

## Kingdom of Cambodia

### **Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia (S-RET)**

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#### **Mid-Term Review Aide Memoire**

Type of mission	Mid-Term Review
Project Name	Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia (S-RET)
Country	Kingdom of Cambodia
Country programme manager	Mr. Kaushik Barua, CPM
Name of Project Director	Dr. Sar Chetra
Date of mission (month/year)	25 September- 8 October / 2018
Project Area:	Provincial Project in 5 Provinces
Days in the field	4 days
Field sites visited	4 Provinces: Prey Veng, Takeo, Kampot, Kandal
Mission composition	Mission Leader, Meng Sakphouseth; Team Leader, Random DuBois; Karan Sehgal, Environment and Renewable Energy Expert; Eric Buysman, Renewable Energy and Business Development Specialist; Sara Lili, Finance Specialist; and Amar Raj Mishra, Procurement Specialist.

## Background and main objective of the mission

1. The Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia (S-RET) Project Mid-Term Review (MTR) Mission was organised in Cambodia from September 25<sup>th</sup> to October 8<sup>th</sup> 2018. The main objective of the mission was to prepare an *Aide Memoire* and MTR report agreed on between IFAD and the Royal Government of Cambodia (RGC) with an in-depth evaluation of progress, implementation challenges, recommendations for improvement and project reform options. The MTR focused on corrective actions needed for the S-RET project to achieve its potential outputs, outcomes and impact. More specifically, the Mission was asked to identify progress against the S-RET Project Implementation Manual (PIM) and Annual Work Plans and Budgets (AWPB) 2017 and 2018. The following aspects were reviewed during the MTR: (i) implementation efficiency and institutional arrangements; (ii) financial management and procurement; (iii) guidelines/eligibility criteria for screening and scoring grant proposals; (iv) procedures for awarding grants; (v) level of demand for renewable energy technologies (including biodigesters) piloted in target provinces and districts and the impact for scale (after-sales delivery networks, financing schemes, training/capacity building etc.); (vi) monitoring and evaluation system and knowledge management (KM) products developed; (vii) policy objectives of the project and linkages with the Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE); and (viii) sustainability and scaling up of project interventions.
2. To achieve the above objectives the Mission engaged in intensive consultations with the project stakeholders at the national level including National Biodigester Programme (NBP), Rural Development Bank (RDB), representatives from Ministry of Agriculture, Forestry and Fisheries (MAFF) including ASPIRE Director and Secretariat support team (Team leader and Programme Manager) and representatives from the Technical Working Group on Climate Change in Agriculture, Forestry and Fisheries (TWG-CCAFF), Microfinance Institutions (MFIs) – Amret and HKL, Nexus, SNV, Energy Lab and members of the S-RET project support unit (PSU).
3. Provincial level meetings and field visits were organised to interact with the Provincial Department of Agriculture, Forestry and Fisheries (PDAFF), Biodigester Construction Agencies (BCAs), NBP's staff and Provincial Biodigester Program Office (PBPO) and beneficiaries in four out of five provinces covered by the Project (Prey Veng, Takeo, Kampong Speu and Kampong Chhnang). In addition when in the field the Mission met with selected grantees (IMB, SGFE, GIC, EcoSun) and beneficiaries from 5 villages and grantee sites testing a range of technologies (e.g. solar water pump, solar incubator/hatchery, clean charcoal briquettes for poultry brooding etc.). Finally, the Mission also had the opportunity to listen to presentations from grantees from the S-RET's 1st and recently awarded second round of grants.
4. A kick off meeting was organised at MAFF for the MTR mission on September 25<sup>th</sup> 2018, and chaired by Dr. Sar Chetra, Deputy Secretary General of MAFF and Project Director of S-RET. The main conclusions and actions were discussed with the main project stakeholders at a pre-wrap up meeting held on October 5<sup>th</sup>. The wrap-up meeting was organised on October 8<sup>th</sup> 2018, with the participation of MAFF PSU, ASPIRE staff, PDAFF and selected grantees.

## Key mission agreements and Conclusions

5. The main findings of the Mission were: (i) the logic and concept behind S-RET was sound; (ii) project start-up contributed to shortfalls in the achievement of project targets; (iii) assumptions and risks identified at the time of project design remain accurate and must be further considered; (iv) RET companies and NBP are restricted to IGRF groups in the five PADEE provinces which limit market potential; and (v) except for adjustments to the project's logframe, no major modifications are needed.
6. The main achievements identified by the Mission included: (i) a total of 10 grants (8 Testing and 2 Roll-out) have been awarded; (ii) active grants are supporting a range of RETs that could benefit ASPIRE-supported business clusters; (iii) uptake of biodigesters by smallholders and relevance for integration at farm level; (iv) a study outlining a range of RET policy options; and (v) preparation of technical briefs/KM products to promote adoption of RET.
7. The Mission recommended: (i) Recruit the services of a marketing and business coaching specialist to support the grantees in establishing profitable supply and distribution chains in order to increase the volume of sales in ASPIRE target provinces; (ii) for the testing grantees who wish to receive the support to roll out the technology, their proposal will be evaluated by an independent evaluator prior to the final clearance from S-RET Technical Committee and IFAD NoL; (ii) Strengthen BCAs and value proposition of biodigesters (improved design and productive use of biogas); (iii) call for core members of TWG-CCAFF for meeting in related issues under its direction and recruitment of a part-time institutional specialist to move forward policy dialogue; (iv) accelerate review with Ministry of Mines and Energy

(MME) and approval of SBK policy study; (vi) collaborate with MME and Ministry of Environment (MoE) / National Council for Sustainable Development (NCSD) to identify the critical policies to be supported under RET; (vii) preparation of TORs for next policy study and recruitment of a national consultant to develop the Strategic Plan for RET and Biodigesters; and (viii) increase impact of KM.

8. **Project Management:** The Mission found that project management was adequate and identified no significant issues. There is a need to achieve greater synergies between S-RET and ASPIRE through: (i) alignment of AWPBs for 2019; (ii) S-RET grantee participation in multi-stakeholder platforms (MSPs) and business cluster plan preparation; (iii) Support the follow up meeting between the ASPIRE Business Cluster and the S-RET grantee; (iv) Explore the 5 GESS instruments to support S-RET roll-out grantees and NBP to expand their operations; (v) cross-site visits for ASPIRE and S-RET provincial and national staff; and (vi) identification of sources of co-financing from ASPIRE and RGC to S-RET.
9. **Monitoring and Evaluation.** As ASPIRE scales up, the workload of the ASPIRE M&E officer shared with S-RET is decreasingly available which is undermining the quality of M&E activities under S-RET. The Mission recommends recruiting a national M&E advisor to work closely with ASPIRE M&E officer supported with an MIS expert (10 days per year), and the purchase of tablets for S-RET staff. There is also the need to: (i) adjust some targets and clarify output indicators in the project's logframe; and (ii) follow-up on the RIMS endline survey of PADEE so that a compatible evaluation of S-RET can be assessed at end of project.
10. **The Procurement plan** and documents were adequate. However, some shortfalls were noted in the implementation of the plan, responsiveness to bidding document / proposal and contract variations.
11. **For Financial Management,** US\$1.73 million has been disbursed under GEF grant as of 24/09/18, which represents 37.6% of the allocation. Categories 1 and 2 are disbursed at 10.2% and 13.9% respectively, while category 3 shows a disbursement of 59.3% representing an excessive imbalance towards operating costs. Shortcomings were found in: (i) budget preparation and spending; (ii) keeping track of the contribution of grantees.
12. **Legal Covenants.** The Project has complied with the legal covenants of the financing agreement with the exception of the new quarterly Interim financial reports requested in the Amendment of the LfR dated 13/10/17.
13. **Other Issues.** It was agreed that top up and subsidies would be available to IGRF groups for purchase of technologies. Subsidies will also be made available for ID poor 1 and 2 in ASPIRE provinces.

#### Agreed Actions

#	Actions	Responsibility	Deadline
1.	<b>Component 1:</b> Recruit the services of a marketing and business coaching specialist to support the grantees in establishing profitable supply and distribution chains in order to increase the volume of sales in ASPIRE target provinces.	S-RET	February 2019
2.	Finalize recruitment of consultant to conduct independent evaluation of testing grant results to inform the process of awarding roll-out grants.	S-RET	February 2019
3.	Re-select grantees in round 2 and send to IFAD for NOL to not reduce the number of grants awarded and work towards achieving the expected targets.	S-RET and TC	December 2018
4.	Pilot new implementation modality for improved BCA sustainability in one province and scale up the pilot to 3 or more provinces in 2020 if pilot is successful.	NBP	Start in January 2019 and results by December 2019
5.	Set-up a private sector/BCA-run biogas appliance supply chain, including productive biogas appliances (with TA support).	NBP, BCA	Operational by June 2019
6.	Continue testing biogas applications for productive biogas use and innovative biodigester model development of 10 biogas heaters, 3 biogas generators, 10 water pumps, and 2 slaughterhouse demo site for hot water sterilization (with TA support).	NBP	Starting in January 2019 and results by December 2019
7.	Integrate results of pilot tests of biogas appliances and new biodigester models in marketing and promotion materials, create awareness and	NBP	December 2019

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	an outreach strategy to farmers and fast-track those that are deemed viable at an earlier stage (i.e. biogas heaters)		
8.	Update progress reporting template to reflect all actions and identify quarterly milestones for RET testing, roll-out and the NBP activities as well as by mandating sex-disaggregated data collection and by including a chapter on women participation and gender equality.	S-RET, NBP	December 2018
9.	<b>Component 2:</b> Recruit institutional policy specialist (2.1)	S-RET	January 2019
10.	Prepare TORs for next policy study ( <i>Financial, market and technical feasibility of RET and biogas for smallholder farmers</i> )	S-RET	January 2019
11.	Accelerate review with Ministry of Mines and Energy and approval of SBK study (currently in draft form) and identify policies to be promoted under S-RET	S-RET	December 2018
12.	Prepare TOR and recruit national consultant to develop the Strategic Plan on Biogas and other RETs related to Agriculture	S-RET	December 2018
13.	Produce an additional 4 fiches and upgrade/translate all existing and future IEC material in Khmer	S-RET	June 2019
14.	Develop a Renewable Energy module at RUA with support from RUPP and CAES	S-RET / CAES, RUA	June 2019
	<b>Programme Management:</b>		
15.	<b>M&amp;E:</b> Recruitment national M&E advisor and MIS expert (10 days per year)	S-RET PSU	January 2019
16.	<b>Budget preparation:</b> Finalize the AWPB by the month of November to ensure that the approval from both IFAD and MEF is received by the end of December of the previous year	Management, M&E Officer, FO	December 2018
17.	<b>Budget monitoring:</b> Strengthen the budget control to be able to take proactive and corrective actions in due course	Management, M&E Officer, FO	Continuously
18.	<b>Inventory asset register:</b> Include all the missing information in the inventory list, label all the assets and adopt a labelling system which is permanent and waterproof	Administrator	October 2018
19.	<b>NBP budget monitoring:</b> Strengthen the control over the budget and take corrective action proactively to ensure full execution of the annual budget	FO, NBP	Continuously
20.	<b>Grantee justification of advances:</b> Ensure that each grantee submits an expense justification of the advances received and technical staff verify the activity execution when transferring subsequent instalments	FO, Grantee	Continuously
21.	<b>ASPIRE and RGC contribution:</b> Provide the baseline for the contribution to be provided by ASPIRE and the RGC for S-RET in the coming two years	PM (S-RET and ASPIRE), FO	December 2018
22.	<b>Grantee Contribution:</b> Each grantee to report the amount contributed by activity at the time of justification of expenditures and the project to keep recording of such contribution. The grantee will refund the amount of the grant on the portion that is not delivered by the end of the contract period.	Grantee, FO	Continuously
23.	<b>Quarterly Financial Report:</b> Submit the financial reports on a quarterly basis and in the format as required in the revised LTR.	PM, FO	December 2018
24.	<b>Procurement Officer to be assisted by procurement consultant:</b> Seek backup support from ASPIRE Procurement team or contract experienced procurement consultant for 30 days (intermittent/12 months period)	S-RET	January 2019
25.	<b>Amend the S-RET PIM clause 6.7.1 Procurement, para 232:</b> Amend para 232 as "Procurement of goods, works and services financed by the financing shall be carried out in accordance with the provision of Borrower/Recipient's regulations, to the extent such are consistent with the IFAD procurement guidelines...".	S-RET /IFAD	October 2019
26.	<b>Extension of contract to follow the applicable clause of contract agreement:</b> Only process variation order for contract extension that contains the clause of "contract variation, extension or amendment". The contract extension is subject to IFAD NoL.	S-RET Procurement Officer	October 2018 and ongoing

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27.	<b>Ensure that all qualifying/eligibility criteria were carefully reviewed, recorded and reported in the evaluation report:</b> The CEC, BEC & PRC suggested to review qualifying criteria carefully while evaluating the responsiveness of bidding documents.	S-RET Procurement Officer/BEC/ CEC/PRC	October 2018 and ongoing
28.	<b>Testing and Roll-out Grants:</b> <ul style="list-style-type: none"> <li>- Amend the grant agreement of IMB Cambodia Group Ltd. with adjustment of co-financing amount (divided equally between cash and in-kind) to reach 100% co-financing as set out in eligibility criteria.</li> <li>- 7% Contingency amount proposed under the IFAD grant budget in the agreement of EcoSun should not to be disbursed until 2<sup>nd</sup> or 3<sup>rd</sup> disbursements against verifiable budgeted activities.</li> </ul>	S-RET PSU/Grantees	October 2018
29.	<b>Register of Contract to be updated:</b> All contracts signed by S-RET since the starting of the project need to be recorded on Register of Contracts in IFAD's prescribed format and updated each month before reporting to IFAD.	S-RET Procurement Officer	October 2018 and ongoing
30.	<b>Achieve ASPIRE-S-RET Synergies.</b> <ul style="list-style-type: none"> <li>- Invite RE companies supported by S-RET to ASPIRE MSPs and business cluster plan preparations with farmers groups to increase awareness of RET (biogas, chicken and vegetable clusters).</li> <li>- Identify ASPIRE-supported business cluster plans in PADEE provinces to support synergies with S-RET.</li> <li>- Support the follow up meeting between the ASPIRE Business Cluster and the S-RET grantees</li> </ul>	S-RET / ASPIRE Sec/PDAFF	October 2018 and ongoing

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Ministry of Agriculture, Forestry and Fisheries

19 DEC 2018

Date

Mr. Kaushik Barua  
Country Programme Manager  
IFAD

15 December 2018

Date