



1. Project Data:		Date Posted : 05/04/2001	
PROJ ID: P037088		Appraisal	Actual
Project Name: Kh-Social Fund	Project Costs (US\$M)	22,200,000.00	20,024,000.00
Country: Cambodia	Loan/Credit (US\$M)	20,000,000.00	20,000,000.00
Sector(s): Board: SP - Health (40%), General education sector (29%), Central government administration (11%), Water supply (10%), Roads and highways (10%)	Cofinancing (US\$M)	0.0	0.0
L/C Number: C2739			
	Board Approval (FY)		95
Partners involved :	Closing Date	12/31/1999	06/30/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The project's objectives were to assist the Government in reducing poverty through : (a) financing small-scale projects for the rehabilitation and reconstruction of social and economic infrastructure, and other socially productive activities; (b) creating short-term employment opportunities; (c) expanding community opportunities to identify local development needs and manage small-scale development projects; and (d) increasing line ministry experience and capacity in developing investment criteria for local infrastructure construction .			
b. Components			
(a) Social Fund Seed Capital--This component provided grant financing for small -scale projects up to a maximum cost of \$250,000. All grants had to benefit the poor, be labor -intensive or otherwise generate a significant social impact, not finance recurrent costs, and be consistent with national sectoral policies . Grants were provided for social infrastructure, economic infrastructure, social services, equipment, and for NGO -managed credit schemes for micro and small enterprise development. The delivery mechanism was the Social Fund of the Kingdom of Cambodia (SFKC) which was created during project preparation . (US\$16.7 million).			
(b) The second component provided funding for institutional support for the SFKC . Approved expenditures included staff salaries, vehicles, office equipment and operating expenses . Overhead costs during the five year implementation period were restricted to a total of 8 percent of the total amount of the resources expended by SFKC . An additional \$0.5 million was provided for technical assistance and training to SFKC . Training was provided locally and for study trips abroad US\$ 1.8 million.)			
c. Comments on Project Cost, Financing and Dates			
Original project cost was estimated at \$22.2 million, of which the Bank was to finance \$20 million. At project completion, total project cost was \$21.03 million. In all project cost categories except one, 85 percent or more of project funds were expended . Only 43 percent of funds allocated for training were used .			
3. Achievement of Relevant Objectives:			
(a) Social Seed Fund Capital--This component achieved all of its objectives . During implementation, 1,436 small grants were provided. By project completion, 71 percent of grants were allocated to educational facilities; (b) 11 percent to water supply facilities; (c) 8.5 percent to rural roads and transport; (d) 7% to health and (e) 3 percent to agriculture projects. Over 500 schools and 4,400 classrooms were built or rehabilitated; 2,800 wells were sunk 1,500 latrines constructed, and 78 clinics and one referral hospital constructed . Concerning roads, 17,000 square meters of bridges and culverts were rehabilitated, and 25,000 cubic meters of dikes were repaired . About 3,800 hectares of agricultural land were irrigated. Sub-projects funded by the project created approximately 40,000 person months of employment for skilled and unskilled workers and technicians . An estimated 230 contractors and over one thousand technicians were thought to have been employed in project -related work. The two groups also benefited from exposure to the project's procurement practices and technical standards . In addition, the project strengthened			

the ability of local communities to identify their development needs and to manage small scale projects . At completion, about 90 percent of the project applications received were from communities . However, the ICR does not contain much information on which income groups benefited from the project and by how much their incomes increased.

During the midterm review the mission found that more remote and politically disturbed areas of the country were receiving smaller allocations . This bias was corrected so that by completion previously underserved areas were receiving above average allocations . Overall, 86 percent of all districts of the country received sub -projects.

(b) Institutional support for the SFKC . The project established the SFKC . The Government wanted the agency because it was rapidly established . It successfully processed a large number of applications for a variety of development projects . The agency corrected some institutional weaknesses during project implementation, such as appraisal and notification procedures and following procurement procedures . The Government requested a second social fund project, partly because the first project could not meet total demand for the funds .

SFKC's relationship with provincial and local authorities and other stakeholders is less clear . Some independent technical reviews and a beneficiary assessment suggested the need for broader consultation with line ministries and provincial authorities about sub-projects, stakeholder participation in ground-breaking and handover ceremonies, inclusion of NGO and government members in local development /project maintenance committees, and coordination of development strategies with other partners to enhance project sustainability . These issues will require further attention in the follow on project.

4. Significant Outcomes/Impacts:

The project established a new agency, the SFKC, which functioned successfully during the project implementation period and continued to function after project completion .

5. Significant Shortcomings (including non-compliance with safeguard policies):

Although SFKC coordination with line ministries improved over the life of the project, increasing line ministry experience and capacity to carry out projects was one of the weaker aspects of the project .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	The project substantially accomplished its major objectives, established an effective monitoring and evaluation system, and increasingly involved communities in identifying and implementing projects . The ICR understates some of these accomplishments.
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

(a) Sustained efforts through project identification and implementation are needed to ensure community driven demand for sub-projects.

(b) The agency needed to strengthen its management and technical skills to adequately handle larger and more complex projects, as well as the smaller average project . More attention needed to be paid to the cost/ benefit analysis and poverty alleviation potential of more complex and costly ventures .

(c) The development of systems to proactively deal with problems such as sub -project technical defects, design shortcomings, and delays in completion and handover is important . A system of site checks and close monitoring of the work of internal agency and external staff is critical .

(d) Communities benefiting from sub-projects need to be effectively mobilized from project initiation through the project post-completion period to ensure sustainability .

(e) The role of local and provincial authorities in supporting sub -projects also needs to be strengthened to ensure sustainability in particular project operation and maintenance resources .

(f) A comprehensive system for monitoring project impact which would include rapid evaluation of completed projects, would provide important information to all participants in the sub -project evaluation and implementation process.

(g) Better coordination with NGOs and beneficiary communities would also strengthen the impact of projects financed by the Social Fund.

8. Assessment Recommended? Yes No

Why? The project outcomes were very good for such difficult country conditions, as well as for a first project. Some valuable lessons might be found for other similar projects.

9. Comments on Quality of ICR:

The ICR is of good quality. It covers all project objectives and provides information on both the strengths and the weaknesses of project implementation. Given that the project was reviewed four times by independent reviewers during the course of implementation, it would have been useful to get a better flavor of the flow of longer term benefits from sub-projects which had been completed during the first half of the project. Realizing that this data is difficult to collect and analyze, more information could have been provided on the income groups which benefited from sub-projects and the amount of change in income levels. Furthermore, a discussion of whether the status of the SFKC had enhanced or made it more difficult for it to develop longer term positive relationships with line ministries would have been useful. For example, did the higher salaries paid to SFKC staff create any difficulties in developing longer term positive relationships with line ministries or in sustaining the agency if foreign assistance were to be reduced? A great deal of this information was included in the ICR mission Aide Memoire.

The Borrower's ICR is of high quality. The ICR would have benefitted from the inclusion of more of the Borrower's document.