

EDCF Country Program Evaluation in Cambodia

- Executive Summary -

March 2023

1. Purpose of the Country Program Evaluation

- The country program evaluation (hereinafter referred to as “evaluation”) aims to analyze EDCF’s strategy for Cambodia, all projects supported by EDCF, and their pipeline projects, and to conduct a comprehensive performance evaluation.

- Its purpose includes deriving lessons and suggestions that can be applied to the future EDCF projects for Cambodia and contributing to establishing the direction of EDCF’s strategy for Cambodia.

2. Evaluation Method and Results

- Evaluation Method
 - The evaluation was carried out in comprehensive consideration of OECD DAC evaluation criteria and cross-cutting issues such as environment and gender.

 - It was carried out based on data collected through documentary review, stakeholder interview, and field investigation.

 - Due to the different progresses by project, efficiency and effectiveness evaluation were evaluated only for completed projects, and the average of individual project scores was imposed as the composite score.

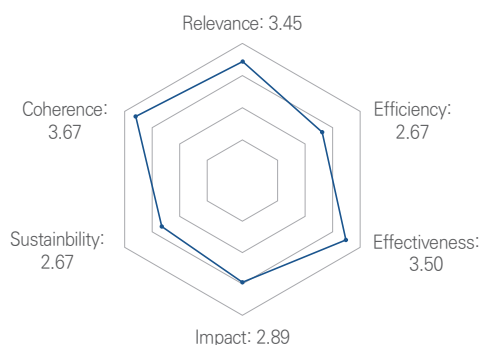
 - In addition, there was a limitation in evaluating the project performance and contribution since only a few Cambodian statistics could be obtained for analysis. Therefore, the EDCF’s total economic contribution was determined by securing statistical significance using a panel regression analysis that altogether investigates the countries near Cambodia.

Comprehensive Evaluation Result

- The comprehensive evaluation result is the average of scores of the six evaluation criteria: relevance, efficiency, effectiveness, impact, sustainability, and coherence. The EDCF projects for Cambodia were evaluated as ‘successful (3.14 points).’

〈Comprehensive Evaluation Result〉

Criteria	Weight	Result	Rating
Relevance	20%	3.45	Relevant
Efficiency	20%	2.67	Efficient
Effectiveness	20%	3.50	Effective
Impact	20%	2.89	Significant
Sustainability	10%	2.67	Sustainable
Coherence	10%	3.67	Coherent
Overall Result		3.14/4.00	Successful



Results by Evaluation Criterion

- **(Relevance)** The Cambodian government's priority areas for development are transportation (roads), water resources, and energy, and EDCF's key areas for support are transportation and water resources. Considering these, EDCF projects are highly relevant to the partner country's policy and country partnership strategy in Korea. The project components comprise activities to achieve the purpose, and the budget and project scope changes were appropriately responded to. However, managing risks that occur frequently and ongoing discussions between project implementation agencies are required to resolve them.

- **(Efficiency)** The cost of the EDCF projects was spent within the planned budget, but on average, the projects took about 13 months more than the originally planned duration. It was confirmed that the project cost and budget changes were made through an appropriate decision-making process between the EDCF and the relevant ministries. However, the preparation for efficient implementation of the project is still insufficient, and there is room for improvement in the future.
- **(Effectiveness)** The output and outcome of the EDCF projects were confirmed through the appraisal report and completion report, and some project activities were reduced or excluded from the project plan upon request of the implementing agency, but the final outcome was quite successful. In addition, there are some items that are difficult to evaluate whether performance is achieved due to projects in progress or output changes compared to initial plans, but most of the output and short-term outcomes have been achieved above an appropriate level. The project feasibility study includes the consideration of the vulnerable groups and considering that the projects' final goal is economic development and poverty reduction through infrastructure support, it is evaluated that economic equity will be improved indirectly as a result of the project.
- **(Impact)** The EDCF is positively impacting Cambodia's economic development and improving the quality of life of local residents through support in each sector. In particular, road extension and pavement in the transportation sector increased Cambodia's GDP by 1.753%, confirming the quantitative effects. Although there are elements of climate change adaptation within the project components regarding the water resources sector, no interventions were found relevant to climate change mitigation. In addition, there was a limitation in evaluating impacts since there are only a few indicators for climate change in the performance design matrix.

- **(Sustainability)** The EDCF is continuously investing in the maintenance budget to ensure the sustainability of the support project. Although the Ministry of Economy and Finance of Cambodia plans to increase the portion of the funding for maintenance and management, more is needed to maintain all projects. Moreover, human resources should be strengthened because of the different capacities of each project management unit.
- **(Coherence)** EDCF's projects align with the prior sector for Cambodia by Korea and some major donor countries/organizations. It meets local demand in that it supports basic infrastructure for economic development. In addition, no negative interactions or overlaps with similar projects have been observed, and it is determined that the projects are being promoted while maintaining mutual complementarity and harmony.
- **(Cross-cutting issues)** EDCF's projects were conducted with preparation of environmental and social impact assessments and the procedures for obtaining environmental permits from the authorities following Cambodian environmental laws and regulations. The project implementation did not significantly impact the consensus or resettlement of residents in the target area, and it is expected to improve the residents' quality of life in the future.

3. Proposition for the EDCF's Cambodia Portfolio

A. Selecting the strategic sector and results

Selecting the strategic sector

- For the EDCF's future economic cooperation with Cambodia, the demands for development cooperation, capacity of the beneficiary, Korea's ODA strategies and resources, and relative contribution compared to other donor agencies shall be considered.
- After evaluating the four selection criteria, the priority sectors of highest priority are transportation, water resources, and education within the social and economic infrastructure.

〈Identification of Priority Sectors: Results of Analysis〉

Type	Development Demand	Cambodia's Capacity	Korea's strategy and resources	The EDCF's Comparative Advantage
Transportation	++	++	+	+
Water Resources	++	++	++	++
Energy	++	-	-	-
Education	+	+	++	+
Healthcare	+	--	++	-
Public Administration	+	-	++	-

Very High ++ High + Low - Very Low --

Results of selecting the strategic sector

- **(Transportation)** Transportation is a priority sector for cooperation of the Cambodian government. The capabilities of the Ministry of Public Work and Transport and the Ministry of Rural Development are outstanding compared to other ministries, and they

have a smooth cooperative relationship with the EDCF. Moreover, Korea promotes ICT-based transportation ODA projects such as smart cities and large-scale transportation infrastructure construction. However, as transportation is a priority cooperation sector of the Cambodian government, other donor agencies are also focusing on supporting this sector, so it is necessary to promote various transportation projects to derive competitiveness compared to other donors.

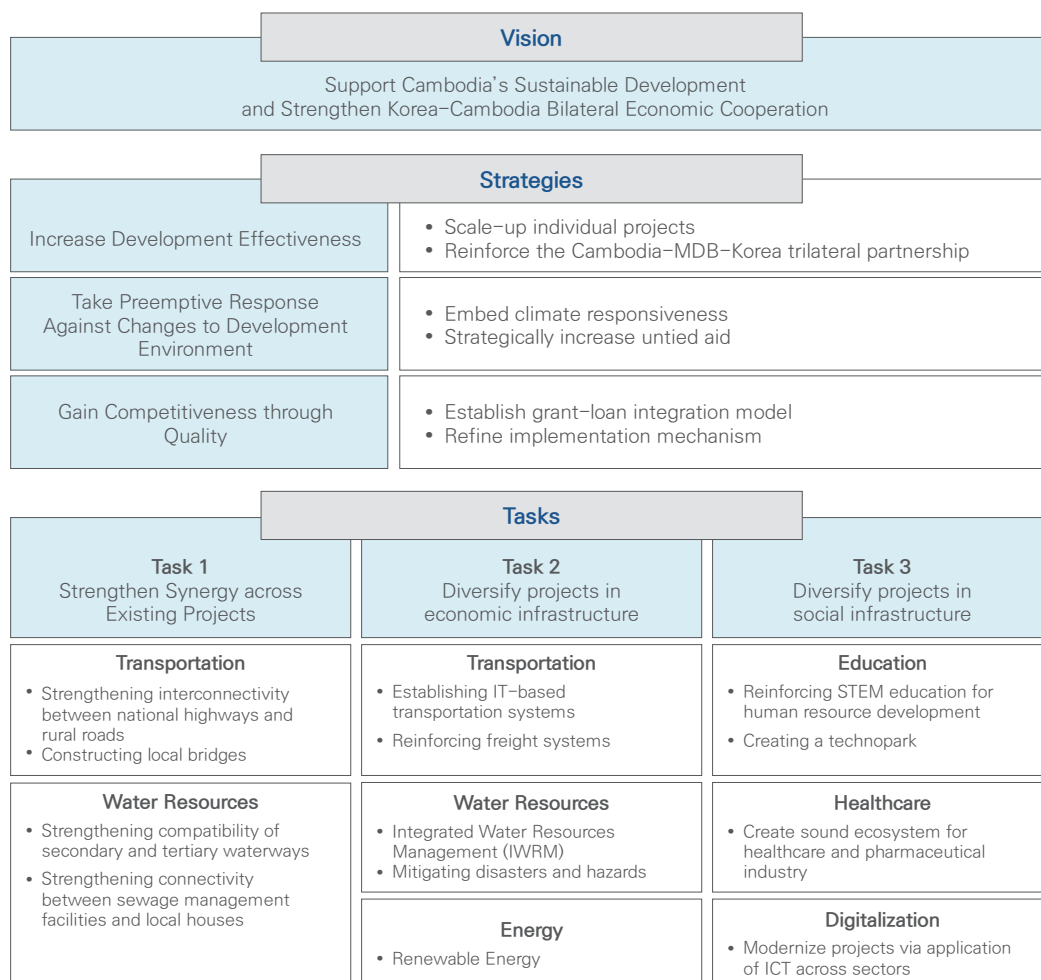
– Based on the "Cambodia-Korea Friendship Bridge Construction Project," the EDCF strives to increase its contribution compared to other donor agencies in the transportation sector and expand other transportation projects beside the road sector.

- **(Water Resources)** The water resource is a priority sector for the cooperation of the Cambodian government. The EDCF is a key donor of the Ministry of Water Resources and Meteorology(MOWRAM) in charge of the water resource development project. The MOWRAM understands the loan project well due to its long experience promoting the EDCF project. Water resource development and management are crucial for economic growth and climate change response. Based on the demand of the Cambodian government, the EDCF has been intensively developing water resources in northwestern Cambodia, contributing significantly to the irrigation water supply in the region. The water resources sector has many opportunities for developing new projects and is likely to promote various projects based on Korea's comparative advantage in water resource development and management.
- **(Education)** Since there is a high proportion of the young population in Cambodia, the policy goal of Cambodia is to strengthen human resource capacity through educating the young and old. Cambodia's Ministry of Labour and Vocational Training has successfully carried out the EDCF's 'National Cambodia-Korea Vocational Training School Project' and intends to promote various technical education projects with the EDCF. Korea is promoting various technological innovation ODA projects based on its competitiveness in science and technology education. The Korea International Cooperation Agencies(KOICA), which leads grant projects in Korea, has promoted business incubation and capacity-building projects in Cambodia. By utilizing KOICA's experience, loan and grant projects are expected to be linked.

B. Strategic Roadmap

- It is necessary to establish a strategic roadmap for promoting sustainable development in Cambodia and strengthening economic cooperation with Korea in transportation, water resources, and education.
- The strategic roadmap is proposed to strengthen the synergy across existing projects, and broadening the project scope. Moreover, the roadmap adds digital, energy, and health sectors in addition to transportation, water resources, and education.

〈Strategic Roadmap〉



4. Lessons and Recommendations

A. Lessons learned

Success factor

- **(Relevance to the Partner Country's development policy)** The EDCF's projects in Cambodia are directly in line with Cambodia's Rectangular Strategy and middle to long-term masterplans for each sector. This not only assures the systematical implementation of projects, but also their increased sustainability driven by the country's development demands and stewardship.
- **(Responsiveness to Changing Environment)** The EDCF has continued to monitor its approach and performance management and modify them in accordance with the changes in domestic and foreign development strategies and environments. Support for Cambodia is efficiently carried out amid environmental changes such as global trends and climate change, thereby increasing the effectiveness and impact of the EDCF projects.

Limitations

- **(Need an alternative to alleviate project delay)** Factors that cause long-term delays in EDCF support projects continue to occur, and it is necessary to take countermeasures to alleviate them.
 - The main factors resulting in delays of the EDCF project duration are analyzed as Δ delays in administrative procedures of the relevant ministries, Δ change in project's scope during the implementation design Δ delay in land compensation and, Δ delay in construction due to weather conditions.
- **(Limited human resources in the EDCF Phnom Penh office)** There is a limited number personnel in the EDCF Phnom Penh office to perform multiple tasks, such as establishing EDCF's national strategies and developing pipeline projects, monitoring, and evaluating projects. This may hinder the effectiveness of the project itself as well its risk management system.

- **(Differentiation Strategy of Economic Infrastructure Projects)** There is no overlap of project sites with ADB and JICA regarding road improvement and water resources management. It is yet necessary to differentiate project elements to increase the EDCF's competitiveness.

B. Recommendations

- Strengthen synergy across existing projects
 - The EDCF needs to create added value in existing projects to secure competitiveness and reduce the risk of project overlaps.
 - **(Strengthen interconnectivity with existing projects)** It is necessary to implement new road improvement and water resources development projects in the geographical vicinity of existing projects in order to substantiate the evaluation process of the EDCF's impact in Cambodia.
 - **(Create added value to in existing projects)** The EDCF needs to create added value by expanding project elements, such as digital-based components and responses to climate change.
- Improving the completeness and effectiveness through technical cooperation
 - It needs to manage risks and increase expertise in the sector reflecting the scale-up of the EDCF's projects. Technical cooperation at each stage of the project can enhance the effectiveness of the project and alleviate the work burden of human resources in the EDCF Phnom Penh office.
 - The utilization of technical cooperation throughout the project cycle is carried out, and the timing of intervention in technical cooperation is at the project planning, monitoring stage, and reflection after project completion evaluation.

Establishing performance management system for climate change mitigation

- When developing and planning projects, EDCF needs to consider performance management indicators of climate change mitigation. Moreover, the EDCF needs to measure the impact on Cambodia's carbon neutrality by including carbon reduction factors in the project design matrix.
- The EDCF needs to set a baseline for emissions when it designs building construction projects. It is necessary to measure annual greenhouse gas reduction per unit area of the building and compare between the baseline emissions and the emissions after the completion of the project.
- The EDCF needs to reduce greenhouse gas emissions by centralizing and managing recycling facilities in the wastewater sector. It is recommended to convert to energy production through the methanization process in sewage treatment facilities and measure the energy production as a performance indicator.

Diversifying ODA financing

- Diversifying the ODA financing, such as implementing private finance, is recommended to support Cambodia's compliance with SDGs and promote the project's effectiveness and impact.
- The EDCF needs to comprehensively evaluate Cambodia's economic development stage, income level, government and private capacity, and institutional framework for using private resources and actively consider using mixed financial resources other than the ODA fund.
- EDCF needs to preemptively review the technical and legal expertise and the appropriateness of the means for diverse financing.

Strengthen synergy between grant and loan project

- The EDCF needs to strengthen the connection between a grant and loan project through regular communication channels with grant institutions in Cambodia. By cooperating with the grant project, it is necessary to promote the loan project extensively and strategically.

Establishing a strategy for participating in ASEAN initiatives

- Cambodia is trying to narrow the development gap between ASEAN countries through participation in various international initiatives such as GMS and MRC. However, pipelines and developments related to global initiatives are being promoted based on program demands from donor agencies such as ADB and JICA rather than the Cambodian government's participation.
- It is necessary to set up a strategy for allocating sources of finance for development for the Cambodian government to participate in initiatives such as GMS programs and MRC. In addition, the strategy for the ASEAN initiative can help the Cambodian government strengthen voting rights to the ASEAN and reduce the disparities within the Mekong basin.