



1. Project Data

Project ID P153591	Project Name Livelihood Enhancement & Association of	
Country Cambodia	Practice Area(Lead) Social Sustainability and Inclusion	
L/C/TF Number(s) IDA-59600	Closing Date (Original) 30-Nov-2022	Total Project Cost (USD) 20,154,901.71
Bank Approval Date 24-Feb-2017	Closing Date (Actual) 30-Nov-2023	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	20,170,000.00	0.00
Revised Commitment	20,170,000.00	0.00
Actual	20,154,901.71	0.00

Prepared by Cynthia Nunez-Ollero	Reviewed by Vibecke Dixon	ICR Review Coordinator Avjeet Singh	Group IEGSD (Unit 4)
--	-------------------------------------	---	--------------------------------

2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (FA, p. 4) and the Project Appraisal Document (PAD, paragraph 15), the Project Development Objective (PDO) of this Livelihood Enhancement and Association of the Poor (LEAP) project was “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.”



This review will assess project performance against this PDO that have been parsed into the following four sub-objectives:

- to improve financial services access of poor and vulnerable households in selected communities
- to improve access to opportunities for generating income of poor and vulnerable households in selected communities
- to improve access to small-scale infrastructure of poor and vulnerable households in selected communities
- to provide an immediate and effective response in case of an eligible crisis or emergency

The fourth sub-objective of the PDO was not triggered, therefore no assessment of project performance is made in this review:

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

1: Improving Livelihoods for Rural Poor and Vulnerable Households: (US\$14.48 million at appraisal, US\$14.57 million, actual). This component was to finance seed grants to form and strengthen associations of poor and vulnerable households in 47 communes in the Siem Reap Province (SRP). These grants were to enable associations to engage in productive activities individually or jointly. This component was also to finance technical assistance and capacity building for members of self-help groups (SHGs), producer groups (PGs), or agricultural cooperatives (ACs) (agricultural cooperatives) to increase access to assets, skills, employment opportunities, technology, and markets using a participatory and demand-driven approach. This component was also to finance small-scale community infrastructure and services in response to the priority needs of the beneficiaries and contribute to their productivity and income generating potential. Investments were to include small-scale storage or warehouses, water supply and sanitation facilities, small-scale irrigation schemes, community access roads, and on-farm water management practices. The beneficiaries followed the existing annual participatory identification and planning process to prioritize their proposed investments. The Sangkat Fund Project Implementation Manual (PIM) was to be used to implement community subprojects. This component was to be implemented in the Siem Reap Province (SRP).

2: Improving Livelihoods for Urban Poor and Vulnerable Households: (US\$3.72 million at appraisal, US\$3.64 million, actual). This component was to finance skills development training such as motorbike repair, sewing, and hospitality services directed at unemployed youth and women from poor households; employment support services such as job placement and career counseling directed at graduates of skills development training programs; and construction of productive infrastructure using a community-driven approach, where people from the poor households were to be consulted to identify and prioritize community infrastructure investments to improve livelihood and increase productivity. These investments were to include tertiary roads, footpaths, water supply, drainage systems, and street lighting. This component was to be implemented in the Phnom Penh capital (PPC).



3: **Project Management:** (US\$1.97 million from IDA and US\$2 million in counterpart funding for a total of US\$3.97 million at appraisal; US\$1.95 million in IDA and US\$0.57 million in counterpart funding or a total of US\$2.52 million actual). This component financed operating costs related to project implementation, supervision, and coordination, including environmental and social management framework (ESMF), procurement, financial management (FM), monitoring and evaluation (M&E), and communication.

4: **Contingent Emergency Response:** (US\$0.00 million at appraisal, US\$0.00 million, actual). This component was to be triggered by a government request to finance recovery and reconstruction support in an eligible emergency. The component was not triggered.

e. **Comments on Project Cost, Financing, Borrower Contribution, and Dates**

Project Cost: The original total project cost was US\$22.17 million including price and physical contingencies. The original total IDA contribution was US\$20.17 million. The credit disbursed was US\$20.15 million.

Financing: The International Development Association (IDA) financed this credit.

Borrower Contribution: The government committed US\$2.0 million in counterpart funds and disbursed US\$0.57 million.

Dates: The credit was approved on February 24, 2017, and made effective on May 26, 2017. The Mid Term Review (MTR) was conducted on January 13, 2021. The original closing date was on November 30, 2022. On June 28, 2022 a level 2 restructuring extended the closing date by one year, from November 30, 2022, to November 30, 2023 due to initial implementation delays and the later impact of COVID-19 that disrupted the agricultural supply chain and shutdown tourism related businesses. In addition, the restructuring made the following changes to the targets of the intermediate results indicators:

- **Dropped one** indicator “Agricultural producers receiving training who report improved returns to labor” with an original target of 75 percent because this indicator was not relevant to the type of support provided by the project.
- **Added two** indicators with corresponding original targets to distinguish the sustainability, scale, and efficiency of capacity-building efforts for producer groups (PGs) and agricultural cooperatives (ACs):
 - percent of trained agricultural producers that adopted new practices or technologies, target 70 percent
 - number of agricultural cooperatives formed that carry out marketing activities, target 9
- **Revised** targets for the following intermediate results indicators:
 - **reduced** the original target for the number of self-help groups supported from 1,250 to 1,000
 - **reduced** the original target for the total amount of savings mobilized from US\$700,000 to US\$560,000
 - **reduced** the original target for the number of client training days from 500,000 to 390,000
 - **reduced** the original target for the number of female client training days from 275,000 to 214,500
 - **reduced** the original target for the number of participants receiving skills development training from 2,100 to 1,300



- **increased** the original target for the number of subprojects with a post completion operation mechanism from 102 to 214. Residents of the target communities expressed higher needs and funds were available to meet those.

Split Rating: The PDO was not revised. The PDO-level outcome indicators and its targets were not changed. The components were not changed. One output indicator was dropped. Two new output indicators were added with accompanying targets. Targets of 6 output indicators were reduced or increased as noted above. These changes did not affect the Theory of Change (TOC) or had any implications on the achievement of the outcomes. Thus, a split evaluation is not conducted.

3. Relevance of Objectives

Rationale

Context: 80 percent of Cambodia’s population lives in rural areas. Most depend on agriculture for their livelihood. Lack of technical know-how, limited access to technical extension services or market information, and poor infrastructure limit those dependent on agriculture for their livelihood and their ability to participate in key value chains. In addition, poor rural households lack a voice and institutions to empower them. In 2009, the government implemented the Livelihood Enhancement and Association of the Poor (LEAP) project in six communes in Siem Reap to complement the Tonle Sap Smallholder Development project financed by the Asian Development Bank and the International Fund for Agricultural Development and implemented in 58 rural communes. The pilot LEAP project established 100 self-help groups (SHGs). These SHGs opened the door to further build capacity, offer resources for economic activities, increase incomes, and foster savings.

Country Plans: The Royal Government of Cambodia (RGC) adopted a National Strategic Development Plan 2019–2023 (NSDP) and a Rectangular Strategy Phase IV (2019–2023) that aimed to reduce poverty. The NSDP prioritized food security, poverty reduction for all, and support for about 20 percent of households that had moved out of poverty but remained vulnerable to shocks by improving their livelihoods. The Rectangular Strategy prioritized human resource development, economic diversification, private sector development and employment, and inclusive sustainable development. The country also had a Five-Year Strategic Plan for Strengthening Gender Mainstreaming and Women’s Empowerment, or *Neary Ratanak V* (2018–2023), with a primary focus on empowering women through institutional support.

World Bank Country Partnership: The PDO remained relevant and contributed to all three Focus Areas of the World Bank Group’s Cambodia Country Partnership Framework (CPF) for the period FY2019–2024. Focus Area 1 was to promote state efficiency and boost private sector development. Objective 3 under this focus area was to “Expand and improve sustainable infrastructure services.” Focus Area 2 was to foster human development. Objective 4 under this focus area was to “Enhance the quality of targeted levels of education,” and Objective 5 was to “Expand access to quality early childhood services.” Focus Area 3 was to improve agriculture and strengthen the sustainable use of natural resources. Objective 8 under this focus area was to “Improve agricultural productivity and promote diversification.” The PDO also remained relevant to the CPF’s cross-cutting theme of strengthening governance, institutions, and citizen engagement by fostering the participation of the poor and women in local institutions, developing skills, promoting economic development, and strengthening community institutions and local governance.



World Bank Experience in the Sector and in the Country: In 2010, the World Bank financed a pilot project in the Siem Reap Province to improve the livelihood and social capital of the rural poor in select communes.

The project facilitated the formation of self-managed institutions of the poor and strengthened them by giving them access to financing and linking them to markets and key value chains. The lessons from this pilot informed this project's PDO formulation. The government included this Livelihood Enhancement and Association of the Poor project for financing as part of its re-engagement with the World Bank beginning in 2015. Also included in the World Bank's Cambodia Country Engagement Note for FY 2016-FT2017 were 6 other projects that aimed to improve service delivery and reduce vulnerability.

Overall, the PDO remained highly relevant at closing to the government's plans and supported the World Bank re-engagement strategy with Cambodia. The PDO was relevant to the government's development priorities to enhance the agriculture sector, invest in infrastructure, and develop human resource, including financially supporting women from poor and vulnerable households in the Siem Reap Province (SRP) and the Phnom Penh Capital (PPC). The PDO was pitched at an appropriate level to match the development needs of organizing small groups to increase their incomes and access modern technologies of production. The PDO formulation also addressed the need to access financing and acknowledged that small-scale infrastructure investments could contribute to achieving these objectives.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve access to financial services of poor and vulnerable households in selected communities

Rationale

Theory of Change: No Theory of Change (TOC) was required at appraisal, but a TOC was reconstructed for the ICR based on the causal linkages established by the input, outputs and expected outcomes of the results framework in the PAD. The financing of training would be aimed at rural poor households from the 47 communes in Siem Reap to form groups and strengthen their capacity individually or in groups to enhance their productive activities by having access to financial services. Such access would lead them to gain assets, skills, technology, and market shares. The inputs and outputs were to improve efficiency, enhance productivity, and build pro-poor market systems for small and marginal producers so that they can participate in higher value chains.

Inputs were to be financing the Ministry of Agriculture, Fisheries, and Forestry (MAFF) and other technical service providers to deliver technical support to improve production efficiency, enhance productivity, provide access to technology extension, logistics infrastructure, and information services such as training in basic



financial literacy, microenterprise business planning, basic accounting, and record keeping, good governance practices. Communes would on-lend from the Community Livelihood Investment Funds US\$1,000 to US\$1,500 to each self-help group whose members have no access to formal banking institutions. Federations would also be linked to other financial institutions for additional resources. Linking producers to markets would also be part of the inputs.

Outputs were to be the self-help groups or agricultural cooperatives that the rural poor households would form for productive endeavors. Additional outputs would include mobilized savings, and grants given to SHGs, PGs, and ACs to pay for technical assistance and market linkage services.

Outcomes were to be the building of pro-poor market systems so that small and marginal producers could better participate in higher market values chains.

No critical assumptions were provided. The TOC was logical and established a causal link between inputs and outputs. However, the lack of critical assumptions showed some gaps between outputs and outcomes. For example, identifying the conditions in accessing financial services - from (traditional) financial institutions or (non-traditional) grants provided by the project - that could lead to exceeding the expected number of beneficiaries or sustaining their improved positions in the value chain.

OUTPUTS:

- 975 Self-Help Groups (SHGs) or savings groups in Siem Reap Province were supported, slightly falling short of the target of 1,000. The 975 SHGs had 11,314 members, 10,096 or 89.3 percent of them were women. There were 1,228 SHG committee members, of which 1,121 were women. The ICR did not provide targets for these reported achievements.
- These SHGs mobilized US\$1.11 million in savings, exceeding the target of US\$0.56 million.

The ICR reported on the following additional output achievements, not included in the RF and hence without target values:

- 46 producer groups were established with 1,097 members, of which 986 or 89.9 percent were women. 368 members formed the PG committees of which 321 or 87.2 percent of them were women.
- 8 agricultural cooperatives with 330 members of which 285 or 86.4 percent were women were established. 64 members formed the AC committee, of which 50 or 78.1 percent were women.

OUTCOMES:

- 73 percent of the Self-Help Groups (SHGs) received a rating of moderately satisfactory or better. The target of 80 percent was not achieved because the full-scale institutional strengthening and capacity building support was hampered by initial start-up delays and later delays from COVID-19.
- The project had 570,788 direct project beneficiaries, far exceeding the target of 100,000. 51 percent were female, exceeding the target of 40 percent. A higher than planned adoption rate of new technologies by producers led to a higher-than-planned number of beneficiaries.
- 96.2 percent (from a sample of 14,236 respondents, accumulated from annual beneficiary surveys conducted in Siem Reap and Phnom Penh Provinces, as clarified by the World Bank Task Team) reported that the project investments met their needs exceeding the target of 90 percent.



- 97.6 percent or 43,927 female beneficiaries reported that the project investments met their needs almost achieving the target of 45,000 female beneficiaries. The World Bank ICR Task Team clarified that this target set at appraisal was unclear. They extrapolated the 43,927 from the positive response of 97.6 percent x the target of 45,000.

Overall, the efficacy of the project to achieve this objective is rated **Substantial**. The project substantially achieved its goal of improving access to financial services.

Rating

Substantial

OBJECTIVE 2

Objective

To improve access to opportunities for generating income of poor and vulnerable households in selected communities.

Rationale

Theory of Change: No Theory of Change (TOC) was required at appraisal, but a TOC was reconstructed for the ICR based on the results framework in the PAD. The inputs were to lead to outputs that would lead to expected outcomes.

Inputs: were to include training and technical assistance to develop beneficiary skills of women and unemployed youth from poor households to improve their employability. Such inputs were to include the conduct of local labor market surveys, training assessments, selecting beneficiaries, employability and skills training, career counselling, voucher provision, job placement, and employment support. Inputs were also to include facilitating partnerships with the tourism sector by conducting basic English language training, hoteling, and other tourism related opportunities.

Outputs: were to include the training days conducted in the various aspects of enhancing employment opportunities, distinguishing those who graduated to become wage earners and those who became self-employed. In addition, outputs were to include the formation of agricultural cooperatives to conduct marketing activities and small grants to trainees for business start-ups.

Outcomes: were to include the new employment opportunities, whether as wage earners or self-employed by those who have received and graduated from the training activities.

No critical assumptions were provided. The TOC was logical. The causal link between inputs and outputs was well established. The training provided contributed to increase in employment opportunities and hence increase in potential income earnings. Those who participated in the training ended up either as self-employed in business start-ups or as wage earners. Those who were trained were youth and women from poor households who were unemployed or underemployed.

OUTPUTS:



- 67,559 client days of training were delivered, not achieving the target of 390,000 client days. Client day equals the number of clients who completed training multiplied by the number of days of training. The target was not achieved because all training was cut short or postponed during the COVID-19 pandemic. Training participants were to come from the self-help, producer or agricultural cooperative groups that were to have been mobilized but the targets were also unmet. Those subsequently mobilized during the later stages of implementation received less training than anticipated.
- 48,324 female client days of training were delivered, not achieving the target of 214,500.
- 87 percent of trained agricultural producers adopted new practices or technologies, exceeding the target of 70 percent. The Siem Reap management team conducted a post training follow-up and assessment of those who participated in pig and poultry raising training to report this achievement.
- 8 agricultural cooperatives were formed and conducted marketing activities, almost achieving the target of 9 cooperatives. Marketing activities included collection of market price information on inputs such as feeds for livestock, seeds, farming tools; and chicken, pigs, vegetables, and handicrafts from Producer Groups.
- 1,319 participants received skills development training, achieving the target of 1,300. The training was delivered by 22 training agencies to 784 participants from Siem Reap and 10 training agencies to 535 participants from Phnom Penh. From Siem Reap, 715 graduated, 493 were wage earners and 188 were self-employed. From Phnom Penh, 487 graduated, 422 were wage earners and 321 were self-employed. The skills training included air conditioning repair and maintenance, cosmetology, culinary, barista, sewing, electricity wiring, and vehicle repairs.

OUTCOMES:

- 87.7 percent of participants who received skills development training received new or improved employment or increased their income, exceeding the target of 80 percent. This consisted of 50 graduates from Siem Reap and another 50 from Phnom Penh who received small business capital grants to start their own businesses.

Overall, the efficacy of the project to achieve this objective of improved access to opportunities for generating income is rated Substantial. Evidence points to increased incomes after receiving training. The beneficiaries were either self-employed in business start-ups or were wage earners following the training. The training targeted unemployed youth and women from poor households.

Rating
Substantial

OBJECTIVE 3

Objective

To improve access to small-scale infrastructure of poor and vulnerable households in selected communities

Rationale



Theory of Change: No Theory of Change (TOC) was required at appraisal, but a TOC was reconstructed for the ICR based on the results framework in the PAD. The inputs were causally linked to outputs and to the expected outcomes.

Inputs: were to include the financing of small-scale community infrastructure subprojects and services that beneficiaries prioritized. Beneficiaries were to follow the existing annual participation planning process to advocate their needs in the Community Investment Plan. The Sangkat Fund Project Implementation Manual was to be used to plan and implement the small-scale infrastructure investment priorities.

Outputs: were to be the completed subproject infrastructure investments such as community access roads or footpaths, water supply and sanitation facilities, street lighting, small scale storage facilities or warehouses, small scale irrigation schemes, and on-farm water management practices.

Outcomes: were the productive and income generating activities derived from accessing the community small-scale infrastructure and services. In addition, the outputs above were expected to reduce the vulnerability to disaster and climate risks such as droughts and floods in the long term. No outcome indicators were noted associated with the reduced loss of lives or damage to property, or ability to adapt to natural or economic shocks.

No critical assumptions were provided. The TOC shows logical links between inputs, outputs, and outcomes. The outputs were to lead to the target beneficiaries using improved infrastructure services to access the markets and participate in productive endeavors after overcoming the barriers brought by poor infrastructure.

OUTPUTS:

- 95 percent of small-scale infrastructure sub-projects were completed, exceeding the target of 80 percent. 208 of the 219 completed subprojects were assessed as of good quality. These small-scale infrastructure subprojects included roads, water supply, community ponds and wells, irrigation facilities, solar street lighting, animal feed mills, and agricultural cooperative buildings.
- 100 percent of the 219 completed subprojects had post-project community engagement or operations and maintenance (O&M) arrangements, exceeding the target of 85 percent.

Technical audits followed the guidelines of the Sangkat Fund Project Implementation Manual. The World Bank helped prepare the Sangkat Fund Project Implementation Manual and adopted its use for World Bank-financed projects. The government also adopted the manual for use in all its subprojects. The manual includes safeguard provisions consistent with World Bank policies.

OUTCOMES:

- 96.2 percent of the beneficiaries reported that the project investments met their needs exceeding the target of 90 percent. 51 percent of the beneficiaries were women, exceeding the target of 50 percent.
- 570,789 direct project beneficiaries consisted of 422,464 from Siem Reap and 148,325 from Phnom Penh, exceeding the target of 100,000. A higher than planned adoption rate of new technologies by producers led to a higher-than-planned number of beneficiaries.
- 291,102 were female beneficiaries. The target of 50,000 was exceeded.



Overall, the efficacy of the project to achieve this objective is rated **Substantial**. Evidence demonstrated that access to small-scale infrastructure was achieved. The ICR notes that improvement of community infrastructure has provided a significant benefit in many aspects of people's daily activities, including better access to school, market, work, public places, and social and health care services; improved living conditions of poor and vulnerable households in both urban and rural areas, and enhanced productivity and income. It would have been useful to be specific and quantify to what extent or which type (productive endeavors or access to markets) improved as a result of the improved access to completed infrastructure assets.

Rating

Substantial

OBJECTIVE 4

Objective

To provide an immediate and effective response in case of an eligible crisis or emergency

Rationale

The CERC was not triggered. Thus, this objective is not assessed.

Rating

Not Rated/Not Applicable

OVERALL EFFICACY

Rationale

Overall, the efficacy of this LEAP project to achieve its objective to improve the access of poor and vulnerable households to financial services, to income generating opportunities, and reducing poverty is rated Substantial, as the documented achievements show that each of the three sub-objectives were substantially achieved.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Efficiency: No economic and financial analysis of this community driven development operation was conducted at appraisal. The economic analysis design included provisions for conducting simple cost-benefit analysis for rural livelihood interventions using estimated cost and revenue streams to estimate



gross margins, cost-benefit ratios, and internal rates of return, where applicable. Income-generating interventions of the project activities and the completion of small-scale infrastructure investments were noted to benefit 20,000 rural poor households or about 80,000 persons in 47 communes in the 9 districts of Siem Reap province and another 5,000 urban poor households or about 20,000 persons in 13 Sangkats in the Phnom Penh capital. An ex-ante financial analysis noted a 100 to 300 percent increase in gross margins in agricultural production, particularly in vegetables, after adopting better technology and better access to infrastructure, such as irrigation, as planned. A small-scale irrigation activity was estimated to have a 30 to 40 percent financial rate of return.

A cost-benefit analysis was conducted at closing. The analysis used a discount rate of 8.5 percent, slightly less than the 8.78 market interest rate for borrowings in KHR in 2022, but slightly higher than the 8.35 market interest rate for borrowing in US dollars (ICR, footnote 10). The project's estimated Net Present Value (NPV) ranged from US\$4.7 million over a 7-year period to US\$37.7 million over a 10-year period. The corresponding estimated internal rates of return (IRR) ranged from 13 to 41 percent. The benefit-cost ratios ranged from 1.2 to 2.4. Higher IRRs in the longer term were expected because beneficiaries of livelihood activities were expected to acquire more knowledge and capital over time, leading to an increase in income. Infrastructure investments were also expected to yield additional benefits over time.

No comparison of economic efficiency rates at appraisal and at closing is possible.

Administrative and Operational Efficiency: Project management staffing led to implementation delays in the first two years and with the COVID-19-related delays in the final implementation period justified the one-year extension of the closing date. A higher-than planned adoption rate of new technologies by producers led to a higher-than-planned number of beneficiaries. Significant loan resources were mobilized despite the lower than planned number of formed SHGs and ACs. The implementation challenges reasonably justified the one-year extension of the project closing date. The credit disbursed nearly 100 percent of its commitment.

Overall, the project efficiency is rated **Substantial**.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.



6. Outcome

The relevance of objective is rated High because the PDO at closing remained relevant to both the country's poverty reduction development plans and priorities and the World Bank's reengagement strategy with Cambodia. The efficacy of the project to achieve its first, second, and third sub-objectives, and its overall PDO is rated Substantial. Efficiency is rated Substantial due to the high economic efficiency at closing and as supported by the sensitivity analysis in Annex 4 of the ICR. Outcome is rated **Satisfactory**.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The following pose risks to the development outcomes of the project:

- **Government ownership or commitment.** This is a moderate risk. In this project, poor households benefited from their participation in the small-scale infrastructure, skills training, and formation of saving groups. They were introduced to processes to gain access to basic services and livelihoods. The risk remains that those processes would not be sustained over time, just as the formation of various groups were not sustained after the pilot in Siem Reap preceding this project. To mitigate this risk, an action plan covering the period January to December 2024 is expected to be implemented. The government has approved a budget to implement this action plan.
- **Stakeholder ownership risk.** This is a moderate risk. The implementing entities developed a strategy to sustain the technical capacity, knowledge, saving capital, and assets obtained under the project. SMTs and MAFF were expected to hand over these assets to responsible agencies.
- **Financial risk.** This is a moderate risk. Continuous monitoring of project results would require resources. Using the MIS and monitoring data in the Ministry of Interior and respective implementing agencies; funds and technical support to maintain the small infrastructure built by the project; and delivering advisory services to SHGs, PGs, and ACs would need to continue to maintain or improve their production, marketing efforts, and access to finance. As noted above, the government has committed to finance an annual budget to implement the exit strategy of this project.

8. Assessment of Bank Performance

a. Quality-at-Entry

The World Bank team incorporated the following lessons from the pilot LEAP project and best practices from analytical research on self-help groups conducted by the Consultative Group to Assist the Poor (CGAP) to inform project design: (i) the need for longer-term institutional and technical capacity support to the entities created under the pilot such as the 100 SHGs, two commune-level federations, and more than 50 producer groups, by institutionalizing the links between Commune Level Federations (CLFs), Sangkat Level Federations (SLFs), and the Commune Councils; (ii) identifying intermediate level



indicators for social capital created and outcome level indicators for rating self-reliance to monitor group performance; (iii) targeting the poorest households that may have been excluded during the pilot phase; (iv) making membership voluntary, homogeneous to avoid elite capture, and acknowledging rural households with migrant labor workers; (v) group-determined savings and intra-lending norms such as initially using own savings only; encouraging continuous contributions to grow savings by accumulating interest earnings; (vi) encouraging early links with microfinance institutions and commercial credit providers; (vii) promoting good use of funds to reduce vulnerabilities; and (viii) aggregating power through federated structures. In addition, the World Bank team focused on reducing poverty by including skills training to increase the income of poor and migratory households. The Ministry of Agriculture, Fisheries and Forest was an appropriate implementing entity because of the target rural households' predominance of agriculture and fishery-based livelihoods. The Bank team identified substantial implementation and fiduciary risks. Mitigating measures identified in the pilot project assessment were adopted in design, including capacity-building measures at all levels and a communication strategy to ensure prompt response to implementation challenges.

Overall, the World Bank performance at entry is rated **satisfactory**. The identified implementation risks were to be mitigated by continuous training and support during implementation.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The World Bank conducted 13 supervisory missions over the 6-year project period including virtual ones during the COVID-19 pandemic. During the initial years the World Bank provided hands-on training and joint technical missions, to support shortcomings in financial management, procurement, environment, and social safeguards compliance, and monitoring and evaluation (M&E). The MTR mission was conducted on January 13, 2021. The World Bank team consisted of a task team leader (TTLs) based in-country for the life of the project, and key team members (livelihood specialist, engineer or infrastructure specialist, and M&E). Three TTLs changed hands with no major changes in the technical team's composition. TThe World Bank addressed challenges encountered in the first two years of the project and during the COVID-19 pandemic by responding promptly with hands-on support and clear guidance. Restructuring extended the project period by a year to complete the activities and achieve the project objectives. The World Bank team prepared an exit strategy with clear actions and responsibilities for local governments and communities to implement.

Overall, the quality of World Bank team supervision is rated **Satisfactory**.

Overall World Bank performance is rated **Satisfactory**.

Quality of Supervision Rating

Satisfactory



Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The PDO was clear and outcome-focused. The results framework effectively reflected the causal link between inputs/activities, outputs, and expected outcomes. The M&E system was based on the results framework. A web-based MIS platform was to use mobile data connectivity and smartphone or tablet capabilities to facilitate real-time data collection on physical and financial progress, results, and impact. CERC indicators were to be measured when triggered. The ICR acknowledged that the indicators in the results framework were limited. For example, an indicator to reflect how activities led beneficiaries to better deal with a crisis or emergency shock was missing. The outcome indicators were also more at an intermediate level. Some indicators were not specific (e.g., beneficiaries for infrastructure, SHGs, and skills development), which could lead to double counting. This was, however, addressed during implementation (see below). The indicator “clients day of training provided” did not specify which training was to be measured. Outcome 3 was largely based on surveys and could have been complemented with more tangible indicators as discussed earlier.

b. M&E Implementation

The Project Coordination Office implemented the M&E system as designed. The results framework, Community Operations Manual (COM), and the Project Implementation Manual implemented the M&E. The M&E team supported and trained SMTs and facilitators to monitor results, conduct field monitoring visits, and prepare project reports. Procurement delays (agreement on the terms of reference, finding a qualified consultant firm) delayed data collection to complete the baseline study. Several planned studies and assessments were not adequately designed or analyzed. The government could not find qualified consultants, or the report was not useful, not relevant, or delayed implementation meant not delivered in time to inform the project’s needs (for example, the tracer study). The MIS took time to implement. Data on progress against indicators only started in June 2019 including data on livelihood activities conducted by SHG members using both savings and seed grant funds. The Mid Term Review (MTR) assessed the relevance and quality of the indicators, resolved the issues of double counting beneficiaries across components, boosted data collection practices, upgraded MIS to capture livelihood activities of SHG members, conducted grading exercises to identify SHGs that required additional capacity building, and offered grants for district and sangkat facilitators skills development training. The findings informed the restructuring that led to a one-year extension, dropped an ill-defined output indicator, added two new indicators to better measure outputs of added capacity building activities, and revised targets for 5 output indicators according to what could be completed in the remaining project period.

c. M&E Utilization

Management used M&E data for decision making, to inform restructuring, and design corrective measures to improve project performance and outcome. These included extending the project



period, adjusting targets for output indicators, and operational adjustments to achieve the PDOs during the remaining period. However, important studies such as a tracer study and gender assessment that would have informed implementation were significantly delayed and did not serve its purpose.

Overall, M&E is rated **Substantial**. While the shortcomings in indicators are acknowledged, these were not significant. Sufficient evidence from the M&E data and the RF led to substantial ratings of the efficacy of the project to achieve outcomes of the three sub-objectives.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental Safeguards: The project was categorized as an Environmental Assessment (EA) Category “B” and triggered a partial assessment under OP/BP 4.01 Environmental Assessment given the small-scale and dispersed nature of the project’s activities, including civil works, agricultural and livelihood activities, and community services. The project also triggered the following safeguards: OP/BP 4.04 Natural Habitats, because of the possibility that some agriculture, livestock, and fisheries activities and small-scale infrastructure would affect natural resources, including wetlands, protected areas, and biodiversity; OP/BP 4.11 Physical and Cultural Resources, because the Siem Reap province was a cultural heritage site; and OP/BP 7.50 International Waterways because the project activities could extract water indirectly linked to the tributaries of the Mekong River. The project activities were not expected to adversely change the quality or quantity of water flows of the Mekong River, and an exception to the requirement of notifying riparian countries was allowed under para 7(a) of OP 7.50 (PAD, paragraph 76). The Environmental and Social Safeguards Management Framework (ESMF) included a chance find procedure for physical cultural resources to comply with the requirements of OP/BP 4.11. The final safeguards instruments were initially disclosed locally in Khmer and in English on September 29, 2016 and again on January 10, 2017 at the Ministry of Interior in Phnom Penh capital hall, in Siem Reap Provincial Administration offices, their respective websites and in the World Bank’s external website.

Social Safeguards: The project complied with the social safeguards policies (ICR, paragraph 71). The project triggered OP/BP 4.10 Indigenous Peoples and OP/BP 4.12 Involuntary Resettlement because some subprojects could require minor land acquisition. RGC’s Ministry of Health guided health-related safeguard measures during the COVID-19 pandemic. Good practices and lessons learned during the COVID-19 pandemic included the use of the Telegram digital platform to monitor civil work progress and safeguard implementation and compliance. There were no pending safeguard actions at closing, and no incidents or accidents occurred during project implementation. Compliance with OP/BP 4.12 policy was guided by the approved Resettlement Policy Framework. Voluntary land donation was adequately assessed and documented.

The project relied on the RGC’s existing Complaint Handling System (CHS) at the subnational level to report on local authorities’ performance, use of Sangkat funds, and other issues as part of the grievance redress mechanism. Letters could be posted in complaint boxes or person. The project strengthened CHS’s functionality by introducing an intake form and a logbook and conducting sensitization workshops. The



project’s website and project sites included the CHS contact information. Complaints were integrated into the bi-annual and annual progress reports. At closing, all 35 grievances recorded were resolved. The complaints were on the quality of the small-scale infrastructure, delays in disbursement of stipend and seed grants, location of training schools and internships, and requests for setting up own businesses.

b. Fiduciary Compliance

Financial Management: The project complied with World Bank financial management (FM) guidelines and procedures (ICR, paragraph 73). The project built its financial management on the government’s existing structures. The FM manual, PIM and COM, internal controls, and disbursement were adequately maintained. Delayed deployment of FM staff in the first two years of implementation also delayed the installment of accounting software and delayed the submission and affected the quality of Annual Work Plan and Budget (AWBP), financial reports, and two IFRs (January–June 2020 and July–December 2020). The World Bank team conducted training following the MITR, intensified hands-on support to the project staff on disbursement, bookkeeping, internal auditing, project close-out procedures and other FM issues. Financial management improved and the annual audits were submitted on time. No significant audit findings were reported.

Procurement. The project complied with World Bank procurement guidelines and procedures (ICR, paragraph 74). Procurement activities were delayed during the first two years of implementation because of lack of implementation capacity to prepare and approve terms of references for consultancies, and internal coordination challenges to assemble procurement packages. Procurement challenges delayed the completion of a baseline study. The World Bank team conducted additional procurement training on procedures and the use of the World Bank’s Systematic Tracking of Exchanges in Procurement (STEP). Procurement improved and all procured goods and construction works were delivered at closing. The Ministry of Interior reportedly intends to integrate community participation in procurement in implementing small-scale infrastructure works in the future.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	



Quality of M&E	Modest	Substantial	While acknowledging the shortcomings, these are not significant as the M&E system and RF provided sufficient evidence for a Substantial rating of Efficacy and an overall Satisfactory rating of Outcome.
Quality of ICR	---	Substantial	

12. Lessons

The operation offered the following lessons:

- **If capacity building is combined with small livelihood grants, these may empower poor households.** In this project, economic development was to be delivered to poor households by enhancing soft skills, building technical capacities using participatory means, and using these as incentives to access financial resources for livelihood opportunities. Participating beneficiaries gained skills and resources to sustain livelihoods and jobs, as reflected in its "Teach the community how to fish" motto.
- **Forming SHGs may deliver income-generating opportunities to impoverished and vulnerable communities.** In this project, a systematic approach was initiated by building institutional capacity, establishing, and strengthening SHGs to become sustainable community institutions. This approach requires time and optimal use of resources. One way was to collaborate with service providers and NGOs specializing in community engagement to boost SHG capacity. This collaboration is vital when faced with a limited government capacity to deliver such support.
- **A customized, flexible, and inclusive community participatory approach may be beneficial when working with marginalized communities to design, implement, and monitor local investment projects.** This project's inclusive approach meant fostering social capital while contributing to local economic development. Women and vulnerable populations were actively involved. Beneficiaries were informed about objectives, approaches, and activities. They were made aware of their participation's short- and long-term social and economic benefits. Beneficiaries began to trust local authorities because of their flexibility and responsiveness. Community members gained a sense of ownership from these participatory engagements. This approach heightened participation in project training, in forming savings groups, and in engaging in community meetings. Such participation maximized the project's impact and a sense of ownership that contributes to the sustainability of project outcomes.
- **Using resources to raise awareness, training, and mentoring of women beneficiaries may strengthen women's participation and boost their economic position.** In this project, financial assistance was used to foster women's confidence, amplify their voices, and empower them to assert agency. The project facilitated an inclusive environment for women to participate and optimize benefits from project activities. Other similar projects may engage traditional male leaders while nurturing women's leadership skills and making available relevant networking opportunities. These strategies may further



enhance gender equality and empower women to contribute to more sustainable and impactful development outcomes.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a clear picture of the operation and followed the guidelines. The report was internally consistent. The reconstructed theory of change showed the causal links of how the activities informed the project outcomes, although with acknowledged missed opportunity during restructuring to identify better indicators of some of the expected outcomes. Annexes provided additional information to support the achievements reported, including the sensitivity analysis to support project efficiency. The evidence supported the ratings. Lessons were based on the project experience, including the impact of household participation in planning and implementing small-scale infrastructure investments. The overall quality of the report is rated **Substantial**.

a. Quality of ICR Rating

Substantial