



Project evaluation: Summary report

Cambodia: Regional Economic Development III (RED III)

Project no.:	2013.2226.2
CRS Purpose Code:	43040 Rural development
Project objective:	The poor, rural population - especially women - increase their income and are taking actively part in local economic development.
Project term:	09/2014 - 03/2018
Project volume:	8,540,000 EUR
Commissioning party:	German Federal Ministry for Economic Cooperation and Development (BMZ)
Lead executing agency:	Council for the Development of Cambodia (CDC)
Implementing organisations (in the partner country):	Sub-national authorities at provincial and/or district level; Commune/district councils; Agricultural cooperatives and associations; business membership organisations.
Other participating development organisations:	Swiss Development Cooperation (SDC)
Target groups:	Target group disadvantaged people living in rural areas of Siem Reap, Banteay Meanchey and Oddar Meanchey who are economically active. These include micro and small and medium enterprises (MSMEs), small-holder farmers, seasonal workers, landless, and irregular employees. Special attention will be given to women living in poverty and vulnerable groups.

Project description

Based on a very low level of development and a high poverty rate, Cambodia has achieved high growth rates and significant progress in reforms in poverty reduction over the last 15 years. The poverty rate fell from 58% (2007) to 23.7% (2011). Widespread agricultural productivity gains, improvements in rural infrastructure and better access to high-quality means of production contributed to this development. However, without further production improvements, diversification and added value in processing agricultural products, there is a great risk that Cambodian agriculture will remain a supplier of low-value raw materials to neighbouring countries. This bears the risk that a further decline in poverty rates will not succeed and rural households who have managed to get out of poverty are at risk of falling back below the poverty line. The key issue is that the poor rural population - especially women - lack sustainable business and employment opportunities. Main causes are low productivity and low diversification of in agriculture and of the rural economy. The decentralized institutions at subnational level lack the capacity for a pro-poor management of resources and the ability to provide relevant public services. The module objective is: The poor, rural population - especially women - use new, sustainable business and employment opportunities. The project is working in three provinces (*Siem Reap, Oddar Meanchey, Banteay Meanchey*) as well as in setting up a mechanism for national and provincial dialogue and cooperation (vertical networking and knowledge sharing). The project advises public and private decision-makers, specialized authorities and local self-governing bodies on economic development and poverty reduction measures in the context of the decentralization reform. It operates in four interventions fields: i) local self-government initiatives for pro-poor local economic development (LED); ii) promoting dialogue and cooperation between public, private and civil society actors (stakeholder engagement) iii) services to increase the competitiveness of local products and local value creation; iv) mechanism for national and provincial dialogue and cooperation (providing good solutions and good practices for adoption and dissemination by national partners). RED III cooperates at provincial level with non-governmental organizations and coordinates its activities with other programs of international development partners. The project term runs for 3 years (09/2014 to 03/2018) with a budget of the German contribution and Swiss co-financing of up to 8,540,000 EUR.

Assessment of Result Model and Strategic Approach: RED III follows a partner and market demand driven approach with a clear focus on markets, market-based solutions and supporting commercial agriculture. Private sector actors are perceived as driving forces for LED and employment creation, for increased local value addition and the development of agri-business. The programme pursues a strict policy not to provide local subsidies. However, for measures designed to outreach poor and vulnerable groups, asset transfer and limited inputs on demonstration plots are made available. The RED III project has a two-tier steering structure (one at national level and respectively three provincial steering committees). The project has three main components, which contribute to the objective:

- I. Local governance action for pro-poor growth: The project advises public and private decision-makers, line departments and local governance structures (in particular district councils) on measures of economic development and poverty reduction within the scope of the decentralization reform.
- II. Stakeholder cooperation and initiatives for local economic development (LED): At district and commune level, RED III deals with the interaction and cooperation between local stakeholders of the public and private sectors as well as civil society.
- III. Competitiveness of local products and local value addition: Aims at improving the competitiveness of local products and enhancing local value addition as well as local employment.

For each component, an intervention strategy and component objectives are developed. Intervention field iv) "Knowledge partnerships with national level stakeholders", has no separate implementation strategy, but is covered as cross-cutting topic through all components.

Basis for assessing effectiveness of the project are four module indicators:

1. Number of rural households - by gender and poverty status - that benefit from economic promotion measures and better framework conditions put in place by commune or district councils (introduced by the RED program).
2. Number of households - by gender and poverty status – adopting profitable and sustainable innovations introduced by the program (according to FAO SAFA).
3. Number of new jobs created in the assisted value chains and/or sectors that benefit in particular poor and vulnerable populations groups (includes as well: new access to existing jobs for poor people).
4. Number of cases in which instruments of economic promotion and poverty reduction successfully piloted by the program have been used by national level institutions for nationwide application by subnational councils or offices.

The RED III concept uses "households" as main unit of data analysis. Thus, module indicators (1 and 2) have some ambiguity concerning the target value of 50 % women. Thus, it is difficult to disaggregate data by gender as required by these indicators. The monitoring system overcomes this methodological shortcoming to come from individuals to households and vice versa by using conversion rates based on the statistical average of 5.3 persons per household for SRP, and 4.3 persons for BMC and OMC. RED III module indicator (1-4) are moderately ambitious, comply with the SMART-criteria and they do measure the module objective. However, an income indicator is missing at outcome level to relate to the program objective concerning improving household income.

Concerning the overall development impact of RED III, the evaluation team assesses in which way the program plausible contributes to a) household income effects of the three provinces, in particular income effects of poor households, b) income effects of women-led households (as they are disproportionally affected by poverty) and women empowerment (specific target of RED III as defined in the objective) and c) structural changes concerning good governance at subnational level for LED.

Overall rating according to the OECD-DAC criteria:	Individual rating of the OECD-DAC criteria:
<p>To determine the TC measure's overall rating, calculate the average of the individual ratings:</p> <p>14 – 16 points: very successful 12 – 13 points: successful 10 – 11 points: rather successful 8 – 9 points: rather unsatisfactory 6 – 7 points: unsatisfactory 4 – 5 points: very unsatisfactory</p>	<p>Relevance: 16 points - very successful Effectiveness: 12 points - successful Overarching development results: 12 points - successful Efficiency: 12 points - successful Sustainability: 10 points - rather successful</p> <p>Overall, the TC measure is rated successful with a total of 12.4 out of 16 points.</p>

Relevance (Are we doing the right thing?)

RED III is fully aligned with relevant strategies of the *Royal Government of Cambodia* (RGC). It contributes to the achievement of the *National Strategic Development Plan 2014-2018* (NSDP) and, to a varying degree, to all interwoven elements of the *Rectangular Strategy* (RS): Promotion of the agricultural sector, private sector development and employment, capacity building and human resource development, development of physical infrastructure, and the core element of the RS: good governance. RED III contributes to increasing productivity and improving market access in key agricultural value chains. Intensification of the production system and commercialisation are necessary means of improving farmer income and welfare, as poverty cannot be eliminated by improving subsistence farming alone. In this way, the programme is also well aligned to the relevant government strategies like the *Agricultural Sector Strategic Development Plan* (ASDP) 2014-2018.

With its focus on strengthening capacities of SNAs, especially on the use of “permissive functions”, and in taking an active role in LED, the programme addresses key challenges SNAs face. It directly contributes to the RS’ reform area “Public administration reforms (including decentralization and deconcentration)” and is fully in line with the *National Programme for Sub-National Democratic Development* (NP-SNDD). These efforts are also in line with priorities and focus areas of development partners such as the European Union and the Swiss Development Cooperation in Cambodia. Also, local governments clearly expressed the relevance of programme interventions for their own work. RED III activities to improve responsiveness of SNAs and to foster multi-stakeholder engagement fit well into the Government’s efforts to improve citizen engagement and social accountability at local level, as mentioned both in the RS and the *Social Accountability Framework*. It is also at the core of the *Swiss Mekong Region Coordination Strategy* to build transparent and accountable state institutions and to ensure spaces for constructive dialogue with citizens.

The programme has demonstrated measures to promote the participation of women and disadvantaged people in decision-making and their access to economic promotion from the onset of the programme. Likewise, the programme addresses core problems of small holder farmers and MSMEs. The programme activities address key target group constraints such as access to knowledge and markets as well as building business and technical capacities (e.g. through trainings on the System for Rice Intensification (SRI) method, the introduction of market-oriented and climate-sensitive rice varieties and Good Agricultural Practices (GAP), the intended promotion of contract farming).

The relevance of the TC measure is rated very successful with 16 points.

Effectiveness (Will we achieve the programme’s objective?)

The effectiveness of the RED III project was assessed against the objective indicators by comparing actual situation with targets. For the criteria effectiveness, a predictive assessment was made with reference to the end of the project term (03/2018). In the following, the main findings of the evaluation are presented referring to the four objective indicators and their related output indicators to assess to what extent the project has been able to achieve its objectives and fulfil its indicators.

Objectives indicator ¹	Target value according to the offer	Current situation according to the project evaluation
<p>1. Number of rural households - by gender and poverty status - that benefit from economic promotion measures and better framework conditions put in place by commune or district councils (introduced by the RED program).</p>	<p>84.000 in total of whom 50 % are women BMC: 32.000 OMC: 12.000 SRP: 40.000</p> <p>Disaggregated data by IDPoor (statistical category of the RGC “identification of poor”) and women.</p> <p>Note: BMC: Banteay Mencheay OMC: Oddar Mancheay SRP: Siem Reap</p>	<p>This indicator stands for activities that district councils and administrations have done for their citizens and includes households that benefitted from financial literacy trainings, activities funded through Matching Fund (MF) and Cambodian Financial Contribution (CFC) mechanisms, tourism initiatives, life skills trainings and value chain upgrading measures. The programme has so far only reached about 40% of the 84.000 target households. This has mainly to do with delays in implementing MF projects, which weigh strongly in this indicator. Local elections and administrative difficulties of districts to set up bank accounts, but also the sheer lack of suitable projects to fund through the mechanism, resulted in delayed start of many activities. Most of these activities are still ongoing and thus beneficiaries of these activities have not been yet accounted for in the indicator. Scaling up of life skills trainings to improve employment opportunities in BMC province should further contribute to achieving the target figure. As a result, the programme expects to reach the overall target of households, but there may be a higher outreach in <i>Siem Reap</i> than in the other two provinces where interventions just started in the current phase.</p> <p>Gender and poverty disaggregation of data shows that the programme struggles to reach poor people and women through activities initiated or implemented by SNAs. The projection figures indicate that the programme may only reach some 43% women beneficiaries (42.783 of expected 98.046 beneficiary households) by March 2018, with especially low figures in <i>Banteay Mencheay</i>. Figures for ID-Poor and vulnerable households are within the expected range only in <i>Siem Reap</i> province, mostly because a bigger number of MF projects were implemented here during the pilot phase, when no contribution from districts or other stakeholders was requested, and because pro-poor activities from multi-stakeholder engagements have been endorsed here by SNAs. These figures show that sub-national authorities, despite the coaching support of the programme, still lack the awareness to specifically target poor or women with their actions. Projects proposed by districts for funding under the MF scheme only had to meet minimum eligibility criteria. None of these criteria had yet a pro-poor or gender focus. Despite this low bar, districts and municipalities struggled to come up with enough non-infrastructure projects to fund.</p> <p>Government officials also usually selected beneficiaries or participants for programme activities. Such an approach surely increased ownership of the involved government bodies. It may, however, also reduce the overall effectiveness of government-led measures. A more pro-active steering in project selection, stronger project support to develop better (non-infrastructure) proposal and better screening of participants may have helped to increase quality and effectiveness of programme interventions and to achieve the intended pro-poor and gender equality criteria.</p> <p>Many of the programme’s intervention that specifically targeted poor people or women originated from multi-stakeholder engagements, but were not necessarily coordinated with or endorsed by districts or communes. This indicates that interventions implemented by the different programme components are not always as closely linked as they could be. As of June 2017, results in this indicator are lagging behind expectations. Until the end of the project phase, module indicator 1 will most likely be partly fulfilled.</p>

¹ The indicators used to measure the OECD-DAC criteria do not fully adhere to the SMART-criteria; i.e. they are not specific, measurable, achievable, relevant or time-bound. Therefore, the validity of the assessment might be constrained to some extent.

2. Number of households - by gender and poverty status – adopting profitable and sustainable innovations introduced by the program (according to FAO SAFA).

12.700 in total
of whom 50 %
are women
BMC: 6.200 (25 %
IDPoor)
OMC: 4.000 (25 %
IDPoor)
SRP: 2.500 (15 %
IDPoor)

The overall average part of female beneficiaries having adopted innovations is 48%, which is close to the targeted figure of 50%. The overall average part of ID-Poor and vulnerable households is 12%, which is only half of what had been targeted and which is below the national average of about 17% of poor households. Poor farmers were also found to have 10% lower adoption rates than non-poor farmers (as shown in table below):

	BMC	OMC	SRP
Target values:			
- Rural households	6.200	4.000	2.500
- Result by 06/2017	6,589	1,286	9,793
- Thereof IDPoor and vulnerable households	25%	25%	15%
- Result by 06/2017	11%	22%	12%
- Part of female beneficiaries	50%	50%	50%
- Result by 06/2017	41%	54%	52%

The impact surveys conducted by RED III showed significant yield and production increases of farmers adopting innovations. Thus, confirmed that the solutions were profitable in general, though with big differences by value chain and province (see chapter 3.4 on impact). On the spot checks of the PEV team confirmed good adoption rates of vegetable and rice farmers, for which additional spill over effects to other farmers are likely as well. The PEV team could not confirm the high adoption rates among chicken farmers. In villages visited, only few farmers continued intensified chicken rearing, which did not seem to be profitable enough and which was affected by ineffective disease control. In the cassava VC it was found that farmers' interest in taking part in technical trainings was low due to very low cassava prices.

Sustainability issues are taken into consideration according to "Sustainability Assessment of Food and Agriculture Systems, SAFA" guidelines of the *Food and Agricultural Organisation of the United Nations*. The programme carried out an environmental impact assessment of the cassava value chain in *Banteay Meanchey* and *Oddar Meanchey* before selecting the value chain and oriented the suggested innovations on reducing negative environmental impact. In the rice value chain, the programme promotes the "*International Fund for Agricultural Development, IFAD*" system of rice intensification (SRI), which is an agro-ecological methodology for increasing the productivity of irrigated rice, and introduces new rice varieties to increase climate change resilience. In the vegetable value chain, the project promotes good agricultural practice with correct use of inputs and works on improving irrigation techniques on vegetable production to reduce resource consumption. The project also took over a leading role on sustainable management of natural bamboo conservation. Overall, the programme has been able to reach out in total to more households than expected and has achieved its foreseen female participation rate. Reaching out to proportionally higher rates of poor households in the selected provinces remains a challenge. Thus, module indicator 2 will be fulfilled to a great extent by the end of the project phase.

<p>3. Number of new jobs created in the assisted value chains and/or sectors that benefit in particular poor and vulnerable populations groups (includes as well: new access to existing jobs for IDPoor).</p>	<p>640 in total of whom 50 % are women BMC: 500 (90 % IDPoor) OMC: 0 SRP: 140 (40 % IDPoor)</p>	<p>According to the program's monitoring system, the program contributed to the creation of 125 jobs, which only represents about 20 % of the target number. Jobs have been created mainly in the tourism sector (74 jobs) and in the handicraft sector (30 jobs). So far, only 15 jobs have been created related to the <i>Special Economic Zones</i> (SEZ) and 5 new jobs in the bamboo value chain (VC). The programme was not able to create many new fulltime jobs in agricultural VCs due to few small investments mobilized and less newly established trade relations than expected. Compared to 160 expected new trade relations or investments, only one bamboo value chain investment was reported in addition to 62 new trade relations that have been created for handicrafts, bamboo and vegetables. Although some trade relations have been created, more and more relevant trade relations would have been necessary.</p> <p>In <i>Banteay Mencheay</i> province, the program has supported the setup of a public-private-dialogue forum, which addresses issues and opportunities of inclusive employment promotion for the rural poor, in particular young people and women. Employment opportunities are mainly created by international companies operating in SEZ of the province. The process involves companies, zone managers and relevant SNAs as well as representatives of specialized agencies such as the National Employment Agency (NEA). At commune level, RED III started to set up employment promotion committees in which in particular the NEA has a great interest. It remains to be seen whether these new structures and the close alliance with the NEA are effective, robust and flexible enough to respond to the needs of job seekers living in rural areas and whether they can effectively respond to the needs of the recruitment process of private companies in general. Job preparation and life skills trainings have been a first and important step to improve access to knowledge and training opportunities for rural poor. To conclude expected employment effects as defined by module indicator (3) will most likely not be achieved until the end of the current programme phase.</p>
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4. Number of cases in which instruments of economic promotion and poverty reduction successfully piloted by the program have been used by national level institutions for nationwide application by subnational councils or offices.	3 instruments used by national level institutions for nationwide application by subnational councils or offices	<p>RED III has established contacts in the tourism sector with the <i>Provincial Department of Tourism</i> of <i>Siem Reap</i> and the <i>Ministry of Tourism</i> on learning from the <i>Banteay Srei</i> local tourism initiative. Regarding inclusive employment promotion, exchange contacts are also made with the <i>National Employment Agency</i>. As of July 2017, only one instrument has successfully been introduced at national level. The programme supported the development of a “<i>Technical Document on Strengthening Councils in Promoting District’s Economic Development</i>” on demand of the NCDD Secretariat. The document was officially endorsed in December 2016 by NCDD-S. Although named “technical document” it is in fact a toolbox containing tools, methods and approaches developed and tested over time by the programme. It has to be acknowledged that such a toolbox could have easily been split into individual “instruments” to achieve the indicator target. The technical document has been very positively received and has since been rolled out in trainings by national partners. It is considered a work in progress that will be further adapted and fine-tuned to respond to the needs of its users.</p> <p>Despite this positive reception and reported benefits of the technical document the programme has not taken further steps to replicate this success. On the one hand this is understandable, as limited staff resources do not allow frequent visits or even permanent presence at national level. For this reason, the programme only has limited opportunities to interact with national partners. Knowledge partnerships with partners at national level have been established, but even close collaborations with projects like DAR are limited to knowledge exchange and have so far not been actively used to advance a common advocacy agenda. On the other hand, this must be seen as a missed opportunity. Over the course of now three phases the programme has gathered valid experiences to positively advise national policy making on a number of issues related to decentralisation, rural economic development, and climate change adaptation (e. g. ongoing work on a manual for cassava production). It is unlikely that the programme will achieve the set target of the indicator of three instruments by the end of the current phase.</p>
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The evaluation team comes to the conclusion that objectives indicator 1, 3 and 4 will probably be *partly* achieved and indicator 2 will probably be *fully* achieved by the end of the project.

The effectiveness of the programme is rated successful with 12 points.

Overarching development results (impact) (Are we contributing to the achievement of overarching development results?)

Income effects of poor households: In general, the impact on income increase of farm households was positive. Significant income increases of farmers adopting innovations were confirmed by the impact assessments conducted in 2017. The average annual income increase per household amounted to: \$385 for rice, \$247 for vegetable and \$36 for chicken. Data for cassava are not yet available due to the short time of support provided to the cassava value chain upgrading. Overall, the programme measured a total annual income increase of applying households of \$5,118,563. Rice farmers account for 70% of the overall income increase of applying beneficiary households, followed by vegetable farmers with 14%. However, a more detailed assessment of the income increase impact shows that the success in the rice value chain was largely due to a strong production increase in *Banteay Meanchey* province reaching an average yield of 2.7 ton per hectare, whereas the yield only grew marginally in *Siem Reap* and *Oddar Meanchey*, remaining at 1.4/1.5 ton per hectare. The vegetable value chain showed strong income increase in *Siem Reap* province, whereas the net revenue dropped in *Banteay Meanchey* province. The impact on income increase of ID-Poor and vulnerable households was limited in the rice value chain in *Banteay Meanchey* and *Oddar Meanchey*, where poor farmers could not increase their yields. The income increase of chicken rearing was low in general.

Selected field visits by the PEV team in the vegetable VC provide also anecdotal evidence of higher impact in individual cases. For a vegetable demo farmer in *Banteay Meanchey*, the income from vegetable growing cucumber on a plot of 1,000 square meter was estimated to be \$1,000-1,500 per year. A female vegetable demonstration farmer in *Siem Reap* province estimated her net income from growing bitter melon on 2,000 square meters to be \$2,000 in three months. An income that was referred to being more important for the family, as it is more stable than the income of her husband being a construction worker. The annual income of a poor farmer in *Banteay Meanchey* growing leafy vegetables on 600 sqm was estimated to be \$300-400, which was his only cash income in addition to selling one calf per year and subsistence rice

cultivation. The promotion of agricultural value chains as done by the RED programme can offer relevant income opportunities and thus contributes to reducing migration and improving the rural economy.

A further impact of agricultural VC promotion on alleviating poverty is the job creation for poor households in vegetable and cassava production, which can compensate for some lost employment of rural poor going along with the increased mechanisation of rice farming. Cassava farmers and vegetable farmers growing vegetable on more than 1,000 square meters usually hire labour from poorer households. Spot checks of the PEV mission confirmed the relevance of hired labour in cassava and vegetable production for rural poor and related positive effects of the RED programme. On the whole, the RED III programme has been able to directly contribute to poverty reduction.

Income effects of women-led households and women economic empowerment: Due to methodological shortcomings, there are no reliable data available on direct income effects of women-led households. The programme's efforts to promote gender equality and social inclusion both within the team and among stakeholders have contributed to an attitude change about roles and responsibilities of women in society and in specific functions (e.g. the increase of confidence to speak out). Of the 45,000 persons that have so far participated in trainings provided by the programme, more than 54% were women. As a result, their voices were heard and leveraged on an equal stand with men in decision-making at their families, but limited at community level. Both husband and wife share roles and responsibilities so that they can make decisions together. It was observed that either wife or husband have created a culture of knowledge sharing after attending the capacity building events.

RED III provided space to involve with women groups, especially the ID-poor to work in promoting small producers' access to markets. There is some evidence that indicated that female producers (non-key value-chain) were actively provided with a positive effect on encouraging women in economic development opportunity. For instance, they gained skills and capacity on income generation for stability of their family's livelihood. Women have demonstrated new techniques for planting, chicken and pig rearing. For instance, women vegetable group have applied the new techniques to increase crops production for harvesting. Furthermore, they are confident in leading on knowledge sharing to other women groups to apply this new technique. Groups participating in subsidies scheme, however, will need more support to build their capacity to overcome the barriers in applying the new techniques.

Impact on good governance at subnational level for LED: At institutional level, RED III follows a systemic approach to work with policy decision makers at provincial, district and commune level. It strengthens their respective capacities to actively shape local policies, to take concrete actions for local economic development, and to apply good governance principles. Much of the programme support for SNAs is clustered around the implementation of "Matching Funds (MF)" projects. Given the delay of the MF scheme and associated capacity development interventions, it is too early to see measurable impact already. The evaluation team could, however, gather clear indications that the programme is moving into the direction of the intended impact. Procedures and interactions between administrations and councils have been strengthened, and good governance principles are being introduced. All SNA supported activities have been publicly discussed and the necessary regulations have been enacted by local councils. MF-funded projects have been included into local investment plans and must therefore be properly accounted for. *Provincial Associations of Municipalities, Districts, Communes and Sangkats* assist districts and communes to hold annual public hearings to openly discuss the performance of local administrations.

Representatives from districts administrations and councils repeatedly stressed the importance to move away from thinking in infrastructure terms towards a more holistic approach of improving framework conditions at local level. They nevertheless also expressed their difficulties in putting this actually into practice. Given these difficulties, there is the risk that SNAs just concentrate on programme implementation, rather than seeing the MF scheme as means to move towards a more strategic economic planning and project implementation as well as to improve local governance mechanisms. The programme will need to remain alert to this risk and steer the interventions accordingly to make sure that the intended systemic change can happen at local level.

Through the RM approach, the programme introduced a successful model of participatory, bottom-up process of interaction and cooperation between different sectors and stakeholders. Through this approach more than 210 action groups and networks have been formed and more than 450 initiatives have been implemented to promote the local economy or the entrepreneurial performance of its members. These initiatives have strengthened the voice of disadvantaged rural people in articulating their interest and in participatory planning processes (citizens participation). Through peer-to-peer exchange horizontal learning processes have been fostered and networking among women-farmers and with actors of different districts. Moreover, some initiatives have been able to contribute to stabilizing and/or increasing household income. Such networks and initiatives form the basis to tap into the local potential for poverty reduction and economic growth, and to improve participatory decision-making processes at local level. While the participatory process is now firmly established and accepted, the impact of programme supported RM activities is less clear. Potential impact was not necessarily a selection criterion for programme support of initiatives. Equally important have been considerations of group dynamics and engagements of SNA representatives (e.g. district governors, council chairperson, etc.). So far, no impact assessment of RM supported activities has been conducted. Spot checks by the PEV team indicate that not all supported initiatives achieved the intended result to stimulate local economic development or economic capacities of participants.

Gender equality: Increasing gender equality is considered a significant objective of the programme. The programme incorporates the category of gender in various measures of its components. RED III has implemented specific activities

such as women councillor empowerment (under component 1), small initiatives specifically profiting women and disadvantaged groups (under component 2), or promoting vegetable value chains where most producers are women (under component 3) are but a few examples of how the programme addresses gender equality. The programme makes great efforts to have a gender balance in its interventions or to facilitate women's participation (for example, trainings have been held in villages to reduce travel time, or women could bring their children to such events). 23% of participants in 92 trainings or events for government staff and intermediaries were women. In general, women in Cambodia are underrepresented in the public sector or intermediaries RED is working with. Female District/Commune Councillors have received a series of training, including advocacy and leadership as well as vocational training. Female Commune Councillors have demonstrated an increase in capacities, for instance, to develop Ordinance (Deika) which mostly supports the social security of their commune. Women were able to take actions in their positions in developing a higher self-confidence for participation. Still, the evaluation mission observed that only few women were members of core groups, RM and LED structure, or MF committees, i.e. also in structures under the direct purview of RED. If, then female Commune Councillors were assigned to the employment promotion committee. Given the fact that this committee deals with pertinent tasks like child- and health care, but also with preventing domestic violence and human trafficking, RED should further encourage the inclusion of more female Councillors to employment promotion committees.

The overarching impact of the programme is rated rather successful with 12 points.

Efficiency (Are the objectives being achieved cost-effectively?)

RED III had large outreach to households in the three programme provinces. The programme reached through its three main components more than 41.000 households, or approximately 10% of all households in the three provinces (up to June 2017). RED III main office is located in *Siem Reap* town in a rented building (due to the limitations of available office space in the provincial administration and line agencies). Two field offices, one in *Serei Sophoan (Banteay Manthey)* and one in *Samraong (Oddar Manthey)*, have been established in the respective provincial administrations and the Provincial Departments of Agriculture. As the Cambodian partners expect to fully cover all districts of a province logistics and outreach to local partners has been a challenge.

RED III has six international long-term experts (out of them are two development advisors); responsibilities by province: two for *Banteay Manthey*, one for *Oddar Manthey*, two for SRP; responsibilities by component: one for component 1; four for Component 3, 22 national technical staff and 18 administrative and support staff bringing the actual total number to 46 persons. Thus, RED III deploys a substantial body of staff. International experts are deployed rather unevenly with 4 international experts working for component 3. The outreach is achieved through the collaboration with many partners at province and district levels (government officials: 183 persons; staff regional management organisation: 9 persons; former district councils: 4 persons). Local subsidies are provided for the salaries of the regional management organisations. According to figures of the budget allocation of 2017 about 46 % of the annual budget is spent for technical assistance staff and related costs². In comparison to other local and regional development projects and international standards this is a rather high ratio. Moreover, RED III has an amount of EUR 1.016.400 for financial agreements and local subsidies (e. g. ID-Poor schemes) available.

In the component (1) "Local governance action for pro-poor growth" only about 25% of the budgeted amount has been spent until June 2017. This is mainly due to slow implementation of MF activities. Low absorption capacity of government stakeholders and a lack of suitable projects fully justify such underspending. The RGC contributed to the programme with 10% of the overall budget. These funds have been used to replenish the *Cambodian Financial Contribution Mechanisms (CFC)*. The CFC mechanism proved most useful to add value through complementary measures to programme interventions, and to strengthen cooperation among provincial government institutions. The procedure used to allocate funds, however, will most probably lead to an underspending of at least 20% of this fund.

The component 2 "Stakeholder cooperation and initiatives for LED" has already achieved its component targets, with roughly 83% of the funding used. The largest amount of budget was used to finance some 455 small initiatives implemented by district core groups. 444 of these initiatives were in *Siem Reap* province, only 11 in the two other provinces. This imbalance is a result of the changed RM approach that delayed implementation in the two new provinces, but also shows the difficulties of the RED III programme to phase out from *Siem Reap*.

Concerning component 3 "Competitiveness of local products and local value addition" the direct funding of service provision (without international and national programme staff salaries) amounted to 61% of the budgeted amount until the programme end. Of this amount 44% has been spent on direct target group trainings, while 20% were spent on partner equipment, motorbikes and travel expenses. It is noteworthy that RED III pays relatively low per diems for partner staff compared to other donors, which was a frequent complaint during the evaluation. Expenses for partner trainings are moderate. The amount is higher than budgeted, however, it is still very low compared to direct target group trainings. The programme has a budget of EUR 195,393 for *Public-Private-Partnerships (PPP)*, of which only EUR 13,303 were spent so far (with agricultural input companies such as East West Seed International). As PPPs aim at mobilizing additional private

² RED III: Annual Progress Report 01/2016-12/2016 (Internal Paper 127).

sector know-how and resources, a stronger use of this budget line could have advantages in terms of efficient use of programme funds.

Providing services to the target group has in most cases been done by subcontracting various training providers such as the Cambodian NGO CEDAC (technical training and backstopping on improved rice production and chicken rearing), *International Institute of Rural Reconstruction (IIRR)*, *Buddhism for Development* and others.

The level of cooperation with other bilateral and multilateral donors working in the three target provinces is quite strong. In *Oddar Mancheay*, particular importance is given to the coordination of activities with the Swiss supported CHAIN project. Both projects have successfully been collaborating (clear labour of division to avoid duplication: RED III is not working in the vegetable value chain) and to make best use of synergies (e. g. knowledge sharing on agricultural expertise). Joint field monitoring activities were organized, and it was agreed that requests and contacts from RED related to vegetable chains would be relayed to CHAIN for follow-up. In the field of the Cambodian decentralization and administration reform the program works closely with the German and EU co-funded program on Decentralization and Administration Reform (DAR). The aim of the cooperation is to link RED's local governance activities to standards and developments at national level. Overall, the evaluation team considered the use of instruments and resources for the achieved results in the three provinces and in each component as appropriate.

The efficiency of the programme is rated successful with 12 points.

Sustainability (Are the positive results durable?)

Close cooperation with government actors at all levels helps to guarantee institutional anchoring of programme interventions. The programme focuses on strengthening capacities of local administrations and councils to perform their core duties, and on advising provincial agencies to perform their support functions to communes and districts. It thus works strongly within and on the existing governance systems, which helps to guarantee the sustainability of its interventions. Tapping into existing government structures and initiatives could further strengthen institutional sustainability. For example, cooperation with existing Government training facilities for public administrations is still at an initial stage.

The MF mechanism of RED III incentivises districts to actively promote LED activities and to include them into their development plans. MF financial resources are effectively channelled through district budgets, and the co-funding mechanism ensures that districts contribute from their own budgets or mobilise resources from other stakeholders. This greatly increases ownership of the introduced measures and secures the institutionalisation of both the funding mechanism as well as accompanying project activities like good governance principles. For the future RED intends to ensure that the MF mechanism is not only seen by government agencies as opportunity to fund activities, but as a model to improve local planning and governance procedures. The allocation of CFC funds is currently managed by the programme steering committees at provincial level. This mechanism, however, has the potential to develop into an improved horizontal cooperation and better coordination of development planning of line ministries and provincial institutions.

Sustainability of the initially introduced Regional Management model used in *Siem Reap*, proved difficult. Despite prolonged efforts, RED III has not been able to find sustainable mechanisms of self-financing with its partners, according to the results of the internal review of the RM approach 2016/2017³: "Since their inception, the RMOs were established with the aim to continue providing services in a sustainable way to active local stakeholders from the private sector, civil society and public sector of their respective district. RED has funded the RMOs since their start with the clear indication from the onset that the financial support would be gradually reduced until the end of the program and that the RMOs were to look, with support from the program, for own sources of funding. Until now, this has not been accomplished." Consequently, RED III has taken appropriate corrective action. To overcome the challenges of the current institutional set-up of the RM approach, an alternative approach to facilitating and steering LED activities is being tested. The solution to embed the RM approach into the sub-national planning and administration process and to institutionally anchor RM bodies as sub-committees of district and municipal councils seems a sensible way forward to guarantee financial and institutional sustainability of this important participative programme element.

As for agricultural value chains, the economic sustainability of introduced innovations at farm household level will mainly depend on access to continued service provision and is influenced by the market situation. The market condition is quite stable for vegetable and chicken. It is less predictable for rice and highly speculative and exposed to international market shocks for cassava. Concerning service provision, the programme reports a high number of new market oriented and poverty reduction services provided by producer groups, communities, input suppliers and traders that is higher than planned in the respective output indicator. The largest number of newly introduced services are related to producer groups promoted in Component 2, whereas only 22% come from Component 3.

Concerning new services introduced sustainably by Component 3, the programme's monitoring system exclusively refers to embedded service delivery by input suppliers and traders, and services provided by the "Angkor Handicraft Association". As the government extension services lack resources and continuous funding, Component 3 focuses on promoting sustainable service delivery by input suppliers, traders and associations. Particularly input suppliers and traders can provide so-called embedded training services in addition to their commercial transactions as a means to strengthen their business

³ Mission report: Adjusting the RM approach of the RED program – results of strategy advice mission, Como Consult on behalf of RED III, March 2017.

relation. They are expected to provide such training services sustainably in their own interest. According to spot checks by the evaluation team, the sustainability of the embedded service provision by input dealers and traders is given to a certain degree, as service provision is still ongoing in Siem Reap province two years after the support ended there.

In addition, the programme uses external organisations, and in Siem Reap province also government extension workers, for providing trainings without the intention that the service delivery continues. Nevertheless, capacity building of PDAFF and DAO staff is important in order to support the Ministry's Agricultural Extension Policy (AEP). It would be more in-line with the efforts of other projects such as the large-scale IFAD extension services project ASPIRE. Even if ASPIRE is only active in Preah Vihear and not very active in sharing experiences, future projects can build on strengthened capacity of the government extension services, if there are some efforts of different projects. The use of other extension services providers such as national NGOs leads to improved capacity of these organisations (functioning as private service providers), but less to sustainable service provision in the provinces as the NGOs and their staff operate at national level mainly financed by international development partners.

As for social sustainability, the programme allows women to generate relevant income from agricultural and trading activities. This is an important factor for mitigating risks related to unstable off-farm employment and migration of other family members and for keeping rural communities alive. Even though some beneficiaries have demonstrated an increase of income and improvements of their livelihood (supported strongly under the RM interventions), women's (political) voice remains limited in decision-making process. Women were not engaged closely with the local authorities due to cultural and gender stereotypes. For example, the focus group discussions revealed that women did not actively participate in meetings or seek for any support from local authorities when they faced problems with their productions. They still relied to a great degree on collaborating with the support staff (e.g. NGO staff). Because women's interaction with the local authority has been limited, women's needs and concerns were not raised and heard in the decision-making process. To overcome this, RED has to continue with intensive capacity building and encouragement of women to interact with local authorities given their important role for securing rural households livelihood. In addition, it seems women were not encouraged enough to work as a group, to strengthen their collective bargaining power and to improve their market access. All these issues should form part of a distinctive gender equality strategy for programme implementation.

From an ecological sustainability perspective, the programme supports farmers to increase productivity and thus reduces deforestation. The programme conducted environmental impact assessments before starting value chain interventions and promotes good agricultural practices such as the agro-ecological System of Rice Intensification (SRI). Climate change adaptation of farmers, such as the introduction of more resilient rice varieties and improved irrigation systems contribute to ecological sustainability. The programme took over a leading role on sustainable management of natural bamboo conservation and bamboo planting which is supposed to have a major effect on greening the environment.

In principle, the programme considers possible risk factors in an appropriate manner that could influence the long-term sustainability of the results, such as socio-economic dynamics of migration or political risks concerning slow decentralisation reforms and delays due to elections. Although the programme uses systematically the Do-No-Harm checklist, more in-depth analysis and knowledge of social and cultural understanding of the underlying conflicts, and a more holistic scrutiny of decision-making processes (e.g. to selection of participants or projects to support) would secure a more conflict sensible programme planning and steering of implementation. Key factors for conflict and fragility relate to the exclusive economy (strong overlaps / personal connections (intra-family) between political and economic elites; socio-economic inequality and distributional conflicts (especially land conflicts); weak state-civil society relations (curtailed freedom of speech / lack of trust / lack of transparency of decision making and governance / lack of conflict resolution mechanisms).

The sustainability of the project is rated rather successful with 10 points.

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