



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
KH - LIVELIHOOD ENHANCEMENT AND ASSOCIATION OF THE POOR PROJECT (LEAP)  
APPROVED ON FEBRUARY 24, 2017  
TO  
KINGDOM OF CAMBODIA

SOCIAL SUSTAINABILITY AND INCLUSION

EAST ASIA AND PACIFIC

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## **ABBREVIATIONS AND ACRONYMS**

AC	Agricultural Cooperative
AWPB	Annual Work Program and Budget
C/S	Commune / Sangkat
IFR	Interim Financial Report
IP	Implementation Progress
ISM	Implementation Support Mission
LEAP	Livelihood Enhancement and Association of the Poor
MAFF	Ministry of Agriculture Fisheries and Forestry
MEF	Ministry of Economy and Finance
MOI	Ministry of Interior
PDO	Project Development Objective
PG	Producer Groups
PIM	Project Implementation Manual
PIP	Project Implementation Plan
PPCH	Phnom Penh Capital Hall
SHG	Self-Help Groups

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**BASIC DATA**

**Product Information**

Project ID P153591	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 24-Feb-2017	Current Closing Date 30-Nov-2022

**Organizations**

Borrower Ministry of Economy and Finance (MEF), KINGDOM OF CAMBODIA	Responsible Agency
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**Project Development Objective (PDO)**

Original PDO

The Project Development Objectives (PDO) are to improve access of poor and vulnerable households in selected communities to financial services, opportunities for generating income, and small-scale infrastructure, and to provide immediate and effective response incase of an eligible crisis or emergency.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-59600	24-Feb-2017	04-May-2017	26-May-2017	30-Nov-2022	20.17	15.66	5.14

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

### A. Background

1. The Livelihood Enhancement and Association of the Poor Project (LEAP; P153591), with a total financing of US\$20.2 million from an International Development Association Credit (Credit No. 5960-KH), was approved on February 24, 2017 and became effective on May 26, 2017. The project development objectives are to improve access of poor and vulnerable households in selected communities to financial services, opportunities for generating income, and small-scale infrastructure, and to provide immediate and effective response in case of an eligible crisis or emergency. The project has components comprising: Component 1 Improving Livelihood for Rural Poor and Vulnerable Households, Component 2 Improving Livelihood for Urban Poor and Vulnerable Households, Component 3 Project Management, and Component 4 Contingent Emergency Response.

### B. Project Status

2. **Progress towards Progress Development Objectives and Implementation Progress.** The most recent Implementation Support Mission (ISM) for the Livelihood Enhancement and Association of the Poor (LEAP) Project, conducted from March 31 to April 08, 2022, found progress toward achieving the Project Development Objective (PDO) and overall Implementation Progress (IP) and key achievements to be satisfactory. The Project has made significant progress towards building and strengthening self-reliance and income generation activities of participating poor and vulnerable households. The Project also has made good progress in building small-scale infrastructure in participating communities in Phnom Penh and Siem Reap. Also, despite earlier implementation delays, implementation is now progressing well. Regular field activities have been conducted to provide support to and monitor the progress of Self-Help Groups (SHG) and Producer Groups (PG), as well as the formation of Agriculture Cooperatives (AC).

3. Key achievements to date include:

- a. The project has reached over 300,000 direct beneficiaries (of whom over 155,000 are female), three times the number originally targeted.
- b. Formation of 975 SHG has been completed, including 11,424 members (10,185 of whom are women). The SHG have been provided over \$1.1 million in seed grants, another \$1.1 million in additional seed grants (to 47 of the SHG most severely affected by the COVID-19 pandemic), over \$20,000 in microfinance loans from Chamroeun Microfinance (to 8 SHG with 91 members), and nearly \$700,000 of savings has been mobilized among these groups. Intra-SHG lending from these sources of funds and loan rotation totaled over \$4.4 million to date, with over \$2.8 million in loan repayment, 82.82 percent on-time.
- c. Formation and official registration of 18 PG, comprised of 514 SHG members, have been completed, and these PG have opened bank accounts. Seed grants of \$56,400 have been provided to 3 PG, with 96 members, who have developed Individual Business Plans and Aggregate Business Plans.
- d. Formation of 2 AC is in progress, with a total of 125 members, 15% of whom are from outside the SHG or PG.



- e. Over 1,000 people have received skills development training, 37% of whom have been employed directly after completion of their training. Employment opportunities were disrupted by COVID-19, and effort has been made to increase the focus of training providers on employment and wage outcomes. A tracer study is being undertaken to track subsequent employment opportunities of trainees.
- f. 83 out of 214 community infrastructure sub-projects planned in Siem Reap and Phnom Penh have been completed. Work on the remaining sub-project awarded in 2021 will soon be completed, and engineering designs for the remaining sub-projects to be awarded in 2022 are expected to be completed by end-June 2022. Work on the community infrastructure sub-projects is undertaken by contractors (167) and communities (47).

4. **Disbursements.** Disbursements are generally on track with about 72 percent (US\$ 14.56 million of the total US\$20.17 million) having been disbursed with about 6 months to the current project closing date of November 30, 2022. If the proposed extension of the project closing date is approved, implementation will be completed by the revised closing date of November 30, 2023, and the undisbursed balance is expected to be largely disbursed over the next 18 months and completed within the 4-month grace period following the closing date for submission of withdrawal applications. To this end, the LEAP project team has prepared an updated disbursement projection for the extended implementation period.

5. **Financial Management.** Overall, financial management has been generally satisfactory. The project's 6-monthly interim financial report (IFRs) have been submitted in a timely manner and have been found to be in good order. Submission of the audited financial statements together with the management letter for previous years has been done in a timely manner. The audited financial statement and management letter for the year ended December 31, 2021, is due to be submitted to the Bank by June 30, 2022 and is expected to be submitted on time.

6. **Procurement.** Overall procurement performance has been generally satisfactory. All large procurement at the national level is complete. At the local level, procurement following the commune/sangkat (C/S) project implementation manual (PIM) is on track and earlier delays with procurement using community participation procedures are being systematically addressed. The LEAP project team has prepared an updated procurement plan for the extended implementation period.

7. **Legal Covenants and Safeguards.** The project is compliance with all legal covenants. Overall, environmental and social safeguards performance have been generally satisfactory, and the related risk remains unchanged.

### **C. Rationale for Restructuring**

8. The World Bank received a letter dated March 15, 2022, from the Ministry of Economy and Finance (MEF) endorsing the request of the Ministry of Interior (MOI) for a one-year extension of the project closing date from November 30, 2022 to November 30, 2023. In addition, it is proposed that selected project indicators and targets be revised. Subsequently, the LEAP team submitted the following updated documents on May 26, 2022 for the proposed extended implementation period: Annual Work Program and Budget (AWPB), Project Implementation Plan (PIP), Procurement Plan, Disbursement Projections and Results Framework.



9. The proposed one-year extension of the project closing date will allow sufficient time for full implementation of the Project and achievement of the Project Development Objective. The additional time is needed to partly compensate for earlier implementation delays related to delayed project start-up, key staffing turnover and the impacts of COVID-19-related restrictions as detailed below:

- a. Delays at the early stage of implementation: the first two years of implementation (2017 and 2018) consisted of the mobilization of experts to support the project and purchased of equipment and very few activities were implemented during these two years (expenditures were \$35,453 and \$828,880 in 2017 and 2018 respectively).
- b. Replacement of the Project Management Team: In 2018 the project had to replace its project management team which impacted the implementation of the project’s activities.
- c. The impact of the COVID19 on the overall implementation since 2020: because of the impacts at the local and sub-national level combined with the restrictions and lockdown in both Siem Reap and Phnom Penh areas, all project’s activities were delayed.

10. While the project faced all these delays, it also managed to find adequate solutions to accelerate project’s activities implementation since early 2021 and demonstrated strong managerial commitment. The one-year proposed extension will allow the project to continue its trajectory to complete the construction of basic infrastructures, the support to income generating activities and provide additional skills to students.

11. There are no changes proposed to the PDO or to PDO-level indicators. The proposed adjustments to some Intermediate Results Indicators and targets include dropping a weak indicator, adding new robust indicators, and updating (decreasing or increasing) some targets where justified. The proposed changes to the indicators and targets and the related justifications are described in detail in Section II.

## **II. DESCRIPTION OF PROPOSED CHANGES**

### ***D. Extension of Closing Date***

12. A one-year extension of the project closing date from November 30, 2022 to November 30, 2023 is proposed. This is the first project extension. Project components and implementation arrangements remain unchanged, and there is no change in EA category or Safeguards policies triggered.

13. The extension will include no additional costs, and no reallocation is proposed across the Project’s two expenditure categories, Community Grants and Other Expenditures. Only relatively small reallocations of funding within the “Other Expenditures” category are proposed in the revised AWPB submitted by the LEAP team.

### ***E. Changes to Results Framework***

14. The PDO remains unchanged. The changes to the results framework are presented in the table below. In addition, the end target date of some indicators is proposed to be extended to align with the revised closing date.

**Table 1. Summary of changes to Results Framework**



Indicator	Old End Target	New End Target
<b>Drop Old Indicator</b>		
<p>“Agriculture producers receiving training who report improved returns to labor (Percentage)”.</p> <p><i>Justification:</i> This indicator was deemed a weak measure of progress at this level in the results framework. It is disconnected from the type of support provided and is also difficult to measure.</p>	75	0
<b>Add New Indicators</b>		
<p>“Percentage of trained agricultural producers adopting new practices/technologies”.</p> <p><i>Justification:</i> This new indicator is critical to capture the efficiency of capacity building efforts for producer groups. The adoption of new agricultural practices and technologies is a critical element for enhancing production quality and growth.</p>	0	70
<p>“Number of Agriculture Cooperatives formed carrying out marketing activities”.</p> <p><i>Justification:</i> This new indicator captures the sustainability and scale of the producer groups supported. This is important as the next step for producer groups is to form or join agriculture cooperatives. It is a key element to purchase inputs more efficiently and enhance commercialization.</p>	0	9
<b>Update End of Project Targets</b>		
<p>“SHGs supported (Number)”.</p> <p><i>Justification:</i> The COVID-19 Pandemic disrupted and slowed down some project activities, particularly those related to support of SHGs. COVID-19 also caused contraction in some product markets (e.g., chicken) making it difficult for SHGs to operate. As a result, the Project has lowered the target for the number of SHGs to be supported under the project. This decrease will focus project activities to ensure that exiting SHGs are sustainable and new SHGs will get a least one year of support under the project before the project closes.</p>	1,250	1,000
<p>“Total amount of savings mobilized (Amount USD)”.</p> <p><i>Justification:</i> As the number of SHGs supported has decreased, the volume of savings mobilized will also decrease.</p>	700,000	560,000
<p>“Client days of training provided (Number)”.</p> <p><i>Justification:</i> Training of SHGs and PGs was also disrupted by COVID-19. Since the number of SHGs is reduced and the number of PGs to be formed is less than originally planned, fewer trainings will be conducted.</p>	500,000	390,000
<p>“Client days of training provided – female (Number)”.</p> <p><i>Justification:</i> Same justification as for the previous Indicator.</p>	275,000	214,500
<p>“Participants receiving skills development training (Number)”.</p> <p><i>Justification:</i> Skills training and job placement were also negatively impacted by COVID-19, due to school closures and significantly fewer job opportunities during the economic slowdown. As a result, the targets for skill development have been reduced.</p>	2,100	1,300
<p>“Sub-projects that are expected to have a mechanism for post-completion operation (Number)”</p> <p><i>Justification:</i> Community members in the Project area have experienced loss of jobs and incomes and livelihood constraints due to COVID-19. Therefore, the target for infrastructure projects financed by the project is increased to use more local labor and thereby help to address underemployment and increase income.</p>	102	214



**III. SUMMARY OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓





**IV. DETAILED CHANGE(S)**

**LOAN CLOSING DATE(S)**

<b>Ln/Cr/Tf</b>	<b>Status</b>	<b>Original Closing</b>	<b>Revised Closing(s)</b>	<b>Proposed Closing</b>	<b>Proposed Deadline for Withdrawal Applications</b>
IDA-59600	Effective	30-Nov-2022		30-Nov-2023	30-Mar-2024



Results framework

COUNTRY: Cambodia

KH - Livelihood Enhancement and Association of the Poor Project (LEAP)

Project Development Objectives(s)

The Project Development Objectives (PDO) are to improve access of poor and vulnerable households in selected communities to financial services, opportunities for generating income, and small-scale infrastructure, and to provide immediate and effective response incase of an eligible crisis or emergency.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Improve access to financial services and opportunities for generating income</b>								
Participants receiving skills development training with new or improved employment or increased income (percentage) (Percentage)		0.00	0.00	10.00	30.00	60.00	80.00	80.00
<i>Action: This indicator has been Revised</i>								
Self-Help Groups (SHGs) self-reliance rating is moderately satisfactory or better, (percentage) (Percentage)		0.00	5.00	20.00	60.00	80.00		80.00
<i>Action: This indicator has been Revised</i>								
<b>Improve access to infrastructure</b>								





Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Building and Strengthening Institutions of the Rural Poor</b>								
SHGs supported (Number) (Number)		0.00	0.00	400.00	900.00			1,000.00
<b>Action: This indicator has been Revised</b>	<p><b>Rationale:</b>  <i>The COVID-19 Pandemic disrupted and slowed down some project activities, particularly those related to support of SHGs. COVID-19 also caused contraction in some product markets (e.g., chicken) making it difficult for SHGs to operate. As a result, the Project has lowered the target for the number of SHGs to be supported under the project. This decrease will focus project activities to ensure that exiting SHGs are sustainable and new SHGs will get at least one year of support under the project before the project closes.</i></p>							
Total amount of savings mobilized (US\$) (Amount(USD))		0.00	0.00	100,000.00	300,000.00	500,000.00		560,000.00
<b>Action: This indicator has been Revised</b>	<p><b>Rationale:</b>  <i>As the number of SHGs supported has decreased, the volume of savings mobilized will also decrease.</i></p>							
Client days of training provided (number) (Number)		0.00	0.00	50,000.00	200,000.00	350,000.00		390,000.00
<b>Action: This indicator has been Revised</b>	<p><b>Rationale:</b>  <i>Training of SHGs and PGs was also disrupted by COVID-19. Since the number of SHGs is reduced and the number of PGs to be formed is less than originally planned, fewer trainings will be conducted.</i></p>							
Client days of training provided - Female (number) (Number)		0.00	0.00	27,500.00	110,000.00	192,500.00		214,500.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>Training of SHGs and PGs was also disrupted by COVID-19. Since the number of SHGs is reduced and the number of PGs to be formed is less than originally planned, fewer trainings will be conducted.</i>							
Agricultural producers receiving training who report improved returns to labor (Percentage)	0.00	0.00	40.00	60.00	75.00	75.00	75.00	
<b>Action: This indicator has been Marked for Deletion</b>	<b>Rationale:</b> <i>This indicator was deemed a weak measure of progress at this level in the results framework. It is disconnected from the type of support provided and is also difficult to measure.</i>							
Percentage of trained agricultural producers adopting new practices/technologies (Percentage)	0.00						70.00	
<b>Action: This indicator is New</b>	<b>Rationale:</b> <i>This new indicator is critical to capture the efficiency of capacity building efforts for producer groups. The adoption of new agricultural practices and technologies is a critical element for enhancing production quality and growth.</i>							
Number of Agriculture Cooperatives formed carrying out marketing activities (Number)	0.00						9.00	
<b>Action: This indicator is New</b>	<b>Rationale:</b>							



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<p><i>This new indicator captures the sustainability and scale of the producer groups supported. This is important as the next step for producer groups is to form or join agriculture cooperatives. It is a key element to purchase inputs more efficiently and enhance commercialization.</i></p>								
<b>Enhancing Skills and Employment Opportunities</b>								
Participants receiving skills development training (Number)		0.00	0.00	300.00	1,200.00			1,300.00
<b>Action: This indicator has been Revised</b>	<p><b>Rationale:</b>  <i>Skills training and job placement were also negatively impacted by COVID-19, due to school closures and significantly fewer job opportunities during the economic slowdown. As a result, the targets for skill development have been reduced.</i></p>							
<b>Improving Basic Services and Community Infrastructure</b>								
Completion community-identified small-scale infrastructure sub-projects assessed as good quality in technical audit (Percentage)		0.00	0.00	80.00	80.00	80.00	80.00	80.00
<b>Action: This indicator has been Revised</b>								
Sub-projects with post-project community engagement or O&M arrangements (%) (Percentage)		0.00	0.00	50.00	75.00	80.00	85.00	85.00
<b>Action: This indicator has been Revised</b>								



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Sub-projects that are expected to have a mechanism for post-completion operation (Number)		0.00	0.00	20.00	60.00	96.00	102.00	214.00



**The World Bank**

KH - Livelihood Enhancement and Association of the Poor Project (LEAP) (P153591)

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