

## Cambodia

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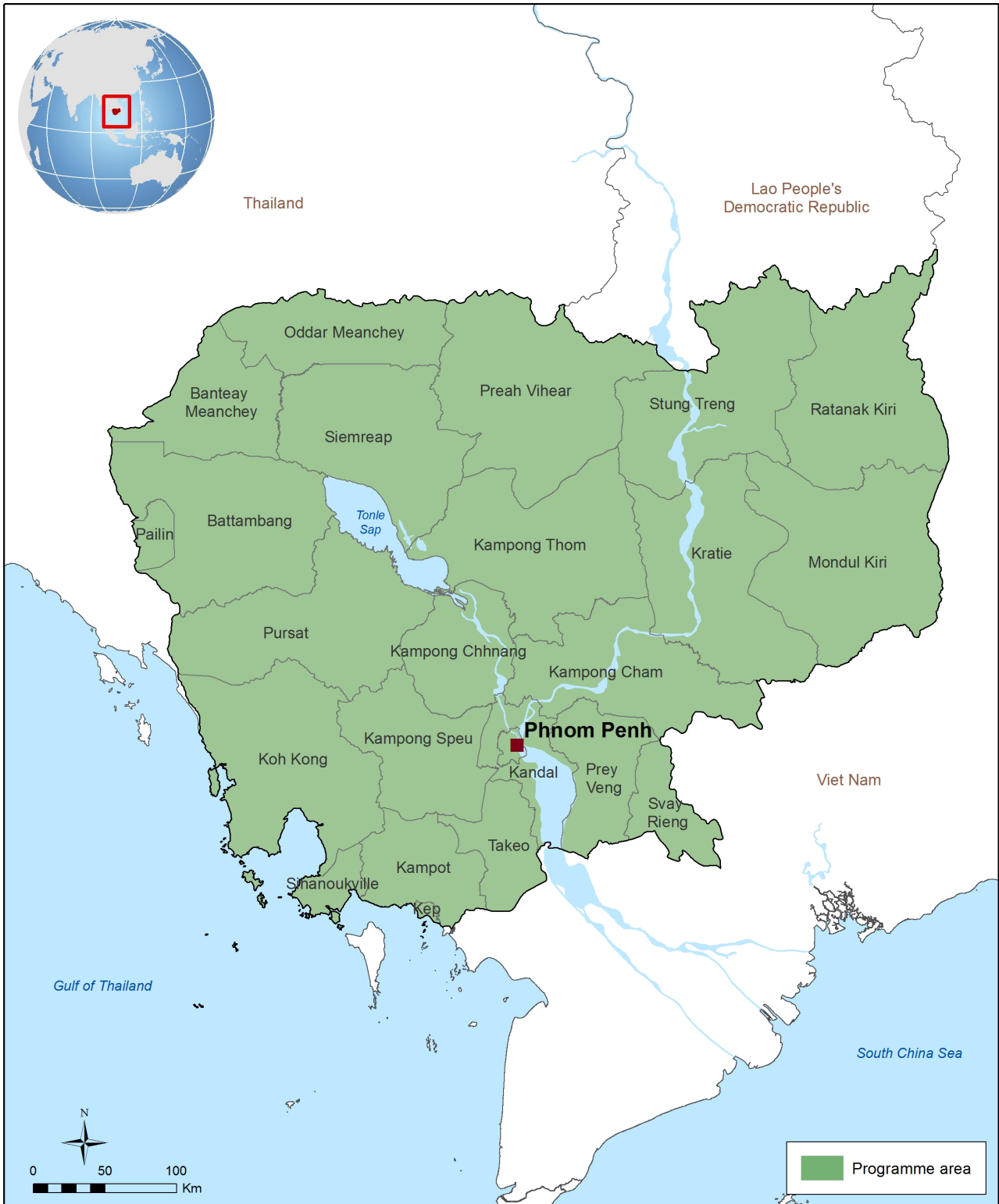
# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

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# Map of the Project Area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
Map compiled by IFAD | 04-03-2019

## Abbreviations and Acronyms

<b>Abbreviation</b>	<b>Description</b>
<b>AFD</b>	Agence Francaise de Developpement
<b>AIMS</b>	Accelerating Inclusive Markets for Smallholders
<b>APR</b>	Asia Pacific Region
<b>ASMP</b>	Agriculture Sector Master Plan
<b>ASPIRE</b>	Agriculture Services for Innovation, Resilience and Extension
<b>AWEIA</b>	Abbreviated Women's Empowerment in Agriculture Index
<b>BoQ</b>	Bills of Quantities
<b>CEWA</b>	Cambodian Women Entrepreneurs Association
<b>COSOP</b>	Country Strategic Opportunities Program
<b>CPSE</b>	Country Programme Strategic Evaluation
<b>DBST</b>	Double Bitumen Surface Treatment
<b>ECG</b>	Evaluation Cooperation Group (of IFAD)
<b>EDF</b>	Enterprise Development Fund
<b>ESCRA0</b>	Environment, Social and Climate Risk Assessment
<b>ESS</b>	Environmental and Social Safeguards
<b>FMD</b>	Financial Management Division (of IFAD)
<b>FO</b>	Farmer Organisation
<b>GDE</b>	General Department of Energy (of MME)
<b>GDEPPF</b>	General Department of Economic and Public Financial Policy (of MEF)
<b>GDICDM</b>	General Department of International Cooperation and Debt Management (of MEF)
<b>GEF</b>	Global Environment Facility
<b>GIS</b>	Geographic Information System
<b>ICT</b>	Information and Communication Technology
<b>IFAD</b>	International Fund for Agriculture Development
<b>IFI</b>	International Finance Institution
<b>IMF</b>	International Monetary Fund
<b>INDC</b>	Intended Nationally Determined Contributions (to climate change mitigation)
<b>IOE</b>	Independent Office of Evaluation
<b>IPLR</b>	Economic Infrastructure Programme to Sustain Land Reform Implementation
<b>IRF</b>	Integrated Risk Framework
<b>ISM</b>	Implementation Support Mission
<b>KfW</b>	German development bank
<b>LEG</b>	(Legislative) Office of the General Counsel (of IFAD)
<b>M&amp;E</b>	Monitoring and Reporting
<b>MAFF</b>	Ministry of Agriculture, Forestry and Fisheries
<b>MDG</b>	Millennium Development Goal
<b>MEF</b>	Ministry of Economy and Finance
<b>MFI</b>	Micro-Finance Institution
<b>MIS</b>	Management Information System

<b>MME</b>	Ministry of Mines and Energy
<b>MoWA</b>	Ministry of Women's Affairs
<b>MRD</b>	Ministry of Rural Development
<b>MSP</b>	Multi-Stakeholder Platform
<b>MTR</b>	Mid-Term Review
<b>ORMS</b>	Operational Results Management System
<b>PDAFF</b>	Provincial Department of Agriculture, Forestry and Fisheries
<b>PDO</b>	Project Development Objective
<b>PDoC</b>	Provincial Department of Commerce
<b>PDRD</b>	Provincial Department of Rural Development
<b>PDT</b>	Project Design Team
<b>PEFA</b>	Public Expenditure and Financial Accountability
<b>PIM</b>	Project Implementation Manual
<b>PIU</b>	Project Implementation Unit
<b>PMI</b>	Production, Marketing and Institutions division (of IFAD)
<b>PSA</b>	Program Steering Committee
<b>PMU</b>	Project Management Unit
<b>PY</b>	Project Year
<b>RBA</b>	Rome Based Agency
<b>REF</b>	Rural Electrification Fund
<b>RET</b>	Renewable Energy Technology
<b>RGC</b>	Royal Government of Cambodia
<b>RIMS</b>	Results and Impacts Monitoring System
<b>RIMS</b>	Results and Impact Management System
<b>RS</b>	Rectangular Strategy
<b>SAAMBAT</b>	Sustainable Assets for Agriculture Markets, Business and Trade
<b>SDF</b>	Skills Development Fund
<b>SME</b>	Small and Medium Enterprises
<b>SOP</b>	Standard Operating Procedures (for Externally Assisted Projects)
<b>S-RET</b>	Scaling Up Renewable Energy Technology
<b>SSTC</b>	South-South and Triangular Collaboration
<b>TSC</b>	Techo Start-Up Centre
<b>TSSD</b>	Tone Sap Smallholder Development Project
<b>TVET</b>	Technical and Vocational Education and Training
<b>TWG-AW</b>	Technical Working Group for Agriculture and Water
<b>UNCT</b>	United Nations Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>USAID</b>	United States Agency for International Development
<b>USAID</b>	United States Agency for International Development
<b>VFM</b>	Value For Money

## Weights and measures

<b>1 kilogram</b>	=	1000 g
<b>1 000 kg</b>	=	2.204 lb.
<b>1 kilometre (km)</b>	=	0.62 mile
<b>1 metre</b>	=	1.09 yards
<b>1 square metre</b>	=	10.76 square feet
<b>1 acre</b>	=	0.405 hectare
<b>1 hectare</b>	=	2.47 acres

## Executive Summary

### Background and Rationale

Cambodia has made significant progress in seeking to recover from its history of instability and reached lower middle-income status by 2017. Growth has been driven mainly by manufacturing and services, but agriculture still provides around half the current employment levels. Wage income, both locally and from migratory labour, is increasingly important to rural households. Poverty fell to 13.5% by 2014 but a high proportion of rural families still remain poor or vulnerable to poverty.

Labour productivity remains low in the agriculture sector. Supply chains are underdeveloped with high energy and transport costs. Small and medium enterprises (SME) lack the enabling environment to grow. There is low coverage of infrastructure with only about 2,000 km of the 45,000 km rural road network being hard-paved.

Women's economic participation (78%) is high and the Abbreviated Women's Empowerment in Agriculture Index (AWEIA<sup>[1]</sup>) was measured at a relatively good figure of 0.74 in 2015. However, women continue to face disadvantages and earn 30% less than men for equivalent work. Women predominate in the micro and small business sector and this creates opportunities for them to benefit from enterprise development and access to ICT. Cambodia's population is the 'youngest' in Southeast Asia, but rural youth lack skills and job opportunities in their home areas (while 98% of children register in primary school, only 30% graduate from high school). Less than 2% of youth receive technical and vocational education. The rest form a large cohort of unskilled labour that are not sustainably absorbed in remunerative jobs<sup>[2]</sup>.

Cambodia is highly vulnerable to climate change due to its reliance on rain-fed agriculture and lack of resources to cope with floods and droughts. Farmers face increasingly unpredictable weather while rising temperatures threaten increased livestock morbidity and falling rice yields.

The Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) project will deliver outputs designed to address these challenges. Climate change adaptation will be mainstreamed in all components, and the project will contribute to mitigation through reduced greenhouse gas (GHG) emissions. The project includes activities specifically targeting empowerment of women and improved economic opportunities for youth.

### Project Results

The Project Development Objective (PDO) is to "sustainably increase productivity of rural youth, enterprises and the rural economy"<sup>[3]</sup>, contributing to the Goal of Reduced Poverty and Enhanced Food Security. It is expected that 200,000 rural households will benefit from two Outcomes: (1) poor rural people's benefits from market participation increased; and (2) poor rural people's productive capacities increased.

SAAMBAT will be delivered within a programmatic framework integrating the results of the broader IFAD country programme and projects financed by the Royal Government of Cambodia (RGC) and its development partners. The programmatic approach will operate at multiple levels including planning, coordination and facilitation through Multi-Stakeholder Platforms (MSP) within project areas (known as Economic Poles); coordination of Annual Work Plan and Budget (AWPB) preparation, joint supervision missions and a joint Country Programme Steering Committee, SAAMBAT will support programme development including a joint M&E framework.

Key outputs of SAAMBAT will include construction of approximately 300km of hard-paved and 150km of gravel roads, 50 rural market areas improved and about 25 other value chain logistics facilities which may include ferry landings, produce collection points etc. Five thousand rural youth will be trained in vocational skills or entrepreneurship, with about 500 young entrepreneurs assisted to establish businesses. About 5,000 farmers and value chain actors will receive training in digital literacy and assistance to adopt digital technology, while new digital applications for the rural sector will be developed, tested and launched, reaching 25,000 users by the end of the project. SAAMBAT will also support a major feasibility study for development of regional wholesale markets for safe vegetables, and at least three policy research studies leading to production of policy briefs. During implementation, the project will seek opportunities and additional financing to support on-farm and near-farm water management in cooperation with the private sector and agriculture cooperatives, and to scale up renewable energy technology for smallholder agriculture.

### Target Areas and Beneficiaries

In line with the programmatic approach SAAMBAT will work nationally and in 50 main production areas, referred to as Economic Poles (EP), of commodities targeted by ASPIRE<sup>[4]</sup> and AIMS<sup>[5]</sup> which are active in 20 of the 25 Provinces of Cambodia. For Phase 1, 10 EP have been selected from the Provinces of Battambang, Kampong Cham, Kampong Chhnang, Kandal and Svay Rieng through an inclusive stakeholder process based on set criteria including: (1) potential for agricultural growth based on smallholder production; (2) need for infrastructure (3) strong commitment and capacity of local leadership; and (4) poverty and a high level of outward labour migration, particularly by youth. Areas of importance to the vegetable value chain have been prioritized.

Fifteen additional EP will be selected in PY1-PY2 and a further 25 at mid-term. This arrangement will allow selection to respond to opportunities created by expansion of AIMS and ASPIRE and to take account of partner projects' planning. SAAMBAT will finance hard-paved roads 25 Poles. The remaining 25 Poles will be in areas where projects financed by KfW/AFD, World Bank and / or Asian Development Bank will construct paved roads. In these EP SAAMBAT will finance smaller value-chain infrastructure and non-infrastructure investments.

The primary target groups of SAAMBAT are (i) smallholder farmers with potential to strengthen market-led production; (ii) unemployed/underemployed youth (below 30 years old) from poor rural households who are willing to seek formal employment and enhance their skills accordingly; and (iii) private enterprises and cooperatives which play an important role in improving efficiency and value addition of key value chains in the Economic Poles. Women will benefit at least proportionately with men but given their predominance in the agriculture and small enterprise sectors, it is anticipated that a majority of direct participants in project activities will be women. Households suffering multi-dimensional poverty are targeted through the area targeting which is aligned with AIMS and ASPIRE. For all activities requiring selection at individual or household level, households with ID-Poor cards will be prioritised.

## Components

**Component 1: Value Chain Infrastructure** has the expected outcome *poor rural people's benefits from market participation increased*. Physical outputs will include 450km of rural road financed directly; around 50 rural market areas improved and 25 other value chain infrastructure facilities. Water management schemes and renewable energy technologies will be supported if suitable opportunities and funding are identified.

Infrastructure sub-projects will be selected on the basis of their ability to stimulate private investment and growth in value chains supported by AIMS and / or ASPIRE, particularly the safe vegetable value chain. Tertiary roads will be bitumen paved or concrete in areas prone to flooding. Farm access roads will be gravel-surfaced. Ferry crossings will improve landings and access at crossings operated by private operators. Markets and logistics facilities will be operated by user committees. All infrastructure will be constructed to meet climate-proofed standards and opportunities for climate adaptation co-benefits will be actively sought.

**Water for agriculture**, which is a key constraint for smallholders, will be addressed primarily through partnership with AFD's WAT4CAM<sup>[6]</sup> SAAMBAT will study the feasibility of developing innovative, private-sector or agriculture-cooperative based approaches to on-farm and near-farm water management, potentially in partnership with WAT4CAM. A further option will be to scale up RET for smallholder agriculture, based on the final evaluation of the ongoing S-RET project. If suitable opportunities and funding are identified, these activities will be integrated into SAAMBAT from Year 3 onwards.

**Component 2, Skills, Technology and Enterprise** with the Outcome *poor rural people's productive capacities increased*, is expected to result in at least 4,500 rural youth productively employed, 500 SME developed and 25,000 rural value chain actors using digital technology. Physical outputs will include skills training for 6,840 rural youth, a rural business incubator and the development of a "Khmer Agriculture Suite" (KAS) of digital applications for the rural economy.

**Sub-Component 2.1, Skills for Rural Youth**, will assist rural youth to acquire technical skills or to start their own businesses. Youth entering the program will join an induction course of soft skills needed for entry into formal employment or training. These youth will be assigned to a national or a local / rural economy technical skills training course or, through the rural business incubator, will be connected to training, advice and finance to start businesses.

**Sub-Component 2.2: Technology and Enterprise for Agricultural Value Chains** will assist RGC's Techo Start-Up Centre (TSC) to create a "Khmer Agriculture Suite" (KAS) , comprising an open digital platform and supporting infrastructure. Three groups of activities will be mutually reinforcing but also capable of delivering results independently: development of the core KAS platform and key applications; a Challenge Fund will incentivize digital innovators to develop, launch and run applications benefitting smallholder agriculture (including climate change adaptation and nutrition); and an outreach campaign through which value chain actors in the ASPIRE and AIMS Business Clusters will receive training in digital literacy and use of existing digital applications; and will participate in testing, dissemination and roll-out support for the KAS applications.

In **Sub-Component 2.3: Strategic Studies, Policy Research and Programme Development** strategic studies will consist of feasibility and / or pre-design studies of investments with potential to benefit smallholders, including one major feasibility study for regional wholesale markets for the safe vegetable value chain. Policy Research will promote development of the smallholder agriculture sector, extension of the digital technology ecosystem to the rural economy and mainstreaming climate change, gender, youth and nutrition; and will inform the future development of the IFAD country programme. These will be reviewed at the country program steering committee (including the contribution of the program to gender transformation and towards mainstreaming climate change issues). The sub-component will also finance activities to strengthen the programmatic approach linking the IFAD country programme and partner projects in a common goal-setting, planning and M&E framework aligned with RGC policy and IFAD corporate priorities.



## Theory of Change

SAAMBAT seeks a sustainable reduction in long-term, multi-dimensional poverty, vulnerability and food insecurity as a result of a more productive, equitable and diverse rural economy. Smallholder production will be more market-directed and will make increasing use of modern technology. The agriculture labour force will continue to decline but this change must be managed. The rural population will need new technical and soft skills for farm production, other agriculture value chain activities, non-agriculture rural services or to employment in non-rural sectors.

Low rural productivity and limited economic opportunities especially for youth and women result from a complex of problems including poor market connectivity, high energy costs, skills shortages, limited uptake of modern technologies, lack of growth-oriented small and medium enterprises (SME), climate change risks and gender inequalities. SAAMBAT will complement AIDS, ASPIRE and partner programmes to address these constraints holistically. The integrated programme will reduce production and marketing costs, increase private sector investment and activity and increase productivity of labour for farmers, SME owner-operators and employees. In turn, smallholders, poor households, women and youth will experience increased incomes and expanded economic opportunities. A strengthened and diversified rural economy will become more resilient to climate change.

## Alignment, ownership and partnerships

SAAMBAT design is aligned with the policies and strategies of RGC and with IFAD corporate priorities. RGC development strategy is expressed through its “Rectangular Strategy” and the National Strategic Development Plan (NSDP) which include as priorities rural infrastructure, RET and skills training. Development of the digital economy is a particular focus of policymakers. The draft Agriculture Sector Master Plan (ASMP) aims at private sector led growth through improved market infrastructure and logistics and encouragement of SME.

The project supports relevant SDGs and IFAD-11 priorities including gender transformative support to women’s economic empowerment, youth-sensitive activities for employment generation and a climate change focus. The project design reflects an evolving partnership with AFD and KfW. Discussions have been initiated with Swiss Development Cooperation (SDC) for a partnership which would leverage SDC’s existing expertise and implementation capacity for skills, technology and enterprise development. FAO hope to provide technical cooperation assistance for digital economy and for Good Agriculture Practice (GAP). The project will enhance nutrition through support to the safe vegetable value chain and IFAD will seek to develop Rome-Based Agency cooperation with nutrition strategies of WFP and FAO. Discussions with potential private sector partners have been initiated.

The project design directly addresses key recommendations of the IFAD Country Strategic Programme Evaluation (CSPE) completed in 2018: “two-pronged” targeting of advanced smallholders and poor households; and balancing investment in hardware and human capital. The programmatic approach also responds to CSPE recommendations for deeper partnerships with farmer organisations, options for strengthened regulatory services and working with partners to mobilise additional investments. Key recommendations of the IFAD Annual Report on Results and Impact (ARRI, 2018) on planning infrastructure around market access and on developing specific approaches to youth are reflected in the SAAMBAT design.

The design mission presented the outline design to a multi-stakeholder workshop including representatives of relevant Ministries, development partners, NGOs and the private sector on 29/11/2018. One-to-one discussions have been held with key donor agencies and with potential implementing partners from the NGO and private sector. SAAMBAT is designed to complement projects financed by other donors and this is expected to lead to formal partnership agreements including a three-way agreement with KfW and AFD (and potentially with other partners, including the European Investment Bank/ EIB, which is currently developing a loan with the Ministry of Economy and Finance/ MEF to cofinance SAAMBAT).

## Costs, benefits and financing

Total project costs are estimated as USD 92.1 million of which 15.3% is the foreign exchange component and 6.5% is duties and taxes. Component 1 is allocated 66.3% of total costs, Component 2, 28.1% and project management 5.6%.

The project will be financed by an IFAD loan of USD 53.2 million, IFAD Grant of USD 1.2 million and RGC counterpart financing of USD 11.3 million. Financing for a funding gap of USD 25.2 million will be sought in the next PBAS cycle. Beneficiary financing of USD 144,000 and approximately USD 1.1 million national budget expenditures for maintenance of project roads during the project life are included in the project costs. FAO hope to mobilise co-financing of USD 300,000 in the form of technical cooperation.

The Economic Internal Rate of Return (EIRR) of the project is estimated as 33% (base case). Sensitivity analysis shows that this could fall to 20% in a most-severe-case scenario, still above the opportunity cost of capital in Cambodia.

Both components of the project include portions that are counted as climate finance. The total amount of IFAD climate finance for this project is calculated as US\$ 38.6 million or 71% of total IFAD financing (as per the MDB Methodologies for Tracking Climate Adaptation and Mitigation Finance).

## Implementation Arrangements

Ministry of Rural Development (MRD) will be the Executing Agency for SAAMBAT and will establish a Project Management Unit (PMU) including planning, project administration, financial management and reporting and M&E functions. PMU will be responsible for procurement of goods and works while sub-component implementing agencies (IA) will recruit staff and service providers. PMU will also coordinate with UNICEF to make sure that SAAMBAT will benefit from the current and future Nutrition Programme of UNICEF with MRD.

SAAMBAT will be coordinated with AIMS and ASPIRE and with development partner projects through a Programme Steering Committee established at national level and through Multi-Stakeholder Platforms (MSP) in each Economic Pole. Provincial Departments of Rural Development (PDRD) will coordinate the project at sub-national level assisted by a team of facilitators.

MRD will directly implement Component 1. Infrastructure investments will be identified through the MSP. A technical services provider will be recruited to screen sub-projects, feasibility study, design and cost estimation, ensuring environment and social safeguards and climate change adaptation and to supervise construction works in partnership with PDRD engineers.

Ministry of Economy and Finance (MEF) will implement Component 2 through a Project Implementation Unit. The Skills Development Fund (SDF) unit lead implementation of Sub-Component 2.1 (Skills for Rural Youth and Enterprise). The Techo Start-Up Centre (TSC) will lead implementation of Sub-Component 2.2 (Digital Technology and Enterprise). Centre for Policy Studies (CPS) will be assigned as implementing partner for Sub-Component 2.3 (Programme Management, Policy Research and Strategic Studies).

## **Risks**

SAAMBAT is considered a low-risk project overall while some moderate risks are identified in the Integrated Risk Framework based on the operating environment and past experience in Cambodia. Risk of management and coordination failures will be mitigated through a strong focus on AWPB-based forward planning and use of timebound performance targets. Sustainability risks will be mitigated through clear responsibilities for infrastructure maintenance backed by capacity development. Political and governance, environment and related fiduciary concerns are assessed as Medium Risk but manageable based on previous country programme experience. The SECAP review note identifies Category B for social and environmental risk and moderate climate risk category, with appropriate recommendations for risk mitigation.

## **Monitoring and Evaluation**

SAAMBAT logical framework sets clear and quantified targets at objective, outcome and output levels linked to IFAD RIMS and ORMS. Key M&E tools will include a household Impact Survey, physical measurements of infrastructure outcomes including traffic counts, a web-based Management Information System (MIS) including geographic information system (GIS) capability and annual Outcome Surveys measuring interim results. A Value for Money Analysis methodology will be integrated in the M&E system.

## **Implementation Plan**

SAAMBAT will be implemented over six years, 2020 – 2025. To ensure a smooth start-up of the project including early recruitment of service providers and implementation of construction activities in PY1, preparatory planning, establishment of the PMU, recruitment of staff and procurement of service provider contracts will take place in 2019. ASPIRE and AIMS are expected to assist in implementation of this start-up plan.

Through the three-phase targeting approach described above, SAAMBAT will initiate infrastructure sub-projects and other investments at an approximately constant rate during PY1-PY5. Most investment activities will be completed within two years of beginning work in any Economic Pole. The final year PY6 is planned for completion of activities, exit strategy and evaluation.

# 1. Context

## A. National context and rationale for IFAD involvement

### a. National Context

1. Cambodia has recovered from and gone beyond its history of war and instability and has achieved two decades of strong economic growth and poverty reduction, bringing it to lower middle-income status in 2017. These achievements were founded on efforts focused on re-establishing security, heavy investments in infrastructure, a consistent macro-economic policy and an open environment for inward investments.
2. Cambodia's economic growth has been driven by the expansion of manufacturing, particularly garments, construction and tourism. The services sector contributes 41.9% of GDP and industry 32.8%, while agriculture has declined relatively from almost half of GDP in the mid-1990s to 25.3% now<sup>[7]</sup>. Labour force participation is high, particularly for women. Agriculture still accounts for 48.7% of the labour force. Rural Cambodia is undergoing a rapid structural transformation with wage and salary income accounting for about half of household income in 2015 compared to only 30% a decade earlier. Labour migration both within Cambodia and to neighbouring countries is important and 43% of households received remittance income in 2011. This transformation has driven poverty reduction, with the poverty rate falling to 13.5% in 2014 compared to 47.8% in 2007, thus exceeding the Millennium Development Goal MDG-1 target of halving extreme poverty. During this period Cambodia also achieved near universal primary education enrolment (MDG 2) and halved maternal mortality (MDG 5).
3. Despite these achievements Cambodia faces continuing challenges. Poverty reduction efforts are observed to be shallow: around 4.5 million people (30% of the population) remain vulnerable to falling back into poverty and around 35% of the population live in multi-dimensional poverty<sup>[8]</sup>. Seventy percent (70%) of the population lack piped water supply and 58% lack improved sanitation. Access to services by marginalized communities is hindered because of a lack of access to traversable roads. Child malnutrition is a persistent problem with one third of under-fives being stunted. Lower secondary education rates remain significantly below the average for lower middle-income countries.
4. Cambodia has a remarkably low unemployment rate of 0.3% (2017) but 51% of jobs are non-salaried work on family farms or businesses and underemployment levels are high. Rural areas experience high levels of outward labour migration leading to associated social stresses. Labour shortages caused by migration are also a major driver of mechanisation and decline in labour-intensive agriculture techniques, e.g. rice transplanting. Labour productivity is amongst the lowest in the region. There is a growing shortage of workers with the skills needed for a modern economy. This is a critical problem in an exceedingly young country, with about 65% of the population aged below 30.
5. The agriculture sector growth rate of 5.3% during 2004 – 2012 was amongst the highest worldwide, driven by expansion of farmland, mechanisation and increased yields. Rice area declined from 86% to 74% of cropland. Since 2013 agriculture growth has slowed somewhat. There is limited potential for further expansion of crop land. Agriculture supply chains are under-developed with minimal product grading and value addition. High energy and transport costs constrain growth. The sector lacks commercial orientation, diversification and both physical and market connectivity. The enabling environment needed to encourage small and medium enterprises with growth potential is inadequate or missing.
6. Cambodia still suffers from low infrastructure coverage with a negative impact on growth. Of the total rural road network of around 40,000km, less than 2,000km is hard-paved and many roads are useable only for around 200 days per year. Roads are damaged by unrestricted heavy vehicle traffic as well as floods, landslides and erosion. There is a lack of logistical infrastructure for agriculture value chains including collection, storage and packing facilities, quality assurance systems or specialised wholesale markets. Public sector capital investment is around 5% of GDP. IMF recommends that growth-enhancing infrastructure spending should be a priority. Electricity access is expanding rapidly and is expected to reach all villages nationwide (though not all houses, or hamlets within a village) by 2020 but electricity tariffs are high compared to neighboring countries. Farmers face higher costs than their competitors for water pumping and post-harvest processing. High energy costs are identified as a constraint to the development of agro-industry. Royal Government of Cambodia (RGC) policy is to reduce tariffs for on-farm electricity use but uptake is slow because of lack of regulatory framework and awareness. High energy costs also drive unsustainable use of biomass energy: it is estimated that 800,000 tonnes of wood are used annually by the garment industry, leading to further loss of natural forests.
7. Cambodia's population is fairly homogenous with about 90% identifying as ethnic Khmer, but there are around 30 indigenous minority groups in upland areas mainly in the northeast of the country. These indigenous minorities face challenges from loss of access to forest resources, changing land use patterns and migration of ethnic Khmer into formerly minority-dominated areas. Ministry of Rural Development (MRD) has a National Policy on the Development of Indigenous Peoples (2009). The 2001 Land Law provides for an indigenous community land title framework to facilitate traditional shared land holdings but progress in issuing these titles has been slow and only 14 communities received titles up to early 2017. MRD has recently completed a project with German Development Bank (KfW) financing (IPLR<sup>[9]</sup>) to provide infrastructure to ethnic minority communities that have received these land titles.
8. Overall, RGC has maintained a consistent policy environment defined by its Rectangular Strategy (RS) for Growth, Employment, Equity and Efficiency since 2007. Policy is further articulated through the National Strategic Development Plan (NSDP) and through sectoral, thematic and sub-national plans. The current RS-IV (2018-22) prioritises investments in roads, water, electricity and human resources as well as private sector development.

9. RGC is currently preparing its Agriculture Sector Master Plan (ASMP) which envisages developing export markets for value-added agriculture products through increased competitiveness and private-sector led growth. Key priorities include improved market infrastructure and logistics and growth of innovative small and medium agribusiness.
10. RGC is increasingly proactive in managing development assistance and donor interventions. RGC is enforcing a rigorous new debt policy restricting its loan-financed development assistance and ensuring international finance institutions (IFI) and partners focus on their identified priority areas and themes. IFAD is aligned with these priorities, and increasingly moving to a programmatic approach through a strong synergy between active projects and other Development Partners.
11. Agriculture development assistance is coordinated through the Technical Working Group on Agriculture and Water (TWG-AW) of which IFAD is an active member. With the active encouragement of RGC, IFAD is building partnerships with other donors. An MOU with USAID was signed in 2016 and a similar partnership with the French Development Agency (AFD) and potentially also including KfW is currently in preparation.

#### **b. Special aspects relating to IFAD's corporate mainstreaming priorities**

12. Women dominate the labour force in garment manufacturing (85%) and in agriculture (75%), but earn 30% less than men for equivalent work, are predominantly in vulnerable occupations and the majority of their businesses are micro-enterprises. Women's economic participation (79%) is higher than in comparable countries but still lower than for men, while women are concentrated in low paid sectors and are under-represented skilled and supervisory roles. Women are prominent in informal business activities and small enterprises, creating an opportunity for them to benefit from appropriate support including enterprise development and access to ICT. There is evidence of high malnutrition and anaemia amongst women as well as a high incidence of domestic violence experienced. The National Gender Strategy (2014-18) aims at improving women's access to finance, promoting opportunities for technical training and skills, greater access to public services and social protection, as well as increasing women's public service employment. USAID has developed an Abbreviated Women's Empowerment in Agriculture (A-WEIA) Index which is monitored in Cambodia through its Feed the Future Programme. The baseline index value for A-WEIA measured in 2015 was 0.74<sup>[10]</sup>.
13. Cambodia's population is the youngest in Southeast Asia. Owing to high birthrates in the post-conflict period, the generation now transitioning into adulthood is the largest in the country's history. This large, mobile labour force can be an engine of growth but youth entering the labour market typically lack in-demand skills, particularly in technical occupations. Rural youth, particularly from poorer households or from remote areas, have few opportunities for decent, secure and remunerative employment in their home areas. Many rural youths leave agriculture and migrate to urban occupations, often occupying the lowest rungs on the employment ladder. The RGC National Policy on Youth Development (2013) emphasizes training provision for technical and entrepreneurship skills and is complemented by the policy on Technical and Vocational Education and Training (TVET) which promotes public-private partnerships to mobilise resources for skills development. RGC has established a national Skills Development Fund (SDF), while it is in the process of establishing an Enterprise Fund and an SME Development Bank to support young entrepreneurs.
14. With regard to the UN's priorities, the UN Development Assistance Framework (UNDAF) identifies youth as one of four "accelerators" and identifies areas to be addressed by UN agencies including addressing skills shortages through skills and entrepreneurship learning.
15. Cambodia is ranked as one of the most vulnerable countries in the world to climate change, largely because of the reliance of many of its people on rain-fed agriculture. It is estimated that climate change could reduce GDP by 2.5% in 2030 and by 10% in 2050, and that up to two thirds of this impact can be avoided by investment in adaptation<sup>[11]</sup>. RGC's Intended Nationally Determined Contributions submission (INDC, 2015) identifies agriculture as one of the most vulnerable sectors, with adaptation measures to include rehabilitation and climate-proofing of rural roads as well as water management and climate-smart farming measures. RGC climate change response is coordinated by the National Council for Sustainable Development and includes the overarching Cambodia Climate Change Strategic Plan. Ministry of Agriculture, Forestry and Fisheries (MAFF) and Ministry of Rural Development (MRD) are amongst Ministries that have prepared sectoral Climate Change Priority Action Plans (CCPAP).
16. Farmers in the proposed SAAMBAT target areas are vulnerable to crop losses due to unseasonal flooding, or increasingly violent flash flooding in river valleys, and also to drought. The change most often noted by farmers is reduced predictability of the monsoon season, making timing of planting difficult. Flooding causes damage to infrastructure including farm roads and irrigation. Higher temperatures increase heat stress, water shortage, disease morbidity and mortality in livestock, particularly backyard chicken which are an important income source for many poor households. MAFF's CCPAP identifies that small and medium scale commercial operations are most vulnerable with limited capacity to adapt. Rising temperatures may result in reduced rice yields. Revised guidelines for local development planning require Districts and Communes to prepare climate vulnerability assessments, but capacity to do this is limited. SAAMBAT will support these assessments and take the results into consideration in design of project activities.

#### **c. Rationale for IFAD involvement**

17. The proposed project will address the twin challenges faced by the poor and near-poor population of rural Cambodia: increasing the productivity of land and labour in smallholder agriculture whilst also equipping the workforce with the skills required to participate fully in the modern economy. The project will address these challenges in the context of climate change as well as actively promoting women's economic empowerment, the interests of minorities and of youth. (as

described in section II below) and its components, activities and target areas are selected for complementarity with ongoing IFAD country programme projects as well as planned interventions of other development partners.

18. Low productivity in the rural economy arises from multiple causes which include lack of physical infrastructure but also lack of soft skills and capacity to fully benefit from modern technology. For this reason SAAMBAT will combine infrastructure provision with support to skills development and digital technology and will also rely for full impact on the complementary support provided by ASPIRE, AIMS and other projects. The ambition is to provide a holistic public sector response to the constraints to inclusive rural growth while actively engaging with and facilitating the private sector to encourage investment in production, processing and marketing of rural produce. The primary interventions financed directly by the new project will be infrastructure provision, skills and enterprise development training for rural youth and strengthening access to and use of digital technologies in the rural economy. The project design also provides for an extended scope of activities including support to renewable energy technology (RET) for smallholders and innovative solutions to on-farm and near-farm water management to be integrated into the project if additional financing can be mobilised.
19. The ASPIRE programme and the AIMS project in particular will coordinate closely with SAAMBAT. ASPIRE (2015-22) is executed by Ministry of Agriculture, Forestry and Fisheries (MAFF) and finances agriculture extension through the Programme Budgets of the Provincial Departments of Agriculture, Forestry and Fisheries (PDAFF) together with a climate-resilient infrastructure component. AIMS (2017-23) is executed by Ministry of Commerce (MoC) and takes a value chain approach. AIMS and ASPIRE focus support on poor and vulnerable smallholders who produce for the market, and both mainstream climate resilience. Both projects are geographically widespread, with ASPIRE financing extending to all 24 rural Provinces of Cambodia and AIMS supporting activities in 19 Provinces. Both reach completion around the mid-term of SAAMBAT. ASPIRE will be integrated into MAFF, and can also attract more financing from other partners. The MOC initiated value chains under AIMS should be self-sustaining building on the value chains established. All three Ministries- MOC, MAFF and MRD- have committed to focal points and to organise stakeholder consultations to identify appropriate infrastructure. The process will continue after IFAD project completion. Depending on the success and continued ownership of the approach, future IFAD designs and funding could be plugged directly into the program. See the diagram below (also in the partnership section) for an illustration of the programmatic approach.

### Partnership Framework



**SAAMBAT:** Sustainable Assets for Agriculture Markets, Business and Trade, IFAD supported project  
**ASPIRE:** Agriculture Services Programme for Innovation, Resilience and Extension, IFAD supported project  
**AIMS:** Accelerated Inclusive Markets for Smallholders, IFAD supported project  
**SRET:** Scaling-up Renewable Energy Technology, IFAD supported project  
**CASDP:** Cambodia Agriculture Sector Diversification Project, WB supported project  
**AVCIIP:** Agricultural Value Chain Infrastructure Improvement Project, ADB supported project  
**RID4CAM:** Rural Infrastructure Development for Cambodia, KfW supported project  
**REF:** Rural Electricity Fund, Royal Government of Cambodia  
**SDF:** Skill Development Fund, Royal Government of Cambodia  
**UNYTF:** UN Youth Task Force

20. The project builds on IFAD's established strengths in support to market-led smallholder agriculture. From 2000-16 IFAD has approved seven projects (total US\$166 million) following a consistent but evolving strategy to alleviate poverty and assist Cambodia's rural transition. IFAD supported projects have assisted over 1.2 million poor and disadvantaged rural households. RGC has confidence in IFAD as a trusted partner in the agriculture sector. IFAD's enjoys close liaison with Ministry of Economy and Finance (MEF) and can rely on MEF influence to coordinate across ministries/ agencies and deliver programmatic interventions. IFAD's comparative advantage stems from its strong strategy of targeting the most vulnerable, women and youth within a framework of growth-promoting investments. IFAD has followed a flexible, decentralized approach tailored to local needs and the rapidly evolving rural context. The proposed project will integrate and build upon the experience and lessons learned from IFAD's partnership with RGC since 1996. Specifically, the project design is founded on

the request from RGC for IFAD to balance investments in physical assets with new and innovative approaches to modernize the rural economy.

21. The project design integrates climate change in its approaches. Climate vulnerability assessments will be conducted for each project area and all infrastructure will be designed to withstand climate change extremes and thus be climate-change resilient. RET support will also contribute to greenhouse gas (GHG) reduction as well as strengthening resilience at the farm level.
22. The project builds on previous IFAD collaborations with the Ministry of Women's Affairs (MoWA) and will ensure gender sensitive programming in all interventions. A Gender Action Plan has been prepared within the Project Implementation Manual (PIM) and will be mainstreamed in all project activities. The A-WEAI is integrated in the project logical framework together with equitable targets and disaggregated indicators to monitor women's benefits from the project. At project start-up and during the development of the PIM, gender transformative activities such as functional literacy, and gender action learning systems to address sensitive issues such as gender based violence and workload balance will be introduced. The PCU will identify dedicated staff to implement the gender (& social inclusion) activities
23. The proposed project will directly contribute to the UNDAF strategy for youth and builds on discussions with the UN Resident Coordinator. Initial discussions with the Cambodia FAO and WFP senior management have indicated potential for Rome-Based Agency (RBA) partnerships around the project interventions (potentially nutrition/ food security activities in the target economic areas organized around the multi-stakeholder platforms and farmer organizations).

## B. Lessons learned

24. A Country Strategic Programme Evaluation (CSPE) was completed in early 2018. The CSPE found that IFAD had made important contributions to rural transformation including through support to decentralization, gender equality and rural women's empowerment. However, weaknesses were identified including in the extension and training approach and in making adjustments to the changing context of the rural economy including increased importance of off-farm wage incomes. Key recommendations of the CSPE were (1) to develop and operationalize a two-pronged strategy targeting agricultural commercialization focused on advanced smallholders, and coping strategies of poor households; (2) balancing investment in human capital and rural organisations, with tangible items such as infrastructure; (3) pursue more strategic planning and use of grants and investment financing to deepen partnerships with farmers' organisations / associations (FOs); (4) explore options for supporting regulatory services in agriculture; and (5) work with Government to strategize and facilitate mobilization of other partners to invest in smallholder agriculture. The proposed project design responds directly to recommendations (1) and (2) and will also support farmer organisations through activities complementary to ASPIRE and AIMS and through working with the FOs to identify the project investment priority (recommendation 3). Under ASPIRE, the country team is directly engaged with MAFF on regulatory services (recommendation 4) and will support these through grants and south-south and triangular collaboration (SSTC) supporting MAFF on issues including quality control and certification. The country team is working with a number of agencies to build financing partnerships based on the new project design (recommendation 5).
25. As identified by the CSPE, smallholders face multiple constraints and so a synergistic project design approach, combining different types of intervention within a single project or by coordinating different projects, is highly attractive. However, the difficulties of ensuring inter-agency cooperation should not be underestimated. SAAMBAT is designed to overcome this difficulty through an integrated programmatic approach, as described in the following section.
26. Ongoing portfolio projects ASPIRE and TSSD[12] include infrastructure components with planning and implementation at the local government (Commune) level. These interventions mostly cover on-farm infrastructure, which will be complemented by SAAMBAT connectivity and market infrastructure. These are successful interventions and the recent innovations for climate vulnerability assessment and planning of climate resilient infrastructure under ASPIRE will be particularly valuable for SAAMBAT. Nevertheless, the localized scale of Commune infrastructure investments makes it difficult to achieve measurable strategic impacts, and in both projects there have been difficulties coordinating between the infrastructure and agriculture components. The larger-scale, coordinated investments under SAAMBAT will have broader influence and will ensure that farmer groups supported by AIMS and ASPIRE can directly benefit from the investments.
27. This design builds on key findings of the Annual Report on Results and Impact (ARRI) 2018, including that physical infrastructure that is planned around market access has a clear contribution to food security. All infrastructure interventions under SAAMBAT are organized around the market hubs/ economic poles being served by AIMS/ ASPIRE. Sustainability of infrastructure is a recurring issue across development projects. Specifically, earth and laterite roads have undergone rapid deterioration because of use by relatively heavy vehicles. Experience shows that attempts to limit vehicle load through measures such as height or width restrictions will not be successful. In SAAMBAT, road pavements will be designed to carry the traffic loads that can be expected based on feasibility studies and experience of past projects. It will not be assumed that vehicles that can legally use the highways can be excluded from the tertiary road network. SAAMBAT will work with RGC and relevant development partners to strengthen capacity for rural road management and maintenance (see Section H below).
28. Another key ARRI recommendation on developing specific approaches to youth has also been integrated into the project design. Engagement of the private sector is a key element of a market-led agriculture development approach (ASPIRE, AIMS). Important experience has been gained from formation of partnerships with renewable energy companies in S-RET[13], and this will feed into the engagement with the private sector.

## 2. Project Description

### C. Project objectives, geographic area of intervention and target groups

29. The Project Development Objective (PDO) of SAAMBAT is “Sustainably increase productivity of rural youth, enterprises and the rural economy.” This PDO contributes to the Goal of “Reduce Poverty and Enhance Food Security.” It is expected that 200,000 rural households will benefit from investments in infrastructure, renewable energy and technical and entrepreneurial capacity of youth to capitalize on emerging opportunities.
30. An integrated, programmatic approach is fundamental to the SAAMBAT design. The approach, components and target groups have been selected for complementarity with the IFAD portfolio and with development partner projects, so as to complete a holistic and integrated package of interventions addressing the multiple constraints to inclusive rural growth. The programmatic approach is expected to maximise opportunities for synergy between different agencies and activities (including with farmer organisations and the private sector, achieve an overall balance between investment in human capital and in tangible items, improve resource use efficiency and increase knowledge sharing.
31. The programmatic approach is multi-layered in that it is reflected in coordination arrangements within SAAMBAT, with the other IFAD projects, primarily AIMS and ASPIRE, and in partnership arrangements. SAAMBAT components support “hard” investments in infrastructure and “soft” investments in skills, technology and entrepreneurship. These different interventions are selected for complementarity with each other and with AIMS and ASPIRE. SAAMBAT will develop joint planning approaches and in some cases joint activities with partner projects, particularly RID4CAM and WAT4CAM<sup>[14]</sup> projects of AFD and KfW, and will coordinate target area selection with agriculture sector projects of ADB and World Bank.
32. Programme strategic direction will be overseen by a Steering Committee including AIMS and ASPIRE. IFAD country team and RGC are exploring options for participation of other partners, e.g. AFD and KfW. SAAMBAT local target areas (the Economic Poles) will be specifically selected for complementarity with AIMS and ASPIRE. SAAMBAT, AIMS and ASPIRE will coordinate AWPB preparation through technical level meetings.
33. At the level of the Economic Pole, an integrated planning process based on the Multi-Stakeholder Platform methodology of AIMS will be used to coordinate activity planning with AIMS and ASPIRE. This methodology has the potential to facilitate coordination with other actors including local authorities, agriculture cooperatives and the private sector. The purpose is to address challenges faced and to take advantage of opportunities created in implementation of each separate project – for example, infrastructure needed to maximise benefits of AIMS value chain activities, or opportunities for digital enterprises supported by SAAMBAT to access financing from AIMS. The MSP will also play a role in coordinating implementation of activities and providing an opportunity for stakeholder engagement and oversight. Implementation cooperation will be further enhanced by open, flexible technical coordination at each level. Where appropriate, ASPIRE or AIMS project staff may participate directly in delivering SAAMBAT outputs, and vice versa.
34. It is implicit (and intended) in this programmatic approach that SAAMBAT target beneficiaries will include beneficiaries of AIMS and ASPIRE. M&E provisions will ensure that this does not result in double-counting of benefits when calculating total beneficiaries across the country programme.
35. The long-term vision is to develop a fully programme-based approach (PBA) addressing the multiple constraints to inclusive rural development across the IFAD country programme and potentially bringing in additional partners, allowing programme successes to be scaled up and integrated in policy. A PBA would enable RGC to take a strengthened role in setting programme goals and strategy and in partnership building, as well as in mobilising internal and external resources to support the programme. This would reflect the increased resources and programme management capacity of RGC as Cambodia moves into middle-income country status and is consistent with the vision of RGC for the future of the IFAD programme, as expressed to the SAAMBAT design team.
36. SAAMBAT will contribute to Country Strategic Opportunities Programme (COSOP) Strategic Objective SO1: Poor smallholders enabled to take advantage of market opportunities. This will be achieved through a combination of improved physical connectivity to markets, training and capacity development, and synergies with the ongoing AIMS project (promoting market access through hubs) and ASPIRE programme (promoting local policy development and extension services). Returns to labour for smallholder agriculture are expected to increase due to improved market conditions, contributing to the COSOP target of a 25% increase in returns to own-farm labour for 100,000 households.
37. Climate vulnerability assessments will be conducted in all SAAMBAT economic poles. Based on these assessments SAAMBAT infrastructure sub-projects (including roads, water crossing structures, ferry points, market facilities) will (1) adopt appropriate climate-proof design standards; and (2) wherever possible will generate benefits for the environment. Therefore, the project will contribute to climate resilience (COSOP SO2) by providing infrastructure facilities/ services that are resistant and not subject to disruption by natural calamities such as floods, cyclones or droughts. By promoting use of RET in smallholder agriculture, the project will enhance resilience and contribute to reduced GHG emissions. The project will seek to identify and support skills relevant to climate adaptation, to support climate and environment sensitive technologies to incentivise entrepreneurs to develop sustainable enterprises.
38. By reducing vulnerability and increasing household incomes SAAMBAT will contribute to the COSOP target of reduced chronic malnutrition in under-fives (10% reduction) as well as to the target of ensuring that at least 50% of local investments under the COSOP are targeted to the 40% most vulnerable Communes.



39. SAAMBAT will contribute to achievement of COSOP SO3 – Poor rural households improve access to strengthened rural services. Improved transport links and facilitation of private sector service growth will contribute to this SO. SAAMBAT will specifically enhance service access in two areas that are new under the COSOP: technical and vocational training for rural youth, and digital services for the rural economy. SAAMBAT will contribute to the SO3 target of at least 15% economic rate of return (ex-post) in directly supervised projects financed under the current COSOP.
40. At the IFAD corporate level, SAAMBAT will also contribute to the Strategic Objectives identified in IFAD's Strategic Framework 2016-25: SO1 (increased production), SO2 (increased market participation) and SO3 (greater resilience). SAAMBAT will have a specific focus on building capacity and improving opportunities for rural youth (young adults up to 30 years old).
41. SAAMBAT will ensure that all project supported activities will mainstream gender and promote economic empowerment of women which will be measured using the A-WEIA indicator. The Gender Action Plan includes: (i) ensuring representation of women particularly in the Multi-Stakeholder Platforms (MSP); (ii) raising awareness on gender equality among all project stakeholders through strategic communications; (iii) setting gender targets proportional to women's share in the population and monitoring them (see Annex 1, Logical Framework for gender targets of specific indicators); (iv) addressing gender in TORs of service providers, as well as taking into consideration in their selection gender-focus in the past experience and track record; incentivising grant applicants (e.g. in the Challenge Fund) to prioritise services that empower women; and (v) including a full-time gender and youth specialist in the PMU see section IV. A.). SAAMBAT will assist young rural women to gain marketable skills including in non-traditional fields, promote women's access to markets and empower women to use and benefit from technologies and production services. SAAMBAT will promote women entrepreneurs including those working on innovative technologies and will support female business leadership in collaboration with MOWA, relevant business associations, such as Cambodia Women Entrepreneurs Association (CEWA), and other development partners. Skills development activities will encourage the employment of women including in sectors where they are traditionally under-represented.
42. SAAMBAT is heavily focused on generating employment opportunities for rural youth. Interventions in this area will include attracting youth into rural sector employment by matching trainees, training providers and employment opportunities in rural areas. SAAMBAT will also offer rural youth the opportunity to learn skills for enterprise and business development. Enterprise development using digital technologies is expected to be particularly attractive to rural youth.
43. SAAMBAT will work with ASPIRE and AIMS to support the safe and organic vegetable value chain and to work with enterprises in this value chain. In this way the project will increase the availability of safe and nutritious vegetables in both rural and urban areas. Additional nutrition-specific interventions will be delivered by complementary projects, including those being implemented by RBAs. Poor sanitation provision is a major contributor to child malnutrition. Through MRD, which is the responsible Ministry for rural sanitation, SAAMBAT will cooperate with UNICEF and local authorities to promote improved provision and use of sanitation in the Economic Poles.
44. Therefore, SAAMBAT will proactively mainstream the IFAD-11 key themes of youth, gender and climate change and will also provide a valuable contribution to improved nutrition.
45. SAAMBAT will work at national level and in locations where AIMS and / or ASPIRE are active. There are 18 Provinces (of 24) that will have both AIMS and ASPIRE activities in the period 2020-21. It is envisaged that physical outputs of SAAMBAT will be concentrated in about 50 "Economic Poles" (EP) or areas of approximately District size that are characterized by an agricultural economy based on smallholder production and defined by physical features such as topography, transport and market infrastructure or focus on a key value chain.
46. Selection of the EP will take place in three phases. Ten (10) poles have been identified during project design with the intention of commencing infrastructure construction in Project Year 1. A further 15 poles will be selected in Project Years 1 – 2 and the final 25 poles will be confirmed at Mid-Term Review. This phased approach will allow SAAMBAT to take advantage of the expanding network of MSP established by AIMS as well as to take account of the project planning of cooperating projects.
47. The criteria for selection of the EP are: (1) potential for agricultural growth based on smallholder production, especially in value chains supported by AIMS and ASPIRE; (2) need for infrastructure (3) strong commitment and capacity of local leadership; and (4) poverty and a high level of outward labour migration, particularly by youth. Areas of importance to the vegetable value chain will be favoured. For Phase 1, five Provinces were selected through a stakeholder workshop. Consultations were held with MRD, MEF, Provincial authorities, AIMS and ASPIRE. "ID-Poor" data of Ministry of Planning were used for poverty assessment and backed by the Climate Vulnerability Index of Ministry of Environment and data on labour migration from the Commune Database (also Ministry of Planning). The Districts selected through this process are shown with summary data in Table 1. The EP will be centred on the selected Districts and further delineated in the next stage of planning.

**Table 1: Districts Selected for Phase 1 Economic Poles**

Prov / District	Communes		Households		Veg VC Clusters		Youth %	Migr-ant	FHH %
	Total	CV <sup>1</sup>	Total	Poor	AIMS	ASPIRE			
Battambang Province									
Thma Koul	10	7	29,926	33%	1	3	35%	40%	13%
Aek Phnum	7	2	18,843	33%	1	2	17%	40%	16%
Kampong Cham Province									
Chamkar Leu	8	5	27,243	20%	0	0	16%	40%	15%
Kampong Siem	15	6	29,478	16%	0	0	14%	37%	19%
Kampong Chhnang Province									
Rolea B'ier	13	4	25,921	30%	2	3	12%	40%	20%
Sameakki Mean Chey	9	1	19,089	31%	2	1	8%	42%	15%
Kandal Province									
Khsach Kandal & Mouk Kampoul <sup>2</sup>	25	3	47,818	19%	21	12	5%	40%	15%
S'ang	16	5	45,963	22%	8	16	6%	39%	14%
Svay Rieng Province									
Romeas Haek	16	5	32,049	20%	1	4	28%	38%	15%
Svay Chrum	16	6	38,326	18%	1	6	24%	40%	17%

/1. CV: Communes in 40% most climate-vulnerable; ID-Poor: % HH with ID-Poor cards; Youth: 16-30 as % of 16+ population; Migrant: % of workforce migrating to work; FHH: % female-headed households

/2. At request of MEF it was agreed to form one Economic Pole from within the boundaries of Khsach Kandal and Mouk Kampoul Districts, focussing on the Communes of importance for vegetable production.

48. The Districts selected for Phase 1 EP contain 314,000 households of which 23% are classified as poor. Of 135 Communes, 44 are highly climate-vulnerable. About 51% of the workforce is in agriculture. About 16% of the workforce engages in out-migratory labour. Youth aged 16-30 make up about 40% of the adult (over 16) population.
49. The primary target groups of SAAMBAT are: (i) smallholder farmers with potential to strengthen market-led production; (ii) unemployed/underemployed youth from poor rural households who are willing to seek formal employment and enhance their skills accordingly; and (iii) private enterprises and cooperatives which play an important role in improving efficiency and value addition of key value chains in the Economic Poles. Therefore, the project will target both key groups identified in the CSPE Agreement at Completion Point; i.e. advanced smallholders with potential to strengthen market-led production, and poor rural households. Women will benefit at least proportionately with men but given their predominance in the agriculture and small enterprise sectors, it is anticipated that a majority of direct participants in project activities will be women. SAAMBAT's support for market linkage infrastructure will benefit a larger rural population in the Economic Poles and beyond. In addition, SAAMBAT's support for skills development and digital technologies will potentially support actors across agricultural value chains. SAAMBAT will identify and engage with the target groups through the MSPs and will ensure that each MSP is represented by all important stakeholder groups. The project will support MSP to make special effort, if necessary, to include representatives of female farmers and entrepreneurs, youth and indigenous populations, and create an enabling environment for their informed participation in the process.
50. SAAMBAT targets the poor through the criteria for selection of the EP both directly and as a consequence of its alignment with AIMS and ASPIRE targeting which is pro-poor. SAAMBAT will ensure that poor and disadvantaged stakeholders are enabled to participate and be heard in stakeholder planning of infrastructure investments. For all individually targeted activities, SAAMBAT will give priority to candidates from households with ID-Poor cards, women and other disadvantaged groups and will ensure that indigenous minorities are fully able to benefit.
51. Cambodia's population is about 90% ethnic Khmer. Upland minority groups form less than 2% of the total population and are concentrated in the northeast and in limited highland areas in the west. The Phase 1 EP do not include significant ethnic minority populations. In any target area with a significant indigenous ethnic minority population, which may include areas where ASPIRE specifically targets indigenous groups in Stung Treng Province, project planning activities will take specific consideration of the need and interests of the indigenous groups. This will include engagement with the preferred leaders and representative of the groups and application of the principle of full and informed consent. Lessons learned from MRD's recently completed IPLR project which financed infrastructure for indigenous minority communities will be applied.

#### **D. Components/outcomes and activities**

52. The Outcome of **Component 1: Value Chain Infrastructure** is *Poor Rural People's Benefits from Market Participation Increased*. The Component is expected to result in 200,000 rural households enjoying increased access to markets and economic and social services, with women and youth sharing equitably in the benefits. It is expected that 80% of these households will report improved physical access to markets and other value chain facilities by the end of the project, while roadside business will increase by 25% and road traffic will increase by 50% on the rural roads selected for upgrading.
53. Component 1 will invest in publicly-owned and operated transport and market infrastructure supporting the agriculture value chain. The safe / organic vegetable value chain will receive focus but other value chains, including those supported by AIMS, are also eligible. Provisionally, it is foreseen that outputs will include 300km of paved (bitumen or concrete) tertiary roads; 150km of gravel-paved farm access and feeder roads; 50 public market facilities improved; 15 collection points or local wholesale markets serving the vegetable value chain and 10 other facilities which may include landings or jetties for local ferries. Twenty-five (25) SAAMBAT EP will be in areas with road outputs of RID4CAM or other aligned programs; hence in these EP SAAMBAT will not finance bitumen-surfaced roads but will invest in smaller infrastructure directly benefitting the value chains supported by AIMS and ASPIRE.
54. Improved access to and management of water is consistently identified as a high priority by farmers in the AIMS and ASPRE value chains. To avoid institutional complexities, SAAMBAT will not directly finance construction of irrigation infrastructure such as canals but will cooperate with the WAT4CAM project of AFD. Road infrastructure (embankments and cross-drainage structures) may be designed to enhance local water management for agriculture with a modest increase in cost. Proposals for flood protection and drainage of agriculture land will be considered subject to a maximum cost per hectare of productive land. As the partnership with WAT4CAM develops, opportunities may be identified for SAAMBAT to support on-farm and near-farm water management through agriculture cooperatives and the private sector. Water management may also be enhanced through scaling up support to the solar water pump technologies being developed under the S-RET project. S-RET supports renewable energy technologies for smallholder agriculture value chains. These technologies will be evaluated on completion of the project with a view to continuing and scaling-up support within the framework of SAAMBAT.
55. Within each Economic Pole, priority infrastructure sub-projects will be provisionally identified through MSP which will be created based on the methodology piloted by AIMS. The candidate sub-projects will be screened for compliance with eligibility criteria to ensure technical feasibility, sustainability, value for money, relevance to project objectives and absence of unacceptable social or environmental impacts. All sub-projects will be cross-checked for compatibility with the local development plans and investment programmes of District and Commune Councils in the target areas.
56. An Environment, Social and Climate Risk Assessment (ESCR) will be prepared for each EP as a first step in the design process. The ESCR will be based on available data and on the climate vulnerability assessments prepared as part of the Commune and District development planning process – this methodology is already in use in ASPIRE.
57. All infrastructure will be designed to appropriate climate proofed standards and to enhance resilience based on the

vulnerabilities identified in the assessments. For roads, the main issues to be addressed will include (1) ensuring that existing and new cross-drainage structures have sufficient capacity to accommodate maximum flood flows which may be larger in future as a consequence of climate change; (2) ensuring that embankments are high enough to avoid inundation in floods; or where periodic inundation is unavoidable, use of concrete road pavement; and (3) ensuring that erosion protection measures are adequate. For bitumen paving, consideration of the effects of increasing temperatures will be considered. In steep topography, increased risk of landslides due to higher rainfall and / or deforestation will need to be considered.

58. Design and construction of infrastructure will be subject to compliance with IFAD standards on environmental and social safeguards including protecting the interests of existing land users and of ethnic minority groups. Established procedures used in MRD infrastructure projects will be adapted and applied
59. Approval of infrastructure sub-projects will be subject to clearly identified responsibility and financing for operation and maintenance (O&M). Paved roads will be maintained by MRD using its annual budget for rural road maintenance. Gravel roads will be financed only where there is a local stakeholder willing to accept responsibility for O&M. In most cases this is likely to be the Commune Council. NCDD-S indicated to the mission that RGC is considering a substantial increase in the annual Commune/Sangkat Fund (C/SF) allocations to these Councils which will enhance their capacity to undertake maintenance works. The sub-component will include a general budget line for supporting capacity development for O&M in coordination with other development partner projects financing rural roads. A likely priority use for this fund, based on IFAD's existing partnership with NCDD-S, will be to develop procedures (contract formats etc) for Communes to implement maintenance works using their increased budget allocations and in line with NCDD-S / Ministry of Interior policy.
60. Public markets will be managed through a market trader's committee established in conformance with Cambodian regulation. Other types of logistical facility such as collection points will be managed by farmers' groups; in most cases these are likely to be existing cooperatives receiving support from AIMS or ASPIRE.
61. Sub-component 1.1 will be implemented by MRD which will engage a suitably qualified firm to provide technical services for (1) screening of sub-projects against eligibility criteria (2) preparing the ESCRA; (3) feasibility study (including technical baseline data such as traffic counts), engineering surveys and design; (4) prepare environmental management plans and land acquisition plans as needed; (5) cost estimation; (6) preparation of technical specifications, drawings and Bills of Quantities (BoQ) for tender documents; and (7) supervision of construction. The technical service provider will report to the Project Manager. Engineering staff of the Provincial Departments of Rural Development (PDRD) will cooperate with the technical consultant.
62. The Outcome of **Component 2: Skills, Technology and Enterprise's Poor Rural Peoples' Productive Capacities Increased**. Key targets for the Component are at least 4,500 rural youth from poor households or disadvantaged backgrounds productively employed and 25,000 users of digital applications for the rural economy.
63. **Sub-Component 2.1: Skills for Rural Youth and Enterprises** will be implemented by MEF through the Skills Development Fund (SDF) and through a service provider. SAAMBAT will provide additional financing for SDF which will be used to finance training of eligible youth from rural areas in skills required by major employers in any suitable sector. The purpose of this activity is to enhance the employment opportunities and labour productivity of rural youth including those employed by non-agriculture sectors. In line with the Gender Action Plan, Sub-component 2.1 will proactively assist young rural women to overcome gender-based barriers to skills and career paths. SAAMBAT will assist SDF to develop a training module for the "soft skills" (timekeeping, workplace discipline, etc) that may present a barrier to rural youth transitioning to formal employment. will support development of other training modules as needed. Training modules will be made available online. SAAMBAT will support communication and awareness raising activities of SDF to encourage rural youth to take advantage of the opportunities offered.
64. SDF will engage a service provider that will carry out the following tasks: (1) conduct a research phase to improve understanding of demand and supply sides for training of rural youth; (2) development of the "soft skills" training module; (3) induction courses consisting of "soft skills" training and assignment to a non-rural skills pathway, a rural-skills pathway or a rural enterprise development pathway; (4) "rural business incubator" services for youth choosing the rural enterprise development pathway; and (5) tracking of outcomes for all youth passing through the induction course.
65. The research phase will be conducted through engagement with the MSPs and with focus groups of rural youth and poor households. Key results will be (1) identification of skills that are in demand in the rural economy; (2) assessment of the interest of poor rural youth in learning rural economy skills and skills for employment in the non-rural sector; (3) identification of potential training providers, particularly for rural-sector skills. Training providers will most likely be existing institutions in Provincial centres. The service provider will also research employers' perceptions of rural youth entering formal employment and in particular their need for training in soft skills such as timekeeping, workplace discipline, communication and presentation skills, food hygiene etc.
66. The "soft skills" training module will be based on the findings of the research and will be suitable as a general induction module for youth, particularly rural youth, entering vocational training. In addition to workplace skills the module will address employment rights, workplace safety, types of employment opportunity and the potential hazards faced by rural youth choosing to migrate for employment. The training module should be designed as an induction course but should include follow-up activities periodically through the period of technical training.
67. Induction courses will be provided at locations accessible to the SAAMBAT EP for 20 – 25 rural youth per course, with the objective of training 7,500 youth during project years 2 – 6. The length of the course is expected to be 10 days. Course content will include classroom learning, workplace visits, interaction with employers and practical activities. Trainees will

learn about the training opportunities open to them through SAAMBAT and by the end of the course should be provisionally assigned to a training pathway according to their capacity and preferences.

68. Trainees on the “non-rural skills” pathway will join training courses identified by SDF nationally through interaction with major employers. Through SDF the Project will provide support to course fees and living expenses of students, with additional support from employers. Wherever possible, trainees on the “rural skills” pathway will be trained at training institutions close to their home area. SDF will support fees and living expenses. The project will explore the option of creating a “voucher” system to finance training chosen at the trainees’ discretion. It may not be realistic to require financial contributions to training costs from SME employers in rural areas, but options for non-financial contributions (e.g. day release for training purposes) or other opportunities for employers to engage with the training process will be sought.
69. Approximately 500 trainees will join the “rural business incubator” pathway will receive a package of support to develop and start up their own small enterprise in the rural economy. Mentoring will be provided by service provider staff complemented, if possible, by experienced local SME entrepreneurs. Trainees will be assisted to develop business plans, conduct market research and seek start-up financing. Costs of training in specific business administration skills (e.g. book-keeping) will also be an option.
70. The rural business incubator activities will be aligned with business support activities of AIMS, will share methodology and personnel where possible, and will not directly duplicate AIMS activities. SAAMBAT rural business development support is distinguished from that of AIMS in its focus on youth starting enterprises and its applicability to any rural enterprise, not limited to specific value chains.
71. The rural business incubator will assist young entrepreneurs to raise finance for their ventures including through linking them to financial institutions (FI) partnering with AIMS. These institutions are expected to include AMRET and LOLC, and discussions are also under way with KREDIT and AMK. The FI have access to a Line of Credit to promote increased lending into the supported business clusters. Depending on the type of business activity, the young entrepreneurs may be able to access loans financed through the AIMS line of credit or will be assisted to access financing through the regular financial products of the AIMS partner FI. Options for financing young entrepreneurs through the RGC’s newly created SME Bank will also be explored.
72. The service provider will use the SAAMBAT Management Information System (MIS) to track progress and outcomes for all induction course trainees, including qualifications gained, type of employment and earnings, through the project period.
73. **Sub-Component 2.2: Digital Technology and Enterprise for Agricultural Value Chains** facilitate and support the extension of innovative digital services to smallholder agriculture and the rural economy. This will be achieved in partnership with the Techo Start-Up Centre (TSC) of Royal University of Phnom Penh, which will develop a Khmer Agriculture Suite (KAS) as an open platform and data resource for mobile applications for the rural economy. The sub-component will support three groups of activities for development of KAS and its ecosystem: development of the core KAS platform and key applications; a Challenge Fund for developers and an outreach campaign in SAAMBAT EP. These three activity groups are conceived as closely interrelated and mutually enhancing, but each capable of delivering results even in the event that delays occur in implementation of the other activities.
74. The Challenge Fund will invite independent digital entrepreneurs to propose innovative digital services linked to KAS and of direct benefit to smallholder production and marketing. Applications designed to improve nutrition knowledge and practice and to increase resilience to climate change will also be eligible. The Challenge Fund will proactively encourage women digital innovators and innovative digital services that respond to the needs of rural women including farmers and entrepreneurs. Grants will support innovators to move through the stages of concept development, market testing, product development and business launch, using the incubator and accelerator approach of TSC. Grantees will benefit from links to agriculture value chain actors through the outreach campaign. Grant applications will be assessed by a committee with representation from TSC, EDF and an assessor nominated by the downstream service provider.
75. The KAS will also integrate two applications being developed with supplementary Korean Grant financing under ASPIRE: these are (1) a Direct Dial Extension service and (2) a Virtual Market application allowing farmers and traders to exchange information, advertise produce; agree sale contracts, arrange collection / delivery and develop relationships of trust.
76. SAAMBAT will also support TSC to form partnerships with commercial enterprises wishing to market digital technology solutions in rural Cambodia through the KAS. In this case, no project funds would be transferred to the commercial partner, but the project would provide the interface with rural value chain actors for testing and initial roll-out.
77. The outreach campaign (or, “downstream activities”) will be implemented through a service provider that will have an established track record in capacity development for digital technologies, preferably working with rural people or users starting with only a limited understanding. The service provider will work through MSPs and value chain actors in the SAAMBAT Economic Poles and will (1) conduct research to identify existing levels of digital literacy, uptake of technology, demand for skills upgrading and gaps in technology provision in the rural value chain; (2) develop a general course for upgrading the digital literacy and digital adoption of rural value chain actors and improving awareness of the potential uses of digital technologies; (3) deliver this course to 5,000 participants in AIMS and / or ASPIRE business clusters; (4) develop and implement 100 sub-projects with 50 participants per sub-project to increase use of existing digital technologies in rural value chains (e.g. use of social media to improve exchange of information in business clusters, improved use of market information systems etc); (5) support testing and roll-out of at least 10 innovative digital solutions developed through the upstream activities; (6) help link innovators to rural value chain actors through rural digital forums, workshops, short-duration internships, facilitating market research etc; and (7) monitor uptake of digital technologies in the rural value chain through the

project MIS. The service provider will also assist TSC to identify data sources and collect data needed for the KAS.

78. Output targets for the sub-component are: KAS operational and with 25,000 users by the end of the project; these will include 12,500 users of 5 key applications modelled on examples pe-identified as successful in other countries have been tested and rolled out by TSC and / or through commercial partnerships; and 12,500 users of 10 innovative applications identified through the Challenge Fund. Five thousand (5,000) members of AIMS and ASPIRE business clusters will be trained in digital literacy and 5,000 smallholders will participate in digital technology adoption sub-projects which may make use of existing or newly developed technology.
79. **Sub-Component 2.3 Strategic Studies, Policy Research and Programme Development** will support development of a fully integrated country programme driven by evidence-based policy and strategy.
80. **Strategic Studies** will consist of feasibility and / or pre-design studies of investments that have potential to be financed by IFAD with other partners, particularly where there are opportunities to bring in private sector finance and clear benefits for the IFAD target groups. These studies will include a feasibility study for development of regional wholesale markets for the safe vegetable value chain (including links to production areas and to national markets).
81. **Policy Research** studies will provide for continuity with the agriculture policy research programme currently financed by ASPIRE. Policy research will promote development of the smallholder agriculture sector and increasing productivity of the rural economy and will inform the future development of the IFAD country programme. A further focus will be studies supporting development of the digital technology ecosystem and its extension to agriculture and the rural economy. Policy research will also support studies leading to more effective mainstreaming of climate change, gender, youth and nutrition in the IFAD country programme. Study topics will be identified by the Policy Department of MEF. Study reports will be presented and discussed by stakeholders, and key agreed recommendations will be condensed in policy briefs.
82. **Programme Development** will include (1) support to integration of the project results frameworks in an integrated results framework, establishment and implementation of a programme M&E system and capacity development for strategic planning and M&E; (2) building capacity of key stakeholders through coordinating meetings, workshops and seminars with project management teams, government, partners and other stakeholders; (3) strengthening the RGC's ownership of programme and project design, implementation, monitoring and evaluation (RIMS) activities and support to supervision; (4) enabling engagement of stakeholders including farmer organisations and the private sector in planning and M&E of the country programme; and (5) strategic partnership building and resource mobilisation.
83. The Programme Development sub-component supports the programme-based approach and is not narrowly limited to the focus areas of other SAAMBAT activities. Where needed, Programme Development will support coordination, and technical assistance for policy development work financed by other projects (e.g. policy development under ASPIRE Component 1 and in S-RET Component 2).
84. Sub-Component 2.3 will be directed by the MEF Policy Department. MEF have identified Centre for Policy Studies, an independent non-profit policy and research institution, as an implementing partner for the sub-component.
85. Food and Agriculture Organisation (FAO) hopes to provide technical assistance under its Technical Cooperation Programme (TCP) which would be used for complementary advice and studies related to SAAMBAT Component 2. Two areas of focus would be (1) digital economy, supporting Sub-Component 2.2 activities, and introduction of Good Agriculture Practice (GAP) certification for smallholders, which is within the scope of Sub-Component 2.3 and of high relevance to the broader country programme.

## E. Theory of Change

86. The change that SAAMBAT and the IFAD country programme seeks is a sustainable reduction in long-term, multi-dimensional poverty, vulnerability and food insecurity in the Cambodia countryside. This change is expected to occur as a result of a more productive, equitable and diverse rural economy. Smallholder production will still have a key role but will be market-directed and will make increasing use of modern technology. The labour force employed directly in agriculture will continue to decline but this change must be managed to avoid traumatic effects. The rural population will need new technical and soft skills, whether these skills are applied to farm production, other agriculture value chain activities, non-agriculture rural services or to employment in non-rural sectors.
87. Low productivity of land and labour have been identified as key constraints to broad-based, inclusive growth in the rural economy (Section 1). The causes of low productivity are multi-dimensional and include lack of modern production techniques, high energy costs, high transport costs, lack of all-season road infrastructure, market facilities and insufficient logistics that lead to lost value of perishable products. These physical and logistical constraints are exacerbated by weak exchange of information and market networks and a labour force lacking technical and entrepreneurial skills. Digital technologies and innovations, information and communications technologies (ICT) are increasingly accessible but are under-used compared to their potential. Women predominate in the agriculture labour force and micro- and small-enterprises but lack opportunities for economic advancement. Youth find few attractive opportunities in the rural economy and migrate away.
88. SAAMBAT will invest in physical assets required for development of more efficient and productive agriculture value chains and will also develop human skills for the modern economy. This will complement the support of AIMS to market linkages and rural enterprises as well as ASPIRE support focused on production and marketing by smallholders.
89. The SAAMBAT investments in transport infrastructure will be climate resilient, will directly reduce the costs of transporting

agriculture inputs and products. Given the competitive nature of rural transport provision in Cambodia, it is expected that these reduced costs will be passed on to the farmers through reduced input prices and increased product prices at the farm gate, as well as through reduced costs for own transport to market. With better roads, buyers are increasingly willing to travel to buy from village or field, resulting in greater transport efficiency (larger, consolidated loads) as well as increasing farmers' price-making power. Not least, better roads will bring substantial benefits to rural residents who travel for off-farm work, including the large numbers of young women who endure a crowded and uncomfortable daily commute from village to factory, or else are forced to find accommodation near their place of employment because travel conditions are too difficult to permit commuting.

90. Farmers, particularly when organized in cooperatives and business clusters through AIMS and ASPIRE, will gain better opportunities to move up the value chain by aggregating produce locally and negotiating bulk sales or transporting in bulk. Improved logistical facilities (wholesale markets and collection points) will assist small farmers to take advantage of the growing market for safe and organic vegetables which command a premium price. A common secondary effect of road improvements in rural Cambodia is the establishment of roadside businesses that bring input sales or produce buyers closer to the farmer and may also include a variety of processing activities, services for agriculture mechanization etc.
91. Water for agriculture will be addressed through cooperation with WAT4CAM and at a later stage of the project this may be complemented by direct investments in water management through cooperatives and the private sector. Farmers' access to affordable energy will be enhanced by scaling up renewable energy technologies.
92. Skills and entrepreneurship development (Component 2) will directly allow local youth to take advantage of improved employment opportunities in the local area as well as nationally. Improved skills will increase the earning power of youth and at the same time will remove a further constraint to the growth of the rural economy. Better technical and business skills will allow young rural entrepreneurs to take advantage of the improved economy by developing growth-orientated small and medium enterprises. Cambodia's many micro- and small enterprises, many owned and operated by women, will be encouraged to invest and grow, directly creating additional employment. Increased awareness of the potential of digital technologies, together with the introduction of innovative applications, will increase access to information, help improving access to and usage of financial services, improve market efficiency and reduce time and costs of market transactions. SAAMBAT will proactively contribute to women's economic empowerment through skills training and digital technology and enterprise and will ensure that women beneficiaries are targeted at least proportionately to their share of the population.
93. The combined effect of the programmatic interventions will be a sustained increase in the productivity of the labour force in agriculture value chains and in new opportunities that emerge as the rural economy develops. Improved productivity will encourage investment by rural people themselves as well as attracting inward capital flows. This will result in a virtuous cycle conducive to inclusive and sustainable growth of the rural economy and increased returns to land and labour for the two key IFAD target groups: advanced smallholders and poor rural households. Improved services and a more diverse economy will address multi-dimensional poverty and reduce vulnerability.

## F. Alignment, ownership and partnerships

94. **Alignment with SDGs.** The SAAMBAT design is aligned with the SDG agenda, the RGC roadmap to achieve SDGs, the IFAD 11 mainstreaming commitments, and key priorities of development partners in the country. By supporting improved agriculture incomes and employment opportunities for rural Cambodians SAAMBAT will contribute to achievement of SDG1 End Poverty; SDG2 Zero Hunger; SDG8 Decent Work and Economic Growth and SDG13 Climate Change. The design of SAAMBAT is aligned with Cambodia's Sustainable Development Goals (SDGs) strategy which is described in the NSDP.
95. The design concept of SAAMBAT stemmed directly from the CSPE Agreement at Completion Point and further reflects the evolving priorities of the RCG.
96. **Alignment with national priorities.** RGC's overarching development policy is articulated in its Rectangular Strategy (RS) for Growth, Employment, Equity and Efficiency. The latest iteration, RS-IV, is recently released and covers the mandate of the current Government, 2018 – 22. The NSDP and sectoral plans including Agriculture Sector Development Plan will be updated shortly in line with RS-IV. The design of SAAMBAT is aligned with the clear guidance from MEF on the type of investments to be considered for the project as well as the relative balance between hardware and software investments (in line with RGC's NSDP and RS-IV).
97. The RS is an integrated, comprehensive strategy for Cambodia's transition to middle-income status. Cross-cutting issues of governance reform and institutional strengthening are placed in the centre surrounded by four thematic "Rectangles": (1) Human Resources Development; (2) Economic Diversification; (3) Private Sector and Job Development; and (4) Inclusive and Sustainable Development (including agriculture and rural development, environment and climate change response). The design of the project is congruent with RS-IV and supports specific objectives within each Rectangle.
98. Within Rectangle 1, Technical Training is supported by SAAMBAT sub-component 2.1 (Skills for Rural Youth). SAAMBAT sub-component 2.2 (Technology and Enterprise for Rural Youth) supports preparation for the digital economy which is a key goal defined by Rectangle 2. Rectangle 3 defines goals for job market development and promotion of small and medium enterprises, both of which are supported in the rural sector under SAAMBAT Component 2.
99. Promotion of Agriculture and Rural Development forms Side 1 of "Rectangle 4: Inclusive and Sustainable Development" in RS-IV and is directly linked to the SDGs. Agriculture sector priorities including improving productivity, quality and diversification; boosting agriculture extension services and strengthening farmer cooperative management and contract farming are supported by AIMS and ASPIRE. RS-VI priorities directly addressed by SAAMBAT include (1) promoting the use

of digital and smart technology in agriculture (sub-component 2.2); (2) establishing clean and hygienic wholesale vegetable markets (sub-components 1.1 and 2.3) and (3) investment in rural roads (sub-component 1.1). Investment in renewable energy (sub-component 1.2) is identified as a priority within Side 4: Ensuring Environmental Sustainability and Pre-Emptive Response to Climate Change. Together with ASPIRE and AIMS, SAAMBAT will form an integrated programme of support to these policy priorities of RGC and will also finance policy research activities at the programme level.

100. **Alignment with IFAD policies and corporate priorities.** SAAMBAT responds to IFAD corporate priorities as iterated for IFAD-11, particularly through its integration of the mainstreaming themes, primarily youth as a target group and gender and climate change as key elements in the delivery of all project outputs. In line with IFAD 11, the project also promotes engagement with the private sector as well as its support for increased agriculture production and market access.
101. **Country Ownership.** RGC ownership is demonstrated by its indicative commitment to finance 20% of project costs which is well above its direct counterpart financing norm for projects of this type. In addition, RGC is directly financing construction of a building to accommodate Techo Start-Up Centre. SAAMBAT is aligned with national priorities for inclusive economic growth, job creation especially for youth and poverty reduction which are strategic objectives of the RS-IV. The draft Agriculture Sector Master Plan aims to facilitate private sector led growth through measures including improved market infrastructure and logistics and encouragement of small and medium enterprises.
102. MEF, as the strategic partner for IFAD within RGC, has led and directly participated in the SAAMBAT design process including identification of the main components and areas of focus and providing suggestions and requests for specific activities. The outcome of the project design mission was reviewed and approved by a multi-stakeholder meeting led by a senior official of MEF.
103. **Harmonisation and Partnerships.** MRD as SAAMBAT Executing Agency represents the renewal of an IFAD partnership that has been dormant since CBRDP<sup>[15]</sup> (2002-10). The project also continues and deepens the ongoing partnerships with MAFF and Ministry of Commerce (MoC).
104. SAAMBAT is fully aligned with RGC's overarching Fourth Rectangular Strategy for Growth, Employment, Equity and Efficiency (RS-IV) and with the poverty reduction strategy defined in the National Strategic Development Plan. SAAMBAT design has also taken note of advanced drafts of the Agriculture Sector Development Plan which is being prepared with IFAD support. Senior RGC policymakers have participated in detailed discussions on the strategic direction of SAAMBAT.
105. RS-IV priorities directly addressed by SAAMBAT include (1) promoting the use of digital and smart technology in agriculture (sub-component 2.2); (2) establishing clean and hygienic wholesale vegetable markets (sub-components 1.1 and 2.3) and (3) investment in rural roads (sub-component 1.1). Together with ASPIRE and AIMS, SAAMBAT will form an integrated programme of support to these policy priorities of RGC and will also finance policy research activities at the programme level.
106. SAAMBAT has been designed through inclusive dialogue with development partners including through the Technical Working Group for Agriculture and Water (TWG-AW) which is co-facilitated by IFAD, through stakeholder events and bilateral discussions. The UN Country Team has assisted alignment with the UN's youth focus. IFAD has a framework MOU for cooperation with USAID in Cambodia and finalising a trilateral MOU with AFD and KfW. Project level partnerships have been discussed with World Bank and Asian Development Bank. SAAMBAT will also build on IFAD's emphasis on partnerships with FOs in APR, with FOs playing a key role in the MSP.



## Partnership Framework



**SAAMBAT:** Sustainable Assets for Agriculture Markets, Business and Trade, IFAD supported project  
**ASPIRE:** Agriculture Services Programme for Innovation, Resilience and Extension, IFAD supported project  
**AIMS:** Accelerated Inclusive Markets for Smallholders, IFAD supported project  
**SRET:** Scaling-up Renewable Energy Technology, IFAD supported project  
**CASDP:** Cambodia Agriculture Sector Diversification Project, WB supported project  
**AVCIIP:** Agricultural Value Chain Infrastructure Improvement Project, ADB supported project  
**RID4CAM:** Rural Infrastructure Development for Cambodia, KFW supported project  
**REF:** Rural Electricity Fund, Royal Government of Cambodia  
**SDF:** Skill Development Fund, Royal Government of Cambodia  
**UNYTF:** UN Youth Task Force

107. During SAAMBAT design the IFAD country team opened discussions with Swiss Development Cooperation (SDC) on potential partnership arrangements. SDC co-chairs the Technical Working Group on TVET and implements its Skills Development Programme (SDP) through the Swisscontact<sup>[16]</sup> NGO, which also took part in discussions. Design of a new phase of SDP will begin later in 2019 and SDC are interested in options to align with Skills Development Fund, potentially through a partnership with IFAD and SAAMBAT. This arrangement could create the opportunity to take advantage of the established capacity and methodology of Swisscontact as a service provider within SAAMBAT Component 2. develop implementation partnerships with qualified agencies for delivery of project activities. Discussions have been initiated with Swisscontact (an NGO) on a partnership arrangement under which Swisscontact would act as the service provider for skills training and digital capacity building in Component 2. RGC indicated an interest in engaging with partners with established capacity in the skills and technology fields and will explore additional possibilities including partnerships with Singapore, Korea and / or German aid for this purpose. The selection of the SP2 and SP3 will be done through a direct contract arrangement through a partnership with one or more bilateral donors to support Component 2, potentially mobilising additional funds and expertise. MEF will explore this potential partnership with the Swiss Development Cooperation (SDC), or the development assistance agencies of Singapore, Korea or Germany or other qualified partners.

108. Subject to confirmation of resources, FAO-TCP will partner with SAAMBAT to support technical advice and policy development, particularly on digital economy and on GAP certification for smallholder produce.

## G. Costs, benefits and financing

### a. Project costs

109. Project costs and financing are presented in detail in Appendix 3. Total project costs including price and physical contingencies, duties and taxes are estimated at USD 92.1 million over the six-year project implementation period as shown in Table 2. Of this amount about USD 14.2 million (approximately 15% of total project costs) represents the foreign exchange component, USD 6.0 million (approximately 6.5%) are duties and taxes. Total base costs amount USD 81.2 million, while physical and price contingencies are estimated to add another USD 10.9 million (approximately 11.8% of the base costs excluding co-financing) to this amount. Investment costs account for 95% of the base costs and recurrent costs for remaining 5%.

110. Component 1 (Infrastructure and Energy) represents USD 61.1 million or 66.3% of project costs. Component 2, Skills, Technology and Enterprise is allocated USD 25.9 million (28.1%). Project Management costs are about USD 5 million or 5.6% of the total project costs.

## b. Project financing/co-financing strategy and plan

111. SAAMBAT is to be financed by the RGC, IFAD-loan, IFAD country grant, RGC National Budget, and Beneficiaries. In line with the programmatic approach which will create opportunities for further scaling up of activities, a financing gap of USD 25.2 million is included in the budget, The financing gap may be filled by subsequent PBAS cycles (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval) or by co-financing identified during implementation.
112. Of the Total Project Cost (TPC), IFAD will finance USD 53.2 million as a loan to the RGC. The government has confirmed co-funding in cash of USD 11.3 Million. The national budget will finance the road maintenance which is estimated at USD 1.1 million. An IFAD country grant is confirmed for USD 1.2 million and the Project beneficiaries will contribute USD 0.2 million as in-kind contribution to the VC specific infrastructures.
113. Further co-financing is being discussed by RGC with EIB (between USD 50- 100 million as a framework loan to the Government of Cambodia for investments in SAAMBAT component 1). While the design process has been initiated, this will only be finalised and approved in EIB after IFAD's Board approval. The potential co-financing will result in significantly enhanced outputs and results, and the logframe will be updated during project year 1.

## c. Disbursement

114. MEF will open and maintain the following bank accounts in USD in the National Bank of Cambodia, through which the proceeds of the Financing shall be further transferred to the three Project Accounts opened in a Commercial Bank respectively: (i) one Designated Loan Accounts to implement C1 and (ii) one Designated Loan Account and one Designated Grant Account to implement C2.
115. One Government Counterpart Fund Account to be maintained by MEF through which the proceed of the Financing shall be further transferred to two sub accounts in commercial banks to receive the counterpart fund from the Counterpart Fund Account.
116. The disbursement of the IFAD fund will follow through the Imprest Account Mechanism in which the project can withdraw the first initial advance not exceeding a ceiling amount defined in the Letter to the Borrower (LTB). Replenishment will be released only after first advance has been adjusted at least 75% and previous advances have been adjusted fully. Towards project completion, the Fund initiates procedures and takes steps to ensure recovery of advances.
117. There will be no project accounts at sub-national level. Activities of PDRD will be financed through advances from SAAMBAT PMU. Other expenditures at sub-national level will be financed through advances to the Service Providers SSP1, SSP2 and SSP3.
118. The government has not indicated whether it wishes to receive the financing in USD rather than SDR. The previous loan was denominated in USD at government request. This will be firmed up during design. Other factors to be considered during design will include the use of the SOE facility to justify advances or seek reimbursement. The SOE threshold that applies for withdrawal application under procedure (i) "Advance Withdrawal" and under procedure (iv) "Reimbursement" for all expenditures for all categories is USD 100,000 equivalent.

**Table 2: Programme/project costs by component (and sub-components) and financier**  
(Thousands of United States dollars)

Components	Borrower/ counterpart		IFAD Loan		IFAD Grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Value chain infrastructure	4 273	7	37 288	61.1	-	-	18 221	29.8	144	0.2	1 130	1.9	61 057	66.3
2. Skills, technology and enterprise	3 557	13.8	14 159	54.7	1 200	4.6	6 948	26.9	-	-	-	-	25 864	28.1
3. Project Management (PMU)														
3.1. Knowledge management, planning and M&E	698	36.3	1 224	63.7	-	-	-	-	-	-	-	-	1 922	2.1
3.2. Project coordination	2 753	84.2	515	15.8	-	-	-	-	-	-	-	-	3 268	3.5
Subtotal PMU	3 451	66.5	1 739	33.5	-	-	-	-	-	-	-	-	5 190	5.6
<b>Total project costs</b>	<b>11 281</b>	<b>12.2</b>	<b>53 186</b>	<b>57.7</b>	<b>1 200</b>	<b>1.3</b>	<b>25 170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1 130</b>	<b>1.2</b>	<b>92 111</b>	<b>100</b>

\*Other cofinancing consists of RGC national budget resources (outside project accounts) of US\$1.1 million.

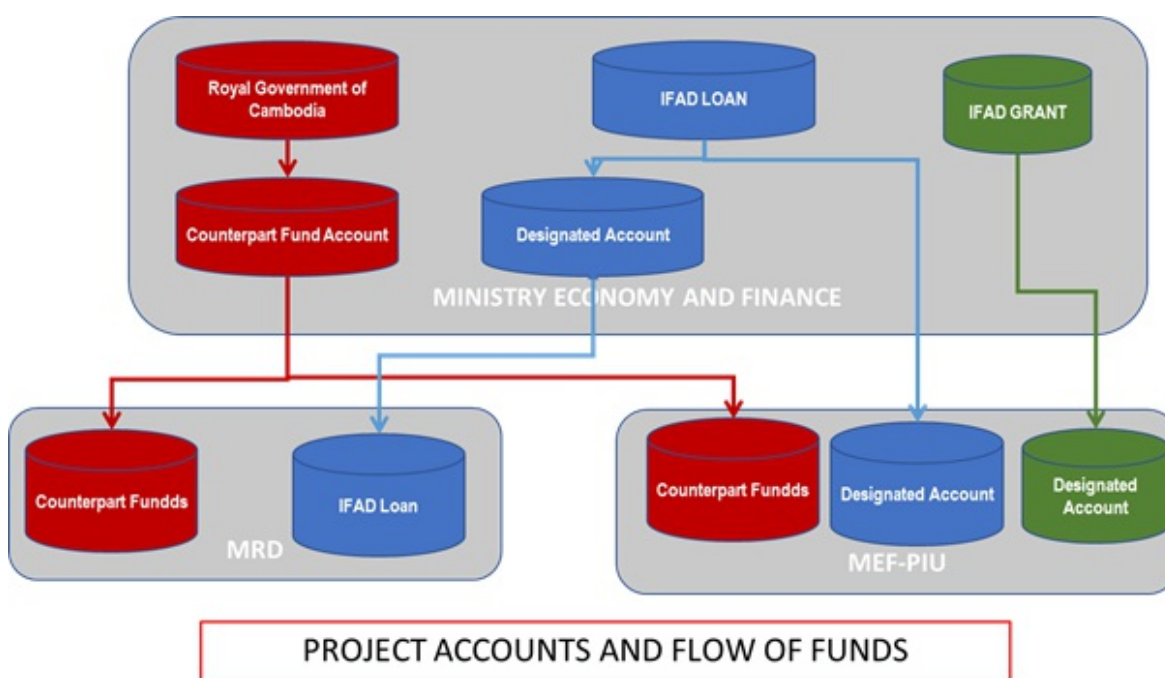
**Table 3: Programme/project costs by expenditure category and financier**  
(Thousands of United States dollars)

	Borrower/ counterpart		IFAD Loan		IFAD Grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Works	3 987	7.3	32 592	59.3	-	-	18 221	33.2	144	0.3	-	-	54 947	59.7
2. Studies and consultancies	0	-	10 806	88.8	1 200	9.9	167	1.4	-	-	-	-	12 173	13.2
3. Training	0	-	8 737	62.5	-	-	5 239	37.5	-	-	-	-	13 976	15.2
4. Grant	0	-	1 051	40.5	-	-	1 543	59.5	-	-	-	-	2 593	2.8
5. Vehicles	296	100	-	-	-	-	-	-	-	-	-	-	296	0.3
6. Equipment and materials	3 337	100	-	-	-	-	-	-	-	-	-	-	3 337	3.6
7. Operations and maintenance	434	27.7	-	-	-	-	-	-	-	-	1 130	72.3	1 564	1.7
8. Salaries and allowances	3 225	100	-	-	-	-	-	-	-	-	-	-	3 225	3.5
<b>Total project costs</b>	<b>11 281</b>	<b>12.2</b>	<b>53 186</b>	<b>57.7</b>	<b>1 200</b>	<b>1.3</b>	<b>25 170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1 130</b>	<b>1.2</b>	<b>92 111</b>	<b>100</b>

\*Other cofinancing consists of RGC national budget resources (outside project accounts) of US\$1.1 million.

**Table 4: Programme/project costs by component and year**  
(Thousands of United States dollars)

Component/ subcomponent]	2020		2021		2022		2023		2024		2025		Total Amount
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Value chain infrastructure	5 881	55	11 005	69	11 641	68	13 023	68	12 995	73	6 512	59	61 057
2. Skills, technology and enterprise	3 922	36	4 217	27	4 685	27	5 333	28	4 105	23	3 602	32	25 864
3. Project management (PMU)													
3.1 Knowledge management, planning and M&E	357	3	123	1	421	2	312	1	230	1	479	4	1 922
3.2 Project coordination	644	6	484	3	527	3	506	3	537	3	570	5	3 268
<b>Subtotal</b>	<b>1 001</b>	<b>9</b>	<b>607</b>	<b>4</b>	<b>949</b>	<b>5</b>	<b>818</b>	<b>4</b>	<b>766</b>	<b>4</b>	<b>1 050</b>	<b>9</b>	<b>5 190</b>
<b>Total project costs</b>	<b>10 804</b>	<b>100</b>	<b>15 829</b>	<b>100</b>	<b>17 275</b>	<b>100</b>	<b>19 173</b>	<b>100</b>	<b>17 866</b>	<b>100</b>	<b>11 163</b>	<b>100</b>	<b>92 111</b>



#### **d. Summary of benefits and economic analysis**

119. The full Economic and Financial Analysis is presented in Appendix 4. The project beneficiaries will be approximately 227,500 rural households who will benefit from (1) reduced travel and transport costs; (2) improved access to markets; (3) investments in skills training, digital technology and enterprise development; and (4) investments by farmers and private entrepreneurs in agriculture value chains and the rural economy.
120. Economic and Financial Analysis is reported in detail in Appendix 4. The specific road investments to be supported by the project are not identified and so the analysis relies on data from recent similar rural road investments. The Economic Internal Rate of Return (EIRR) is computed using the full Project Cost and the net incremental benefits. A base case EIRR is estimated at 33% with a positive NPV of USD 87\$M. Sensitivity Analysis of the EIRR shows that in the most severe case of costs increasing by 50% and benefits reducing of 50% the EIRR remains above 20% which is still higher than the alternative estimated return on capital of 10%. Overall the analysis demonstrates that the project is economically viable and robust with respect to potential risks.

#### **e. Exit Strategy and Sustainability**

121. The exit strategy for SAAMBAT is intended to ensure sustainability of the project's achievements at the levels of programme approach, institutions and public assets (real and virtual) created.
122. Programme approach elements with potential to be sustained and/or institutionalized beyond the project lifespan include the integrated stakeholder-led planning approach, management and exchange of knowledge, integrated M&E systems and a pipeline of policy analysis and advice.
123. Sustainability of infrastructure investments is a strategic challenge that requires both institutional capacity and allocation of adequate resources by RGC. MRD budget allocation for maintenance of rural roads is increasing although still only sufficient to maintain around 5% - 6% of the rural road network each year. MEF has indicated that capacity rather than availability of the funds is the constraint to increasing this budget. MRD is receiving capacity building support from ADB for planning and implementation of rural road maintenance, and further support from RID4CAM (KfW/AFD/EU) is expected to result in operationalization of an online Road Asset Management System (RAMS) for efficient planning of the maintenance budget. SAAMBAT Component 1 includes funding for capacity development for road maintenance which will be used for priorities to be identified in cooperation with other donors in the sector. Performance-based contracts, being piloted by World Bank under CASDP, will be evaluated and adopted if appropriate. RGC plans a large increase in the resources available to Commune Councils which will be responsible for maintenance of gravel roads, but clear contracting procedures for maintenance works are lacking. SAAMBAT will work with Ministry of Interior and NCDD-S to address this problem. Climate change impacts on road maintenance are another potential area to support. Other types of infrastructure (ferry crossings, markets etc) will be income generating and operation and maintenance will be assigned to user committees and / or private operators.
124. Skills learned by rural youth under sub-component 2.1 will be of life-long value. The project will also develop capacity and teaching materials within SDF to address the technical education needs of youth in rural areas and it is expected that SDF will continue to make use of this capacity beyond the lifetime of the project.
125. Sub-component 2.2 will also assist in building sustainable institutions, including the Techo Start-Up Center, with capacity to support the needs of the rural economy in future. Sub-component 2.2 will increase local capacity to use digital technologies. Roll-out of digital innovations will follow a pathway designed to ensure commercial viability and self-financing sustainability. The sustainability of KAS depends on adequate revenues – at present it is envisaged that costs will be financed from RGC budget but options for self-financing will be explored as the model develops.
126. Environmental sustainability of SAAMBAT investments will be verified through application of environmental safeguards procedures. Climate resilience will be ensured through the integration of local climate vulnerability analyses as well as adoption of climate-proof design standards which will be in line with existing standards maintained by the donor community already active in this area.
127. Institutional capacity is likely to be the biggest challenge overall to ensure sustainability of SAAMBAT benefits. Sustainability and effective exit strategy at the level of each institution and significant investment will be monitored through the project M&E system. SAAMBAT Mid-Term Review will carefully evaluate progress towards sustainability and may recommend additional measures to strengthen capacity if necessary.
128. The government has not indicated whether it wishes to receive the financing in USD rather than SDR. The previous loan was denominated in USD at government request. This will be firmed up during design. Other factors to be considered during design will include
129. The use of the SOE facility to justify advances or seek reimbursement. The SOE threshold that applies for withdraw application that apply for withdrawal application under procedure (i) "Advance Withdrawal" and under procedure (iv) "Reimbursement" for all expenditures for all categories is USD 100,000 equivalent.

### 3. Risks

#### H. Project risks and mitigation measures

130. SAAMBAT is considered a low risk project overall. As shown in the Integrated Risk Framework (IRF, Annex 4), some risks are assessed as moderate, mainly based on the operating environment and experience of previous projects in Cambodia.
131. The most significant project specific risks, which will require mitigation measures, relate to (1) risk of failures in management and coordination that could lead to delays in project implementation; and (2) risk of non-sustainability of project outputs due to inadequate operation and maintenance arrangements. In addition, Component 2 supports innovative approaches and it must be expected that not all initiatives in the component will be successful.
132. SAAMBAT will be implemented through two Ministries agencies (MRD and MEF) and will require coordination with ASPIRE (MAFF) and AIMS (MoC). Experience shows that effective coordination is challenging but can be achieved through careful design of project management arrangements, which will ensure that (1) inter-agency coordination arrangements are clear and not over-burdensome; (2) decisions that require inter-agency coordination are clearly identified; and (3) each agency has sufficient autonomy to carry on its day-to-day operations. SAAMBAT project supervision will pay close attention to this issue, including evaluating the quality of coordination and proposing remedial measures if this should become necessary.
133. As described above, country projects have suffered implementation delays and insufficient management focus on strategic results. This risk will be addressed through clear forward-planning arrangements based on the AWPB, use of clear and adequate timelines for recruitment and procurement procedures, and appointment of TA with strong management capacity and a relationship of trust with project management. IFAD will work proactively with project management to prevent problems arising.
134. The infrastructure investments of SAAMBAT are technically straightforward but will require a skilled and well-managed engineering team to ensure quality of design and construction and with expertise in climate change proofing. MRD do not have capacity for this so a qualified consulting firm will be engaged. Arrangements to ensure sustainability of infrastructure investments have been described above.
135. The skills, technology and enterprise development activities in Component 2 represent a higher risk in that the proposed methodology is somewhat innovative. Matching skills demands from employers, demand for training from trainees and suitable training providers may prove challenging. Rural youth may need to choose between income earned in low-skilled jobs and enrollment on training courses, and this decision will be especially difficult for youth from disadvantaged backgrounds. Risks in sub-component 2.1 are mitigated by the use of an established institution (Skills Development Fund) working through a service provider with proven capacity.
136. Digital innovation (sub-component 2.2) is inherently risky and it must be expected that not all start-ups and / or innovative applications will succeed. However, sub-component 2.2 balances innovation with the lower-risk activity of strengthening digital literacy and uptake of already available digital technologies in the rural economy. sub-component 2.2 will work through TSC and will make use of partnerships with commercial partners, established digital platforms and service providers with proven capacity, in order to mitigate risk. Component 2 represents less than 20% of overall financing of SAAMBAT and this can be reviewed at mid-term depending on outcomes.
137. Four risk categories are assessed as Medium Risk in the IRF. Remaining weaknesses in the political and governance environment, including relatively weak legal and regulatory frameworks, prevent a Low risk assessment in this category but the risks are understood based on previous project experience and are considered manageable within the context of SAAMBAT. Institutional capacity for implementation and sustainability are discussed, with proposed risk mitigation measures, above. Fiduciary risks are closely related to the governance environment and will be similar to those applying to previous and ongoing IFAD projects, so IFAD has considerable experience of managing these risks. As described in the SECAP, infrastructure investments are expected to consist mainly of rehabilitation and upgrading of existing infrastructure. Little or no land acquisition will be required. Construction works will not cause long-lasting or wide-ranging environmental damage. Careful engineering design will mitigate risks from changed drainage patterns etc. Eligibility criteria for infrastructure sub-projects, described in the PIM, exclude locations and sub-project types entailing high environmental or social risk and ensure consistency with the data in SECAP screening checklist.
138. Low risk is assessed for: Macroeconomic: Cambodia enjoys strong growth and macroeconomic stability, supported by well-established policy approach; Sector strategies and policies: these are well-established and favourable to the design of SAAMBAT; Technical design: with some cautions, as discussed above, this category is considered low-risk overall; Stakeholders: there is no reason to anticipate significant opposition to the project from any group of stakeholders.
139. *The inherent risk of the country is deemed HIGH. According to World Bank CPI<sup>41</sup> Index 2017 (overall score 3.4), CAMBODIA reveals particular weaknesses in the area of "Public Sector Management" (score 2.7) driven by poor "Quality of public administration" (score 2.5) and "Transparency, Accountability, Corruption" (score 2.0).*
140. *This is further confirmed by a low score (20) in the Corruption Perception Index (CPI): Cambodia is ranking 161 out of 180 countries in the 2018 survey conducted by Transparency International.*
141. **Public Financial Management (PFM):**
142. *The Royal Government of Cambodia (RGC) has embarked on a Public Financial Management reform (PFMRM) since 2004,*

with the support from external donors (WB, IMF, ADB).

143. According to latest PEFA assessment 2015, PFM has shown improvements (vs 2009). "Budget credibility" (aggregate expenditure vs plan) recorded the highest score (A) assisted by an orderly and timely budget preparation process (bottom up) which is ensuring ownership by budget entities and definition of allocations before the start of the fiscal year. Although overall PFM development trend is positive, absolute score of most performance indicators remain weak (C-D).
144. The RGC banking system appears fragmented with a multitude of bank accounts opened at NBC (by the Ministry of Economy and Finance MEF), largely for donor funded projects. The treasury single account (TSA), introduced in 2003, is not unified yet: government bank accounts are operated through the TSA, whereas bank accounts for execution of donor projects are managed by project implementing agents at Line Ministries (LM), and monitored by the Department of Cooperation and Debt Management (DCDM).
145. RCG annual financial statements are consolidated by the MEF. Accounting follows national standards (modified-cash) converging to IPSAS-cash. Accounting omission of a substantial amount of externally funded expenditure was recorded in PEFA 2015.
146. The National Audit Authority (NAA) is the supreme audit institution. NAA carries out external scrutiny, based on ISSAI standards, of 50-60% of all ministries, with spot checks on the rest and some project financial audit is outsourced to professional audit firms.
147. The Internal Audit (IA) function is established by the Audit Law. IA units are established in each ministry and regular reports are submitted to concerned minister and to the NAA. Delays were registered in the implementation of IA recommendations.
148. "Donor practices" scored (D) revealing a fiduciary environment not mature yet. Donor funded assistance represents a significant part of public expenditure (over 40%). External assistance is generally on-national budget, as donors provide annual disbursement forecast (as well as actual expenditure) to the Council for Development of Cambodia (CDC) database in advance of government's annual budget preparation. However, only a minor part is channelled through Direct Budget Support (which relies fully on the use of national procedures) and only 25% of the larger external assistance makes use of the other aspects of country systems (20% on-procurement; 28% on-treasury/accounting; 26% on-reporting; 27% on-audit). This trend, already positive vs 2009 (12%), is expected to improve further with the roll-out of the FMIS, launched in 2015 within the PFM Modernization Project (PFMMP) funded by the World Bank.
149. According to the PFMMP completion report, FMIS implementation – PeopleSoft-based - in key departments of the MEF, including the Capital Treasury and 24 Provincial Treasuries (PTs), has been completed satisfactorily in 2017. It has enabled the government to enhance budget execution controls, improve timeliness of financial reporting, and achieve noteworthy compliance with IPSAS cash standards.
150. IMF team conducting the 2018 Article IV consultation with Cambodia, the Kingdom's debt-to-GDP ratio remains at 30 per cent this year. Cambodia's public debt-to-GDP ratio remains low risk. A draft of the 2018 national budget released late last year said the Cambodian government plans to borrow an additional one billion in Special Drawing Rights (SDR), equal to \$1.4 billion, to meet its planned budget for this year. This will bring the total national debt to \$7.6 billion by the end of the year, compared to \$6.2 billion in June last year.
151. This Debt Sustainability Analysis (DSA) shows that Cambodia remains at low risk of external debt distress, with all debt burden indicators projected to remain below respective indicative thresholds. However, the results also indicate that debt sustainability is becoming increasingly vulnerable to adverse macroeconomic shocks, including a fall in exports and a disorderly adjustment in the exchange rate, fiscal revenue shocks, and the materialization of contingent liabilities
152. [\[1\]](#) Country Policy and Institutional Assessment 2016 (score scale 1=low to 6=high) – World Bank

## **I. Environment and Social category**

153. Based on the assessment of potential environmental and social impacts presented in the SECAP review note, SAAMBAT has been classified as Environmental and Social Risk Category B; that is, the project may have some adverse environmental and / or social impacts on human populations or (less likely) on environmentally significant areas, but the impacts (i) are less adverse than those for category A; (ii) are site specific and few are irreversible in nature; and (iii) can be readily remedied by appropriate preventive actions and/or mitigation measures.
154. Social and environmental screening will be required at the level of individual infrastructure investments. Where significant risks are identified, social and / or environmental risk management mitigatory plans will be developed.
155. Road sub-projects will be of less than 10km maximum length and will be constructed on existing road alignments. Resettlement of households will therefore not be needed. There may be a requirement for minor land acquisition for road widening purposes. Where this need is identified, a Land Acquisition Plan will be prepared following existing guidelines. Screening for land issues, verification that resettlement is not needed, and necessary land acquisition planning, will be completed before procurement of construction contracts and will be documented and submitted to IFAD for No Objection before procurement of construction contracts commences. Promotion of road safety through community training will be included in all road construction contracts.
156. In case that SAAMBAT target areas include ethnic minority populations, care will be required to ensure that these minority

groups are allowed to exercise informed consent over developments that may affect them. MRD Department of Ethnic Minority Development will be consulted as needed. MRD's recent IPLR project followed a policy of constructing infrastructure only once indigenous community land titles were secured and it may be prudent to follow this policy.

157. Costs of the ESCRA, sub-project specific studies, preparation of environmental and social risk management plans and monitoring implementation are included in the costs of the technical consultant. Component 1 also has a budget line for additional process costs such as meetings and trainings related to safeguards.

## **J. Climate Risk classification**

158. SAAMBAT target areas will include areas that are significantly vulnerable to long-term impacts of climate change. The project will include infrastructure construction in areas where there is a risk of losses through flood damage if proper engineering design procedure, including consideration of future climate change trends, is not followed. However, the project areas are not affected by events of catastrophic significance. The climate risks in the project areas are well studied and understood and can be managed through appropriate risk management measures. For this reason, it SAAMBAT is considered to fall within the "moderate" climate risk category.
159. SAAMBAT is not expected to increase the climate vulnerability of the target communities. However, climate change may potentially impact on agriculture value chains supported by the project. Climate risk assessment and appropriate climate-proofing measures must be integrated in infrastructure feasibility study, design and construction for the project. There is some potential to increase resilience through adoption of green technologies and these aspects will be considered further at design stage. Climate resilient agriculture techniques will be promoted through partnership with ASPIRE.
160. The general nature and extent of climate change risks to the Cambodian rural economy has been extensively studied, including during formulation of the IFAD COSOP<sup>[17]</sup>. Given that final selection of target areas and sub-projects will take place on a rolling basis during the project period, there would be limited additional value in preparing a further in-depth analysis at this stage. Instead, in-depth assessment of climate change risks will be conducted for each Economic Pole as part of the Economic, Social and Climate Risk Assessment (ESCRA).
161. Costs of climate vulnerability studies, including climate-proofing features in design and monitoring implementation are included in the costs of the Technical Consultant. Component 1 has a budget line for additional costs including meetings and trainings related to climate change vulnerability assessment.

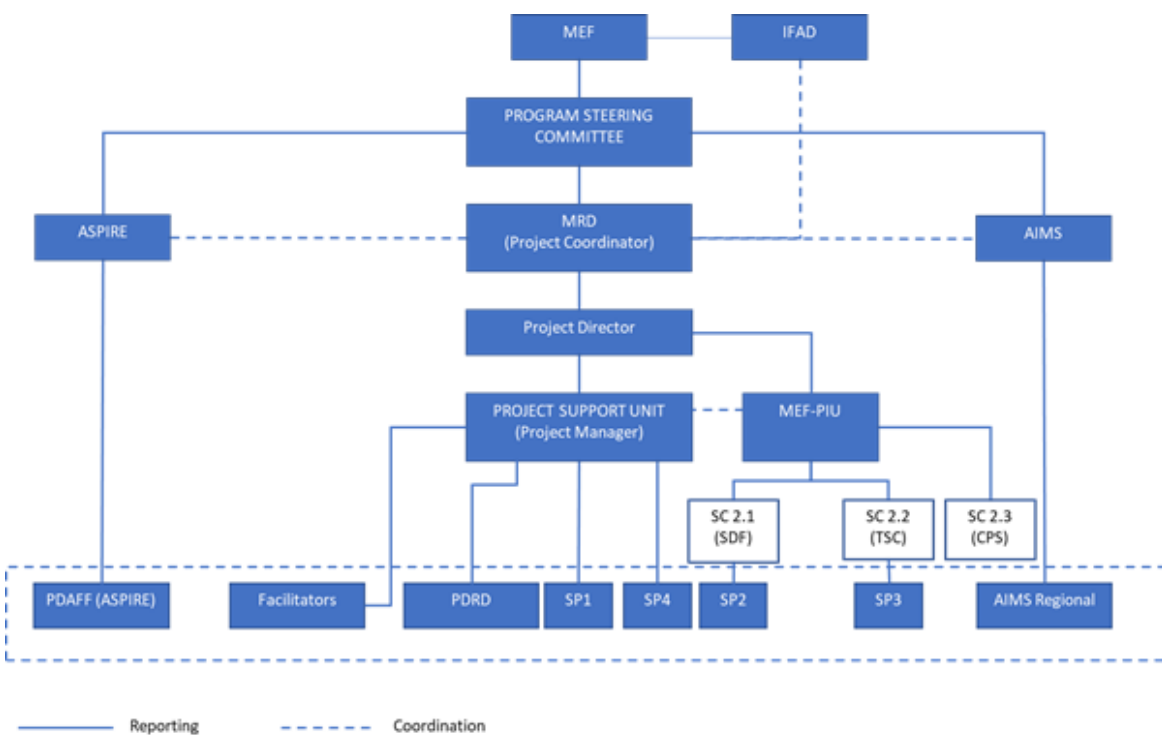
## **4. Implementation**

### **K. Organizational Framework**

#### **a. Project management and coordination**

162. Implementation of SAAMBAT will be overseen by a Country Programme Steering Committee, meeting bi-annually, which will be led by MEF and will ensure coordination of all IFAD-financed activities in country. IFAD project implementing agencies, relevant development partners and FOs will be represented on the Steering Committee. In accordance with the wishes of MEF, the Country Programme Steering Committee will set strategic direction but will not review and approve the AWPB. The Steering Committee will be supported by Sub-Component 2.3.
163. MRD will be the Executing Agency for the project. MRD will establish a Project Management Unit (PMU) which will be responsible for project management, financial management, procurement and M&E. The PMU will also include officials with engineering expertise to oversee quality control of infrastructure works. The PMU will liaise with MEF as Borrower's Representative and directly with IFAD. MRD have appointed the Project Director and the Project Manager. A TA team to support project management, coordination, financial management and procurement will be contracted by PMU. PMU will also coordinate with UNICEF to make sure that SAAMBAT will be benefiting from the current and future Nutrition Programme of UNICEF with MRD.
164. MRD will directly implement Component 1 (Value Chain Infrastructure). MRD will engage a suitably qualified firm to provide technical services for climate vulnerability assessment, feasibility study (including technical baseline data such as traffic counts), design, social and environmental safeguards studies, cost estimation, preparation of technical specifications, drawings and BoQ for tender documents and for supervision of construction. The technical service provider will report to the Project Manager.
165. MRD will assign staff in its Provincial Departments of Rural Development (PDRD) for planning, coordination and monitoring tasks at Provincial level, and for coordination with ASPIRE (implemented by MAFF) and AIMS (MoC). PDRD will nominate a SAAMBAT focal points for this purpose. The potential number of Provinces with SAAMBAT activities will be large, while the workload will vary between Provinces and the period of intense activities in each Province may be quite short. Therefore, the Project will not establish formal Project Implementation Units in each Province but will adopt flexible arrangements suited to the varying workload. Project Facilitators will be assigned to each initial target Province but may later be deployed flexibly or grouped in a regional hub arrangement (this is similar to the configuration used in AIMS).

166. MEF will implement Component 2 (Skills, Technology and Enterprise) through a Project Implementation Unit (MEF-PIU). MEF-PIU will be responsible for procurement, contract management, financial management and consolidation of reporting for the whole of Component 2. The Skills Development Fund (SDF) unit within the MEF General Department of Economic and Public Finance Policy will lead implementation of Sub-Component 2.1 (Skills for Rural Youth and Enterprise). The Techo Start-Up Centre (TSC) will lead implementation of Sub-Component 2.2 (Digital Technology and Enterprise). Centre for Policy Studies (CPS) will be assigned as implementing partner for Sub-Component 2.3 (Programme Management, Policy Research and Strategic Studies).
167. Outreach activities under Sub-Component 2.1 and Sub-Component 2.2 will be assigned to the service providers (either two separate or a single service provider to implement both sub-components and for better efficiency and cost savings). Selection of suitably qualified service providers will be of critical importance, as will timely selection process to facilitate smooth start-up of the project.
168. Key selection criteria for the service provider for each sub-component will include (1) a strong track record working with Cambodian rural people; (2) a private sector development focussed approach; and (3) key experts already in place who will form the core of the task team. Service Provider on Skills Development (SP2) will possess specialist knowledge of the technical and vocational education and training (TVET) sector in Cambodia. Service Provider on Digital Technology Outreach (SP3) requires knowledge of the smallholder agriculture sector and value chains and understanding of the potential uses of digital technology in the sector. MEF will consider the option of contracting a single service provider for both sub-components, which would save costs and reduce management complexity.
169. The selection of the SP2 and SP3 will be done through a direct contract arrangement through a partnership with one or more bilateral donors to support Component 2, potentially mobilising additional funds and expertise. MEF will explore potential partnerships with the Swiss Development Cooperation (SDC), or the development assistance agencies of Singapore, Korea or Germany. The Swiss Development Cooperation (SDC) is the co-chair of the Technical Working Group on Technical and Vocational Education and Training and implements its Skills Development Programme (SDP) through Swisscontact, which is identified as a strong candidate to be the service provider under Component 2. SDC indicated to the Mission that it would be willing to sign Letter of Intent and to integrate cooperation with SAAMBAT in design of the next phase of its SDP.
170. Project implementation arrangements are summarised in the following diagram.



**b. Financial Management, Procurement and Governance**

171. During design, a **Financial Management (FM) risk assessment** has been conducted after visiting MEF, MRD and MME. It builds on the conclusion of the 2015 Public Expenditure and Financial Management (PEFA) assessment by MEF as well as the 2017 Transparency International survey on the perceived level of corruption. Accordingly, the inherent risk environment has been assessed as high. The proposed FM arrangements for the project incorporates measures intended to reduce such risk to acceptable level. IFAD has found that Ministries and Government Agencies have extensive experience in managing external funded projects and are substantially efficient in complying with donor’s financial and reporting requirements. FM capacity at MEF and MRD is satisfactory while MME has limited experience of financial management of donor funded projects.



172. Financial management of SAAMBAT will follow the rules and procedures set out in RGC's Standard Operating Procedure (SOP) Financial Management Manual<sup>[18]</sup>, with the general exception that procedures must conform with relevant IFAD standards in all cases. Specific exceptions to use of the SOP, if any, will be listed in the PIM.
173. MEF will open and maintain the following bank accounts in USD; (i) Designated Accounts for IFAD Loan and Government Counterpart Fund, and (ii) Project Accounts in MRD, MEF and MME, where funds from the designated accounts would be transferred. Expenditures of PDRD and other sub-national agencies will be on advance basis. Rules for management of advances will be specified in the PIM. Funding from IFAD and Government will be transferred to designated accounts on the basis of six months AWPB and subsequent funding will be released only after first advance has been adjusted at least 75% and previous advances have been adjusted fully.
174. A suitable web-based accounting software package will be procured and applied by all implementing agencies. Each implementing agency will maintain financial records and submit monthly, quarterly, six-month and annual reports to PMU. PMU will consolidate financial reports and prepare Withdrawal Applications for submission to MEF for review.
175. A **procurement assessment** has been undertaken based on the current operation of IFAD on-going projects in the country. The project is given a high-risk assessment. The design draws lessons from the on-going projects and others development partners (DP) programmes/projects initiatives in the country. Risks and appropriate mitigation measures will be identified and incorporated in the project design working paper.
176. Consistent with IFAD Guidelines, IFAD has assessed RGC's SOP Procurement Manual<sup>[19]</sup> and found the procedures to be satisfactory. Therefore, the SOP will be used in SAAMBAT, subject to the general condition that all procurement will be carried out in compliance with the IFAD Procurement Guidelines and IFAD Policy on preventing fraud and corruption in activities and operations. In any case where there is no suitable provision in the SOP Procurement Manual, SAAMBAT will use the World Bank Guidelines and appropriate formats. Any specific exceptions to SOP procedures will be listed in the PIM.
177. Procurement Plans will be prepared and updated using the appropriate templates in the IFAD procurement handbook as already adapted for ongoing IFAD-financed projects in Cambodia.
178. There is limited capacity in the **Internal Audit** Departments of the MRD and the implementing agencies. Therefore, a private internal audit firm perform internal controls review, propose improvements and issue recommendations. Internal audit responsibilities will be assigned to the Internal Audit Departments once these are assessed as having sufficient capacity by IFAD Supervision Missions.
179. **External audit** will be conducted by a private audit firm hired by MEF, while IFAD would provide NOL to the TORs.
180. lessons learned and knowledge generated on financial management from Current active portfolio:
181. The hiring of skilled and experienced staff is key for an early and successful implementation of FM systems; this was the strongest point of PADEE. Other FM areas that could have been implemented better and to be considered in future projects include:
- better use of the budget as planning and monitoring system, the over ambitious budgets set up for PADEE every year, undermined the key functions of this instrument;
  - better coordination between M&E and Finance staff to allow due recording of in-kind contributions from beneficiaries; this was a weak point in PADEE and should be duly considered in future projects;
  - better customization of the reporting feature in the accounting system; PADEE software was well customized with the exception of the component wise reporting; The accounting system needs to be properly customized so the expenditures by financier, cost category, component and sub-component are recorded . The system needs be set-up to allow consolidation of information and allow the preparation of the consolidated financial statements of the project. to The system needs to be web-based to allow transmission of information real time.
  - to speed up disbursements on the new project, timely submission of AWPM and further improvements are needed to manage the Cash Flow, recording the In-Kind contribution of Government and beneficiaries, Further capacity building of the FM team has planned this year for the entire portfolio
  - Engage with The National Audit Authority (NAA) or Private Audit firm and internal auditors to order to have proper audit arrangements in place for the project.
  - FM team should be identified and further training on Budgeting & Planning and Cash Flow Management
  - Accounting software should be identified in the earlier stage during the design mission.

## **L. Planning, M&E, Learning, KM and Communications Plans to Planning, M&E, Learning, KM and Communications**

### **a. Planning, M&E, Learning, Knowledge Management and Communication**

182. SAAMBAT will adopt integrated planning within the programmatic approach described in section II A above. Coordination of plans between components of SAAMBAT, as well as with ASPIRE and AIMS, and with partner projects, will occur at three

levels. First, at the level of the Economic Poles, project activities as well as those of partner projects will be identified through the MSP platform. Second, preparation of the SAAMBAT AWPB will be coordinated with AWPB preparation in AIMS and ASPIRE. Third, the Programme Steering Committee will set overall direction and confirm priority objectives for the coming year.

183. Each implementing agency of SAAMBAT will be responsible to prepare its AWPB, having respect to the overall targets specified in the Logframe, annual targets and priorities agreed by the Steering Committee, and detailed activities prioritised and agreed with partners through the MSP. The component and sub-component AWPB will be submitted to the PMU which will check for consistency with agreed targets, eligibility of proposed expenditures and conformance with the Project Cost Tables. The PMU will then consolidate the AWPB and submit to the Project Director for approval, subject to NOL from IFAD.
184. In line with the programmatic approach, preparation of the SAAMBAT AWPB will be aligned with AWPB preparation of AIMS and ASPIRE, and with partner projects including RID4CAM. Each project teams will prepare an outline plan, aligned with the strategic direction of the Joint Steering Committee and including target areas, planned outputs and expected outcomes. The project technical teams will then meet to review and align these plans, specifically seeking opportunities for synergy. Projects will then prepare their detailed AWPB. Once draft AWPB are complete, a review meeting will be held to present the plans, ensure full information and further enhance mutual cooperation between the projects.
185. Project M&E indicators and means of verification are defined in the logical framework (Annex I) which includes relevant core indicators from the Operational Results Management System (ORMS). All people-specific indicators will be disaggregated by gender and youth. The PMU will fine-tune progress, performance and impact indicators at the Start-Up Workshop with support from IFAD and will define targets annually as part of the internal planning processes. The project will use IFAD's revised Results and Impact Management System (RIMS) framework and Core Indicators to enhance the measurement of IFAD's results at the outcome level.
186. The project will build strong monitoring, evaluation and knowledge management capacity at the PMU and the implementing partners. Each implementing partner will be responsible for collection and reporting of data on project activities, and beneficiaries which will be consolidated by a project M&E unit within PMU. The project will support the recruitment of M&E, MIS and Geographic Information System (GIS) specialists to support this unit. Based on the Project Logical Framework (Annex 1), the Project Implementation Manual (PIM) will define the responsibilities of each of the partners including the indicators that to be monitored and their frequency and reporting requirements. Within each partner organization a focal person will be designated to report on specific monitoring and evaluation indicators to the M&E unit in the PMU. The Project will produce regular statistical reports and annual reports that document the performance of the project and provide lessons for further refining the project approach.
187. All implementing partners will upload key data to an MIS to be designed and implemented by PMU based on models already operational in ASPIRE and AIMS. Some of the information can be collected through the ongoing ASPIRE and AIMS MIS. The MRD has already designated a focal person for M&E and it is recommended that the selected staff member liaise with AIMS and ASPIRE to learn from their experience and to synchronize the system. The SAAMBAT M&E and MIS systems will be prepared during the project design and readiness period to ensure that the key tools are ready and all key information is recorded from the start of the project. SAMBAAT will establish a web-based dashboard to report progress on key input, output and outcome indicators. Digital data collection and visualization will equip the PMU with the ability to efficiently collect, manage, and conduct basic visualization of M&E data with mobile and cloud-based data management systems. A GIS will be used for greater transparency of project investments and ensuring spatial equity. GIS will enable the presentation of data on an interactive geographical interface and use of mobile Android OS devices will enable input of data in real time. The GIS will also capture information on outputs of ASPIRE and AIMS, therefore forming the basis for a country programme dashboard and GIS system. In line with recommendations IFAD Financial Management Team, the MIS will track beneficiary contributions to project costs so that these can be consolidated in project accounts.
188. The MIS will be designed to exchange information with ASPIRE and AIMS MIS systems and in particular, to identify beneficiaries who are registered in more than one of these systems, so as to eliminate double counting. Similarly, the Major Impact Survey (below) will include measurement of the overlap between SAAMBAT, AIMS and ASPIRE beneficiary groups.
189. A Major Impact Survey of beneficiary households will capture baseline, mid-term and end-line data through a focused survey of expected beneficiaries in the proposed locations where investments will be made before and after the investment. The Major Impact Survey will primarily measure indicators for the Project Development Objective and Outcome 1. The survey will use a rolling baseline with the sample population identified as the target beneficiaries of infrastructure investments. The level of benefits to each household will vary, for example with distance from the project road, and the survey design will seek to evaluate this distance – influence relationship which will be used together with step-wise analysis in preference to selection of a separate control sample. Data on skills, technology and entrepreneurship will be collected in the survey and will be cross-compared with beneficiary tracking data for Outcome 2.
190. The survey data will be completed by technical baseline data such as traffic counts which will be collected during technical feasibility studies of the project outputs. Good examples of this approach to impact assessment have been identified in recent MRD projects. For beneficiaries of skills and enterprise development, the project will track the baseline indicators through detailed interviews with expected beneficiaries prior to the investment and use tracer studies for the purpose. To facilitate a Value for Money (VFM) Analysis in SAMBAAT, the M&E Unit and the Financial Manager of the project will work closely together to develop a system that is able to track the unit cost of each of the key outputs produced by the project. This information will be used to assess unit and per capita costs and will be used for an analysis of input to output ratios. A comparison of the unit costs will be benchmarked against the costs of other service providers, projects, etc, providing similar services. From MTR onwards, the PMU will provide an analysis of the cost ratio of inputs to outcomes. The M&E Unit will

include a VFM section in the annual progress reports that will report on the VFM metrics of economy, efficiency, effectiveness and impact.

191. Annual Outcome Surveys will be carried out starting from PY3. The surveys will cover (i) emerging intermediate outcomes of the infrastructure schemes, the uptake of lower cost energy and trends in energy consumption patterns; (ii) the views of trainees and entrepreneurs on the training and apprenticeship opportunities (iii) participation of women and youth and their perceptions of the project and the emerging outcomes reported by them and (iv) assessment of the emerging impact on incomes, employment, growth in businesses and rural enterprise.
192. SAMBAAT is expected to provide lessons that can be important to shape the government policy regarding provision of TVET to youth in partnership with the private sector and its impact on employment and rural growth and on extending the use of digital technologies in the rural economy. Finally, SAAMBAT and its alignment with other projects will provide a model of integrated investments covering extension, marketing services, youth development and infrastructure. Learning and knowledge management would be important in drawing out the lessons from the project to assist the Government with refining its policy and for scaling up the successful elements of the project. The IFAD Mekong Hub will also incorporate lessons from the project across the sub-region and beyond. Missions and exchange visits will be organized at least every 2 years across the hub-covered programmes.

## **b. Innovation and scaling up**

193. The innovative aspects of SAAMBAT design include:

- A demand-led approach to planning linked explicitly to rural economic development and implemented through stakeholder consultations using the Multi-Stakeholder Platform approach;
- Developing skills and entrepreneurship in the agriculture sector with a focus on employment generation;
- Expanded use of digital technologies, including a balanced upstream / downstream approach to needs identification, testing, roll-out and strengthening capacity to use digital technologies in the rural economy.

194. The potential pathway for scaling up the planning approach would be its broader adoption within the IFAD country programme, potentially also by projects of partner agencies, and /or by MRD, particularly for rural infrastructure projects that have support to agriculture as explicit objectives.
195. The skills training approach adopted for sub-component 2.1 is demand-led and recognizes that rural youth may seek careers within or outside the rural sector, and in formal employment or as entrepreneurs. If successful, there is a ready path to scaling up this approach through the SDF.
196. Successful digital platforms and applications supported by sub-component 2.2 are inherently likely to be scaleable once launched and proven effective. The digital literacy and adoption support strategy could also be scaled up through extension to other areas of rural Cambodia.

## **M. Implementation plans**

### **a. Implementation readiness and start-up plans.**

197. SAAMBAT will be implemented over a six-year period, 2020 – 2025.
198. The project start-up plan is designed to ensure smooth start-up of the project and a full year of operations in the RGC budget year 2020. This timing will allow the project to contribute to the fulfilment of the RGC 3-year rolling Public Investment Programme (PIP) for years 2020 – 2022 which will be the final three years of the RS-IV and NSDP 2018-22.
199. Project approval by IFAD Executive Board is anticipated in September 2019. Project inception and preparation of the AWPB for 2020 will take place in November 2019.
200. An outline AWPB for 2020 has been prepared and annexed to the Project Design Report. In order to ensure that the project becomes fully operational and is able to deliver results in 2020, further actions needed in 2019 are (1) conduct the Multi-Stakeholder Platform planning process in the Phase 1 Economic Poles; (2) assign staff to the MEF-PIU; and (3) commence leading procurement actions, particularly recruitment of service providers for all components. It was agreed that these actions will begin before formal approval of SAAMBAT by the IFAD Board. MEF will use ASPIRE country grant funds, allocated in the 2019 ASPIRE AWPB, to support SAAMBAT readiness.
201. MRD will work with ASPIRE and AIMS to agree a methodology for the MSP process in the Phase 1 Economic Poles. This process will be based on the draft PIM and will also take account of AIMS experience with the MSP process to date. The MSP process will bring together stakeholders including local authorities, technical departments, farmer representatives and the private sector. The MSP process will focus on the Economic Pole area as a whole, including parts of the area that may not be served by AIMS or ASPIRE activities at present.
202. The MSP process will be agreed with IFAD and will be implemented in the second half of 2019. The process will (1) analyse the key constraints to agriculture growth; (2) identify interventions that to promote growth; (3) disseminate information on the types of intervention that can be supported by SAAMBAT and by other projects; and (4) identify candidate infrastructure

investments and other types of intervention. An Agriculture Economist will be recruited on a short-term contract using ASPIRE grant funds to support the process and strengthen the focus on agriculture economic productivity in the EP.

203. The following procurement actions will be commenced early in the second half of 2019 with the intention of being ready to sign contracts once the project becomes effective:

- Recruitment of key technical adviser / staff;
- Procurement of project financial management software;
- Recruitment of Service Provider SP1 for technical support to Component 1;
- Recruitment of Service Provider SP2 for technical support to Sub-Component 2.1;
- Recruitment of a Services Provider SP3 to conduct the Outreach Campaign for Sub-Component 2.2;
- Recruitment of a Services Provider SP4 to conduct the household impact survey.

204. In addition, a service provider will be recruited using ASPIRE grant funds to develop a Management Information System (MIS) for SAAMBAT, based on the MIS used for ASPIRE. If possible, the systems should be inter-operable (capable of sharing information). Techo Start-Up Centre will liaise with the MIS developer to explore whether, in the long term, an IFAD Country Programme MIS could be integrated in the KAS ecosystem.

205. The PMU will be formally established in mid-2019 and will receive training in necessary project management procedures. A short-term Procurement Adviser will be recruited to support key early recruitment and procurement actions. Key advisers will be recruited during the third quarter of 2019. Procurement of technical services (3 packages) and project vehicles and equipment will proceed in the final quarter of 2019 after Executive Board approval. The project MIS and GIS will be established in this period.

#### **b. Supervision, Mid-term Review and Completion plans.**

206. IFAD will conduct one annual Supervision Mission for SAAMBAT with the first mission provisionally scheduled for the third quarter of 2020. In addition, IFAD will conduct one annual Implementation Support Mission (ISM) beginning in the first quarter of 2020 in order to advise on project strategy and implementation approach and to assist the project to identify practical solutions to any challenges and bottlenecks. The frequency of ISM will be reviewed at MTR.

207. The SAAMBAT MTR is provisionally scheduled for Q3 2022. By that stage all project systems should be well established, all sub-components will have produced significant outputs and early evidence of outcomes should be available. The MTR will confirm the selection of the Phase 3 Economic Poles (50% of the total) in line with needs and taking into account the locations of partner project activities. The MTR will review the need, if any, for re-allocation of funds between components.

208. The **Project Completion Review** and report will be finalized before project closure. The process will build on relevant and current IFAD guidelines, RGC guidelines and best practices related to outcome and impact assessment.

## Footnotes

[1] Index developed and measured by USAID – Feed the Future Programme

[2] 'Cambodia: Addressing the Skills Gap', ADB-ILO 2015. Also see Khieng, S., S. Madhur, and C. Rethy, eds. 2015. Cambodia Education: Employment and Empowerment. Cambodia Development Resource Institute (CDRI)

[3] sustainability in economic, institutional, social, and environmental terms (including climate risk resilience)

[4] Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE), total project costs \$94.52 million, IFAD loan and ASAP grant finance; project period 2015-21.

[5] Accelerated Inclusive Markets for Smallholders (AIMS), total project cost \$61.61 million; IFAD loan finance, project period 2016-22

[6] Water for Cambodia

[7] [https://www.indexmundi.com/cambodia/economy\\_profile.html](https://www.indexmundi.com/cambodia/economy_profile.html)

[8] <http://hdr.undp.org/en/2018-MPI>

[9] Economic Infrastructure Programme to Sustain Land Reform Implementation

[10] [https://pdf.usaid.gov/pdf\\_docs/PA00KV15.pdf](https://pdf.usaid.gov/pdf_docs/PA00KV15.pdf)

[11] "Modelling of Climate Change Impacts on Growth". Ministry of Economy and Finance (MEF) and the National Council for Sustainable Development (NCSD) 27th April 2018.

[12] Tonle Sap Smallholder Development Project led by ADB with IFAD co-financing

[13] Scaling Up Renewable Energy Technology in Cambodia: supported by IFAD with GEF grant financing and operationally integrated with ASPIRE

[14] Respectively Rural Infrastructure for Cambodia (currently under design) and Water for Cambodia (a multi-phase program with the next phase currently being developed)

[15] Community Based Rural Development Project implemented by MRD in Kampot and Kampong Thom provinces

[16] <https://www.swisscontact.org/en/country/cambodia/home.html>

[17] Environment and Climate Change Assessment (ECCA) Report 2012

[18] RGC (2012) Financial Management Manual for All Externally Financed Projects/Programs in Cambodia. <https://gdicdm.mef.gov.kh/en/2017/01/03/754.html>

[19] RGC (2012) Procurement Manual for All Externally Financed Projects / Programmes. <https://gdicdm.mef.gov.kh/en/2017/01/02/674.html>

## Cambodia

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex 1: Logframe**

Document Date: 27/07/2019  
Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



**Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)**

**Logical Framework**

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Outreach</b>	1 Persons receiving services promoted or supported by the project				Survey	Monthly	M&E officer	
	Females		37500	100000				
	Males		37500	100000				
	Young							
	Total number of persons receiving services		75000	227000				
	1.a Corresponding number of households reached				Survey	Monthly	M&E officer	
	Non-women-headed households							
	Women-headed households							
	Households		75000	227000				
	1.b Estimated corresponding total number of households members				Survey	Monthly	M&E officer	
Household members		500000	1000000					
<b>Project Goal</b> Reduce poverty and enhance food security	Declining rural poverty rates with improvement in status of women-headed hhs				country level poverty assessment	periodically after every 5 years	RGC and third-party assessments	Stimulating rural growth will reduce poverty Increase in agriculture growth will reduce poverty.
	rural poverty rate - Percentage (%)	20	15	10				
	Increasing agriculture growth rate				Government Economic Analysis	Periodically	Government Analysis	
	growth rate - Percentage (%)	1.5		2				
	Abbreviated Women's Empowerment in Agriculture Index				Feed the future survey	Periodically	USAID	
	AWEIA	0.74		0.8				



Results Hierarchy	Indicators				Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
<b>Development Objective</b> Sustainably increase productivity of youth, enterprises and the rural economy	Number of direct beneficiaries experiencing at least 25% increased earnings-per-day from on-farm or off-farm work				Outcome survey	Baseline; Mid-term; End line surveys	Third Party Assessment	Political and economic stability in the country and the region.	
	Females		30000	60000					
	Young		30000	60000					
	Households		15000	30000					
	Number of beneficiaries reporting reduced variability of earnings with climate conditions				Outcome survey	Baseline; Mid-term; End line surveys	Third party assessment		
	Females								
	Young								
	Households		20000	50000					
<b>Outcome</b> 1. Increase poor rural people's benefits from market participation	2.2.6 Households reporting improved physical access to markets, processing and storage facilities				Survey; M&E records	After mid-term annually	PSU and MRD and PDRD	Increased market participation will lead to increased productivity CI 1.2.3 Activities designed in cooperation with AFD and funding identified	
	Households reporting improved physical access to markets								80
	Males								
	Females								
	Young								
	Households reporting improved physical access to markets								160000
	The growth in the traffic and businesses visible along the roads, in the markets and ferry landings constructed by the project.				Traffic and business volume surveys	Baseline. Mid-term; End line	MRD and technical consultant		
	increase in roadside businesses - Percentage (%)								25
	increase in traffic - Percentage (%)								50

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	% of infrastructure sub-projects incorporating climate-adaptive design features				Reports from technical consultant	Annually	MRD and technical consultant	
	sub-projects		40	40				
	% of the productive and market infrastructures still used and sustainable after project yr 6				Survey; M&E records	After mid-term annually	MRD	
	Value chain infrastructure - Percentage (%)			100				
	1.2.3 Households reporting reduced water shortage vis-à-vis production needs				M&E records	Annual	PMU and MME	
	Households		1000	5000				
	Women-headed households		150	750				
<b>Output</b> 1.1 Access Roads: Year-round access roads built in the areas of intervention	2.1.5 Roads constructed, rehabilitated or upgraded				M&E records	Annual	PMU	1. Demand-responsive output planning. 2. Appropriate technical standards. 3. Effective operation and maintenance.
	Length of roads		360	1000				
	Km of road constructed, rehabilitated or upgraded				M&E records	Annual	PMU	
	Bitumen / concrete surface (IFAD funding)		100	300				
	Bitumen / concrete surface (AFD/KfW)							
	Gravel surface		60	150				
<b>Output</b> 1.2 Other value chain infrastructure facilities constructed	2.1.6 Market, processing or storage facilities constructed or rehabilitated				M&E records	Annual	PMU	1. Demand-responsive output planning. 2. Appropriate technical standards. 3. Effective operation and maintenance.
	Market facilities constructed/rehabilitated		25	75				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output</b> 1.3 Farmer benefit from improved on-farm and near-farm water management, solar pumping and productive RET	3.1.3 Persons accessing technologies that sequester carbon or reduce greenhouse gas emissions				MIS	Annually	RET suppliers	Financing for RET activities identified following favourable evaluation of S-RET
	Females		2500	10000				
	Young		2000	8000				
	Total persons accessing technologies		5000	20000				
<b>Outcome</b> 2. Increase poor rural people's productive capacities	Number of rural youth productivity employed				Pre-training and post training tracking of applicants	Baseline; Mid-term; End line	PSU and SDF	The training adds value to the skills of the youth and enhances their demand in the job market.
	Females		750	2250				
	Males		750	2250				
	Young		1500	4500				
	employment		1500	4500				
	2.2.2 Supported rural enterprises reporting an increase in profit				Outcome Survey	Annually	PMU	
	Number of enterprises		60	85				
	Supported rural enterprises reporting an increase in profit				Outcome Survey	Annually	PMU	
Enterprises with women leaders		20	30					
<b>Output</b> 2.1.1 Number of rural youth trained in Technical Skills and supported to develop businesses	2.1.2 Persons trained in income-generating activities or business management				MIS	Annually	PMU & SDF	Economic opportunities exist for people with improved skills
	Females		1140	3420				
	Males		1140	3420				
	Young		2280	6840				
	Persons trained in IGAs or BM (total)		2280	6840				
	2.1.1 Rural enterprises accessing business development services				MIS	Annual	PMU & SDF	
	Size of enterprises		300	1500				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Rural enterprises		150	500				
	Males		250	750				
	Females		250	750				
	Young		200	1000				
	Women in leadership positions		75	250				
<b>Output</b> 2.2.1 Digital Literacy and Adoption of Digital Technology	Number of persons trained in digital literacy				MIS	Annually	PMU & SDF	Use of digital technology can increase rural productivity.
	Young		1500	5000				
	Males		750	2500				
	Females		750	2500				
	People trained		1500	5000				
	Number of persons participating in technology adoption sub-projects				MIS	Annually	PMU & SDF	
	Males		750	2500				
	Females		750	2500				
	Young		1500	5000				
	people trained		1500	5000				
<b>Output</b> 2.2.2 Digital Innovations for the Rural Economy	Number of KAS apps developed for use by agriculture and rural sector and people benefiting from them				M&E and digital platform records	Annually	Service Provider SP3 and Techo Start-up Centre	Use of digital technology can increase rural productivity.
	Applications tested and rolled out with grant funding		2	5				
	Users		5000	12500				
	Applications supported by Challenge Fund reaching testing stage		3	10				
	Users			12500				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output</b> 2.3.1 Feasibility Study on Wholesale Markets	Wholesale markets feasibility study completed				PMU records	Annually	TA and PMU	Improved policy and decision-making leads to increased productivity
	Studies		1	1				
<b>Output</b> 2.3.2 Policy Guidance Notes	Policy 1 Policy-relevant knowledge products completed				PMU records	Annually	TA and PMU	Improved policy and decision-making leads to increased productivity
	Number		2	5				
	Policy 2 Functioning multi-stakeholder platforms supported				Outcome Survey	Annual	PMU	
	Number		25	50				

## **Cambodia**

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

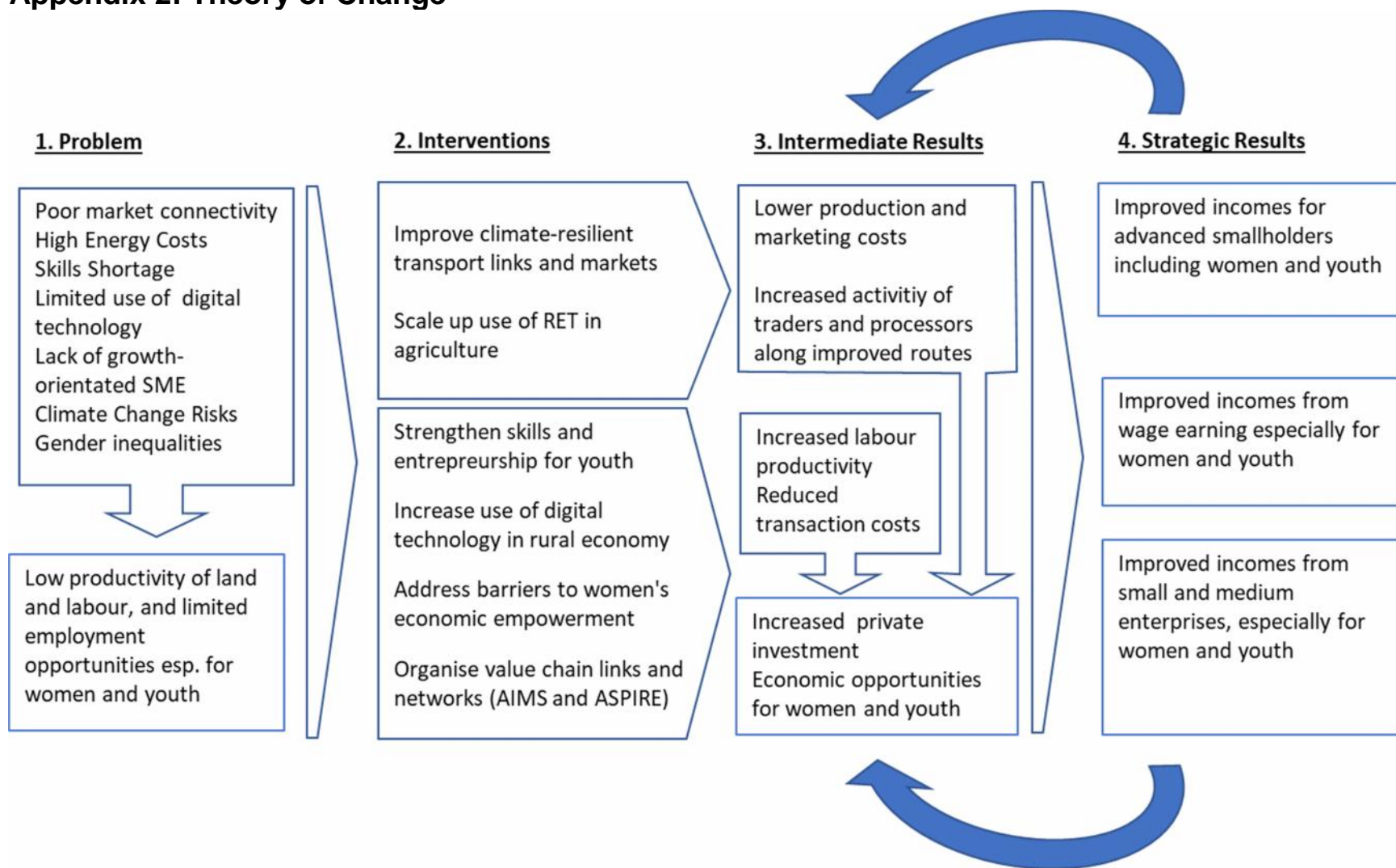
## **Annex 2: Theory of change**

Document Date: 27/07/2019  
Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



## Appendix 2: Theory of Change





## Cambodia

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### **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

#### **Annex 3: Project cost and financing: Detailed costs tables**

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Programme Management Department



## Appendix 3: Project costs and financing: detailed cost tables

### Main Assumptions.

1. SAAMBAT is to be financed over a six-year period (2020-2025). Costs have been estimated on the basis of prices prevailing at the time of detail design mission in December 2018. Information collected during the design missions provided the key parameters for the Project costs. Data collected have been checked for consistency with average costs of goods and services used by other development Financial Institutions active in Cambodia.

### Economic growth, Inflation, Contingencies and Exchange Rates.

2. **Economic growth.** Cambodia has experienced strong economic growth over the last decade. With the garment industry sector accounting for the bulk of growth. It is this same industry which will dampen the overall economic outlook in the forecast period (2019-23) of the Economic Intelligence Unit (EIU). Rising wages in that industry are weakening the competitive position of Cambodia in the region. Moreover, labour productivity in the sector and the price received for each piece of clothing that Cambodia exports to its main markets (the EU and the US) have both steadily declined since 2011. Meanwhile, relatively strong consumer demand amid rapidly rising wages (albeit from a low level), an extension of the minimum-wage policy to more sectors and moderate inflation will support private consumption in 2019-23. Overall, EIU expects real GDP to expand by an average of 6.4% per year for the period 2019-23.
3. **Inflation rates.** Consumer price inflation will stay relatively steady in the forecast period (2019-2023), owing to tighter monetary policy in the US in 2018-19 and slightly slower domestic demand growth in 2019-23. In addition, a moderation in the pace of domestic lending over the next five years will also curtail a spike in price pressures. As a result, consumer prices will rise by 3.5% a year on average in 2019-23.
4. **Contingencies.** Price contingencies have been applied on all costs. A local inflation rate of 3.5% and an average foreign inflation rate of 3.5% is applied for the analysis for the Project period 2019-2024. Both local and foreign inflation rates are shown in Table A.

Table A: inflation rates.

	2018	2019	2020	2021	2022	2023
Local	2.9 <sup>1</sup> %	2.9%	3.8%	3.9%	3.5%	3.3%
Foreign	3.8%	3.8%	3.6%	3.4%	3.4%	3.3%

Source: EIU Cambodia country report, November 2018. IMF World Economic outlook, October 2018

5. Physical contingencies have been considered in case of shocks that may emerge during implementation. A physical contingency of 4% has been applied to items for which the required amounts could not be reasonably estimated, i.e. works.
6. **The Cambodian Riel(KHR) exchange rate** . Cambodia's large current-account deficit will exert constant downward pressure on the riel's exchange rate against the US dollar, although this effect will continue to be mostly offset by inflows of foreign investment. This downward trend is expected (by EIU, Oct'18) to continue gradually from an estimated average KHR4,054:US\$1 in 2018 to KHR4,114:US\$1 in 2023. This trend notwithstanding, it is important to note that the economy will remain highly dollarised throughout the forecast period.
7. For the purpose of this analysis and in consideration of the high level of dollarisation in the economy, most of the unit cost costs have been calculated in USD. The exchange rate has been set to KHR 4100 to USD 1 (at data collection and negotiation).

<sup>1</sup> Source: National Bank of Cambodia, Statistics Department, June 2018

8. **Taxes and Duties.** Taxes and duties have been estimated using information provided by the General Department of Taxation and the Ministry of Economy & Finance. Import duties and value added tax (VAT) are applied where appropriate. VAT of 10% is levied on all imported and locally procured goods and services. Taxes on imported vehicles also include import duties and excises. The vehicles imported for Projects are usually the pick-up (Ford Ranger or Toyota Revo) the import tax, levy and duties is approximately up to 60% of the vehicle price, this includes import duty, standard tax and VAT. International technical assistance does not carry any taxes while training activities are taxed only with VAT. A flat rate of 10% is imposed on all equipment and materials.
9. The Government will waive duties, excises and taxes or will finance the cost of all taxes on goods procured under the Project. Taxes and duties applied in Project costing – displayed by expenditure category – are summarized in Table B.

Table B: Taxes, duties and foreign exchange by expenditure category

Expenditure category	Tax	Taxes/duties	Foreign Exchange
Consultancies & Studies	10%		20%
Equipment & Materials	10%	0.1%	20%
Salaries & Allowances	15%	-	0%
Training	10%		20%
Vehicles	10%	60%	100%
Operating costs	10%		10%
Works	10%	0.1%	30%
Grant	0%		0%

### Project costs

10. Total project costs including price and physical contingencies, duties and taxes are estimated at USD 92.1 million over the six-year project implementation period. Of this amount about USD 14.2 million (approximately 15% of total project costs) represents the foreign exchange component, USD 6.0 million (approximately 6.5%) are duties and taxes. Total base costs amount USD 81.2 million, while physical and price contingencies are estimated to add another USD 10.9 million (approximately 11.8% of the base costs) to this amount. Investment costs account for 95% of the base costs and recurrent costs for remaining 5%.

11. Component 1 (Infrastructure and Energy) represents USD 61 million or 66.4% of project costs. Component 2, Skills, Technology and Enterprise is allocated USD 25.9 million (28.2%). Project Management costs are about USD 5.1 million or 5.6% of the total project costs.

**Table 1: Programme/project costs by component and financier**

(Thousands of United States dollars)

Components	Borrower/ counterpart		IFAD Loan		IFAD Grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Value chain infrastructure	4 273	7	37 288	61.1	-		18 221	29.8	144	0.2	1 130	1.9	61 057	66.3
2. Skills, technology and enterprise	3 557	13.8	14 159	54.7	1 200	4.6	6 948	26.9	-		-		25 864	28.1
3. Project Management (PMU)														
3.1. Knowledge management, planning and M&E	698	36.3	1 224	63.7	-		-		-		-		1 922	2.1
3.2. Project coordination	2 753	84.2	515	15.8	-		-		-		-		3 268	3.5
Subtotal PMU	3 451	66.5	1 739	33.5	-		-		-		-		5 190	5.6
<b>Total project costs</b>	<b>11 281</b>	<b>12.2</b>	<b>53 186</b>	<b>57.7</b>	<b>1 200</b>	<b>1.3</b>	<b>25 170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1 130</b>	<b>1.2</b>	<b>92 111</b>	<b>100</b>

\*Other cofinancing consists of RGC national budget resources (outside project accounts) of US\$1.1 million.

**Table 2: Programme/project costs by expenditure category and financier**

(Thousands of United States dollars)

	Borrower/ counterpart		IFAD Loan		IFAD Grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Works	3 987	7.3	32 592	59.3	-	-	18 221	33.2	144	0.3	-	-	54 947	59.7
2. Studies and consultancies	0	-	10 806	38.8	1 200	9.9	167	1.4	-	-	-	-	12 173	13.2
3. Training	0	-	8 737	62.5	-	-	5 239	37.5	-	-	-	-	13 976	15.2
4. Grant	0	-	1 051	40.5	-	-	1 543	59.5	-	-	-	-	2 593	2.8
5. Vehicles	296	100	-	-	-	-	-	-	-	-	-	-	296	0.3
6. Equipment and materials	3 337	100	-	-	-	-	-	-	-	-	-	-	3 337	3.6
7. Operations and maintenance	434	27.7	-	-	-	-	-	-	-	-	1 130	72.3	1 564	1.7
8. Salaries and allowances	3 225	100	-	-	-	-	-	-	-	-	-	-	3 225	3.5
<b>Total project costs</b>	<b>11 281</b>	<b>12.2</b>	<b>53 186</b>	<b>57.7</b>	<b>1 200</b>	<b>1.3</b>	<b>25 170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1 130</b>	<b>1.2</b>	<b>92 111</b>	<b>100</b>

\*Other cofinancing consists of RGC national budget resources (outside project accounts) of US\$1.1 million.

**Table 3: [Programme/project] costs by component [and subcomponent] and project year (PY)**

(Thousands of United States dollars)

Component/ subcomponent]	2020		2021		2022		2023		2024		2025		Total Amount
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Value chain infrastructure	5 881	55	11 005	69	11 641	68	13 023	68	12 995	73	6 512	59	61 057
2. Skills, technology and enterprise	3 922	36	4 217	27	4 685	27	5 333	28	4 105	23	3 602	32	25 864
3. Project management (PMU)													
3.1 Knowledge management, planning and M&E	357	3	123	1	421	2	312	1	230	1	479	4	1 922
3.2 Project coordination	644	6	484	3	527	3	506	3	537	3	570	5	3 268
<b>Subtotal</b>	<b>1 001</b>	<b>9</b>	<b>607</b>	<b>4</b>	<b>949</b>	<b>5</b>	<b>818</b>	<b>4</b>	<b>766</b>	<b>4</b>	<b>1 050</b>	<b>9</b>	<b>5 190</b>
<b>Total project costs</b>	<b>10 804</b>	<b>100</b>	<b>15 829</b>	<b>100</b>	<b>17 275</b>	<b>100</b>	<b>19 173</b>	<b>100</b>	<b>17 866</b>	<b>100</b>	<b>11 163</b>	<b>100</b>	<b>92 111</b>

### Project financing and co-financing strategy and plan

12. SAAMBAT is to be financed by the RGC, IFAD-loan, IFAD country grant, RGC National Budget, and Beneficiaries. The financing gap of US\$ 25.2 million may be sourced by subsequent PBAS cycles or by co-financing identified during implementation. MEF is currently using the SAAMBAT design to leverage further loan funds to co-finance the project, and has initiated discussions with the European Investment Bank, with a final decision expected by end 2019. If co-financing does not materialize, there is no risk to all the key elements of the project design.

13. Of the Total Project Cost (TPC), IFAD will finance USD 53.2 million as a loan to the RGC. The government has confirmed co-funding in cash of USD 11.3 Million, representing about 21% of the IFAD loan. The national budget will finance the road maintenance which is estimated at around USD 1 million. An IFAD country grant is confirmed for USD 1.2 million and the Project beneficiaries will contribute USD 0.14 million as in-kind contribution to the infrastructure.

## SUMMARY COST TABLES

**Table 1: Components Project Cost Summary**

	(KHR Million)			(USD '000)			%	% Total
	Local	Foreign	Total	Local	Foreign	Total	Foreign Exchange	Base Costs
A. Value Chain Infrastructure	186,115	31,932	218,048	45,394	7,788	53,182	15	65
B. Skills, Technology and Enterprise	79,310	16,986	96,297	19,344	4,143	23,487	18	29
<b>C. Project Management (PMU)</b>								
1. Know ledge Management, Planning and M&E	4,833	2,204	7,037	1,179	538	1,716	31	2
2. Project coordination	11,060	677	11,737	2,698	165	2,863	6	4
<b>Subtotal</b>	<b>15,893</b>	<b>2,881</b>	<b>18,774</b>	<b>3,876</b>	<b>703</b>	<b>4,579</b>	<b>15</b>	<b>6</b>
<b>Total BASELINE COSTS</b>	<b>281,319</b>	<b>51,800</b>	<b>333,118</b>	<b>68,614</b>	<b>12,634</b>	<b>81,248</b>	<b>16</b>	<b>100</b>
Physical Contingencies	7,416	1,247	8,662	1,809	304	2,113	14	3
Price Contingencies	30,816	5,058	35,873	7,516	1,234	8,750	14	11
<b>Total PROJECT COSTS</b>	<b>319,550</b>	<b>58,104</b>	<b>377,654</b>	<b>77,939</b>	<b>14,172</b>	<b>92,111</b>	<b>15</b>	<b>113</b>

**Table 2: Expenditure Accounts Project Cost Summary (USD '000)**

	(KHR Million)			(USD '000)			%	% Total
	Local	Foreign	Total	Local	Foreign	Total	Foreign Exchange	Base Costs
<b>I. Investment Costs</b>								
A. Works	166,570	29,395	195,965	40,627	7,169	47,796	15	59
B. Vehicles	1,159	22	1,181	283	5	288	2	-
C. Equipment and Materials	10,105	2,802	12,907	2,465	683	3,148	22	4
D. Studies and consultancies	40,078	14,649	54,727	9,775	3,573	13,348	27	16
E. Trainings	46,380	4,622	51,002	11,312	1,127	12,440	9	15
F. Grant	-	-	-	-	-	-	-	-
<b>Total Investment Costs</b>	<b>264,291</b>	<b>51,490</b>	<b>315,781</b>	<b>64,461</b>	<b>12,558</b>	<b>77,020</b>	<b>16</b>	<b>95</b>
<b>II. Recurrent Costs</b>								
A. Operations and maintenance	5,810	-	5,810	1,417	-	1,417	-	2
B. Salaries and allowances	11,218	310	11,528	2,736	76	2,812	3	3
<b>Total Recurrent Costs</b>	<b>17,028</b>	<b>310</b>	<b>17,337</b>	<b>4,153</b>	<b>76</b>	<b>4,229</b>	<b>2</b>	<b>5</b>
<b>Total BASELINE COSTS</b>	<b>281,319</b>	<b>51,800</b>	<b>333,118</b>	<b>68,614</b>	<b>12,634</b>	<b>81,248</b>	<b>16</b>	<b>100</b>
Physical Contingencies	7,416	1,247	8,662	1,809	304	2,113	14	3
Price Contingencies	30,816	5,058	35,873	7,516	1,234	8,750	14	11
<b>Total PROJECT COSTS</b>	<b>319,550</b>	<b>58,104</b>	<b>377,654</b>	<b>77,939</b>	<b>14,172</b>	<b>92,111</b>	<b>15</b>	<b>113</b>

**Table 3: Expenditure Accounts by Components (USD '000)**

	Project Management (PMU)				Physical Contingencies		
	Value Chain Infrastructure	Skills, Technology and Enterprise	Knowledge Management, Planning and M&E	Project coordination	Total	%	Amount
<b>I. Investment Costs</b>							
A. Works	47,796	-	-	-	47,796	3.8	1,840
B. Vehicles	36	144	-	108	288	1.5	4
C. Equipment and Materials	-	2,610	450	88	3,148	0.1	2
D. Studies and consultancies	4,070	7,810	1,090	378	13,348	1.2	163
E. Trainings	20	12,335	-	85	12,440	-	1
F. Grant	-	-	-	-	-	-	-
<b>Total Investment Costs</b>	<b>51,922</b>	<b>22,899</b>	<b>1,540</b>	<b>659</b>	<b>77,020</b>	<b>2.6</b>	<b>2,009</b>
<b>II. Recurrent Costs</b>							
A. Operations and maintenance	1,093	29	-	295	1,417	0.8	12
B. Salaries and allowances	167	559	176	1,909	2,812	3.3	91
<b>Total Recurrent Costs</b>	<b>1,260</b>	<b>588</b>	<b>176</b>	<b>2,204</b>	<b>4,229</b>	<b>2.4</b>	<b>103</b>
<b>Total BASELINE COSTS</b>	<b>53,182</b>	<b>23,487</b>	<b>1,716</b>	<b>2,863</b>	<b>81,248</b>	<b>2.6</b>	<b>2,113</b>
Physical Contingencies	2,006	6	6	94	2,113	-	-
<b>Price Contingencies</b>							
<b>Inflation</b>							
Local	4,994	2,091	136	295	7,516	-	-
Foreign	874	280	63	16	1,234	-	-
<b>Subtotal Inflation</b>	<b>5,868</b>	<b>2,371</b>	<b>199</b>	<b>311</b>	<b>8,750</b>	<b>-</b>	<b>-</b>
Devaluation	-	-	-	-	-	-	-
Subtotal Price Contingencies	5,868	2,371	199	311	8,750	2.7	233
<b>Total PROJECT COSTS</b>	<b>61,057</b>	<b>25,864</b>	<b>1,922</b>	<b>3,268</b>	<b>92,111</b>	<b>2.5</b>	<b>2,346</b>
Taxes	3,159	1,772	101	1,204	6,237	2.7	170
Foreign Exchange	8,963	4,423	604	182	14,172	2.4	338



**Table 4: Project Components by Year (USD 000)**

Component/ subcomponent]	2020		2021		2022		2023		2024		2025		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Value chain infrastructure	5 881	55	11 005	69	11 641	68	13 023	68	12 995	73	6 512	59	61 057
2. Skills, technology and enterprise	3 922	36	4 217	27	4 685	27	5 333	28	4 105	23	3 602	32	25 864
3. Project management (PMU)													
3.1 Knowledge management, planning and M&E	357	3	123	1	421	2	312	1	230	1	479	4	1 922
3.2 Project coordination	644	6	484	3	527	3	506	3	537	3	570	5	3 268
<b>Subtotal</b>	<b>1 001</b>	<b>9</b>	<b>607</b>	<b>4</b>	<b>949</b>	<b>5</b>	<b>818</b>	<b>4</b>	<b>766</b>	<b>4</b>	<b>1 050</b>	<b>9</b>	<b>5 190</b>
<b>Total project costs</b>	<b>10 804</b>	<b>100</b>	<b>15 829</b>	<b>100</b>	<b>17 275</b>	<b>100</b>	<b>19 173</b>	<b>100</b>	<b>17 866</b>	<b>100</b>	<b>11 163</b>	<b>100</b>	<b>92 111</b>

**Table 5: Components by Financiers**

Components	Borrower/ counterpart		IFAD Loan		IFAD Grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Value chain infrastructure	4 273	7	37 288	61.1	-		18 221	29.8	144	0.2	1 130	1.9	61 057	66.3
2. Skills, technology and enterprise	3 557	13.8	14 159	54.7	1 200	4.6	6 948	26.9	-		-		25 864	28.1
3. Project Management (PMU)														
3.1. Knowledge management, planning and M&E	698	36.3	1 224	63.7	-		-		-		-		1 922	2.1
3.2. Project coordination	2 753	84.2	515	15.8	-		-		-		-		3 268	3.5
Subtotal PMU	3 451	66.5	1 739	33.5	-		-		-		-		5 190	5.6
<b>Total project costs</b>	<b>11 281</b>	<b>12.2</b>	<b>53 186</b>	<b>57.7</b>	<b>1 200</b>	<b>1.3</b>	<b>25 170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1 130</b>	<b>1.2</b>	<b>92 111</b>	<b>100</b>

\*Other cofinancing consists of RGC national budget resources (outside project accounts) of US\$1.1 million.

**Table 6: Expenditure Accounts and Disbursement Accounts by Financiers**

	<i>Borrower/ counterpart</i>		<i>IFAD Loan</i>		<i>IFAD Grant</i>		<i>Financing gap</i>		<i>Beneficiaries</i>		<i>Other cofinanciers*</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Works	3 987	7.3	32 592	59.3	-		18 221	33.2	144	0.3	-		54 947	59.7
2. Studies and consultancies	0		10 806	88.8	1 200	9.9	167	1.4	-		-		12 173	13.2
3. Training	0		8 737	62.5	-		5 239	37.5	-		-		13 976	15.2
4. Grant	0		1 051	40.5	-		1 543	59.5	-		-		2 593	2.8
5. Vehicles	296	100	-		-		-		-		-		296	0.3
6. Equipment and materials	3 337	100	-		-		-		-		-		3 337	3.6
7. Operations and maintenance	434	27.7	-		-		-		-		1 130	72.3	1 564	1.7
8. Salaries and allowances	3 225	100	-		-		-		-		-		3 225	3.5
<b>Total project costs</b>	<b>11 281</b>	<b>12.2</b>	<b>53 186</b>	<b>57.7</b>	<b>1 200</b>	<b>1.3</b>	<b>25 170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1 130</b>	<b>1.2</b>	<b>92 111</b>	<b>100</b>

\*Other *cofinancing* consists of RGC national budget resources (outside project accounts) of US\$1.1 million.

**Table 7: Local/Foreign/Taxes by Financiers**

(USD '000)

	RGC		IFAD LOAN		Grant		Funding gap		Beneficiaries		National Budget		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Foreign	819	5.8	8,899	62.8	1,200	8.5	3,232	22.8	22	0.2	-	-	14,172	15.4
II. Local (Excl. Taxes)	4,225	5.9	44,287	61.8	-	-	21,938	30.6	123	0.2	1,130	1.6	71,702	77.8
III. Taxes	6,237	100.0	-	-	-	-	-	-	-	-	-	-	6,237	6.8
<b>Total Project</b>	<b>11,281</b>	<b>12.2</b>	<b>53,186</b>	<b>57.7</b>	<b>1,200</b>	<b>1.3</b>	<b>25,170</b>	<b>27.3</b>	<b>144</b>	<b>0.2</b>	<b>1,130</b>	<b>1.2</b>	<b>92,111</b>	<b>100.0</b>

**Table 8: Project Components by Year – Investment/Recurrent costs (USD 000)**

	Totals Including Contingencies							
	2020	2021	2022	2023	2024	2025	Total	
<b>A. Value Chain Infrastructure</b>								
Investment Costs		5,823	10,669	11,030	12,739	12,951	6,467	59,679
Recurrent Costs		58	336	612	283	43	45	1,378
<b>Subtotal</b>		<b>5,881</b>	<b>11,005</b>	<b>11,641</b>	<b>13,023</b>	<b>12,995</b>	<b>6,512</b>	<b>61,057</b>
<b>B. Skills, Technology and Enterprise</b>								
Investment Costs		3,821	4,113	4,577	5,221	3,990	3,482	25,204
Recurrent Costs		101	104	108	112	116	120	660
<b>Subtotal</b>		<b>3,922</b>	<b>4,217</b>	<b>4,685</b>	<b>5,333</b>	<b>4,105</b>	<b>3,602</b>	<b>25,864</b>
<b>C. Project Management (PMU)</b>								
<b>1. Knowledge Management, Planning and M&amp;E</b>								
Investment Costs		326	91	388	278	194	443	1,719
Recurrent Costs		31	32	33	34	36	37	203
<b>Subtotal</b>		<b>357</b>	<b>123</b>	<b>421</b>	<b>312</b>	<b>230</b>	<b>479</b>	<b>1,922</b>
<b>2. Project coordination</b>								
Investment Costs		274	78	107	71	86	104	720
Recurrent Costs		370	406	420	435	450	466	2,548
<b>Subtotal</b>		<b>644</b>	<b>484</b>	<b>527</b>	<b>506</b>	<b>537</b>	<b>570</b>	<b>3,268</b>
<b>Subtotal</b>		<b>1,001</b>	<b>607</b>	<b>949</b>	<b>818</b>	<b>766</b>	<b>1,050</b>	<b>5,189</b>
<b>Total PROJECT COSTS</b>		<b>10,804</b>	<b>15,829</b>	<b>17,275</b>	<b>19,173</b>	<b>17,866</b>	<b>11,163</b>	<b>92,111</b>
Total Investment Costs		10,244	14,951	16,102	18,309	17,221	10,495	87,322
Total Recurrent Costs		560	879	1,173	864	645	667	4,789

**Table 9: Expenditure Accounts by Years -- Totals Including Contingencies (USD 000)**

	<b>Totals Including Contingencies</b>						<b>Total</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
<b>I. Investment Costs</b>							
A. Works	4,942	9,900	10,248	11,918	12,101	5,838	54,947
B. Vehicles	296	-	-	-	-	-	296
C. Equipment and Materials	1,098	986	1,021	75	77	80	3,337
D. Studies and consultancies	2,780	2,256	2,648	2,965	2,042	2,075	14,766
E. Trainings	1,127	1,809	2,186	3,351	3,001	2,502	13,976
F. Grant	-	-	-	-	-	-	-
<b>Total Investment Costs</b>	<b>10,244</b>	<b>14,951</b>	<b>16,102</b>	<b>18,309</b>	<b>17,221</b>	<b>10,495</b>	<b>87,322</b>
<b>II. Recurrent Costs</b>							
A. Operations and maintenance	68	369	646	319	80	83	1,564
B. Salaries and allowances	492	510	527	546	565	585	3,225
<b>Total Recurrent Costs</b>	<b>560</b>	<b>879</b>	<b>1,173</b>	<b>864</b>	<b>645</b>	<b>667</b>	<b>4,789</b>
<b>Total PROJECT COSTS</b>	<b>10,804</b>	<b>15,829</b>	<b>17,275</b>	<b>19,173</b>	<b>17,866</b>	<b>11,163</b>	<b>92,111</b>



Investing in rural people

**Cambodia**

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**Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)  
Project Design Report**

**Annex 4: Economic and Financial Analysis**

Document Date: 27/07/2019

Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



## Appendix 4: Economic and financial analysis

### Introduction

1. The Development Objective of Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project is to stimulate rural productivity and enterprise development. About 200,000 rural households are expected to benefit from services supported by the project. About 50,000 households will be direct beneficiaries and 80% of these are expected to experience a 10% increase in household income. This impact will result from two Outcomes: (1) Poor rural people's benefits from market participation increased; and (2) Poor rural people's productive capacities increased. The project will be delivered through two Components: (1) Value Chain Infrastructure and (2) Skills, Technology and Enterprise.

### Objectives & scope

2. The objectives of this financial analysis are: (i) to assess the financial viability of the development interventions promoted under SAAMBAT Project; (ii) to examine the impact of Project interventions on the net incomes of the households (HHs) targeted; and (iii) to provide the basis for the economic analysis of the Project.

### Assumptions

3. The following assumptions underlie the Economic and Financial Analysis of the Project:
- SAAMBAT is designed as a project within a programme approach which complement the ongoing ASPIRE (agriculture extension and climate resilience) and AIMS (value chain development) to create an integrated package of support to the smallholder agriculture sector.
  - The Project interventions will predominantly focus on improving the rural business enabling infrastructure important to stimulate rural productivity and enterprise development. Provisionally, it is foreseen that interventions will include rehabilitation of 225km of paved roads; 100km of gravel-paved farm access and feeder roads; public market facilities or local wholesale markets serving the agriculture value chain improved; and other facilities which may include landings or jetties for local ferries.
  - The Project will only rehabilitate existing roads, no new roads are foreseen under SAAMBAT.
  - The bulk of the Project resources (approximately 73% of TPC, including the TA) will be for construction of roads, which are expensive to build, but high in demand. The rehabilitated roads will provide poor rural provinces with a safer, disaster- and climate-resilient rural road network with all-year access to markets and other social services.
  - Although important roads have already been built, roads that villagers and farming communities mostly use, are in poor condition. Roads connecting farms to villages; roads that connect commune with another commune or districts and rural markets; and in some instances roads that connect villages with nearby national highways are within the focus of SAAMBAT road rehabilitation.
  - The following types of road will be rehabilitated / build by the Project:
    - a) The project will primarily build double bituminous surface treatment (DBST) roads with road base.
    - b) In some specific situations such as flooding and where maintenance is a challenge, reinforce concrete (RC) road may also considered. Although more expensive to construct than DBST, RC road remains maintenance free for a long period of time.
    - c) low-level feeder roads will be laterite-surfaced where DBST is not economic; and with the provision that the Commune accepts ownership responsibility.
  - The Project will work at national level and in locations where AIMS and / or ASPIRE are active. It is envisaged that physical outputs of SAAMBAT will be concentrated in about 50 selected areas referred to as "Economic Poles. The initial 10 Economic Poles will be selected from areas where



AIMS has established MSPs and business clusters. Detailed selection of the Economic Poles and the specific road sections to be rehabilitated by the Project will be done before Project start.

- The Project EFA analysis for paved roads will make reference to the EFA performed for the Project Completion Report (August, 2018) for the Rural Roads Improvement Project I (RRP CAM 42334), Asian Development Bank<sup>22</sup>.
- The Project EFA analysis for gravel-paved (laterite) farm access and feeder roads will make reference to the EFA performed for the Economic Infrastructure Programme to Sustain Land Reform (IPLR), by the German Financial Cooperation with Cambodia, May 2018, which upgraded 7 road sections to laterite with small DBST or RC sections in specific situations, for a total of 67 km.
- The paved and laterite road models are based on net benefits estimated in previous analyses, always derived by comparing WOP and WP scenarios.
- The co-financing is coming as parallel financing into SAAMBAT, from the Rural Infrastructure Development for Cambodia (RID4CAM) project funded by AFD (Agence Française de Développement) and KfW (KfW Development Bank) will not be considered in the final aggregation for the economic analysis.
- Annual maintenance including surface re-shaping and spot gravelling is carried out, and the gravel pavement layer is replaced at necessary intervals.
- SAAMBAT will support suppliers of Renewable Energy Technology (RET) for agriculture applications, that have successfully demonstrated the viability of their products through participation in the S-RET project to further develop their supply chains and market their products to smallholder farmers.
- A total of 6 indicative financial models were constructed to demonstrate the financial viability of potential investments and project interventions. Two road models, 3 Agri Rural Enterprises development models and a Skill Development Program model were developed, which can be used to assess the financial viability from both a poverty alleviation as a private business opportunity point of view.
- With soft skill development, vocational training, support in the development of digital technology applications for the rural economy and support and promotion of rural enterprises, Component 2 will enhance the employment opportunities and labour productivity of rural youth and more efficient operation of the VC as whole.
- Labour is a scarce resource, therefore the interventions aim at achieving economy of scale and mechanise where possible. For the analysis, labour requirements are assumed available for any extended and expanded agricultural enterprise operation. For the intensive agricultural activities, like land preparation, weeding and harvest, HHs usually hire labour. In some of the enterprise models these unskilled labour activities are costed as skilled labour to reflect the labour scarcity in peak harvest time. Agricultural mechanisation is common and widely used for land preparation (ploughing, rigging) and rice harvesting.
- The demand for the so-called 'green-leafy' vegetables is sufficient and are preferred by farmers to grow. Within the range of green-leafy vegetables, Chinese Kale is seen as priority crop in commercial horticulture and is selected as a representative indicative vegetable crop, over lettuce, cabbage etc.
- Households are not organised in marketing structures or institutions, but able to understand the benefits of joint marketing and are willing to organise themselves in groups for receiving any technology packages and output marketing.
- Market demand is assumed healthy for the crops analysed and will build on the successful introduction of GAP and drip irrigation by the ASPIRE and AIMS IFAD projects. The Public market development under component one will contribute to expand and strengthen market linkages.
- The enterprise model for Hatchery introduced under ASPIRE, will be upscaled with support from SAAMBAT. The Local (or village) chicken is popular in Cambodia and is preferred over industrial

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<sup>22</sup> <https://www.adb.org/projects/documents/cam-42334-013-pcr>

broilers, assuring a healthy demand and growth perspectives for chicken, chicks and hatching of eggs. Furthermore, the new semi-intensive smallholder production systems introduced recently under ASPIRE IFAD project, which dramatically reduce mortality rates can be widely replicated in SAAMBAT.

- With multiple Micro Finance Institutions present and active in Cambodia, the target HHs have access to institutional credit mostly in the form of seasonal credit. It is assumed that the target HHs can access such services for essential credit or investments. However the lending rates in Cambodia are high with rates between 24%–30% per annum.
- Labour. Hired (skilled and unskilled) and family labour are both taken into account in the models and labour costs are included in the computation of operating costs. The cost of family labour is set equal to unskilled labour. The wage for family labour in the financial analysis (US\$ 5.5/person-day) corresponds to the minimum wage rate for unskilled agriculture work. The costs for hiring external skilled labourers are estimated using the average wages for general workers at US\$ 7/person-day and for technical installation and maintenance set at US\$ 10/person-day. Net income after family labour – the indicator considered to compute activity benefits – includes the cost of family labour. Family labour costs are therefore explicitly taken into account so to make sure that family incomes (net benefits and remuneration of family labour) are sufficient to cover the costs of all incremental labour required (hired unskilled and skilled) in setting up the new activities.
- Price data. Financial output and input prices are derived from information compiled at national level by the Agricultural Marketing Office of the Ministry of Agriculture, Forestry & Fisheries. The prices of inputs as well as all technical parameters used to build the financial models were derived from information obtained during the final design mission (December 2018).
- Discount rate. This rate should provide the alternative financial returns/opportunity costs to the investor and is estimated at 10%. Because the cash flows are estimated in \$US the discount rate is also estimated in \$US.
- Taxes. The financial indicator chosen for the analysis is the net income before tax. Therefore taxes are not taken into account.
- The following assumptions underlie the economic analysis of the Project:
  - The final Economic evaluation follows an aggregated and phased approach.
  - In the Total Project Cost aggregation, the road work investments have been deducted to avoid double counting, since they were included in the respective models.
  - The analysis is based on a 20 year period during which SAAMBAT will generate benefits, including the 6-year Project implementation period.
  - The residual benefits for road contracts starting in project year Y2 – Y5 have been computed and included in Y20.
  - The analysis assumes an adoption rate of 95% for the road interventions and 80% for the enterprise and skill development interventions.
  - The costs and revenues estimated in the financial analysis provide the basis for an evaluation to determine the likely economic benefits and costs to the national economy as a whole.
  - Economic prices have been computed using a Standard Conversion factor (SCF) equal to 0.9435<sup>23</sup>. The SCF is applied only on the non-tradable items. Details are shown in addendum 1 to the present Appendix.
  - Economic Project Costs. Financial costs have been converted to economic costs, excluding taxes and duties as well as price contingencies, using the Costab software.

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<sup>23</sup> estimated using:  $SCF = (M + X) / [(M + T_m) + (X - T_x)]$ , M=total imports, X=total exports, T<sub>m</sub>=import tax, T<sub>x</sub>=export tax.

## Models

4. **Overview.** It is difficult for SAAMBAT to predict and simulate the direct impact of its Project interventions to the targeted Project households. SAAMBAT interventions' are not directly to agriculture production development or to farm HH level. The Project chooses to develop the rural infrastructure, roads, markets and the support of skill development, enterprise development, RET and digital technology, this will have a positive impact to the whole enabling environment for agriculture and rural enterprises with an indirect positive effect on the HH income. To demonstrate the viability of the interventions a number of indicative financial and economic models were developed to assess the robustness of the Project as whole. The indicative models were developed in - as much as possible - correspondence with the project components in the following areas: (i)rehabilitating rural roads (paved and gravel) for component 1.1; (ii) Agri enterprise development for component 1 and partly 2; and (iii) Renewable Energy Technology applications for rural farming and enterprises for component 1.2.

5. **Rural roads.** Since the exact Economic Poles are not yet confirmed an inventory of to be rehabilitated road sections in each EP is not yet made. Without detailed road sections it is difficult to make a traffic demand assessment and a subsequent road cost-benefit analysis, starting with a road traffic count. Therefore, the analysis refers to recent road cost-benefit analysis carried out in 2018 for: (i) paved roads under the Roads Improvement Project I (an Asian Development Bank funded project) and; (ii) and a cost benefit analysis for gravel roads done for the Economic Infrastructure Programme to Sustain Land Reform (IPLR), funded by the German Financial Cooperation with Cambodia. For analysis purposes a benefit cash flow is derived from the same data used in the two EFA's.

6. **Road Benefits.** Improved roads guarantee rural access throughout the year, so that those villagers who are able, can now invest time and resources in outside movements. They know that communications and links with the outside world are reasonably assured, and can make use of a wider variety of transport services, which are more frequent, take less time to travel to nearby centers, and are often cheaper than before road rehabilitation. Rural roads are, therefore, an important enabling condition for livelihood development for people in the project sites<sup>24</sup>.

7. Two types of benefits are considered: (i) savings in travel time and (ii) savings in vehicle operating cost (VOC). Travel time savings are obtained when road improvements lead to an increase in vehicle speeds, thus reducing the journey time of passengers. Travel time savings are the result of the increase in vehicle speeds on the improved roads. The VOC savings derive primarily from reduced surface roughness and increased travel speed on the improved roads. The VOC savings are estimated for vehicle types commonly used in rural Cambodia, including conventional and unconventional motorized vehicles, non-motorized vehicles, and unconventional motorized vehicles. These reductions in vehicle operating costs apply to: (i) transport of people; (ii) transport of non-agricultural goods; and (iii) transport of agricultural and other rural produced products.

8. **Rehabilitation of a rural road to a year round accessible road (paved).** The logic of rehabilitating road sections in village areas to paved (DBST), is that these areas have the highest traffic loads (due to local traffic) and also to reduce nuisance and health impacts from laterite dust. The major capital costs are the cost of civil construction works proposed for each road section to upgrade it with double bituminous surface treatment (DBST) in rural areas. The cost of DBST is approximately \$100,000 per kilometre higher than laterite, but benefits are also higher due to better road surface quality. The ADB assumes that DBST rural roads will require re-sealing with a single surface treatment after eight years; the lifetime maintenance cost per kilometre is significantly less than that of laterite roads in good condition.

9. The road sections rehabilitated by the Rural Roads Improvement Project I (RRP I, 2010) is very similar to the roads SAAMBAT would identify to upgrade to year round paved roads with DBST. Since the RRIP was implemented 10 years ago, the unit cost \$/km was corrected with and assumed average inflation of 4% per year.

10. The Paved road model follows the projected and phased implementation inline with the Costab. The model is considering a 20-year evaluation period, which is equal at the full technical lifespan before complete rehabilitation. The FIRR is 24%, a positive net present value of \$29 million and a cost benefit ratio of 1.9.

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<sup>24</sup> Impact of Rural Roads on Poverty Reduction Study; Asian Development Bank.

11. **Rehabilitation of a rural farm access / feeder (gravel).** Within the IPLR cost benefit analysis Data one road section was selected to come close to the laterite road interventions of what SAAMBAT wants to do. This is the road section KCH-05 Anchanh Chorky, 10.78KM. These are gravel roads with short sections of DBST or RC where needed and culverts. Also the unit cost price is lower than the other laterite roads in IPLR, which comes closer what Communes would typically spend under SAAMBAT. The road cost price per kilometre is discounted to reflect the fact that SAAMBAT will only rehabilitate rural farm access roads which have a substantial lower cost per kilometre. The FIRR is 55%, a positive net present value is \$ 13 million and a cost benefit ratio of 2.7.

12. **Rehabilitation of public infrastructure.** The Project will invest in various demand based public rural infrastructure which may include rural markets, collection points and ferry landings. Since we do not yet know in which of these investments the Project will engage the EIRR has been set at 10%, equal to the investment cut-off point.

13. Despite the estimated positive IRR and NPV values for the rural roads, it would be important to carry out thorough feasibility studies for any infrastructure investment to be financed under the Project.

14. **Agri - Enterprise Development.** Three indicative financial models have been developed, comprising of: (i) Wholesale market; (ii) Hatchery and; (iii) Central Irrigation. The list of the models and description of WOP and WP situation is provided below. Budgets are built taking into consideration several variables (including revenues, investment and operating costs) in both 'with' and 'without' Project scenarios. It is assumed that the 'without' scenario coincides with the current situation (i.e. baseline is assumed to be static). The detailed budgets are reported in addendum 2 of the present Appendix.

Table 3: Agri – Enterprise Development Models

Enterprise model	Model description	
	Without Project (WOP):	With Project (WP):
Wholesale market	Wholesale trading taking place around village retail markets, limiting trade volumes and causing product quality loss.	Dedicated wholesale market infrastructure to support increase in trade volume, adopting food safety and quality standards.
Hatchery	The poultry farmer gives eggs to hatchery to hatch on his behalf and/or regularly buys chicks.	The poultry farmer will invest in a incubator for eggs and if necessary in solar panels. To expend its poultry business and to incubate eggs as a business selling vaccinated chicks to other poultry farmers
Central Irrigation & water management	Irrigation schemes are not being used to full capacity, because not properly drained or main channels not filled by irrigation pumps in dry season. Moreover, the rice and vegetable farmers are not sufficiently organised to manage the water source with better and equal distribution	With central irrigation pumps, the main channel(s) remain full for a longer period, making irrigation possible also in the dry season

Wholesale. Agriculture produce is centred in and around central town retail markets, with a few exceptions of for example the Phuo Puy Market, which is a private owned wholesale market of fruits and vegetables in Battambang. In the early morning hours, before the retail market opens, trucks, mini vans and various smaller transport deliver fresh fruit and vegetables to the central town retail market area. Most of these markets are not suited for wholesale and in most situations the wholesale takes place on the street surrounding the retail market. Very often, parking is limited and there are no truck loading ramps, no storage capacity and no protection from sun or rain. Shop owners and wholesalers'

have to store their supply on the street under sheets of plastic. This situation significantly limits the trade volumes. It is assumed that with a dedicated private sector operated wholesale market, space and storage are no longer bottlenecks for future growth in trade volume. Moreover with a clean and dedicated wholesale market, the adoption and enforcement of food safety standards becomes possible. Benefits to the SAAMBAT target HH stemming from an established Wholesale Market are indirect benefits, but contributing directly to a more efficient vegetable VC ensuring future growth in trade volume, which benefits the rural farmers. The FIRR is 26% with a positive NPV of \$US 686,700 and a cost benefit ratio of 1.3.

Hatchery. Demand for poultry is rising with the village chicken gaining in popularity, seen as natural option, opposed to the industrial broiler. As the demand for poultry is rising so is the demand for hatching eggs and raising chicks. IFAD projects ASPIRE and AIMS are investing in the Poultry VC and improving practices for chicken rearing. SAAMBAT would want to build on these successes, addressing and promoting enterprises in the sector, preferably in combination with RET for productive use (agro-processing). Hatching eggs could be one of the rural enterprises for SAAMBAT to promote and with the use of solar power even the more remote farmers not connected to the grid could start. Hatchery in combination with poultry production seems to be a viable rural enterprise with a NPV of \$US 6,642, an FIRR of 105% and a cost benefit ratio of 1.9. Yet the initial investment is not small as the solar panels for the incubator are currently expensive, pushing the cash flow into a negative in the first year. SAAMBAT will need to broker between farmers and Project development partners providing micro credit in Cambodia. To demonstrate the possibility of financing and the impact on the cash flow, a financing analysis is included in the model.

Central Irrigation. For irrigation schemes to operate to their full capacity, they rely on sufficient water in the main channel from which the individual farmers can irrigate (sometimes with pumps) their land. Outside the rain season the water table in the main channel can drop drastically if not connected to year round rivers. There are numerous irrigation schemes which are not connected in any way to year round rivers. When the distance is not too long, private irrigation pumping services provide in the smaller irrigation scheme the main channel of water. In the large (more than 10,000 hectares) commercial irrigation schemes, pumping water into the main channel is common practice. For the medium size irrigation schemes (+2000 hectare) it could be an interesting enterprise to invest in central pumping and sell water to the small scale farmers in the irrigation scheme. More reliable and sufficient water during the dry season, could benefit the farmers to use the full capacity of the scheme for a longer period, this will undoubtedly result in higher yields and more production. The financial model is based on the business idea of Sombo Green Farm, planning to deliver pumping services for a medium size irrigation scheme to a total of 2600 hectare, bringing reliable water for agriculture purpose to over 2500 small scale farmers. Central irrigation pumping is a profitable business proposal with an estimated FIRR of 465%, a NPV of \$US 13 million and a cost benefit ratio of 3. Capital investment is high, but favourable loans are available in Cambodia when the central irrigation pump runs on renewable energy (solar). The benefits to the individual farmers are indirect benefits and are not quantified in this financial model. Benefits to the farmer could include: higher yield and more production because water for irrigation is guaranteed over a longer period and covering a larger area.

15. **Soft skill development, vocational training, digital technology application.** The aim of the soft skill development is to contribute to increase income and employment opportunities for young women and men in target areas of SAAMBAT. The skill development focuses on providing vocational training in the services sector (such as ICT skills, technical motorcycle repair and beauty salons). The indicative model compares the situation of the SAAMBAT beneficiaries (the trainees) before the project and their situation with the project (direct benefits), where the costs are related to attending the training (costs for participants, including foregone income during the training), whereas the benefits are the difference between their income before and after the training. The analysis data is based on the successful Skills Development Programme in Cambodia, funded by the Swiss Development Cooperation and implemented by Swisscontact. The financial indicators look positive with a FIRR of 50%, NPV of \$US 8385 and cost benefit ratio of 4.

16. **Summary Results.** The expected financial benefits for targeted HH and agri-rural enterprises are illustrated in table 3: Summary results, presented here below. Indicators selected include net

income at full development after labour, NPV, FIRR, EIRR and Cost Benefit ratio. It is understood that such net incomes may not be achieved in one year; thus a gradual and conservative achievement of the expected benefits has been used in the analysis and included in the models where possible. Results suggest significant potential for creating positive net incomes for targeted households in Hatchery and Poultry farming.

17. **Cash flow.** The cash flow analysis shows only for Hatchery, in the initial year (Y1) of the Project a negative cash flow. This negative cash flow is mainly attributed to (currently) high investment cost of the solar panels necessary to run the incubator if there is no electricity network available. The Project has no credit facility component but instead assumes the use of available credit options through existing MFIs as is simulated in the CF analysis for this particular model.

Table 3: Summary results.

Enterprise budgets	Net income (US\$) after labour			NPV (US\$)	FIRR	EIRR	CB ratio
	WOP	WP <sup>1</sup>	Incram.				
<b>Rural road improvement</b>							
Paved road	n/a <sup>2</sup>	n/a <sup>2</sup>	n/a	29528391	24%	23%	1.9
Laterite road	n/a <sup>2</sup>	n/a <sup>2</sup>	n/a	13263370	55%	54%	2.7
<b>Agri-Enterprise Development</b>							
Wholesale market	50650	327651	547%	686700	26%	20%	1.3
Hatchery enterprise	2580	3571	38%	2796	105%	n/a	1.9
Central Irrigation	2223850	2686488	21%	13540169	465%	n/a	2.8
<b>Skill Development</b>	6480	9096	40%	8385	50%	62%	4.0

<sup>1</sup> WP at full development

<sup>2</sup> the analysis is based on net benefits estimated in previous analyses, always derived by comparing WOP and WP scenarios

## Project Benefits and Beneficiaries

18. **Project Benefits.** The main benefits of the Project would accrue to the Cambodia economy in terms of improved road access, that will sustainably result in savings in travel time and savings in vehicle operating cost. Year round accessible rural communities, farms and markets will support further growth of economic activity along these roads, with more volumes traded and better and more competitive access to farming inputs and services benefiting the sustainable development of rural HHs. Furthermore, investments in agri enterprises will improve the marketing of agriculture output and investments in skill development programmes will improve the involvement of youth in the formal economy.

19. Social benefits will include a reduction in poverty rates in the areas targeted by the Project. This will be the effect of the increased financial returns for HHs consequent to Project intervention. Other social benefits include improved HH nutrition through increased incomes which could be used to improve diets. Improved public infrastructure will also contribute to better access to social services and a reduction of negative health impacts from dust.

20. Environmental benefits. Where feasible, renewable energy technology will be promoted to sustainably reduce negative environmental impacts of farmers who are currently using low cost-effective and/or polluting heating technologies and who are currently using diesel pumps and generators for their agriculture operations.

21. **Project Beneficiaries.** The Project would target approximately 227,500 rural HH in the Project areas and expected to benefit from a range of project investments report in improved access to markets and economic and social services, with women and youth share equitably in benefits. About 50,000 HHs will be direct beneficiaries and 80% of these are expected to experience a 10% increase in household income. Assuming an average household size of 4.4 people (Cambodia Inter-Censal Population Survey, 2013) total beneficiaries would be about 1,000,000 people. In table 4 below the estimated beneficiaries per model is presented.

Table 4: number of beneficiaries										
person per HH		4.4		Phasing per Project Year						Total
Target groups		physical Target	Log Frame target HH	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	Total
<b>Rural Infrastructure</b>	<b>target</b>		<b>200000</b>							
adoption rate			95%							
no. of HH	100%		190000	5%	30%	40%	20%	5%	0%	100%
Paved Acces roads	70%	300	133000	6650	39900	53200	26600	6650	0	133000
Gravel Access roads	30%	150	57000	2850	17100	22800	11400	2850	0	57000
cummulative no. of HH			190000	9500	66,500	142,500	180,500	190,000	190,000	
<b>Agri-Enterprise Development, water management</b>	<b>target</b>		<b>10000</b>							
adoption rate			80%							
no. of HH	100%		8000	5%	30%	40%	25%	0%	0%	100%
Wholesale Market	40%	50	3200	160	960	1,280	800	-	-	3200
Hatchery enterprise	10%		800	40	240	320	200	-	-	800
Central Irrigation	50%		4000	200	1,200	1,600	1,000	-	-	4000
cummulative no. of HH			8000	400	2,800	6,000	8,000	8,000	8,000	
<b>Skill Development, digital tecnol</b>	<b>target</b>		<b>17500</b>							
adoption rate			80%							
no. of HH	100%		14000	5%	25%	35%	25%	10%	0%	100%
Skill development Program	100%		14000	713	3,500	4,900	3,500	1,400	-	14013
cummulative no. of HH			14000	713	4,213	9,113	12,613	14,013	14,013	
<b>Total Project Target HHS</b>	<b>target</b>		<b>227500</b>							

### The overall economic impact of the Project.

22. The economic analysis of the Project indicates that SAAMBAT is robust in economic terms. The overall Economic Internal Rate of Return (EIRR) of the Project is estimated at 33% (base case) which is above the opportunity cost of capital in Cambodia.

23. The Net Present Value (NPV) is calculated using the Full Project Cost and is approximately USD 87 million over the 20-year period of analysis. The summary of the economic analysis is presented in Addendum 3.

24. **Sensitivity Analysis(SA).** The EIRR was subject to sensitivity analysis in order to measure variations due to unforeseen factors and account for risk. Criteria adopted in the sensitivity analysis are: 10, 20 and 50% cost over-run, 10 and 20% increase in benefits, 10 to 50% benefits decrease and 1 to 2 year implementation delay. When linking the sensitivity analysis to the project risk 'risk of failures in management and coordination that could lead to delays in project implementation' potentially resulting in delay of project benefits of 1 tot 2 years the EIRR remains above the opportunity cost of capital. The Project is robust because even with large variations in cost +20% or benefits -20% the EIRR remains above the opportunity cost of capital of 10%. Results are presented in Table 5.

Table 5: Sensitivity analysis.

Sensitivity Analysis		EIRR	NPV
<b>Base scenario</b>		33.3%	87,755
Project benefits	-10%	31.9%	76,944
Project benefits	-20%	30.4%	66,134
Project benefits	-50%	23.8%	33,701
Project benefits	+10%	34.4%	98,566
Project benefits	+20%	35.4%	109,377
Project costs	+10%	32.1%	85,720
Project costs	+20%	30.9%	83,685
Project costs	+50%	27.9%	77,579
1 year lag in ben.		29.7%	73,116
2 years lag in ben.		26.6%	61,599

25. The Project is slightly more sensitive to benefits decrease (-50%) and delays than to costs increases (macroeconomic and institutional risk) of +50%. Improved road infrastructure, better market linkages and skill and enterprise development have a better impact on the Project's economic outcomes, than the tight control of cost overruns.



**ADDENDA**

## ADDENDUM 1: FINANCIAL ANALYSIS

Table 1: Financial & Economic Prices

Table 1: Financial & Economic Prices		1 USD:DKH	4000	
Description		Unit	Financial Prices	Economic Prices
			\$USD	\$USD
<b>Outputs</b>	<b>Crops</b>			
	Chicken	Kg	4	3.8
	Longan 0.28	Kg	1.25	1.0 <i>from Thailand</i>
	Vegetables (av. leafy veg.)	Kg	0.79	0.70 <i>from Thailand</i>
	Rice	Kg	0.28	0.4 <i>border price</i>
	Chinese Kale	Kg	1	0.9 <i>from Thailand</i>
	Eggs	egg	0.28	0.26
	Chicks	chick	0.25	0.2
	Chicks (vaccinated)	chick	1.25	1
	<b>Seed</b>			
	Chinese Kale (10gr)	pack	0.77	0.73
	Watermelon	kg	53.91	50.9
<b>Inputs</b>	Longan tree	tree	1.00	0.9
	Insecticide	l	40	30.0
	Herbicide	l	20	15.0 <i>FOB price</i>
	Inoculant	packet		0.0
	<b>Other</b>			<i>FOB price</i>
	Chicken pen (approx 100 chicken)	pen	35	33 <i>FOB price</i>
	Solar panel S-RET GIC 1000W	unit	1700	300
	Commercial feed	kg	0.625	0.6
	Local feed	kg	0.15	0.1
	Price of medicines per cycle	unit	5	4.7 <i>na 0.30\$ watt</i>
	Price of vaccination	\$/100 chicks	2.5	2.4
	Price of stove + iron support	unit	10	9.4
	Price of LED	unit	1	0.9
	Evaporatively-Cooled Fabric (ECF)	unit	1200	1132
	Poles	pole	4.5	4.2 <i>5 excise duty</i>
	Iron wire	kg	1.1	1.0 <i>5 excise duty</i>
	Pole protection (banana leaf)	leaf	0.15	0.1
	Transportation	ton/km	20	19
	Transportation	Kg/km	0.02	0.02
<b>Services</b>	Hatching plus vacinating (3 times)	egg	1.00	0.94
	Electricity rate	\$/kWh	0.15	0.14
	Electricity rate agriculture	\$/kWh	0.12	0.11
	Water fee for irrigation pumping	month	22.22	20.96
	Motor bike rent	day	50	47
	Land preparation (tractor)	day	61	58
	Land preparation (animal)	ha	77	72
<b>Labour</b>	Management salary average	month	2,083	1354
	Family labour	person-day	5.5	4
	Hired labour Unskilled (land preparatio	person-day	5.5	4
	Hired labour Skilled (spraying, fertilizer)	person-day	7	5 <i>m/cambodia</i>
	Hired labour Skilled (technical maintenance repair,		10	7

Sources: Ministry of Agriculture, Forestry & Fisheries; Agricultural Marketing Office

<b>Services</b>				
	Transportation	ton/km	20	19
	Transportation	Kg/km	0.02	0.02
	Hatching plus vacinating (3 times)	egg	1.00	0.94
	Electricity rate	\$/kWh	0.15	0.14
	Electricity rate agriculture	\$/kWh	0.12	0.11
	Water fee for irrigation pumping	month	22.22	20.96
	Land preparation (tractor)	day	61	58
	Land preparation (animal)	ha	77	72
	Land preparation ridging (tractor)	day	15	14
	Land clearing	ha	10	9
	Harvesting bulk (cassava)	t	37	35
	Harvesting tree crop	kg	0.88	0.83
	Combine harvester	ha	96	90
	Bags	bag	0.15	0
<b>Labour</b>				
	Minimum wage 2019	month	182	172
	Wage retail market	month	150	142
	Management salary average	month	2,083	1965
	Family labour	person-day	5.5	5
	Hired labour Unskilled (land preparatio	person-day	5.5	5
	Hired labour Skilled (spraying, fertilizer)	person-day	7	7
	Hired labour Skilled (technical maintenance repair,		10	9

Sources: Ministry of Agriculture, Forestry & Fisheries; Agricultural Marketing Office

Addendum 2: Financial Farm Models:

1. Paved Road;
2. Laterite Road;
3. Wholesale market;
4. Hatchery enterprise;
5. Central Irrigation;
6. Skill development

1. PAVED ROAD:

SAMBAAAT		Intervention: rehabilitate existing rural roads using DBST												
Road mode	FINANCIAL	based on data from ADB, RIPP I, PCR CBA, 2018.												
Description	WOP	unpaved road or paved road in poor condition												
	WP	paved road for year-round use												
<b>Parameters</b>		unit	WOP	WP										
road rehabilitated	Km			300										
av. road cost	\$/km			126,054										
av. road benefit	\$/km			32125										
Maintenance annual	\$/km			350										
DBST reseal	\$/km			12500 every 8 year										
<b>Financial Budget</b>														
Items		Without Project	Y1	Y2	Y3	Y4	Y5-10	Y 6	Y 7	Y 8	Y 9	Y 10	Y 10	Writ
<b>Time &amp; VOC benefit stream</b>														
Contracted KM	Km		45	100	100	50	5	300						
Average benefit contract 1	\$US		0	1445623	1445623	1445623	1445623	1445623	1445623	1445623	1445623	1445623	1445623	
Average benefit contract 2	\$US		0	0	3212495	3212495	3212495	3212495	3212495	3212495	3212495	3212495	3212495	
Average benefit contract 3	\$US		0	0	0	3212495	3212495	3212495	3212495	3212495	3212495	3212495	3212495	
Average benefit contract 4	\$US		0	0	0	0	1606248	1606248	1606248	1606248	1606248	1606248	1606248	
Average benefit contract 5	\$US		0	0	0	0	0	160625	160625	160625	160625	160625	160625	
Residual value contract 2	\$US													
Residual value contract 3	\$US													
Residual value contract 4	\$US													
Residual value contract 5	\$US													
sub-total benefits	\$US		0	1445623	4658118	7870614	9476862	9637486	9637486	9637486	9637486	9637486	9637486	
Incremental Benefits	\$US		0	1445623	4658118	7870614	9476862	9637486	9637486	9637486	9637486	9637486	9637486	
<b>Investments</b>														
road works	\$US		5672445	12605433	12605433	6302716	630272							
DBST reseal for contract 1	\$US									562500				
DBST reseal for contract 2	\$US										1250000			
DBST reseal for contract 3	\$US											1250000		
DBST reseal for contract 4	\$US												1250000	
DBST reseal for contract 5	\$US													1250000
Sub-total investment	\$US		5672445	12605433	12605433	6302716	630272	0	0	562500	1250000	1250000	1250000	
<b>Recurrent</b>														
Maintenance	\$US		-	15,750	50,750	85,750	103,250	105,000	105,000	105,000	105,000	105,000	105,000	
Maintenance Residual value														
<b>Total costs</b>	\$US	0	5672445	12621183	12656183	6388466	733522	105000	105000	667500	1355000	1355000	1355000	
Incremental cost	\$US		5672445	12621183	12656183	6388466	733522	105000	105000	667500	1355000	1355000	1355000	
<b>Net Income</b>	\$US	0	-5672445	-11175560	-7998064	1482148	8743340	9532486	9532486	8969986	8282486	8282486	8282486	
Incremental	\$US		-5672445	-11175560	-7998064	1482148	8743340	9532486	9532486	8969986	8282486	8282486	8282486	
PVB		62568632												
PVC		33040241												
CB ratio		1.9												
NPV @10%		29,528,391												
IRR @ 10%		24%												

## 2.LATERITE ROAD

SAMBAAAT		Intention: rehabilitate existing rural roads using laterite (farm access roads only)									
Road model		FINANCIAL based on data from CBA KMW performed on road section KCH-05 Anchanh Chorky, 10.78KM									
Description	WOP	unpaved road									
	WP	improved	unpaved	road							
Parameters		unit	WOP	WP							
road rehabilitated	Km	100	150								
av. road cost	\$/km		33748								
av. road benefit	\$/km		21253								
Maintenance annual	\$/km		1050	incl. Gradings	Spot Regravell	Routine Maintenance					
laterite layer / repair	\$/km		16500	every 5 year							
Financial Budget											
Items		Without Project									With
		Y1	Y2	Y3	Y4	Y5-10	Y 6	Y 7	Y 8	Y 9	Y 10
<b>Time &amp; VOC benefit stream</b>		contract 1	contract 2	contract 3	contract 4						
Contracted KM	Km	25	50	50	25						
Average benefit contract 1	\$US	0	531318	531318	531318	531318	531318	531318	531318	531318	531318
Average benefit contract 2	\$US	0	0	1062637	1062637	1062637	1062637	1062637	1062637	1062637	1062637
Average benefit contract 3	\$US	0	0	0	1062637	1062637	1062637	1062637	1062637	1062637	1062637
Average benefit contract 4	\$US	0	0	0	0	531318	531318	531318	531318	531318	531318
Residual value contract 2	\$US										
Residual value contract 3	\$US										
Residual value contract 4	\$US										
sub-total benefits	\$US	0	531318	1593955	2656592	3187911	3187911	3187911	3187911	3187911	3187911
Incremental Benefits	\$US	0	531318	1593955	2656592	3187911	3187911	3187911	3187911	3187911	3187911
<b>Investments</b>											
road works	\$US	843711	1687421	1687421	843711						
Laterite layer/repair contract 1	\$US					412500					
Laterite layer/repair contract 2	\$US						825000				
Laterite layer/repair contract 3	\$US							825000			
Laterite layer/repair contract 4	\$US								412500		
Sub-total investment	\$US	843711	1687421	1687421	843711	412500	825000	825000	412500	0	412500
<b>Recurrent</b>											
Maintenance	\$US	-	26,250	78,750	131,250	157,500	157,500	157,500	157,500	157,500	157,500
Maintenance Residual value	\$US										
<b>Total costs</b>	\$US	0	843711	1713671	1766171	974961	570000	982500	982500	570000	570000
Incremental cost	\$US	843711	1713671	1766171	974961	570000	982500	982500	570000	157500	570000
<b>Net Income</b>	\$US	0	-843711	-1182353	-172216	1681632	2617911	2205411	2205411	2617911	3030411
Incremental	\$US	-843711	-1182353	-172216	1681632	2617911	2205411	2205411	2617911	3030411	2617911
	PVB	21100526									
	PVC	7837156									
	CB ratio	2.7									
	NPV @ 10%	13263370									
	IRR @ 10%	55%									

### 3.WHOLESALE MARKET:

<b>SAMBAAT</b>		Intervention: support development for new wholesale markets to increase agriculture sales volumes										
<b>Enterprise budget: Agr FINANCIAL</b>												
Description	WOP	Wholesale trading outside and around retail markets										
	WP	Established wholesale marketplace handling large volumes										
Parameters	unit	WOP	WP									
Land	m2	10000	30000									
stall turnover	\$/day	25	150									
no. of stalls		1000	600									
person per stall		2	3									
Maintenance	%	4%	4%									
Losses in volume and qu	%	20%	10%									
per stall/tenant:												
rent fee	\$/month	5	50									
cleaning /security fee	\$/month	1.6	3.65									
Electricity fee	\$/month	2.28	15	Is calculated at cost and paid directly to Electricity utility company								
Water fee	\$/month	0	5	Is calculated at cost and paid directly to Water utility company								
Manager	person	2	1									
Support staff	person	7	3									
<b>Financial Budget</b>												
Items		Without Project	With Project									
			Y1	Y2	Y3	Y4	Y5-10	Y 6	Y 7	Y 8	Y 9	Y 10
<b>Sales (benefit stream)</b>			40%	60%	80%	100%	100%	100%	100%	100%	100%	100%
rent	\$US	60000	144000	216000	288000	360000	360000	360000	360000	360000	360000	360000
Fees	\$US	19200	26280	26280	26280	26280	26280	26280	26280	26280	26280	26280
Total (discounted for st	\$US	79200	68112	242280	314280	386280	386280	386280	386280	386280	386280	386280
incremental sales	\$US		-11088	163080	235080	307080	307080	307080	307080	307080	307080	307080
<b>Investments</b>												
Structure	\$US		800000									
Equipment	\$US		100000									
Total investment	\$US		900000									
<b>Inputs</b>												
Maintenance	\$US		32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Land rent	\$US	8000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000
<b>Labour</b>												
Management	\$US	300	2083	2083	2083	2083	2083	2083	2083	2083	2083	2083
Support staff	\$US	1050	546	546	546	546	546	546	546	546	546	546
<b>Total costs</b>	\$US	9350	958629	58629	58629	58629	58629	58629	58629	58629	58629	58629
Incremental cost	\$US		949279	49279	49279	49279	49279	49279	49279	49279	49279	49279
<b>Net Income</b>	\$US	50650	-890517	183651	255651	327651	327651	327651	327651	327651	327651	327651
Incremental			-941167	183651	255651	327651	327651	327651	327651	327651	327651	327651
	PVB	1424527										
	PVC	1120980										
	CB ratio	1.3										
	NPV @ 10%	686700										
	IRR @ 10%	26%										

#### 4.HATCHERY

SAMBAAT		Intervention: introduce solar power hatchery for hatchery as business and grow further the poultry enterprise										
<b>Enterprise budget: Hatchery &amp; Chicken production FINANCIAL</b>												
<b>Parameters</b>	unit	WOP	WP									
Plot size	acre	10	10									
Chicken house (approx 100 chicken)	unit	1	4									
Chicks	chick	100	2040									
Incubating eggs	eggs	0	2550	17 chick productions of 150 eggs								
Chick productions	cycle	0	17									
Commercial feed	kg	50	200									
Local feed	kg	400	1100									
Vaccine / medicine	set	0	3									
Netto weight in kg	1	70%	40%									
	1.3	30%	60%									
Feeding	pers-day	6	18									
Maintenance /repair	pers-day	2	6									
<b>Physical budget</b>												
Items	Unit	Without Project	With Project									
			Y1	Y2	Y3	Y4	Y5-10	Y6	Y7	Y8	Y9	Y10
<b>INFLOW</b>												
Chicks	chicks		1275	2550	2550	2550	2550	2550	2550	2550	2550	2550
Embryo death rate	%	0%	25%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Production	chicks		956	2040	2040	2040	2040	2040	2040	2040	2040	2040
Chicken	chicken	100	100	200	300	300	300	300	300	300	300	300
Mortality rate%		30%	25%	20%	15%	10%	10%	10%	10%	10%	10%	10%
Production	kg	79	91	185	283	289	289	289	289	289	289	289
<b>OUTFLOW</b>												
<b>Inputs</b>												
Eggs	eggs	0	1275	2550	2550	2550	2550	2550	2550	2550	2550	2550
Chicken house (approx 100 chicken)	unit	1	1	2	3	-	-	-	-	-	-	3
Chicks (vaccinated)	chick	100										
Medicines chicken	cycle	1	1	2	3	3	3	3	3	3	3	3
vaccination chicks	cycle		10	20	20	20	20	20	20	20	20	20
Commercial feed	kg	50	100	200	300	300	300	300	300	300	300	300
Local feed	kg	400	300	700	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
<b>Labour</b>												
Feeding	pers-day	6	6	10	15	15	15	15	15	15	15	15
Maintenance /repair / hatchery operation	pers-day	2	10	15	20	20	20	20	20	20	20	20
Total Labour unskilled	pers-day	8	16	25	35	35	35	35	35	35	35	35
<b>Financial Budget</b>												
Items		Without Project	With Project									
			Y1	Y2	Y3	Y4	Y5-10	Y6	Y7	Y8	Y9	Y10
<b>Value of production</b>												
Chicken	\$US	318	363	739	1131	1155	1155	1155	1155	1155	1155	1155
Chicks	\$US		856	1840	1740	1740	1740	1740	1740	1740	1740	1740
Total	\$US	318	1219	2579	2871	2895	2895	2895	2895	2895	2895	2895
Incremental sales	\$US		902	2262	2554	2578	2578	2578	2578	2578	2578	2578
<b>Investments</b>												
Incubator	\$US	0	230									
Solar panel S-RET GIC	\$US		1700									
<b>Inputs</b>												
Eggs	\$US		357	714	714	714	714	714	714	714	714	714
Chicken house (approx 100 chicken)	\$US	35	35	70	105	0	0	0	0	0	0	0
Chicks (vaccinated)	\$US	125										
Medicines chicken	\$US	5	5	10	15	15	15	15	15	15	15	15
vaccination chicks	\$US		24	51	51	51	51	51	51	51	51	51
Commercial feed	\$US	31	63	125	188	188	188	188	188	188	188	188
Local feed	\$US	60	45	105	165	165	165	165	165	165	165	165
<b>Labour</b>												
Total unskilled	\$US	44	88	138	193	193	193	193	193	193	193	193
<b>Total production costs</b>	\$US	300	2546	1213	1430	1325	1325	1325	1325	1325	1325	1325
Incremental cost	\$US		2246	912	1130	1025	1025	1025	1025	1025	1025	1025
<b>Net Income</b>	\$US	17	-1327	1367	1441	1570	1570	1570	1570	1570	1570	1570
Incremental			-1344	1349	1424	1553	1553	1553	1553	1553	1553	1553
Return on family labour day		2	-83	55	41	45	45	45	45	45	45	45
	PVB		14035									
	PVC		7393									
	CB ratio		1.9									
	NPV @10%		6642									
	IRR @ 10%		105%									

## 5.CENTRAL IRRIGATION & WATER MANANGEMENT

SAMBAAT		Intervention: support development for private sector irrigation central pumping and water management for users										
<b>Enterprise budget: Large scale irrigation pumping / water management</b>												<b>FINANCIAL</b>
<b>Parameters</b>	unit	WOP	WP									
Rice producers	HH	2000	2000									
Land under irrigation	ha	2000	2500									
rice production	ton/ha	3.3	4	18%								
Pumping	month/yr	4	9									
Pumps & solar	\$US		620000	Based on Sombo Green Farm, Kampong Cham								
Water fee	\$US/month		22.22	Water fee:	100 per cycle two cycles of total 9 months 200/9 = 22							
Maintenance	%	4%	4%									
Manager	person	1	2									
Support staff	person	0	3									
<b>Description</b>	WOP	WP	production									
	ha	ha	Ton/ha									
Rice	2000	2300	4									
Vegetables producers (China)	0	200	1									
Sub-total production	2000	2500	5									
<b>Production</b>	Volume, ton	Volume, ton	Price, USD/ton	Value US\$								
Rice producers	8000	9200	280	2576000								
Vegetables producers	0	200	700	140000								
Total	8000	9400		2716000								
<b>Financial Budget</b>												
Items		Without	With Project									
		Project	Y1	Y2	Y3	Y4	Y5-10	Y6	Y7	Y8	Y9	Y10
<b>Sales (benefit stream)</b>			50%	60%	60%	80%	85%	85%	85%	85%	85%	85%
Rice	\$US	2240000	2576000	2576000	2576000	2576000	2576000	2576000	2576000	2576000	2576000	2576000
Vegetables	\$US		140000	140000	140000	140000	140000	140000	140000	140000	140000	140000
Sub-total sales	\$US	2240000	2716000	2716000	2716000	2716000	2716000	2716000	2716000	2716000	2716000	2716000
Incremental sales	\$US		476000	476000	476000	476000	476000	476000	476000	476000	476000	476000
<b>Investments</b>												
land	\$US	16000	20000									
Structure	\$US		620000									
Equipement	\$US		400000									
Sub-total investment	\$US		1040000									
<b>Inputs</b>												
Fees for water pumping	\$US	0	249975	299970	299970	399960	424958	424958	424958	424958	424958	424958
Maintenance	\$US		24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800
<b>Labour</b>												
Management	\$US	150	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166
Support staff	\$US	0	546	546	546	546	546	546	546	546	546	546
<b>Total costs</b>	\$US	16150	1069512	29512	29512	29512	29512	29512	29512	29512	29512	29512
Incremental cost			1053362	13362	13362	13362	13362	13362	13362	13362	13362	13362
<b>Net Income</b>	\$US	2223850	1646488	2686488	2686488	2686488	2686488	2686488	2686488	2686488	2686488	2686488
Incremental			-577362	2686488	2686488	2686488	2686488	2686488	2686488	2686488	2686488	2686488
	PVB	2924814										
	PVC	1027558										
	CB ratio	3										
	NPV @ 10%	13540169										
	IRR @ 10%	465%										



## 6. SKILL DEVELOPMENT

SAMBAAAT		Intervention: vocational skill training for under and self employed rural people										
Road model		FINANCIAL based on data from SwissContact and Nat. Bureau of Statistics										
Key parameters		unit	Y1	Y2-Y10	2018	2019	2020	2021	2022	total		
Minimum wage garment factory worker 2019	US\$/month	182										
Average HH Income 2017	US\$/month	114										
Average rural HH Income (estimated)	US\$/month	60										
months worked	month	4	12									
drop outs (%)	%	20%										
persons in wage employment (%)	%	50%										
persons in self or under-employment (%)	%	20%										
unemployed before and after training (%)	%	10%										
average income before training (USD/month)	US\$/month	60										
duration of the training	month	6										
duration of the training refresh every 5 year	month	3										
average time until employment	month	1										
foregone income until employment - average -	US\$	60										
foregone income during training- average -	US\$	180	assuming that 50% of the six months training they spend in Class									
After training wage employment cash	US\$/month	100										
After training wage employment in kind	US\$/month	15										
After training self-employment	US\$/month	115										
Student contribution full training	US\$	25										
Student contribution refresh training	US\$	10										
Financial Budget												
Items		Without Project	With Project									
			Y1	Y2	Y3	Y4	Y5-10	Y 6	Y 7	Y 8	Y 9	Y 10
<b>Benefit stream</b>												
number of people trained	person	10	10	10	10	10	10	10	10	10	10	10
number of graduates	person		8	8	8	8	8	8	8	8	8	8
Income before training	\$US	6480	1140	1368	1368	1368	1368	1368	1368	1368	1368	1368
Income after training (wage employment)	\$US		1840	5520	5520	5520	5520	5520	5520	5520	5520	5520
Income after training (self employment)	\$US		736	2208	2208	2208	2208	2208	2208	2208	2208	2208
sub-total benefits	\$US	6480	3716	9096	9096	9096	9096	9096	9096	9096	9096	9096
Incremental Benefits	\$US		-2764	2616	2616	2616	2616	2616	2616	2616	2616	2616
<b>Investments</b>												
Student contribution	\$US		250					100				100
foregone income during training (av.)	\$US		1440					720				720
foregone income until employment (av.)	\$US		480									
Sub-total investment	\$US		2170	0	0	0	820	0	0	0	0	820
<b>Recurrent</b>												
<b>Total costs</b>	\$US	0	2170	0	0	0	820	0	0	0	0	820
Incremental cost	\$US		2170	0	0	0	820	0	0	0	0	820
<b>Net Income</b>	\$US	6480	1546	9096	9096	9096	8276	9096	9096	9096	9096	8276
Incremental	\$US		-4934	2616	2616	2616	1796	2616	2616	2616	2616	1796
	PVB	11183										
	PVC	2798										
	CB ratio	4.0										
	NPV @ 10%	8385										
	IRR @ 10%	50%										

### ADDENDUM 3: ECONOMIC ANALYSIS Full Project Cost (FPC)

Economic Analysis																		
ADDENDUM 3: Project Economic Analysis - Full Project Cost																		
(constant 2018 values)																		
(US\$ 000)	PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8-20	PY9	PY10-15	PY11	P12	PY13	PY14	PY15	PY16	PY17	PY18
<b>Total Programme Net Benefits</b>	-6311	-10837	-4098	10348	20836	21844	21741	22480	23658	22796	21781	21273	21503	22347	21427	20778	20778	21368
<b>Programme Costs</b>																		
Investment Costs	8375	12453	12975	14911	13521	7810	0	0	0	0	0	0	0	0	0	0	0	0
Recurrent Costs	29	251	457	193	12	12	12	12	12	12	12	12	12	12	12	12	12	12
<b>sub-total Programme costs</b>	8404	12704	13431	15104	13532	7822	12	12	12	12	12	12	12	12	12	12	12	12
Road works*	4292	8584	8584	8584	8584	4292	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Programme Costs</b>	4112	4120	4848	6521	4949	3530	12	12	12	12	12	12	12	12	12	12	12	12
<b>Total Project Incremental Net Benefits</b>	-10423	-14957	-8945	3827	15888	18314	21730	22469	23647	22785	21770	21261	21492	22335	21415	20767	20767	21356
<b>ERR</b>	<b>33%</b>																	
<b>NPV @10% (USD 000)</b>	<b>87,755</b>																	
* road works deducted to avoid double counting																		



Investing in rural people

**Cambodia**

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**Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)  
Project Design Report**

**Annex 5: Social Environment and Climate Assessment (SECAP) Review Note**

Document Date: 27/07/2019

Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



## Appendix 5: Social Environment and Climate Assessment (SECAP) Review Note

### 1 Major Landscape Characteristics and Issues (Social, Health, Environmental and Climate Change)

#### 1.1 Sociocultural Context

13. SAAMBAT is designed to complement the ongoing ASPIRE<sup>25</sup> and AIMS<sup>26</sup> in a programmatic approach. Therefore, SAAMBAT can in principle target any Province of Cambodia with AIMS or ASPIRE activities – currently 20 of the 25 Provinces. Five Phase 1 provinces have been identified: Battambang, Kampong Cham, Kandal, Kampong Chhnang and Svay Rieng. The project will adopt a territorial and market/commodity development focus in which specific areas, known as Economic Poles, will be selected for provision of an integrated set of investments which will include rural roads, markets and other types of small-scale infrastructure, as well as support to use of renewable energy technology (RET) in agriculture, skills training, enterprise development and support to digital technology for the rural economy and enterprise. The project is expected to stimulate investment by the private sector in agriculture linked rural businesses. Ten “Economic Poles” have been selected for Phase 1, with a further 40 Economic Poles selected in Phase 2 and Phase 3. Road investments will be concentrated in 25 Economic Poles while the other 25 will be in areas where road development is provided by partner projects<sup>27</sup>. By its nature, the project is expected to focus on areas of agricultural production and existing (though inadequate) infrastructure networks, not on areas that are remote or contain large amounts of natural habitat.

14. The primary beneficiaries will be approximately 200,000 rural households. The project will adopt an inclusive targeting approach, male and female youth (people aged 15-30), poor women and women headed households will be actively encouraged to take advantage of project opportunities.

15. Cambodia’s population remains predominantly rural and engaged in agriculture production. About 79%<sup>28</sup> of the population lives in rural areas. About 45% of the labour force is in the agriculture sector<sup>29</sup>. However, the majority of rural households pursue mixed livelihood strategies, combining agriculture production for own-consumption and for the market with small business activities and wage labour which may be in the local area, in other parts of Cambodia or in neighbouring countries. Migration of individual household members for work, usually for a limited period, is more important than permanent movement of households from rural to urban areas. The household level impact survey for the recently completed PADEE project, targeting poorer rural farm households, showed that 96% of these households included members who engaged in some form of non-farm income work. Average non-farm incomes exceeded agriculture earnings for these households.

16. Poverty has decreased dramatically in Cambodia in the past decade. According to World Bank figures, the poverty rate in 2014 was 13.5%, down from 47.8% in 2007<sup>30</sup>. This reduction has been based on strong economic growth (average 7.6% from 1994-2015) and expansion of manufacturing (predominantly garments), construction and tourism. A consequence of increased opportunities in the non-farm sector has been a striking increase in agriculture sector wages, which in turn has driven rapid mechanization of the sector.

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<sup>25</sup> Agriculture Services Programme for Innovation, Resilience and Extension

<sup>26</sup> Accelerated Inclusive Markets for Smallholders

<sup>27</sup> Expected to include RID4CAM (rural roads, KfW and AFD), CASDP (World Bank) and AVCIIP (ADB).

<sup>28</sup> Asian Development Bank 2014: Cambodia Country Poverty Analysis

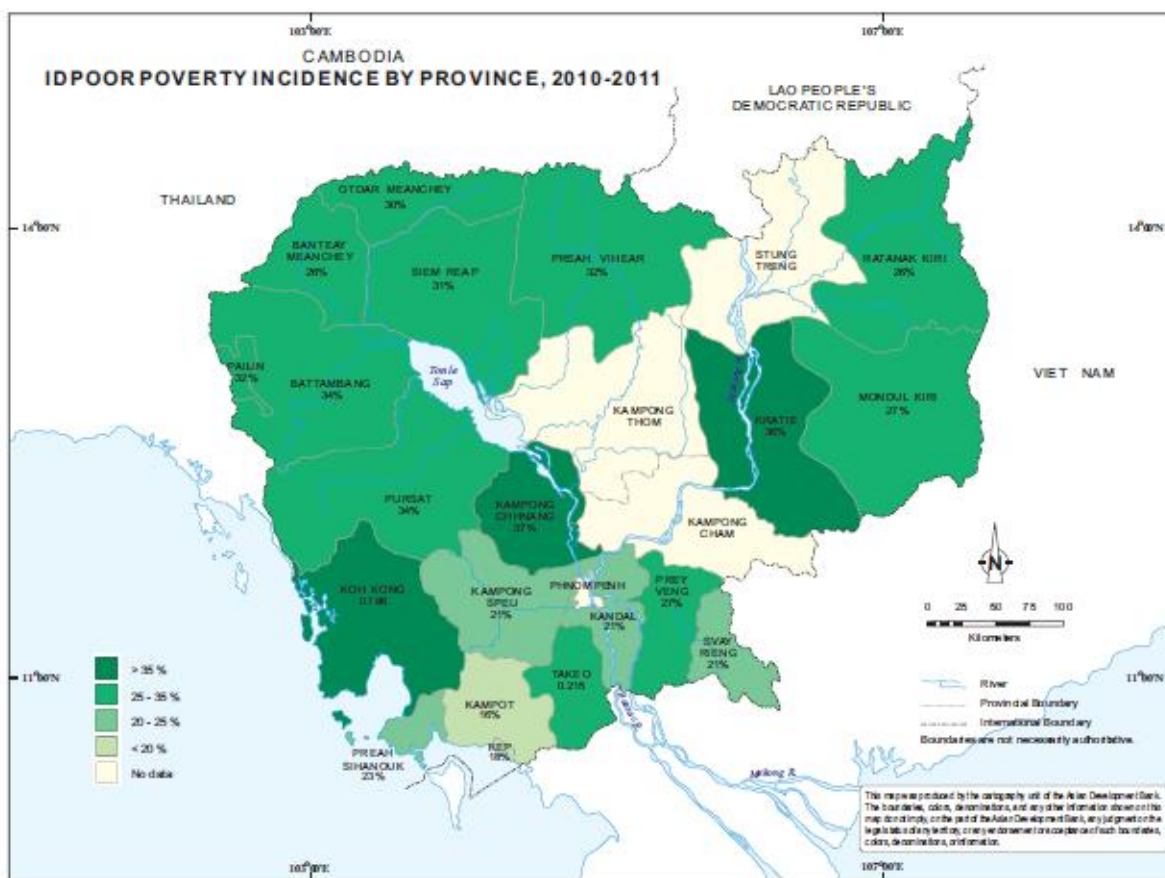
<sup>29</sup> World Bank: World Development Indicators

<sup>30</sup> <http://www.worldbank.org/en/country/cambodia/overview>

17. Despite these achievements, large numbers of rural dwellers have moved only a little above the poverty line and remain vulnerable to falling back into poverty, particularly in the event of an economic shock reducing wage-earning opportunities. World Bank estimates that around 4.5 million people, or about 30% of the population, remain near-poor. UNDP’s multi-dimensional poverty index is estimated at 35%<sup>31</sup>. About 90% of the poor live in rural areas.

**Summary of Social Data (World Bank)**  
 Health and education remain both important challenges and development priorities for Cambodia. 32% (or approximately 0.5 million) of children under five are stunted. While net enrolment in primary education increased from 82% in 1997 to 97% in 2016, lower secondary completion rates, at 48% in 2015, are significantly below the average for lower middle-income countries. As of 2015, 70 percent of Cambodia’s population (12.3 million people) do not have access to piped water supply, and 58 percent (9.3 million people) do not have access to improved sanitation.  
 Cambodia has made good strides in improving maternal health, early childhood development, and primary education in rural areas. The maternal mortality ratio per 100,000 live births decreased from 472 in 2005 to 170 in 2014, the under-five mortality rate decreased from 83 per 1,000 live births in 2005 to 35 per 1,000 in 2014.

18. Poverty estimates are based on periodic socio-economic surveys. Using a separate methodology, Ministry of Planning conducts poverty identification at household level, identifying poor households in extreme poor (“Poor 1”) or moderately poor (“Poor 2”) categories. These households are issued “ID-Poor” cards which entitle them to benefits including reduced medical costs and can be used as a basis for project targeting. The ID-Poor surveys also provide a basis for comprehensive poverty mapping. It should be noted that ID-Poor surveys are conducted only one time in three to five years in any local area, and the poverty identification methodology is not identical to that used in the Socio-Economic Surveys. Nevertheless, there is a generally consistent pattern of the highest measured poverty rates in the upland areas of the country, mainly in the north and east, while the highest numbers of poor households are found in densely populated lowland provinces. (Figure 1).



<sup>31</sup> <http://hdr.undp.org/en/2018-MPI>

**Figure 1: ID Poor poverty map based on surveys in 2010 and 2011. NB that three provinces are omitted. Measured ID-Poor poverty rates for these provinces in 2010 were: Kampong Cham 28.4%, Kampong Thom 31%, Stung Treng 30.4%. Source: ID Poor Atlas 2012 / ADB 2014**

## 1.2 Gender

19. Women are the majority of the economically active population and important in agriculture production and small business as well as forming the bulk of the workforce in garment manufacturing and service sectors such as hospitality and tourism. Gender roles in agriculture are not rigidly defined but women tend to focus more than men on home garden and small livestock production which are carried on near the homestead. Formal land titles are issued in the joint names of husband and wife by default. Girls and women have achieved near equality with men in educational enrollment at school level, though the majority of university students are male. The baseline Women's Empowerment in Agriculture Index (WEAI) for Cambodia was estimated at the encouragingly high 98%<sup>32</sup>, though this finding needs to be interpreted in context. Nevertheless, senior political and administrative positions are overwhelmingly occupied by men. About 70% of employed women are in vulnerable employment, compared with 59% of men. Women still face unequal sharing of domestic responsibilities and high levels of domestic abuse. Female headed households with more than two children and no adult males are much more likely to be poor<sup>33</sup>.

## 1.3 Natural Resources and Their Management

20. About 53.5% of Cambodia's land surface is forested and about 2.5% consists of surface water bodies and wetlands<sup>34</sup>. Despite formal logging bans, cutting of forest and illegal export of timber remains a major concern, with frequent incidents reported in the press. Cambodia's commercial freshwater fisheries remain important but catches, and in particular the size of fish caught, appear to be in long-term decline due to over-exploitation.

21. Direct exploitation of natural resources (wild fisheries, forest products etc.) forms a declining proportion of rural Cambodian livelihoods. However, natural products including fish, shellfish, crustaceans and wild plants still make an important contribution to rural Cambodia diets, particularly for the poor. Most rural households still rely on firewood for cooking, which may be gathered locally or sourced from forested areas. Cambodian agriculture is highly dependent on seasonal rainfall and on natural rivers and streams. Only 30% of the population has access to piped water, with most households reliant on handpump boreholes, shallow wells and surface water sources. Pollution of surface water through excessive use or careless disposal of agriculture chemicals, as well as by industrial pollution and run-off from mining operations in some areas, is of increasing concern.

## 1.4 Land

22. Cambodia has about 5,800,000 ha of agricultural land, or around 32% of total land area. The preliminary report of the Cambodia Agriculture Census (CAC) identified 3,100,000 ha of land in "agriculture holdings" belonging to households, i.e. excluding commercial plantations and home garden plots. Around 90% of this land is used for rice growing.

23. All private property holdings were abolished in 1975 and records of land titles were destroyed or lost: no land claims from before that time have been legally recognised. In 1989-90 the collectivisation policy was abandoned and agricultural land was shared out between farm families on the basis of family size; most authorities agree that this land distribution was conducted equitably and resulted in a highly equal distribution of land holdings. The 2001 Land Law recognised the rights of property-holders who had established claims prior to the passing of the Law and who could prove continuous occupation for five years, to claim full ownership and title.

24. World Bank research indicates an increasing divergence between larger and smaller farms, with larger farms (above 3ha) getting bigger and small farms (below 1ha) getting smaller. This is

<sup>32</sup> USAID/Feed the Future (2014): Measuring Progress Toward Empowerment: Women's Empowerment in Agriculture Index: Baseline Report

<sup>33</sup> Asian Development Bank 2014

<sup>34</sup> World Development Indicators

driven by land sales between farmers and is independent of economic land concessions or other contentious large-scale initiatives. Land sales are driven mainly by social and economic distress while land purchases are made for the purpose of expanding farm size. At the same time there has been a continuing problem of land disputes, sometimes pitting local farmers against powerful outsiders. The majority of these disputes involve former forest land, including land allocated as economic land concessions which may be contested by long-term informal users or recent settlers. Relatively few major disputes concern the land distributed for agriculture in 1989, even though much of this still remains outside the formal titling system.

25. Surface water bodies, right-of-way reserves for roads and land occupied by irrigation infrastructure are considered as State Public Land. These areas are generally recognised as public property even in cases where the infrastructure has fallen into disuse (e.g. the alignment of a silted canal). However, in practice local farmers often make use of these areas. Therefore, in infrastructure development, cases occur where, although the land in question is clearly public property from a legal perspective, there may be long-standing private users of the land whose interests need to be considered.

## 1.5 Climate

26. Cambodia has a tropical monsoon climate with average temperatures around 28°C. Average rainfall is around 1,500mm per year, except for the western coastal provinces which have up to 4,000mm per year. About 80% of rainfall occurs in the months May to October. The annual flooding cycle of the Mekong River system is extremely important to Cambodia's ecology and agricultural economy, with the area inundated annually being around 10,000km<sup>2</sup> or 5.6% of the land surface. Cambodian agriculture is primarily dependent on rain and natural flooding cycles and is therefore vulnerable to both floods and droughts. Flash floods occur in and close to upland areas and may be exacerbated by deforestation. Lowland areas are vulnerable to unusually high or unseasonal (and thus, unexpected) rises of the Mekong flood level.

27. Cambodia is considered one of the countries most vulnerable to climate change. This high vulnerability is related to the dependence of livelihoods on rain-fed agriculture and on the relatively low development of adaptation and coping mechanisms. Average temperatures are expected to increase by about 0.5°C to 1.5°C by 2050. It is estimated that rain will be more heavily concentrated in the wet season, increasing the cost of dry-season irrigation and increasing the incidence of damaging floods. Extreme flood, drought and windstorm events are expected to become more common. Some coastal areas are vulnerable to sea-level rise. Increased temperatures may impact on rice yields and may increase the incidence of pests and animal and human diseases.

28. Cambodia's climate change response is coordinated by the National Council for Sustainable Development (NCSD) through its Climate Change Department located in the structure of the Ministry of Environment (MoE). NCSD receives support from a multi programme, Cambodia Climate Change Alliance (CCCA) as well as from the Asian Development Bank (ADB) Special Programme for Climate Resilience (SPCR). Government, donor and civil society action on climate change is coordinated through a Technical Working Group of which IFAD is a member.

29. Cambodia's climate change response strategy is set out in the Cambodia Climate Change Strategic Plan 2014-23 (CCSP)<sup>35</sup>. The CCSP sets three Goals of (1) reducing vulnerability; (2) shifting towards a green development path; and (3) promoting public awareness. The CCSP emphasizes the risk of increased temperatures impacting agriculture productivity and climate related losses particularly through flooding. Agriculture diversification, climate proofing of infrastructure and construction of irrigation infrastructure are amongst the proposed actions. Climate change is to be integrated into Environmental Impact Assessment procedures.

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<sup>35</sup> [http://www.cambodiaip.gov.kh/DocResources/ab9455cf-9eea-4adc-ae93-95d149c6d78c\\_007729c5-60a9-47f0-83ac-7f70420b9a34-en.pdf](http://www.cambodiaip.gov.kh/DocResources/ab9455cf-9eea-4adc-ae93-95d149c6d78c_007729c5-60a9-47f0-83ac-7f70420b9a34-en.pdf)



30. Individual Ministries including MAFF and MRD have prepared Ministry level Climate Change Priority Action Plans (CCPAP) in response to the CCSP. The MRD -CCPAP includes four major strategies:

1. Develop climate change resilient policies for rural infrastructure and to build resilient in rural infrastructure development to climate change ;
2. Support for adaptation to climate change through creating local business opportunities;
3. 3. Support for adaptation to climate change through increasing rural awareness to all vulnerable areas;
4. 4. Capacity development on CCA to village development committee (primary health care, and water sanitation).

31. The MAFF-CCPAP identifies priority actions including promotion of climate-smart farming systems, resilient crop varieties, promoting resilience in livestock production and disaster risk management.

32. Strategic Objective 2 of the IFAD Country Strategic Opportunities Programme (COSOP) is “Poor rural households and communities increase resilience to climate and other shocks.” All ongoing projects within the country programme contribute to this objective, including through promotion of climate-resilient agriculture livelihoods and climate-proofing of infrastructure investments. In particular, the Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE), which is part-financed with a grant from Adaptation for Smallholder Agriculture Programme (ASAP), mainstreams climate resilience in extension messages and finances a climate-resilient productive infrastructure sub-component. Scaling Up Renewable Energy Technology (S-RET), a GEF-financed initiative integrated in ASPIRE for implementation, supports development and roll-out of low-carbon energy technologies for smallholder value chains.

33. Cambodia’s National Council for Sustainable Development, as the coordinating body for Cambodia’s climate change response, has developed a Climate Vulnerability Index. The baseline data for this index indicated (in 2015) that 6% of Communes nationwide were classed as “highly vulnerable” to climate change, with a further 17% classed as “quite vulnerable.” The IFAD COSOP results framework incorporates this vulnerability index in an indicator (% of IFAD investments in climate-vulnerable communes).

## **1.6 Target Areas**

34. SAAMBAT is designed to complement the existing ASPIRE and AIMS in a programmatic approach. SAAMBAT will target areas that have activities of AIMS or ASPRE and these can potentially include all rural provinces of Cambodia.

35. Actual targeting of activities will be based on selection of “Economic Poles” which are areas of smallholder agriculture production with unifying economic and agro-ecological characteristics. Economic Poles will be of approximately District size and in practice are likely to be based on administrative Districts, though the boundaries of the EP may be adjusted to vary from the administrative boundary to reflect the economic characteristics of the area. It is planned to select 50 EP. SAMBAT will finance paved (DBST or concrete) roads in 25 EP, while a further 25 will be in areas benefiting from paved road investments by other projects. Ten EP have been selected for Phase 1 of SAAMBAT. A further 15 EP will be selected early in the project implementation period, and the final 25 EP will be confirmed at Mid-Term Review. The benefit of this phased approach is that SAAMBAT targeting will reflect the evolution of ASPIRE and AIMS. It will also mean that selection of Phase 2 and 3 EP will benefit from clearer information on the proposed targeting of AFD/KfW RID4CAM, World Bank CASDP, and ADB-AVCIIIP, all of which will include infrastructure supporting agriculture value chains.

36. EP are selected on the basis of: (1) potential for agricultural growth based on smallholder production, especially in value chains supported by AIMS and ASPIRE; (2) need for infrastructure (3)

strong commitment and capacity of local leadership; and (4) poverty and a high level of outward labour migration, particularly by youth. Areas of importance to the vegetable value chain will be favoured. For Phase 1, five Provinces were selected through a stakeholder workshop. Consultations were held with MRD, MEF, Provincial authorities, AIMS and ASPIRE. "ID-Poor" data of Ministry of Planning were used for poverty assessment and backed by the Climate Vulnerability Index of Ministry of Environment and data on labour migration from the Commune Database (also Ministry of Planning). The Districts selected through this process are shown with summary data in Table 1. The EP will be centred on the selected Districts and further delineated in the next stage of planning.

Prov / District	Communes		Households		Veg VC Clusters		Youth %	Migr-ant	FHH %
	Total	CV <sup>1</sup>	Total	Poor	AIMS	ASPIRE			
Battambang Province									
Thma Koul	10	7	29,926	33%	1	3	35%	40%	13%
Aek Phnum	7	2	18,843	33%	1	2	17%	40%	16%
Kampong Cham Province									
Chamkar Leu	8	5	27,243	20%	0	0	16%	40%	15%
Kampong Siem	15	6	29,478	16%	0	0	14%	37%	19%
Kampong Chhnang Province									
Rolea B'ier	13	4	25,921	30%	2	3	12%	40%	20%
Sameakki Mean Chey	9	1	19,089	31%	2	1	8%	42%	15%
Kandal Province									
Khsach Kandal & Mouk Kampoul <sup>2</sup>	25	3	47,818	19%	21	12	5%	40%	15%
S'ang	16	5	45,963	22%	8	16	6%	39%	14%
Svay Rieng Province									
Romeas Haek	16	5	32,049	20%	1	4	28%	38%	15%
Svay Chrum	16	6	38,326	18%	1	6	24%	40%	17%
3. CV: Communes in 40% most climate-vulnerable; ID-Poor: % HH with ID-Poor cards; Youth: 16-30 as % of 16+ population; Migrant: % of workforce migrating to work; FHH: % female-headed households									
4. At request of MEF it was agreed to form one Economic Pole from within the boundaries of Khsach Kandal and Mouk Kampoul Districts, focussing on the Communes of importance for vegetable production.									

37. The Districts selected for Phase 1 EP contain 314,000 households of which 23% are classified as poor. Of 135 Communes, 44 are highly climate-vulnerable. About 51% of the workforce is in agriculture. About 16% of the workforce engages in out-migratory labour. Youth aged 16-30 make up about 40% of the adult (over 16) population.

## 2 Potential Project's Impacts and Risks

### 2.1 Summary of Expected Project Outputs

38. The main physical outputs of SAAMBAT will consist of rural infrastructure, including rural roads, local collection points and wholesale markets. SAAMBAT will also support installation of RET equipment for agriculture purposes by smallholders and by businesses providing services to smallholders. The project is expected to stimulate private sector investments in productive and market infrastructure: this could include markets and collection points, water supplies, pumping stations or other types of agriculture water management and RET for off-grid electricity.

39. The project is designed to stimulate private sector investment in the rural economy and therefore to create opportunities for the rural population, both in the form of small and medium enterprise (SME) development and employment opportunities. Therefore indirect, but expected, results of the project include agriculture processing facilities and other types of rural business. In turn, this will increase market-linked agriculture production including the introduction of new crops, varieties and growing techniques. Increased use of agriculture chemicals and potentially polluting inputs such as plastic materials, as well as increased use of water for agriculture, could result.

40. The second component of the project will promote skills and entrepreneurship for rural youth and expansion of digital technology use in the rural economy. These activities are not expected to have social or environmental impacts except to the extent that they contribute to infrastructure development and business establishment.

41. Based on the normal pattern of rural infrastructure projects in Cambodia, rural road works are likely to consist mainly or wholly of rehabilitation and upgrading rather than new construction. SAAMBAT will prioritize infrastructure and environment improvements to public areas of existing markets rather than establishment of new markets. Therefore, roads and market facilities will not require acquisition of significant amounts of land. Privately owned facilities will be established on private land; this may be land already owned by the investor, or land purchased at market rates on a willing buyer – willing seller basis.

## **2.2 Key Potential Social and Environmental Impacts of the Project**

42. Rural road works may have impacts on land users. As mentioned above, large-scale land acquisition for new road alignments is not expected. Small amounts of land may be required for widening or side-drainage works; on the other hand, owners of roadside land will benefit by a considerable increase in the value of their land due to improved access. A framework for minor land acquisition for rural infrastructure projects, originally developed in cooperation with World Bank, is contained in RGC's Project Implementation Manual (PIM) for the Commune/Sangkat Fund and has been successfully applied in previous IFAD-financed rural infrastructure projects in Cambodia. This framework emphasizes the rights of existing land users including those who are not formal owners and sets limits (no more than 5% of a land holding) to what may be considered as "voluntary" donations of land.

43. Rural road works may have negative environmental impacts due to disruption of natural drainage patterns: these impacts can be mitigated by appropriate design measures. In upland areas, rural road works may also result in damage to slopes through landslides and erosion: these problems are uncommon in most areas of Cambodia due to the generally flat topography. Again, careful and appropriate design is an adequate mitigation response.

44. In areas of sensitive natural ecosystems, and in areas populated by ethnic minority groups with traditional cultures, road construction may have secondary negative impacts by increasing access to the areas. Given that the purpose of road constructions in SAAMBAT will be to improve links between existing agriculturally productive areas and markets, this is not expected to be a major concern. However, scheme-level screening and feasibility studies should be designed to identify potential for these problems and to ensure that appropriate mitigation measures are adopted if needed.

45. Road construction may also increase safety hazards due to increased traffic speeds. Laterite gravel roads, particularly when heavily trafficked, create dust problems which are a hazard for road traffic accidents and have potential impacts on human health. However, severe dust problems are also an indication of unacceptably high levels of surface wear. In SAAMBAT, only lightly trafficked roads will be gravel-surfaced, while more heavily trafficked roads will be bitumen-paved in accordance with the technical standards of MRD.

46. Road construction and other types of infrastructure may cause temporary environmental impacts due to construction traffic, noise and pollution during construction works. Pollution of watercourses is also a risk. These adverse impacts should be managed and mitigated by preparation and adherence to environmental management plans during construction. Similarly, care should be taken to manage construction traffic to prevent hazards to road users and others.

47. SAAMBAT will not invest directly in water supply or irrigation infrastructure. However, investments may result in increased use of water supplies, for example through use of RET pumping for agriculture, or indirectly by stimulating increased use of water in agriculture production and processing. Assessments of water availability should be included in scheme-level feasibility studies and environmental impact assessments applied where needed.

48. Agriculture and agro-processing activities stimulated by SAAMBAT could have the effect of increasing use of agricultural chemicals and pollution from waste inputs such as plastic materials. Specific identified negative impacts may be addressed through advocacy and regulatory responses in cooperation with the responsible technical departments at local level.

49. Labour laws and employee health and safety practices are not rigorously enforced in Cambodia, particularly in rural areas. Employment of children in unsafe occupations is a problem in some industries, particularly where the pattern is to employ family groups rather than individual workers (e.g. brick-making). As SAAMBAT seeks to stimulate development of rural businesses and create employment opportunities, careful attention will be needed to ensure safeguarding of employment rights and standards in project value chains.

### **2.3 Climate Change and Adaptation**

50. Climate change is not expected to have a major impact on the likelihood of the project achieving its objectives provided that appropriate climate-proofing and adaptive measures are taken. Climate change will increase the risk of flood damage to rural roads. Landslides are not a common problem in Cambodia but will need to be considered if any project activities are in areas of steep topography. It will be important to assess these risks at the design stage of each sub-project or activity, and ensure that climate-proof designs are adopted. Sites for other types of public and private infrastructure will need to be assessed for flood risk.

51. Rural road schemes will impact on local drainage patterns and this will be taken into account in design. Wherever possible, the aim will be to increase climate resilience through improved water control and drainage, including through design features such as water gates on road cross-drainage structures.

52. RET installations will support farmers to adapt to climate change, including by enabling low marginal cost pumping for efficient on-farm water management. RET installations will also result in reduced greenhouse gas emissions.

53. The project will not directly finance irrigation infrastructure. However, the design includes cooperation with the WAT4CAM<sup>36</sup> irrigation development project financed by AFD and may potentially include direct support to on-farm and near-farm water management through Agriculture Cooperatives and private sector operatives. The impacts of climate change on water availability, and particularly, on seasonal rainfall patterns must be considered in design of these activities.

54. Climate change could affect the viability of agriculture production which is the basis of the market economic development stimulated by SAAMBAT. Risks include crop losses due to flood and drought. In general, increased market linkages are expected to stimulate producers to invest in improved on-farm water management and other inputs that reduce climate vulnerability. Long-term climate trends could ultimately affect the viability of some crops in value chains supported by SAAMBAT but this is not expected to occur within the project period.

55. SAAMBAT will not directly support traditional agriculture extension but will be designed for complementarity with ASPIRE which mainstreams climate resilience in agriculture extension messages. SAMBAAT may also generate opportunities for outreach to farmers through value chain networks including private sector produce buyers and farmer cooperatives. SAAMBAT support to digital technology for the rural economy will potentially include dissemination of extension messages and other types of agriculture value chain information to farmers. This will provide an opportunity to include information both on immediate climate risks (early warning) and longer-term adaptation strategies

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<sup>36</sup> Water for Cambodia project of Agence Francaise d3e Development

### 3 Environmental and Social Category

56. SECAP Annex 3: Guiding Questions for Environmental and Social Screening have been reviewed and answered based on the SAAMBAT design as described in the current draft of the Project Design Report (PDR). The completed checklist is attached as Appendix 2. The checklist should be reviewed again before design completion.

57. Based on the checklist questions and on the assessment of potential environmental and social impacts presented above, SAAMBAT is expected to fall within **Category B**; that is, the project may have some adverse environmental and / or social impacts on human populations or (less likely) on environmentally significant areas, but the impacts (i) are less adverse than those for category A; (ii) are site specific and few are irreversible in nature; and (iii) can be readily remedied by appropriate preventive actions and/or mitigation measures.

58. Given the type and relatively small scale of the infrastructure activities, it is expected that any environmental impacts will be of limited geographic extent and can be adequately addressed by activity-specific mitigation measures within the framework of a general Environmental and Social Management Plan (ESMP). No major adverse social impacts are anticipated, though care will be required to ensure that any minor land acquisition actions, in association with infrastructure schemes, are carried out in a thorough, transparent and equitable manner.

59. As the selection of project target areas (Economic Poles) and sub-projects has not been finalised at the design stage, it is implicit that the criteria for selection of sub-projects will be consistent with the answers to questions in the screening checklist. Positive and negative list criteria for sub-projects will be included in the Project Implementation Manual (PIM). Project technical consultants will be specifically tasked to ensure that sub-projects are eligible in relation to these criteria.

### 4 Climate Risk Category

60. SECAP Annex 3: Guiding Questions for Climate Risk Screening have been reviewed and answered based on the final SAAMBAT design. The completed checklist is attached as Appendix 3.

61. SAAMBAT target areas will include areas that are significantly vulnerable to long-term impacts of climate change. The project will include infrastructure construction in areas where there is a risk of losses through flood damage if proper engineering design procedure, including consideration of future climate change trends, is not followed. However, the project areas are not affected by events of catastrophic significance. The climate risks in the project areas are well studied and understood and can be managed through appropriate risk management measures. For this reason, it SAAMBAT is considered to fall within the “moderate” climate risk category.

62. SAAMBAT is not expected to increase the climate vulnerability of the target communities. However, climate change may potentially impact on agriculture value chains supported by the project. Climate risk assessment and appropriate climate-proofing measures must be integrated in infrastructure feasibility study, design and construction for the project. There is some potential to increase resilience through adoption of green technologies and these aspects will be considered further at design stage. Climate resilient agriculture techniques will be promoted through partnership with ASPIRE.

63. The general nature and extent of climate change risks to the Cambodian rural economy has been extensively studied, including during formulation of the IFAD COSOP<sup>37</sup>. Given that final selection of target areas and sub-projects will take place on a rolling basis during the project period, there would be limited additional value in preparing a further in-depth analysis at this stage. Instead, in-depth assessment of climate change risks will be conducted for each Economic Pole as part of the Economic, Social and Climate Risk Assessment (ESCRA).

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<sup>37</sup> Environment and Climate Change Assessment (ECCA) Report 2012

## 5 Recommended Features of Project Design and Implementation

### 5.1 Environment and Social Mitigation Measures

64. Because scheme locations will be selected through a multi-stakeholder planning process on the basis of potential to stimulate market-linked agriculture production, the full scope of potential environmental and social risks cannot be known in advance. Therefore, it is recommended that a general **Environmental, Social and Climate Risk Analysis (ESCRA)** should be conducted as part of the preparation for each scheme (i.e. each integrated complex of investments). Specific risk mitigation measures should then be refined based on the results of the ESCRA. In addition, it is recommended that criteria for sub project selection be designed and should include appropriate environment and CC mitigation aspects.

65. The eligibility criteria for project activities including (but not limited to) infrastructure sub-projects must be consistent with the scope of activities indicated in the Environmental and Social Screening matrix. These eligibility criteria will be elaborated in the PIM and will include:

- (a) No schemes to be implemented in ecologically sensitive areas or areas of high value for biodiversity;
- (b) No schemes to require extraction of water from sources that are depleted by over-use or climate change, or would become depleted as a result of the project activity;
- (c) Road schemes of length exceeding 10km are not eligible;
- (d) Road schemes must not cause drainage or major modifications to natural wetlands or water bodies;
- (e) No schemes requiring economic displacement or physical resettlement of 20 or more people, or impacting more than 10% of an individual household's assets.

66. The technical consultants will be expressly tasked to verify that the selection of sub-projects is consistent with the eligibility criteria and with the SECAP.

67. All infrastructure schemes will be screened to determine whether land acquisition is required. In case that no land acquisition is found to be necessary, MRD will confirm this in writing to IFAD. In case that land acquisition is needed, a Land Acquisition Plan will be prepared through consultation with the land users and compensation agreed as needed. This step must be completed and confirmed to IFAD before No Objection to proceed with procurement is issued.

68. Relevant government authorities will be asked to confirm in writing that resettlement is not needed, and minor land acquisition issues have been resolved without coercion, before procurement of contracts for construction of roads and other schemes. This confirmation should be verified by IFAD as part of the No Objection process.

69. Other types of public infrastructure should be subject to the same land acquisition provisions.

70. Support to privately owned infrastructure developments should be subject to verification that the investor has a clear title or use right for the land where the infrastructure is located, and there are no unresolved disputes relating to ownership of the land. This should be routinely verified as part of the screening process.

71. All infrastructure and support to business development should be subject to a basic environmental screening process. Where potential long-term adverse environmental impacts are identified, or if the development is in or affects an environmentally sensitive area, a full environmental impact assessment should be carried out.

72. Additional safeguard measures should be adopted for any scheme likely to impact upon ethnic minority communities with a significantly different culture and lifestyle from the Khmer majority.

73. All contracts for infrastructure schemes, and all support to private business development, should be subject to mandatory provisions covering where relevant: (1) land users' rights, including

temporary land use during construction works; (2) environmental management plan, including mitigation of temporary environmental nuisances during construction works; (3) health and safety, including safety of the workforce management of hazards created by construction works and traffic; and (4) compliance with relevant labour laws and codes.

74. For all road schemes, opportunities for positive environmental impacts should be considered. These may include conversion of borrow pits into community ponds, planting of trees, and possibly “green engineering” measures, i.e. planting of suitable species to enhance erosion protection drainage, slope stability etc. Small additional costs for these measures should be permitted in scheme designs where appropriate.

75. The technical consultant will prepare protocols for conducting the ESCRA, for preparing scheme level environmental impact assessments and environmental management plans, and for preparing land acquisition plans. These protocols will be submitted to IFAD for No Objection.

## **5.2 Climate Change Adaptation and Mitigation**

76. Climate change risks should be assessed during scheme preparation as part of the Environmental and Social Risk Analysis (ESCRA, see above). Risks to be considered include (1) flood vulnerability of fixed assets to be created under the project; (2) potential impact of drought on agriculture production; and (3) expected impacts of long-term change including increasing temperatures and changing rainfall patterns.

77. Infrastructure and other fixed assets should be located to minimize risk of flood damage wherever possible. Infrastructure should be constructed to appropriate climate-proof standards. Suitable standards for rural roads have been prepared by the Ministry of Rural Development (for roads) with assistance from Asian Development Bank and other donors. Use of standard design drawings does not eliminate the need for adequate analysis of climate and other risks at each site.

78. Sustainability of water demand for agriculture and agriculture processing should be considered, including when increased use of water is expected as a secondary effect (e.g. increasing market demand for a product leads to intensification of production. Water for domestic use, and preservation of minimum necessary environmental flows, should be regarded as priorities. Efficient on-farm water management practices should be promoted, including through partnership with extension activities of ASPIRE and through private investors participating in the project.

79. SAAMBAT includes provision for support to further scaling-up of renewable energy technology for smallholder agriculture, subject to a favourable final evaluation of the S-RET project and mobilisation of additional finance for this purpose. If this activity goes ahead it will contribute to climate change mitigation directly through reductions in greenhouse gas (GHC) emissions.

## **5.3 Multi-Benefit Approaches**

80. The guiding principle of SAAMBAT is to stimulate economic growth and employment opportunities in rural areas through a complex of complementary investments in public infrastructure, RET, skills, technology and enterprise development. In all cases, these measures should be designed to make a positive contribution to environmental management wherever possible.

81. Potential examples of environmental secondary benefits include measures such as conversion of borrow pits into ponds, design of road drainage for improved water management, tree planting and potentially, green engineering measures. These measures should be designed through a process of community consultation. Particularly where there are opportunities to plant trees on a significant area of land within the road right-of-way or in conjunction with other schemes, the merits of creating a community group for ownership and management of the trees and selecting tree types providing a useful community resource (fruit, firewood, etc) should be considered.

## **5.4 Incentives for Good Practices**

82. Relevant environmental, social and climate-adaptive good practice should be identified at Economic Pole level through the Environmental, Social and Climate Risk Assessment (ESCRA).

Feasibility studies for each infrastructure sub-project will assess risks and identify opportunities to enhance climate resilience based on the ESCRA.

83. For public infrastructure development, identified environmental and social management measures and climate-adaptive design features will be integrated into design and will become obligatory responsibilities of the construction contractor. Contract supervision should include specific procedures to verify compliance with these measures as a condition for release of payment.

84. Environmental and social good practice should also be mandated in grant agreements or other types of financing provided for private infrastructure and business development and should be subject to appropriate monitoring procedures. This should include compliance with labour and employment health and safety laws and regulations.

85. The project should seek opportunities to promote good practice, including climate resilient agriculture techniques, efficient water management and minimization of pollution from agriculture chemicals, waste plastics and other sources, amongst farms and other businesses in the value chains supported by the project schemes. Strategies for this may include, but should not be limited to, cooperation with extension activities of ASPIRE and outreach through private sector buyers of agriculture produce.

## **5.5 Participatory Processes**

86. SAAMBAT schemes will be identified through Multi-Stakeholder Platforms (MSP) established by AIMS and ASPIRE and including concerned Ministries and representatives of the private sector and of farmer organisations. Once an area has been selected, the local authorities (District / Commune level) will be co-opted into the design process. Local authorities have five-year development plans and three-year (District) or one-year (Commune) rolling investment programmes which are formulated through a participatory process. Reference will be made to these plans and programmes in the detailing of SAAMBAT schemes.

87. From 2017, the local development planning procedures integrate Vulnerability Reduction Analysis (VRA), a participatory process for assessing climate vulnerabilities and identifying adaptive responses. VRA is also supported in ASPIRE and AIMS. To date, not all local authorities have been able to fully implement the VRA processes without external assistance. This should be investigated as part of the scheme-level Environmental, Social and Climate Risk Assessment. Where necessary, SAAMBAT should support implementation of the VRA process and integration into local development plans.

88. A participatory approach should also be followed in design of infrastructure activities. Beneficiaries and affected persons should be fully informed and should have the opportunity to contribute to and comment on design of infrastructure including roads, markets and water management. In particular, complementary environmental measures (tree planting, ponds, environmentally friendly drainage design etc) should be identified through consultation with beneficiaries.

89. Where land acquisition planning and detailed environmental and social impact assessments are needed for specific activities, these should be carried out in an open and participatory manner. The Commune/Sangkat Fund PIM contains guidelines for participatory land acquisition planning and EIA and these should be regarded as the benchmark for minimum acceptable practice, i.e. other guidelines, such as those of MRD, are acceptable but they must at least match the standards set by the C/S Fund PIM.

## **6 Analysis of Alternatives**

90. Because the locations and designs of infrastructure sub-projects with associated environment, social and climate risks are not defined in detail. Therefore, it is too early for a detailed analysis of alternatives.



91. Consideration of alternative locations, layouts and technical solutions should be part of the scheme design process, with minimising adverse environmental, social or climate impacts, or maximising positive benefits, being an important consideration in the selection process.

## 7 Institutional Analysis

### 7.1 Institutional Framework

92. Ministry of Environment (MoE) is the lead agency charged with regulating and monitoring environmental protection and natural resource management. MoE is also responsible for management of Cambodia's protected areas.

93. Currently, the Ministry of Environment is preparing a Law on Environmental Codification and a National Environmental Strategy and Action Plan (NESAP):

94. **Environmental Codification.** A Technical Working Group had been established and a Memorandum of Understanding had been signed with Vishnu (a Law Firm) in July 2015. The draft law comprises 22 books among which are Environmental and Social Impact Assessment (Book IV), National, Regional and local plans and guidelines for SEA (Book V). The current status of this law is unclear.

95. **National Environmental Strategy and Action Plan (NESAP).** To address the environmental deterioration and to promote the environmental sustainability which is the main source of growth and development, the NESAP 2016-2023 is under development with the support from ADB and RGC. The current status of the NESAP is unclear.

96. Ministry of Environment also chairs the National Council for Sustainable Development and hosts its Climate Change Department, which is responsible for overall coordination of Cambodia's response to global climate change. Current national climate change policies are set out in the Cambodia Climate Change Strategic Plan.

97. Ministry of Rural Development (MRD), the executing agency for SAAMBAT, is directly responsible for management and development of rural roads, rural markets and rural water supplies (excluding those provided by private entrepreneurs which are regulated by the Ministry of Industry and Handicrafts). MRD has developed standards for climate-proofing of rural roads, which will be implemented in SAAMBAT.

98. Ministry of Water Resources and Meteorology is responsible for overall management of surface water resources and for development and management of irrigation schemes. SAAMBAT will not invest directly in irrigation works but there is potential for cooperation with AFD in this sector. Minor works related to irrigation and surface water management will be submitted to the Provincial Departments of Water Resources and Meteorology for technical clearance.

99. Overall land management and cadaster is under the responsibility of the Ministry of Land Management, Urban Planning and Construction (MLMUPC). In the case of any change of land use requiring a reclassification (e.g. from State Public Land to State Private Land), reference to MLMUPC would be mandatory. Local authorities are also closely involved in land management issues including verifying ownership of land plots (particularly those that are not subject to formal land titles) and resolving disputes. Local authorities will be consulted on any land issues arising in SAAMBAT.

100. Labour laws are within the mandate of the Ministry of Labour and Vocational Training (MLVT). ILO has a Decent Work Country Programme (DWCP) in cooperation with MLVT. DWCP addresses a wide range of issues, including skills and human resources development, youth and women's employment, the informal economy, small and medium-sized enterprises (SMEs), social protection, labour market governance, and industrial relations and social dialogue. ILO will engage with SAAMBAT on the vocational training aspects and will also be consulted on appropriate measures to ensure compliance with labour law and regulations.

101. Previous infrastructure interventions financed by IFAD in Cambodia have mainly been implemented through local administrations which observe a set of safeguards procedures integrated in the Project Implementation Manual (PIM) of the Commune / Sangkat Fund (an annual fiscal transfer to local administrations). These procedures rely on a participatory approach to identifying and solving problems, backed by a “watch list” identifying sensitive locations where additional measures are needed. These procedures were originally adopted in consultation with World Bank which recognized them as adequate for the type and scale of sub-projects concerned. These procedures are overseen by the National Committee for Sub-National Democratic Development (NCDD) and are currently being updated to comply with the requirements of Green Climate Fund (GCF), to which NCDD Secretariat has been nominated for accreditation. This process will extend the scope of the safeguards procedures to cover all the eight Performance Standards of International Finance Corporation, which are also adopted by GCF.

## **7.2 Gaps**

102. Although a code for environmental impact assessment of infrastructure projects has been drafted under the Environmental Codification activity (see above); this has not yet been approved and the timetable for implementation is not clear at the time of final design of SAAMBAT. In the absence of an established national code, different agencies use different standards and procedures, often developed at the project level.

103. Similarly, the legal and regulatory environment does not of itself ensure the protection of land owners’ and users’ rights. The issue is not so much lack of appropriate laws, as lack of clear land titling: most farmers hold their land under “soft” or informal titles issued by the local authorities, rather than “hard” titles registered in the cadastral system. Areas that are officially classed as State Public Land, including road reserves, derelict irrigation infrastructure, etc, have often been converted for private use, which may have been established over an extended period.

104. In other areas related to economic and social safeguards, including labour laws, health and safety provisions etc, and measures to protect the interests of indigenous minorities, it is often the case that laws and regulations are adequate but enforcement is weak and undermined by lack of awareness and understanding.

105. Recent infrastructure projects implemented by MRD, including the KfW-financed IPLR project and the ADB-financed RRIP-II project, have developed project-specific ESS guidelines. These project level guidelines are likely to prove suitable as models for ESS in SAAMBAT, subject to suitable adaptation, review and No Objection from IFAD.

106. Given the weaknesses in the overall national framework for environmental and social safeguards, SAAMBAT will continue with the project-based approach. The key elements of this approach will be (1) avoidance of project activities that pose major environmental and social risks, such as sub-projects requiring resettlement, developments in environmentally sensitive areas, construction of new lines of road, etc; (2) environmental and social risk assessments at the Economic Pole and sub-project level to be carried out by qualified staff employed by the technical consultant, with sign-off by the Government authority; and (3) area level and sub-project level risk analysis, screening, and risk mitigation measures based on project procedures which will be developed by the technical consultant and will be subject to No Objection from IFAD.

107. SAAMBAT will be implemented through a programmatic approach involving coordination at strategy and technical level with other IFAD country programme projects and with projects of development partners. All these projects face similar issues in ensuring environmental and social safeguards in a relatively weak institutional environment. Therefore, there is scope to exchange ideas and best practice and potentially to evolve improved approaches through dialogue in these coordination mechanisms.

108. At local level, SAAMBAT will conduct planning and coordination through Multi-Stakeholder Platforms which will also become the mechanism for planning of AIMS and ASPIRE, and potentially other, project activities in the Economic Pole. The meetings of the MSP will provide an opportunity to

discuss potential environmental and social risks of sub-projects as well as climate change risks in the locality or affecting the value chains supported by the project.

### **7.3 Capacity Building**

109. Capacity building within SAAMBAT for environmental and social safeguards and for climate change adaptation should focus on the following essentials:

- (a) Ensuring that there is adequate capacity to carry out an Environmental, Social and Climate Risk Analysis (ESCRA) for each selected scheme. The ESCRA should be carried out in full compliance with relevant national standards as well as those of the SECAP;
- (b) Ensuring that environmental and social safeguards, and climate change adaptation, are integrated into the design of infrastructure activities. This will include, but where necessary, go beyond, the measures adopted in the ESCRA;
- (c) Ensure that private investors, farmer organisations and other entities receiving support from the project are fully aware of the requirements of environmental and social good practice and climate change adaptation. This could be provided through a training based on a general template but tailored for each scheme following the findings of the ESCRA;
- (d) Outreach beyond the direct (financial) beneficiaries of the project. As mentioned above, this could be done through cooperation with the extension activities of ASPIRE or through networks of private entrepreneurs (e.g. produce buyers) and farmer cooperatives. Sub-Component 2.2 (Digital Technology) will provide opportunities to disseminate good environmental practice and climate change adaptation through ITC, e.g. on Direct Dial extension or Virtual Market platforms.

## **8 Monitoring and Evaluation.**

110. The COSOP (2013-21) includes the indicator “% of COSOP local level investments targeted to most vulnerable 40% of Communes measured by the Climate Vulnerability Index of MoE/NCSD.” At the COSOP review conducted in 2018 it was agreed to set a target of 50% for this indicator. SAAMBAT will contribute to achieving this target.

111. The SAAMBAT logframe incorporates three indicators reflecting effective mainstreaming of climate change concerns. These are (1) Number of beneficiaries reporting reduced variability of earnings with climate conditions (Project Development Objective level); (2) % of infrastructure sub-projects incorporating climate adaptive design features; and (2) Reduction in GHG emissions through deployment of low GHG technologies and practices (both at Outcome level). The GHG reduction indicator is shared with S-RET. In addition, the Outcome indicator “% of infrastructure still used and sustainable after PY6” can be adapted to report against the National Climate Change M&E Framework indicator, “Loss and damage from extreme weather events”.

112. Project M&E systems should verify that an ESCRA is prepared for each scheme in conformance with agreed standards (to be detailed in the project PIM). Project M&E and reporting systems should also follow up to verify that key recommendations from the ESCRA have been implemented and that social and environmental safeguards have been implemented at activity level.

113. Where screening identifies the need for a full ESIA and / or land acquisition study in respect of an infrastructure activity, implementation of these procedures and compliance with the resulting activity-level ESMP should be monitored and included in project reporting.

114. Project reporting should routinely include an Environmental, Social and Climate section and project M&E staff should be trained to ensure they are fully conversant with indicators to be monitored and reported. This should include monitoring of good environmental, social and climate change practice by private businesses supported by the project.

115. Environmental, social and climate change impacts at the individual and household level should be investigated through appropriate questions included in the project Major Impact Survey. Questionnaires should include both any beneficial or adverse impact arising from project activities, as well as wider vulnerabilities to environmental damage, inadequate implementation of social safeguards (including employment regulation) and climate change.

## 9 Budgetary Resources and Schedule

116. The following activities in the ESMP may require specific budget provision in the project design:

- (a) Costs of carrying out Environmental, Social and Climate Risk Assessment, and where necessary, VRA for each scheme area;
- (b) Costs of carrying out Environmental and Social Impact Assessment, and preparing Land Acquisition Plans, for specific infrastructure outputs, in cases where these are needed;
- (c) Costs of monitoring implementation of the EMSF;
- (d) Costs of including complementary environmental and social measures in infrastructure contracts;
- (e) Costs of the capacity building activities described in Section 6.3 above

117. Cost types (a), (b) and (c) above will consist mainly of costs of consultants to carry out the studies. Depending on arrangements for technical design, these costs may be absorbed into costs of technical assistance contracts for scheme preparation and design. Some additional costs for e.g. stakeholder meetings to discuss environmental impacts may need to be included separately.

118. Costs type (d), if adopted, will be a small contingency sum included in the cost of construction contracts.

119. Capacity building activity costs will be included in the Annual Work Plan and Budget (AWPB) of the Project management Unit (PMU).

## 10 Stakeholder Consultations

120. SAAMBAT has been prepared through a process of stakeholder consultations at national level and in the proposed (Phase 1) target provinces.

121. Selection of the Phase 1 target provinces was made at a stakeholder workshop conducted during the Design Mission in November 2018.

122. Following selection of the target Provinces, MRD organised stakeholder meetings in each Province for guidance on selection of the Economic Poles (EP). The Design Completion Mission included Provincial stakeholder consultations in March 2019 and a meeting with representatives of AIMS and ASPIRE as well as MRD and MEF finalised the selection of the Phase 1 EP in April 2019.

123. Following selection of the Phase 1 EP, MRD will work with AIMS and ASPIRE to conduct a Multi-Stakeholder Platform process at Province and EP level, which will lead to selection of the sub-project outputs for Phase 1. During this process, stakeholders will be further consulted on safeguards issues and climate change risks that may affect the sub-projects. The outcome of these discussions will provide the starting point for the ESCRA study in each EP.

## Appendix 1: Environmental and Social Management Plan (ESMP)

Risk	Mitigation Measure	Responsibility	When
No existing general mandatory standards / procedures for environmental, social and climate risk management.	Technical consultant will prepare protocols for risk management (using previous project examples as models).  MRD will submit to IFAD for No Objection	Technical Consultant SSP1  MRD/IFAD	Inception Phase
Environmental, social and / or climate risks specific to selected scheme locations.	Environment, Social and Climate Risk Analysis (ESCRA) as part of scheme preparation  Scheme eligibility criteria exclude sensitive locations (consistent with screening checklist)  Adopt appropriate environmental risk management measures and apply at scheme level	Project / consultant reporting to multi-stakeholder panel  Include in PIM, technical consultant to verify  Consultants and Project staff	Before location selection is finalised  During feasibility studies  Feasibility studies, design, and implementation
Damage to interests of ethnic minority groups caused by infrastructure development	Specific studies to be carried out when need identified in ESCRA  Appropriate procedures to safeguard ethnic minority rights adopted and applied.	Project  During feasibility study, design and implementation	Before scheme implementation  Project staff
Inequitable treatment of existing land users on land for infrastructure activities	Adopt guidelines for equitable land acquisition (at least equivalent to C/S F PIM procedures)  All infrastructure activities subject to screening	Project	Before construction

Risk	Mitigation Measure	Responsibility	When
	Implement procedures when required.		
Environmental damage caused by disruption to natural drainage or other causes related to infrastructure activities	All infrastructure activities subject to screening Eligibility criteria exclude high-risk scheme types, consistent with the screening checklist No drainage or major modification to natural water bodies EIA carried out when needed Environmental Management Plan adopted	Project  Technical consultant to verify	Before construction  Feasibility study stage
Temporary environmental damage and nuisance caused by construction works  Road traffic and other hazards caused by construction works	Scheme risk assessment. All infrastructure contracts include environmental management plan obligatory on contractor	Contractor  Monitoring by technical supervision	Construction phase
Abusive employment practices by implementation contractors	All infrastructure contracts include clause making compliance with labour codes obligatory	Project  Contractor	Contract preparation  Implementation
Abusive employment practices at businesses supported by the project	Compliance with labour codes etc. to be a condition for any support or partnership with private sector	Private entrepreneurs  Monitoring by project	Implementation
Environmental damage due to increased use of agriculture chemicals or plastic waste, or waste products from agro-processing	Outreach and education for safe use of agriculture inputs and other environmental protection good practice Project will specifically prioritise the safe	Businesses in value chain  PDAFF (through partnership with	Implementation

Risk	Mitigation Measure	Responsibility	When
	vegetable value chain.	ASPIRE)	
Excessive extraction of water for agriculture or agro-processing stimulated by the project	Risk to be identified through ESCRA Detailed water resource assessment when needed. Schemes causing non-sustainable water use to be excluded Efficient water use / on farm water management measures	Project PDAFF (through partnership with ASPIRE)	Scheme design Implementation
Damage to infrastructure caused by climate events	Climate risks identified during ESCRA VRA supported if not already integrated in local development plans Climate-proof designs adopted	Project Local authorities Technical design	Scheme selection phase Activity design phase
Value chains supported are not sustainable because of climate change	Identify climate risks through ESCRA and VRA Outreach and education for climate-resilient agriculture through partnership with ASPIRE	Project PDAFF / ASPIRE	Before and during scheme implementation
Opportunities for positive environmental impacts are missed during project design	Identify opportunities through beneficiary consultation in scheme design Include small budget for complementary measures in construction contracts	Technical design Project / contractor	Activity design and implementation





## Appendix 2: SECAP Checklist Questions for Environmental and Social Screening

Guiding questions for environment and social screening	Yes/no	Comments/explanation
Category A – the following may have significant and often irreversible or not readily remedied adverse environmental and/or social implications.		
Project location		
1. Would the project develop any wetlands? (Guidance statement 1)	No	
2. Would the project cause significant adverse impacts to habitats and/or ecosystems and their services (e.g. conversion of more than 50 hectares of natural forest, loss of habitat, erosion/other form of land degradation, fragmentation and hydrological changes)? (Guidance statements 1, 2 and 5)	No	
3. Does the proposed project target area include ecologically sensitive areas, <sup>61</sup> areas of global/national significance for biodiversity conservation, and/or biodiversity-rich areas and habitats depended on by endangered species? (Guidance statement 1)	No	
4. Is the project location subjected to major destruction as a result of geophysical hazards (tsunamis, landslides, earthquakes, volcanic eruptions)?	No	
Natural resources		
5. Would the project lead to unsustainable natural resource management practices (fisheries, forestry, livestock) and/or result in exceeding carrying capacity. For example, is the development happening in areas where little up-to-date information exists on sustainable yield/carrying capacity? (Guidance statements 4, 5 and 6)	No	
6. Would the project develop large-scale aquaculture or mariculture projects, or where their development involves significant alteration of ecologically sensitive areas?	No	
7. Would the project result in significant use of agrochemicals which may lead to life-threatening illness and long-term public health and safety concerns? (Guidance statement 14)	No	Minor use of agriculture chemicals may occur in value chains supported by the project. The project will specifically prioritise safe vegetable value chains with limited or no use of agriculture chemicals
8. Does the project rely on water-based (groundwater and/or surface water) development where there is reason to believe that significant depletion and/or reduced flow has occurred from the effects of climate change or from overutilization? (Guidance statement 7)	No	Project will not support water source development directly. Supported water management activities will be designed to ensure that sustainable extraction levels (taking into account climate risks) are not exceeded

9. Does the project pose a risk of introducing potentially invasive species or genetically modified organisms which might alter genetic traits of indigenous species or have an adverse effect on local biodiversity? (Guidance statement 1)	No	
10. Does the project make use of wastewater (e.g. industrial, mining, sewage effluent)? (Guidance statement 7)	No	
Infrastructure development		
11. Does the project include the construction/ rehabilitation/upgrade of dam(s) and/or reservoir(s) meeting at least one of the following criteria? - more than 15 metre high wall; - more than 500 metre long crest; - more than 3 million m <sup>3</sup> reservoir capacity; or - incoming flood of more than 2,000 m <sup>3</sup> /s (Guidance statement 8)	No	
12. Does the project involve large-scale irrigation schemes rehabilitation and/or development (more than 100 hectares per scheme)? (Guidance statement 7)	No	
13. Does the project include construction/ rehabilitation/upgrade of roads that entail a total area being cleared above 10 km long, or any farmer with more than 10 per cent of his or her private land taken? (Guidance statement 10)	No	Road alignments will be of significantly less than 10km length and will be primarily on existing road reserves
14. Does the project include drainage or correction of natural waterbodies (e.g. river training)? (Guidance statement 7)	No	
15. Does the project involve significant extraction/diversion/containment of surface water, leaving the river flow below 20 per cent environmental flow plus downstream user requirements? (Guidance statement 7)	No	
Social		
16. Would the project result in economic displacement or physical resettlement of more than 20 people, or impacting more 10% of an individual household's assets. (Guidance statement 13)	No	
17. Would the project result in conversion and/or loss of physical cultural resources? (Guidance statement 9)	No	
18. Would the project generate significant social adverse impacts to local communities (including disadvantaged and vulnerable groups and indigenous people) or other project-affected parties? (Guidance statement 13)	No	
Other		
19. Does the project include the manufacture and transportation of hazardous and toxic materials which may affect the environment? (Guidance statement 2)	No	
20. Does the project include the construction of a large or medium-scale industrial plant?	No	
21. Does the project include the development of large-scale production forestry? (Guidance statement 5)	No	
Rural finance		
22. Does the project support any of the above (Question 1 to Question 21) through the provision of a line of credit to financial service providers? (Guidance statement 12)	No	
Category B – the following may have some adverse environmental and/or social implications which can be readily remedied.		
Location		

23. Does the project involve agricultural intensification and/or expansion of cropping area in non-sensitive areas that may have adverse impacts on habitats, ecosystems and/or livelihoods? (Guidance statements 1, 2 and 12)	No	
Natural resource management		
24. Do the project activities include rangeland and livestock development? (Guidance statement 6)	No	
25. Does the project involve fisheries where there is information on stocks, fishing effort and sustainable yield? Is there any risk of overfishing, habitat damage and knowledge of fishing zones and seasons? (Guidance statement 4)	No	
26. Would the project activities include aquaculture and/or agriculture in newly introduced or intensively practiced areas? Do project activities include conversion of wetlands and clearing of coastal vegetation, change in hydrology or introduction of exotic species? (Guidance statement 4)	No	
27. Do the project activities include natural resource-based value chain development? (Guidance statements 1, 6 and 12)	No	
28. Do the project activities include watershed management or rehabilitation?	No	
29. Does the project include large-scale soil and water conservation measures? (Guidance statements 1 and 5)	No	
Infrastructure		
30. Does the project include small-scale irrigation and drainage, and small and medium dam subprojects (capacity < 3 million m <sup>3</sup> )? (Guidance statements 7 and 8)	Yes	Only limited drainage associated with road works. No irrigation.
31. Does the project include small and microenterprise development subprojects? (Guidance statements 12 and 13)	Yes	
32. Does the project include the development of agro-processing facilities? (Guidance statements 2, 6 and 12)	No	However, small agro-processing business are likely to be among the rural investments stimulated by the project
33. Would the construction or operation of the project cause an increase in traffic on rural roads? (Guidance statement 10)	Yes	Project includes rural road works which are expected to lead to increase in traffic
Social		
34. Would any of the project activities have minor adverse impacts on physical cultural resources? (Guidance statement 9)	No	
35. Would the project result in physical resettlement of 20 people or less, or impacting less than 10 per cent of an individual household's assets (Guidance statement 13)?	Yes	Physical resettlement of households is unlikely, but assets could be affected by infrastructure activities.
36. Would the project result in short-term public health and safety concerns? (Guidance statement 14)	Yes	Construction works will need management to minimise traffic
37. Would the project require a migrant workforce or seasonal workers (for construction, planting and/or harvesting)? (Guidance statement 13)	Yes	Some employment in construction works, though number will be
Rural finance		
38. Does the project support any of the above (Question 23 to Question 37) through the provision of a line of credit to financial service providers? (Guidance statement 12)	No	

## Appendix 3: SECAP Checklist for Climate Risk Screening

	Yes	No	Additional explanation of "yes" response*
1. Is the project area subject to extreme climatic events, such as flooding, drought, tropical storms or heat waves?		✓	Project area includes areas subject to periodic flooding and intermittent drought, but these are not extreme and are well studied and understood. Appropriate risk management measures will be included
2. Do climate scenarios for the project area foresee changes in temperature, rainfall or extreme weather that will adversely affect the project impact, sustainability or cost		✓	Adverse impacts can be avoided by appropriate risk management measures
3. Would the project make investments in low-lying coastal areas/zones exposed to tropical storms?		✓	
4. Would the project make investments in glacial areas and mountains zones?		✓	
5. Would the project promote agricultural activity in marginal and/or highly degraded areas that have increased sensitivity to climatic events (such as on hillsides, deforested slopes or floodplains)?		✓	
6. Is the project located in areas where rural development projects have experienced significant weather-related losses and damages in the past?		✓	Could include areas where infrastructure has experienced some climate-related damage, primarily by flooding / erosion. Landslide hazards are not expected but could be relevant in areas of steep topography. Risks are well studied and understood and can be managed by appropriate sub-project design
7. Would the project develop/install infrastructure in areas with a track record of extreme weather events?		✓	Weather events are not at extreme levels
8. Is the project target group entirely dependent on natural resources (such as seasonal crops, rainfed agricultural plots, migratory fish stocks) that have been affected by in the last decade by climate trends		✓	
9. Would climate variability likely affect agricultural productivity (crops/livestock/fisheries), access to markets and/or the associated incidence of pests and	✓		Agriculture productivity is affected by climate variability
10. Would weather-related risks or climatic extremes likely adversely impact upon key stages of identified value chains in the project (from production to	✓		Project supports agriculture value chains which are weather-sensitive
11. Is the project investing in climate-sensitive livelihoods that are diversified?		✓	
12. Is the project investing in infrastructure that is exposed to infrequent extreme weather events?	✓		Roads and other types of rural infrastructure

13. Is the project investing in institutional development and capacity-building for rural institutions (such as farmer groups, cooperatives) in climatically		✓	
14. Does the project have the potential to become more resilient through the adoption of green technologies at a reasonable cost?	✓		Possibility of adopting green technologies to be examined
15. Does the project intervention have opportunities to strengthen indigenous climate risk management capabilities?	✓		Project climate risk assessments to be integrated in local planning
16. Does the project have opportunities to integrate climate resilience aspects through policy dialogue to improve agricultural sector strategies and policies?		✓	
17. Does the project have potential to integrate climate resilience measures without extensive additional costs (e.g. improved building codes, capacity-building, or including climate risk issues in policy	✓		Climate-proofed designs will be adopted appropriate to the local situation.
18. Based on the information available would the project benefit from a more thorough climate risk and vulnerability analysis to identify the most vulnerable rural population, improve targeting and identify additional complementary investment actions to manage climate risks?	✓		Climate risks to be analysed for each scheme as part of an Environmental, Social and Climate Risk Analysis process



Investing in rural people

## Cambodia

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex 6: First Annual Work Plan and Budget (AWPB)**

Document Date: 27/07/2019

Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



## **Appendix 6: First Annual Work Plan and Budget (AWPB)**

Table 1: Sub-Component 1. Value Chain Infrastructure

Table 2: Component 2: Skills, Technology and Enterprise

Table 3: M&E and Knowledge Management

Table 4: Project Management Unit

Table 5: Financing Needs by Implementing Agency

Table 6: Expenditure Accounts

Table 7: Expenditures by Component



Cambodia  
Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)  
Detailed design report  
Appendix 6: First Annual Work Plan and Budget

Kingdom of Cambodia  
Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020  
Table 1: Sub-Component 1. Value Chain Infrastructure

	Unit	Quantities				Total	Unit Cost				Total	Component A Expenditure				Fin. Rule			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Govt	LOAN	GRANT	BENS				
<b>I. Investment Costs</b>																			
<b>A. Public sector investment facility</b>																			
<b>1. Full funded</b>																			
Technical Consultancy Public Works (SP1) /a	Lumpsum	0.25	0.25	0.25	0.25	1	790,000	197,500	197,500	197,500	197,500	790,000	COM1	MRD	CONS	1	0	0	0
Access roads - bitumen or concrete surface /b	KM			10	20	30	127,000	-	-	1,270,000	2,540,000	3,810,000	COM1	MRD	WORKS	0	1	0	0
Access laterite roads - sub-tertiary	Km			5	10	15	35,000	-	-	175,000	350,000	525,000	COM1	MRD	WORKS	0	1	0	0
Rural market areas improved	Market			2	3	5	55,000	-	-	110,000	165,000	275,000	COM1	MRD	WORKS	0%	100%	0%	0%
Value Chain specific infrastructure /c	Lumpsum			1	2	3	20,000	-	-	20,000	40,000	60,000	COM1	MRD	WORKS	0%	75%	0%	25%
Capacity building on O&M of infrastructure	Lumpsum			0.5	0.5	1	8,000	-	-	4,000	4,000	8,000	COM1	MRD	TRAINING	0%	100%	0%	0%
Rural Infrastructure Development for Cambodia (RIDACAM) Environment, Social and Climate Safegurards Procedures /d	Lumpsum	0.25	0.25	0.25	0.25	1	10,000	2,500	2,500	2,500	2,500	10,000	COM1	MRD	TRAINING	0%	100%	0%	0%
<b>Subtotal</b>								200,000	200,000	1,779,000	3,299,000	5,478,000							
<b>2. Funding Gap</b>																			
Access roads - bitumen or concrete surface /e	KM					-	127,000	-	-	-	-	-	COM1	MRD	CONS				
Access laterite roads - sub-tertiary	Km					-	35,000	-	-	-	-	-	COM1	MRD	WORKS				
Rural market areas improved	Market					-	55,000	-	-	-	-	-	COM1	MRD	WORKS				
Capacity building on O&M of infrastructure	Lumpsum					-	0	-	-	-	-	-	COM1	MRD	WORKS				
Environment, Social and Climate Safegurards Procedures /f	Lumpsum					-	0	-	-	-	-	-	COM1	MRD	WORKS				
Water investment and RET /g	Lumpsum					-	0	-	-	-	-	-	COM1	MRD	WORKS				
On-farm and near farm water management	Lumpsum					-	0	-	-	-	-	-	COM1	MRD	WORKS				
<b>Subtotal</b>								200,000	200,000	1,779,000	3,299,000	5,478,000							
<b>B. Vehicles</b>																			
4x4 Vehicles	Unit					1	36,000	36,000	-	-	-	36,000	COM1	MRD	VEHICLE	100%	0%	0%	0%
<b>Total Investment Costs</b>								236,000	200,000	1,779,000	3,299,000	5,514,000							
<b>II. Recurrent Costs</b>																			
<b>A. Civil engineer &amp; supervision team</b>																			
1. Senior Civil engineer /h	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM1	MRD	SAL&ALLOW	100%	0%	0%	0%
2. Environment and Social Safeguard Officer /i	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM1	MRD	SAL&ALLOW	100%	0%	0%	0%
3. Civil Field engineers /j	Person month	18	18	18	18	72	55	990	990	990	990	3,960	COM1	MRD	SAL&ALLOW	100%	0%	0%	0%
4. Driver	Person month	3	3	3	3	12	300	900	900	900	900	3,600	COM1	MRD	SAL&ALLOW	100%	0%	0%	0%
<b>Subtotal</b>								2,970	2,970	2,970	2,970	11,880							
<b>B. Travel and Vehicle O&amp;M /k</b>																			
Fuel, O&M and insurance of vehicle	Lumpsum	0.25	0.25	0.25	0.25	1	2800	700	700	700	700	2,800	COM1	MRD	OPERATIONS	100%	0%	0%	0%
Travelling cost support for PDRD engineers (Civl Field Engineers) /l	Person year	2	2	2	2	8	1,000	1,500	1,500	1,500	1,500	6,000	COM1	MRD	OPERATIONS	100%	0%	0%	0%
DSA /m	Person month	2	2	2	2	8	2,000	4,000	4,000	4,000	4,000	16,000	COM1	MRD	SAL&ALLOW	100%	0%	0%	0%
<b>Subtotal</b>								6,200	6,200	6,200	6,200	24,800							
<b>C. Maintenance Infrastructure /n</b>																			
Maintenance paved roads by MRD	Km					-	4,000	-	-	-	-	-							
Maintenance sub-tertiary roads by C/SF	Km					-	1,400	-	-	-	-	-							
<b>Subtotal</b>								-	-	-	-	-							
<b>Total Recurrent Costs</b>								9,170	9,170	9,170	9,170	36,680							
<b>Total</b>								245,170	209,170	1,788,170	3,308,170	5,550,680							

Cambodia

Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)

Design completion report

Appendix 6: First Annual Work Plan and Budget (AWPB)

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\a incl. feasibility study, traffic count, MIS, technical design and supervision at 10% of investment cost

\b based on average cost of concrete and DBST roads

\c i.e. processing and storage center, collection points, ferry landings etc.

\d Costs of meetings and workshops for safeguards activities

\e based on average cost of concrete and DBST roads

\f Costs of meetings and workshops for safeguards activities

\g To be designed by the S-RET Project Completion Mission, contingent on adequate funding being available

\h National level in the Ministry of Rural Development (MRD)

\i National level in the Ministry of Rural Development (MRD)

\j Sub-national level in the Ministry of Rural Development (MRD)

\k Travel allowance for the Field Engineers and Maintenance & insurance of Vehicle

\l Exclude DSA

\m Only DSA, exclude transportation

\n 4% of investment

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Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)  
Detailed design report  
Appendix 6: First Annual Work Plan and Budget

Kingdom of Cambodia  
Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020  
Table 2: Component 2 Skills, Technology and Enterprise

	Unit	Quantities				Total	Unit Cost					Total	Component	Impl	Ag	Expenditure	Ac Fin. Rule			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Govt						LOAN	GRANT	BENS	
<b>I. Investment Costs</b>																				
<b>A. Skills for Rural Youth and Enterprise</b>																				
<b>1. Fully funded</b>																				
a. Implementation of SDF for Rural Youth /a	Participant			100	200	300	1,000	-	-	100,000	200,000	300,000	COM 2.1	MEF	TRAINING	0%	100%	0%	0%	
b. Service Provider (SP2)	Lumpsum	0.25	0.25	0.25	0.25	1	540,000	135,000	135,000	135,000	135,000	540,000	COM 2.1	MEF	CONS	0%	100%	0%	0%	
c. SDF outreach campaign	lumpsum	0.25	0.25	0.25	0.25	1	25,000	6,250	6,250	6,250	6,250	25,000	COM 2.1	MEF	CONS	0%	100%	0%	0%	
d. Online training module development and roll out	lumpsum	0.25	0.25	0.25	0.25	1	100,000	25,000	25,000	25,000	25,000	100,000	COM 2.1	MEF	CONS	0%	100%	0%	0%	
<b>Subtotal</b>								166,250	166,250	266,250	366,250	965,000								
<b>2. Funding gap</b>																				
a. Implementation of SDF for Rural Youth /b	Participant	0	0	0	0	0	1,000	-	-	-	-	-	COM 2.1	MEF	TRAINING					
b. Service Provider (SP2)	Lumpsum	0	0	0	0	0	0	-	-	-	-	-	COM 2.1	MEF	CONS					
c. SDF outreach campaign	lumpsum	0	0	0	0	0	25,000	-	-	-	-	-	COM 2.1	MEF	CONS	0%	0%	0%	0%	
<b>Subtotal</b>								-	-	-	-	-								
<b>Subtotal</b>								166,250	166,250	266,250	366,250	965,000								
<b>B. Support TSC to set up and implement KAS /c</b>																				
<b>1. Fully funded /d</b>																				
a. Develop core platform	Lumpsum	0.25	0.25	0.25	0.25	1	350,000	87,500	87,500	87,500	87,500	350,000	COM 2.2	MEF	CONS	0%	100%	0%	0%	
b. Develop key applications	Lumpsum	0.25	0.25	0.25	0.25	1	210,000	52,500	52,500	52,500	52,500	210,000	COM 2.2	MEF	CONS	0%	100%	0%	0%	
c. Partnership with Private Sectors	Lumpsum	0.25	0.25	0.25	0.25	1	25,000	6,250	6,250	6,250	6,250	25,000	COM 2.2	MEF	CONS	10%	90%	0%	0%	
d. Challenge fund for innovative application	Lumpsum	0.25	0.25	0.25	0.25	1	220,000	55,000	55,000	55,000	55,000	220,000	COM 2.2	MEF	CONS	0%	100%	0%	0%	
e. Infrastructure (Data Center, Computer, Mobile, Sensors, Sei	Lumpsum	0.25	0.25	0.25	0.25	1	870,000	217,500	217,500	217,500	217,500	870,000	COM 2.2	MEF	EQUIP	100%	0%	0%	0%	
f. Service Provider (SP3)	Lumpsum	0.25	0.25	0.25	0.25	1	250,000	62,500	62,500	62,500	62,500	250,000	COM 2.2	MEF	CONS	0%	100%	0%	0%	
<b>Subtotal</b>								481,250	481,250	481,250	481,250	1,925,000								
<b>2. Funding gap /e</b>																				
a. Partnership with Private Sectors	Lumpsum	0.25	0.25	0.25	0.25	1	0	-	-	-	-	-	COM 2.2	MEF	CONS					
b. Challenge fund for innovative application	Lumpsum	0.25	0.25	0.25	0.25	1	0	-	-	-	-	-	COM 2.2	MEF	GRANT					
<b>Subtotal</b>								-	-	-	-	-								
<b>Subtotal</b>								481,250	481,250	481,250	481,250	1,925,000								
<b>C. Programme Management, Policy Research and Strategic Studies</b>																				
1. Feasibility of the w wholesale market	Lumpsum	0.25	0.25	0.25	0.25	1	300,000	75,000	75,000	75,000	75,000	300,000	COM 2.3	MEF	CONS	0%	100%	0%	0%	
2. Policy Study	Lumpsum	0.25	0.25	0.25	0.25	1	100,000	25,000	25,000	25,000	25,000	100,000	COM 2.3	MEF	CONS	100%	0%	0%	0%	
3. Development of the digital technology ecosystem; thematic stuc	Lumpsum	0.25	0.25	0.25	0.25	1	100,000	25,000	25,000	25,000	25,000	100,000	COM 2.3	MEF	CONS	0%	100%	0%	0%	
4. Programme Based Management and Support	Lumpsum	0.25	0.25	0.25	0.25	1	200,000	50,000	50,000	50,000	50,000	200,000	COM 2.3	MEF	CONS	0%	0%	100%	0%	
<b>Subtotal</b>								175,000	175,000	175,000	175,000	700,000								
D. 4x4 Vehicles /f	Set	4				4	36,000	144,000	-	-	-	144,000	COM 2	MEF	VEHICLE	100%	0%	0%	0%	
<b>Total Investment Costs</b>								966,500	822,500	922,500	1,022,500	3,734,000								
<b>II. Recurrent Costs</b>																				
<b>A. Supervision and Management Team (PIU) /g</b>																				
1. Project Manager	Person month	3	3	3	3	12	250	750	750	750	750	3,000	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
2. 2 Technical Officer for SC2.1 and 2 Technical Officer for SC2.2	Person month	12	12	12	12	48	180	2,160	2,160	2,160	2,160	8,640	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
3. National Administration Officer	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
4. Financial and Accounting Specialist	Person month	3	3	3	3	12	3,000	9,000	9,000	9,000	9,000	36,000	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
5. Procurement Specialist	Person month	3	3	3	3	12	3,000	9,000	9,000	9,000	9,000	36,000	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
6. Driver	Person month	12	12	12	12	48	300	3,600	3,600	3,600	3,600	14,400	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
<b>Subtotal</b>								25,050	25,050	25,050	25,050	100,200								
<b>B. O&amp;M</b>																				
Fuel, O&M and insurance of vehicle	Lumpsum	0.25	0.25	0.25	0.25	1	2,800	700	700	700	700	2,800	COM 2	MEF	OPERATIONS	100%	0%	0%	0%	
Office O&M	Lumpsum	0.25	0.25	0.25	0.25	1	2,000	500	500	500	500	2,000	COM 2	MEF	OPERATIONS	100%	0%	0%	0%	
<b>Subtotal</b>								1,200	1,200	1,200	1,200	4,800								
C. Travelling allow ance	Person month	1.25	1.25	1.25	1.25	5	1,000	1,250	1,250	1,250	1,250	5,000	COM 2	MEF	SAL&ALLOW	100%	0%	0%	0%	
<b>Total Recurrent Costs</b>								27,500	27,500	27,500	27,500	110,000								
<b>Total</b>								994,000	850,000	950,000	1,050,000	3,844,000								

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Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)  
Design completion report  
Appendix 6: First Annual Work Plan and Budget (AWPB)

la including training module development  
lb including training module development  
lc TSC: Techo Startup Center  
ld TSC: Techo Startup Center  
le TSC: Techo Startup Center  
lf 1 is allocated to support the overall management of the C2 and the rest for SC 2.1, 2.2 and 2.3  
lg National level in MEF

Kingdom of Cambodia  
Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020  
Table 3 M&E and Knowledge Management

	Unit	Quantities				Total	Unit Cost		Base Cost				Total	Component Expenditure			Fin. Rule			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Govt	LOAN		GRANT	BENS					
<b>I. Investment Costs</b>																				
<b>A. M&amp;E System</b>																				
1. Int TA for development of the M&E and VFM sys	Month	3	3	-	-	6	15,000	45,000	45,000	-	-	90,000	COM 3.1	PSU	CONS	0%	100%	0%	0%	
2. Establishment of Digital M&E, GIS System includi	Unit	0.25	0.25	0.25	0.25	1	100,000	25,000	25,000	25,000	25,000	100,000	COM 3.1	PSU	EQUIP	100%	0%	0%	0%	
<b>Subtotal</b>								70,000	70,000	25,000	25,000	190,000								
<b>B. Surveys</b>																				
1. Rolling baseline survey (contracting out to SP4)	Study	-	0.50	0.50	-	1	100,000	-	50,000	50,000	-	100,000	COM 3.1	PSU	CONS	100%	0%	0%	0%	
2. Midtermsurvey (contracting out to SSP4)	Study	-	-	-	-	-	100,000	-	-	-	-	-	COM 3.1	PSU	CONS					
3. Endline survey (contracting out to SSP4)	Study	-	-	-	-	-	200,000	-	-	-	-	-	COM 3.1	PSU	CONS					
4. Annual Outcome Survey by PMU	Study	-	-	-	-	-	50,000	-	-	-	-	-	COM 3.1	PSU	CONS					
<b>Subtotal</b>								-	50,000	50,000	-	100,000								
<b>C. Knowledge management and communicati</b>																				
1. KM product preparation and communication acti	Study	0.25	0.25	0.25	0.25	1	10,000	2,500	2,500	2,500	2,500	10,000	COM 3.1	PSU	CONS	100%	0%	0%	0%	
<b>Total Investment Costs</b>																				
<b>II. Recurrent Costs</b>																				
National Planning and M&E Specialist	Person month	3	3	3	3	12	2,000	6,000	6,000	6,000	6,000	24,000	COM 3.1	PSU	SAL&ALLOW	0%	100%	0%	0%	
National Planning and M&E officer	Person month	3	3	3	3	12	100	300	300	300	300	1,200	COM 3.1	PSU	SAL&ALLOW	0%	100%	0%	0%	
National Communication Officer	Person month	3	3	3	3	12	100	300	300	300	300	1,200	COM 3.1	PSU	SAL&ALLOW	0%	100%	0%	0%	
Travelling allowance	Person month	3	3	3	3	12	100	300	300	300	300	1,200	COM 3.1	PSU	SAL&ALLOW	0%	100%	0%	0%	
<b>Total Recurrent Costs</b>		0.75	0.75	0.75	0.75	3	1,000	750	750	750	750	3,000	COM 3.1	PSU	SAL&ALLOW	0%	100%	0%	0%	
<b>Total</b>								72,500	122,500	77,500	27,500	300,000								
								7,350	7,350	7,350	7,350	29,400								
								79,850	129,850	84,850	34,850	329,400								

la includes project website, webinars, printing

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Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020  
Table 4 Project Management Costs

	Unit	Quantities				Total	Unit Cost				Total	Base Cost				Component	Impl A	Expenditure	Fin. Rule			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4				Govt	LOAN	GRANT	BENS
<b>I. Investment Costs</b>																						
<b>A. General coordination</b>																						
1. 4X4 Vehicles	Unit	3				3	36000	108,000	-	-	-	108,000	COM 3.2	PSU	VEHICLE	100%	0%	0%	0%			
2. Computer (laptop) Software and Printer /a	Set	30				30	1,200	36,000	-	-	-	36,000	COM 3.2	PSU	EQUIP	0%	100%	0%	0%			
3. Financial & accounting software	Set	1				1	10,000	10,000	-	-	-	10,000	COM 3.2	PSU	EQUIP	0%	100%	0%	0%			
4. Multifunctional printer/copier/scanner	Set	2				2	5,000	10,000	-	-	-	10,000	COM 3.2	PSU	EQUIP	0%	100%	0%	0%			
5. Office Furniture /b	Set	20				20	1,500	30,000	-	-	-	30,000	COM 3.2	PSU	EQUIP	0%	100%	0%	0%			
6. LCD Projector + Screen	Unit	3				3	500	1,500	-	-	-	1,500	COM 3.2	PSU	EQUIP	0%	100%	0%	0%			
7. PMU Staff capacity building /c	Per annum	0.125	0.125	0.125	0.125	0.5	15,000	1,875	1,875	1,875	1,875	7,500	COM 3.2	PSU	TRAINING	0%	100%	0%	0%			
8. Start up Workshop	Workshop	1				1	2,000	2,000	-	-	-	2,000	COM 3.2	PSU	TRAINING	0%	100%	0%	0%			
9. Audit	Unit				1	1	10000	-	-	-	10,000	10,000	COM 3.2	PSU	CONS	0%	100%	0%	0%			
10. Supervision Mission /d	Unit	-	1	-	1	2	12,000	-	12,000	-	12,000	24,000	COM 3.2	PSU	TRAINING	0%	100%	0%	0%			
11. Mid-term review	Unit	-	-	-	-	-	24,000	-	-	-	-	-	COM 3.2	PSU	TRAINING							
12. Programme completion Mission	Unit	-	-	-	-	-	24,000	-	-	-	-	-	COM 3.2	PSU	TRAINING							
13. Gender Mainstreaming Support	Lumpsum	0.25	0.25	0.25	0.25	1	25,000	6,250	6,250	6,250	6,250	25,000	COM 3.2	PSU	TRAINING	0%	100%	0%	0%			
<b>Total Investment Costs</b>								205,625	20,125	8,125	30,125	264,000				0	1	-	-			
<b>II. Recurrent Costs</b>																						
<b>A. Salaries &amp; allowances PMU</b>																						
<b>1. Project Director Office /e</b>																						
a. Project Director	Person month	3	3	3	3	12	250	750	750	750	750	3,000	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
b. Project Manager	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
c. National Administration Officer	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
d. National Procurement Officer	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
e. National Finance Officer	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
f. National Accounting Officer	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
g. Cashier	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
h. Gender Focal Point	Person month	3	3	3	3	12	180	540	540	540	540	2,160	COM 3.2	PSU	SAL&ALLOW	100%	0%	0%	0%			
<b>Subtotal</b>								4,530	4,530	4,530	4,530	18,120										
<b>2. Project Management Unit Core advisory Team /f</b>																						
Project Team Leader	Person month	3	3	3	3	12	4,000	12,000	12,000	12,000	12,000	48,000	COM 3.2	PSU	SAL&ALLOW	0%	100%	0%	0%			
Financial Management Advisor	Person month	3	3	3	3	12	3,000	9,000	9,000	9,000	9,000	36,000	COM 3.2	PSU	SAL&ALLOW	0%	100%	0%	0%			
Procurement Advisor	Person month	3	3	3	3	12	3,000	9,000	9,000	9,000	9,000	36,000	COM 3.2	PSU	SAL&ALLOW	0%	100%	0%	0%			
Gender & Targeting Advisor	Person month	3	3	3	3	12	2,000	6,000	6,000	6,000	6,000	24,000	COM 3.2	PSU	SAL&ALLOW	0%	100%	0%	0%			
Field Facilitators	Person month	15	15	15	15	60	2,000	30,000	30,000	30,000	30,000	120,000	COM 3.2	PSU	SAL&ALLOW	0%	100%	0%	0%			
<b>Subtotal</b>								66,000	66,000	66,000	66,000	264,000										
3. Senior Skill, Technology and Enterprise Coordinator	Person month	3	3	3	3	12	4,000	12,000	12,000	12,000	12,000	48,000	COM 3.2	PSU	SAL&ALLOW	0%	100%	0%	0%			
<b>Subtotal</b>																						
<b>B. Operating Costs</b>																						
1. Per Diem for in-country travel /g	Person day	62.5	62.5	62.5	62.5	250	35	2,188	2,188	2,188	2,188	8,750	COM 3.2	PSU	OPERATIONS	10%	90%	0%	0%			
2. PMU Office Maintenance	Month	1.5	1.5	1.5	1.5	6	2,000	3,000	3,000	3,000	3,000	12,000	COM 3.2	PSU	OPERATIONS	0%	100%	0%	0%			
3. Vehicle Operation & Maintenance /h	Year	1	1	1	1	4	2,800	2,800	2,800	2,800	2,800	11,200	COM 3.2	PSU	OPERATIONS	0%	100%	0%	0%			
<b>Subtotal</b>								7,988	7,988	7,988	7,988	31,950										
<b>Total Recurrent Costs</b>								90,518	90,518	90,518	90,518	362,070										
<b>Total</b>								296,143	110,643	98,643	120,643	626,070										

\a 7 for Com1.1, 4 for Com1.2, 4 for Com2, 3 for Com3.1 and 12 for Com3.2  
 \b This includes furniture for the PMU staff and the Board/Meeting Room  
 \c This includes attendance to international workshops/events  
 \d every year one implementation support and one follow-up mission  
 \e Director General of the The Ministry of Economy and Finance (MEF)  
 \f Embedded in the Ministry of Rural Development(MRD), responsible for Technical implementation  
 \g DSA includes transport and lodging, following Aknukret 10 of the Government  
 \h Maintenance & insurance

**Kingdom of Cambodia**  
**Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020**

**Table 5 Cashflow Needs by Implementing Agency**

Implementing Agency	Semester 1			Semester 2			AWPB Total
	RGC	Loan	Grant	RGC	Loan	Grant	
MRD	\$ 449,340.00	\$ 5,000.00	\$ -	\$ 413,340.00	\$ 4,668,000.00	\$ -	\$ 5,535,680.00
MME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MEF	\$ 685,250.00	\$ 1,058,750.00	\$ 100,000.00	\$ 541,250.00	\$ 1,358,750.00	\$ 100,000.00	\$ 3,844,000.00
PSU	\$ 222,497.50	\$ 393,987.50	\$ -	\$ 114,497.50	\$ 224,487.50	\$ -	\$ 955,470.00
<b>TOTAL</b>	<b>\$ 1,357,087.50</b>	<b>\$ 1,457,737.50</b>	<b>\$ 100,000.00</b>	<b>\$ 1,069,087.50</b>	<b>\$ 6,251,237.50</b>	<b>\$ 100,000.00</b>	<b>\$ 10,335,150.00</b>

Kingdom of Cambodia  
**Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020**

**Table 6 Expenditure Accounts**

	Semester 1			Semester 2			AWPB Total
	RGC	Loan	Grant	RGC	Loan	Grant	
<b>I. Investment Costs</b>							
A. Works	\$ -	\$ -	\$ -	\$ 0.00	\$ 4,655,000.00	\$ -	\$ 4,655,000.00
B. Vehicles	\$ 288,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,000.00
C. Equipment and Materials	\$ 485,000.00	\$ 87,500.00	\$ -	\$ 485,000.00	\$ -	\$ -	\$ 1,057,500.00
D. Studies and consultancies	\$ 501,250.00	\$ 1,148,750.00	\$ 100,000.00	\$ 501,250.00	\$ 1,068,750.00	\$ 100,000.00	\$ 3,420,000.00
E. Trainings	-\$ 0.00	\$ 35,250.00	\$ -	-\$ 0.00	\$ 341,250.00	\$ -	\$ 376,500.00
F. Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Investment Costs</b>	<b>\$ 1,274,250.00</b>	<b>\$ 1,271,500.00</b>	<b>\$ 100,000.00</b>	<b>\$ 986,250.00</b>	<b>\$ 6,065,000.00</b>	<b>\$ 100,000.00</b>	<b>\$ 9,797,000.00</b>
<b>II. Recurrent Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A. Operations and maintenance	\$ 7,237.50	\$ 15,537.50	\$ -	\$ 7,237.50	\$ 15,537.50	\$ -	\$ 45,550.00
B. Salaries and allowances	\$ 75,600.00	\$ 170,700.00	\$ -	\$ 75,600.00	\$ 170,700.00	\$ -	\$ 492,600.00
<b>Total Recurrent Costs</b>	<b>\$ 82,837.50</b>	<b>\$ 186,237.50</b>	<b>\$ -</b>	<b>\$ 82,837.50</b>	<b>\$ 186,237.50</b>	<b>\$ -</b>	<b>\$ 538,150.00</b>
<b>TOTAL</b>	<b>\$ 1,357,087.50</b>	<b>\$ 1,457,737.50</b>	<b>\$ 100,000.00</b>	<b>\$ 1,069,087.50</b>	<b>\$ 6,251,237.50</b>	<b>\$ 100,000.00</b>	<b>\$ 10,335,150.00</b>

Kingdom of Cambodia  
**Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project ANNUAL WORK PLAN AND BUDGET 2020**  
 Table 7 Expenditures by Component

Component / Sub-Component	Semester 1			Semester 2			AWPB Total
	RGC	Loan	Grant	RGC	Loan	Grant	
<b>Component 1 Infrastructure and Energy</b>							
1.1 Value Chain Infrastructure	\$ 449,340.00	\$ 5,000.00	\$ -	\$ 413,340.00	\$ 4,668,000.00	\$ -	\$ 5,535,680.00
1.2 Access to Affordable and Renewable Energy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal</b>	<b>\$ 449,340.00</b>	<b>\$ 5,000.00</b>	<b>\$ -</b>	<b>\$ 413,340.00</b>	<b>\$ 4,668,000.00</b>	<b>\$ -</b>	<b>\$ 5,535,680.00</b>
<b>Component 2 Skills, Technology and Enterprise</b>							\$ -
2.1 Skills for Rural Youth	\$ 0.00	\$ 332,500.00	\$ -	\$ 0.00	\$ 632,500.00	\$ -	\$ 965,000.00
2.2 Digital Technology for the Rural Economy	\$ 436,250.00	\$ 526,250.00	\$ -	\$ 436,250.00	\$ 526,250.00	\$ -	\$ 1,925,000.00
2.3 Strategic Studies, Policy Research and Programme Development	\$ 50,000.00	\$ 200,000.00	\$ 100,000.00	\$ 50,000.00	\$ 200,000.00	\$ 100,000.00	\$ 700,000.00
Component 2 Operations Costs (MEF-PIU)	\$ 199,000.00	\$ -	\$ -	\$ 55,000.00	\$ -	\$ -	\$ 254,000.00
<b>Subtotal</b>	<b>\$ 685,250.00</b>	<b>\$ 1,058,750.00</b>	<b>\$ 100,000.00</b>	<b>\$ 541,250.00</b>	<b>\$ 1,358,750.00</b>	<b>\$ 100,000.00</b>	<b>\$ 3,844,000.00</b>
<b>Project Support Unit</b>							\$ -
3.1 M&E and Knowledge Management	\$ 105,000.00	\$ 104,700.00	\$ -	\$ 105,000.00	\$ 14,700.00	\$ -	\$ 329,400.00
3.2 Project Management	\$ 117,497.50	\$ 289,287.50	\$ -	\$ 9,497.50	\$ 209,787.50	\$ -	\$ 626,070.00
<b>Subtotal</b>	<b>\$ 222,497.50</b>	<b>\$ 393,987.50</b>	<b>\$ -</b>	<b>\$ 114,497.50</b>	<b>\$ 224,487.50</b>	<b>\$ -</b>	<b>\$ 955,470.00</b>
<b>TOTAL</b>	<b>\$ 1,357,087.50</b>	<b>\$ 1,457,737.50</b>	<b>\$ 100,000.00</b>	<b>\$ 1,069,087.50</b>	<b>\$ 6,251,237.50</b>	<b>\$ 100,000.00</b>	<b>\$ 10,335,150.00</b>



## **Cambodia**

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex 7: Procurement Plan for first 18 months**

Document Date: 27/07/2019  
Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



## **Appendix 7: Procurement Plan for first 18 months**

Table 1: Works

Table 2: Goods

Table 3: Services (firms)

Table 4: Services (Individual Consultants)

**Kingdom of Cambodia**  
**MINISTRY OF RURAL DEVELOPMENT**  
**SAAMBAT PROJECT SUPPORT UNIT (PSU)**  
 IFAD Loan No. xxxx: Sustainable Assets for Agriculture Markets, Business and Trade

**18 MONTH PROCUREMENT PLAN (Works)**

Prepared date: February 2019

No.	Activity code	Contract No.	Description of Works	BASIC DATA			Plan(P) Vs Actual(A)	Originator	Design, Specification and BOQ		Bid Documents		Bidding Period		Bid Evaluation		Contract Finalization			Remarks
				Cost Estimate/Actual Cost (US\$)	Procurement Method	Prior Review (Prior) of Post Review (Post)			Date of Spec. Submission by Originator	Date Proposed	No-objection	Advertisement of IFB	Bid submission closing/public opening	Bid Evaluation Report	No-objection	Contract Amount in US \$	Contract Award	Contract signature		
1	N/A	NCB-006-2020/MRD/S	Works Package 1: Economic Pole #1	\$1,200,000.00	NCB	Prior	P	MRD	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	21-Aug-20	Details of packages to be added	
							A													
2	N/A	NCB-007-2020/MRD/S	Works Package 2: Economic Pole #2	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
3	N/A	NCB-008-2020/MRD/S	Works Package 3: Economic Pole #3	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
4	N/A	NCB-009-2020/MRD/S	Works Package 4: Economic Pole #4	\$1,200,000.00	NCB	Prior	P		1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
5	N/A	NCB-010-2020/MRD/S	Works Package 5: Economic Pole #5	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
6	N/A	NCB-011-2020/MRD/S	Works Package 6: Economic Pole #6	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
7	N/A	NCB-008-2020/MRD/S	Works Package 7: Economic Pole #7	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
8	N/A	NCB-009-2020/MRD/S	Works Package 8: Economic Pole #8	\$1,200,000.00	NCB	Prior	P		1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
9	N/A	NCB-010-2020/MRD/S	Works Package 9: Economic Pole #9	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													
10	N/A	NCB-011-2020/MRD/S	Works Package 10: Economic Pole #10	\$1,200,000.00	NCB	Prior	P	PSU	1-Jun-20	15-Jun-20	22-Jun-20	23-Jun-20	23-Jul-20	6-Aug-20	13-Aug-20		14-Aug-20	1-Jan-00	Details of packages to be added	
							A													

**Kingdom of Cambodia**  
**MINISTRY OF RURAL DEVELOPMENT**  
**SAAMBAT PROJECT SUPPORT UNIT (PSU)**  
 IFAD Loan No. xxxx: Sustainable Assets for Agriculture Markets, Business and Trade

**18 MONTH PROCUREMENT PLAN (Goods)**

Prepared date: February 2019

No.	Activity code	Contract No.	Description of Goods	BASIC DATA			Plan(P) Vs Actual(A)	Specification		Bid Documents		Bidding Period		Bid Evaluation		Contract Finalization			Remarks
				Cost Estimate/Actual Cost (US\$)	Procurement Method	Prior Review (Prior) of Post Review (Post)		Originator	Date of Spec. Submission by Originator	Date Proposed	No-objection	Advertisement of IFB	Bid submission closing/public opening	Bid Evaluation Report	No-objection	Contract Amount in US \$	Contract Award	Contract signature	
1		NCB-001-2020/MRD/SAAMBAT	8 VEHICLES (4x4)	\$ 288,000.00	NCB	Prior	P	PSU	1-Oct-19	15-Oct-19	22-Oct-19	23-Oct-19	22-Nov-19	6-Dec-19	13-Dec-19		14-Dec-19	1-Jan-00	1 vehicle for MRD Comp 1.1, 1 vehicle for M/ME, 1 vehicle for MEF, 4 vehicles for MRD-PSU
							A												
2		NCB-002-2020/MRD/SAAMBAT	Server space for MIS	\$ 100,000.00	NCB	Prior	P	PSU	1-Jan-20	15-Jan-20	22-Jan-20	23-Jan-20	22-Feb-20	7-Mar-20	14-Mar-20		15-Mar-20	1-Jan-00	
							A												
3		NCB-003-2020/MRD/SAAMBAT	Accounting Software	\$ 10,000.00	NCB	Prior	P		1-Oct-19	15-Oct-19	22-Oct-19	23-Oct-19	22-Nov-19	6-Dec-19	13-Dec-19		14-Dec-19	1-Jan-00	
							A												
4		NCB-004-2020/MRD/SAAMBAT	Office Furniture (20 sets)	\$ 30,000.00	NCB	Prior	P	PSU	1-Oct-19	15-Oct-19	22-Oct-19	23-Oct-19	22-Nov-19	6-Dec-19	13-Dec-19		14-Dec-19	1-Jan-00	Includes office furniture for PSU and meeting room
							A												
5		NCB-005-2020/MRD/SAAMBAT	Computer Equipment: 30 laptops with printer; 2 multifunction printer/copier/scanner; 3 LCD projector with screen	\$ 36,000.00	NCB	Prior	P	PSU	1-Oct-19	15-Oct-19	22-Oct-19	23-Oct-19	22-Nov-19	6-Dec-19	13-Dec-19		14-Dec-19	1-Jan-00	
							A												
6		NCB-006-2020/MRD/SAAMBAT	Data Centre Equipment for Techo Start-Up Centre to support KAS (package of equipment phase 1)	\$ 870,000.00	NCB	Prior	P	PSU	1-Oct-19	15-Oct-19	22-Oct-19	23-Oct-19	22-Nov-19	6-Dec-19	13-Dec-19		14-Dec-19	1-Jan-00	
							A												

**Kingdom of Cambodia**  
**MINISTRY OF RURAL DEVELOPMENT**  
**SAAMBAT PROJECT SUPPORT UNIT (PSU)**  
 IFAD Loan No. xxxx: Sustainable Assets for Agriculture Markets, Business and Trade  
**PROCUREMENT PLAN (Consulting Firm)**

No.	Activity Code	Contract No.	Description of Services	Bid Evaluation Technical (T) & Financial (F)						Contract Finalization						Remarks	
				Date Proposed	No-objection Evaluation Report (T)	No-objection Evaluation Report (F)	Opening of financial proposal	Date Proposed	No-objection Evaluation Report (T) & Financial (F)	No-objection Evaluation Report (T) & Financial (F)	Actual Cost (US\$)	Contract Negotiation	Date Proposed	No-objection Contract Negotiation	No-objection Contract Negotiation		Contract Award
<b>I. MRD Component 1.1</b>																	
1		QCBS-001-2020/MRD/SAAMBAT	Special Service Provider 1: Technical Consultant	15-Nov-19	29-Nov-19	06-Dec-19	20-Dec-19	27-Dec-19	03-Jan-20	10-Jan-20		17-Jan-20	24-Jan-20	31-Jan-20	07-Feb-20	14-Feb-20	21-Feb-20
<b>2. MEF Comp 2</b>																	
1		QCBS-002-2020/MEF/SAAMBAT	Special Service Provider 2: Skills Training	15-Nov-19	29-Nov-19	06-Dec-19	20-Dec-19	27-Dec-19	03-Jan-20	10-Jan-20		17-Jan-20	24-Jan-20	31-Jan-20	07-Feb-20	14-Feb-20	21-Feb-20
2		QCBS-003-2020/MEF/SAAMBAT	Special Service Provider 3: Digital Economy	15-Nov-19	29-Nov-19	06-Dec-19	20-Dec-19	27-Dec-19	03-Jan-20	10-Jan-20		17-Jan-20	24-Jan-20	31-Jan-20	07-Feb-20	14-Feb-20	21-Feb-20
3		QCBS-004-2020/MEF/SAAMBAT	Programme Support Services	15-Nov-19	29-Nov-19	06-Dec-19	20-Dec-19	27-Dec-19	03-Jan-20	10-Jan-20		17-Jan-20	24-Jan-20	31-Jan-20	07-Feb-20	14-Feb-20	21-Feb-20
<b>3. PSU</b>																	
1		QCBS-005-2020/MRD/SAAMBAT	Special Service Provider 4: Impact Survey	15-Nov-19	29-Nov-19	06-Dec-19	20-Dec-19	27-Dec-19	03-Jan-20	10-Jan-20		17-Jan-20	24-Jan-20	31-Jan-20	07-Feb-20	14-Feb-20	21-Feb-20
1		QCBS-005-2020/MRD/SAAMBAT	Special Service Provider 4: Impact Survey	16-Oct-20	30-Oct-20	06-Nov-20	20-Nov-20	27-Nov-20	04-Dec-20	11-Dec-20		18-Dec-20	25-Dec-20	01-Jan-21	08-Jan-21	15-Jan-21	22-Jan-21

**Kingdom of Cambodia**  
**MINISTRY OF RURAL DEVELOPMENT**  
**SAAMBAT PROJECT SUPPORT UNIT (PSU)**  
IFAD Loan No. xxxx: Sustainable Assets for Agriculture Markets, Business and Trade

**18 MONTH PROCUREMENT PLAN (Individual Consultants)**

Prepared date: February 2019

No.	Activity Code	Contract No.	Description of Services	Procurement method	Prior Review (prior of Post Review (Post)	Plan(P)/ Schedule(S) Actual(A)	Cost Estimate (US\$)	Originator	Date of ToR Submission by Originator	EOI Stage					Evaluation Stage		Written Test Date	Contract Finalization					Remarks
										Date Proposed	Date No-objection (PRC)	Date No-objection (IFAD)	Advertisement of REOI	REOI Submission closing date	Date Proposed	Date No-objection		Contract negotiation date	Date No-objection (PRC)	Date No-objection (IFAD)	Contract Signing	Actual Cost (US\$)	
<b>1. PSU</b>																							
1		ICS-001-2019/MRD/SAAMBAT	International TA for M&E System Development	ICS	Post	P A	\$ 90,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
2		ICS-002-2019/MRD/SAAMBAT	Design of MIS / GIS	ICS	Post	P A	\$ 100,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
3		ICS-003-2019/MRD/SAAMBAT	Planning and M&E Specialist	ICS	Post	P A	\$ 24,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
4		ICS-004-2019/MRD/SAAMBAT	Project Team Leader	ICS	Post	P A	\$ 48,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
5		ICS-005-2019/MRD/SAAMBAT	Financial Management Adviser	ICS	Post	P A	\$ 36,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
6		ICS-006-2019/MRD/SAAMBAT	Procurement Adviser	ICS	Post	P A	\$ 36,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
7		ICS-007-2019/MRD/SAAMBAT	Gender and Targeting Adviser	ICS	Post	P A	\$ 24,000.00	MRD	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
8		ICS-008-2019/MRD/SAAMBAT	Field Facilitators (5 positions)	ICS	Post	P A	\$ 120,000.00	MRD	01-Oct-19	02-Oct-19	9-Oct-19	N/A	10-Oct-19	9-Nov-19	23-Nov-19	N/A	N/A	30-Nov-19	7-Dec-19	N/A	14-Dec-19		
<b>2. MEF-PIU</b>																							
1		ICS-001-2019/MEF/SAAMBAT	Senior Skill, Technology and Enterprise Coordinator	ICS	Post	P A	\$ 48,000.00	MEF	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
2		ICS-002-2019/MEF/SAAMBAT	Procurement Specialist	ICS	Post	P A	\$ 36,000.00	MEF	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		
1		ICS-003-2019/MEF/SAAMBAT	Financial and accounting specialist	ICS	Post	P A	\$ 36,000.00	MEF	01-Jun-19	02-Jun-19	9-Jun-19	N/A	10-Jun-19	10-Jul-19	24-Jul-19	N/A	N/A	31-Jul-19	7-Aug-19	N/A	14-Aug-19		



Investing in rural people

## Cambodia

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex 8: Project Implementation Manual (PIM)**

Document Date: 27/07/2019

Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department





## **Appendix 8: Project Implementation Manual (PIM)**

**SUSTAINABLE ASSETS FOR AGRICULTURE MARKETS BUSINESS  
AND TRADE**

**SAAMBAT**

**PROJECT IMPLEMENTATION MANUAL**

**VERSION: ZERO DRAFT**

**July 2019**

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## LIST OF ABBREVIATIONS

Abbreviation	Description
AFD	Agence Francaise de Developpment
AIMS	Accelerating Inclusive Markets for Smallholders
ASPIRE	Agriculture Services for Innovation, Resilience and Extension
COSOP	Country Strategic Opportunities Program
EDF	Enterprise Development Fund
ESS	Environmental and Social Safeguards
GDE	General Department of Energy (of MME)
GDEPFP	General Department of Economic and Public Financial Policy (of MEF)
GDICDM	General Department of International Cooperation and Debt Management (of MEF)
GIS	Geographic Information System
IFAD	International Fund for Agriculture Development
IOE	Independent Office of Evaluation
KfW	German development bank
M&E	Monitoring and Reporting
MEF	Ministry of Economy and Finance
MFI	Micro-Finance Institution
MIS	Management Information System
MIS	Management Information System
MME	Ministry of Mines and Energy
MoWA	Ministry of Women's Affairs
MRD	Ministry of Rural Development
MSP	Multi-Stakeholder Platform
MTR	Mid-Term Review
PDO	Project Development Objective
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PSA	Program Steering Committee
PMU	Project Management Unit
PY	Project Year
RET	Renewable Energy Technology
RGC	Royal Government of Cambodia
RIMS	Results and Impacts Monitoring System
SAAMBAT	Sustainable Assets for Agriculture Markets, Business and Trade
SDF	Skills Development Fund
SOP	Standard Operating Procedures (for Externally Assisted Projects)
S-RET	Scaling Up Renewable Energy Technology
TSSD	Tone Sap Smallholder Development Project
UNCT	United Nations Country Team
USAID	United States Agency for International Development
VFM	Value For Money





## 1 Introduction



This section of the PIM;

- Describes the purpose of the PIM and who will use it;
- Explains that the PIM sets out principles but cannot define all detailed procedures needed for project implementation;
- Explains that the PIM is a living document that will be updated when necessary;
- Defines the relationship of the PIM to RGC's Standard Procedures and to IFAD rules and procedures.

This Project Implementation Manual (PIM) guides implementation of the Sustainable Assets for Agriculture Markets, Business and Trade project (SAAMBAT). The PIM is intended primarily for use by Project Management, the Project Implementation Unit and implementing agencies. The purpose of the PIM is to assist Project Management to achieve the Project Development Objective and Project Outcomes defined in the Project Design Report and the Project Financing Agreement. The PIM reflects agreements between IFAD and Royal Government of Cambodia (RGC) on how project funds will be used. The PIM provides guidance on:

- Project implementation structure, including roles and responsibilities;
- Project planning;
- Eligible uses of project funds;
- Rules that apply to project implementation, including environmental and social safeguards (ESS), project administration, financial management, procurement; and monitoring and evaluation (M&E) and reporting.

The PIM presents important principles and guidelines for implementing project activities. The PIM cannot provide every detail. Detailed procedures will be developed as needed by the project implementation team and consultants during the start-up phase of implementation. The PIM itself is a living document that can be changed through agreement between the Project Director and IFAD. The framework for implementation of SAAMBAT is RGC's Sub-Decree on Promulgating the Updated Standard Procedures for Implementing All Externally Financed Projects / Programs, dated 8 June 2012. Standard Procedures include:

- Standard Operating Procedures (SOP) Manual;
- Procurement Manual
- Financial Management Manual.

Under the agreement between IFAD and RGC, in any case where IFAD rules and procedures are different from RGC rules and procedures, IFAD rules will take precedence.

This PIM does not repeat details of procedures that are described in the Standard Procedures manuals. The PIM indicates which Standard Procedures apply to implementation of SAAMBAT, and any cases where procedures for SAAMBAT are different from Standard Procedures.

## 2 SAAMBAT at a Glance

<b>Project Name</b>	<b>Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)</b>
<i>Executing Agency (EA)</i>	Ministry of Rural Development (MRD)
<i>Implementing Agencies (IA)</i>	MRD, Ministry of Economy and Finance (MEF), Techo Start-Up Centre (TSC), Centre for Policy Studies (CPS)
<i>Start Date</i>	01/01/2020

<i>End Date</i>	31/12/2025	
<i>Project Cost</i>	USD 90.3 million	
<i>Project Financing</i>	IFAD loan USD 53.2 million, IFAD Grant USD 1.2 million, RGC USD 10.8 million, Funding Gap USD 30.3 million	
<i>Sectors</i>	Agriculture, Rural Economic Development	
<i>Themes</i>	Rural infrastructure, Skills Development, Enterprise Development, Digital Technology	
<i>Target Area</i>	National Program: can support activities in any Province of Cambodia	
<i>Targeting Strategy</i>	50 “Economic Poles” selected to enable integration with ASPIRE and AIMS in a program approach	
<i>GOAL</i>	Reduce Poverty and Enhance Food Security	
<i>Development Objective</i>	Sustainably increase productivity of youth, enterprises and the rural economy	
<b>Components, Outcomes and Key Results</b>		
<b>Component</b>	<b>Name / Agency</b>	<b>Key Results</b>
<i>Component 1</i>	Value Chain Infrastructure	160,000 households report improved access to markets and economic and social services
<i>Outcome</i>	Poor rural people’s benefits from market participation increased	
<i>Output 1.1</i>	Rural roads (MRD)	
<i>Output 1.2</i>	Other value chain infrastructure (MRD)	
<i>Output 1.3</i>	Water management and RET	(Details and funding to be decided later)
<i>Component 2</i>	Skills, Technology and Enterprise	4,500 rural youth in improved employment, 85% of supported rural enterprises reporting increased profits
<i>Outcome</i>	Poor rural people’s productive capacities increased (MEF)	
<i>Sub-Comp. 2.1</i>	Skills for Rural Youth (MEF)	6,840 rural youth trained
<i>Sub-Comp.2.2</i>	Technology and Enterprise (MEF/TSC)	25,000 users of digital technology in agricultural value chains
<i>Sub-Comp. 2.3</i>	Policy Research and Strategic Studies (MEF/CPS)	Feasibility study of regional wholesale markets for safe vegetables 5 policy-related knowledge products
<b>Contact Details</b>	Mr. Touch Siphath, Project Manager, SAAMBAT Project Management Unit, Ministry of Rural Development	touch.siphath@gmail.com

### 3 Project Purpose and Results

 This section of the PIM:

- Explains the program approach, in which SAAMBAT will work by cooperation with IFAD country projects and other projects to achieve its results;
- Defines the key results that SAAMBAT will achieve;
- Emphasises that the key task of Project Management is to ensure that project results are achieved (Results Based Management).

#### 3.1 Project Development Objective

The Project Development Objective (PDO) of SAAMBAT is “Productivity of youth, enterprises and the rural economy increased.” The term “productivity” is explained in the box.

PRODUCTIVITY means the amount of value created by an economic activity for each unit of input. For example, labour productivity means value created for each day of labour. Productivity of land means value created for each hectare of land.

Productivity can go up even when production goes down. For example, one year a farmer uses 2ha of land to produce 5 tonnes of rice. His profit from rice growing is 2 million riels (2MR). The next year, the farmer grows rice on 1 ha, and cassava on 1 ha. He produces 3 tonnes of rice and makes a profit of 1.5MR from rice growing. Rice production is reduced, but productivity of land used for growing rice has increased from 1MR / ha to 1.5 MR / ha.

### 3.2 Program Approach

SAAMBAT is only one of many projects in Cambodia that are designed to contribute to improved rural productivity and development of rural enterprises. Also, there are many different challenges to overcome to achieve this objective. SAAMBAT alone cannot overcome all these challenges.

Therefore, SAAMBAT is designed to work with other projects to achieve the Goal (reduced poverty and increased food security). This is called a “Program Approach.”

Smallholder farmers and poor rural people face many different types of problem. Solving just one problem is not enough for them to achieve improved and more resilient livelihoods. For example, SAAMBAT can solve the problem of bad road conditions, but farmers still face challenges such as lack of credit or lack of technical skills. So the impact of the road investments may be small.

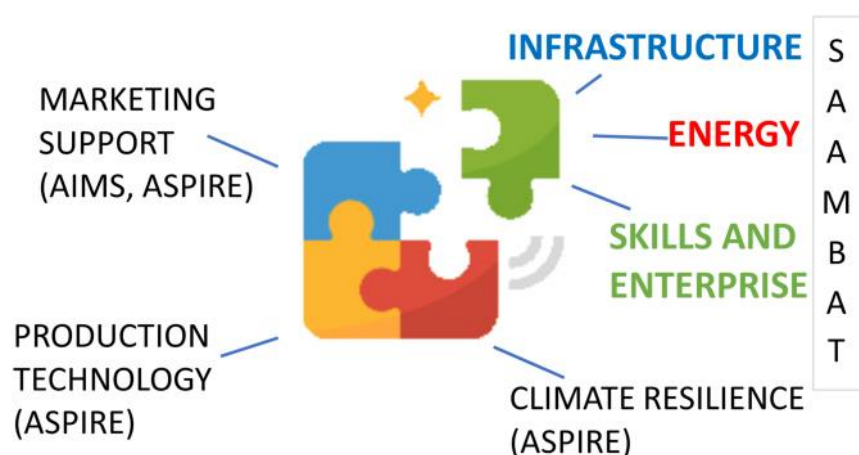
In a programme approach, different project activities, including those under the responsibility of different Ministries such as MRD, MAFF, MoC, MoWRAM or Ministry of Women’s Affairs, are planned and implemented together to solve different problems at the same time.

The programme approach also allows more efficient use of resources because some costs can be shared between projects – for example, technical advisers with different skill in each project can support each other, meetings, trainings and workshops can be organised together, etc.

Key features of the Program Approach include:

- Shared procedures for setting strategic direction (through a Program Steering Committee) and for local planning (through Multi-Stakeholder Platforms);
- Sharing key indicators and method of measurement at Outcome and PDO level;
- In areas where SAAMBAT and a partner project work together, SAAMBAT activities should be different from, and complementary to, the activities of the partner project;
- Where SAAMBAT supports an activity that is the same as an activity of a partner project, it should be in a different target area.

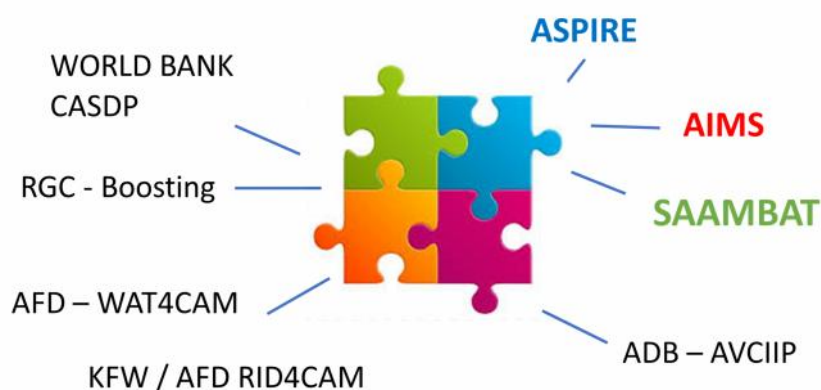
SAAMBAT is designed to cooperate most closely with AIMS and ASPIRE. SAAMBAT will work in target areas (Economic Poles) where AIMS and ASPIRE are active. It will use a joint planning system (the Multi-Stakeholder Platform (MSP)). SAAMBAT will work with farmers and other value chain actors who are organised in business clusters by AIMS and ASPIRE. Any disputes between Ministries will be resolved by the Ministry of the Economy and Finance, that has the supervisory authority over externally funded projects. This can be done bilaterally/ trilaterally for minor issues (not affecting selection of provinces, or issues that affect the outcomes of the project), and through the forum of the country program steering committee for major issues.



**Figure 1: SAAMBAT works with ASPIRE and AIMS in a program approach**

However, the programme approach does not just mean cooperation with AIMS and ASPIRE. It means:

- Coordination of the different activities of SAAMBAT (infrastructure, water and energy, skills training, digital technology);
- Coordination with AIMS and ASPIRE;
- Coordination with the whole IFAD country programme, including TSSD project and grant-funded activities;
- Coordination with projects of other development partners supporting agriculture value chains;
- Coordination with other development partners working on themes such as infrastructure, skills development, digital technology etc; including activities outside the agriculture sector.



**Figure 2: The program approach integrates the IFAD Country Program with projects financed by other partners**

SAAMBAT is designed to work in a programme approach, but it is also designed to help the whole IFAD Country Programme to work together in a more coordinated way. The long term vision is for a Programme Based Approach (PBA) for the whole country programme. A Programme Based Approach is a way of coordinating the efforts of Government and different development partners to achieve a joint purpose. A PBA is led by Government and aligned with Government policy. The key requirements of a PBA are shown in the table.

Key Requirements for a Programme Based Approach	
A Shared Vision	Where the Programme is going
A theory of change	How it plans to get there
Government Leadership and Policy Direction	Ensures alignment with long-term government thinking (nb that specific policy may evolve as part of the programme process)

Results Framework	Defines the set of interventions that partners can contribute to, and an agreed means of measuring progress
Resources Framework	Can be loosely or tightly defined, but seeks to ensure that resources are deployed in an efficient and complementary manner
Knowledge Management	Key to closing the loop between policy, research, monitoring and implementation
Partnership and Dialogue	Partnership between donor partners and with Government based on mutual accountability
Institutional Arrangements	Need not be joint arrangements but should be clear and agreed. Common systems reduce transaction costs and administrative burden on government
Capacity Development Component	Essential to achieve the long term institutional development goals of the programme and ensure sustainability

### 3.2.1 How Does the Programme Approach Work?

The programme approach in SAAMBAT works through coordination at national level and at local level.

At national level, the programme strategy is set by a Programme Steering Committee (PSC). In future there will be one PSC for SAAMBAT, ASPIRE and AIMS. Other partner projects may be included in the future. The PSC will not get involved in the detail of how each project delivers its results. The PSC role will be to set strategic direction and to approve strategic targets.

The PSC will meet only one or two times per year at a high level. The PSC will have a small Secretariat in MEF to monitor and coordinate programme activities.

SAAMBAT, ASPIRE and AIMS will coordinate regularly on a technical level. This mechanism could become a formal “programme technical committee” or just a system of good cooperation and meetings organised on specific topics when they are needed.

SAAMBAT, ASPIRE and AIMS will coordinate preparation of their AWPBs. This will be mainly a matter of sharing information and agreeing on priority target areas, value chains etc.

Programme coordination at national level also occurs through other types of dialogue, including the Technical Working Group on Agriculture and Water (TWG-AW); other relevant TWG, and direct discussion and cooperation between development partners. IFAD has signed MOU for cooperation with USAID and with AFD and KfW, and may make more agreements of the same kind in the future.

### 3.2.2 Local Coordination

Local coordination will take place at Provincial level, at the level of the Economic Poles and at the level of Business Clusters supported by AIMS and ASPIRE.

At Provincial level, SAAMBAT, AIMS and ASPIRE will conduct stakeholder meetings (with participation from stakeholders such as farmer organisations and the private sector) and joint technical meetings. Stakeholder meetings should be chaired by the Governor or a Deputy Governor and it will be helpful if one Deputy Governor takes this role on a regular basis. Joint technical meetings can be informal and held at the technical departments (PDRD, PDAFF or PDoC).

Provincial level coordination should ensure:

- Selection of the SAAMBAT Economic Poles (EP) through stakeholder meetings;
- Organisation of the Multi-Stakeholder Platform process in the EP;
- Coordination of planned activities through the AWPB of each project;
- Smooth coordination in implementation of the AWPB.

At the EP level, the main coordination mechanism is the MSP. The MSP is described in more detail in Chapter 6.

At local level, SAAMBAT will work directly with business clusters, Agriculture Cooperatives (AC) and other groups supported by AIMS and ASPIRE. SAAMBAT does not have staff or resources to form beneficiary groups so cooperation with the other projects will be essential.

### 3.2.3 Measurement of Results

Measurement of results (M&E) is an important part of the programme approach. Programme M&E can include:

- Using shared systems. In particular, the SAAMBAT MIS system should be able to share information with the MIS or AIMS and ASPIRE;
- Sharing indicators, and measuring indicators in the same way;
- Sharing resources, for example conducting a joint Annual Outcome Survey.

Because SAAMBAT, AIMS and ASPIRE will work in the same target areas and with the same business clusters and other groups, some beneficiaries of SAAMBAT will also be beneficiaries of AIMS and / or ASPIRE. This is not a problem – it is how the programme approach is supposed to work – but it will be very important to measure carefully how many people benefit from more than one project. For example, if ASPIRE reports 100,000 beneficiaries, and SAAMBAT reports 100,000 beneficiaries, but there were 50,000 people who benefited from both projects, the final programme result is 150,000 beneficiaries not 200,000.

### 3.2.4 Programme Development

SAAMBAT supports activities to strengthen the programme approach and move towards a full PBA. Most of these activities are supported through Sub-Component 2.3 (Policy, Strategic Studies, Policy Research and Programme Development). Centre for Policy Studies (CPS) will work with the PSC Secretariat to plan and implement these activities, which include:

- Support to integration of the project results frameworks in an integrated results framework, establishment and implementation of a programme M&E system and capacity development for strategic planning and M&E;
- Building capacity of key stakeholders through coordinating meetings, workshops and seminars with project management teams, government, partners and other stakeholders;
- Strengthening the RGC's ownership of programme and project design, implementation, monitoring and evaluation (RIMS) activities and support to supervision;
- Enabling engagement of stakeholders including farmer organisations and the private sector in planning and M&E of the country programme; and
- Strategic partnership building and resource mobilisation.

## 3.3 Partner Projects

In SAAMBAT, the programme approach and partnership arrangements are open: everybody is invited to join.

This section lists and briefly describes some of the more important partners.

Ongoing projects and activities within the IFAD Country Programme are listed in the table below.

Name and implementing agency	Full name	Brief description of activities	End Date
ASPIRE (MAFF)	Agriculture Services Programme for Innovation, Resilience and Extension	Extension services for smallholder production and marketing, through the Programme Budget of PDAFF Climate Resilient Infrastructure, through NCDD-S and the Commune Councils	2021
AIMS (MoC)	Accelerated Inclusive Markets for Smallholders	Support to marketing, business development and credit in selected value chains, implm	2022
S-RET (MAFF)	Scaling Up Renewable Energy	Support to development, testing and roll-out of renewable energy technologies for smallholder	2020

	Technology	value chains. Integrated with ASPIRE	
ISVC (MAFF)	ICT Services for Smallholder Value Chains in Cambodia ISVC (Korean Grant)	Sub-Grant to Bronx Technology Ltd to develop and roll out digital applications: Direct Dial Extension and Virtual Market Platform. To be aligned with KAS	2021
TSSD (MAFF and NCDD-S)	Tonle Sap Smallholder Development Project (co-financed with ADB)	Support to livelihood improvement groups, agriculture value chain activities and rural infrastructure	2022

Other Projects supporting smallholder agriculture value chains include:

Project	Main Funding	Description	Project Dates
Boosting Project	RGC	Support to production, particularly for safe vegetables	
Water for Cambodia (WAT4CAM)	AFD	Support to irrigation development, mainly focused on rice	
Rural Infrastructure Development for Cambodia (RID4CAM)	AFD/KfW	Rural roads and other types of rural infrastructure.	
Cambodia Agriculture Sector Development Project (CASDP)	World Bank	Value chain development and rural infrastructure, including rural roads	
Agriculture Value Chain Infrastructure Improvement Project (AVCIIP)	ADB	Infrastructure for agriculture value chains, including rural roads	
HARVEST	USAID	Vegetable and aquaculture value chains	

Other development partners that have expressed an interest in cooperating with SAAMBAT include those in the following table.

Agency	Potential areas of cooperation
FAO	May mobilise resources for technical assistance in areas including digital technology and agriculture product quality assurance
World Food Programme	May cooperate with SAAMBAT for food security and nutrition
ILO	Technical expertise on skills development
UNICEF	Nutrition, water and sanitation. Possibilities for cooperation to be explored
Swiss Development Cooperation	Co-chair of Technical Working Group on skills development. Implements a strong Skills Development Project through Swisscontact. May design new phase to partner with SAAMBAT

### 3.4 Outcomes

Within the program approach, SAAMBAT will deliver two key Outcomes:

- Outcome 1: Poor Rural People's benefits from market participation increased;
- Outcome 2: Poor Rural People's Productive Capacities Increased.

The Outcomes make clear that the purpose of SAAMBAT is to benefit poor rural people. Poor rural people means smallholder farmers and landless people whose livelihood is mainly from paid labour. "Poor rural people" must be understood to include people who have low incomes or are vulnerable to climate change and economic shocks, not only people who have ID-Poor cards. Some people who



are not poor will benefit from SAAMBAT. For example, SAAMBAT may help a business owner (who is not poor) to expand his or her business. The expanded business employs more workers, who come from poor households. So in this way SAAMBAT benefits the poor even though the direct beneficiary is not poor.

### 3.5 Results Based Management

The most important task of Project Management is to ensure that the Outcomes are achieved. The Logframe defines indicators and targets to be achieved by Mid-Term and at the end of the project. Each year, Project Management should define targets to be achieved by the end of the year. The AWPB should be designed to ensure these targets are met. If the project is not on track to achieve the outcome targets, Project Management should report to the Steering Committee to identify changes that need to be made.

Results Based Management is discussed further in Chapter 6: Project Planning.

### 3.6 Components, Sub-Components and Outputs

SAAMBAT is implemented through two components: Component 1, Value Chain Infrastructure, and Component 2: Skills, Technology and Enterprise. Component 1 supports investments in rural roads and other types of infrastructure for smallholder agriculture value chains. Component 1 also includes activities for water management and renewable energy technology (RET), but there is no committed funding for these activities and details will be decided during implementation. Component 2 supports investments in human resources, digital technology for the rural economy and small enterprise development.


Outcome 1: Poor rural people's benefits from market participation increased is achieved mainly through Component 1. Outcome 2: Poor rural people's productive capacity increased is achieved mainly through Component 2. However, full achievement of the outcomes will depend on successful implementation of both components as well as ASPIRE, AIMS and partner projects.

The following table summarises the sub-components, outputs and outcome indicators under each Component. For full details, refer to the Project Logframe (Annex 1).

<b>Component 1: Infrastructure and Energy</b>		
<i>Outcome 1</i>	<i>Poor rural people's benefits from market participation increased</i>	
	<i>Output Indicators</i>	<i>Outcome Indicators</i>
Output 1.1 Roads	<ul style="list-style-type: none"> <li>300 km of paved rural roads</li> <li>150 km of laterite rural roads</li> </ul>	<ul style="list-style-type: none"> <li>160,000 households reporting improved access to markets, processing storage and transport facilities</li> <li>Increased traffic and road-side businesses</li> <li>40% of infrastructure incorporates climate-adaptive design features</li> <li>Infrastructure still used and sustainable after PY6</li> </ul>
Output 1.2 Other value chain infrastructure	<ul style="list-style-type: none"> <li>50 rural market areas improved</li> <li>25 other types (ferry landings, collection points)</li> </ul>	
Output 1.3 Water management and RET	<ul style="list-style-type: none"> <li>5,000 households with reduced water shortage</li> <li>20,000 people benefit from use of RET in smallholder agriculture value chain</li> </ul>	
<b>Component 2: Skills, Technology and Enterprise</b>		
<i>Outcome 2</i>	<i>Poor Rural People's Productive Capacity Increased</i>	
	<i>Output Indicators</i>	<i>Outcome Indicators</i>
SC 2.1 Skills for Rural Youth	<ul style="list-style-type: none"> <li>6,840 youth trained in technical skills</li> <li>500 young entrepreneurs trained</li> </ul>	<ul style="list-style-type: none"> <li>4,500 youth in improved employment (including self-employment)</li> <li>85% of rural enterprises supported by the project report an increase in profits</li> </ul>
SC 2.2 Technology and Enterprise	<ul style="list-style-type: none"> <li>5,000 persons trained in digital literacy and assisted to adopt existing digital technology</li> <li>5,000 persons participating in technology adoption sub-projects</li> <li>Khmer Agriculture Suite (KAS) platform for digital applications for the rural economy</li> </ul>	

	<ul style="list-style-type: none"> <li>• 5 Key KAS applications and 10 additional applications supported by Challenge Fund, with 25,000 users</li> </ul>	
SC 2.3 Policy Research and Strategic Studies	<ul style="list-style-type: none"> <li>• Feasibility Study on Regional Wholesale Markets for Safe Vegetables</li> <li>• 5 policy-related knowledge products</li> </ul>	

## 4 Outputs and Investment Costs by Sub-Component

 This section of the PIM:

- Describes outputs and other investment expenditures of each Component and Sub-Component of SAAMBAT. Actual costs are allocated in the Project Cost Tables.
- Outputs are listed in the Project Log-frame
- Investment expenditures comprise:
  - Costs of activities needed to produce the output;
  - Technical Assistance Costs
  - Costs of Project Equipment

### COMPONENT 1: VALUE CHAIN INFRASTRUCTURE

Component 1 will finance infrastructure supporting the agriculture economy by improving transport for agriculture inputs and outputs and logistics facilities for agriculture commodity value chains. There is also an option to support partnerships with Agriculture Cooperatives and private entrepreneurs for improved water management, and for support to scaling up renewable energy technology (RET) in smallholder agriculture.

#### 4.1 Output 1.1: Rural Roads

Output 1.1 supports upgrading of existing rural roads that are important for the agriculture value chains supported by AIMS and ASPIRE. The planned quantities of physical output are:

Output Type	Planned Quantity	
	By Mid-Term	Final
Rural roads with DBST or concrete pavement	100 km	300 km
Farm Access roads with laterite surface	60 km	150km

The quantities of each type of output are provisional estimates. Actual quantities of outputs will be determined by the outcome of the MSP planning process. The target quantities for each type of output will be reviewed at MTR and will be adjusted if necessary.

#### Eligibility Criteria for Rural Roads

- All roads must be in the Rural Roads Inventory of MRD;
- All roads must be existing lines of road. No new roads can be constructed;
- No single line of road can be more than 10km long
- All DBST or concrete roads must connect to existing DBST or concrete roads;
- All laterite or gravel roads must connect to existing DBST, concrete or gravel roads in good condition (including the DBST or concrete roads supported by SAAMBAT or other projects)
- For DBST or concrete roads, the calculated Economic Internal Rate of Return must be at least 20%
- For gravel or laterite roads, the Commune Chief must accept responsibility for maintenance of the road after it is completed (same status as if the road had been constructed with C/S Fund money).

Rural road designs may include features to improve irrigation water control and drainage (for example, culverts with gates) provided that these do not increase the overall cost of the road by more

than 10%. Other features providing benefits to local farmers (for example, converting borrow pits into community ponds for fish raising or water supplies) may be included in the design on the same basis. Sub-projects where the main purpose is water control (e.g. a canal with a road along one side) cannot be considered.

Design of rural roads must consider the impacts of climate change. Risks such as flooding, erosion or landslides may become more severe as a result of climate change. Climate-adaptive designs should be used wherever they are needed and cost-effective. "Green engineering" (for example, planting trees to prevent erosion) should be considered.

## 4.2 Output 1.2: Other Value Chain Infrastructure

Value chain infrastructure means infrastructure that is:

- Owned by the public or by an association, e.g. an Agriculture Cooperative, but not by a private investor;
- Is needed to support transport and marketing of inputs or products for smallholder agriculture value chains supported by AIMS or ASPIRE.

In principle, any kind of infrastructure that meets these criteria can be supported.

NB that irrigation infrastructure can NOT be supported.

The provisional planned outputs are:

Output Type	Planned Quantity	
	By Mid-Term	Final
Improvements to rural markets	15	50
Collection points, ferry crossings and other types	10	25

**Rural market improvements** must be at locations where there is already a market. No new markets should be considered (projects for new markets are often unsuccessful).

The type of infrastructure will depend on the need at the location. A market improvement does not always mean constructing a new building for traders to buy and sell in. There may be a building that is good enough already, or the trader may use private shop buildings.

### Examples of eligible expenditures for Market Area Improvement include:

- Concrete pathways in the market area;
- Improved water supplies for the market;
- Improved drainage for the market;
- Public toilets in the market area;
- Facilities to improve disposal of solid waste from the market.

High priority should be given to improving hygiene conditions in the market.

Market sub-projects will not be all the same (one standard market project design). Some projects may include complete construction of a market building and facilities. Other market projects may be just small activities to improve the environment in the market area.

All market sub-projects must be implemented in cooperation with a market committee. The market committee must agree to be responsible for operation and maintenance costs.

**Commodity Collection Points** are facilities for collection, cleaning and packaging of commodities in the target value chains. The type of collection point will vary according to the commodity.

All Commodity Collection Points will be operated by a beneficiary organisation or cooperative. In most cases this will be an agriculture cooperative (AC). In some cases it may be eligible to support a collection point that will be operated by a group of small and medium enterprise (SME) traders.

Types of collection point may include:

- A building for collection, washing and packaging vegetables. In some cases the building may include a cold storage facility.

- A store building and place for convenient loading of rice, cassava etc onto trucks at harvest time.

The appropriate design for a collection point will depend on the need at the location.

**Ferry crossings** may be financed where needed for transport of inputs and produce. Normally the project will only finance construction of landings (places for people and vehicles to go on and off the ferry). The ferry boat should be provided and operated by a private operator that has an agreement with the Ministry of Public Works and Transport.

### 4.3 Output 1.3: Water Management and Renewable Energy Technology

SAAMBAT does not have committed funds for Output 1.3, and there is no detailed design for the activities. The output is included in the design because:

- Improved water management is a high priority for farmers supported by AIMS and ASPIRE;
- Renewable Energy Technology (RET) for smallholder agriculture is supported by the S-RET project until 2020. Some of the technologies developed and tested by S-RET have good potential for scaling up.

Improved water management activities could include support to water pumping and water management by an agriculture cooperative (AC) or a private sector investor. Activities will be designed to complement the irrigation infrastructure investment by the WAT4CAM project. RET activities will be designed after final evaluation of S-RET. Support could include incentive payments to RET suppliers to scale up marketing of RET products that have been successful in S-RET. RGC has indicated that it does not want to use loan financing for this type of activity so a different source of financing may be needed for this activity.

### 4.4 Other Investment Expenditures

**Other investment expenditures** for Component 1 are:

- Costs of the Technical Services Consultant (SP1) for feasibility study, design and construction supervision;
- Capacity building for rural road maintenance;
- Costs of project vehicles and equipment for SC1.1.

### 4.5 Investment Screening Criteria

All infrastructure proposed by the MSP will be screened against eligibility criteria. If the proposed infrastructure does not match the eligibility criteria, the proposal must be modified, or a different investment chosen instead. The screening criteria for each investment type are described below

#### 1. Maximum spending in each Economic Pole

- In addition to the eligibility criteria for each type, there is a general maximum spending limit for Component 1 infrastructure of \$100 per household living in the area of the Economic Pole. This limit will be applied to investments in Phase 1 and will be reviewed for Phase 2 and Phase 3 Economic Poles.

#### 2. Maximum spending per farmer producing a Value Chain commodity

- Each type of investment must be targeted to assist farmers producing one or more specific commodity types (e.g. rice, vegetables etc).
- For each investment, the maximum cost per farmer who produces the target commodity (or commodities) must not exceed \$1,000.

#### 3. No unacceptable environmental or social impacts

- All infrastructure must be screened to ensure that there will be no major or long-lasting negative environmental or social impacts. There is more detail on environmental and social risk management in Chapter 7
- Road lengths more than 10km are not permitted
- Sub-projects requiring relocation of 20 or more people from their living place are not permitted
- Sub-projects causing any household to lose more than 10% of its assets are not permitted;

- Sub-projects requiring drainage of natural water bodies (lakes, rivers and streams) or changing the course of any river or stream are not permitted
  - Sub-projects affecting areas that are important for environmental conservation or cultural heritage are not permitted.
4. **Specific Criteria for Roads**
- **Connectivity Criterion:** DBST or concrete roads must be linked to existing DBST or concrete roads (so it is not allowed to construct a DBST road that can only be accessed from a laterite road). Laterite road must be linked to a DBST or concrete road, or to an existing laterite road in good condition;
  - **Rehabilitation / Upgrade only:** all road investments must follow the line of an existing road. It is not allowed to construct a new road line.
  - For Laterite roads, there must be a **signed agreement with a Road Owner** who will take responsibility for maintenance of the road after it is constructed. Normally the Road Owner will be the Commune Council.
  - **Economic Internal Rate of Return (EIRR):** For DBST and concrete roads, the EIRR must be calculated based on a traffic count survey. If the EIRR is less than 20% the road is not eligible;
  - **Maximum cost per beneficiary:** the cost of a laterite road must not exceed \$250 per household living in the area that is accessed by the road.
5. **Ferry Landings:** Ferry landings can be constructed or improved where:
- The ferry landing will significantly improve transport of agriculture inputs and outputs for the target commodity / commodities;
  - There is a ferry operator who will operate the ferry, and who will be responsible for maintenance of the landing place after it is constructed.
6. **Market Area Improvement**
- Must be an existing market;
  - Must be a market committee that will be responsible for maintenance;
  - Plans must be and agreed through discussion with the market committee.
  - Investment is only for public areas of the market. It is not allowed to spend SAAMBAT funds on construction of shops or market stalls.
  - Not markets owned by private operators.
7. **Commodity Collection Points**
- Must be an existing beneficiary organisation to operate the collection point. It is not allowed to build the collection point and form the organisation later. Beneficiary organisation may be an Agriculture Cooperative (AC). In some cases it may be eligible to support a collection point that will be operated by a group of small and medium enterprise (SME) traders.
  - Maximum cost contribution from SAAMBAT will be \$250 per producer household that will use the collection point.

### **Implementation of Infrastructure**

**SP1: Technical Services Consultant** will be engaged to provide technical support for implementation of Component 1.

The tasks of SP1 include:

- Screening to check that each sub-project matches the eligibility criteria;
- Environment, Social and Climate Risk Assessment in each Economic Pole;
- Feasibility study including traffic counts, engineering survey and design;
- Cost-Benefit Analysis for DBST / concrete roads, based on the traffic counts;
- Prepare Environmental Management Plans and Land Acquisition Plans where needed;
- Cost estimation
- Preparing technical sections of tender documents;
- Construction supervision.

For DBST and concrete road projects, SP1 will conduct a traffic count on the road before construction, and a follow-up traffic count after construction. For laterite roads, SP1 will not conduct a full traffic count but will provide an estimate of the volume of traffic using the road before and after construction.

Terms of Reference for SP1 are included in Annex 3.

Construction of infrastructure will be by contractors. Procurement will be by SAAMBAT PMU. The Project Director will sign contracts on behalf of MRD.

#### **Capacity Building for Road Maintenance**

Component 1 includes a budget to support training of MRD, PDRD and Commune Council staff in maintenance of rural roads. In addition, SP1 will provide experts to assist the training.

A detailed training plan will be developed based on consultations with MRD Department of Rural Roads and with other development partners (ADB, World Bank, KfW) supporting capacity building for road maintenance.

A high priority will be developing procedures and building capacity for Commune Councils to carry out maintenance works using their Commune Fund budget. SAAMBAT will conduct discussions with NCDD-S to decide how to proceed with this activity.

### **COMPONENT 2: SKILLS, TECHNOLOGY AND ENTERPRISE**

#### **4.6 Sub-Component 2.1: Skills for Rural Youth**

Output Type	Planned Quantity	
	By Mid-Term	Final
Number of Rural Youth Trained in Technical Skills	2,280	6,840
Number of Young Entrepreneurs Trained	150	500

Sub-Component 2.1 supports the following types of investment cost:

- Cost of Skills Development Fund support to training for rural youth in national training programs (which are not limited to the rural sector);
- Cost of Skills Development Fund support to training for rural youth in regional training programs identified as responsive to skills gaps identified in the rural economy;
- Cost of training and mentoring for rural youth to start their own businesses, through a “rural business incubator” approach.
- The cost of service provider SP2;
- *Project Vehicle and Office Equipment [?]*

The project will contribute \$1,000 per trainee to the training costs of trainees on national or regional SDF training programmes. The target number of trainees in total is 5,000. The numbers trained on national or regional courses will be determined according to demand.

To be eligible for training support from SAAMBAT, trainees must match the following criteria:

- Between 16 and 30 years old;
- Not in full-time education (trainees should not drop out of high school to join the course);
- Live in a rural area;
- Family condition is poor or medium. Youth from families owning more than 5 ha of farmland, or owning medium or large-scale enterprises (10 employees or more) are not eligible;
- Priority will be given to youth from families with ID-Poor cards and female headed households;
- 50% of trainees should be female.

Trainees who already have jobs are eligible, provided that the purpose of training is to improve the skills they need for their present job, or to help them get a better job in future.

Initially, trainees will be selected by service provider SP2 from SAAMBAT Economic Poles and will undertake a pre-training course before starting a national or regional skills training course. Depending on demand, SAAMBAT support may be extended to youth from outside SAAMBAT Economic Poles, selected directly by SDF.

The pre-training course will have a duration of 10 days and will be provided to groups of approximately 25 rural youth per course. The aim is to train 6,840 youth during PY2 – PY6. Following the pre-training, youth will be assessed and assigned to one of three training pathways:

1. National training program;
2. Regional training program for rural economy skills;
3. Rural Business Incubator. Trainees joining this pathway will be provided with further training and mentoring to start their own business **and will be assisted to access finance for the business supported by the AIMS Line of Credit.**

The service provider SP2 will be responsible for the following activities:

- Research in each Economic Pole to identify skills gaps in the rural economy and demand for training amongst rural youth;
- Identification of skills training providers able to train rural youth to fill the identified skills gap (i.e. providers for the regional SDF training);
- Design of a “pre-training” course to provide rural youth with the soft skills that they may lack in order to enter formal training and employment;
- Selecting rural youth in the SAAMBAT Economic Poles for entry on the pre-training courses;
- Delivery of the pre-training courses;
- Assessment of youth graduating from the pre-training and assigning them to one of three tracks: national training course, regional training course, or enterprise development;
- Follow-up and support to youth on the training courses;
- Support and mentor youth on the rural business incubator track, including assisting them to conduct market surveys, develop business plans, access finance etc.

The research phase will be conducted through engagement with the MSPs and with focus groups of rural youth and poor households. Key results will be (1) identification of skills that are in demand in the rural economy; (2) assessment of the interest of poor rural youth in learning rural economy skills and skills for employment in the non-rural sector; (3) identification of potential training providers, particularly for rural-sector skills. Training providers will most likely be existing institutions in Provincial centres. The service provider will also research employers’ perceptions of rural youth entering formal employment and in particular their need for training in soft skills such as timekeeping, workplace discipline, communication and presentation skills, food hygiene etc.

The “soft skills” training module will be based on the findings of the research and will be suitable as a general induction module for youth, particularly rural youth, entering vocational training. In addition to workplace skills the module will address employment rights, workplace safety, types of employment opportunity and the potential hazards faced by rural youth choosing to migrate for employment. The training module should be designed as an induction course but should include follow-up activities periodically through the period of technical training.

Induction courses will be provided at locations accessible to the SAAMBAT EP for 20 – 25 rural youth per course, with the objective of training 7,500 youth during project years 2 – 6. The length of the course is expected to be 10 days. Course content will include classroom learning, workplace visits, interaction with employers and practical activities. Trainees will learn about the training opportunities open to them through SAAMBAT and by the end of the course should be provisionally assigned to a training pathway according to their capacity and preferences.

Trainees on the “non-rural skills” pathway will join training courses identified by SDF nationally through interaction with major employers. Through SDF the Project will provide support to course fees and living expenses of students, with additional support from employers. Wherever possible, trainees on the “rural skills” pathway will be trained at training institutions close to their home area. SDF will support fees and living expenses. The project will explore the option of creating a “voucher” system to finance training chosen at the trainees’ discretion. It may not be realistic to require financial contributions to training costs from SME employers in rural areas, but options for non-financial contributions (e.g. day release for training purposes) or other opportunities for employers to engage with the training process will be sought.

Approximately 500 trainees will join the “rural business incubator” pathway will receive a package of support to develop and start up their own small enterprise in the rural economy. Mentoring will be provided by service provider staff complemented, if possible, by experienced local SME entrepreneurs. Trainees will be assisted to develop business plans, conduct market research and seek start-up financing. Costs of training in specific business administration skills (e.g. book-keeping) will also be an option.

The rural business incubator activities will be aligned with business support activities of AIMS, will share methodology and personnel where possible, and will not directly duplicate AIMS activities. SAAMBAT rural business development support is distinguished from that of AIMS in its focus on youth starting enterprises and its applicability to any rural enterprise, not limited to specific value chains.

The rural business incubator will assist young entrepreneurs to raise finance for their ventures including through linking them to financial institutions (FI) partnering with AIMS. These institutions are expected to include AMRET and LOLC, and discussions are also under way with KREDIT and AMK. The FI have access to a Line of Credit to promote increased lending into the supported business clusters. Depending on the type of business activity, the young entrepreneurs may be able to access loans financed through the AIMS line of credit or will be assisted to access financing through the regular financial products of the AIMS partner FI. Options for financing young entrepreneurs through the RGC’s newly created SME Bank will also be explored.

The service provider will use the SAAMBAT Management Information System (MIS) to track progress and outcomes for all induction course trainees, including qualifications gained, type of employment and earnings, through the project period.

TOR for SP2 are provided in Annex 3.

#### 4.7 Sub-Component 2.2: Technology and Enterprise for Rural Youth

Output Type	Planned Quantity	
	By Mid-Term	Final
Number of persons trained in digital literacy and assisted to adopt existing digital technology (50% female)	1,500	5,000
Number of persons participating in technology adoption sub-projects (50% female)	1,500	5,000
KAS Core Platform developed	1	1
KAS Key Applications Developed	2	5
Users of KAS Key Applications	5,000	12,500
Applications supported by Challenge Fund	3	10
Users of Challenge Fund Applications		12,500

Sub-Component 2.2 supports three groups of activities that are linked to the development and roll-out of the Khmer Agriculture Suite (KAS) as an open platform and data resource for mobile applications for the rural economy. Each group of activities supports the other groups, but each group of activities can produce positive impacts by itself. The three activity groups are:

1. Development of the KAS platform and key applications;
2. A Challenge Fund for developers;
3. An Outreach campaign in the SAAMBAT Economic Poles.

#### Other Investment Costs

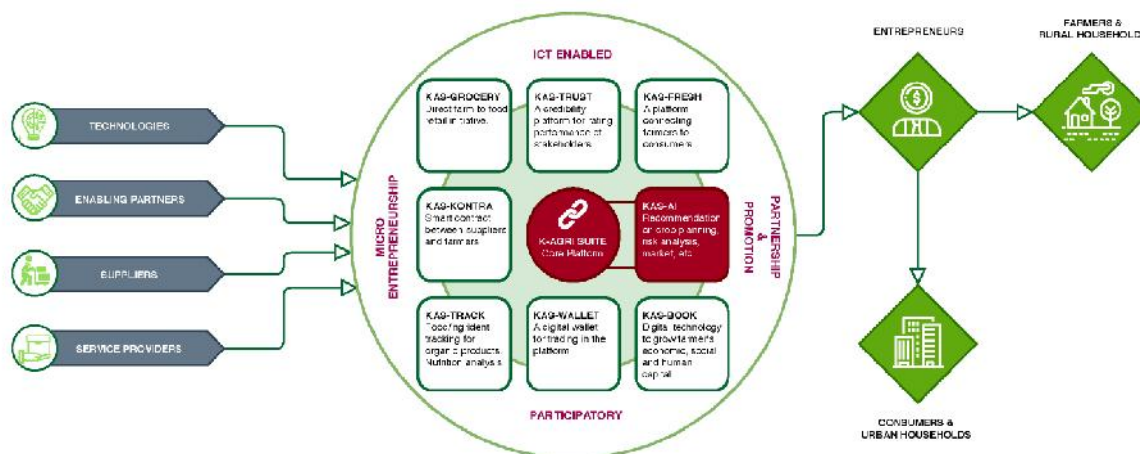
Other investment costs funded under SC2.2 include:

- Technical Assistance to build the capacity of TSC;
- Costs of organising workshops and similar events to promote use of digital technology in the rural economy;
- [Project vehicle and equipment]?



## Khmer Agriculture Suite (KAS)

KAS is planned as an open digital platform to connect agriculture value chain stakeholders. Because it will be an open system, businesses and innovators can develop their own applications to run on the KAS platform and to make use of core KAS resources. The KAS concept is shown in the figure.



**Figure 3: Khmer Agriculture Suite (KAS) Concept**

Developing the full KAS will take at least five years. It will need resources and support from different stakeholders including Government and the private sector.

SAAMBAT will support TSC to develop the core platform for KAS. Support will include technical assistance, equipment for a Data Centre, and operating costs. Partnership with SAAMBAT will allow TSC the opportunity to interact with and learn from the experience of farmers and other value chain actors in the IFAD country program.

### Priority KAS Applications

In addition to supporting development of the core platform for KAS, SAAMBAT will support development of a limited number of priority applications.

Priority KAS applications will be based on examples of digital technology applications for smallholders, the agriculture value chain and the rural economy, that have proved successful in other countries, or that have been tested in Cambodia and need further support to scale up.

Priority KAS Applications will be developed directly by TSC or through contracts with service providers. It is planned to award contracts to develop one Priority KAS Application in each year PY1 to PY5.

Two applications are being developed by Bronx Technology Ltd. under separate funding from a Korean Grant within ASPIRE: these are (1) a direct dial extension service; and (2) a Virtual Market platform. These applications will be linked to KAS and regarded as KAS key applications.

### Challenge Fund

### Characteristics of a Challenge Fund

Research performed by TripleLine Consulting identified seven characteristics of challenge funds: “(1) provides grants or subsidies; (2) with an explicit public purpose; (3) between independent agencies; (4) with grant recipients selected competitively; (5) on the basis of advertised rules and processes; (6) who retain significant discretion over formulation and execution of their proposals and (7) share risks with the grant provider.’

1

The Challenge Fund provides grants to support development and testing of innovative digital applications for use in the rural economy. Applications will be developed as part of the KAS. The maximum grant size will be \$200,000. Grants will be disbursed in three stages. Each stage of the grant will only be disbursed on successful completion of the previous stage:

- **Stage 1: maximum \$10,000**, to support market research and development of a detailed proposal describing the functions of the application, the intended users and the business strategy;
- **Stage 2: Maximum \$15,000** to support development of a working application and initial testing with rural users;
- **Stage 3: Maximum \$25,000** to support extended testing of the application and initial roll-out.

It is planned to award five (5) grants each year during PY1 – PY4.

Grantees can be individuals, companies, NGOs or autonomous government agencies (Government administrative departments are not eligible). To be eligible for a grant from the Challenge Fund, grantees must be:

- Based in Cambodia;
- Have qualifications and experience either in digital technology, or in development of the rural economy;
- Propose to develop a digital application linked to KAS that can be used for an economic purpose in rural Cambodia (applications for purely social or recreational purposes are not eligible);
- Show that there is no equivalent application, with the same functions, already available for use in rural Cambodia;
- Show how introducing the application will provide benefits (directly or indirectly) to rural Cambodians in the SAAMBAT target group;
- Show how the application can become self-financing and sustainable (outline business plan);
- Can show that they are able to co-finance 10% of costs in Stage 1, 25% of costs in Stage 2 and 50% of costs in Stage 3.

### Challenge Fund Process

Grant proposals will be invited through newspaper advertisements and the TSC website. TSC will also raise awareness of the grant opportunity through links to other websites and through other forums for the digital economy.

A grant application form and clear criteria, including the scoring system for scoring proposals, will be available by download from TSC website.

Applications will be submitted electronically to the TSC website before a deadline date.

<sup>1</sup> TripleLine Consulting and University of Bath (2013). <http://www.tripleline.com/wp-content/uploads/2013/12/Challenge-Funds-in-International-Development.pdf>

Applications will be scored independently by at least three experts including one TSC representative, one representative of MEF and one outside expert who will be appointed by SP3.

An evaluation committee chaired by TSC will then meet to review the scoring and select the highest scoring applications.

The target is to award five grants each year, but this number may vary (1) if there are not enough applications achieving a fixed minimum score; less than five grants may be awarded; or (2) if there are more than five very good applications, and subject to availability of funds, more than five grants may be awarded.

Successful grantees will sign a Grant Agreement with MEF-GDEPFP. A detailed workplan for Stage 1 will be annexed to the Grant Agreement.

### Outreach Campaign

The Outreach Campaign will be implemented by Special Service Provider SSP3 and will consist of:

- Research to identify existing levels of digital literacy, uptake of technology, demand for skills upgrading and gaps in technology provision in the rural value chains;
- Develop a general course for upgrading the digital literacy of rural value chain actors and improving awareness of the potential uses of digital technology;
- Deliver this course to 5,000 participants in AIMS and / or ASPIRE business clusters;
- Develop and implement sub-projects (100 sub-projects with 50 participants per sub-project) to increase use of existing digital technology in rural value chains (e.g. use of social media to improve exchange of information in business clusters, improved use of market information systems etc);
- Support testing and roll-out of at least 10 innovative digital solutions developed through the upstream activities;
- Link innovators to rural value chain actors through rural digital forums, workshops, short-duration internships, facilitating market research etc; and
- Monitor uptake of digital technology in the rural value chain through the SAAMBAT MIS.

Terms of Reference for SSP3 are provided in Annex 3.

### Partnerships

SAAMBAT will support TSC to form partnerships with commercial partners for roll-out of applications linked to KAS. The benefits to the commercial partner will include access to stakeholder knowledge (farmers and value chain actors organised in MSP and Business Clusters); field support for market research and product testing and support for initial roll-out through “downstream” sub-projects.

Costs of developing and marketing the technology will be paid by the commercial partner. SAAMBAT will not transfer money to the commercial partner. SAAMBAT will:

- Facilitate market research and product testing through providing access to the networks of rural value chain actors in AIMS and ASPIRE business clusters;
- Support awareness raising through the downstream activities of SC2.2 (i.e. through SP3);
- Support testing of applications and business models through “sub-projects” under SP3.

## 4.8 Sub-Component 2.3: Strategic Studies, Policy Research and Programme Development

Output Type	Planned Quantity	
	By Mid-Term	Final
Feasibility Study on Wholesale Markets	Study Complete	
Policy-related knowledge products	1 Brief	3 Briefs

Sub-component 2.3 finances policy research and strategic studies related to improving the productivity of the rural economy, particularly in value chains based on smallholder agriculture. SAAMBAT policy studies support the IFAD Country Program and are not limited to themes directly linked to SAAMBAT physical outputs.

Sub-Component 2.3 is led by MEF General Department of Economic and Public Finance Policy with Centre for Policy Studies as Implementing Partner. CPS will coordinate with Ministries, inter-Ministerial committees and technical working groups responsible for each policy area.

#### **4.8.1 Strategic Studies'**

**Strategic Studies** are feasibility and / or pre-design studies of investments that have potential to be financed by IFAD with other partners, particularly where there are opportunities to bring in private sector finance and clear benefits for the IFAD target groups.

The first study will be a feasibility study for development of regional wholesale markets for the safe vegetable value chain, including links to local markets / collection points and links to national markets. TOR for the study will be developed by MEF-GDEPFP. The study will cover, inter alia, the following topics:

- Mapping of the demand (size of demand, location of demand, type of consumers) for quality assured organic or safe vegetables of types that can be produced in Cambodia;
- Mapping of the existing supplies, including production areas and sources of imports of organic or safe vegetables;
- Mapping of supply chain logistics including the roles played by local, regional and national (Phnom Penh) wholesale markets in the safe or organic vegetable supply chain;
- Existing quality assurance arrangements;
- Identify the potential for well-designed specialised wholesale markets or facilities at existing markets to add value (e.g. improved quality assurance), improve logistics efficiency or reduce losses;
- Propose the optimal size, location and design of regional wholesale markets for safe or organic vegetables. Estimate the cost of these facilities and propose appropriate market management arrangements;
- Recommend a pilot project, potentially to be part-financed by SAAMBAT after Mid-Term Review.

More strategic studies may be designed later if a need is identified.

#### **4.8.2 Policy Research Studies**

ASPIRE, AIMS and S-RET all include resources to support policy studies. MEF will support coordination with these projects to ensure that resources for policy studies are used in an efficient manner. The ambition should be to coordinate all policy study resources to strengthen the policy relevance of the programme as a whole.

Likewise, MEF will seek to ensure that policy studies resources do not duplicate efforts financed by other development partners. IFAD will assist in this coordination

Policy Studies will be conducted according to the following general process:

1. **Identification** of a topic through discussions between MEF, project executing / implementing agencies and IFAD;
2. Review of existing policies, relevant mandates and ongoing policy work by others and preparation of a 3 – 5 page **Policy Background Brief**;
3. Definition of specific **research questions** to be addressed;
4. Preparation of a **Terms of Reference**;
5. Contracting of a service provider to implement the study and prepare a **Consultant's Report**;
6. Presentation of the Consultant's Report at a **seminar event** led by senior Government officials;
7. Preparation of a **Policy Brief**, usually of 2 – 5 pages length, summarising policy recommendations that have been agreed at the seminar;

## 8. **Dissemination** of the Consultant's Report and the Policy Brief.

Policy studies will only proceed if the Policy Background Brief confirms that there are open policy questions that are worthwhile to address and that are not adequately covered by ongoing work by others. In some cases, SAAMBAT funds could be used to support joint policy studies with other partners. The final decision to proceed following preparation of the Policy Background Brief will be made by MEF after consultation with relevant stakeholders.

The Consultant's Report will provide the factual basis for policy recommendations together with analysis and the views of the consultant. The Policy Brief will represent views that have been agreed as appropriate by relevant senior RGC officials and by IFAD. In case that these parties cannot reach agreement on the recommendations, no Policy Brief will be issued.

Policy studies will focus on specific topics that are relevant to development of RGC policy and development partner strategy in areas directly addressed by SAAMBAT, by the broader IFAD country programme or by corporate strategic priorities of IFAD. The list below is open and provisional only, and the decision to proceed with any study will be based on the process described above.

Topics may include:

1. Rolling out of Cambodia GAP standards and quality assurance systems to enhance smallholder access to the market for Cambodia GAP certified products;
2. Data security and regulatory environment needed for successful roll-out of the Khmer Agriculture Suite (KAS) platform for digital applications for the rural economy;
3. The role of RET in the agriculture sector, in areas served by the electricity grid;
4. Effective coordination of rural road maintenance responsibilities between MRD / PDRD and local authorities;
5. Financing needs of rural entrepreneurs, and common standards for design of subsidies and matching grant instruments;
6. Development of TVET standards for the rural economy;
7. Barriers to women's economic empowerment in agriculture value chains, including specific challenges faced by women entrepreneurs in starting, operating and growing businesses in the agriculture sector;
8. Mainstreaming themes including climate change, gender, youth and nutrition within the IFAD Country Programme.

Annex 4, Framework for Policy Studies, provides more detail on selection of topics for policy studies.

### **4.8.3 Programme Development**

The Programme Development activities in SC 2.3 are intended to support all projects and activities in the IFAD Country Programme move towards a more integrated, programme-based approach.

Activities will include:

- Support to integration of the project results frameworks in an integrated results framework, establishment and implementation of a programme M&E system and capacity development for strategic planning and M&E;
- Building capacity of key stakeholders through coordinating meetings, workshops and seminars with project management teams, government, partners and other stakeholders;
- Strengthening the RGC's ownership of programme and project design, implementation, monitoring and evaluation (RIMS) activities and support to supervision;
- Enabling engagement of stakeholders including farmer organisations and the private sector in planning and M&E of the country programme; and
- Strategic partnership building and resource mobilisation.

Strategic direction for Programme Development will be set by the Programme Steering Committee. The annual work plan and budget (AWPB) for Programme Development will be set by MEF through its Project Implementation Unit. Centre for Policy Studies will provide technical inputs in line with a work plan agreed in the AWPB.

Food and Agriculture Organisation (FAO) hopes to provide technical assistance under its Technical Cooperation Programme (TCP) which would be used for complementary advice and studies related to

SAAMBAT Component 2. Two areas of focus would be (1) digital economy, supporting Sub-Component 2.2 activities, and introduction of Good Agriculture Practice (GAP) certification for smallholders, which is within the scope of Sub-Component 2.3 and of high relevance to the broader country programme.

## 5 Roles and Responsibilities

 This section of the PIM:

- Describes the different agencies that have a role in implementation of SAAMBAT
- Describes the roles of key project leaders and staff
- Defines reporting lines between the agencies

### 5.1 Program Steering Committee (PSC)

There is one Program Steering Committee for the whole Country Strategic Opportunities Program (COSOP) which includes all the projects financed by IFAD in Cambodia.

The purpose of the Program Steering Committee is to:

- Ensure that projects in the IFAD Country Program contribute to the Strategic Objectives of the Country Strategic Opportunities Program (COSOP);
- Discuss and agree the overall strategic direction of each program or project within the COSOP;
- Identify challenges faced by the projects and programs, and recommend solutions to the Program / Project Directors;
- Facilitate exchange of information and mutual cooperation between programs and projects in the COSOP, and with projects financed by other partners;
- Agree, report on and review strategic indicators.

The members of the PSC are:

- MEF, as representative of RGC. The PSC is chaired by a senior official of MEF;
- Ministry of Agriculture, Forestry and Fisheries (MAFF); Ministry of Commerce (MoC); Ministry of Rural Development (MRD) and National Committee for Sub-National Democratic Development – Secretariat (NCDD-S) as Executing Agencies of programs and projects in the COSOP;
- Other Ministries and agencies that have implementing responsibilities for COSOP programs and projects, or are important partners for IFAD, including Ministry of Women’s Affairs (MoWA).
- IFAD;
- Representative of the United Nations Country Team (UNCT) for Cambodia;
- Development partners that have cooperation agreements or MOU with IFAD;
- Representatives of farmer organisations (FO);
- Representatives of the private sector.

The Program Steering Committee meets as often as needed but at least one time per year. The PSC should meet in January to review the achievements of the previous year and to discuss plans for the following year. However, the PSC is not responsible to review and approve the AWPB of each program or project. SAAMBAT AWPB approval process is described in Chapter 6.

A draft agenda for the meeting of the PSC is included as Annex 4.

### 5.2 Ministry of Economy and Finance (as representative of RGC)

Ministry of Economy and Finance (MEF) represents the Royal Government to IFAD and is responsible for receiving and accounting for programme funds.

33. As representative of RGC, MEF General Department of International Cooperation and Debt Management (GDICDM) supervises implementation of the COSOP, including SAAMBAT, through its

Multilateral Cooperation Department. Under the Standard Operating Procedures, MEF is responsible to:

1. Ensure inter-agency cooperation when required;
2. Fulfil the government fiduciary oversight and management responsibilities under the Programme;
3. Provide sufficient counterpart contribution funds in a timely manner to finance the Programme activities, including payment of government salaries; and
4. Timely processing of withdrawal applications, approval of procurement actions and other necessary documents in accordance with the Updated Standard Operating Procedure of government as promulgated by sub decree No. 74 ANK. BK dated May 22, 2012 (SOP).

MEF – MCD has a PSC Secretariat which is responsible to:

- Prepare and coordinate meetings of the PSC;
- Ensure good communication between MEF and EAs including MRD for SAAMBAT;
- Monitoring, evaluation and reporting of the COSOP.

In SAAMBAT, MEF- GDICDM, through its Project Implementation Unit, is responsible to implement Component 2 of SAAMBAT. This is a separate role and is described below.

### **5.3 Project Executing Agency: Ministry of Rural Development**

MRD is the Project Executing Agency (EA). MRD appoints a **Secretary of State** to take overall responsibility to overseeing implementation of SAAMBAT. The Project Director reports to the Secretary of State.

As Executing Agency, MRD is responsible for the following functions:

- Establish the Project Management Unit (PMU);
- Coordinate preparation of the AWPB and submitting it to IFAD for No Objection;
- Manage Project Accounts;
- Preparation of the project accounts and financial reporting;
- Prepare Withdrawal Applications (WA) and submit to MEF for processing;
- Procurement of all goods and works under the project (services may be procured by the separate Implementing Agencies);
- Appointment of the Project Auditor;
- Project monitoring and evaluation (M&E);
- Consolidation of the Project Six-Month Report and Annual Report;
- Liaise with IFAD on issues relating to project implementation, including facilitation of IFAD Implementation Support Missions and Supervision Missions.

The **Project Director** is appointed by MRD with the agreement of MEF. The Project Director is the most senior executive in the Project management hierarchy and is MRD's representative responsible to coordinate and oversee all aspects of project implementation, including activities implemented by Implementing Agencies other than MRD. The role of the Project Director includes, but is not limited to:

- Receive instructions from and report directly to the Secretary of State appointed to oversee the project;
- Can be directly contacted by IFAD and other development partners on all Project issues, including meetings, workshops, seminars and introduction to consultants;
- Ensure efficient, effective, accountable and transparent implementation of the project;
- Approve all major decisions affecting project implementation strategy and implementing arrangements;
- Approve and signs contracts and other important Project documents within thresholds specified in the Procurement Manual.
- Ensure that MRD coordinates effectively with MEF and with Implementing Agencies in accordance with established guidelines and procedures.
- Ensure proper financial management of Project and Technical Assistance (TA) activities and ensure compliance with all financial covenants and other obligations in the loan/credit and TA agreements.

- Ensure finances and resources are only used for approved Project purposes by authorized personnel;
- Regularly monitor Project performance and initiate actions to address variations to plans;
- Submission of the Annual Work Plan and Budget to IFAD for No Objection and sending the AWPB to MEF;
- Approval of the Mid-Year Report and Annual Report.

The selection and removal from office of a Project Director should only take place in consultation with IFAD and MEF. When the Project Director is absent from his position for any reason for more than a day than his authority and responsibilities should be delegated to the Project Manager;

#### **5.4 Project Management Unit (PMU)**

The PMU is appointed by MRD to carry out the day-to-day duties of MRD as the EA. In addition, the PMU directly implements Component 1 of SAAMBAT.

The includes (1) officials of MRD, who are seconded to work full-time in the PMU during the project implementation period and who continue to receive their salaries as public servants; (2) contracted staff, who are mainly specialists in project administration, financial management and procurement functions, and whose salaries are considered as project operational costs; and (3) advisers, who generally have more technical roles and whose fees and salaries are considered as project investment costs.

The PMU consists of at least the following core staff:

- Project Manager (reporting to Project Director);
- Head of Finance and Administration Section;
- Procurement Officer
- Accounting Officer;
- Administration Officer;
- Environmental and Social Safeguards Specialist;
- Technical Specialist (Rural Roads);
- Gender and Youth Specialist;
- M&E Specialist;
- Community Development Specialist.

The **Project Manager** is assigned to work full-time on implementation of SAAMBAT and is responsible to manage the staff and operations of the PMU. The Project Manager is responsible to coordinate with the Implementing Agencies. The Project Manager takes a leading role in coordinating with the Implementing Agencies through the Project Manager-RET (in MME) and the Project Manager-Skills and Enterprise Development (in MEF-GDPFP).

The general responsibilities of the **Project Manager** are as follows:

- Responsible for the day to day activities of SAAMBAT implementation;
- Ensures that SAAMBAT development objectives and goals are realized on time and within budget and is in line with the Project results framework as agreed between the DP and RGC at the commencement of the Project;
- Responsible for all procurement activities of SAAMBAT PMU in accordance with the responsibilities defined in the Procurement Manual;
- Approves and signs contracts and other important procurement documents within delegated authority as defined in the Procurement Manual;
- Ensures effective financial systems and procedures for accounting and financial management of the Project or TA activities are maintained;
- Responsible for the employment and management of Project staff under SAAMBAT PMU;
- Supervises and maintains high level of performance by the Project and its staff;
- Supervises and manages all contracting done by MRD;
- Maintains effective channels of communication with all stakeholders.
- Ensures that all reports, papers and other information are made available in an orderly and timely manner.



- Ensures that monitoring and evaluation activities generate the information necessary to support Project management. Furthermore ensures that M&E is carried out following the results based framework that was agreed to between the RGC and IFAD at the time of Project formulation;
- Ensures that management actions are pro-active, adequate, and effective in responding to monitoring information and changing circumstances;
- Receives instructions from and reports directly to the Project Director.
- Holds only one Project manager position.

Because SAAMBAT Implementing Agency responsibilities are split between MRD and MEF, the Project Manager is only directly responsible for tasks carried out by MRD as EA and Implementing Agency for Component 1. Other responsibilities are delegated to the Project Manager – Skills, Technology and Enterprise (MEF).

### **5.5 Ministry of Economy and Finance – Project Implementation Unit**

MEF implements Component 2 of SAAMBAT through a Project Implementation Unit in GDICDM (MEF-PIU).

MEF-GDEFP will appoint a senior official as **Project Manager – Skills, Technology and Enterprise**.

The responsibilities of the Project Manager – Skills, Technology and Enterprise include:

- Responsible for the day to day activities of SAAMBAT Component 2 implementation;
- Approves and signs contracts and other important procurement documents within delegated authority as defined in the Procurement Manual;
- Ensures effective financial systems and procedures for accounting and financial management of the Project or TA activities are maintained;
- Responsible for the employment and management of Project staff under MEF;
- Supervises and maintains high level of performance by the Project and its staff;
- Supervises and manages all contracting done by MEF;
- Maintains effective channels of communication with all stakeholders.
- Ensures that all reports, papers and other information are made available in an orderly and timely manner.
- Ensures that monitoring and evaluation activities generate the information necessary to support Project management;
- Ensures that management actions are pro-active, adequate, and effective in responding to monitoring information and changing circumstances;
- Receives instructions from and reports directly to the Project Director.
- Holds only one Project manager position.

Technical leadership Component 2 is split between three agencies: Skills Development Fund unit (Sub-Component 2.1); Techo Start-Up Centre (Sub-Component 2.2) and Centre for Policy Studies, working directly with the PSC Secretariat (Sub-Component 2.3).

MEF will appoint at least one SAAMBAT Skills Development Officer to work full-time on implementation of SC2.1 and one SAAMBAT Technology Development Officer to work full-time on implementation of SC2.2.

Responsibilities of the SAAMBAT Skills Development Officer include:

- XXX

Responsibilities of the SAAMBAT Enterprise Development Officer include:

- XXX

### **5.6 Techo Start-Up Centre**

The **Techo Start-Up Centre** in Royal University of Phnom Penh will be the technical lead agency for Sub-Component 2.2. TSC will appoint a senior official as Focal Point responsible for liaison through MEF-PIU. Day-to-day work in TSC will be conducted by a Digital Technology Adviser who will be assisted by an Administration Assistant. TOR for the Digital Technology Adviser are provided in Annex 2.

## 5.7 Centre for Policy Studies

Centre for Policy Studies (CPS) is designated as an Implementing Partner for SAAMBAT with responsibility for Sub-Component 2.3. CPS will not necessarily implement all SC2.3 activities directly, but will prepare TORs, background briefs, policy briefs etc and help manage studies. Studies may be contracted to firms by MEF or to individuals through CPS as appropriate.

CPS reports directly to the PSC Secretariat.

Implementation arrangements for CPS will be determined through an agreement between CPS and MEF, subject to No Objection from IFAD.

## 5.8 Provincial Departments of Rural Development (PDRD)

PDRD is responsible for coordinating SAAMBAT activities at Provincial level and for monitoring implementation of SC1.1. PDRD is assisted by the SAAMBAT Facilitation Team (see below).

SAAMBAT may have activities in any of the 20 Provinces where ASPIRE and AIMS are active. In most cases, SAAMBAT Component 1 activities within one province will be largely completed in about two years. Therefore, it is not efficient for SAAMBAT to establish Project Implementation Units (PIU) in each Province. Instead, each PDRD will appoint a **SAAMBAT Provincial Focal Point** who will be a senior official of PDRD. Funds for PDRD activities in each Province will be allocated through the AWPB as needed. PDRD will not manage a project account but will receive cash advances from PMU as needed.

## 5.9 SAAMBAT Facilitation Team

The SAAMBAT Facilitation Team is a team of advisers recruited by PMU and assigned to work at Provincial level. SAAMBAT facilitators may be reassigned between Provinces, or assigned to work in a regional hub (covering more than one Province) as needed. Key responsibilities of the SAAMBAT Facilitation team include:

- Facilitation of the planning meetings of the MSP;
- Coordination between the components of SAAMBAT at Provincial level;
- Coordination with ASPIRE, AIMS and partner projects;
- Data collection and uploading data to the SAAMBAT MIS.

TOR for the SAAMBAT Facilitation Team are provided as Annex 2

## 5.10 Service Providers

Service Providers are firms or NGOs contracted to provide services to support implementation of SAAMBAT.

Four service providers will be recruited:

- **SP1: Technical Service Provider** for screening, feasibility study, survey, design and construction supervision of infrastructure under Component 1;
- **SP2: Skills Development Services Provider** for selection and pre-training of skills development trainees, identification of training providers and other services under SC2.1;
- **SP3: Digital Technology Services Provider** for digital literacy training, facilitating adoption of digital technology and support to roll-out of innovative digital technologies under SC2.2;
- **SOP4: Major Impact Survey** service provider, to conduct baseline, mid-term and end-line surveys as described in Chapter 10 (M&E).

The roles of the service providers are further described under each sub-component. TORs for the service providers are attached as Annex 3.

The Service Providers are recruited by competitive tendering under SOP procurement procedures or by other procedures agreed between RGC and IFAD. Service Provider contracts are signed by the SAAMBAT Project Director. The Project Director delegates day-to-day responsibility to manage the service provider contracts to the Project Manager (SP1 and SP4) and to the MEF-PIU (SP2 and SP3).

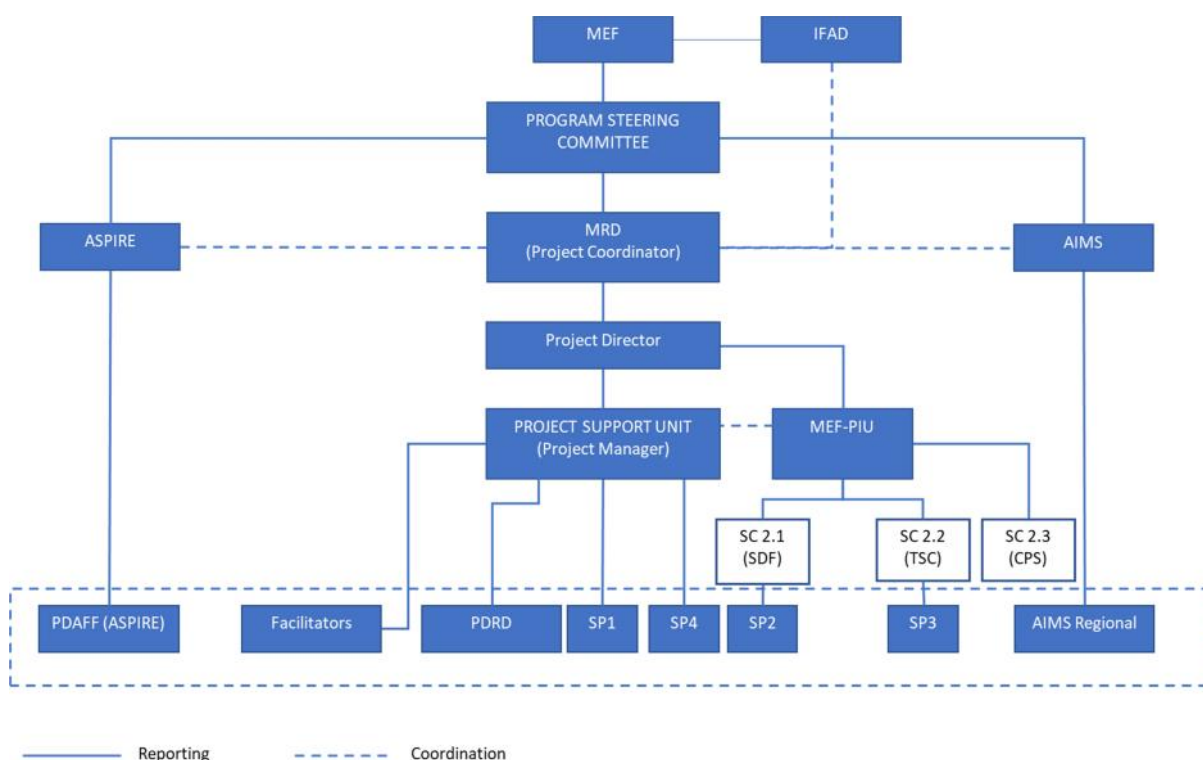


Figure 4: SAAMBAT Roles and Responsibilities

## 6 Project Planning

 This section of the PIM:

- Describes how target areas, called Economic Poles, are selected
- Describes the phased approach to targeting
- Describes how project activities in the Economic Poles are selected through the Multi-Stakeholder Platform (MSP) process.
- Describes the process for preparation of the Annual Work Plan and Budget (AWPB) of SAAMBAT, including an annual target-setting as the basis for the AWPB.

### 6.1 Selection of Target Areas

SAAMBAT is designed to complement ASPIRE and AIMS in a national program.

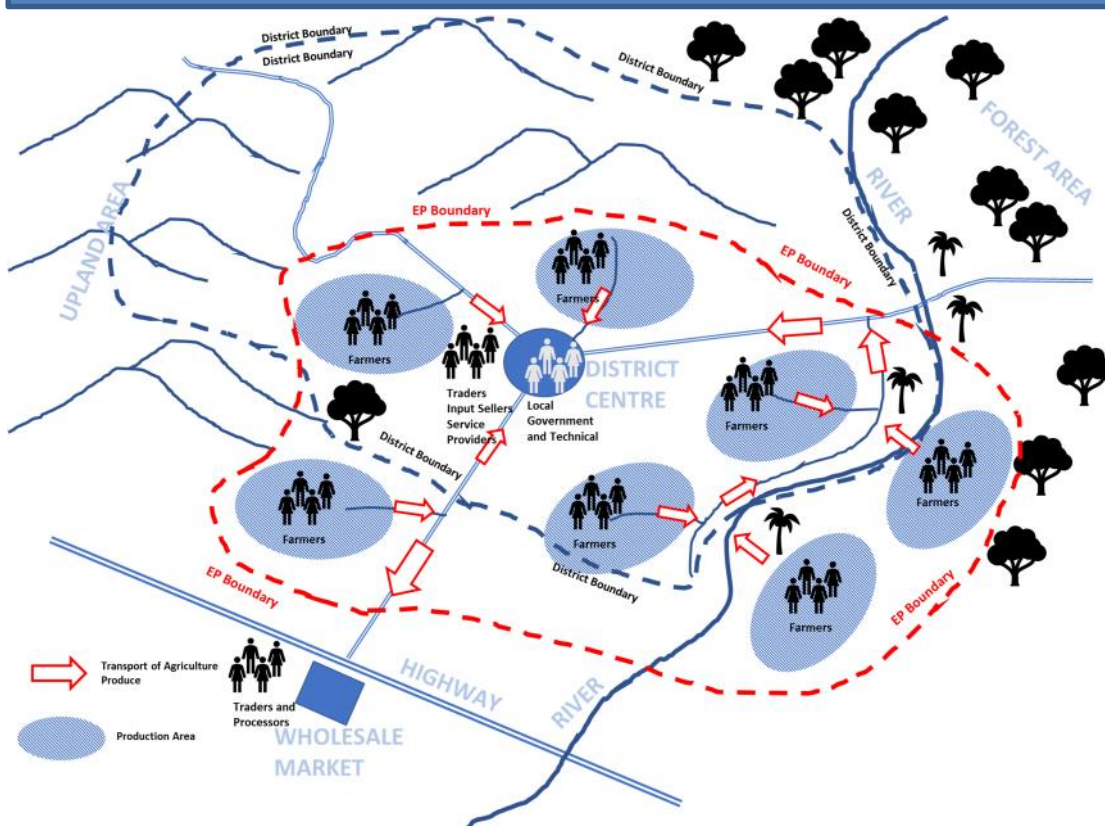
SAAMBAT supports activities at national level and in target areas that also have activities of ASPIRE or AIMS.

National level SAAMBAT activities can support beneficiaries in any Province.

There will be 50 local target areas, called “Economic Poles.” An Economic Pole is defined in the box.

### Definition of an Economic Pole

- Agriculture production area with similar characteristics throughout: topography, soil, climate, type of farming and types of produce;
- Important area of smallholder agriculture production for the market (not large-scale commercial agriculture such as rubber plantations or Economic Land Concessions);
- Market linkage through a market, important access road or road junction etc;
- Approximately District size. Can be a District but does not have to follow District boundaries exactly (For example, a Commune in District B may sell to the market in District A, so it is in an Economic Pole with District A).



**Figure 5: Concept of Economic Pole**

All Economic Poles will have activities of ASPIRE or AIMS (or both). SAAMBAT DBST and Concrete road construction will be located in 25 Economic Poles (Type 1). The other 25 Economic Poles (Type 2) will be in areas where other projects are supporting rural road construction for agriculture development.

Sub-Component	Component 1			2.1	2.2	2.3	Partner Project Roads
	DBST/ Concrete roads	Laterite Roads Markets Collection Points		Skills	ITC	Policy	
National Level				*	*	*	
Economic Pole Type 1	*	*	*	*	*		
Economic Pole Type 2		*	*	*	*		*

Economic Poles will be selected in three phases, following the plan in the next table.

Phase	When Selected	Number of Economic Poles		SC1.1 Construction
		Type 1	Type 2	
Phase 1	Project Design	10	-	PY1 – PY2
Phase 2	Year 1 – Year 2	5	10	PY2 - PY3
Phase 3	Year 3 / Mid-Term	10	15	PY4 – PY5

This plan is provisional. It can change according to circumstances, as project implementation progresses.

Economic Poles will be selected based on the following criteria:

- Area with activities of AIMS or ASPIRE;
- Area with strong potential for economic growth based on smallholder agriculture;
- Lack of infrastructure is a challenge for economic growth;
- There is strong commitment and capacity from local leaders including local authorities;
- High level of poverty and climate vulnerability, or many people from the area migrate away to find work.

Economic Poles that are important for vegetable production are given additional priority.

Selection of Economic Poles should follow a two-stage process:

1. **Stakeholder meeting** at Province to propose potential poles;
2. **Program technical meeting** at national level to verify and confirm.

The Stakeholder Meeting at Province level should be chaired by the Provincial Governor or his representative and should include:

- PDRD
- PDAFF / ASPIRE
- PDoC / AIMS Regional Hub
- Provincial Department of Women's Affairs
- Provincial Department of Mines and Energy
- Chamber of Commerce
- Partner projects
- Farmer Organisations

The Provincial Stakeholder Meeting should:

- Introduce the purpose of the meeting;
- Present the activities that can be supported by SAAMBAT
- Present the criteria for selection of Economic Poles
- Presentation by PDRD
- Presentation by AIMS
- Presentation by PDAFF
- Discussion
- Selection of areas to propose as Economic Poles.

After the meeting, PDRD should submit a short report to SAAMBAT PMU listing the proposed Economic Poles and stating how these poles match the criteria.

The **Program Technical Meeting** should be led by SAAMBAT (because this relates to a SAAMBAT activity) and should include representatives of:

- MRD / SAAMBAT
- MAFF / ASPIRE
- MoC / AIMS
- MME
- MEF-GDEPFP
- MoWA
- Farmer Organisations

- Partner projects of development partners that have signed an MOU with IFAD.

The Program Technical Meeting should:

- Introduce the purpose of the meeting
- Review the criteria for selection of Economic Poles
- Review the list of Economic Poles proposed by the Provinces
- Verify that the proposed Economic Poles match the criteria
- If there are more proposed Economic Poles that can be selected, decide which proposed Economic Poles have highest priority.

1. Table XXX: Districts Selected for Phase 1 Economic Poles									
Prov / District	Communes		Households		Veg VC Clusters		Youth %	Migr-ant	FHH %
	Total	CV <sup>1</sup>	Total	Poor	AIMS	ASPIRE			
Battambang Province									
Thma Koul	10	7	29,926	33%	1	3	35%	40%	13%
Aek Phnum	7	2	18,843	33%	1	2	17%	40%	16%
Kampong Cham Province									
Chamkar Leu	8	5	27,243	20%	0	0	16%	40%	15%
Kampong Siem	15	6	29,478	16%	0	0	14%	37%	19%
Kampong Chhnang Province									
Rolea B'ier	13	4	25,921	30%	2	3	12%	40%	20%
Sameakki Mean Chey	9	1	19,089	31%	2	1	8%	42%	15%
Kandal Province									
Khsach Kandal & Mouk Kampoul <sup>2</sup>	25	3	47,818	19%	21	12	5%	40%	15%
S'ang	16	5	45,963	22%	8	16	6%	39%	14%
Svay Rieng Province									
Romeas Haek	16	5	32,049	20%	1	4	28%	38%	15%
Svay Chrum	16	6	38,326	18%	1	6	24%	40%	17%
1. CV: Communes in 40% most climate-vulnerable; ID-Poor: % HH with ID-Poor cards; Youth: 16-30 as % of 16+ population; Migrant: % of workforce migrating to work; FHH: % female-headed households									
2. At request of MEF it was agreed to form one Economic Pole from within the boundaries of Khsach Kandal and Mouk Kampoul Districts, focussing on the Communes of importance for vegetable production									

## 6.2 Multi-Stakeholder Platform Meeting

### 6.2.1 What is the Multi-Stakeholder Platform?

Multi-Stakeholder Platform brings together farmers, businesses, government agencies and NGOs who are involved in production of an agriculture commodity in a particular location.

In AIMS, Multi-Stakeholder Platform meetings are held at two levels:

- Local cluster of producers and private sector businesses (Cluster level);
- Regional Market level.

MSP meetings are held approximately two times per year.

MSP is designed as an “open platform” process: all interested stakeholders can join, and different projects can use the MSP for planning activities.

The Multi-Stakeholder Platform:

- Gives the different stakeholders an opportunity to get to know each other and exchange information;
- Identifies opportunities to develop the value chain for a commodity (for example, by private sector investments);
- Identifies the key challenges to develop the value chain for the commodity (for example, lack of infrastructure);
- Proposed actions for private sector and public investments are listed in an “Action Plan”;
- In some cases, the Multi-Stakeholder Platform can develop into a formal organisation, but this is not necessary.

## 6.2.2 Multi-Stakeholder Platform in SAAMBAT

In SAAMBAT, the Multi-Stakeholder Platform will be used to:

- Raise awareness of SAAMBAT;
- Plan SAAMBAT investments and activities;
- Periodically, review the results of SAAMBAT activities.

Where there is already a Multi-Stakeholder Platform organised by AIMS, the stakeholders of the AIMS MSP will meet to discuss SAAMBAT. However, there may be some additional stakeholders to join the meeting, who have not participated in AIMS MSP before.

Where there is no AIMS MSP, the MSP meeting will be organised by SAAMBAT with advice and assistance from the AIMS Regional Hub and from PDAFF / ASPIRE.

The following stakeholders will participate in the MSP meeting:

- Representatives of SAAMBAT, ASPIRE and AIMS
- Local Authorities (District and Commune);
- Representatives of farmers and / or farmer organisations and / or cooperatives;
- Private sector businesses;
- Representatives of relevant other projects active in the Economic Pole.

## 6.2.3 Multi-Stakeholder Platform Planning Process

The MSP will prepare a strategic plan for Agriculture Sector Growth in the Economic Pole. The focus will be on selected value chains based on smallholder production. Up to two or three value chains can be chosen but it should not be too many. Example value chains can be vegetables, chickens, rice, field crops such as beans, cassava, fruit, cattle etc. Where vegetable production is important in an Economic Pole, this should be chosen as one of the focus value chains.

The time frame for planning should be about 5 years. Planning should include interventions of ASPIRE (extension); AIMS (market brokering and value chain finance interventions); SAAMBAT (value chain infrastructure, potential to introduce digital technology). It is hoped that other projects including AFD-WAT4CAM, AFD/KfW RID4CAM, World Bank – CASDP, ADB-AVCIIP will also participate in the MSP process and support relevant priorities. Some priorities may also be proposed to the local authorities (Commune, District) or technical line agencies in the Province.

The MSP planning document will include strategic planning, bottlenecks, and proposed interventions. In Phase 1, CPS will provide technical assistance for the MSP planning, following a five-step process:

1. Step 1 – Rapid Mapping, data collection: ASPIRE and AIMS provide the ASPIRE PB Utilization Plan and latest information about bottleneck identified in the selected Economic Pole to CPS. CPS consolidate all data including data from ASPIRE and AIMS to produce zero draft of the Economic Pole Plan;
2. Step 2 - Provincial Stakeholder Workshop: PDRD organized the provincial stakeholder workshop with the provincial administration office to go through and improve the zero draft of the economic pole plan;
3. Step 3 – MSP Planning Meeting at the Economic Pole: PDRD organize the MSP with the local champion (identified by ASPIRE and AIMS), local authority, and the line department to produce the first draft of the economic pole plan;
4. Step 4 – CPS discuss with a Programme Technical Meeting (MRD, ASPIRE, and AIMS) to include the project intervention and finalize the Economic Pole Plan. This step will include an initial screening to ensure that proposed investments are eligible;
5. Step 5 – Provincial Dissemination workshop: PDRD organize the provincial Dissemination workshop with the Provincial Administration Office.

For Phase 2 and Phase 3, this process will be reviewed and the process may be improved based on lessons learned.

## 6.2.4 MSP Planning Meeting (Step 3)

The agenda of the MSP SAAMBAT Planning Meeting will be:

- Introduction of the purpose of the meeting;

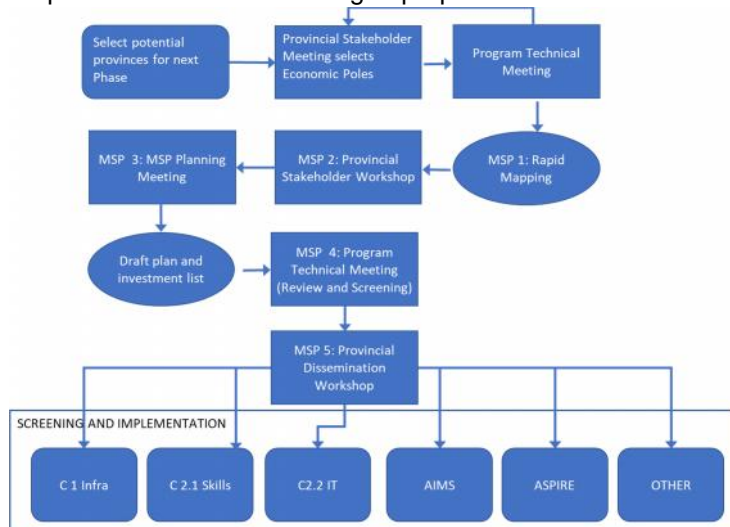
- Presentation on the activities of SAAMBAT
- Presentation on the Economic Pole:
  - What area is included in the Economic Pole
  - Why it was chosen
- Discussion on the key challenges for economic growth in the Economic Pole
- Discussion on climate change risks in the Economic Pole
- Discussion on how SAAMBAT activities can help with the challenges
- Produce a list of potential investments;
- Agree next steps.

It may not be possible to produce a full list of possible investments on the day of the meeting. Therefore, the MSP meeting will agree on how to prepare a list of investments to submit to SAAMBAT. In some cases, it may be necessary to hold a second meeting. In other cases, this may not be needed. However, the MSP stakeholders should agree on the process for finalising the proposed investment list.

PDRD send the list of proposed investments to SAAMBAT PMU.

A Program Technical Meeting is organised to review the list of proposed investments.

After the second Program Technical Meeting, the Implementing Agency for each component is responsible for final screening of proposed investments and inclusion in project activity plans.



**Figure 6: Work Flow for Target Area Selection and Planning**

### 6.3 Target Beneficiaries

47. The primary target groups of SAAMBAT are: (i) smallholder farmers with potential to strengthen market-led production; (ii) unemployed/underemployed youth (below 30 years old) from poor rural households who are willing to seek formal employment and enhance their skills accordingly; and (iii) private enterprises and cooperatives which play an important role in improving efficiency and value addition of key value chains in the Economic Poles.

For any intervention where individual beneficiaries or households are targeted, suitable beneficiaries who have ID-Poor cards, and women-headed households, will have priority.

SAAMBAT will work with members of agriculture value chain business clusters supported by ASPIRE and AIMS. Both these projects have pro-poor targeting strategies, so the targeting of SAAMBAT will automatically also be pro-poor.

The project will make every effort to ensure that women have equal opportunity to benefit from the project with men. It is expected that 50% of individual beneficiaries will be women in each component, sub-component and activity.

Direct beneficiaries of SAAMBAT will mainly be people who live in the Economic Poles. However, this will not always be the case, particularly for Component 2. The following types of beneficiary, who may not live in the EP, can be counted in project results:



- Rural youth who meet the criteria for skills training support can participate in SDF training programmes financed by SAAMBAT, regardless of whether they live in an Economic Pole;
- Users of digital technology applications linked to the KAS, regardless of whether they live in the EP.

However, the outreach campaigns by service providers SSP2 and SSP3 will focus on the EP, so is expected that the majority of beneficiaries contacted through these outreach campaigns will live in the EP.

In any target area with a significant indigenous ethnic minority population, which may include areas where ASPIRE specifically targets indigenous groups in Stung Treng Province, project planning activities will take specific consideration of the need and interests of the indigenous groups. This will include engagement with the preferred leaders and representative of the groups and application of the principle of full and informed consent. Lessons learned from MRD's recently completed IPLR project which financed infrastructure for indigenous minority communities will be applied.

#### **6.4 AWPB Preparation**

Preparation of the SAAMBAT AWPB will begin in September of the previous year (i.e. preparation of AWPB for PY2 begins in September of PY1).

The target is to send the AWPB to IFAD for No Objection in early December.

Each Implementing Agency is responsible to prepare the AWPB for the sub-components it is responsible for, subject to:

- Compliance with annual output targets, which will be approved by the Project Steering Committee;
- Compliance with disbursement targets, which will be approved by the PSC;
- Consistency with the Financing Agreement, Project Design Report, Cost Tables and PIM.

PMU will check these criteria but will not involve in the detailed AWPB preparation of MEF-PIU and the Component 2 implementing agencies.

The submission from each IA must include:

- Summary of progress against output indicators, showing achievement expected up to the end of the current year, expected achievement during the next (AWPB) year, and targets defined in the PIM;
- Summary of disbursement progress showing cumulative disbursement expected at the end of the current year, planned disbursement by the end of the AWPB year, and comparison with component disbursement profiles in the PIM.
- PMU will consolidate these figures to summarise planned progress and disbursement for the project as a whole.

The process for preparation of the AWPB is shown in the figure below.

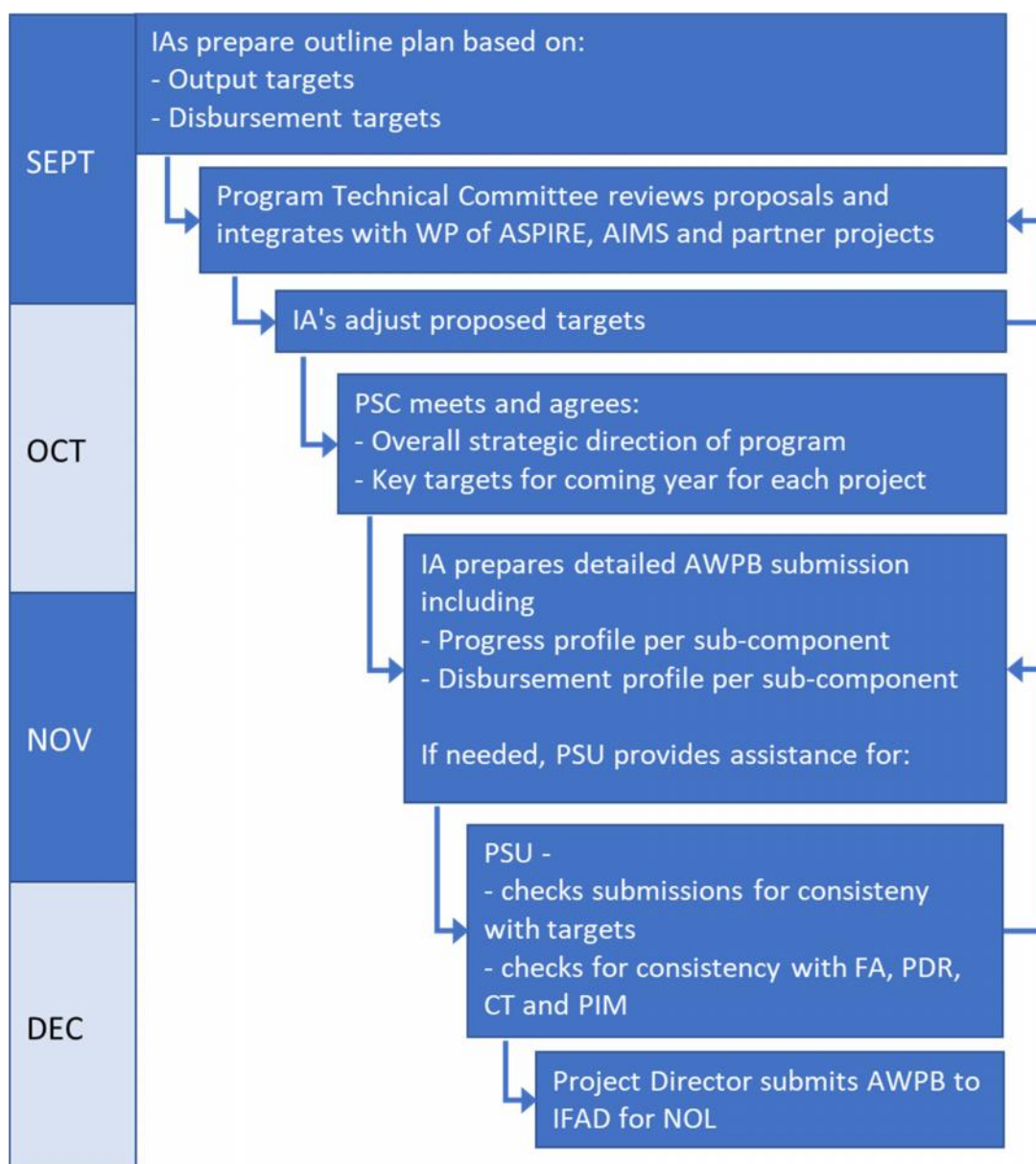



Figure 7: Work Flow for AWPB Preparation

## 7 Social and Environmental Safeguards and Climate Change Adaptation

 This section of the PIM:

- Describes the framework for compliance with IFAD's global standards for social and environmental safeguards (ESS) and climate change adaptation.

### 7.1 Environmental and Social Safeguards Principles

All project activities must comply with IFAD policies for Environmental and Social Safeguards (ESS). Primarily, this will affect infrastructure investments under Sub-Component 1.

IFAD is committed to mainstreaming social, environmental and climate change solutions in project design and implementation. The procedures for this are described in IFAD's Social, Environmental and Climate Assessment Procedures (SECAP) Manual<sup>2</sup>.

#### Summary of IFAD Values and Principles for Environment and Social Safeguards and Climate Change (from SECAP guideline)

- i. Address the vulnerability and adaptation priorities of rural people;
- ii. Promote the conservation, rehabilitation and sustainable use of natural resources and key ecosystems in an integrated manner;
- iii. Minimize adverse social impacts and incorporate externalities
- iv. Implement participatory approaches, with special emphasis on the participation of and benefits to women, youth and site-specific target groups;
- v. Promote the development of indigenous people and other marginalized groups;
- vi. Avoid involuntary resettlement wherever possible;
- vii. Promote sound agricultural and manufacturing processes;
- viii. Promote SECAP compliance monitoring;
- ix. Ensure stakeholder consultation, transparency and accountability through the life of programmes and projects;
- x. Support borrowers in achieving good international practices

All IFAD projects are subject to an environmental, social and climate risk screening and are assigned a risk category for environmental and social standards (A, B or C) and for climate vulnerability. A SECAP Review Note has been prepared for SAAMBAT during project design. The SECAP review note includes an Environment, Social and Climate Screening Checklist (attached to the PIM as Annex 6) and an Environment and Social Management Plan (Annex 7). Based on the Screening Checklist, SAAMBAT is assessed as ESS Category B and Moderate climate vulnerability.

It is important that PMU and the services provider SSP1 study the Screening Checklist and the ESMP carefully to understand the risks that have been identified and proposed risk management measures. In particular, certain types of sub-project location or sub-project type may not be eligible because, in the Screening Checklist, it is stated that the project will not include these locations or activities (otherwise it would be classed as Category A).

Reference should also be made to the SECAP Manual and its Guidance Notes.

## 7.2 Managing Environment and Social Risks

**ESS Category B** means that may have some adverse environmental and / or social impacts on human populations or (less likely) on environmentally significant areas, but the impacts (i) are less adverse than those for category A; (ii) are site specific and few are irreversible in nature; and (iii) can be readily remedied by appropriate preventive actions and/or mitigation measures.

For each Economic Pole with infrastructure activities, an Environmental, Social and Climate Risk Assessment (ESCRA) will be prepared by the Technical Services Consultant, SP1, and will be approved by the Project Director. The ESCRA is prepared by SP1 before conducting feasibility studies of infrastructure sub-projects. The ESCRA covers the whole of one Economic Pole and identifies the type and location of risks that may need to be studied at scheme level. Examples of risk include, but are not limited to:

- Location of environmentally sensitive areas (e.g natural wetlands, national parks and wildlife reserves etc) within the Economic Pole;

<sup>2</sup> IFAD (2017): Social, Environmental and Climate Assessment Procedures – Managing risks to create opportunities. <https://www.ifad.org/en/document-detail/asset/39563472>

- Any major environmental concerns related to agriculture in the Economic Pole (e.g. pollution from excess use of fertilisers);
- Areas that may be sensitive for land conflicts;
- Areas where indigenous minority groups live or areas minority groups use for their livelihood;
- Evidence of climate change effects in the area
- Projected future climate trends
- Areas at high risk of climate related disaster (floods, droughts).

The SSP1 will cross-reference the ESCRA with the Screening Checklist and the ESMP to verify which of the risks identified at project level applies in the EP.

For each infrastructure sub-project, the SSP1 will carry out ESS screening based on the risks identified in the ESCRA. Screening procedures will include a pre-design meeting with the local community to identify potential negative impacts and also to identify opportunities for positive environmental or social impacts.

If there is a significant risk of environmental damage, the SP1 will then carry out a full Environmental Impact Assessment and prepare an Environmental Management Plan (EMP). If the infrastructure sub-project will require land acquisition or impact the rights of existing land users, the SP1 will prepare a Land Acquisition Plan.

Design of infrastructure sub-projects will integrate any necessary measures to mitigate or minimise environmental impacts and to minimise impacts on land users;

In all cases, environmental management procedures will be included in construction contracts and implementation will be monitored by the SP1. For low environmental risk projects, a standard EMP will be used.

In all cases, procedures to safeguard the right of land users will be included in construction contracts and implementation will be monitored by the SP1. In all cases, including where no permanent land acquisition is needed, this will include requiring the contractor to prepare a Temporary Land Use Plan for areas such as borrow pits, site camps etc. The TLUP must be based on agreements between the contractor and the land owner and includes specifying the final condition of the land when it is handed back to the land user. This will be monitored by SP1.

In case of any sub-project that may impact the rights of ethnic minority groups, a plan to safeguard ethnic minority rights will be agreed through discussions with leaders of the ethnic minority group. Other safeguard issues that must be managed in line with the SECAP Manual Guidance Notes include:

- Ensuring that equal opportunities, worker's rights under the labour laws and regulations, and health and safety at work are respected in project implementation. Construction contracts should include a standard clause stating the contractor's obligations in this respect;
- Community health and safety, including avoiding accidents during construction, and avoiding or minimising road traffic accidents on the project roads;
- Ensuring no negative impacts on cultural heritage.

SSP1 will prepare detailed procedures for:

- Environment, Social and Climate Risk Assessment (ESCRA) at Economic Pole level;
- ESS screening of all infrastructure sub-projects;
- Preparation of sub-project Environmental Management Plan, where needed;
- Preparation of Land Acquisition Plan, where needed;
- Procedures for mainstreaming ESS in construction contracts and in supervision.

After review, the Project Director will submit these procedures to IFAD for No Objection.

So far as possible, in preparing these procedures SSP1 will identify, adapt as needed and use standard procedures or procedures that have been used successfully on previous MRD projects. For example, the ESS standards of ADB are similar to those of IFAD so procedures used on the RRIP-II

project should be suitable for use in SAAMBAT. Reference will also be made to relevant Guidance Statements annexed to the IFAD SECAP guideline<sup>3</sup>, in particular Guidance Statement 10 – Rural Roads.

### **7.3 Climate Change Adaptation Principles**

**Moderate climate risk category** means that the project is not expected to increase the climate vulnerability of the target communities. However, climate change may potentially impact on agriculture value chains supported by the project. Climate risk assessment and appropriate climate-proofing measures must be integrated in infrastructure feasibility study, design and construction for the project. Climate change adaptation must be mainstreamed in project planning, design and implementation of activities. This primarily affects Component 1. However, climate change adaptation may also be relevant to some proposed activities under Component 2.

#### **7.3.1 Climate Vulnerability Assessment**

Climate Vulnerability Assessments are prepared by District and Commune level administrations as a part of their Development Planning process. A procedure for climate vulnerability assessment based on the Vulnerability Reduction Analysis (VRA) methodology is included in the official guidelines for Commune Development Plan and District Development Plan issued by Ministry of Planning and NCDD-S.

However, District and Commune administrations find it challenging to carry out this process without assistance. In Districts implementing climate resilient infrastructure under Component 4 of ASPIRE, NCDD-S supports climate vulnerability assessments following the Development Planning guideline. In Districts with ASPIRE Component 4, the Environment, Social and Climate Change Risk Assessment will make use of the District Vulnerability Assessments to identify the type and location of climate-related risks. In other areas, SAAMBAT will liaise with ASPIRE and NCDD-S to explore options for supporting vulnerability assessments in the planning process.

#### **7.3.2 Climate Proofed Design**

General climate related risks will be identified by the ESCRA and the feasibility study will identify how these risks affect each sub-project.

SP1 will integrate climate change adaptation measures in design of sub-projects to ensure that the outputs are not at risk of damage from climate conditions or extreme climate events, taking expected future climate change trends into account. SP1 will make use of climate proofed designs prepared by previous MRD projects where these are cost-effective for the SAAMBAT sub-project. Key issues for climate-proofing road sub-projects are likely to include:

- Ensuring that cross-drainage structures are adequately designed to handle future climate trends based on an estimate maximum fifty-year flood event;
- Ensuring that embankments are high enough to avoid road pavements being submerged during extreme (estimated fifty-year maximum) flood events;
- In case that this is the most cost-effective solution, use of concrete paving for roads that are likely to be submerged in extreme flood events;
- Protection of earthworks against erosion by flood flows;
- In areas of steep topography, consider risks of landslide that may be made more severe by increased intensity of rainfall and / or by deforestation.

SP1 will also take into account the impact of the road construction and road drainage design on drainage patterns in the area. This may include considering how the road infrastructure may assist in flood protection, drainage and water management.

### **7.4 Costs of Environmental and Social Safeguards and Climate Change Adaptation**

Costs of environmental and social safeguards and climate change mainstreaming will include:

- The costs of the Environment, Social and Climate Risk Assessments (ESCRA),
- The costs of sub-project level risk analysis and preparing risk management plans;

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<sup>3</sup> IFAD (2017): Social, Environmental and Climate Assessment Procedures – Managing risks to create opportunities. <https://www.ifad.org/en/document-detail/asset/39563472>

- The costs integrating climate-proofing measures into the designs,
- The costs of implementation of climate-proofing measures (and any other costs that the risk management plans impose on contractors);
- The costs of monitoring and ensuring compliance with the risk management plans and safeguard measures.

The Special Services Provider 1 (Technical Consultant) is responsible for the ESCRA and for implementing safeguards and climate change proofing in the study, design and supervision of infrastructure sub-projects. These tasks must be clearly identified in the SSP1 TOR. Therefore, the costs of these activities are part of the budget line for the SSP1.

Additional costs of constructing infrastructure to climate-proofed standards, and any additional costs of implementing safeguards that are the responsibility of the construction contractor (for example, environmental protection measures during construction) are part of the cost of the construction contracts under Component 1,

Component 1 includes a specific budget line for additional costs related to safeguards and climate change adaption. This budget line can be used for the costs of participatory meetings, trainings etc related to vulnerability assessments, safeguards studies and related topics.


## 7.5 Mainstreaming Climate Change Adaptation in Component 2

SAAMBAT Component 2, Skills, Technology and Enterprise, is not expected to result in significant negative environmental or social impacts or climate risks.

For some types of activity, there may be opportunities to mainstream climate change adaptation in Component 2 activities. Examples could include:

- Consideration of the likely effects of climate change, and need for new skills for climate change adaptation, in the needs assessment for skills training (SC2.1);
- Support to young entrepreneurs with business ideas that support climate change adaptation (SC2.1);
- Development of uses of existing digital technology to support climate change adaptation (SC2.2);
- Development of innovative digital technology applications to support climate change adaptation (S2.2).

## 8 Gender Action Plan

 This section of the PIM describes how gender mainstreaming principles will be implemented in SAAMBAT through a Gender Action Plan.

SAAMBAT will ensure that all project supported activities will mainstream gender and promote economic empowerment of women. This will be done through preparation and implementation of a Gender Action Plan (GAP). The GAP will be prepared during the project start-up phase. Preparation of the Gender Action Plan will be led by PMU in MRD with the involvement of MEF. The Gender Focal Point in MRD will be invited to support preparation of the Gender Action Plan. Ministry of Women's Affairs (MoWA) will be invited to review and comment on the SAAMBAT Gender Action Plan.

The Gender Action Plan will include at least the following topics:

- Define gender mainstreaming principles to be followed by all SAAMBAT implementation activities;
- Awareness raising to ensure that all SAAMBAT stakeholders are aware of gender mainstreaming principles, and the practical implications for their responsibilities in implementing SAAMBAT;

- Strategy to ensure that gender targets specified in the Logframe are achieved in each sub-component of SAAMBAT;
- Ensure that the SAAMBAT M&E system records data needed to verify gender targets in the logframe;
- Outline work plan for the Gender and Youth Specialist in PMU;
- Liaison and cooperation with MRD Gender Focal Point and with MoWA.

Recruitment procedures for staff, individual consultants and service providers in SAAMBAT will actively promote and encourage employment of women, particularly in areas where women are under-represented. The Gender Action Plan will include guidelines for preparing TOR and other recruitment procedures to achieve this.


The Gender Action Plan will highlight actions needed to ensure gender equity and due consideration of women's needs in each component and sub-component. In particular:

- The MSP should ensure adequate representation of women stakeholders, and that women stakeholders are encouraged to advocate for women's needs;
- Design of infrastructure should take women's needs into account, based on stakeholder consultations, and should identify opportunities to adapt designs to increase benefits to women;
- Women's access to RET, and support to RET applications that specifically address women's needs, will be encouraged. Likewise, water management activities will be designed taking women's needs into consideration;
- In SC2.1, the needs assessment should take full consideration of (1) types of training that are likely to be preferred by women trainees; and (2) ensure that women have full access to training, including consideration of how location and timing of trainings may affect women differently from men;
- Also in SC2.1, women entrepreneurs, and business ideas that meet the needs of women, will be particularly encouraged in the Rural Business Incubator;
- In SC2.2, women's access to and use of digital technology will be enhanced, including identifying uses of existing digital technology or innovative digital applications that meet women's needs;
- Also in SC2.2, women digital developers and entrepreneurs will be encouraged.
- Under 2.2, digital technologies or apps that could contribute to reduced/ more equitable workloads for women (develop efficient tools for women's activities) will be encouraged.
- Under 3.2, the gender mainstreaming support will include gender transformative activities such as functional literacy, and gender action learning systems to address sensitive issues such as gender based violence and workload balance, and representation and voice for women in decision-making forums across the program.

The Gender and Youth Specialist in PMU will be responsible for monitoring implementation of the Gender Action Plan in coordination with other stakeholders. The Gender Action Plan will be reviewed by IFAD during project supervision. The Gender Action Plan will be updated as needed during project implementation.

The Gender Action Plan will also ensure contributions to the three IFAD Gender Policy objectives (promote economic empowerment; enable women and men to have equal voice and influence; achieve a more equitable balance in workloads and in the sharing of economic and social benefits).

## 9 Stakeholder Engagement and Transparency

 This section of the PIM describes principles and procedures for stakeholder engagement in implementation of SAAMBAT including active participation of beneficiaries in planning, implementation and M&E. The section describes transparency arrangements including public release of project documents and management of issues and complaints raised by stakeholders.

### 9.1 Participatory Methods

SAAMBAT is committed to engage stakeholders including project beneficiaries as participants in the implementation process.

SAAMBAT is committed to a transparent approach allowing stakeholders including project beneficiaries access to the maximum amount of information about the project, its planned activities and outputs, implementation process and results.

Stakeholder engagement and transparency result in a better project because:

- Stakeholders' knowledge about the local situation, and the needs and priorities of beneficiaries, are integrated into the design of project outputs;
- Stakeholders and beneficiaries can assist in monitoring implementation and can provide ideas and advice;
- If any problem occurs, stakeholders and beneficiaries can tell the project management about it so the problem can be solved before it becomes more serious.

The primary method of stakeholder engagement in SAAMBAT is through the Multi-Stakeholder Platform (MSP). The MSP will conduct a special meeting to propose SAAMBAT project outputs and will reflect on progress in future meetings.

SAAMBAT will also engage with stakeholders in the following ways:

- For infrastructure sub-projects, there will be a pre-design meeting with the local community. This meeting will (1) disseminate information about the proposed sub-project; (2) identify any environment or social risks; (3) ask for ideas from the local community to improve the design or achieve additional benefits from the sub-project; and (4) ensure that local authorities and the local community know how to communicate with the project in case of need;
- Community representatives will be engaged in monitoring implementation of infrastructure sub-projects, especially implementation of environmental management plans and land acquisition plans;
- Stakeholder engagement for RET, skills development and digital technology activities will be based on the business clusters supported by AIMS and ASPIRE. For skills training, the needs and priorities of rural youth will be identified through focus groups and individual interviews;
- The Annual Outcome Survey and the Major Impact Survey will make use of focus group discussions with project beneficiaries.

### 9.2 Publishing Project Information on the Website

In line with IFAD and RGC policies, SAAMBAT will publish the maximum possible amount of information on the project website.

Project documents to be made available include:

[List of documents to be published]

### 9.3 Procedure for Handling Issues and Complaints

SAAMBAT will also provide the opportunity for stakeholders to raise concerns or submit formal complaints. Complaints and concerns may be raised through one of the following channels:

- Directly with project staff and consultants;
- Through local authorities;



- By telephone to SAAMBAT PMU ;
- Through the SAAMBAT website.

Contact numbers for SAAMBAT PMU and details of how to communicate with the project through the website will be disseminated to stakeholders in the project areas.

SAAMBAT will follow a formal procedure to record and investigate any issues or complaints raised. The procedure will be consistent with SOP Manual Section C Sub-section (viii), paragraph 43. The following procedure is followed:

One staff member of PMU is assigned to record and manage issues and complaints;


All SAAMBAT staff members and consultants must know that if an issue or complaint is raised, unless they can solve the problem immediately, they must notify the responsible staff member in PMU;

The responsible staff member must keep a clear record including:

- Date the complaint or issue was notified;
- How the complaint or issue was notified;
- Name and contact number of the person raising the issue or complaint, if known;
- Details of the issue of complaint, including exact information such as dates, places etc if known;
- After recording the issue or complaint, the responsible staff member reports to the Project Manager who decides what action to take;
- All issues and complaints should be followed up. Findings and actions taken must be recorded by the responsible staff member.
- The records of the issues and complaints procedure must be available for inspection by the IFAD supervision mission and for audit.

In addition, project stakeholder have the right to raise grievances through other channels as described in the SOP Manual Section C Sub-section (viii), paragraph 43. Procurement related complaints are handled in accordance with SOP Manual Section G sub-section 5, paragraph 139. One advantage of an effective system for responding to issues and complaints internally is that stakeholders do not feel they need to refer issues and complaints to outside institutions.

## 10 Monitoring, Evaluation and Knowledge Management (M&E and KM)

 This section of the PIM describes the Monitoring and Evaluation arrangements for SAAMBAT including:

- Purpose of M&E and knowledge management;
- Types of data collected;
- M&E tools (methods of data collection);
- M&E responsibilities;
- How new knowledge and lessons learned from SAAMBAT implementation is identified, documented and shared.

### 10.1 Basis of SAAMBAT M&E System

The SAAMBAT M&E System complies with standards and guidelines from RGC and from IFAD. In particular, it conforms with:

- The IFAD Results and Impacts Monitoring System (RIMS);
- The Evaluation Manual prepared by IFAD's Independent Office of Evaluation (IOE);
- IFAD Knowledge Management Strategy; and
- M&E requirements of RGC's Standard Operating Procedures (SOP).

In line with IFAD's global Development Effectiveness Framework, M&E and Knowledge Management in SAAMBAT will be guided by the following objectives:

- Strengthening the focus on results through the project cycle;
- Enhancing self-evaluation and learning for results;
- Fostering and the use of evidence in project management.

## 10.2 Program M&E

SAAMBAT is designed to deliver its results through close cooperation with other projects in the IFAD Country Strategic Opportunities Program (COSOP) and with projects financed by other development partners. In the future, RGC and IFAD intend to introduce program M&E approach in which outcomes and impacts will be measured for the whole program using integrated tools and methods.

In the SAAMBAT design, M&E remains mainly at project level. However, SAAMBAT M&E will share tools, methodology and indicators with other projects:

- SAAMBAT M&E contributes to measurement of combined indicators in the COSOP;
- SAAMBAT will use a Management Information System based on the one used in ASPIRE. SAAMBAT will extend this system using Geographic Information System (GIS) technology for mapping the location of outputs and beneficiaries. The GIS functions will be shared with ASPIRE and AIMS.
- SAAMBAT will make use of data collected in household surveys for ASPIRE and AIMS.

## 10.3 Purpose of M&E and Knowledge Management

M&E and Knowledge Management in SAAMBAT has the following purposes:

- Measure and assess progress towards the Project Development Objective;
- Measure and demonstrate the results (Outputs, Outcomes and Impacts) achieved by the project;
- Ensure project management have full, accurate and timely information on progress including identifying challenges and formulating responses;
- Ensuring IFAD project supervision has adequate information to assess project performance;
- Measure Value for Money: cost of achieving the outputs. Where possible, Value for Money will also measure the cost of achieving outcomes;
- Raise awareness of project achievements, share knowledge and support partnership building

## 10.4 Project Monitoring Data

The SAAMBAT M&E system measures the following types of data:

- Type, quantity location and cost of project outputs;
- Technical data, including traffic counts before and after construction on roads
- Number, characteristics and location of project beneficiaries. Wherever possible, beneficiaries will be individually identified and counted separately by gender, age group and poor / non-poor;
- Indicators in the project logframe. There are three levels of indicators:
  - Output Indicators
  - Outcome Indicators
  - Impact Indicators.
- Additional indicators in the COSOP results framework
- Progress indicators including:
  - Achievement against annual targets in the AWPB;
- Additional qualitative information (that cannot be expressed in numbers). This includes:
  - Beneficiary satisfaction: what are the views of the project beneficiaries on SAAMBAT process and outputs?
  - Information on how the project outputs resulted in the observed outcomes (cause and effect);
  - Lessons learned from project implementation;

- Opportunities identified (e.g. activities that are not in SAAMBAT design but could contribute effectively to the project objectives, if added to SAAMBAT or included in a future project).

## 10.5 Data Collection Tools

SAAMBAT monitoring data is collected using the following tools:

- Management Information System (MIS)
- Reporting by Service Providers (including technical data)
- Annual Outcome Survey;
- Major Impact Survey;
- Studies of specific topics, as needed (Special Studies)

### 10.5.1 Management Information System (MIS)

The SAAMBAT MIS will be based on the MIS already in use for ASPIRE. SAAMBAT will engage an MIS design expert who will study the ASPIRE MIS and determine if it can be adapted for SAAMBAT, or if it is better to design a new system for SAAMBAT. The SAAMBAT and ASPIRE MIS systems should be compatible (able to share data).

The MIS system will be web-based so that SAAMBAT field staff can upload data directly into the system using an Android OS mobile device (tablet or smart-phone). ASPIRE MIS uses tablets and will not function well on a smart-phone, however for long term sustainability a system that can be used on a smart-phone is preferable.

The MIS will capture the following types of data:

- Data on project outputs:
  - Type
  - Location (GIS coordinates)
  - Cost
  - Simple baseline indicators, appropriate to each output type (e.g. traffic counts, for roads)
  - Start date
  - Completion date
  - % completion
- Data on project beneficiaries
  - Unique number identifying the beneficiary
  - Name
  - Place of living and GIS coordinates
  - Gender
  - Age
  - Education level
  - Occupation
  - Relationship to head of household
  - Number of people in household
  - Household has ID-poor card
  - Amount of rice land owned by household
  - Amount of house land owned by household
  - Amount of other land owned by household
  - Information on livelihood activities, relevant to the project output

### 10.5.2 Reporting by Service Providers

All special service providers (SSP) are required to report data needed for the M&E system. These requirements are included in the Service Provider TOR. If the TOR does not require specific M&E staff for the service provider to carry out these responsibilities, the work must be done by the technical staff.

SSP1 (Technical Consultant) is responsible to carry out traffic counts for all roads before and after construction. Detailed traffic counts will be taken for DBST roads. Traffic count estimates will be made

for laterite roads. Outline specifications for the traffic counts are provided in the TOR for SSP1. Detailed proposals for the traffic count methodology are required in the SSP1 Inception Report. SSP1 will also provide basic before-and-after use data for other types of infrastructure:

- Ferry crossing: traffic count; frequency of ferry operation; cost per passenger / vehicle;
- Market improvement: Number and total area (square metres) of market stalls; traffic count on road(s) into and out of the market;
- Collection point / logistical facility: volume of commodities traded through the facility each day (e.g. kg of vegetables).

SSP2 (Skills Development) will report on:

- Enter data on pre-training courses and other outputs in the MIS;
- Enter data on all trainees in MIS
- Date of completion of the pre-training course
- Skills pathway (national training course, local training course or own business start-up)
- Which training course the trainee was assigned to;

SSP2 will select a random sample of trainees assigned to national and local training courses and will follow up with those trainees annually until the end of the project, to record:

- Current occupation
- Income
- Satisfaction with the training received

SSP3 (Digital Technology) will report on:

- Enter data on training courses and other outputs in the MIS
- Enter data on trainees in the MIS
- Monitor and report on use of digital technology by beneficiaries.

More details on the reporting requirements are included in the TOR for SSP2 and SSP3 (Annex 3).

### **10.5.3 Monthly Statistical Reports**

[Not sure these are needed as a separate thing from the MIS]

### **10.5.4 Annual Outcome Survey**

The Annual Outcome Survey will start in PY3. The results of the Annual Outcome Survey are reported in the Annual Report.

The Annual Outcome Survey measures the Outcome Indicators in the Project Logframe.

Each Implementing Agency is responsible for the Annual Outcome Survey for the component it is responsible for.

The methodology of the Annual Outcome Survey will be developed by SAAMBAT PMU in consultation with the implementing agencies and with IFAD.

### **10.6 Major Impact Survey**

The primary purpose of the Major Impact Survey is to measure progress against the Impact level indicators in the Project Logframe. The indicators to be measured by the Major Impact Survey are:

- Number of households accessing services supported by the project;
- Productivity of labour in agriculture and in agriculture value-chain activities;
- Variability of earnings with climate conditions;
- Earnings per day from on-farm and off-farm work;
- Number of households reporting improved physical access to markets, processing and storage facilities;
- Number of roadside businesses;
- Number of households reporting water shortages for production
- Number of persons using RET;
- Skills, training and employment patterns;
- Knowledge and use of digital technology.

The Major Impact Survey will also collect background data to demonstrate the effectiveness of the SAAMBAT project approach and to improve knowledge for further development of IFAD Country Program strategy.

The Major Impact Survey will be carried out by a service provider (SSP4). SSP4 will carry out three surveys:

- Baseline Survey in PY1, focussing on the Phase 1 Economic Poles
- Interim Survey in PY3, including both follow-up on Phase 1 Economic Poles and baseline information for Phase 2 / Phase 3 Economic Poles;
- Final Survey in PY6.

Unlike [AIMS], ASPIRE and previous IFAD projects, the Major Impact Survey will not be limited to a household survey. The Major Impact Survey will use the following sources of information:

- Available household survey data from ASPIRE and [AIMS] surveys;
- Data from SAAMBAT MIS;
- Demographic and socio-economic data from Commune Database;
- Household survey data of a small sample of households;
- Focus group discussions and key informant interviews with SAAMBAT beneficiaries (particularly for road schemes)
- Observation of impacts of road schemes, for example on number of businesses operating on the roadside.

A detailed TOR for the Major Impact Survey is provided in Annex 3.

### **10.6.1 Special Studies**

In addition to the general data collection methods. SAAMBAT supports studies on specific topics. The purpose of these studies is to generate new knowledge and help develop policy and program strategy. These studies are funded under SC2.3 of SAAMBAT.

### **10.7 Reporting and Knowledge Management**

The following methods are used to analyse and report the data collected by the SAAMBAT M&E system:

- Project Website
- Project Dashboard
- Geographic Information System (GIS)
- Semi-Annual and Annual Reports;
- Value for Money Analysis
- Updated Project Logframe;
- Updated COSOP Results Framework;
- Knowledge Products

### **10.8 Project Website**

SAAMBAT will create a Project Website that will:

- Present information about the purpose and design of SAAMBAT
- Link to other websites related to the IFAD Country Program
- Summarise progress
- Highlight achievements
- Include links to the MIS, the Project Dashboard, GIS etc
- Download knowledge products
- Find contact information
- Submit complaints, if necessary.

### **10.9 Project Dashboard**

The Project Dashboard is a summary of project progress. It is based on information in the MIS, financial reporting and IFAD Supervision Mission reports. The Project Dashboard includes:

- Target areas, beneficiaries and activities

- Progress to AWPB targets
- Outputs
- Outcomes (based on the Annual Outcome Survey)
- Updated Project Logframe
- Disbursement by component
- Performance Ratings, based on Supervision Mission reports.

### **10.10 Geographic Information System (GIS)**

The Geographic Information System (GIS) will analyse and present data from the MIS using maps and charts to illustrate:

- Locations of SAAMBAT Economic Poles and outputs
- Number, location and type of beneficiaries
- Characteristics of the Economic Poles
- Outcome Indicators, by Economic Pole
- Other geographic data that helps users to understand the progress and results of SAAMBAT.

### **10.11 Six-Month and Annual Reports**

Six-Month and Annual Reports are summary reports based on data collected. There should be no need to collect additional data specifically for the Six-Month and Annual Reports. Most data are in the MIS or are based on financial reports. The Six-Month report should include a short narrative section focussing on challenges and proposed solutions. The Annual Report should have a longer narrative section but there is no need for the narrative to repeat the information presented in tables.

Each implementing agency is responsible to prepare a six-month and annual progress report.

Minimum requirements for the six-month and annual progress reports are:

- Activities completed
- Outputs completed
- Progress against AWPB targets
- Disbursement (the six-month report should include an updated projection of disbursement up to the end of the year);
- The Annual Report should include results of the Annual Outcome Survey (after PY3)
- Challenges faced and proposed solutions.

The Six-Month Report must be submitted to MEF and IFAD no later than 31 July each year. The Six-Month report is a summary factual report about physical implementation of the project. The Six-Month Report is submitted together with the six-month Financial Progress Report (see Chapter 18).

### **10.12 Value for Money Analysis**

The purpose of Value for Money (VFM) Analysis is to analyse the costs of producing each type of output in the SAAMBAT logframe, including:

- Cost per unit of output;
- Cost per beneficiary;
- Cost of achieving Outcome Indicators, based on the Annual Outcome Survey from PY3 on.

The Value for Money Analysis should not only present data on SAAMBAT but should compare:

- Are SAAMBAT costs the same, higher or lower than costs of similar outputs in other projects? If they are higher or lower, what is the reason?
- Can we learn which types of outputs contribute most cost-effectively to outcomes?

VFM is based on information on outputs and costs in the MIS and on data from SAAMBAT financial reports.

The VFM Analysis should be reported annually in the Annual Report.

### **10.13 Updated Project Logframe**

Each year, the Project Logframe (Annex 1) is updated based on the latest available information on indicators at each level (Output, Outcome and Impact).

The project logframe should be updated in preparation for the IFAD Supervision Mission each year. The Updated Project Logframe can be accessed on the Project Website and is annexed to the Project Annual Report.

### **10.14 Updated COSOP Results Framework**

Each year, SAAMBAT provides data on the contribution made by SAAMBAT to achievement of relevant indicators in the COSOP Results Framework. For the COSOP 2013-21, the relevant indicators are:

COSOP Strategic Objective SO1: Poor smallholders enabled to take advantage of market opportunities

- 15 innovation sub-projects at different development stages approved for financing. Sub-projects under SAAMBAT SC2.2 count towards this indicator;
- At least one scheme integrating infrastructure and business development services for smallholder market products is successfully demonstrated. This requires demonstration of linkages between SAAMBAT Component 1 and Component 2 in at least one Economic Pole.

COSOP Strategic Objective SO2: Poor rural households and communities increase resilience to climate and other shocks.

- At least 50% of COSOP local level investments targeted to the most vulnerable 40% of Communes, as measured by the Commune Vulnerability Index of Ministry of Environment.

COSOP Strategic Objective SO3: Poor Rural Households improve access to strengthened rural service delivery by Government, civil society and private sector agencies.

- At least one major policy study and associated publication will be produced, discussed with stakeholders and disseminated. The feasibility study for wholesale markets for safe vegetables (SC2.3) will count towards this indicator.

However, a new COSOP will be adopted by 2021. Therefore, the COSOP indicators reported by SAAMBAT will change by PY2.

### **10.15 Knowledge Products**

SAAMBAT will support the production of a number of high-quality knowledge products. A knowledge product may be:

- A document such as a report, research paper or policy brief;
- Audio-visual materials such as video clips;
- Knowledge products formatted for Internet dissemination.

Knowledge products are based on the data and reports generated by the SAAMBAT M&E system and on strategic and policy studies. Before publishing as a knowledge product, the material should be:

- Reviewed and improved by further data analysis, where needed;
- Review the content for accuracy and consistency, with review preferably by an independent expert;
- Ensure the knowledge product makes a real contribution to knowledge (it does not just repeat information or findings that specialists working in agriculture development or rural development in Cambodia are already familiar with);
- Present the knowledge product to a high professional standard (document editing, video production etc).

Knowledge products should be short and accessible: for a major report, it is better to prepare a short summary to a high standard, rather than publish the whole report.

Knowledge products should be presented and discussed at workshop or seminar events where leaders and decision-makers of government, development partners and private sector are present.

## **10.16 M&E Roles and Responsibilities**

### **10.16.1 PMU**

SAAMBAT PMU has overall responsibility for monitoring and evaluation of SAAMBAT. Under the Project Director, the Project Manager is responsible for ensuring that the M&E Workplan is completed on time and to a high standard. The Project Manager is assisted by:

- The M&E Officer;
- The M&E Adviser;
- Short-term consultants, e.g. for development of the MIS and GIS systems.

SAAMBAT PMU will:

- Prepare the annual M&E Work Plan in consultation with the implementing agencies;
- Prepare, implement and manage the MIS and GIS systems;
- Liaise with service providers SSP1, SSP2 and SSP3 to ensure they provide monitoring data as required by their TOR;
- Contract service provider SSP4 to conduct the Major Impact Survey;
- Liaise with implementing agencies to plan preparation of the Six-Month Report and Annual Report;
- Review and consolidate the Six-Month Report and Annual Report, and prepare summary sections;
- Prepare the Value For Money Analysis;
- Maintain and update the project website and the Project Dashboard;
- Update the Project Logframe;
- Report on SAAMBAT contribution to relevant COSOP indicators;
- Manage production of knowledge products.

### **10.16.2 PDRD and SAAMBAT Facilitators**

PDRD and the SAAMBAT Facilitators have an important M&E function. They:

- Work with the Service Provider SSP1 to collect monitoring data on infrastructure outputs, and enter the data into the SAAMBAT MIS;
- Liaise with RET suppliers (SC1.2) and service providers SSP2 and SSP3 (SC2.1 and SC2.2) to ensure that relevant data are entered in the MIS;
- Support the Annual Outcome Survey;
- Collect and report other field data as needed.

SAAMBAT facilitators will be trained in use of the MIS and will have a general function to support the MIS at local level.

### **10.16.3 MEF-PIU**

MEF-PIU is responsible to ensure that monitoring data for Component 2 are collected and reported. Most data will be collected by the service providers SP2 and SP3 through the MIS. Service providers will be responsible to enter data directly in the MIS using their own mobile devices (smartphone, tablet or PC) for the purpose.

MEF-PIU prepares the Six-Month Report and Annual Report for Component 2.

## **10.17 M&E Work-Plan**

An M&E Work-Plan will be prepared as part of the AWPB.

The M&E Work-Plan identifies key M&E activities to be carried out during the year, including:

- Type of activity;
- Methodology;
- Start Date and Completion Date;
- Budget required.

The M&E Adviser works with each Implementing Agency to assist them to prepare the M&E Work-Plan for their component / sub-component.



PMU is responsible to monitor implementation of the M&E work-plan and liaise with implementing agencies to ensure that M&E activities are implemented on time and to a high standard.

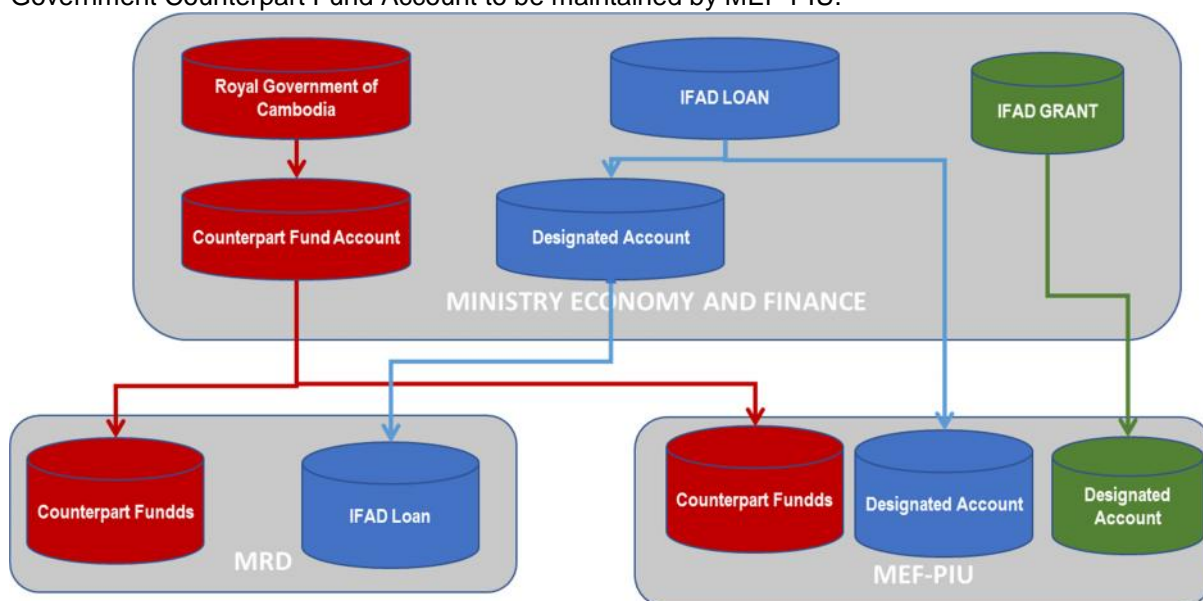
## 11 Financial Management and Flow of Funds

☞ This section of the PIM specifies the rules and procedures applying to financial management of SAAMBAT funds. It describes the project accounts and flow of funds. It defines financing percentages for each category of expenditure. The section describes financial reporting procedures, requirements for accounting software and audit arrangements.

### 11.1 Project Accounts

MEF will open and operate the Project Designated Accounts to manage IFAD loan proceeds and RGC Counterpart Funds. Any grant funds managed by MEF in association with SAAMBAT will be managed in a separate account.

MEF will open and maintain the following bank accounts in USD: (i) one Designated Loan Accounts to implement C1, (ii) one Designated Loan Account and one Designated Grant Account to implement C2, (iii) one Government Counterpart Fund Account to be maintained by MRD-PMU and (iv) one Government Counterpart Fund Account to be maintained by MEF-PIU.



### PROJECT ACCOUNTS AND FLOW OF FUNDS

The disbursement of the IFAD fund will follow through the Imprest Account Mechanism in which the project can withdraw the first initial advance not exceeding a ceiling amount defined in the Letter to the Borrower (LTB). Replenishment will be released only after first advance has been adjusted at least 75% and previous advances have been adjusted fully. Towards project completion, the Fund initiates procedures and takes steps to ensure recovery of advances.

There will be no project accounts at sub-national level. Activities of PDRD will be financed through advances from SAAMBAT PMU. Rules for management of cash advances to PDRD are:

- [insert summary of rules for management of cash advances to PDRD]

Other expenditures at sub-national level are financed through advances to the Service Providers SSP1, SSP2 and SSP3.

SAAMBAT PMU is responsible for maintaining project accounts and financial reporting. Therefore, MEF-PIU provides financial reports to SAAMBAT PMU on the use of the funds in their project accounts.

Each Implementing Agency will maintain accounting records and prepare monthly, quarterly, six month and annual financial reports. These reports are submitted to the Project Director by the IA. SAAMBAT PMU will check and consolidate these reports before submitting to MEF and IFAD. SAAMBAT PMU prepares Withdrawal Applications (WA). MEF will check the WA and forwards to IFAD.

## 11.2 Financial Management Procedures

Financial management of SAAMBAT will follow the rules and procedures set out in RGC's Financial Management Manual for All Externally Financed Projects/Programs in Cambodia<sup>4</sup>, with the general exception that procedures must conform with relevant IFAD standards in all cases. Specific exceptions to use of the FMM include:

- [List of exceptions to the FMM, if any]

The Finance Section of SAAMBAT PMU will consist of:

- National Finance Officer;
- Financial Management Adviser;
- Finance Assistant.

## 11.3 Accounting Software


Project accounts will be maintained using a suitable accounting software package to be agreed with IFAD. An online / web-based package is preferred. The same accounting software package will be implemented in each Implementing Agency.

## 11.4 Audit

Internal Audit will be conducted on an annual basis by the Internal Audit Department of the relevant ministries, if the Internal Audit Department has enough capacity for this task, as confirmed by IFAD Supervision Mission. If the Internal Audit Department is not confirmed as having enough capacity, a private internal audit firm will be hired to perform internal controls review, propose improvements and issue recommendations.

External audit will be conducted by a private audit firm hired by MEF, while IFAD would provide NOL to the TORs.

# 12 Procurement

 This section of the PIM specifies the rules and procedures applying to procurement under SAAMBAT. It describes roles and responsibilities for procurement. It describes procedures for preparation and approval of procurement plans.

## 12.1 Procurement Procedures and Roles

Procurement will be carried out in compliance with the IFAD Procurement Guidelines<sup>5</sup> and IFAD "Policy on preventing fraud and corruption in activities and operations". Under IFAD Guidelines, national procurement systems are to be used provided the systems have been assessed as satisfactory or better. IFAD has assessed RGC's Procurement Manual for All Externally Financed Projects / Programs<sup>6</sup> and found the procedures to be satisfactory or better. Therefore, the RGC Procurement Manual procedures will be used in SAAMBAT. In any case where there is no suitable

<sup>4</sup> RGC (2012) Financial Management Manual for All Externally Financed Projects/Programs in Cambodia.  
<https://gdicdm.mef.gov.kh/en/2017/01/03/754.html>

<sup>5</sup> IFAD (2010) Project Procurement Guidelines.  
[https://www.ifad.org/documents/38711624/39421027/procure\\_e.pdf/e1a99511-d57d-4695-a05b-3d9b597d0149](https://www.ifad.org/documents/38711624/39421027/procure_e.pdf/e1a99511-d57d-4695-a05b-3d9b597d0149)

<sup>6</sup> RGC (2012) Procurement Manual for All Externally Financed Projects / Programmes.  
<https://gdicdm.mef.gov.kh/en/2017/01/02/674.html>

provision in the Procurement Manual, SAAMBAT will use the World Bank Guidelines and appropriate formats. The following exceptions to Procurement Manual procedures will be observed:

- [List exceptions to PM procedures, if any]

SAAMBAT PMU is responsible for procurement of all works and goods under the project.

Procurement of service contracts and recruitment of individual staff and consultants will be managed by the Implementing Agencies.


A Procurement Adviser will be recruited by SAAMBAT PMU and will provide technical support to PMU and the implementing agencies as needed.

## 12.2 Procurement Planning

SAAMBAT PMU will prepare and update the Procurement Plan using the appropriate templates in the IFAD procurement handbook as already adapted for other on-going IFAD supported projects in Cambodia. Procedures for preparing and approving the Procurement Plan will follow the RGC Procurement Manual.

All procurement will be executed only against approved annual work plans and budgets (AWPB) which align with the procurement plans, specifying items to be procured, responsibility for the procurement and the appropriate procurement methods. The project will ensure that timelines included in the approved procurement plan are closely monitored during implementation to minimize delays.

## 13 Administration

 This section of the PIM describes the framework for project administrative procedures including status and payment of project staff; project inventory management etc.

### 13.1 20.1 Status of Staff Working on SAAMBAT activities

Staff working on implementation of the SAAMBAT Programme staff are either:

- Senior officials who oversee the programme as part of their general responsibilities but do not work on the programme full time and do not receive any additional salary support from the programme;
- Civil servants seconded to work to full time for the Project in the SAAMBAT PMU and in Implementing Agencies;
- Civil servants working on project-financed activities in their assigned post as part of their core duties; or
- Contracted staff. Civil servants may not be recruited as contracted staff.

Senior positions are filled according to the position of the official and the decision of the relevant implementing agency without any recruitment process.

Recruitment of contracted staff is by the Implementing Agency and follows the procedures of the RGC Procurement Manual.

### 13.2 Payments to Staff

Government staff working on implementation of activities financed by SAAMBAT are not seen as “project staff.” They are working in their regular Government jobs and are subject to Government rules on payment of salaries, allowances and expenses.

Following the policy agreed by the United Nations Country Team (UNCT) in Cambodia, IFAD does not finance supplementary salaries for Government staff in Cambodia. Therefore, any salary supplements, monthly operating costs etc paid to civil servants in respect of their duties in SAAMBAT implementation must be financed from RGC counterpart funds. The number and amount of these payments, if any, must be agreed with MEF.

### 13.3 Management of Programme Assets, Ownership, Inventory and Allocation

Unless otherwise agreed in writing, all equipment purchased with IFAD Loan funds is the property of IFAD for the duration of the project. All project equipment is under the custody and management of

SAAMBAT PMU or IAs. At the end of the project ownership of the equipment will be transferred to RGC.

All project equipment must be clearly marked as the property of the Project and must bear an individually coded tag.

SAAMBAT PMU and each IA maintains an inventory (Non-Expendable Equipment Register) of all project equipment. Each month, each IA must provide an updated Register to SAAMBAT PMU which maintains a consolidated inventory.

The Register should include the following details:

- Date of acquisition
- Detailed description, including model numbers where appropriate
- Serial number
- Identification code
- Location
- Purchase cost
- Payment reference
- User of the equipment

Contracts with Service Providers in general are lumpsum contracts that require the Service Provider to provide vehicles and equipment needed to implement the TOR. Therefore, any such vehicles and equipment are the property of the Service Provider, whether bought new for the project or allocated from the Service Provider's existing inventory.



## ANNEX 1: PROJECT LOGFRAME



## ANNEX 2: ADVISER TERMS OF REFERENCE

1. Project Management Adviser
2. International TA for M&E System Development
3. Design of GIS/MIS
4. Planning and M&E Specialist
5. Financial Management Adviser
6. Procurement Adviser
7. Gender and Targeting Adviser
8. Senior Field Support Adviser
9. Field Facilitators
10. Administration and Finance Assistant (MEF)



## TERMS OF REFERENCE

Assignment Title	<b>SAAMBAT PROJECT MANAGEMENT ADVISER</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	One or more Provinces of Cambodia
Level	Senior national position.
Duration	Twelve months, renewable
Supervisor	Project Manager, SAAMBAT Project Management Unit, Ministry of Rural Development

## 1 Project Description

Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT is a project of the Royal Government of Cambodia (RGC). The total project cost is estimated as US\$ 95 million of which International Fund for Agriculture Development (IFAD) has committed loan financing of US\$ 54 million and RGC has committed US\$ 10.8 million from domestic resources. The Project Development Objective of SAAMBAT is to “Increase productivity of rural youth, enterprises and the rural economy” which in turn contributes to the Goal of “Reduce Poverty and Enhance Food Security.” SAAMBAT is implemented through two Components: (1) Value Chain Infrastructure; and (2) Skills, Technology and Enterprise. These components are designed to deliver two key Outcomes: (1) Poor rural people’s benefits from market participation increased; and (2) Poor rural people’s productive capacities increased.

The Executing Agency for SAAMBAT is the Ministry of Rural Development (MRD). MRD is responsible for overall project coordination, planning, financial management, procurement and monitoring and evaluation (M&E). MRD directly implements Sub-Component 1.1: Public Market Linkage Infrastructure. Key outputs of SC1.1 are 225 km of bitumen or concrete surfaced roads; 100 km of laterite surfaced farm access roads; 25 rural market areas improved and 10 other types of infrastructure facility which may include ferry crossings and commodity collection points. Sub-Component SC1.2: Access to Affordable and Renewable Energy; is implemented by Ministry of Mines and Energy (MME) and will result in about 5,000 farm households adopting renewable energy technology (RET) for agriculture purposes. Component 2 is implemented by Ministry of Economy and Finance (MEF). Sub-Component SC2.1: Skills for Rural Youth, will assist 5,000 rural youth to improve their employment opportunities and about 330 rural youth to start small enterprises. SC2.2: Technology and Enterprise for Agricultural Value Chains, will support development of digital technology applications for the rural economy and will assist about 10,000 farmers and other value chain actors to increase their use of digital technology for economic purposes. SC2.3: Policy Research and Strategic Studies, finances research and knowledge generation to support policymaking for rural economic development, including financing a major study on the feasibility of establishing regional wholesale markets for the safe / organic vegetable value chain.

SAAMBAT is not designed as a stand-alone project but works in synergy with ongoing initiatives with IFAD financing including Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Accelerating Improved Markets for Smallholders (AIMS). This program approach is extended through partnership agreements with projects financed by other development partners. About 200,000 rural households are expected to benefit from services supported by the project. These households will be located in 50 agriculture production areas known as Economic Poles. The Economic Poles may be in any rural area of Cambodia with ongoing activities of ASPIRE and / or AIMS. Currently, ASPIRE and AIMS support activities in 20 of the 24 rural Provinces of Cambodia.

## 2 Purpose of the Assignment

The Purpose of the assignment is (1) to assist and advise the Project Manager to ensure the smooth implementation of the Project and to achieve the results defined in the Project Logical Framework; and (2) to lead, coordinate and support the project technical advisory team.

### **3 Scope of Work**

The SAAMBAT Project Management Adviser supports the Project Manager in all aspects of his/her work. Specifically, the Project Management Adviser:

- Leads and coordinates the technical assistance (TA) team on behalf of the Project Manager;
- Leads drafting of the Annual Workplan and Budget (AWPB) including reviewing submissions from Implementing Agencies for consistency with agreed targets and disbursement levels;
- Monitors implementation of the workplan and takes effective action in case that the project is not on track to meet its workplan targets;
- Makes preparations to host IFAD supervision and implementation support missions;
- Maintains day-to-day liaison and communication with the IFAD Country Office;
- Prepares Terms of Reference for short-term consultancies;
- Monitors work of short-term consultants to ensure that assignment objectives are met;
- Supports recruitment of advisers as needed;
- Leads drafting of the Six-Month Report and the Annual Progress Report;
- Manages the Project Implementation Manual as a living document, including being fully familiar with contents, advising on interpretation and recommending / drafting amendments where needed;
- Ensure the smooth implementation of all components of the SAAMBAT M&E system;
- Other relevant tasks as assigned by the Project Manager.

### **4 Location, Timing and Duration**

The SAAMBAT Project Management Adviser is based in the SAAMBAT Project Management Unit, Ministry of Rural Development, Phnom Penh. The position will require frequent travel to project areas which may be in any Province of Cambodia.

The Project Management Adviser is contracted for twelve months on a renewable contract basis. The SAAMBAT project duration is six years, 2020 – 2025.

### **5 Supervision and Reporting**

The Project Management Adviser works under the direction of the SAAMBAT Project Manager. Ultimate decision-making authority is with the Project Director.

### **6 Qualification and Experience Requirements**

The SAAMBAT Facilitator will have the following qualifications and experience:

- Master's degree in economics, development, management or another relevant field;
- At least 10 years' professional experience including at least 5 years in a management or senior advisory position;
- Knowledge of project implementation procedures. Experience of project implementation using the RGC's Standard Operating Procedures (SOP) for Externally Assisted Projects is preferred;
- Knowledge of Results Based Management;
- Experience in at least one of the following fields: Rural Development, Agriculture Development; Private Sector Development;
- Excellent teamwork and communication skills;
- Willing to travel and work extensively in rural areas, including travel by motorcycle where necessary;
- Strong computer literacy;
- Good English language skills;
- Native Khmer speaker.

### **7 How to Apply**

## TERMS OF REFERENCE

<b>Assignment Title</b>	<b>International TA for M&amp;E System Development</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Senior
Duration	Six Months
Supervisor	Project Manager

## 8 Project Description

Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT is a project of the Royal Government of Cambodia (RGC). The total project cost is estimated as US\$ 95 million of which International Fund for Agriculture Development (IFAD) has committed loan financing of US\$ 54 million and RGC has committed US\$ 10.8 million from domestic resources. The Project Development Objective of SAAMBAT is to “Increase productivity of rural youth, enterprises and the rural economy” which in turn contributes to the Goal of “Reduce Poverty and Enhance Food Security.” SAAMBAT is implemented through two Components: (1) Value Chain Infrastructure; and (2) Skills, Technology and Enterprise. These components are designed to deliver two key Outcomes: (1) Poor rural people’s benefits from market participation increased; and (2) Poor rural people’s productive capacities increased.

The Executing Agency for SAAMBAT is the Ministry of Rural Development (MRD). MRD is responsible for overall project coordination, planning, financial management, procurement and monitoring and evaluation (M&E). MRD directly implements Sub-Component 1.1: Public Market Linkage Infrastructure. Key outputs of SC1.1 are 225 km of bitumen or concrete surfaced roads; 100 km of laterite surfaced farm access roads; 25 rural market areas improved and 10 other types of infrastructure facility which may include ferry crossings and commodity collection points. Sub-Component SC1.2: Access to Affordable and Renewable Energy; is implemented by Ministry of Mines and Energy (MME) and will result in about 5,000 farm households adopting renewable energy technology (RET) for agriculture purposes. Component 2 is implemented by Ministry of Economy and Finance (MEF). Sub-Component SC2.1: Skills for Rural Youth, will assist 5,000 rural youth to improve their employment opportunities and about 330 rural youth to start small enterprises. SC2.2: Technology and Enterprise for Rural Value Chains, will support development of digital technology applications for the rural economy and will assist about 10,000 farmers and other value chain actors to increase their use of digital technology for economic purposes. SC2.3: Policy Research and Strategic Studies, finances research and knowledge generation to support policymaking for rural economic development, including financing a major study on the feasibility of establishing regional wholesale markets for the safe / organic vegetable value chain.

SAAMBAT is not designed as a stand-alone project but works in synergy with ongoing initiatives with IFAD financing including Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Accelerating Improved Markets for Smallholders (AIMS). This program approach is extended through partnership agreements with projects financed by other development partners. About 200,000 rural households are expected to benefit from services supported by the project. These households will be located in 50 agriculture production areas known as Economic Poles. The Economic Poles may be in any rural area of Cambodia with ongoing activities of ASPIRE and / or AIMS. Currently, ASPIRE and AIMS support activities in 20 of the 24 rural Provinces of Cambodia.

## **9 Purpose of the Assignment**

## **10 Scope of Work**

## **11 Location, Timing and Duration**

## **12 Supervision and Reporting**

## **13 Qualification and Experience Requirements**

## **14 How to Apply**

## TERMS OF REFERENCE

<b>Assignment Title</b>	<b>Design of GIS / MIS System</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Senior
Duration	Six Months
Supervisor	Project Manager

## 15 Project Description

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## **16 Purpose of the Assignment**

## **17 Scope of Work**

## **18 Location, Timing and Duration**

## **19 Supervision and Reporting**

## **20 Qualification and Experience Requirements**

## **21 How to Apply**



### TERMS OF REFERENCE

Assignment Title	<b>Planning and M&amp;E Specialist</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Mid-Level
Duration	12 months with possibility for renewal
Supervisor	Project Manager

## 22 Project Description

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## **23 Purpose of the Assignment**

## **24 Scope of Work**

## **25 Location, Timing and Duration**

## **26 Supervision and Reporting**

## **27 Qualification and Experience Requirements**

## **28 How to Apply**

## TERMS OF REFERENCE

Assignment Title	<b>Financial Management Adviser</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Mid-Level
Duration	12 months with possibility for renewal
Supervisor	Project Manager

## 29 Project Description

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SAAMBAT is not designed as a stand-alone project but works in synergy with ongoing initiatives with IFAD financing including Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Accelerating Improved Markets for Smallholders (AIMS). This program approach is extended through partnership agreements with projects financed by other development partners. About 200,000 rural households are expected to benefit from services supported by the project. These households will be located in 50 agriculture production areas known as Economic Poles. The Economic Poles may be in any rural area of Cambodia with ongoing activities of ASPIRE and / or AIMS. Currently, ASPIRE and AIMS support activities in 20 of the 24 rural Provinces of Cambodia.

## **30 Purpose of the Assignment**

## **31 Scope of Work**

## **32 Location, Timing and Duration**

## **33 Supervision and Reporting**

## **34 Qualification and Experience Requirements**

## **35 How to Apply**

### TERMS OF REFERENCE

Assignment Title	<b>Procurement Adviser</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Mid-Level
Duration	12 months with possibility for renewal
Supervisor	Project Manager

## 36 Project Description

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## **37 Purpose of the Assignment**

## **38 Scope of Work**

## **39 Location, Timing and Duration**

## **40 Supervision and Reporting**

## **41 Qualification and Experience Requirements**

## **42 How to Apply**

### TERMS OF REFERENCE

Assignment Title	<b>Gender and Targeting Adviser</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Mid-Level
Duration	12 months with possibility for renewal
Supervisor	Project Manager

## 43 Project Description

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## **44 Purpose of the Assignment**

## **45 Scope of Work**

## **46 Location, Timing and Duration**

## **47 Supervision and Reporting**

## **48 Qualification and Experience Requirements**

## **49 How to Apply**

### TERMS OF REFERENCE

Assignment Title	<b>Senior Field Support Adviser</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Project Management Unit, Ministry of Rural Development, Phnom Penh
Level	Mid-Level
Duration	12 months with possibility for renewal
Supervisor	Project Manager

## 50 Project Description

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## **51 Purpose of the Assignment**

## **52 Scope of Work**

## **53 Location, Timing and Duration**

## **54 Supervision and Reporting**

## **55 Qualification and Experience Requirements**

## **56 How to Apply**

### TERMS OF REFERENCE

Assignment Title	<b>FIELD FACILITATOR (5 POSITIONS)</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	One or more Provinces of Cambodia
Level	Senior national position.
Duration	Twelve months, renewable
Supervisor	Project Manager, SAAMBAT Project Management Unit, Ministry of Rural Development

## 57 Project Description

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## 58 Purpose of the Assignment

The Purpose of the assignment is to facilitate the smooth implementation of SAAMBAT activities at Provincial and local level through good liaison and cooperation of all stakeholders.

## 59 Scope of Work

The SAAMBAT Facilitator is responsible for:

- Preparation of work plans and submitting to the Project Manager for approval;
- Work closely with PDRD, Provincial Department of Agriculture, Forestry and Fisheries (ASPIRE), and AIMS Regional Hubs and facilitation teams under Ministry of Commerce, as well as with partner projects financed by other development partners;
- Work closely with and support service providers contracted by SAAMBAT: SP1: Technical Services Consultant; SP2: Skills Development and SP3: Digital Technology Capacity Building;
- Facilitate meetings of the Multi-Stakeholder Platform to plan activities of SAAMBAT in each Economic Pole;
- Prepare lists of proposed activities, verify and submit to the Project Manager;
- Support SP1: Technical Services Consultant in engagement with local stakeholders including local authorities and project beneficiaries;
- Support SP2: Skills Development Consultant to identify trainees for skills and enterprise training and to prepare pre-training courses for trainees;
- Support SP3: Digital Technology Capacity Development Consultant to identify trainees and prepare training courses in digital literacy;
- Support SP3 to prepare and implement sub-projects for use of digital technology and to test and roll out innovative digital technology applications;
- Support timely upload of project monitoring data to the SAAMBAT Management Information System (MIS);
- Support the Annual Outcome Survey after project year PY3;
- Prepare relevant sections of the Six-Month Report and Annual Report;
- Other relevant duties assigned by the Project Manager.

## 60 Location, Timing and Duration

The SAAMBAT Facilitator is assigned to a Provincial duty station and works from the office of PDRD. Initially one Facilitator will be recruited for each Province with SAAMBAT activities. However, the Facilitator may later be re-assigned to work in a different Province, or may be required to undertake responsibility for activities in more than one Province.

The SAAMBAT Facilitator is contracted for twelve months on a renewable contract basis. The SAAMBAT project duration is six years, 2020 – 2025.

## 61 Supervision and Reporting

The Facilitator works under the direction of the SAAMBAT Project Manager in SAAMBAT Project Management Unit (PMU) in Ministry of Rural Development. Day to day coordination of the Facilitation Team is assigned to the Project Management Adviser by the Project Manager.

**For activities within the Province, the Facilitator works under the direction of the Director of PDRD.**

## 62 Qualification and Experience Requirements

The SAAMBAT Facilitator will have the following qualifications and experience:

- Bachelor's Degree or higher in social science or another relevant discipline;
- At least five years' professional experience in implementation of development projects, preferably in the rural sector;
- Experience of participatory methods of planning;
- Experience of facilitating stakeholder engagement in project implementation;
- Experience in at least one of the following fields: Rural Development, Agriculture Development; Private Sector Development;
- Excellent teamwork and communication skills;
- Willing to travel and work extensively in rural areas, including travel by motorcycle where necessary;
- Strong computer literacy;
- Good English language skills;

- Native Khmer speaker.

## **63 How to Apply**

### TERMS OF REFERENCE

Assignment Title	<b>Administration and Finance Adviser (MEF)</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duty Station	Ministry of Economy and Finance, Phnom Penh
Level	Mid-Level
Duration	12 months with possibility for renewal
Supervisor	Project Manager

## 64 Project Description

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## **65 Purpose of the Assignment**

## **66 Scope of Work**

## **67 Location, Timing and Duration**

## **68 Supervision and Reporting**

## **69 Qualification and Experience Requirements**

## **70 How to Apply**

## ANNEX 3: SPECIAL SERVICE PROVIDER TERMS OF REFERENCE

1. Special Services Provider SSP1: Technical Services Consultant
2. Special Services Provider SSP2: Skills Training
3. Special Services Provider SSP3: Digital Economy
4. Special Services Provider SSP4: Impact Survey

## TERMS OF REFERENCE

Assignment Title	Technical Services Consultant (Firm)
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duration	Approximately XXX person-days over 6 years 2020 - 2025
Supervisor	Project Manager, SAAMBAT Project Management Unit, Ministry of Rural Development

## 71 Project Description

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## 72 Purpose of the Assignment

The Purpose of the Assignment is to assist MRD to deliver the infrastructure outputs under SC1.1 of SAAMBAT with appropriate design, high construction quality and sustainability. To this end, the Consultant will support screening of proposed infrastructure outputs, feasibility study, technical design and construction supervision. The consultant will be responsible to ensure that Environmental and Social Safeguards (ESS) and Climate Change Adaptation (CCA) are incorporated in all stages of the design and construction process. The consultant will provide technical data including traffic counts for the SAAMBAT M&E system, including direct upload of data into the SAAMBAT MIS using mobile



devices. The consultant will also mobilise experts to support capacity development for rural road maintenance.

## **73 Location and Timing of SAAMBAT Infrastructure Sub-Projects**

SAAMBAT infrastructure projects may be located in any of 50 Economic Poles which may be in any Province of Cambodia. However, it is intended that the majority of infrastructure sub-projects, including all road sub-projects, will be in 25 Economic Poles (outside the target areas of other projects currently financing rural road improvements).

Economic Poles will be selected in three Phases. In Phase 1, 10 Economic Poles will be selected in the Provinces of Battambang, Kampong Chhnang, Svay Rieng, Kampong Cham and Kandal. All of these Economic Poles will have infrastructure sub-projects. Phase 1 Economic Poles will be selected and infrastructure sub-projects provisionally identified during 2019.

A further 15 Economic Poles, of which five will include road sub-projects, will be selected in Phase 2, with selection and sub-project identification in 2020 or 2021.

A final 25 Economic Poles, of which ten will include road sub-projects, will be selected by Project Mid-Term Review in late 2022.

It is expected that infrastructure sub-projects will be substantially completed within two years of starting work in any Economic Pole.

## **74 Scope of Work**

### **74.1 General**

The consultant is responsible to provide all services necessary to achieve the Purpose of the assignment as defined above. Detailed tasks required to achieve the Purpose, but not specifically mentioned, are understood to be included unless specifically excluded.

The Consultant will establish an office within the office of SAAMBAT PMU in Ministry of Rural Development, Phnom Penh. The Consultant's Team Leader will be based in this office. Owing to space limitations, the Consultant will provide its own office space to accommodate design teams, support staff etc.

The Consultant is responsible to provide its own vehicles, office equipment, survey equipment, field equipment etc as needed to fulfil these TOR.

### **74.2 Reporting Line, Cooperation and Communications**

The Project Director has the final decision-making authority on all matters concerning the contract with the Consultant as well as on contracts with construction contractors and other aspects of Project implementation. For day-to-day purposes the Consultant reports to the Project Manager who is the head of the SAAMBAT Project Management Unit (PMU) in MRD.

The Consultant will cooperate with engineering staff and other technical staff of PMU as needed. At Provincial level, the Consultant will cooperate with the Director of the Provincial Department of Rural Development (PDRD). PDRD engineering staff will participate in supervision of construction. However, on matters concerning construction supervision the formal reporting line of the Consultant is to the Project Manager.

The Consultant is expected to cooperate, share information and maintain good relations with other stakeholders involved in implementation of SAAMBAT, other initiatives of the IFAD Country Program, and partner projects. These stakeholders include, but are not limited to:

- SAAMBAT facilitation team, attached to PDRD;
- Provincial Departments of Agriculture, Forestry and Fisheries (PD AFF), responsible for implementation of ASPIRE, and Regional Hubs of the AIMS project, which is implemented by Ministry of Commerce (MoC);
- Provincial, District and Commune authorities;
- Civil society organisations and private sector representatives;
- Agriculture Cooperatives, Farmer Organisations, Market Committees and other types of beneficiary organisation, as relevant;
- Residents of areas affected by construction works.

### **74.3 Screening of Project Proposals**

In each Economic Pole, infrastructure outputs will be proposed through a Multi-Stakeholder Platform bringing together representatives of government agencies, private sector, civil society and farmer representatives. A list of screening criteria for eligible infrastructure outputs is included in the SAAMBAT Project Implementation Manual (PIM). The Consultant will conduct an initial screening and pre-feasibility study to ensure that proposed outputs comply with the criteria. At this stage, the Consultant will also calculate an approximate cost for each output, as an input to screening and for budget control purposes.

### **74.4 Environment, Social and Climate Risk Analysis**

All infrastructure outputs are required to comply with IFAD's policies on Environmental and Social Safeguards (ESS). Concurrently with the screening and pre-feasibility study, the consultant will prepare an Environmental, Social and Climate Risk Analysis of the Economic Pole area. This analysis should make use of existing information including climate vulnerability analyses include in the District Development Plan of the District Councils. The PIM contains guidance for conducting the ESCRA and the Consultant will develop a detailed guideline based on this guidance during the Inception Phase.

### **74.5 Feasibility and Design Studies**

Following approval of the Project Director the consultant will carry out detailed feasibility and design studies. The purpose of these studies is:

- To determine the optimum design, maximising the benefits to the intended project beneficiaries consistent with cost-effectiveness. This should include consideration of any secondary benefits that local residents may gain from "smart" design of the infrastructure, for example conversion of borrow pits to ponds for water supply or fish raising;
- To screen project outputs for any potential negative environmental impacts.
- To screen project outputs for negative impacts on existing land users. Where necessary, prepare a Land Acquisition Plan through consultation with the stakeholders;
- To identify specific climate-related risks (e.g. flood) taking climate change trends into account;
- To collect necessary technical data (geotechnical, hydrological etc) needed as a basis for design;
- To carry out detailed topographic surveys as needed as a basis for design.

For roads constructed to a Double Bitumen Surface Treatment (DBST) or concrete paved standard, the consultant will conduct a detailed traffic count over a period of one week. For farm access roads the consultant will make an estimate of traffic loads based on observation and information from stakeholders.

For other types of infrastructure, wherever relevant, the consultant will make an estimate of the volume of use of the facility before construction works. For market area improvements, this should be based on a count of traffic entering and leaving the market.

### **74.6 Environment and Social Safeguards and Stakeholder Engagement**

The Consultant will conduct meetings with local stakeholders for each infrastructure sub-project with the purpose of:

- Raising awareness of the purpose and outputs of the sub-project;
- Allowing stakeholders the opportunity to suggest modifications or improvements to the design;
- Allowing stakeholders to raise concerns;
- Identifying potential negative environmental and social impacts
- Disseminating contact details so stakeholders can raise concerns in future, if necessary.

Meeting arrangements will be facilitated through the PDRD in cooperation with AIMS and / or ASPIRE. Stakeholders will include:

- Local authorities (District / Commune / Village Chief);
- Representatives of beneficiary organisations (Farmer Organisations, Agriculture Cooperatives, Market Committee, etc);
- Relevant private sector representatives;

- Beneficiaries.

In any case where potential serious or long-lasting negative environmental or social impacts are identified, the consultants will conduct further studies and develop action plans to mitigate harm and manage risk.

Where necessary, an Environmental Impact Assessment will be carried out and an Environmental Management Plan developed.

Where necessary, a Land Acquisition Plan will be developed through consultation with project stakeholders.

During the Inception Phase, the consultants will develop detailed guidelines for conducting Environmental Impact Assessment and preparing Land Acquisition Plans. These guidelines will be subject to No Objection by IFAD. It is expected that existing guidelines applied in previous MRD projects will be identified and found acceptable.

### **74.7 Engineering Design and Preparation of Tender Documents**

The Consultant will prepare detailed engineering design drawings for each infrastructure sub-project. Design drawings will be prepared using a suitable Computer Aided Design package.

Wherever appropriate, standard design details or design details successfully used by previous MRD rural infrastructure projects will be used. MRD will assist in making standard designs and existing designs available. All infrastructure will be climate-proofed, meaning designed to withstand damage from climate conditions expected at the project location, taking climate trends into account.

Rural roads will be designed for traffic loads predicted after construction. Experience of previous projects will be taken into consideration. Pavement designs will not rely on the assumption that heavy vehicles, within the legal load limits on adjacent highways, can be artificially excluded from use of the sub-project road.

It is expected that the majority of roads under the project will be surfaced with Double Bitumen Surface Treatment (DBST). Concrete pavement may be considered in sections that are prone to flooding or where this is the most economic solution for another reason.

Farm access roads, with traffic loads (predicted post-construction) below the level where DBST surfacing is economic, will be designed to standards appropriate to the local situation and will be surfaced with natural gravel (laterite or similar). As MRD will not be able to take long-term responsibility for maintenance of these roads, gravel-surfaced roads will only be constructed in the case that ownership can be handed over to a local road owner, most often the Commune Council.

At the Inception stage, the Consultant will propose standard design details to be used for road design, including criteria for selecting width and pavement type based on predicted traffic loads.

The Consultant will prepare standard specifications for use in tender documents.

The Consultant will prepare Bills of Quantities (BoQ) for each infrastructure sub-project.

The Consultant will prepare a detailed cost estimate based on the design drawings, specifications and BoQ.

Procurement of construction contracts is the responsibility of SAAMBAT PMU through its procurement section. The Consultant will provide drawings, BoQ to PMU procurement section for preparation of tender documents.

### **74.8 Construction Supervision**

Overall management of construction contracts is the responsibility of the Project Manager. The Consultant will supervise construction works and report directly to the Project Manager on progress and on issues arising.

Construction supervision responsibilities of the consultant include:

- Maintaining good communication with the Contractor;
- Issue construction drawings to the Contractor;
- Check, verify and recommend for approval the Contractor's work programme, suitability of contractor's staff and equipment, site safety and environmental protection, temporary land use plan (for areas such as site camps, borrow pits etc) and other arrangements necessary for compliance with contract conditions, before work commences;
- Providing the day-to-day presence of a construction supervisor while works are in progress;

- Quality control of materials, work methods and completed constructions in conformance with the technical specifications;
- Monitoring progress of the works against the contractor's workplan to ensure that works are completed on schedule;
- Ensuring compliance with site safety, environmental management, Land Acquisition Plan, Temporary Land Use Plan and other requirements of the contract;
- Verifying measurements made by the contractor;
- Reviewing contractor's payment requests;
- Reviewing and recommending for approval contractor's claims for contingency costs, extension of time etc;
- Maintaining site records;
- Checking and verifying as-constructed drawings submitted by the Contractor;
- Following up on any issues arising during construction, and recommending appropriate actions to the Project Manager;
- Maintaining good communication and liaison with stakeholders including local authorities and beneficiary representatives.

### **74.9 Follow-Up Surveys**

For all DBST and concrete-surfaced roads of length exceeding 1 km, the consultant will conduct a follow-up traffic count not less than six months and not more than 18 months after the completion of construction. Insofar as possible, the follow-up traffic count should be conducted at the same time of year as the pre-construction traffic count.

For farm roads and other infrastructure types, the consultant will collect data on usage of the facility not less than six months and not more than 18 months after completion of construction, on a similar basis to the pre-construction survey / use estimate.

### **74.10 M&E Data**

The Consultant will cooperate with the M&E Section of SAAMBAT PMU to provide data needed for project M&E.

This will include entering data into the project Management Information System (MIS) using mobile devices (Android OS) or PC. The consultant will be responsible to provide the appropriate device and to install the software provided by the project for this purpose.

### **74.11 Capacity Development**

SAAMBAT will support capacity development of MRD, PDRD and local authorities for maintenance of rural roads. SAAMBAT will develop a work plan for capacity development in cooperation with the Rural Roads Department of MRD and with development partners supporting rural roads investments. SAAMBAT PMU will develop detailed TOR based on this workplan and in consultation with the Consultant. The Consultant will then identify and mobilise qualified short-term experts to support the capacity development work plan.

### **74.12 Reporting**

The Consultant will prepare and submit the following reports to the Project Manager for approval by the Project Director:

- Not more than two months after the commencement of the contract, an Inception Report detailing, inter alia, Consultant's work plan and staffing; findings of initial pre-feasibility studies on Phase 1 infrastructure sub-projects; design standards to be adopted, Environmental and Social Safeguards standards to be adopted, detailed guidelines / procedures for other matters as required under this TOR;
- Reports of sub-project screening, ESCRA, outline designs and cost estimates;
- Detailed designs, BoQ and cost estimates;
- Completion Reports for each Sub-Project;
- Six-Month Progress Report including a full summary of progress of infrastructure sub-projects as well as activities undertaken by the Consultant, issues, challenges and recommendations;

- Annual Progress Report, with similar scope to the Six-Month Progress Report, but with additional detail'
- Final Report, including a final survey of use and maintenance of all infrastructure works completed under the Project; traffic counts; other relevant findings and recommendations to be taken into consideration in design of future projects.

## 75 Staffing

### 75.1 Key Experts

Key Experts will be nominated in the Consultant's Technical Proposal and evidence of their qualifications will be submitted and considered in evaluation of the proposal. In any case where a Key Expert becomes unavailable during the Project period, the Consultant will propose to MRD a replacement expert with equivalent qualifications to the departing expert. MRD will have the discretion to accept or reject the replacement candidate. The Key Experts will consist of:

- The **Team Leader / Resident Engineer**, who will possess at least a Master's Degree in a relevant engineering discipline or alternatively a Bachelor's Degree and a professional charter issued by a reputable body, and a minimum of ten years' experience in design and construction supervision of rural infrastructure, including at least five years in a role with project management responsibilities. The Team Leader will be responsible for liaison with the Project Director and Project Manager, overall work planning, organisation and management of the consultant's team, ensuring the quality of all work and compliance with the Consultant's contract and these Terms of Reference, and preparation of reports. The Team Leader / Resident Engineer will be deployed for 60 person-months.
- The **Deputy Team Leader** will possess at least a Bachelor's degree in a relevant engineering discipline (Master's preferred) and at least seven years' experience in design and construction of rural infrastructure. The Deputy Team Leader will take primary responsibility for liaison with PDRD and authorities in project areas, organisation of fieldwork and managing the Regional Engineers and Construction Supervisors. The Deputy Team Leader will be deployed for the full period of the contract (78 months). Either the Team Leader or the Deputy Team Leader will be present in Cambodia at all times.
- The **Chief Design Engineer – Roads** will have a Master's Degree or professional charter in civil engineering or highway engineering or a closely related discipline, and at least ten years' experience in design of rural roads in tropical countries, including specific experience of climate change adaptive / climate proof design. The Chief Design Engineer will take overall responsibility to ensure the quality of design of rural road sub-projects and other sub-project types as needed. The Chief Design Engineer – Roads will be deployed for a total of 24 months during the contract period;
- The **Chief Design Engineer – Structures** will have a Master's Degree or professional charter in civil or structural engineering or a closely related discipline and at least ten years' experience in design of bridges, culverts and other structures for highway works. Experience of climate-adaptive / climate proof design is preferred; The Chief Design Engineer will take overall responsibility to ensure the quality of design of rural road structures and other sub-project types as needed. The Chief Design Engineer will be deployed for a total of 18 months during the contract period;
- The **Hydrologist / Climate Adaptive Design Expert** will have a Master's Degree and five years' experience or a Bachelor's degree and ten years' experience in a relevant discipline and proven professional experience of assessing drainage patterns, flood flows and expected impacts of climate change for design of highway works. The Senior Hydrologist / Climate Adaptive Design Expert will be deployed for six months during the contract period.
- The **Geotechnical and Materials Engineer** will have a Master's Degree and five years' experience or a Bachelor's Degree and ten years' experience in a relevant discipline and proven professional experience of assessing quality of materials for use in highway construction. The Geotechnical and Materials Engineer will be deployed in the Inception

Phase for three months and will prepare specifications and quality control procedures to be applied during the remainder of the contract.

- The **Senior Surveyor** will have a Master's Degree and ten years' experience or a Bachelor's Degree and ten years' experience in a relevant discipline and proven experience of organising, managing and quality assurance of topographic surveys for highway works. The Senior Surveyor will be deployed for 24 months during the contract period.
- The **Environmental and Social Safeguards and Stakeholder Engagement Specialist** will have a Master's Degree and five years' experience or a Bachelor's Degree and ten years' experience in a social science discipline or in environmental science, and will have substantial experience of conducting environmental impact assessments for rural infrastructure works and of participatory approaches working with rural project beneficiaries. The Environmental and Social Safeguards and Stakeholder Engagement Specialist will be primarily responsible for conducting environmental impact assessments, preparing Land Acquisition Plans, and facilitating engagement and liaison with stakeholders in sub-project locations. The Environment and Social Safeguards and Stakeholder Engagement Specialist will be deployed for 60 months during the contract period.

## 75.2 Non-Key Experts

The Consultant will deploy non-Key Experts of the following types and with appropriate qualifications and experience. Appointment of all proposed non-Key Experts will be subject to approval of the Project Manager.

Position	Description	Person-Months
Short-Term Experts, as Needed	Senior experts (Master's Degree or higher) in relevant disciplines, need to support study, design and / or supervision operations	6
Capacity Building Experts	Senior experts (Master's Degree or higher) to be deployed in response to request from MRD to support capacity development activities	6
Surveyors	Qualified and experienced professional topographic surveyors	48
Design Engineers	Experienced engineers (Master's Degree preferred) to prepare designs of infrastructure sub-projects under supervision of the Senior Design Engineers	48
CAD Technicians	Engineers or technicians with suitable qualifications and experience to produce high-standard engineering drawings using CAD technology	48
Regional Engineers	Civil Engineers or highway engineers with at least 5 years professional experience, deployed as needed at Provincial / Regional level to ensure the quality of construction supervision	300
Construction Supervisors	Engineers or technicians with suitable qualifications and experience to conduct day-to-day construction supervision under the direction of the Regional Engineer	600
Administrative Staff	At least one professionally qualified administrator with experience in office management and logistics.	78

## 75.3 Support Staff

The Consultant will be responsible to deploy sufficient non-professional support staff (office assistant, driver, guard, site assistant etc) to ensure the efficient implementation of the Consultant's responsibilities.

## **76 Timing and Duration**

The Consultant will mobilise (deploy the Team Leader) within one month of contract signing or by 1<sup>st</sup> January 2020, whichever is the later. The Contract will terminate on 30<sup>th</sup> June 2026.

## **77 Qualifications of the Consultant**

The Consultant will be a firm registered and eligible to conduct business in Cambodia. The firm will have ...

## TERMS OF REFERENCE

Assignment Title	<b>Skills Development Services Provider</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duration	Approximately 738 person-months over 6 years 2020 - 2025
Supervisor	Project Manager, Skills, Technology and Enterprise based in General Department of Economic and Public Financial Policy, Ministry of Economy and Finance

## 78 Project Description

Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT is a project of the Royal Government of Cambodia (RGC). The total project cost is estimated as US\$ 95 million of which International Fund for Agriculture Development (IFAD) has committed loan financing of US\$ 54 million and RGC has committed US\$ 10.8 million from domestic resources. The Project Development Objective of SAAMBAT is to “Increase productivity of rural youth, enterprises and the rural economy” which in turn contributes to the Goal of “Reduce Poverty and Enhance Food Security.” SAAMBAT is implemented through two Components: (1) Value Chain Infrastructure; and (2) Skills, Technology and Enterprise. These components are designed to deliver two key Outcomes: (1) Poor rural people’s benefits from market participation increased; and (2) Poor rural people’s productive capacities increased.

The Executing Agency for SAAMBAT is the Ministry of Rural Development (MRD). MRD is responsible for overall project coordination, planning, financial management, procurement and monitoring and evaluation (M&E). MRD directly implements Sub-Component 1.1: Public Market Linkage Infrastructure. Key outputs of SC1.1 are 225 km of bitumen or concrete surfaced roads; 100 km of laterite surfaced farm access roads; 25 rural market areas improved and 10 other types of infrastructure facility which may include ferry crossings and commodity collection points. Sub-Component SC1.2: Access to Affordable and Renewable Energy; is implemented by Ministry of Mines and Energy (MME) and will result in about 5,000 farm households adopting renewable energy technology (RET) for agriculture purposes. Component 2 is implemented by Ministry of Economy and Finance (MEF). Sub-Component SC2.1: Skills for Rural Youth, will assist 5,000 rural youth to improve their employment opportunities and about 330 rural youth to start small enterprises. SC2.2: Technology and Enterprise for Rural Value Chains, will support development of digital technology applications for the rural economy and will assist about 10,000 farmers and other value chain actors to increase their use of digital technology for economic purposes. SC2.3: Policy Research and Strategic Studies, finances research and knowledge generation to support policymaking for rural economic development, including financing a major study on the feasibility of establishing regional wholesale markets for the safe / organic vegetable value chain.

SAAMBAT is not designed as a stand-alone project but works in synergy with ongoing initiatives with IFAD financing including Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Accelerating Improved Markets for Smallholders (AIMS). This program approach is extended through partnership agreements with projects financed by other development partners. About 200,000 rural households are expected to benefit from services supported by the project. These households will be located in 50 agriculture production areas known as Economic Poles. The Economic Poles may be in any rural area of Cambodia with ongoing activities of ASPIRE and / or AIMS. Currently, ASPIRE and AIMS support activities in 20 of the 24 rural Provinces of Cambodia.

## 79 Purpose of the Assignment

The Purpose of the Assignment is to assist the Royal Government of Cambodia’s Skills Development Fund (SDF) to deliver the outputs of SC2.1 of SAAMBAT to the highest achievable quality. To this end, the Consultant will deploy suitably qualified experts to assist SDF to develop training curricula, assess the skills gap in the rural economy in SAAMBAT project areas and demand for training from young rural Cambodians, identify potential training providers, screen and select trainees, conduct pre-training courses, assign trainees to either national training courses of SDF, local / regional training courses or a third path of enterprise development; support and mentor young entrepreneurs, monitor



the progress of trainees and report results. Reporting responsibilities will include uploading data to the SAAMBAT Management Information System (MIS) as well as traditional project reporting.

## **80 Location and Timing**

The Consultant will support SDF at national level and in the 50 Economic Poles which may be located in any Province of Cambodia.

Economic Poles will be selected in three Phases. In Phase 1, 10 Economic Poles will be selected in the Provinces of Battambang, Kampong Chhnang, Svay Rieng, Kampong Cham and Kandal. Phase 1 Economic Poles will be selected during 2019.

A further 15 Economic Poles will be selected in Phase 2 in 2020 or 2021.

A final 25 Economic Poles will be selected by Project Mid-Term Review in late 2022.

Needs assessment, training provider identification and two rounds of trainee selection, pre-training and assignment to training paths will be conducted in each Economic Pole.

It is planned to select and provide pre-training to 5,000 rural youth during the period 2020 to 2024.

Training classes will be of approximately 25 trainees, therefore 200 classes will be held, or two cycles of two classes per cycle in each of 50 Economic Poles.

## **81 Scope of Work**

### **81.1 General**

The consultant is responsible to provide all services necessary to achieve the Purpose of the assignment as defined above. Detailed tasks required to achieve the Purpose, but not specifically mentioned, are understood to be included unless specifically excluded.

The Consultant will establish an office within the General Department of Economic and Public Finance Policy (GDEPFP), Ministry of Economy and Finance, Phnom Penh. The Consultant's Team Leader will be based in this office. Owing to space limitations, the Consultant will provide its own office space to accommodate design teams, support staff etc.

The Consultant is responsible to provide its own vehicles, office equipment, survey equipment, field equipment etc as needed to fulfil these TOR.

### **81.2 Reporting Line, Cooperation and Communications**

The ultimate responsibility for management of the assignment is with the Project Director in Ministry of Rural Development.

Day-to-day management of the assignment is by the Project Manager – Skills, Technology and Enterprise who is located in MEF-GDEFP.

At national level the Consultant will cooperate closely with staff and advisers of the SDF.

At local level, the Consultant will cooperate with SAAMBAT project stakeholders including:

- Provincial Department of Rural Development (PDRD) and the SAAMBAT Facilitation Team;
- Provincial Department of Agriculture, Forestry and Fisheries (PDAFF), implementing ASPIRE;
- The Regional Hubs of AIMS, implemented by Ministry of Commerce (MOC);
- Private sector, farmer organisations, agriculture cooperatives and farmers organised in Multi-Stakeholder Platforms (MSP) and Business Clusters by AIMS and ASPIRE;
- Local Authorities.

### **81.3 Curriculum Development**

The purpose of the pre-training course is to equip rural youth, particularly those from poor households, with the skills they may need to enter formal training and employment. The content of the course will be based on a needs assessment but is expected to focus on soft-skill topics such as timekeeping, workplace discipline, food hygiene (relevant to trainees for work in the food industry) etc. The pre-training course will also equip rural youth to make informed decisions about their own futures, including decisions on migrating to work, seeking employment locally or starting a business. The pre-training course is to be designed for a class of twenty-five trainees over a period of two weeks, or equivalent in intermittent / evening class training.

The consultant will design the pre-training course based on a needs assessment including discussion with national employer partners of SDF, local employers in the SAAMBAT project areas and training providers. The consultant will submit the draft curriculum materials to SDF for review before finalisation.

SDF may identify the need for curriculum development of other types of course during the assignment and provision for this purpose will be made in the contract with the consultant. When such needs are identified, the consultant will work with SDF to develop a suitable specification for the curriculum materials and will deploy experts with the appropriate skill set to design the course.

#### **81.4 Rural Economy Training Needs Assessment**

The Consultant will conduct a needs assessment for skills training for rural youth in the SAAMBAT project areas. The needs assessment will include:

- Assessment of the skills gap, or types of vocational skill that are in high demand by employers in the project area;
- Assessment of the level of interest of rural youth, particularly those not continuing with formal education, in different occupations and in entering formal training to acquire skills.

It is anticipated that the needs assessment conducted in Project Year 1 (PY1) in the ten Phase 1 Economic Poles will be broadly representative of needs in the Phase 2 and Phase 3 Economic Poles. However, this assumption will be validated by more limited needs assessment surveys conducted in PY2-3 (Phase 2) and PY4 (Phase 3).

#### **81.5 Selection of Trainees**

To be eligible for training support from SAAMBAT, trainees must match the following criteria:

- Between 16 and 25 years old;
- Not in full-time education (trainees should not drop out of high school to join the course);
- Live in a rural area;
- Family condition is poor or medium. Youth from families owning more than 5 ha of farmland, or owning medium or large-scale enterprises (10 employees or more) are not eligible;
- If necessary, priority will be given to youth from families with ID-Poor cards and female headed households;
- 50% of trainees should be female.

Youth who are already in full-time employment are eligible for training on release basis with the consent of their employer, or out of work hours.

The Consultant will develop a suitable outreach strategy to attract training applicants. This will include dissemination of information about the training opportunity through the network of MSP and Business Clusters supported by AIMS and ASPIRE. However, training opportunities will not be limited to family members of households organised in these groups.

#### **81.6 Delivery of Pre-Training**

The Consultant will develop a suitable strategy for training delivery, taking into account the findings of the needs assessment and the local situation. SAAMBAT facilitation team and PDRD will assist the Consultant to identify a suitable training location. Trainers, support staff and necessary equipment will be provided by the Consultant.

#### **81.7 Assessment and Assignment to Training Paths**

Youth undertaking the pre-training course will be individually assessed. Their preferences for future training will be established and discussed with them to help them come to an informed decision. At the end of the pre-training, trainees will be assigned to one of three training paths:

4. **National training program** promoted by SDF in partnership with major employers. Normally this will be for skills training in a non-rural sector. Training is likely to be at a national institution or at a distance from the home area. Training fees will be paid and trainees will receive a scholarship financed by SDF and the employers;

5. **Regional training program** for rural economy skills. This training will be provided at a training provider in the local area or region and wherever possible should not require the trainee to re-locate. Training fees and a suitable scholarship will be provided by SDF;
6. **Rural Business Incubator** (see below).

### **81.8 Rural Business Incubator**

The Rural Business Incubator is intended to assist rural youths who wish to do so to become self-employed entrepreneurs in the rural economy. Types of enterprise supported are not limited to agriculture value chain activities but may include any type of service provision, small manufacturing, construction etc subject to compliance with relevant laws, regulation and licensing requirements. The Consultant will make arrangements as needed to provide trainees joining the Rural Business Incubator with the following types of support:

- A further training course in basic business skills, book-keeping, legal framework for small enterprises etc;
- Mentoring to develop a business concept;
- Support to carry out market research or other types of study (perhaps including internship with an existing business) to assist in developing a business plan;
- Development of a business plan including financing requirements;
- Further mentoring support during the early phase of business start-up.

SAAMBAT will not directly finance start-up businesses but will facilitate access to finance, including through access to a Line of Credit of the AIMS project.

### **81.9 Follow Up and Outcome Monitoring**

The Consultant will provide monitoring data in real time through the SAAMBAT MIS. This will be an online system with data uploading through mobile devices (Android OS) or PC. The Consultant is responsible to provide suitable devices and to install the software.

Data uploaded to the MIS will include:

- Details of all trainees entering the pre-training course;
- Details of pre-training and other courses delivered;
- Training path selected for each trainee;
- Training course assigned;
- Outcome data for all participants in the Rural Business Incubator pathway.

In addition, the Consultant will select a random sample of 10% of trainees assigned to national and local training programs and will follow up annually with those trainees until the end of the project to record:

- Current occupation;
- Income;
- Satisfaction with the training received.

### **81.10 Reporting**

The Consultant will prepare and submit the following reports to the Project Manager – Skills, Technology and Enterprise for review and for approval by the Project Director.

- Not more than two months after the commencement of the contract, an Inception Report detailing the proposed methodology for the Needs Assessment, outline curriculum of the Pre-Training Course, strategy for selection of trainees, training plan and methodology of the Rural Business Incubator. The Inception Report will detail the Consultant's proposed staffing plan. The Inception Report will identify any challenges faced and propose solutions. The Inception Report will be submitted to the
- Six-Month Progress Report including progress against the annual work plan, achievements, challenges faced and proposed solutions;
- Annual Progress Report including outputs, achievements, and proposed work plan for the following year;

- A Final Report, to be submitted in draft three months before the end of the assignment, summarising outputs and achievements of the assignment, presenting an evaluation of the effectiveness of the approach adopted and making recommendations to be taken into account in design of future skills training programs for rural youth.

## 82 Staffing

### 82.1 Key Experts

Key Experts will be nominated in the Consultant's Technical Proposal and evidence of their qualifications will be submitted and considered in evaluation of the proposal. In any case where a Key Expert becomes unavailable during the Project period, the Consultant will propose to MRD a replacement expert with equivalent qualifications to the departing expert. MRD will have the discretion to accept or reject the replacement candidate. The Key Experts will consist of:

- The **Team Leader** who will possess at least a Master's Degree in education or another relevant discipline and a minimum of ten years' professional experience which will include design and implementation of vocational skills training and management experience. The Team Leader will be responsible for the overall organisation of the team, work planning and ensuring technical quality of outputs. The Team Leader will be deployed full-time for Project Years PY1 and PY2 and six months per year from PY3-PY6 (48 months total);
- The **Deputy Team Leader** will have a Master's Degree in education or another relevant discipline and at least five years' experience, or a Bachelor's Degree and at least ten years' experience including delivery of vocational skills training and positions of management responsibility. The Deputy Team Leader will be responsible for organisation of field activities including training classes, and will take overall leadership responsibilities when the Team Leader is absent. The Deputy Team Leader will be deployed full-time through the project period (72 months);
- The **Curriculum Development Expert** will have a Master's Degree in education or another relevant discipline and at least ten years' professional experience included developing training curricula for technical and vocational training. The Curriculum Development Expert will be deployed for three months to assist preparation of the Pre-Training Course, with a further three months to be used to develop additional training courses as needs are identified by SDF;
- The **Business Development Expert** will have a Master's Degree in a relevant discipline and at least 10 years' professional experience in training and support for development of small and medium enterprises, preferably in a rural setting. The Business Development Expert will be deployed for an initial six months to develop the methodology for the Rural Business Incubator and to conduct training-of-trainers, with a further six months' intermittent inputs to support and strengthen implementation (12 months total).

### 82.2 Non-Key Experts

The Consultant will deploy non-Key Experts of the following types and with appropriate qualifications and experience. Appointment of all proposed non-Key Experts will be subject to approval of the Project Manager.

Position	Description	Person-Months
Research Team	Conduct needs assessment, identify training providers etc.	48
Trainers	Deliver pre-training courses and other courses as needed (usually two trainers per course)	180
Facilitators	(1) general facilitation and coordination including liaison with AIMS and ASPIRE; and (2) support to entrepreneurs under Rural Business Incubator	300
Administrative Staff	At least one professionally qualified administrator with	78

	experience in office management and logistics.	
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### **82.3 Support Staff**

The Consultant will be responsible to deploy sufficient non-professional support staff (office assistant, driver, guard, site assistant etc) to ensure the efficient implementation of the Consultant's responsibilities.

### **83 Timing and Duration**

The Consultant will mobilise (deploy the Team Leader) within one month of contract signing or by 1<sup>st</sup> January 2020, whichever is the later. The Contract will terminate on 31<sup>st</sup> December 2025.

### **84 Qualifications of the Consultant**

The Consultant will be a company or non-government organisation (NGO) registered and eligible to conduct business in Cambodia. The firm will have ...

## TERMS OF REFERENCE

Assignment Title	<b>Digital Technology Outreach Services Provider</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duration	Approximately 738 person-months over 6 years 2020 - 2025
Supervisor	Project Manager, Skills, Technology and Enterprise based in General Department of Economic and Public Financial Policy, Ministry of Economy and Finance

## 85 Project Description

Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT is a project of the Royal Government of Cambodia (RGC). The total project cost is estimated as US\$ 95 million of which International Fund for Agriculture Development (IFAD) has committed loan financing of US\$ 54 million and RGC has committed US\$ 10.8 million from domestic resources. The Project Development Objective of SAAMBAT is to “Increase productivity of rural youth, enterprises and the rural economy” which in turn contributes to the Goal of “Reduce Poverty and Enhance Food Security.” SAAMBAT is implemented through two Components: (1) Value Chain Infrastructure; and (2) Skills, Technology and Enterprise. These components are designed to deliver two key Outcomes: (1) Poor rural people’s benefits from market participation increased; and (2) Poor rural people’s productive capacities increased.

The Executing Agency for SAAMBAT is the Ministry of Rural Development (MRD). MRD is responsible for overall project coordination, planning, financial management, procurement and monitoring and evaluation (M&E). MRD directly implements Sub-Component 1.1: Public Market Linkage Infrastructure. Key outputs of SC1.1 are 225 km of bitumen or concrete surfaced roads; 100 km of laterite surfaced farm access roads; 25 rural market areas improved and 10 other types of infrastructure facility which may include ferry crossings and commodity collection points. Sub-Component SC1.2: Access to Affordable and Renewable Energy; is implemented by Ministry of Mines and Energy (MME) and will result in about 5,000 farm households adopting renewable energy technology (RET) for agriculture purposes. Component 2 is implemented by Ministry of Economy and Finance (MEF). Sub-Component SC2.1: Skills for Rural Youth, will assist 5,000 rural youth to improve their employment opportunities and about 330 rural youth to start small enterprises. SC2.2: Technology and Enterprise for Rural Value Chains, will support development of digital technology applications for the rural economy and will assist about 10,000 farmers and other value chain actors to increase their use of digital technology for economic purposes. SC2.3: Policy Research and Strategic Studies, finances research and knowledge generation to support policymaking for rural economic development, including financing a major study on the feasibility of establishing regional wholesale markets for the safe / organic vegetable value chain.

SAAMBAT is not designed as a stand-alone project but works in synergy with ongoing initiatives with IFAD financing including Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Accelerating Improved Markets for Smallholders (AIMS). This program approach is extended through partnership agreements with projects financed by other development partners. About 200,000 rural households are expected to benefit from services supported by the project. These households will be located in 50 agriculture production areas known as Economic Poles. The Economic Poles may be in any rural area of Cambodia with ongoing activities of ASPIRE and / or AIMS. Currently, ASPIRE and AIMS support activities in 20 of the 24 rural Provinces of Cambodia.

## 86 Purpose of the Assignment

The Purpose of the Assignment is to assist the MEF-General department of Economic and Public Finance Policy (GDEPFP) to deliver the outputs of SC2.2 of SAAMBAT to the highest achievable quality. To this end, the Consultant will deploy suitably qualified experts to assist GDEPFP to conduct research on digital technology needs and skills gap in the rural economy; train farmers and other rural value chain actors in use of digital technology; develop and implement sub-projects to increase use of digital technology; facilitate market research by digital innovators; support testing and roll-out of innovative digital applications; and monitor uptake of digital technology in the rural value chain.

Reporting responsibilities will include uploading data to the SAAMBAT Management Information System (MIS) as well as traditional project reporting.

## **87 Location and Timing**

The Consultant will support GDEFPF at national level and in the 50 Economic Poles which may be located in any Province of Cambodia.

Economic Poles will be selected in three Phases. In Phase 1, 10 Economic Poles will be selected in the Provinces of Battambang, Kampong Chhnang, Svay Rieng, Kampong Cham and Kandal. Phase 1 Economic Poles will be selected during 2019.

A further 15 Economic Poles will be selected in Phase 2 in 2020 or 2021.

A final 25 Economic Poles will be selected by Project Mid-Term Review in late 2022.

Digital Literacy training will be provided to participants in AIMS and ASPIRE business clusters in all 50 Economic Poles. The total number of trainees will be 5,000 during the period 2020-2024. Training classes will be of approximately 25 trainees; therefore 200 classes will be held, or four classes in each of 50 Economic Poles.

Other field activities will be in selected locations within the Economic Poles. Choice of locations will be identified through the Multi-Stakeholder Platform planning process and agreed with GDEFPF.

## **88 Scope of Work**

### **88.1 General**

The consultant is responsible to provide all services necessary to achieve the Purpose of the assignment as defined above. Detailed tasks required to achieve the Purpose, but not specifically mentioned, are understood to be included unless specifically excluded.

The Consultant will establish an office within GDEFPF in Ministry of Economy and Finance, Phnom Penh. The Consultant's Team Leader will be based in this office. Owing to space limitations, the Consultant will provide its own office space to accommodate design teams, support staff etc.

The Consultant is responsible to provide its own vehicles, office equipment, survey equipment, field equipment etc as needed to fulfil these TOR.

### **88.2 Reporting Line, Cooperation and Communications**

The ultimate responsibility for management of the assignment is with the Project Director in Ministry of Rural Development.

Day-to-day management of the assignment is by the Project Manager – Skills, Technology and Enterprise who is located in GDEFPF.

At national level the Consultant will cooperate closely with staff and advisers of GDEFPF and with Techo Start-Up Centre, Royal University of Phnom Penh.

At local level, the Consultant will cooperate with SAAMBAT project stakeholders including:

- Provincial Department of Rural Development (PDRD) and the SAAMBAT Facilitation Team;
- Provincial Department of Agriculture, Forestry and Fisheries (PDAFF), implementing ASPIRE;
- The Regional Hubs of AIMS, implemented by Ministry of Commerce (MOC);
- Private sector, farmer organisations, agriculture cooperatives and farmers organised in Multi-Stakeholder Platforms (MSP) and Business Clusters by AIMS and ASPIRE;
- Local Authorities.

### **88.3 Research**

The Consultant will conduct research with participants in AIMS and ASPIRE value chains in order to establish (1) current level of use of digital technology for economic purposes; (2) level of access to digital technology, including connectivity and access to smartphones and PCs; (3) awareness of the potential for using digital technology to enhance agriculture value chain activities; (4) identify potential to increase use of digital technology using currently available applications; and (5) identify potential for development of innovative digital technology applications for the rural economy.

The Consultant will be fully responsible for design and implementation of the research. However, staff of Techo Start-Up Centre (TSC) will join the consultant's research team. TSC staff will be responsible for their own costs for this activity.

The findings of the research will be presented in a report within six months of the start of the assignment.

#### **88.4 Digital Literacy Training Course Development**

Informed by the research findings, the Consultant will develop a Digital Literacy Training Course designed to assist the AIMS / ASPIRE Business Cluster participants to increase their use of digital technology for economic purposes.

It is envisaged that the training course will be of one-week duration, or equivalent in part-time study, and will cover the following topics:

- Concepts of digital technology and Internet access;
- Types of use of digital technology by farmers and small businesses;
- Use of general applications (e.g. social media) to improve business communications;
- Use of financial technology applications;
- Applications specifically for agriculture sector (e.g. market information systems)
- Protecting privacy and guarding against Internet fraud;
- Discussion of opportunities for the group to use digital technology.

#### **88.5 Delivery of Digital Literacy Training**

Digital Literacy trainees will be selected in cooperation with AIMS and ASPIRE. The opportunity to participate in digital literacy training will be discussed in the Multi-Stakeholder Platform meetings and views will be sought on the types of trainee most likely to benefit. Identification of trainees will be conducted through meetings of the Business Clusters. General principles to be observed include that at least 50% of trainees should be women, and trainees from poor households (with ID-Poor cards) should have priority where they are able to benefit from the training. Poorer participants will face the difficulty that they are less likely to possess smartphones or be able to afford connectivity costs. This issue will be examined in the research phase.

The Consultant will develop a suitable strategy for training delivery, taking into account the findings of the research phase and the local situation. SAAMBAT facilitation team and PDRD will assist the Consultant to identify a suitable training location. Trainers, support staff and necessary equipment will be provided by the Consultant.

#### **88.6 Sub-Projects**

The Consultant will design and implement sub-Projects to assist groups of rural value chain actors to take advantage of and use existing available digital technology for economic purposes. Examples could include making improved use of market information services, using social media to improve group communication etc. Opportunities for sub-projects will be identified during the digital literacy training courses.

It is planned to implement 10 sub-projects with 100 participants per sub-project. Sub-Projects may be focussed in a specific location (i.e. within a single Economic Pole) or dispersed, according to the nature of the sub-project. Sub-projects may repeat successful designs already used in other locations. Staff and facilitators of ASPIRE (Provincial Department of Agriculture, Forestry and Fisheries) and AIMS (organised in regional hubs under Ministry of Commerce) are expected to support and facilitate implementation of the sub-projects. This may require advance planning so that activities can be included in the Annual Workplan and Budget (AWPB) of each project. AWPB are prepared during the final quarter of the year before implementation.

Provision for funds to support materials and other expenses for sub-project implementation will be included in the contract with the Consultant.

#### **88.7 Linking Innovators to Rural Value Chain Actors**

Through Techo Start-Up Centre (TSC), SAAMBAT will support development of innovative digital technology for the rural economy. The centrepiece of this effort will be a Khmer Agriculture Suite (KAS) developed by TSC as an open digital platform. Other innovators will be able to develop



applications based on the platform. It is likely that an early application of the platform will be a Virtual Market allowing farmers and traders to exchange information, advertise produce; agree sale contracts, arrange collection / delivery and develop relationships of trust. Innovative proposals will be sought through a Challenge Fund operated by TSC.

Digital entrepreneurs and application developers will need opportunities to interact with rural value chain actors for market research, product development and testing. The Consultant will provide the "interface" for this interaction in cooperation with ASPIRE and AIMS. This may include facilitating meetings between developers and value chain actors and identifying opportunities for more extended relationships, such as leading farmers and traders who are able to advise developers on needs and test products.

### **88.8 Testing and Roll-Out of Innovations**

The Consultant will support testing and roll-out of digital innovations linked to the KAS. This will include (1) organising tests of prototype applications on a similar basis to the sub-projects for existing applications described above; (2) raising awareness of the new applications; and (3) training the first users of new applications.

### **88.9 Follow Up and Outcome Monitoring**

The Consultant will provide monitoring data in real time through the SAAMBAT MIS. This will be an online system with data uploading through mobile devices (Android OS) or PC. The Consultant is responsible to provide suitable devices and to install the software.

Data uploaded to the MIS will include:

- Details of all trainees participating in the digital literacy or other training ;
- Details of digital literacy and other courses delivered;
- Data on sub-projects and application tests.

In addition, the Consultant will select a random sample of 10% of trainees and will follow up annually with those trainees until the end of the project to record:

- Uptake of digital technology
- Impact on income from value chain activities
- Satisfaction with the training received.

### **88.10 Reporting**

The Consultant will prepare and submit the following reports to the Project Manager – Skills, Technology and Enterprise for review and for approval by the Project Director.

- Not more than two months after the commencement of the contract, an Inception Report detailing the proposed methodology for the research phase, outline curriculum of the Digital Literacy training, strategy for selection of trainees and training plan. The Inception Report will detail the Consultant's proposed staffing plan. The Inception Report will identify any challenges faced and propose solutions.
- A report of the findings of the research phase;
- Brief reports of the results of sub-projects and application tests;
- Six-Month Progress Report including progress against the annual work plan, achievements, challenges faced and proposed solutions;
- Annual Progress Report including outputs, achievements, and proposed work plan for the following year;
- A Final Report, to be submitted in draft three months before the end of the assignment, summarising outputs and achievements of the assignment, presenting an evaluation of the effectiveness of the approach adopted and making recommendations to be taken into account in design of future interventions to support digital technology in the rural economy.

## 89 Staffing

### 89.1 Key Experts

Key Experts will be nominated in the Consultant's Technical Proposal and evidence of their qualifications will be submitted and considered in evaluation of the proposal. In any case where a Key Expert becomes unavailable during the Project period, the Consultant will propose to MRD a replacement expert with equivalent qualifications to the departing expert. MRD will have the discretion to accept or reject the replacement candidate. The Key Experts will consist of:

- The **Team Leader** who will possess at least a Master's Degree in computer science or another relevant discipline and a minimum of ten years' professional experience which will include development of innovative applications of digital technology in developing countries. The Team Leader should also have significant management experience. The Team Leader will be responsible for the overall organisation of the team, work planning and ensuring technical quality of outputs. The Team Leader will be deployed full-time for Project Years PY1 and PY2 and six months per year from PY3-PY6 (48 months total);
- The **Deputy Team Leader** will have a Master's Degree in computer science, business development or another relevant discipline and at least five years' experience, or a Bachelor's Degree and at least ten years' experience including application of digital technology, capacity development and positions of management responsibility. The Deputy Team Leader will be responsible for organisation of field activities including training classes and will take overall leadership responsibilities when the Team Leader is absent. The Deputy Team Leader will be deployed full-time through the project period (72 months);
- The **Curriculum Development Expert / Master Trainer** will have a Master's Degree in education or another relevant discipline and at least ten year's professional experience included developing training curricula for technical and vocational training. The Curriculum Development Expert will be deployed for six months to prepare the Digital Literacy training course and to train trainers. assist preparation of the Pre-Training Course. A further six months' intermittent inputs is allocated to develop further training courses as need and to support and strengthen implementation (12 months total);

### 89.2 Non-Key Experts

The Consultant will deploy non-Key Experts of the following types and with appropriate qualifications and experience. Appointment of all proposed non-Key Experts will be subject to approval of the Project Manager.

Position	Description	Person-Months
Research Team	Conduct the initial research to identify needs and opportunities for strengthening use of digital technology in agriculture value chains and the rural economy	12
Trainers	Deliver digital literacy and other training courses as needed	180
Facilitators	(1) general facilitation and coordination including liaison with AIMS and ASPIRE; and (2) support testing and roll-out of digital innovations; and (3) monitoring and evaluation.	300
Administrative Staff	At least one professionally qualified administrator with experience in office management and logistics.	78

### 89.3 Support Staff

The Consultant will be responsible to deploy sufficient non-professional support staff (office assistant, driver, guard, site assistant etc) to ensure the efficient implementation of the Consultant's responsibilities.

## **90 Timing and Duration**

The Consultant will mobilise (deploy the Team Leader) within one month of contract signing or by 1<sup>st</sup> January 2020, whichever is the later. The Contract will terminate on 31<sup>st</sup> December 2025.

## **91 Qualifications of the Consultant**

The Consultant will be a company or non-government organisation (NGO) registered and eligible to conduct business in Cambodia. The firm will have ...

## TERMS OF REFERENCE

Assignment Title	<b>Impact Survey</b>
Project	Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)
Duration	Approximately XXX person-months over 6 years 2020 - 2025
Supervisor	Project Manager, Project Management Unit, Ministry of Rural Development

## 92 Project Description

Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) is a project of the Royal Government of Cambodia (RGC). The total project cost is estimated as US\$ 95 million of which International Fund for Agriculture Development (IFAD) has committed loan financing of US\$ 54 million and RGC has committed US\$ 10.8 million from domestic resources. The Project Development Objective of SAAMBAT is to “Increase productivity of rural youth, enterprises and the rural economy” which in turn contributes to the Goal of “Reduce Poverty and Enhance Food Security.” SAAMBAT is implemented through two Components: (1) Value Chain Infrastructure; and (2) Skills, Technology and Enterprise. These components are designed to deliver two key Outcomes: (1) Poor rural people’s benefits from market participation increased; and (2) Poor rural people’s productive capacities increased.

The Executing Agency for SAAMBAT is the Ministry of Rural Development (MRD). MRD is responsible for overall project coordination, planning, financial management, procurement and monitoring and evaluation (M&E). MRD directly implements Sub-Component 1.1: Public Market Linkage Infrastructure. Key outputs of SC1.1 are 225 km of bitumen or concrete surfaced roads; 100 km of laterite surfaced farm access roads; 25 rural market areas improved and 10 other types of infrastructure facility which may include ferry crossings and commodity collection points. Sub-Component SC1.2: Access to Affordable and Renewable Energy; is implemented by Ministry of Mines and Energy (MME) and will result in about 5,000 farm households adopting renewable energy technology (RET) for agriculture purposes. Component 2 is implemented by Ministry of Economy and Finance (MEF). Sub-Component SC2.1: Skills for Rural Youth, will assist 5,000 rural youth to improve their employment opportunities and about 330 rural youth to start small enterprises. SC2.2: Technology and Enterprise for Rural Value Chains, will support development of digital technology applications for the rural economy and will assist about 10,000 farmers and other value chain actors to increase their use of digital technology for economic purposes. SC2.3: Policy Research and Strategic Studies, finances research and knowledge generation to support policymaking for rural economic development, including financing a major study on the feasibility of establishing regional wholesale markets for the safe / organic vegetable value chain.

SAAMBAT is not designed as a stand-alone project but works in synergy with ongoing initiatives with IFAD financing including Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) and Accelerating Improved Markets for Smallholders (AIMS). This program approach is extended through partnership agreements with projects financed by other development partners. About 200,000 rural households are expected to benefit from services supported by the project. These households will be located in 50 agriculture production areas known as Economic Poles. The Economic Poles may be in any rural area of Cambodia with ongoing activities of ASPIRE and / or AIMS. Currently, ASPIRE and AIMS support activities in 20 of the 24 rural Provinces of Cambodia.

## **93 Purpose of the Assignment**

## **94 Location and Timing**

## **95 Scope of Work**

### **95.1 General**

## **96 Staffing**

### **96.1 Key Experts**

### **96.2 Non-Key Experts**

The Consultant will deploy non-Key Experts of the following types and with appropriate qualifications and experience. Appointment of all proposed non-Key Experts will be subject to approval of the Project Manager.

<b>Position</b>	<b>Description</b>	<b>Person-Months</b>

### **96.3 Support Staff**

The Consultant will be responsible to deploy sufficient non-professional support staff (office assistant, driver, guard, site assistant etc) to ensure the efficient implementation of the Consultant's responsibilities.

## **97 Timing and Duration**

The Consultant will mobilise (deploy the Team Leader) within one month of contract signing or by 1<sup>st</sup> January 2020, whichever is the later. The Contract will terminate on 31<sup>st</sup> December 2025.

## **98 Qualifications of the Consultant**

The Consultant will be a company or non-government organisation (NGO) registered and eligible to conduct business in Cambodia. The firm will have ...

## ANNEX 4: FRAMEWORK FOR POLICY STUDIES

## **Policy Note: Framework for Studies Financed By SAAMBAT**

### **99 Introduction**

This Policy Note sets out the framework for policy studies to be financed by SAAMBAT under Sub-Component 2.3: Policy Research and Strategic Studies. It sets the SAAMBAT policy studies in the broader framework of IFAD's country programme, engagement with RGC and partnerships with other agencies. The Policy Note describes the institutional framework for policy studies, process and dissemination of results. Finally, the note presents an open list of potential study topics, subject to agreement with RGC on relevance and need.

### **100 Purpose of Policy Studies**

SAAMBAT will support policy studies designed to produce evidence-based recommendations on specific policy questions that are under active consideration by RGC and are broadly relevant to IFAD corporate strategic objectives and the COSOP. Because SAAMBAT is designed to complement other IFAD country programme initiatives (ASPIRE, AIMS, TSSD, S-RET and grant-financed activities) and those of programme partners in a fully programmatic approach, SAAMBAT policy studies are not limited to themes directly addressed by SAAMBAT physical outputs.

Policy studies are expected to contribute to evolving policy discussion within RGC and between RGC and its development partners; to assist RGC and IFAD to develop an updated COSOP; to inform the strategic direction of ongoing IFAD-financed projects and the design of new projects and to influence the strategic thinking of IFAD's partners (in the same way that IFAD strategy is influenced by research and policy work produced by others).

### **101 Institutional Framework for Policy Studies**

SAAMBAT Sub-Component 2 will be implemented by MEF through a Project Implementation Unit in its General Department of International Cooperation and Debt Management (GDICDM), while the Sills Development Fund unit within the General Department of Economic and Public Finance Policy (GDEFP) will lead implementation of Sub-Component 3.1 (Skills for Rural Youth).. This is a good fit with the role of MEF as IFAD's direct counterpart agency and co-owner of the COSOP, as well as its important policymaking role within government. Nevertheless, it is recognised that policy studies in areas relevant to the IFAD programme are likely to involve the mandates of other Ministries and / or inter-Ministerial committees. In most cases these Ministries will be the ones represented on the Programme Steering Committee. Therefore, Sub-Component 3.3 including policy studies will be led by the PSC through its Secretariat established in MEF. The PSC Secretariat will work through the PSC representatives to coordinate design and implementation of policy studies with the relevant Ministries. MEF has nominated Centre for Policy Studies (CPS), an independent non-profit company with expertise in economic and agriculture sector policy, to be an implementing partner for Sub-Component 2.3 including the policy studies. CPS will work with the PSC Secretariat to identify, design and manage the studies, facilitate stakeholder consultations and disseminate findings. Also within Sub-Component 2.3, CPS will support strategic development of the IFAD country programme in Cambodia.

ASPIRE and S-RET include resources to support policy studies. MEF will coordinate with these projects to ensure that resources for policy studies are used in an efficient manner. The ambition should be to coordinate all policy study resources to strengthen the policy relevance of the programme as a whole.

Likewise, MEF will seek to ensure that policy studies resources do not duplicate efforts financed by other development partners. IFAD will assist in this coordination.

### **102 Policy Study Process**

Policy Studies will be conducted according to the following general process:

1. **Identification** of a topic through discussions between MEF, project executing / implementing agencies and IFAD;
2. Review of existing policies, relevant mandates and ongoing policy work by others and preparation of a 3 – 5 page **Policy Background Brief**;
3. Definition of specific **research questions** to be addressed;
4. Preparation of a **Terms of Reference**;
5. Contracting of a service provider or individual consultant to implement the study and prepare a **Consultant's Report**;
6. Presentation of the Consultant's Report at a **seminar event** led by senior Government officials;
7. Preparation of a **Policy Brief**, usually of 2 – 5 pages length, summarising policy recommendations that have been agreed at the seminar;
8. **Dissemination** of the Consultant's Report and the Policy Brief.

Policy studies will only proceed if the Policy Background Brief confirms that there are open policy questions that are worthwhile to address and that are not adequately covered by ongoing work by others. In some cases, SAAMBAT funds could be used to support joint policy studies with other partners. The final decision to proceed following preparation of the Policy Background Brief will be made by MEF after consultation with relevant stakeholders.

The Consultant's Report will provide the factual basis for policy recommendations together with analysis and the views of the consultant. The Policy Brief will represent views that have been agreed as appropriate by relevant senior RGC officials and by IFAD. In case that these parties cannot reach agreement on the recommendations, no Policy Brief will be issued.

### 103 Policy Study Topics

The following topics meet the criteria of being relevant to development of RGC policy and development partner strategy in areas directly addressed by SAAMBAT, by the broader IFAD country programme or by corporate strategic priorities of IFAD. This list is open and provisional only, and the decision to proceed with any study will be based on the process described above.

Specific topics for policy studies may include:

1. Rolling out of Cambodia GAP standards and quality assurance systems to enhance smallholder access to the market for Cambodia GAP certified products;
2. Data security and regulatory environment needed for successful roll-out of the Khmer Agriculture Suite (KAS) platform for digital applications for the rural economy;
3. The role of RET in the agriculture sector, in areas served by the electricity grid;
4. Effective coordination of rural road maintenance responsibilities between MRD / PDRD and local authorities;
5. Financing needs of rural entrepreneurs, and common standards for design of subsidies and matching grant instruments;
6. Development of TVET standards for the rural economy.

Policy studies may also be designed to strengthen mainstreaming of the IFAD priority themes of gender, youth, nutrition and climate change within the IFAD country programme and broader RGC policy and programme development. Policy studies will generate specific recommendations that can be adopted during programme and project design. This may require additional studies specifically devoted to these themes, however it should also mean that the themes are "mainstreamed" in design and implementation of policy studies on all topics.

A key area of interest for **gender** will be to study barriers to women's economic empowerment in agriculture value chains, including specific challenges faced by women entrepreneurs in starting, operating and growing businesses in the agriculture sector, and generate recommendations on how RGC and IFAD can assist women to overcome these barriers.

The responsiveness of IFAD projects to the needs of rural **youth** is a pressing concern as, increasingly, rural youth are attracted by economic opportunities outside agriculture. Strategies to support youth may include both facilitating this transition and helping rural youth take better



advantage of opportunities, while mitigating risks, in moving outside agriculture, but also strategies to make agricultural livelihoods more attractive to youth.

Poor **nutrition**, particularly amongst children and mothers, is a persistent problem in Cambodia with no single and easy solution. Policy studies may examine how best IFAD can leverage its access to rural communities, through its agriculture sector programmes, to partner with specialist agencies including UNICEF and World Food Programme, for effective action to improve nutrition.

**Climate change** is a key issue with potential implications for all aspects of the IFAD country programme. Climate change is mainstreamed in project activities through local vulnerability assessments, inclusion of climate change related materials in extension messages, promotion of climate-resilient agriculture techniques, adoption of climate-proofed designs for infrastructure and promotion of RET as a contribution to climate change mitigation. Programmes including the Cambodia Climate Change Alliance (CCCA) and the ADB Special Programme for Climate Resilience (SPCR) have devoted considerable resources to study of climate change trends and implications for rural Cambodia. SAAMBAT resources should not be used to duplicate existing studies. However, there is scope for an improved understanding of the implications of climate change for the future evolution of the Cambodian rural economy, going beyond the prominent issues of disaster preparedness for floods and droughts, and developing recommendations for the future of the country programme. The aim should be to ensure that climate change is mainstreamed at a strategic level, i.e. it is integrated in the strategic analysis that underpins programme and project design, rather than being seen only or mainly as a sub-set of activities designed to increase resilience within a largely unchanged paradigm.

## ANNEX 5: DRAFT AGENDA FOR PROGRAMME STEERING COMMITTEE MEETING



## ANNEX 6: Environmental, Social and Climate Risk Screening Checklists



## ANNEX 7: Environmental and Social Management Plan



Investing in rural people

## Cambodia

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex 9: Integrated Risk Framework (IRF)**

Document Date: 27/07/2019

Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department





Risk categories	Risk Probability	Risk Impact	Mitigations/comments
1. Political and governance	Medium	Low	<p>Legal and regulatory frameworks remain weak but risks are understood and are considered manageable within the project context. Experience from the country portfolio have been applied and a strong central PMU team (with extensive experience in program management) has already been formed.</p> <p>The overall policy direction has been consistent, with Ministry of Economy and Finance guiding partners. IFAD country team is in regular discussions with MEF and other implementing Ministries. MEF has expressed significant support to SAAMBAT, including reaching out to other development partners to support and possibly finance SAAMBAT activities.</p>
2. Macroeconomic	Low	Low	<p>Low risk probability in this regard. IFAD is in touch with WB/ ADB/ Ministries and other partners to anticipate and address any risks.</p>
3. Sector strategies and policies	Low	Low	<p>Low risk probability in this regard. IFAD is in touch with WB/ ADB/ Ministries and other partners to anticipate and address any risks.</p>
4. Technical aspects of project or program	Low	Low	<p>No major risks foreseen. The design is in line with RGC expectations, MEF policies, the Rectangular Strategy, and partner approaches in the country (WB/ ADB/ KFW).</p>
5. Institutional capacity for implementation and sustainability	Low	Medium	<p>Executing Ministry has extensive experiences working with other DPs project such as WB and ADB. IFAD, through RuLIP, has experience in working with Ministries and the team. The programmatic approach requires inter-ministerial coordination. Effective coordination and allocation of staff and resources by Ministries will be ensured through the following processes:</p> <p>Other Ministries have already dedicated staff and resources to the design of SAAMBAT (actual AWPB funds and staff time/ activities), and will ensure alignment of AWPBs during implementation.</p> <p>MSP (stakeholder consultations) on the ground to be aligned and shared between AIMS/ ASPIRE/ SAAMBAT. Project Director, Project Manager and key staff (finance, procurement, M&amp;E, targeting/ gender) have already been appointed during the pre-design mission. They have been trained in IFAD systems (NOTUS) and will be prepared for implementation.</p> <p>Sustainability of infrastructure investments will be addressed through clear agreements for maintenance financing at national (MRD) or local (Commune) level; best practice examples from other rural infrastructure sector projects have been incorporated, and engagement with policy and capacity building will be done in partnership with lead donors in the sector (ADB, AFD etc.)</p>

Risk categories	Risk Probability	Risk Impact	Mitigations/comments
6. Financial management	Medium	Low	PMU will be formed and trained in financial management and procurement procedures before project approval/ effectiveness. Experience in mitigating fiduciary risk within the country portfolio will be applied (country FM risk is assessed as high but portfolio risk is medium/low with all audits received and unqualified; formal assessment will be done by FMD during the design). RGC Standard Operating Procedures will be applied. Audits will be conducted by qualified external audit service providers annually.
7. Procurement	Medium	Medium	<p>Standard Operating Procedures on Procurement, approved by MEF and WB/ADB, are used for all external funded project. The overall risk on the procurement for IFAD projects portfolio is medium. The representative of MEF who is currently supervising IFAD projects will be involved in the procurement review committee of the SAAMBAT.</p> <p>A procurement specialist has been included in the design mission to review all procedures/ systems. IFAD will exchange best practices/ processes/ insights with WB/ ADB/ KFW. A procurement officer has been appointed before project approval.</p>
8. Stakeholders	Low	Low	No major risks foreseen: IFAD country team in regular and consistent consultation with stakeholders.
9. Environment and social	Medium	Low	<p>Environmental and social impact screening will be carried out for all infrastructure sub-projects which will consist of upgrading of existing infrastructure. Environmental and social impact assessments will be carried out where needed.</p> <p>Sub-projects in environmentally sensitive areas or requiring significant land acquisition will be excluded. Interests of indigenous minority groups will be protected through dialogue and informed consent with minority leaders and through advice of MRD Department of Ethnic Minority Development.</p>
Overall	Low	Low	See above.



Investing in rural people

## **Cambodia**

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### **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)**

#### **Project Design Report**

#### **Annex 10: Exit Strategy**

Document Date: 27/07/2019

Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department

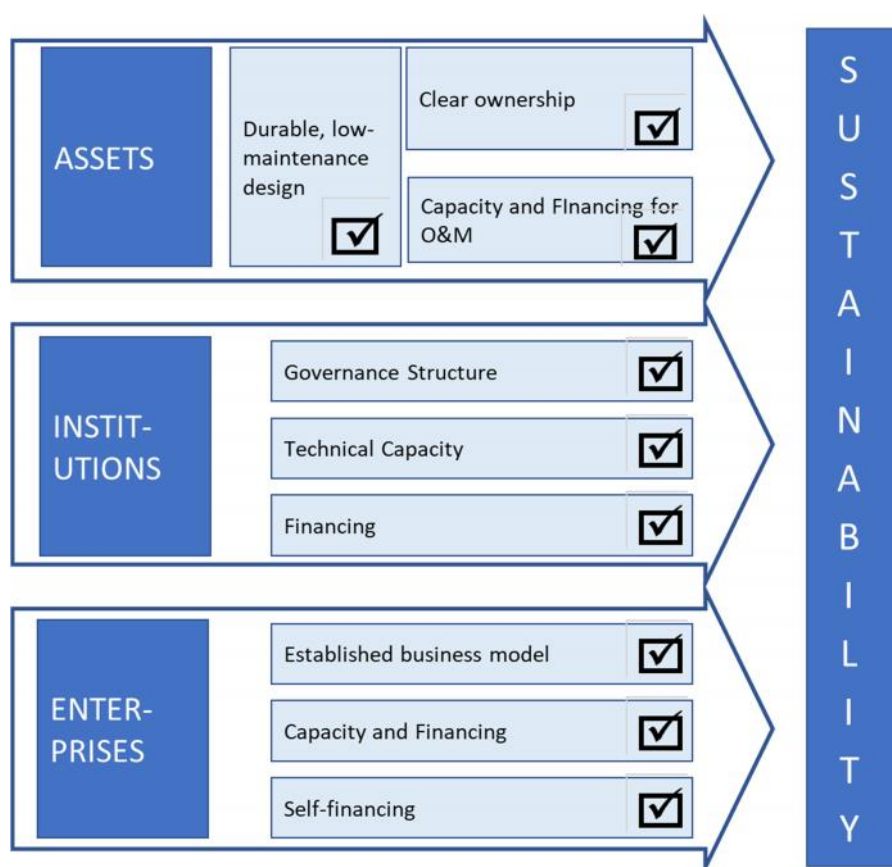


## Appendix 10: Exit Strategy

### I. Objective

The objectives of the SAAMBAT Exit Strategy are to ensure that, at the close of the project:

- **Physical assets** created by the project have clear ownership and governance structures, with clearly identified financing and adequate institutional capacity for operation and maintenance;
- **Institutions** created or strengthened by the project are able to continue to function and deliver services, and that principles of gender equity continue to be mainstreamed in the governance of the institutions;
- **Enterprises** created or supported by the project are fully self-financing, able to survive and grow without further capacity support, and delivering services of benefit to IFAD target beneficiaries.



### II. Planning for Exit Strategy

It may take some time, after completion of physical outputs, before the full requirements for sustainability of SAAMBAT project outputs, after withdrawal of can be achieved. Likewise, it will take time to build institutions and enterprises to the point of self-sustainability. This will be taken into account in project planning. The project will target effective completion of infrastructure outputs by the end of project year 5 (PY5) allowing that there are likely to be some activities to complete in PY6. Likewise, the last intake of new trainees for skills training should be in PY5. Grants for development of digital applications should be fully awarded by mid PY5 at latest. Activities in PY6 should focus on ensuring that all conditions for sustainability are in place. These conditions are described by sub-component and output type below.

### **III. Sub-Component 1.1: Public Market Linkage Infrastructure**

#### **A. Rural Roads**

Sustainability of rural roads requires that the technical and financial burden of operation and maintenance is no greater than the available capacity. Sustainability begins with appropriate design – different technology options result in different operation and maintenance needs. In some cases, “over-design” of the road may be justified to ensure a robust construction with light maintenance needs.

Rural roads are under the responsibility of MRD. However, MRD does not have sufficient capacity to maintain the entire network (around 45,000 km). MRD can share management and maintenance responsibilities with local authorities but the framework for this is not clear. There is a need for capacity development and increased funding for both MRD and local authorities to meet road maintenance responsibilities.

By PY6, SAAMBAT should have:

- Completed all road constructions to robust and climate-proofed standards;
- Clearly identified the management and maintenance responsibilities for each road;
- Working with development partners, enhanced the network management and maintenance capacity of MRD – Department of Rural Roads;
- Encouraged MRD and NCDD-S to reach a clear agreement on the road maintenance responsibilities of local authorities;
- Assisted NCDD-S to develop formats and procedures for local authorities to contract out road maintenance works;
- Assisted NCDD-S to develop clear guidance for local authorities to allocate adequate funds for road maintenance, based on the expected increase in their budgets.

#### **B. Ferry Crossings**

Ferry crossings will be operated by private operators under concession agreements. These agreements are normally overseen by the Ministry of Public Works and Transport (MPWT) through its Provincial Departments.

By PY6, SAAMBAT should have:

- Completed construction of all ferry crossings (landings) to a durable standard;
- Ensured that in all cases the private operator has undertaken responsibility for maintenance of the infrastructure.

#### **C. Market Infrastructure**

Market Infrastructure will be managed by a Market Committee which should undertake responsibility for maintenance.

By PY6, SAAMBAT should ensure that:

- Market infrastructure is complete, using durable designs that will not result in excessive operation and maintenance costs;
- All Market Committees are functioning satisfactorily, observe principles of gender equity, and are able to collect adequate market fees to finance necessary operation and maintenance costs.

#### **D. Collection Points**

In most cases collection points will be owned and managed by farmer organisations or agriculture cooperatives. A cooperative organisation of small traders is another possible model. In all cases, the management organisation will require a robust and effective governance structure, adequate income stream and technical skills for operation and maintenance of the facility.

By PY6, SAAMBAT will ensure that:

- All collection point construction is complete, using durable designs that do not impose excessive operation and maintenance burdens;
- All collection points are managed by well-established user organisations with clear governance structures, respecting gender equity principles;
- The user organisations have sufficient technical capacity for operation and maintenance tasks;
- The collection points generate an adequate income stream, and it is clear how part of the income stream will be assigned to operation and maintenance costs. This will include a plan for financing large one-time costs such as replacement of worn-out equipment.

## **IV. Sub-Component 1.2: Access to Affordable and Renewable Energy**

Ministry of Mines and Energy – Department of Renewable Energy is the institution responsible to promote use of RET. Implementation of SAAMBAT Sub-Component 1.2 should assist the DRE to enhance its capacity for this task. This may include supporting regulatory changes needed to ensure that RET remains a financially viable option for smallholder farmers without direct subsidies or project support.

By PY6, SAAMBAT will have assisted DRE to enhance its technical and administrative capacity and to have a thorough understanding of the potential of RET in smallholder agriculture, including its contribution to the national energy strategy and climate change mitigation goals. SAAMBAT will support policy studies to identify policy and regulatory developments with potential to encourage use of RET in agriculture.

### **A. RET Suppliers**

By PY6, it is expected that RET supplier partners of SAAMBAT will have mature and well-established supply chains and sales and service networks, enabling them to price their products competitively after project support is withdrawn.

## **V. Sub-Component 2.1: Skills for Rural Youth**

### **A. Skills Development Fund**

SAAMBAT support to Skills Development Fund (SDF) will focus on assisting SDF to extend its recruitment of trainees to rural areas and in particular to rural youth from poorer backgrounds; to map and respond to specific skills training needs in the rural economy; and to develop a network of training service providers in rural areas.

By PY6, SAAMBAT will assist SDF to:

- Have a well-established process for recruiting trainees from rural areas and providing them with an appropriate induction course (“soft skills”) to ease their transition into formal training and work;
- Have established a process of matching skills training needs of rural youth with skills training providers in rural areas;
- Have developed specific training curricula relevant to the needs of rural youth and the rural economy.

These capacities will be developed for compatibility with the general operational methodology of SDF, to ensure continuity once SAAMBAT support is withdrawn.

Also by PY6, Training Service Providers in rural areas will have established capacity, curricula and operational relationships so that they can continue to provide serviced under SDF financing after SAAMBAT support is withdrawn.

## **B. Rural SME**

By PY6, small and medium enterprises created by SAAMBAT trainees with support from the Rural Business Incubator should have clear business plans, adequate business administration capacity; secure capital and adequate income stream for future commercial sustainability.

## **VI. Sub-Component 2.2: Technology and Enterprise for Rural Value Chains**

### **A. Techo Start-Up Centre and KAS Platform**

Through technical assistance and support to development of KAS, SAAMBAT will assist TSC to establish its business model and capacity to support innovations for the digital economy.

By PY6, with assistance from SAAMBAT and other partners:

- TSC will be well established with a client base of digital innovators with projects at different stages of development;
- The core platform of KAS will be established and functioning, with mature applications in regular use in rural Cambodia and a pipeline of applications under development;
- There will be a sustainable model in place for future core operating costs of KAS.

### **B. Digital Entrepreneurs**

By PY6 at least XXX digital applications linked to KAS and serving the rural economy should be in full operation and generating income as viable and sustainable business enterprises.



## **Cambodia**

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex: Fiduciary Cambodia Saambat Feb 2019 Clean**

Document Date: 27/07/2019  
Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



# FIDUCIARY SUMMARY OF COUNTRY PORTFOLIO

COUNTRY	CAMBODIA	CONCEPT NOTE	Project: SAAMBAT
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## COUNTRY – Fiduciary KPIs:

Fiduciary Inherent Risk:	<b>HIGH</b>	<b>Governance:</b> <i>The inherent risk of the country is deemed HIGH. According to World Bank CPIA<sup>1</sup> Index 2017 (overall score 3.4), CAMBODIA reveals particular weaknesses in the area of "Public Sector Management" (score 2.7) driven by poor "Quality of public administration" (score 2.5) and "Transparency, Accountability, Corruption" (score 2.0). This is further confirmed by a low score (20) in the Corruption Perception Index (CPI): Cambodia is ranking 161 out of 180 countries in the 2018 survey conducted by Transparency International.</i>
2018 Disbursement Ratio <sup>2</sup>	13.9% (divisional target 17.1%)	
Disbursement Profile	On average Moderately Satisfactory	
Pending Obligations	None	
Counterpart Funding - Profile	Ranging from Satisfactory to Mod. Unsatisfactory	
Replenishment contributions	IFAD10 pledge = USD 315,000 (100% paid) IFAD11 pledge = USD 450,000 (not paid yet)	

## Public Financial Management (PFM):

The Royal Government of Cambodia (RGC) has embarked on a Public Financial Management reform (PFMRM) since 2004, with the support from external donors (WB, IMF, ADB).

According to latest PEFA assessment 2015, PFM has shown improvements (vs 2009). "Budget credibility" (aggregate expenditure vs plan) recorded the highest score (A) assisted by an orderly and timely budget preparation process (bottom up) which is ensuring ownership by budget entities and definition of allocations before the start of the fiscal year. Although overall PFM development trend is positive, absolute score of most performance indicators remain weak (C-D).

The RGC banking system appears fragmented with a multitude of bank accounts opened at NBC (by the Ministry of Economy and Finance MEF), largely for donor funded projects. The treasury single account (TSA), introduced in 2003, is not unified yet: government bank accounts are operated through the TSA, whereas bank accounts for execution of donor projects are managed by project implementing agents at Line Ministries (LM), and monitored by the Department of Cooperation and Debt Management (DCDM).

RCG annual financial statements are consolidated by the MEF. Accounting follows national standards (modified-cash) converging to IPSAS-cash. Accounting omission of a substantial amount of externally funded expenditure was recorded in PEFA 2015.

The National Audit Authority (NAA) is the supreme audit institution. NAA carries out external scrutiny, based on ISSAI standards, of 50-60% of all ministries, with spot checks on the rest and some project financial audit is outsourced to professional audit firms.

The Internal Audit (IA) function is established by the Audit Law. IA units are established in each ministry and regular reports are submitted to concerned minister and to the NAA. Delays were registered in the implementation of IA recommendations.

"Donor practices" scored (D) revealing a fiduciary environment not mature yet. Donor funded assistance represents a significant part of public expenditure (over 40%). External assistance is generally on-national budget, as donors provide annual disbursement forecast (as well as actual expenditure) to the Council for Development of Cambodia (CDC) database in advance of government's annual budget preparation. However, only a minor part is channelled through Direct Budget Support (which relies fully on the use of national procedures) and only 25% of the larger external assistance makes use of the other aspects of country systems (20% on-procurement; 28% on-treasury/accounting; 26% on-reporting; 27% on-audit). This trend, already positive vs 2009 (12%), is expected to improve further with the roll-out of the FMIS, launched in 2015 within the PFM Modernization Project (PFMMP) funded by the World Bank.

According to the PFMMP completion report, FMIS implementation – PeopleSoft-based - in key departments of the MEF, including the Capital Treasury and 24 Provincial Treasuries (PTs), has been completed satisfactorily<sup>3</sup> in 2017. It has enabled the government to enhance budget execution controls, improve timeliness of financial reporting, and achieve noteworthy compliance with IPSAS cash standards.

## PROJECT - Concept Note observations:

Project FM risk	<b>Medium provisionally - To be assessed during design</b>		<p>The overall contribution of international financing for the project is estimated at USD 176 million, of which IFAD USD 54 million and USD 30 million to be identified. Counterpart contribution from RGC is estimated at USD 12 million, AFD/KfW will finance USD 80 million. IFAD contribution is to be fully covered by IFAD 11 cycle.</p> <p>IMF team conducting the 2018 Article IV consultation with Cambodia, the Kingdom's debt-to-GDP ratio remains at 30 per cent this year. Cambodia's public debt-to-GDP ratio remains low risk. A draft of the 2018 national budget released late last year said the Cambodian government plans to borrow an additional one billion in Special Drawing Rights (SDR), equal to \$1.4 billion, to meet its planned budget for this year. This will bring the total national debt to \$7.6 billion by the end of the year, compared to \$6.2 billion in June last year.</p> <p>This Debt Sustainability Analysis (DSA) shows that Cambodia remains at low risk of external debt distress, with all debt burden indicators projected to remain below</p>
Duration:	6 years		
Financing Sources:	<b>(USD million)</b>	<b>(%)</b>	
- IFAD	54	31%	
- Government	12	7%	
- To be identified (gap)	30	17%	
- AFD/KfW	80	45%	
Proposed size:	USD 176 million		
PBAS – project's cycle coverage:	IFAD 11		
PBAS- allocation (IFAD 11)	USD 54.395 million		
Lending Terms:			
- 2018 (IFAD10)	- Highly Concessional		
- 2019 (IFAD11)	- Highly Concessional		

<sup>1</sup> Country Policy and Institutional Assessment 2016 (score scale 1=low to 6=high) – World Bank

<sup>2</sup> Disbursement RATIO = Disbursement during reporting period/ disburseable (at beginning of reporting period) – Benchmark: APR FY Target 2018 (set @Feb 2018) = 17,1%

<sup>3</sup> Implementation completion and results report of PFMMP project - World Bank, November 2017.

respective indicative thresholds. However, the results also indicate that debt sustainability is becoming increasingly vulnerable to adverse macroeconomic shocks, including a fall in exports and a disorderly adjustment in the exchange rate, fiscal revenue shocks, and the materialization of contingent liabilities.

On the Project Concept Note, FMD recommends a thorough assessment of FM capabilities/system and full fiduciary assessment of the proposed implementing agencies which will be important to determine the risk and necessary mitigating measures.

To ensure a smooth start-up of the project including early recruitment of service providers and implementation of construction activities in PY1, preparatory planning, establishment of the PSU, recruitment of staff and procurement of service provider contracts will take place in 2019. ASPIRE and AIMS are expected to assist in implementation of this start-up plan.

The government has not indicated whether it wishes to receive the financing in USD rather than SDR. The previous loan was denominated in USD at government request. This will be firmed up during design. Other factors to be considered during design will include:

- Ensure adequate balance between soft activities and civil works with associated disbursement and procurement considerations;
- Total project costs including parallel financing, beneficiaries in kind contribution need to be fully costed by component and by categories under different source of financing;
- Ensure the adoption of automated systems at central and district level, together with maintenance and training for proper recording of project's transactions;
- Engage with The National Audit Authority (NAA) or Private Audit firm and internal auditors to order to have proper audit arrangements in place for the project.
- FM team should be identified and further training on Budgeting & Planning and Cash Flow Management
- Accounting software should be identified in the earlier stage during the design mission.

### Ongoing Portfolio:

Project	Financing instrument	FLX Status	Lending Terms	Currency	Amount (million)	Completion date
TSPRSDP	200000216800	ENTF	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	10.00	27/02/2023
	G-I-DSF-8048-	DSBL	DSF HC GRANTS	XDR	4.25	
	L-I--793-	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	4.25	
PADEE	200000139400	Expired	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	2.10	30/06/2018
	G-I-DSF-8101-	Expired	DSF HC GRANTS	XDR	11.30	
	L-I--870-	Expired	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	11.30	
ASPIRE	200000074300	DSBL	ASAP GRANTS	XDR	10.15	30/03/2022
	200000074400	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	17.70	
AIMS	200000175100	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	36.30	30/03/2023
S-RET	200000156300	DSBL	ECD GRANTS	USD	4.60	30/12/2020

## B. PORTFOLIO, FM RISK & PERFORMANCE

Project	Financing instrument	Curr.	Amount (million)	Project risk rating	PSR quality of FM	PSR audit	PSR disb. Rate	Disbursed to approved
TSPRSDP	200000216800	USD	10.00	Low	n.a.	Mod. unsatisfactory	Satisfactory	0% (top up)
	G-I-DSF-8048-	XDR	4.25					100% (closed)
	L-I--793-	XDR	4.25					100% ( still have small balance in the DA and Bal
PADEE With PCD 30 Jun 2018 to be closed	200000139400	XDR	2.10	Low	Satisfactory	Satisfactory	Satisfactory	96%
	G-I-DSF-8101-	XDR	11.30					100%
	L-I--870-	XDR	11.30					99%
ASPIRE	200000074300	XDR	10.15	Medium	Mod. satisfactory	Satisfactory	Mod. satisfactory	49%
	200000074400	XDR	17.70					28%
AIMS	200000175100	USD	36.30	Medium	n.a.	Mod. satisfactory	Moderately unsatisfactory	14%
S-RET	200000156300	USD	4.60	n.a.	n.a.	Satisfactory	Satisfactory	38%

- TSPRSDP: The additional financing in the amount of USD 10 million was provided on Sep , 2017 to the original FA dated 15 Feb, 2010. The Project Completion date was extended to 23 Feb, 2023. 100% disbursement was made to the original loan and DSF Grant. With small balances in the designated accounts. No disbursement has been made to the additional financing yet. The Original loan and DSF grant should be closed this year. The Cooperating Institution is ADB, in charge for the financial management of the project (IFAD only reviews audits and processes disbursements).

- PADEE with the Project Completion Date (PCD) of 30/06/2018. Final Audit report was received. The project will return the balance of the Designed Account to IFAD in Feb, 2019. – the project should be closed immediately after the receipt of the refunds. The presence of knowledgeable and experienced staff in the PADEE finance unit since the very beginning of the project has facilitated the proper set-up of the financial management (FM) systems. The accounting software was promptly procured and set-up; it is able to produce useful reports and facilitates the preparation of withdrawal applications. The only limitation

in the customization is in the reporting module which does not allow automatic generation of reports on expenditures by component. All other reports can be automatically generated. Regular supervision and implementation support missions, together with the prompt implementation of recommendations from the finance team, supported a continuous improvement in FM

- ASPIRE- (ICP rollout in Q1, 2019) The ASPIRE has successfully transitioned to the programme based approach during the current Phase (2017-2018). With support of the additional financing, ASPIRE is preparing for the Scaling-Up Phase (2019-2021) for national coverage. This requires new ways of managing the programme in a collaborative manner under the leadership of the Programme Director and Managers. FM arrangement is well maintained. However, the disbursement against AWPB 2018 is quite low due to delay in approval of AWPB. Further improvements are needed to (i) manage the Cash Flow, (ii) recording the In-Kind contribution of Government and beneficiaries, (iii) Internal Audit Firm to be hired; (iv) Internal Controls to be further improved and (v) Further capacity building of the FM team.

AIMS- (ICP rollout in Q1, 2019)- The project was effective on Feb-17,. To date the only disbursements relate to advances. The contract with the accounting software company has been signed and the chart of account agreed. The accounting system needs to be properly customized to record their transactions and to be set-up to allow consolidation of information and allow the preparation of the consolidated financial statements of AIMS. S-RET- ECD GRANT (ICP rollout in Q1 2019) - in the amount of 4.6 million with the PCD 30/12/2020 and disbursement rate of 38% of total grant amount. ICP- Setting and action plan with the goal of going LIVE with Cambodia ( S-RET) : IFAD experienced many challenges during the ICP rollout for Cambodia with the common effort from APR and FMD , we just received the list of users from the Government . The documents are now processing to the Minister level for signature. New Project will be rollout on ICP. Overall, in IFAD's experience, Ministries and Governmental Agencies have extensive experience in managing external funded projects and are substantially efficient in complying with donor's financial and reporting requirements. Given the country environment, is key, in addition to the focus on fiduciary compliance, concentrating on linkages between financial and implementation progresses.

Lessons learned and knowledge generated on financial management from Current active portfolio:

The hiring of skilled and experienced staff is key for an early and successful implementation of FM systems; this was the strongest point of PADEE. Other FM areas that could have been implemented better and to be considered in future projects include:

- better use of the budget as planning and monitoring system, the over ambitious budgets set up for PADEE every year, undermined the key functions of this instrument;
- better coordination between M&E and Finance staff to allow due recording of in-kind contributions from beneficiaries; this was a weak point in PADEE and should be duly considered in future projects;
- better customization of the reporting feature in the accounting system; PADEE software was well customized with the exception of the component wise reporting; The accounting system needs to be properly customized so the expenditures by financier, cost category, component and sub-component are recorded . The system needs to be set-up to allow consolidation of information and allow the preparation of the consolidated financial statements of the project. to The system needs to be web-based to allow transmission of information real time. to speed up disbursements on the new project, timely submission of AWPM and further improvements are needed to manage the Cash Flow, recording the In-Kind contribution of Government and beneficiaries, Further capacity building of the FM team has planned this year for the entire portfolio

Prepared by: Irene Li, Senior Finance Officer & Team Leader (APR)

Date: Feb. 23, 2019

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## **Cambodia**

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# **Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project Design Report**

## **Annex: Cambodia Saambat Qag Review Note Responses 11.07.2019**

Document Date: 27/07/2019  
Project No. 2000002278

Asia and the Pacific Division  
Programme Management Department



## Cambodia SAAMBAT Design for IFAD 11

### QAG Review Note and Responses- Final Draft Design Document

<p>There is still room for further clarification to: a) highlight SAMBAAT’s contribution to the broader programmatic approach; and b) the reasoning for the inclusion of the component 2 in a mainly rural infrastructural project.</p>	<p>The programmatic approach has been developed with allocated resources from current projects and SAAMBAT, identified focal points at central and provincial level for coordination, and a clear rationale (as highlighted in the QA comments, the partnership framework diagram illustrates this clearly). The approach even at the design stage has led to enhanced interest from the Borrower and partners (including MEF leveraging SAAMBAT to attract more loan funds).</p> <p>A balance of soft (specifically skills development) and hard investments is a direct response to the CSPE recommendation. This is also in line with constraints in the rural sector. Lack of employable skills and access to or adoption of appropriate technologies form a key constraint for rural youth's participation in the economy. Component 2 is in line with the RGC Rectangular Strategy, IFAD11 mainstreaming priorities and the constraints faced by rural youth. See updated text in para 3.</p>
<p>The PDR makes constant reference to linkages between with ASPIRE and AIMS and their contribution to the success of SAMBAAT. Given their importance, rather than just a short description in a footnote, a short summary (duration, scope, expected outcomes etc.) in the main text - e.g. an expanded para 24 - would help the reader put the overall programme into context.</p>	<p>See new para 19</p>
<p>The Partnership Framework diagram (para 109) illustrates well how SAMBAAT will contribute to the broader PDO and Goal – the design team may want to highlight this and bring it forward in the document.</p>	<p>Now added in the rationale section (and repeated in the partnership section to highlight the partnerships)</p>
<p>While SAMBAAT is due to run from 2020-2026, the PDT may wish to clarify what happens once ASPIRE and AIMS end in 2022 and 2023, respectively.</p>	<p>See new para 19</p>
<p>It is recommended that the PDR is explicit that there are ‘soft skill’ gaps in (capacity building, skills development etc.) that critically constrain in the proposed programmatic approach but that</p>	<p>Para 18 revisions and para 3 revisions</p>



are not being addressed by other on-going programmes (including ASPIRE and AIMS) which justify the inclusion of Component 2.	
Para 136 (Risks) could include reference to a) any dispute resolution arrangements and b) highlight the need for close attention to be given to implementation issues throughout project supervision.	The Ministry of Economy and Finance (MEF) has supervisory and management authority over externally financed projects. Any disputes can be resolved by MEF and for major issues resolved through the forum of the country program steering committee. PIM updated accordingly.  Added a reference to supervision (supervision missions will monitor implementation issues).
Project costs. The PDT may wish to include the summary table (Table 1 in the PR) project costs by component and financier into the main text.	Table 1 includes costs by component and financier. This will be in the President's Report and in the text of the PR.
Log frame. The PDR comments have taken on board the comments of the DRM. A few points for consideration: (i) Given that the infrastructural works will generate a lot of temporary employment, is the PDT confident that the indicator for Outcome 2 will not be skewed by temporary project funded jobs? (ii).	The employment figures are from component 2 and not temporary infrastructure related works.
Where indicators are disaggregated by youth and gender, which are not mutually exclusive, adding 'total' or 'sub-total' to the bottom line will add clarity e.g. Outcome 2, Total employment = 1500, 4500.	The PDT has used the standard ORMS/ IFAD logframe template. The export used in the report is from the ORMS system. Will add all totals in ORMS. Outcome 2 includes total employment.
(i) FM section. Editorial note - paras 149 & 150 are repeats of 144 & 145	Corrected