

Ex-Ante Evaluation (for Japanese ODA Loan)

Southeast Asia Division 2
Southeast Asia and Pacific Department
Japan International Cooperation Agency

1. Basic Information

Country: Kingdom of Cambodia (Cambodia)

Project: COVID-19 Crisis Response Emergency Support Loan (Phase 2)

Loan Agreement: January 12, 2022

2. Background and Necessity of the Project

(1) Current status and issues relating to coronavirus pandemic in the country and the position of this project

Amid the global spread of novel coronavirus (hereinafter referred to as "COVID-19") infection, the Kingdom of Cambodia (hereinafter referred to as "Cambodia") had been relatively successful in controlling infection for more than one year since the identification of the first domestic case in January 2020; however, infection spread after a community-acquired infection was confirmed on February 20, 2021, and the government declared a lockdown for the first time in April of the same year. From the end of June to the middle of July, amid the third wave of infections, the number of newly infected people reached 1,000 per day at peak times, leading to the introduction of various measures including continuous movement restriction. After that, in early October, the number of newly infected people per day declined to just under 600, but the situation is still unpredictable.

Regarding vaccine procurement and vaccination, the Royal Government of Cambodia (hereinafter referred to as "RGC") established a national committee in May 2021 in order to formulate and manage vaccination program plans nationwide and promote training of medical workers, with the aim of vaccinating 10 million people, or 62% of the population (approximately 16 million), and 13 million people in the first half of 2022. As of October 5, the vaccination rate had reached 67.24% of the population, with the vaccination program progressing at a pace higher than initially expected. Furthermore, the vaccination rate is the second highest among Southeast Asian countries after Singapore.

However, the country's medical system has not reached the level needed to meet the universal health coverage (UHC) indicated by the WHO, with many issues to be addressed, especially in the field of health and medical care services in rural areas. In addition, since it is necessary to implement COVID-19 measures at the same time, the financial burden in the field of medical and health care services is expected to increase in the short and medium term. Under such circumstances, the RGC aims to speed up the approval and implementation of the country's major health sector policy, the Fourth Health Strategic Plan (2022-2030) (hereinafter referred to as "HSP4"), whose formulation has been delayed due to the influence of COVID-19, in addition to speeding up its efforts to implement the COVID-19 measures and achieve the UHC.

Through proactively attracting more outside investment and an abundant labor force centering on young people, Cambodia has maintained an average economic growth rate of 7.6% from 1995 to 2019. However, in 2020, the impact of the pandemic severely

affected the country's major industries, such as the garment industry, the tourist industry, and the foreign-invested construction/real estate industries, with the economic growth rate dropping to minus 3.1%, which has had a significant impact on the actual economy (World Bank, 2021). Under such circumstances, from the early stage of the spread of infection, the RGC has taken measures to stabilize the economy and society, distributed subsidies to the poor, introduced loan systems for companies, and implemented tax-reduction measures. In November 2020, through co-financing with the Asian Development Bank (ADB), JICA agreed to support the RGC, which had made efforts to control the spread of COVID-19 infection, maintain and revitalize economic and social activities, and protect socially vulnerable people, with the COVID-19 Crisis Response Emergency Support Loan (hereinafter referred to as "Phase 1") (approval amount of 25 billion yen), and completed disbursement in January 2021. However, due to the prolonged global stagnation of demand, the recovery of the export industry is still uncertain, and household incomes and consumer spending have severely declined due to the effects from prolonged movement restrictions; it has therefore been pointed out that it is necessary to continue to support the poor and vulnerable (ADB, 2021).

In May 2021, the Ministry of Economy and Finance of Cambodia (hereinafter referred to as "MEF") formulated an economic policy, the Post-COVID-19 Economic Recovery Plan 2021-2023, in response to the current pandemic situation, with the aim of implementing economic measures focusing on economic recovery measures for business recovery, independence support and employment creation, structural reform measures for industry diversification and competitiveness enhancement, and economy strengthening measures for sustainability improvement.

In response to such circumstances, the RGC requested the Japanese government to provide emergency financial support of 200 million dollars. The COVID-19 Crisis Response Emergency Support Loan (Phase 2) (hereinafter referred to as "this project") is designed to provide financial support to the RGC promoting COVID-19 infection control and economic and social stabilization measures. Implementing this project is expected to improve the livelihood of the poor and vulnerable through the implementation of relief measures, ensuring access to maternal health services for pregnant women, enhancing financial inclusion through the development of institutions for small and medium-sized enterprises, and making government finances resilient enough to deal with a future economic crisis through the implementation of measures for structural reform and fiscal soundness. Furthermore, it is expected that implementing vaccinations as planned will contribute to the control of COVID-19 infection and the achievement of the UHC by improving health and medical care services.

(2) Japan and JICA's cooperation policy against COVID-19 and the position of this project

In the Country Analysis Paper for the Kingdom of Cambodia (March 2014), "enhancement of economic foundation", "promotion of social development" and "enhancement of governance" were pointed out as key areas, and in the Country Development Cooperation Policy for the Kingdom of Cambodia (July 2017), "industrial

promotion", "better quality of life" and "realization of a sustainable society through strengthening governance" were stipulated, stating that efforts will be made to further strengthen the economic and social infrastructure, develop human resources and strengthen governance, and thus is consistent with these analyses and policies.

In addition, this project, stipulating policy actions for economic revitalization considering the poor and gender issues, etc. is believed to contribute to the achievement of SDG 1 (No poverty), SDG 3 (Good health and well-being) and SDG 8 (Decent work and economic growth).

(3) Other donors' activities

In February 2020, the World Bank approved an emergency grant aid (14 million dollars) to enhance RGC's capabilities to respond to COVID-19. In June 2021, the World Bank approved a development policy loan of 200 million dollars, which is co-financed under this project.

The ADB implemented a COVID-19 development policy loan of 250 million dollars for Cambodia in July 2020 (co-financing with JICA). Also, the ADB is discussing a plan to offer support to Cambodia as part of the Asia Pacific Vaccine Access Facility (APVAX) amounting to 9 billion dollars, aimed at speeding up the procurement and distribution of COVID-19 vaccines.

The Asian Infrastructure Investment Bank is discussing a plan to provide co-finance to the APVAX, in addition to implementing a regional infrastructure development project (totaling 65 million dollars) in the COVID-19 Crisis Recovery Facility in September 2020.

In April 2020, the EU announced that it would provide a grant aid of 67 million dollars to support COVID-19 measures, and in June of the same year, it announced that it would provide assistance including 483 million dollars of grants and loans.

In addition, China provided medical equipment free of charge in 2020, and in 2021, it provided 25 million doses of COVID-19 vaccines. Also, regarding vaccine procurement, COVAX provided 655,000 doses, the Japanese government provided 1.075 million doses, the US government provided 1.06 million doses, and the British government provided 415,000 doses.

3. Project Description

(1) Project objective

The objective of the Program is to support the government's COVID-19 emergency response to prevent spread of infection, protect vulnerable people, provide relief measures for enterprises, maintain and revitalize economic activities, and build resilience against future economic shocks, through providing budget support, thereby contributing to promoting the socio-economic stabilization and development efforts of the Kingdom of Cambodia.

(2) Project site / Target area

Entire Cambodia

(3) Beneficiaries of this project (target groups)

The people of Cambodia (especially poor and socially vulnerable people and small- and medium-sized enterprises)

(4) Project components

In an attempt to enhance economic and social stabilization amid the spread of COVID-19 infection, based on the attached policy matrix, this project aims to support (i) Continuing to provide timely and targeted relief to the affected population, (ii) Facilitating robust recovery through structural reforms, (iii) Building resilience against future economic shocks, (iv) Emergency response to COVID-19, and (v) Strengthening of health system. These are consistent with the areas on which the RGC has concentrated its efforts for the emergent response to the spread of COVID-19 infection. Also, based on the achievement targets of each policy action, two tranches will be set: one with a target to be achieved in October 2021, and the other with a target to be achieved in February 2022.

(5) Estimated project cost

20 billion yen (amount covered by ODA loans: 20 billion yen)

(6) Schedule

The financial support for this project is to start at the time of the signing the L/A. Of the policy actions of this project, the policy actions set by the World Bank, the co-financing partner, were confirmed to have been achieved as of June 2021; however, the target time for achieving the policy actions is set by JICA on its own for each tranche, one to be achieved in October 2021, and the other to be achieved in February 2022; the loans are to be disbursed after confirming achievement of the policy actions for each tranche. The project is to be completed at the completion of disbursement (scheduled for April 2022). Of the policy actions, two policy issues ("Emergency response to COVID-19" and "Strengthening of health system") are policy actions set by JICA on its own accord (see attachment).

(7) Project implementation structure

- 1) Borrower: The Royal Government of Cambodia
- 2) Guarantor: None
- 3) Executing Agency: Ministry of Economy and Finance

(8) Other projects, collaboration and sharing of roles with other donors

1) Japan's activity

This project is designed to continuously support various measures related to economic recovery and social protection taken by the RGC, which was supported through Phase 1 (approved in November 2020, approved amount: 25 billion yen, disbursement completed). In addition, the "The Project for Strengthening In-Service Training for Health Human Resources" (scheduled to start in November 2021) includes a plan to enhance the postgraduate training system for nurses, and the full-scale operation of an in-service training system for health care workers, which is a prerequisite for the smooth implementation of the project, is to be promoted through the policy actions of this project.

2) Other donors' activity

This project is co-financed by "Cambodia Relief, Recovery and Resilience Development Policy Financing" (200 million dollars) of the World Bank which includes policy actions to relieve affected households and companies and measures for economic recovery.

(9) Environmental and social consideration/cross-sectoral issues/gender category

1) Environmental and social considerations

- ① Category: C
- ② Reason for Categorization: This project is judged to have minimal undesired impact on the environment according to "JICA's Guidelines for Environmental and Social Considerations" (issued in April 2010)

2) Cross-sectoral issues

- ① Poverty alleviation and consideration for the poor: The government's crisis response program includes direct support for the poor and socially vulnerable affected by COVID-19.
- ② Consideration for the disabled: The above-mentioned socially vulnerable includes people with disabilities.

3) Gender category: "GI (S): Gender informed (Significant)"

<Details of activities/Reason for categorization> The target of public assistance to poor households included in the crisis response program by the RGC include a certain percentage or more of women.

(9) Other Important Issues: Nothing in particular

4. Targeted Outcomes

(1) Quantitative effects

1) Outcomes (Operation and effect indicators)

Indicator	Baseline	Target (June 2022) (Note 3)
Procurement ratio of COVID-19 vaccines for target population (over 12) to be fully vaccinated (Note 1)	0 (As of January 2021)	100%
The number of population fully vaccinated Number of vaccinated people (Note 1)	0 (As of January 2021)	10 million
The number of IDPoor beneficiary households having received COVID-19 cash transfer (Note 2)	0 (2019 result)	690,000
The number of eligible beneficiaries (poor pregnant	58,324 (2019 result)	360,000

women and children) having received maternal and child health cash transfer (Note 2)		
The number of beneficiary businesses supported by SMEBC risk-sharing facility for SME credit (Note 2)	0 (2019 result)	500

Note 1: JICA's original indicator

Note 2: Same as the indicator of the World Bank, the co-financing partner

Note 3: Quantitative effects will be monitored and evaluated around the same time determined by the World Bank, the co-financing partner. Qualitative effects will be evaluated through ex-post evaluation two years after the completion of the project.

(2) Qualitative effects

Convergence of COVID-19 infection, economic and social stability in Cambodia.

(3) Internal rate of return

Since this project is a program-type loan project, internal rate of return is not to be calculated.

5. Prerequisites/External Conditions

(1) Preconditions: Nothing in particular.

(2) External Factors: Nothing in particular.

6. Lessons Learned from Past Projects and Application to This Project

The ex-post evaluations of the emergency financial support loans for three countries in Southeast Asia ("Emergency Budget Support Loan" for Philippines, "Climate Change Program Loan (II) (economic stimulus support)" for Indonesia, and "The Eighth Poverty Reduction Support Credit (economic stimulus support)" for Vietnam) show the following lesson: If one of the purposes of emergency budget support is to provide funds promptly to allow quicker response to crises, the time when the support is provided is very important to enhance the effects; therefore, it is desirable to simplify the procedure to provide support as much as possible and make the scheme adaptive and flexible.

Considering the above-mentioned lesson, this project is carried out as co-financing with the World Bank's emergency budget support and the formulation of a policy matrix is simplified, which makes it possible to quickly provide budget support for the implementation of the RGC's measures to control infection, maintain and activate economic and social activities, protect the socially disadvantaged.

7. Evaluation Results

This project is in line with Cambodia's development issues and policies as well as the cooperation policies and analyses of Japan and JICA, mitigates the impact of COVID-19 through financial support by co-financing with the World Bank, and contributes to the maintenance and activation of social activities as well as the protection of the socially disadvantaged, thus being expected to contribute to the achievement of SDG 1 (No poverty), SDG 3 (Good health and well-being) and SDG

8 (Decent work and economic growth); therefore, it is extremely necessary to support the implementation of this project.

8. Plan for Future Evaluation

(1) Indicators to be used

As indicated in Section 4.

(2) Future Evaluation Schedule

Ex-post evaluation: 2 years after the project completion.

END

Policy Matrix for COVID-19 Crisis Response Emergency Support Loan (Phase 2)

Pillars	Objective	Prior Actions for World Bank program (Achieved as of June 2021)	Trigger Actions for JICA Loan (1 st Tranche) (Target to be achieved in Oct 2021)	Trigger Actions for JICA Loan (2 nd Tranche) (Target to be achieved in Feb 2022)
Continuing to provide timely and targeted relief to the affected population (*1)	Strengthening of social protection for the poor and economically vulnerable,	The COVID-19 Cash Transfer Program for IDPoor Households including the new poor up to June 2021 is enacted.	The number of IDPoor beneficiary households having received COVID-19 cash transfers is reached up to 674,000.	The number of IDPoor beneficiary households having received COVID-19 cash transfers is reached up to 680,000.
		The Ministry of Social Affairs, Veterans and Youth Rehabilitation is appointed as the implementing agency for the Cash Transfer Program for Pregnant Women and Children Under Two, and guidelines for monitoring and evaluating said Program is finalized.	The number of eligible beneficiaries (poor pregnant women and children) having received maternal and child health cash transfers is reached up to 236,000.	The number of eligible beneficiaries (poor pregnant women and children) having received maternal and child health cash transfers is reached up to 250,000.
	Strengthening of employment-based social insurance	The Non-Bank Financial Authority Law that mandates supervisory authority over the National Social Security Fund is enacted.	N/A	N/A
Facilitating robust recovery through	Enhancement of access to finance for small and medium enterprises (SMEs)	The new Business Recovery Guarantee Scheme and the risk-sharing facility for SME credit as part of the COVID-19 response is launched.	The number of beneficiary businesses supported by the SMEBC risk-sharing facility for SME credit is reached up to 100 loan account.	The number of beneficiary businesses supported by the SMEBC risk-sharing facility for SME credit is reached up to 400 loans accounts.
	Reduction of non-tariff barriers and lower trade costs	The number of tariff lines requiring trade permits are reduced, and the list of	N/A	N/A

structural reforms (*1)		prohibited and restricted goods is updated.		
	Reduction of the cost of doing business	An online portal for business registration with streamlined procedures is launched, and registration fees are reduced.	N/A	N/A
Building resilience against future economic shocks (*1)	Strengthening of public finance management practices and increase transparency	The Law on Government Securities and the Public Investment Management Sub-decree, which creates a common framework for a public investment management system across all sources of financing and at all levels of government are published in the Royal Gazette.	N/A	N/A
	Modernizing the legal framework for anti-money laundering and combatting the financing of terrorism	The Law on Anti-Money Laundering and Combating the Financing of Terrorism is enacted, and a Directive on Customer Due Diligence Measures is issued.	N/A	N/A
	Improvement of the efficiency of revenue collection	An online portal for business registration with streamlined procedures is launched, and registration fee is reduced.	The number of businesses that file tax online is reached up to 30,000.	The number of businesses that file tax online is reached up to 32,000.
Emergency Response to COVID-19 (*2)	Promotion of Inoculation based on the Vaccine Deployment and Inoculation plan	N/A	The Implementation plan for vaccination deployment is developed based on the National Deployment and Vaccination Plan for COVID-19 Vaccines (January 2021).	Procurement of vaccines to cover 100% of the target population (over age 12) is confirmed.
		N/A	The Master Plan for COVID-19 Vaccination Deployment throughout the country (March 2021) (for adult aged 18 and over) is developed and implemented.	Ten (10) million people aged 18 and over are inoculated.
	Strengthening of COVID-19 Testing and Diagnosis Capacity	N/A	COVID-19 testing capacity is developed at the national level (National Institute of Public Health, National Center for Tuberculosis and	COVID-19 testing capacity is developed at the provincial level (laboratories of eight (8) provincial hospitals).

			Leprosy Control, National Blood Bank)	
Strengthening of Health System (*2)	Strengthening of Health Care Delivery System	N/A	The number of beds that accept patients with severe COVID-19 symptoms is increased up to 1,500 (No. of beds).	Hospitals of 4 provinces (Siemreap, Battambang, Sihanoukville, and Steung Treng) for COVID-19 patients are operational for patients with severe and critical COVID-19 symptoms
		N/A	N/A	The progress of discussions on upgrading provincial hospitals to regional hospitals is shared with JICA.
		N/A	N/A	The progress of development of Forth Health Strategic Plan (HSP4) is shared with JICA.
	Improvement of Capacity of Health Workforce	N/A	N/A	Discussions to develop Guidelines for in-service training for nursing are initiated.

(*1) the same pillars and objectives as the World Bank's Program. However, the trigger actions for October 2021 and February 2022 are original for the Project

(*2) original pillars and trigger actions for the project