigenous People</i>		<i>No risk envisaged - not applicable</i>
<i>Labour and Working Conditions</i>		<i>No risk envisaged - not applicable</i>

Risk Category / Subcategory	Inherent risk	Residual risk
<i>Community Health and Safety</i>		<i>No risk envisaged - not applicable</i>
<i>Physical and Economic Resettlement</i>		<i>No risk envisaged - not applicable</i>
<i>Greenhouse Gas Emissions</i>		<i>No risk envisaged - not applicable</i>
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>		<i>No risk envisaged - not applicable</i>
Stakeholders	Moderate	Low
<i>Stakeholder Engagement/Coordination</i>	<i>Moderate</i>	<i>Low</i>
<i>Stakeholder Grievances</i>		<i>No risk envisaged - not applicable</i>
Overall	Moderate	Moderate

Country Context	Moderate	Moderate
Political Commitment	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> - The country continues to face international criticisms with respect to the observance of human rights. The U.N. human rights office has criticised what it calls growing repressive measures by the Cambodian government that stifle freedom of expression and assembly practiced by the country. Allegations have been made to the effect that such deterioration deepened with COVID-19 pandemic especially ahead of elections in 2023. Source: https://ifex.org/deterioration-of-human-rights-in-cambodia-amid-covid-19/ 's human rights defenders. - Legal and regulatory frameworks in general remains weak. 	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • Citing 'serious and systematic concerns related to human rights' the European Union (EU) has withdrawn Everything But Arms (EBA) on 20% of Cambodia's export to EU (see more below- Macroeconomic). • Direct implications of weak legal framework on procurement and related processes are being managed through continuous support, review of contracts. • Overall, ensuring alignment with evolving legal/ regulatory framework ensured through absorbing lessons from the country portfolio, appointing a strong central PMU team and regular monitoring by country-based IFAD Country Programme Officer (CPO). • The overall policy direction has been consistent, with Ministry of Economy and Finance guiding partners. The IFAD country team, comprising of the Country Director and CPO, is in regular discussions with MEF and other implementing Ministries to anticipate and address any emerging risks. <p>On the positive, Cambodia's exports now enjoys duty-free and quota-free access to the markets in the United Kingdom, commencing 2021 .</p>		
Governance		No risk envisaged - not applicable
No risk envisaged- overall institutional and political stability secure, Ministries have policy stability, Standard Operating Procedures for IFI-financed projects have been developed and validated by all major IFIs. To be updated by end 2020 if any new findings are discovered during the first supervision mission.		
Macroeconomic	Moderate	Moderate

<p>Risk:</p> <p>The inherent and residual risks are low, given that Cambodia has managed COVID related disruptions well, vaccinating its citizens and also opening the economy earlier than the neighbours. While the country seen steady growth (consistently over 6% over two decades), and slowly reducing inequality, due to covid and also geo political tensions leading to an oil price shock, Cambodia's real growth is projected to reach 4.5 percent in 2022 as per World Bank .</p> <p>So far, the responses made by the Royal Government of Cambodia have been highly effective. Cambodia has shifted to a strategy of "living with COVID-19," enabling a broad-based economic recovery to take shape. It has continued relief measures including cash relief program for poor and vulnerable families; As of February 2022, the program covered 690,000 households (2.7 million individuals) or approximately 19 percent of households. Tourism is recovering. Production of rice, Cambodia's main crop, accounting for close to 60 percent of agricultural GDP, rose by 9.3 percent during the 2021–22. More efforts are needed to promote agricultural commodity exports to maximize the benefit of the newly ratified bilateral and multilateral free trade agreements, namely the Cambodia-China Free Trade Agreement (CCFTA) and the Regional Comprehensive Economic Partnership (RCEP).</p>	Moderate	Moderate
<p>Mitigations:</p> <p>IFAD is in touch with WB/ ADB/ Ministries and other partners to anticipate and address any risks. The IFAD country team is in close and regular contact with senior officials of the Ministry of Economy and Finance and will anticipate and try and ensure the program is protected from any such risks.</p> <p>Considering overall financial situation of GKOC, the MTR mission has adjusted the GKOC's share of financing in 2022 and thereafter. The SM has laid emphasis on promoting sustainable producers' organization which would help enhancing the resilience of Cambodian farming communities in the longer term. A more resilient value chains will also be underpinned by intensive social mobilization and 'fit for purpose' technical advisory services as agreed during the mission.</p>		
<p>Fragility and Security</p>		No risk envisaged - not applicable
<p>No risk envisaged- overall institutional and political stability are secure. To be updated if any new findings are discovered.</p>		
<p>Sector Strategies and Policies</p>	Moderate	Moderate
<p>Policy alignment</p>	Moderate	Moderate
<p>Risk:</p> <p>While no major risk foreseen with regard to alignment with COSOP/ country policies, the coronavirus pandemic and also geo political tensions, has increased the headcount of rural poor. IFAD's assistance to GKOC to reverse this trend and once again achieve impressive gains in reducing poverty becomes highly relevant in this context.</p>	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • IFAD will continue regular discussions with MEF/UNCT/ IFIs/ other partners to anticipate and address any risks. • IFAD country team will constantly monitor the impact of geo political tensions and the EU imposition of higher duties on certain Cambodian exports and try helping GKOC to formulate appropriate policy and programme responses. • With the COVID-19 restrictions lifted, movement of goods and services and consequently sales are expected to improve beyond pre covid levels. 		
<p>Policy Development and Implementation</p>		No risk envisaged - not applicable

No risk envisaged. AIMS is very well aligned with the Rectangular Strategy and Ministry of Commerce priorities.		
Environment and Climate Context	Moderate	Moderate
Project vulnerability to environmental conditions	Moderate	Moderate
<p>Risk:</p> <p>AIMS falls under the category C for social and environmental risk (SECAP note), with negligible adverse impact such as soil erosion and use of agro chemicals that could be alleviated by a series of mitigation measures from the project activities. The project will not engage in the rehabilitation and construction of large infrastructure that would imply economic resettlement and physical displacement.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Through TSPs, the project is training households in appropriate usage of fertilisers and chemicals; with increase in prices of inputs households are being trained to make and use compost. By promoting the making and use of compost fertilisers including using chicken droppings, AIMS is helping to reduce application of chemical fertilisers, increase the soil organic matter and thereby more sustainable land use. By adopting drip irrigation water usage and chemical usage are reduced by vegetable growers.</p> <p>The programme will keep on mainstreaming awareness of and adaptation to climate change into market-oriented smallholder agriculture production.</p>		
Project vulnerability to climate change impacts	Low	Low
<p>Risk:</p> <p>Overall, Cambodia is vulnerable to climate change due to its reliance on rain-fed agriculture and lack of resources to cope with floods and droughts. The direct impacts of climate change in Cambodian agriculture relate to rising temperatures, changing rainfall patterns and sea level rise, which generate secondary effects on ecosystems and natural resources. The key issues that needs to be tackled are: (i) projected shifts in seasons and rainfall patterns that will bring about changes in the Mekong River hydrological system, changes in the rate of groundwater recharge and increased frequency and intensity of droughts and floods; (ii) rising temperatures that may have negative effects on the growing and flowering cycles of crops, leading to reduced yields, increased incidence of pests and diseases, and resultant increase in the use of pesticides and other chemical inputs; (iii) changes to forest composition that may lead to changing availability of forest resources for rural livelihoods, reduced forest productivity, increased risk of forest fires, and submergence of mangrove forests; and (iv) shorter rainy seasons that will reduce the period for breeding and spawning, leaving less opportunity for fish populations to propagate and for young fish to reach maturity before migration, and creeping of salinity further inland potentially affecting freshwater fisheries.</p>	Low	Low
<p>Mitigations:</p> <p>- Inclusion of climate change adaptation measures in business literacy modules improve awareness of farmers. Introduction of practical measures such as short yielding rice, adoption of micro irrigation and net houses, better housing for chicken are improving adaptation measures.</p>		
Project Scope	Moderate	Moderate
Project Relevance	Moderate	Moderate
<p>Risk:</p> <p>Risk of Ineffective targeting of poorer smallholders, which are core to the project's Development Objective. Risk of unsustainable project approach.</p>	Moderate	Moderate

<p>Mitigations:</p> <p>Mitigation measures to counter Ineffective targeting of poorer smallholders include;</p> <ul style="list-style-type: none"> • Ensure rigorous and objective initial value chain assessment and selection process. • Process to ensure perspectives of farmers are considered during the value chain prioritization and intervention strategy design • Farmers organization play a central role in project implementation - as active participants of the Hub teams and also sitting on the Steering Committee and Hub Investment Committees and Central Investment Committee. <p>PMO will continue to increase the ratio of ID1and ID2, among the AIMS project beneficiary-participants by including interested poor HHs in existing POs.</p>		
<p>Technical Soundness</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk:</p> <p>The initial design assessed that there would be sufficient market potential and growth opportunities for the identified value chains. The risk was assessed as low. This was verified and established by the MTR which while identified issues with production, did not find market-related issues.</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Mitigations:</p> <p>There was a selection of five initial flagship products with scope for increased market access and growth. Of these, raw silk VC is still has a very small base. Products target both domestic and export markets, given some diversity and reducing concentration risks. The MTR mission agreed with the management risks that given the project team's capacity the list of VCs will be only 5.</p>		
<p>Institutional Capacity for Implementation and Sustainability</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Implementation Arrangements</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Risk:</p> <p>Risk of weak Project Coordination and complexity in reporting/ implementation arrangements, between different Ministries (with aligned activities being split across ministries), the AIMS hubs and provincial departments, VC development team and VC financing team.</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Mitigations:</p> <p>Following the 2019 supervision mission and the January 2020 implementation support mission, the project has been restructured along the following lines: move component 2 from MEF to MOC to ensure better intra-ministerial coordination, VC and private sector teams merged, staff decentralized to provinces to ensure closer support to farmer groups. The October-2020 SM has agreed with PMO for further strengthening of the implementation arrangement such as by reallocating some tasks between the social mobilisers and the VC teams, rigorous application of performance-based contract management – both for firms/ NGOs and individual consultants.</p> <p>As part of exit strategy, five staff in each PDOC are now inducted into project management teams and their capacities are being built.</p>		
<p>Monitoring and Evaluation Arrangements</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>Risk of M&E/MIS system not being fully operationalized.</p>	<p>Moderate</p>	<p>Low</p>

<p>Mitigations:</p> <p>The Project management has made earnest efforts to make M&E system operational. 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. Following recommendations of past missions, the project simplified data collection points further but still finds that SMs facing difficulty to collect data. Data accuracy is a challenge. With SM organisations exiting by March 2023, the data collection will further be simplified. Overall, the risk is fairly contained.</p>		
Project Financial Management	Low	Low
Project Organization and Staffing	Low	Low
<p>Risk:</p> <p>N/A</p>	Low	Low
<p>Mitigations:</p> <p>N/A</p>		
Project Budgeting	Moderate	Low
<p>Risk:</p> <p>AWPB preparation and approval is usually delayed.</p>	Moderate	Low
<p>Mitigations:</p> <p>Timely preparation of AWPB and approval from IFAD and MEF</p>		
Project Funds Flow/Disbursement Arrangements	Low	Low
<p>Risk:</p> <p>N/A</p>	Low	Low
<p>Mitigations:</p> <p>N/A</p>		
Project Internal Controls	Moderate	Low
<p>Risk:</p> <p>Detailed internal audit was conducted and report has been submitted to the Project wherein a number of observations are reported and recommendations have been made. However, the Internal Audit Report is not shared with IFAD.</p>	Moderate	Low
<p>Mitigations:</p> <p>The Internal Audit Report need to be shared with IFAD and updated on implementation of recommendations.</p>		
Project Accounting and Financial Reporting	Low	Low
<p>Risk:</p> <p>New IFR have been submitted to IFAD in required format and on time.</p>	Low	Low
<p>Mitigations:</p> <p>N/A</p>		
Project External Audit	Low	Low

Risk: N/A	Low	Low
Mitigations: N/A		
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
Risk: The recent MTR observed that the processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance and noted further that with adequate implementation support, prompt resolution of issues/constraints is likely. According to PEFA 2021 for Cambodia, Procurement Monitoring was assessed “High risk”. The General Department of Public Procurement (GDPP) maintains records with data on what have been procured, value of the procurement and who has been awarded the contract for all contracts above thresholds but cannot evidence the materiality of these contracts against the total procurement methods for goods, services and works as there is no integrated system to monitor procurement values and records. It is noted that only public procurement, NOT procurement under donor funded projects/programs were assessed under the PEFA 2021 for Cambodia.	Moderate	Moderate
Mitigations: As such, the risk is within manageable bounds and appropriate recommendations have been made, particularly for strengthening of the contracts awarded for providing the services for social mobilisation. Using NOTUS and ICP Contract Monitoring Tool for monitoring project procurement activities.		
Accountability and Transparency	Substantial	Moderate
Risk: The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are somewhat inadequate to safeguard the integrity of project procurement, as noted above. Recently, the RGC has adopted the Sub-decree no.21 ANKr.BK, dated 21 February 2018, on Rules and Procedures for Complaints and Mechanism of Complaint Resolution. A Committee of Public Procurement Arbitration has been committee established as an independent composed of the Minister of Economy and Finance as a chairman, Secretary of State of Economy and Finance as a vice chairman, Director General of GDPP as a permanent member, and director general of the GDICDM, and Head of the Legal Council Secretariat as members. The GDPP is acting as a technical adviser to the Committee and provides recommendations but the ultimate decision is made above GDPP (PEFA 2021).	Substantial	Moderate
Mitigations: Corruption - systemic problems however periodic oversight mission and audits are in place to mitigate potential issues. Appropriate recommendations have been made with respect to contracts management.		
Capability in Public Procurement	Low	Low
Risk: Limited risk as to the gaps in processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the project does exist.	Low	Low

Mitigations: 1). Retain procurement professionals to support full time and intermittently 2). Provide training to provincial project staff		
Public Procurement Processes	Low	Low
Risk: Limited risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive does exist.	Low	Low
Mitigations: 1). Encourage better procurement planning to avoid unnecessary delays. 2). Strengthen internal control environment to better manage contract administration and management. Apply result-based mechanisms for consulting service contracts as possible. Process payments service providers based on the acceptance of the achieved results. 3). Bolster record management practises.		
Environment, Social and Climate Impact	Low	Low
Biodiversity Conservation	Low	Low
Risk: Use of agro chemicals is noticeable for rice and others crops.	Low	Low
Mitigations: The issue of agro-chemicals will be alleviated with the application of Integrated Pest Management (IPM) and adoption of good agriculture practices.		
Resource Efficiency and Pollution Prevention		No risk envisaged - not applicable
No risk envisaged- assessments were conducted during the design. To be updated by end 2020 if any new findings are discovered during the first supervision mission.		
Cultural Heritage		No risk envisaged - not applicable
No risk envisaged- no implications on cultural heritage,. To be updated by end 2020 if any new findings are discovered during the first supervision mission.		
Indigenous People		No risk envisaged - not applicable
No risk envisaged- no implications on indigenous peoples or displacement/ resettlement. Project is paying special attention in working with technical service providers and also traders to provide services to Indigenous people		
Labour and Working Conditions		No risk envisaged - not applicable
No risk envisaged- no implications on labour and working conditions since only smallholder groups supported. To be updated by end 2020 if any new findings are discovered during the first supervision mission.		
Community Health and Safety		No risk envisaged - not applicable

No risk envisaged- no implications on community health and safety since only smallholder groups supported. To be updated by end 2020 if any new findings are discovered during the first supervision mission.		
Physical and Economic Resettlement		No risk envisaged - not applicable
No risk envisaged- no implications on resettlement since only smallholder groups supported. To be updated by end 2020 if any new findings are discovered during the first supervision mission.		
Greenhouse Gas Emissions		No risk envisaged - not applicable
No risk envisaged- no implications on greenhouse gas emissions since only smallholder groups supported. To be updated by end 2020 if any new findings are discovered during the first supervision mission. There has been no changes on this front.		
Vulnerability of target populations and ecosystems to climate variability and hazards		No risk envisaged - not applicable
No risk envisaged- no implications on Vulnerability of target populations and ecosystems to climate variability and hazards.		
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Moderate	Low
Risk: During design that the unfamiliar approach to market-oriented agriculture development will slow down project delivery and thereby reduce impacts was identified. While this risk persists to an extent, it is less pronounced than the provisioning of agricultural advisory services.	Moderate	Low
Mitigations: The following actions have been taken: <ul style="list-style-type: none"> • Providing intensive and sustained technical assistance, including through the IFAD ISMs. • Better alignment and collaboration with ASPIRE and more generally with MAFF. • Engagement of service providers, such as GIC for poultry value chain, KLT for vegetable, AMRU rice for rice and GDA for cassava who have expertise in both production and marketing aspects of selected VC. • Reorganization of the project team for managing the VC development and VC financing. • Instituting of a province-based delivery structure, bringing project implementation closer to the primary beneficiaries. And one work plan for all thus ensuring joint planning and delivery by all stakeholders. 		
Stakeholder Grievances		No risk envisaged - not applicable
Consultative MSPs are conducted for all planning and design of activities. No infra or resettlement implications under the project.		