

ROYAL GOVERNMENT OF CAMBODIA



Land Allocation for Social and Economic Development Project II (P150631)

Community Operation Manual

Guidelines for LASED II Field Implementation

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LIST OF ABBREVIATIONS AND ACRONYMES

AC	Agriculture Cooperative
AEA	Agro-Ecosystem Analysis
AFS	Agriculture Field Supervisor
BLIP	Basic Livelihood Investment Plan
CAF	Community Agriculture Facilitator
CCA	Commune Clerk Assistant
CDF	Community Development Facilitator
CDP	Commune Development Plan
CFD	Community Fund for Development
CIGs	Common Interest Groups
CHM	Complaint Handling Mechanism
CLAs	Community Level Agents
CLF	Commune-Level Federations
CLIP	Community Level Investment Plan
CLUP	Commune Land Use Planning
COM	Community Operation Manual
CSO	Civil Society Organization
DAE	Department of Agriculture Extension
DAO	District Agriculture Office
DLP	District Level Professionals
DP	Donner Partner
DPI	Division of Planning and Investment of Provincial Administration
DTS	District Technical Staff
DWG	District Working Group
FFM	Financial Management Manual
FFS	Farmer Field School
FO	Farmer Organizations
FU	Financial Unit
GDA	General Directorate of Agriculture
GDCG	General Department of Cadastre and Geography
GIP	Group Investment Plan
GIS	Geographic Information System
GPS	Global Positioning System
GSSLC	General Secretariat for Social Land Concession
GTZ	Gesellschaft für Technische Zusammenarbeit, GmbH
HEF	Health Equity Fund
HIP	Household Investment Planning
IDA	International Development Association
IP	Indigenous People
IPM	Integrated Pest Management
IRR	Internal Rate Return
LASED II	Land Allocation for Social Economic Development phase II
LR	Land Recipients
LRC	Land Recipients Community
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Micro Finance Institution
MLMUPC	Ministry of Land Management, Urban Planning and Construction

MoH	Ministry of Health
MoWA	Ministry of Women's Affairs
MOWRAM	Ministry of Water Resources and Meteorology
MVHG	Most Vulnerable Household RF Groups
NCDDS	National Committee for Sub-National Democratic Development Secretariat
NCSLC	National Committee for Social Land Concession
NPV	Net Present Value
NGO	Non-Governmental Organization
PA	Producer Associations
PAMC	Project Achievement Maintenance Committee
PBC	Planning and Budget Committee
PDA	Provincial Department of Agriculture
PDLMUPCC	Provincial Department of Land Management, Urban Planning, Cadastre and Construction
PDowC	Provincial Department of Women's Affairs
PDSA	Provincial Department of Social Affairs
PFT	Provincial Facilitation Team
PG	Producer Groups
PIM	Project Implementation Manual
PLUAC	Provincial Land Use Allocation Committee
PROCM	Procurement Manual
PSD	Program Support Division
PWG	Provincial Working Group
RFG	Revolving Fund Group
RFP	Request for Proposal
RGC	Royal Government of Cambodia
SCG	Saving and Credit Group
SHG	Self-Help Group
SLC	Social land concession
SLM	Social land management
SPIA	Sub-Project Implementing Agencies
TLR	Target land recipients
TOR	Terms of Reference
TSU	Technical Support Unit
VAHW	Village Animal Health Worker
VEW	Village Extension Worker

1. INTRODUCTION TO THE COMMUNITY OPERATION MANNUAL

1.1 Purpose of the Community Operation Manual

The objective of this Community Operations Manual is to guide LASED II's target groups and field staff in carrying out their roles successfully and to ensure that they are effective in the organization and administration of their workloads. This manual is not meant as a blue print. The procedures in this manual are meant as guides to foster facilitators' own creativity to strengthen the project process and achieve the results LASED II¹ has set out to accomplish. Specifically, this manual aims to:

- Ensure that all operational activities carried out by the project's beneficiaries and facilitators will be carried out using a minimum uniformed approach which is transparent to all participants in the development process, invites creativity, and responds to the heterogeneity of rural reality;
- Serve as a shared platform for learning and guidance among all project stakeholders, with an emphasis on lessons learned through implementation.

1.2 Users of Community Operation Manual

The primary users of this manual are land recipient community members, in particular established committee group leaders, as well as field facilitation staff (Community Development Facilitator – CDF and Community Agricultural Facilitator – CAF).

The secondary users of this manual is the management level of the project maintaining an open dialogue with the field staff and encouraging feed-back on how to improve the current COM.

The present English version will be translated into Khmer language to make it accessible to its primary and secondary users. This manual is not meant for direct use by the community project beneficiaries, however, LASED II's field facilitators will need to break down its contents and messages into creative communication tools and visuals to the projects target group.

1.3 Organization of Community Operation Manual

This manual is organized in ten main chapters. The first two chapters introduce the COM and provide insights into the principles underlying the implementation of LASED II, which relies strongly on the quality of field facilitation enabling poor people to organize themselves. Chapter Three elaborates on the process of institution building from Revolving Fund Group (RFG) formation to scaling up to Commune-Level Federations (CLF) and organizing Producer Groups (PG) and Producer Associations (PA).

Chapter Four presents the center piece of the LASED II approach, referring to household's basic livelihood investment planning (BLIP); here the households will be enabled to identify realistic potentials for improving the household's income, plan their investment sub-projects and, ultimately, will experiment the positive impacts of well-targeted investments. The BLIP process provides a broad platform for learning and empowerment of the poor and it constitutes the most important step of the LASED II process, on which all other activities need to build on. The household level BLIP is eventually consolidated into the micro investment plan, i.e., the Group Investment Plan (GIP), at RFG level and Livelihoods Investment Plan of the CLF; it provides guidance on the process and design principles of sub-project formulation and appraisal. Chapter Five describes the community level investment plans that will be supported in the Project.

¹ The word 'project' used throughout the COM to mean LASED II. LASED II and the 'project', therefore, is used interchangeably to mean the same.

Chapter Six offers a description on the different grants available to the institutions of the poor and how to qualify for and access them from the project. Chapter Seven describes the procurement procedures and community participation. Chapter Eight presents the procedures for financial management of community institutions, i.e. RFG at the local level as well as higher-level community organizations. Chapter Seven explains the rules for procurement by community institutions. The final two chapters, Nine and Ten, outline the roles and responsibilities in field implementation as well as a description of the community-based monitoring and evaluation, respectively.

1.4 How to use Community Operation Manual

The approach to enhancing livelihoods of the poor used by LASED II involves a variety of stakeholders that participate in the preparation, facilitation, planning, implementation and monitoring and evaluation of a broad range of activities. The different stakeholders will have different needs in terms of understanding and learning as well as accessing tools that help them prosper and develop.

Initially, this manual will be used as the basis for formulating training programs on different topics, according to the needs of different groups targeted by the training. It can be used intensively over a short period of time – working through all the steps of the fundamental elements of LASED II’s field operations and related facilitation skills and then practicing those skills in a classroom setting. Sections can also be used as needed to reinforce certain skills, in conjunction with field exercises or on-the-job practice.

It is not necessary to read this manual from beginning to end before beginning to put parts of it into practice. It is designed to serve as a guideline whose sections can be read independently of each other. It contains suggestions and gives tips for facilitation aimed at encouraging facilitators to explore rural reality as it appears and strengthen their commitment to quality facilitation.

1.5 Revising the Community Operation Manual

This manual is meant to be a “living document”. It is anticipated that the COM will be reviewed and updated as it is tested by communities, facilitators and project partners. Feedback regarding inconsistencies, needs for improvements, and additions will be integrated during periodic reviews. This is especially important in the case of sections of the manual for which the pilot phase did not generate any significant experience or lessons learned (such as the section on commune-level federations).

2. GUIDING PRINCIPLES OF FIELD IMPLEMENTATION

This chapter provides some basics that shall guide LASED II’s field implementation. All key principles outlined here will underline justifications for the project interventions regarding agricultural livelihood improvement through empowerment of the target population. Recognizing that empowerment of poor people is mainly dependent on quality facilitation and support, as compared to mere procedure, this Chapter shall enable field facilitators and community members to put emerging situations into the overall context of the project, i.e., the bigger picture.

2.1 Empowering the Poor

Target population of the project is poor people in either ID Poor 1 or ID Poor 2 category. However, they are only poor of wealth due to their disadvantaged position and lack of opportunity and means. They possess full potential to develop themselves if they are given equal opportunity and empowered. For sustainable livelihood development projects like LASED II that are aimed at reducing poverty, social and economic empowerment of the poor begins with an understanding of their potential and needs; the poor are poverty experts and thus they always know the appropriate and practical solutions to reducing their

poverty. For this reason, proper selection of, appropriate orientation for, and training and coaching of field facilitation personnel is critical.

In addition, attitude of the field facilitation personnel is very important for empowering the poor. They have to treat the poor the same way they treat themselves and respect the poor the same way they do for their own family and superiors. They have to be aware of the top-down hierarchical prototype of society and culture, and existing power relations that contribute to the disempowerment of the poor. Field facilitators have to show humility and promote inclusive and transparent processes whereby the target groups make decision by themselves about what they want to do and how they want to do it; they must not impose any preconception on them. LASED II will ensure that over time the poor will feel more and more confident about their own plans and initiatives; they will gain full experience in being able to do things that render positive results, enjoyment (fun) and learning, and make better living conditions.

All measures of capacity building will be geared towards learning. Learning will be facilitated through step-by-step processes involving learning-by-doing and coaching, starting with the target groups' own knowledge and experience and identification of knowledge and skill gaps. Training will use an iterative approach at the pace and convenience of their learning ability.

Ultimately, the project aims at strengthening the ability of the poor to independently, and creatively solve problems. For example, while teaching technical aspects of production technology or administrative or financial procedures will help the poor achieve results quickly, LASED II also wants to equip them with critical thinking, and tools and methods that will enable them to discover new information about problems and to develop new solutions.

Empowerment is also intrinsically interwoven with citizenship building by means of the formation of institutions through which the poor can participate fully in decision-making processes concerning their own households and communities as well as their link with local development processes (e.g., commune development planning, commune investment programming, SLC land use and investment planning). Special attention will be paid to participation of women, youth and indigenous peoples in decision-making processes to ensure that they can equally enjoy the benefits of collective action.

2.2 Participation

Participation is closely linked to the building of trust and confidence, which will be achieved in part by the project's field facilitation personnel spending a lot of time with and in the communities. The more contacts they have with the target groups the better for they will know each other well and to improve their solidarity. The facilitators will get to know a large number of people in each community and will respect the diversity of the communities. They will feel comfortable paying (mostly informal) visits to poor households, and will not just go to the same family's houses, or group leaders' houses, each time. Listening to and getting to know well the communities will provide the facilitators with trust and comfort that will allow them to excel in their roles.

Participation will also lead to divergent interests within saving groups, agricultural cooperatives and/or cooperative unions, creating the need to deal with conflicts and facilitate reconciliation. Decision-making processes have to be transparent and inclusive taking into account all the different interests. The processes have to allow for commonly shared decisions. It is helpful to explore a given issue from different perspectives in working towards a common decision.

2.3 Social Accountability

Project personnel and service providers have to be transparent and accountable to the project beneficiaries. In order to achieve social accountability, the project will disclose, in a transparent manner, all relevant information related to project implementation and service delivery to the beneficiaries

(including actual and potential members of revolving fund groups and other common interest groups), local development structures and local authorities. Member households of Revolving Fund Groups (RFGs) and other Common Interest Groups (CIGs) need to know what constitutes a satisfactory service and need to have ways to express their satisfaction or dissatisfaction. Direct communication between service providers and villagers about the quality of services rendered is essential; in case of dissatisfaction, it is important to address discrepancies at the lowest level possible and take corrective action.

The project's community-based participatory approach to process facilitation means being accountable to the communities as the target beneficiaries will influence how the project's facilitators organize their work with the target population. Through their strengthened institutions, the target groups will be able to voice more strongly their satisfaction or dissatisfaction with the services received, and to indicate how service delivery can be improved so that they can make better use of them.

To ensure social accountability, the project will inform the project beneficiaries and their support structures about the principles of the project, including strengthening of partnerships, efficiency, inclusiveness and transparency, as well as about the project's limitations.

Good communication between service providers and the target population (who are the users) will help ensure quality delivery of services and the opportunity for them to scrutinize the quality. Efficiency in communication will be integrated into all project processes including forming and strengthening RFGs, CIGs and agricultural cooperatives/cooperative unions. To this end, LASED II will apply a community-based participatory approach to community facilitation and introduce specific tools such as a community scorecards and a complaint handling mechanism (CHM) to allow the project beneficiaries to monitor and evaluate the quality of service provision and give their feedback.

While the social accountability system serves as an early warning system, continued non- or under-delivery of quality services will eventually have contractual consequences for the service providers, advisors and government personnel hired by the project.

2.4 Gender Focus

LASED II's approach to empowerment of its target groups recognizes the central importance of women and gender relations for its success. Because the burden of sustaining the family depends heavily on women, gender mainstreaming will be central to the project. LASED II also incorporates gender equality and equity into programming through the application of gender awareness and analysis to the project cycle including design, implementation, monitoring and evaluation.

Incorporating gender questions and perspectives into project design documents, guidelines and monitoring and evaluation tools is at the core of all livelihood projects funded by the World Bank. All LASED II interventions and investments will, therefore, explore their relevance for the improvement of the socioeconomic situation of women in the households as it is the households where, ultimately, the livelihood improvements will take place. In this sense, the project will encourage economically active women to represent their households and join RFGs, CIGs, and agricultural cooperatives/cooperative unions.

Project facilitation personnel will be trained in the use of gender analytical tools (Annex 1: Gender Analytical Tools). The findings from the analytical work on gender will be followed by specific actions. The exploration and development of interventions to address women's specific needs will be conducted as part of the process of Household's Basic Livelihood Investment Planning (BLIP) and Community Level Investment Planning (CLIP) processes (please refer to Chapter 4 and Chapter 5, respectively). The analysis of gender participation in the households and communities and gender-specific access to assets and actual and potential generation of income will enable household and community members (with support from

the facilitators) to increase access to assets and economic opportunities by women. Specific measures to promote the participation of women and gender equality and equity include:

- (1) A considerable number of District Level Personnel (i.e., CAFs, CDFs) will be female;
- (2) A considerable number of Community Level Agents (i.e., VEWs, VAHWs, Demo Farmers) will be female;
- (3) At least 50% of members of RFGs/CIGs will be female;
- (4) Management structures of RFGs/CIGs, and agricultural cooperatives/cooperative unions will each include at least one woman;
- (5) Roles, responsibilities, cultural constraints, stereotypes and relationships between males and females in the project will have been analyzed;
- (6) Structures beyond the community that affect men and women's access to and control of resources, power of decision-making, and how these structures might be influenced by the project will have been analyzed;
- (7) The project will ensure that technology, training and information are appropriate and accessible for both women and men;
- (8) Staff awareness will be raised through training on gender issues, gender equality and equity, gender sensitivity, and gender analysis;
- (9) Gender-mainstreaming training will be given to all personnel (both management and field personnel, including new recruits);
- (10) A conscious and genuine effort will be made to engage qualified women as VEWs/VAHWs and in other organizational positions and to promote equal representation of women in decision-making at the professional, programmatic and administrative levels;
- (11) Building gender awareness will be a criterion for all partnership strategies and partners will be supported in developing and applying gender equality and equity mechanisms in their programming and management; and
- (12) LASED II knowledge will continue to be expanded with regards to gender issues through sharing of lessons learned.

2.5 Indigenous People Consideration

Members of certain target communities of LASED II are of or come from indigenous background. Although the Royal Government of Cambodia (RGC) has a good framework to ensure the development, inclusion and equity, implementation of such framework remains lacking. In order to ensure that LASED II's target households with indigenous background receive equal benefit from and treatment by the project, their concerns and needs shall always receive attention and be considered. They will be encouraged to raise their concerns and needs through community processes. They will be represented in community decision-making structures. The community processes and structures will be inclusive and transparent for them, and will be conducive to their participation. If needed, translator/s and/or sign language will be used to facilitate their communication and participation. District Level Professionals (DLPs) will be given training on certain issues of importance that relate to indigenous peoples' culture and needs. Indigenous peoples' specific needs will be addressed, at household level, through household's BLIP process.

2.6 Engaging with Youth and Children

In most target communities, the population of youth and children outnumbers that of adult and elders. For LASED II, the population of young people who have finished or left school, and live in their communities are important assets. Young people are usually dynamic, innovative, and creative; and thus have good potential for engagement in new types of household farm enterprises and livelihood activities. Generally, they can learn more quickly and easily than older people. They are usually more willing to challenge established ways of doing things or otherwise try something new, and are better prepared to take risks. Experience shows that young, literate people increasingly assume more responsibilities in local structures

and community groups' leadership. LASED II will try to respond to these potentials of young people. Youth and children are the human resource for next generation of community as well as the input for long term and sustainable development.

During the household BLIP process with members of RFGs/CIGs, all members and their households will be involved and explored as part of the assessment of household asset basis (please refer to Chapter 4). This analysis will provide an opportunity to understand the situation of young household members, their skills, and their wishes and perspectives on their future. Literate youth could potentially play key roles in promoting and delivering local products to markets, and mediate local market demands to inform producer groups and might quickly learn and adapt new technologies to increase farm production, both quantitatively and qualitatively. During the BLIP process issues related to children (such as child labor use, child nutrition) will also be explored. Community facilitation personnel will make sure that child labor use and nutrition issue will be taken into consideration while facilitating and supporting household Basic Livelihood Investment Plan (BLIP) development. If needed, DLP will be provided with training on child rights and nutrition.

2.7 Coordination and Cooperation

Poverty is not only related to the poor but is part of a broader context. Thus poverty reduction requires that the emerging institutions of LASED II's target groups pay careful attention to constructive engagement, communication, coordination and cooperation among themselves, with their broader communities, and with relevant local institutions, local authorities and other private and public development partners.

Liaising and coordinating with other projects and development efforts is essential to avoid interfering with initiatives already ongoing in the region and to synergize efforts. Where there are other projects or initiatives that work with poor people, opportunities for cooperation should be explored and joint plans developed, if possible. Key entry point for this will be commune development planning process and district integration workshop process.

At the community entry stage the project facilitators (especially CAFs, CDFs) will take stock of existing initiatives, explore how these initiatives address the needs of the poor, and identify any points of potential coordination and collaboration. In situations where other organizations have been supporting poor people in a similar way as LASED II is planning to do, LASED II will not overlap with those existing initiatives and will learn from their lessons.

LASED II has very limited budget to address multiple needs of the target population in other sectors (like social, education or health). Therefore, the project may need networking and generating synergies with other local development initiatives and partners, depending on the demands of its beneficiaries.

Project facilitators (especially, CAFs, CDFs) need to be alert and follow up to all ongoing or potential initiatives, planning and implementing activities in the project areas and gather the information needed in order to channel efforts into the greatest benefits for the project target groups.

2.8 Basic Skills for and Knowledge of Fieldwork

2.8.1 General Skills and Attitudes

Beyond compliance with the procedures and principles outlined in this Community Operation Manual (COM), the success of LASED II will depend to a large extent on the ability of the facilitators to provide quality facilitation throughout the project process.

Based on experiences during the original phase of LASED (herein referred to as original LASED), there is a need to provide comprehensive training to key personnel, especially the field facilitators, who work directly

with the land recipients on a daily basis to support the formation of RFGs/CIGs and higher level organizations of the poor (e.g., agricultural cooperatives/cooperative unions), facilitate and support farm household enterprise and/or livelihood investment plans, and follow up on the implementation of the plans.

LASED II facilitators will help the community members identify problems, analyze and develop options, take decisions, implement solutions and adjust successfully to an ever-changing, dynamic environment; more specifically they will:

- (1) Enable and empower the beneficiaries, strengthen their self-confidence and inspire them to use their assets in optimized ways;
- (2) Help the beneficiaries to help themselves by simply being present, listening, and responding to their needs; or
- (3) Support individuals, groups and organizations through participatory processes.

Quality facilitation is founded on certain basic attitudes such as:

- (1) Empathy and politeness;
- (2) Interest in genuinely working with the beneficiaries without discrimination;
- (3) Unconditional positive spirit; and
- (4) Unconditional trust in the potentials of the beneficiaries.

2.8.2 General Knowledge

Field facilitation personnel require a set of skills enabling them to communicate effectively with the beneficiaries, who are often illiterate. The key general knowledge and skills are speaking/talking to and understanding communities. Field facilitators' role is not to command or to teach but rather to help the beneficiaries to understand, learn and explore ways of improvement on their own. This requires good personal communication and group-centered skills.

Personal communication skills

Field facilitation personnel need to be oriented towards personal development and learning. Personal communication skills geared towards helping the beneficiaries gain confidence, helping them understand, inspiring them to learn, and creating positive feelings are essential. These skills include:

- (1) Active observing and listening;
- (2) Asking layman questions and answering beneficiaries' questions with humbleness and politeness;
- (3) Probing;
- (4) Paraphrasing (rewording, summarizing, and bringing things to the point);
- (5) Flexibility in changing methods and sequences, not always sticking to a pre-set sequence and technique;
- (6) Visualizing, drawing and acting to put discussion points into the big picture; and
- (7) Encouraging engaged dialogue.

Group-centered skills

Facilitators need to know how to inspire and communicate well with different people at the same time and make all of them feel that they are an important part of the group. They need to be able to identify and respond to group dynamics in order to encourage openness and confidence to speak out freely as well as foster group cohesion and inclusive decision-making processes. These skills include:

- (1) Building trust and confidence;

- (2) Providing and receiving feedback;
- (3) Encouraging full participation;
- (4) Building group dynamics and teamwork;
- (5) Monitoring group roles and stages;
- (6) Promoting mutual understanding;
- (7) Fostering inclusive solutions; and
- (8) Supporting problem and conflict solving.

2.8.3 Learning from and Supporting the Community

The approach to facilitation of community development applied by LASED involves learning from the community. In this, it shares the values with the “appreciative inquiry” approach. The following principles are important in this approach:

- (1) The beneficiaries should lead the development process because they know about their situation better than outsiders;
- (2) The beneficiaries have their rights (and duty) to analyze their situation, think and plan for a better future, implement their own initiatives, and evaluate their results;
- (3) An enabling environment should be created that helps participants (e.g., RFG members) enjoy participating and feel comfortable expressing their ideas;
- (4) The development process must be simple and fun so that illiterate people enjoy participating, and developing their dormant potentials;
- (5) People with different backgrounds and experiences have different ideas, needs, and desires, and thus facilitators must respect this diversity, listen to all, and not reject anything;
- (6) All comments and ideas must be listened to carefully and seriously (i.e., facilitators should learn from and appreciate people's inputs and views); and
- (7) Indigenous knowledge and practices must be respected and learned from.

2.8.4 Facilitating Meetings

Much of the interaction between facilitators and the beneficiaries will happen during meetings, especially at the group level. Ability of facilitators to manage meetings in an inspirational manner is very important. Key principles and suggestions for doing this include:

- (1) Meetings should always be enjoyable events, in which people like to participate;
- (2) After each meeting the participants should have specific – usually simple – tasks that they can easily achieve before the next meeting;
- (3) The facilitators also have tasks to achieve before the next meeting, so that everybody can enjoy the satisfaction of “mission accomplished” at each session;
- (4) Participants, not the facilitators, decide on the venue, day, time, and agenda of their meetings; and
- (5) The facilitators listen, appreciate, probe, and inquire.

The DON'TS for facilitators are:

- (1) Do not judge;
- (2) Do not project own perceptions on others;
- (3) Do not assume that people need help;
- (4) Do not think facilitators know better than others;
- (5) Do not do things that meeting participants should do themselves (such as writing minutes);
- (6) Do not write on flipcharts if most of the participants are illiterate; and
- (7) Do not talk to the flipchart while turning one's back to the participants.

2.8.5 Facilitating and Supporting Community Processes

Field facilitators need to be aware that developing and strengthening institutions of the poor has to be a “bottom-up” process. Initially, this process appreciates existing potentials, what poor people have and can do, and explores with them the next small steps of what they can take to achieve small improvements. Facilitators will “facilitate”, and if needed, “support” this process in such a way that the poor will feel the satisfaction of having learned and achieved something.

The facilitation process needs to be planned and implemented in small steps of learning and implementation. Even simple activities should be planned so that there is an opportunity to appreciate their accomplishment. Planning and evaluation help to increase commitment and provide platforms for joint learning. Facilitators should predominantly use visuals as they are easier to understand and to recall than written words, which in any case are of little use while working with illiterate people.

Community facilitation is an interactive process shared between the facilitators and target group members. The process should be led by elected group members with the facilitators playing a supporting role through the use of questions, suggestions, examples, etc. Facilitators should also register their commitments and tasks in the work plans of the groups and be accountable to the groups for their tasks.

3. BUILDING AND STRENGTHENING COMMUNITY GROUPS

In this Chapter, the institutions of the beneficiaries supported through LASED II will be discussed.

3.1 Target Population

LASED II’s target population is households who have been selected and settling in LASED-designated communities. The selected households are rural landless poor families which are classified mainly under ID Poor 1 and ID Poor 2. ID Poor 1 households are the extreme poor, while ID Poor 2 households are the poor with some ability to take social action. Nonetheless, they are the ***economically active poor***.

ID Poor 1 includes:

- (1) Households with some limited capacity for economic production (often wage laborers or women-headed households with no other adult labor);
- (2) People who experience multiple vulnerabilities simultaneously – poor health, homelessness, loss of earning or chronic indebtedness;
- (3) Elderly people who lack family support;
- (4) The chronically sick or disabled;
- (5) People affected by conflict; and/or
- (6) People, who are psychologically vulnerable, and some alcoholics.

ID Poor 2 includes:

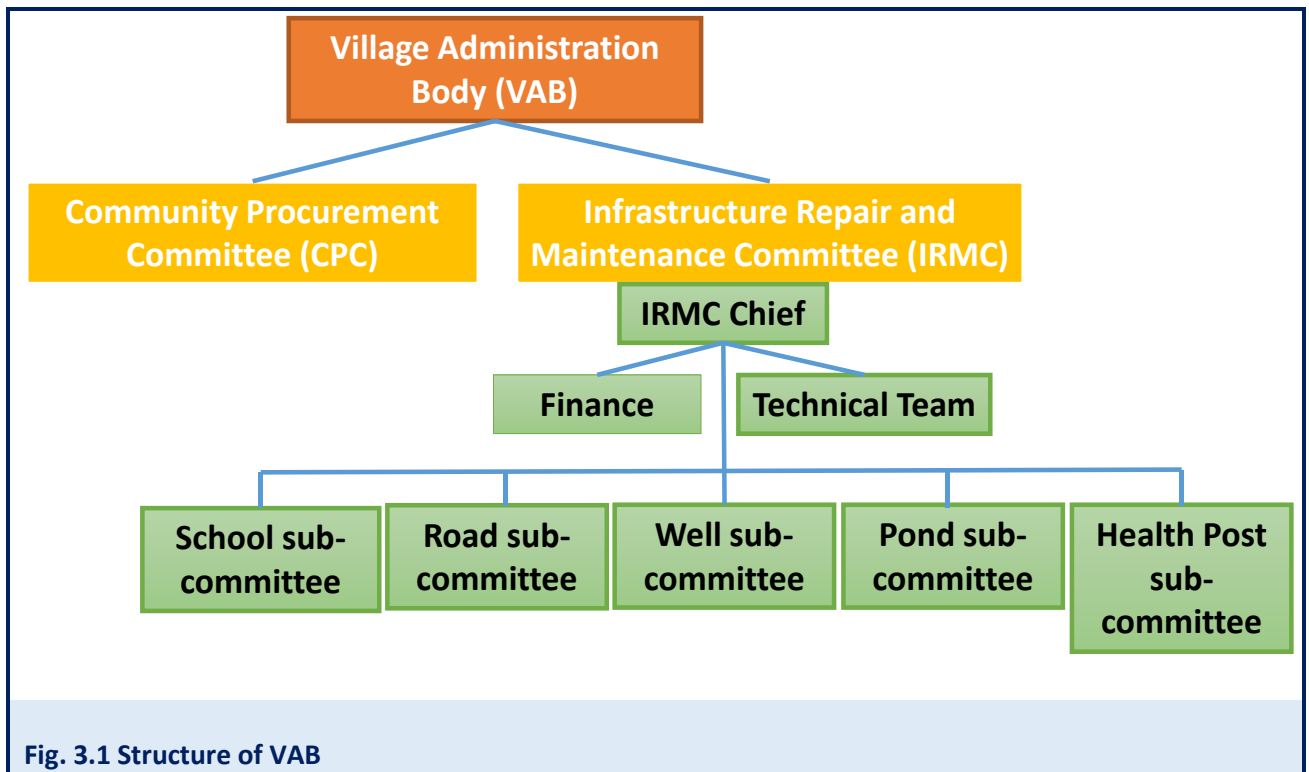
- (1) Households having assets but only enough to meet basic needs;
- (2) Households regularly experiencing seasonal fluctuations in poverty levels;
- (3) Households with poor access to markets, storage facilities, basic social services, and affordable financial services; and/or
- (4) Households without resources to deal with any threats to the precarious equilibrium in which they live.

3.2 Village Administration Body (VAB)

Social Land Concession Community Committee (SLCCC) was created in LASED I phase to coordinate, facilitate and support early works of the Project such as settlement of land recipients, and building basic public infrastructure (Fig. 3.1). It was formed in a similar fashion to the Land Recipient Committee (LRC). Under the committee, there are two sub-committees: (a) Community Procurement Committee, and (b) Infrastructure Repairing and Maintenance Committee (IRMC).

Both SLCCC and LRC are project-driven/based and can be considered a public body that has been and will be responsible for public works and services. Over the long term, they can be transformed into village authorities. They could be thus called Village Administration/Authority Body (VAB). For the new site such as Dong, a new body to be set up should be VAB. The Village Administration Bodies will be transitional authorities that will help manage the SLC sites.

As the communities at the SLC sites become, administratively and institutionally, well established and mature, the sites will be registered as villages by the Ministry of Interior with formal requests from sub-national governments (i.e., commune/sangkat councils, district councils and provincial councils). When the SLC communities' sites are legitimately and administratively recognized and registered as villages, the RGC will follow existing procedures and processes to turn the VAB to formal Village Authority Bodies. The SLC sites will thus become administrative villages in the administrative and institutional structure of the sub-national governments, and members of the Village Authority Bodies will be regularly elected through non-universal votes in accordance with the legal framework of the Kingdom of Cambodia on local democratic development.



3.2.1 Community Procurement Committee (CPC)

Community Procurement Committee (CPC) is under the VAB. It has been and will be established to conduct community level procurement. Refer to **Chapter 7 and 8** for details on how the CPC is established and what its functions and responsibilities are.

3.2.2 Infrastructure Repairing and Maintenance Committee (IRMC)

IRMC has been and will be set up as part of the project, which is placed under the VAB. The IRMC is responsible generally for repairing public property such as common wells, roads, common ponds, schools, health posts. The IRMC will be responsible for mobilizing resources to do routine, periodic and emergency maintenance of the public infrastructure built by the project. The IRMC can raise fund for maintenance of the public infrastructure from C/S (i.e., the C/S Fund or local taxes), community contributions (i.e., in-cash or in-kind), user-fees, or charities (i.e., NGOs, tourists, savings groups, agricultural cooperatives).

3.3 Revolving Fund Group (RFG)

3.3.1 What is RFG?

Revolving Fund Group (RFG) is just one type of Common Interest Groups (CIGs) or Farmer Organizations (FOs). Most frequently, but not always, CIG or FO starts out as a RFG, which is the basic building block in economic empowerment institution/constitution of the poor because it is always built on self-awareness, self-help and solidarity principles. The RFG can be considered a precursor organization to the more formal one legally recognized by the Royal Government of Cambodia (RGC), specifically cooperative, cooperative union, and cooperative alliance.

RFG applies the principle of strength through self-help and solidarity. An RFG is a group of people formed for helping each other by starting with their own resources². To the extent possible, resources such as financial are mobilized through savings collected from members. An RFG could be like a mini-bank, owned and controlled by the members, when it comes to managing members' savings. These savings are generally for members' loans for both consumptions and investments.

3.3.2 Cornerstone Principles of RFG

Although support and assistance is needed for building institutions of the poor, the Royal Government of Cambodia and the World Bank (WB) have agreed to **seven basic principles (*sapta sila*)**, corresponding to best practices that will ensure that the institutions will become sustainable once established. These seven basic rules are presented hereunder.

Table 1: Seven basic rules for RFGs

Savings and Credit Groups (SCGs)	Most-Vulnerable Household Groups (MVHGs)
1. Target population's needs for such institutions.	1. Target population's needs for such institutions.
2. Target population's understanding of advantages and disadvantages of such institutions.	2. Target population's understanding of advantages and disadvantages of such institutions.
3. Target population's agreement on requirements of and obligations/commitments to such institutions. Target population's confirmation of their voluntary memberships in the groups, and establishment of their group structures (see Section 3.3.4).	3. Target population's agreement on requirements of and obligations/commitments to such institutions. Target population's confirmation of their voluntary memberships in the groups, and establishment of their group structures (see Section 3.3.4).
4. Regular meetings, with appropriate basic records, of members.	4. Regular meetings, with appropriate basic records, of members and regular reporting on mutual in-kind assistance of members.

² Such resources may be either financial or non-financial; they include financial and social capitals and materials.

5. Regular savings and lending of members.	5. Regular lending (of RF from the project's seed grant) of members through group guarantee.
6. Timely repayments of loans by members.	6. Timely repayments of RF loans by members.
7. Proper bookkeeping and regular updates of books of accounts.	7. Proper bookkeeping and regular updates of books of accounts.

The advantages of following the seven basic rules by RFGs include:

- (1) Trust among members and group cohesiveness will be built;
- (2) Day-to-day needs of members will be explored and met;
- (3) Uncertainties typical of poor households will be reduced;
- (4) Both financial and social capitals will be built up;
- (5) RFGs will qualify for seed grants from the project;
- (6) RFGs will achieve high performance rating; and
- (7) Attention of banks/MFIs will be activated/attracted (through financial literacy and basic financial management training, and the implementation of best practice bookkeeping).

When members come together to form an RFG, the seven basis rules should be discussed among themselves in detail, including the consequences of the absence of this set of basic principles.

3.3.3 Who will be members of RFG?

Primary beneficiaries of the earlier LASED have come from **IDPoor 1** and **IDPoor 2** groups of population. As such, LASED II will facilitate and support **two types of RFGs**. Each group will draw members from either IDPoor 1 or IDPoor 2 population. The two groups will include Savings and Credit RF Groups (SCGs), and the Most Vulnerable Household RF Groups (MVHGs). The SCGs and MVHGs will be, respectively, for IDPoor 1 and IDPoor 2 households. Distinguished characteristics of these two groups are presented below.

Table 2: Salient characteristics of RFGs

Main characteristics of the SCGs	Main characteristics of the MVHGs
<ul style="list-style-type: none"> • Members represent their households; • Members also come from existing CIGs/FOs set up by the project in its original phase (i.e., original LASED); • Members share their thoughts, experiences and worries; • Members save very small amounts of money on a regular basis to build up a group fund.³ SCGs make loans to members from the group fund; • In addition to the group savings and credit activities, SCG members try to solve other problems together; and 	<ul style="list-style-type: none"> • Members represent their households; • Members come from most vulnerable households (e.g., female-headed, disabled, or indigenous people households); • Members share their thoughts, experiences and worries; • Members try to solve problems of the individual member households together and provide mutual in-kind support⁴; and • Members elect office bearers (i.e., group leader, secretary and treasurer) among

³ Mobilization of savings from members lies at the core of SCGs. These funds allow SCGs to make loans to members to address certain livelihood needs of the individual member households. However, some needs are beyond the capacity of groups to address by themselves. The project will provide seed grants (as working capital assistance) to groups for RF when they have built up their own savings and facilitate their linkage with banks/MFIs, where possible, for their access to additional credit.

⁴ The project will provide seed grants (as working capital assistance) to groups for RF to the group members based on "group guarantee" when they are strong enough demonstrated by (i) group regular meeting with appropriate basic records, (ii) trust among group members and group cohesiveness, and (iii) capacity of group management members (i.e., office bearers). The RF will let MVHGs make loans to members to address certain livelihood needs of the individual member households. The project will try to facilitate their linkage with banks/MFIs, where possible, for their access to additional credit.

<ul style="list-style-type: none"> Members elect office bearers (i.e., group leader, secretary and treasurer) among themselves for the effective functioning of the group. 	themselves for the effective functioning of the group.
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3.3.4 How will RFG be established?

A. Organizational functions and structure of RFG

The organizational structure of each RFG is defined in the group’s by-laws (see **Section 3.3.5**). However, most RFGs will share certain basic elements: a general congress (comprising all of the members of the RFG), a management committee (comprising the office bearers), and RFG members. All members together form the RFG general congress, and elect their office bearers, who serve to represent the RFG and are accountable to the general congress. The establishment of the RFG will be facilitated by CDFs and/or CAFs. The CDFs and/or CAFs will provide regular support to and conduct regular follow-up with the RFG. The diagram below depicts the dynamics within an RFG.

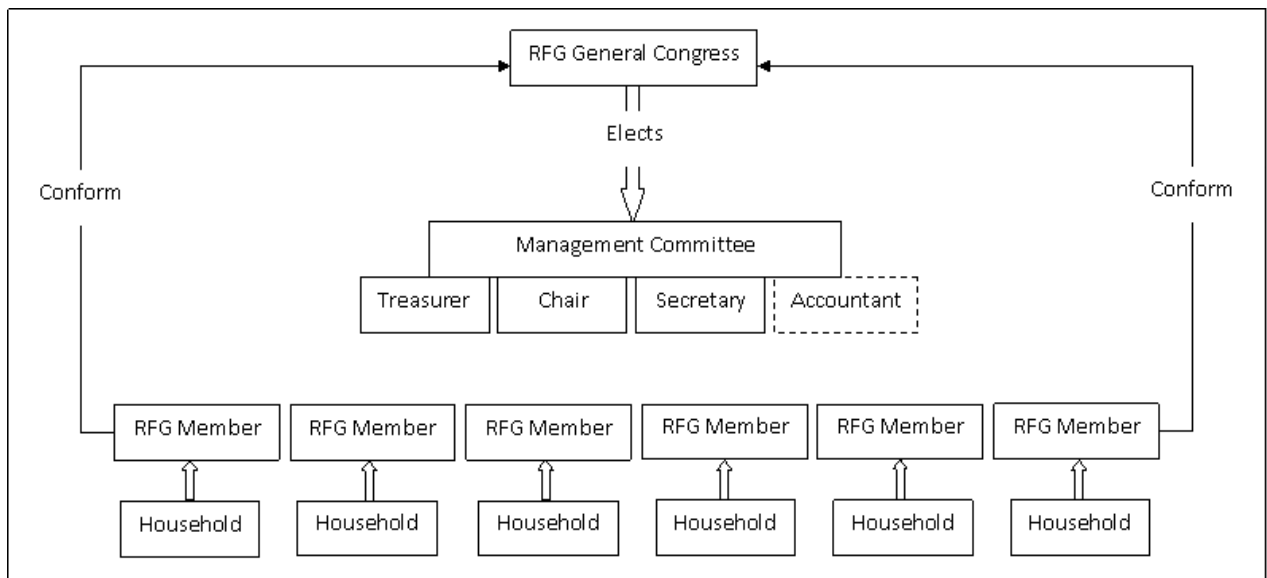


Figure 3.1: Potential RFG organizational structure

This diagram shows the RFG general congress as the ultimate authority in the RFG. It elects the management committee, which manages the affairs of the group. The management committee may comprise three or four office bearers: a Chair, a Treasurer, a Secretary and/or a Bookkeeper. This committee is accountable to the RFG general congress. Households participate in the RFG through a representative household member (preferably a woman). RFG members are expected to conform to norms agreed upon by the RFG general congress.

The office bearers should not exert power over group members or control the group. Power should be shared by all members equally, as members of the RFG general congress.

B. Brief overview of the process of RFG formation

The RFG formation process follows critical **seven steps**. The process is briefly outlined in the table below. Details are contained in **Annex 2 and Annex 3**.

Table 3: Steps of RFG formation

Step	Activity for SCG	Activity for MVHG
1	Needs for capital and interest in SCG are assessed.	Needs for capital and interest in MVHG are assessed.
2	Awareness and understanding of (a) advantages and disadvantages of SCG, and (b) obligations and requirements of SCG are raised.	Awareness and understanding of (a) advantages and disadvantages of MVHG, and (b) obligations and requirements of MVHG are raised.
3	An SCG is established.	An MVHG is established.
4	Capacity building in necessary skills (such as group building, facilitation, group management and governance, financial literacy, and farm enterprise planning and marketing) is provided.	Capacity building in necessary skills (such as group building, facilitation, group management and governance, financial literacy, and farm enterprise planning and marketing) is provided.
5	A group's bank account with a bank/MFI is opened, and books and transaction records are fully audited by CAFs/CDFs.	A group's bank account with a bank/MFI is opened and the first tranche of the seed grant from the project is disbursed upon group guarantee when (a) trust and cohesiveness within the group, and (b) capacity of management members are assessed and assured. The subsequent tranches are subject to group guarantee and good performance with regular oversight of CAFs/CDFs.
6	The first tranche of the seed grant from the project is disbursed when the group is strong enough as evidenced by (a) regular and timely savings and repayment of loans from and interest on group savings, (b) good bookkeeping and financial record keeping, and (c) bank/MFI's reference reports (e.g., financial statement reports), and when the group's current capital, inclusive of savings and interest earned comprises 20 percent of the first tranche. The second tranche is disbursed when the group capital, excluding the first tranche, reaches 30 percent of the second tranche. The final tranche is disbursed when the group capital, excluding the first and second tranches, reaches 50 percent of the final tranche. Oversight is regularly performed by CAFs/CDFs and hands-on capacity building is provided.	Regular oversight and hands-on capacity building from CAFs/CDFs continue, and books and transaction records are audited at least by CAFs/CDFs, but preferably by a bank/MFI. Bank/MFI's reference reports (e.g., financial statement reports) will be the best option.
7	Formalization and graduation of SCGs (into cooperatives and/or cooperative unions).	Formalization and graduation of MVHGs (into cooperatives and/or cooperative unions).

3.3.5 Group by-laws and internal rules

A. What are the by-laws?

All of the decisions the members reach, about how their group will be managed, are set out in the by-laws. The by-laws are based on agreement among group members and set out what is expected from them and what they can expect to receive from the group. Only the members can change the by-laws, by voting.

B. How are the by-laws developed?

The development of the by-laws and internal rules and regulations is the centerpiece of institution building. It is important to include different ideas from among group members on rules and to facilitate processes that should benefit people with different ideas. This can be time-consuming, but, unfortunately, there are no shortcuts. The by-laws cannot be handed down. They have to be developed and discussed internally as this is essential to ownership, and, thus, sustainability. This means that different groups may have different texts of their respective by-laws.

Special training should be organized for women and illiterate persons to give them confidence in participating in the development process on the group by-laws. It is important that everybody knows about the importance of the by-laws, their role in the governance of the organization and how they help to ensure inclusiveness, transparency and accountability.

C. What would be the contents of the by-laws?

The by-laws are likely to include the following main topics:

- (1) Group vision, mission, and objectives;
- (2) Membership criteria and conditions;
- (3) Organizational structure and management and office bearers;
- (4) Roles and responsibilities;
- (5) General congress and election process;
- (6) Rules for savings;
- (7) Rules for loans;
- (8) Bookkeeping and recording;
- (9) Meeting process and rules; and
- (10) Ratification and amendments of the by-laws.

3.3.6 How Are RFG Activities Implemented?

The process for further implementation, once the RFGs are formed, is shown in the table below:

Table 4: RFG activity implementation process

Step	Activity for SCG	Activity for MVHG
1	Basic management training for members on group building, facilitation, management and governance, and financial literacy.	Basic management training for members on group building, facilitation, management and governance, and financial literacy.
2	Regular meetings with appropriate basic records.	Regular meetings with appropriate basic records.
3	Start of saving activities.	Group commitment to mutual assistance as evidenced by existence of group activity calendars

		and actual implementation (supported by basic reports based on a report form).
4	Opening of the group's bank account.	Training on small/petty business planning and marketing.
5	Inter-lending and loan recovery assessment.	Preparation of BLIPs by group members.
6	Training on small/petty business planning and marketing.	Self-assessment of the group after rules for eligibility for seed grants has been studied.
7	Preparation of BLIPs by group members.	First performance rating by the project.
8	Implementation of BLIPs funded by the group's own savings.	Application for a seed grant based on Step 7.
9	Self-assessment of the SCG after rules for eligibility for seed grants has been studied.	Opening of the group's bank account.
10	Performance rating by the project.	MVHG receives a seed grant – first tranche.
11	Application for a seed grant based on Step 8.	Group members fully implement BLIPs.
12	SCG receives seed grant – first tranche.	Inter-lending and loan recovery assessment.
13	Group members fully implement BLIPs.	Second performance rating by the project.
14	BLIPs are reviewed and SCG receives second tranche of the seed grant.	BLIPs are reviewed and MVHG receives second tranche of the seed grant.
15	BLIPs are reviewed and SCG receives the final tranche of the seed grant.	BLIPs are reviewed and MVHG receives the final tranche of the seed grant.
16	Initiation of discussions on formation of or participation in cooperatives/cooperative unions.	Initiation of discussions on formation of or participation in cooperatives/unions.
17	SCG graduation into a cooperative.	MVHG graduation into a cooperative.

3.3.7 Group Meetings

A. At which interval will RFG meet?

Each RFG is expected to have meetings on a designated day at a designated time. Meetings should be held at each member's home in rotation or at a public place. Ideally, groups will meet once a week or twice a month. The RFG will decide on the regularity and flexibility of their meeting rules, which could be adjusted, for example, to the seasonal work schedules and patterns of its members.

During meetings, members may sit in a circle so that they can see each other, and interactions and transactions in the meetings are visible to everyone.

B. What would be the ideal meeting process?

The process of a typical meeting is as follows.

Table 5: Meeting process of RFG

For SCGs	For MVHGs
1. The treasurer collects savings from members. The savings amount is fixed and all members will save equally. If any member failed to save in one or more previous meetings, he/she will deposit the missed savings as well	1. When members are not able to have savings, they can be committed to helping each other in certain activities in-kind (e.g., they can share labor with recorded time spent for each other to achieve certain farming tasks, and

<p>as the current meeting's savings amount. The bookkeeper records the transactions in the savings book of the SCG as well as in individual members' passbooks. Information on savings made in the current meeting and cumulative savings is made available to all the members.</p> <ol style="list-style-type: none"> 2. The SCG members repay loans (from either group's savings or seed grants) according to their repayment schedules, and the treasurer collects repayments. The bookkeeper records these transactions in the SCG loan book and members' passbooks. 3. The group fund (savings, seed grants and repayments) are used only for internal lending. The bookkeeper records the details of loan disbursement to members in the SCG loan book as well as in members' passbooks. The treasurer then disburses the loan amounts to members. 4. Members discuss sanctions for poor loan repayment, credit delivery and social development activities. Any decisions made on these issues or other resolutions passed, if any, should be recorded in the minute book while the meeting is in progress. 5. The chair read out the decisions and resolutions reached to the group members before the meeting ends. 6. The bookkeeper reads out the transactions that took place during the meeting. The meeting ends. 7. All books of the SCG are handed over to the treasurer for safekeeping; it is the responsibility of the treasurer to safeguard the group's books and cash. Amount of cash on hand shall be specified and defined; the amount exceeding this amount shall be deposited in the group's bank account no later than the next day prior to the bank's closing time. 	<p>the tasks completed are recorded, and checked; they can lend and borrow tools among themselves to do certain works and the works achieved are recorded, and checked). A report form for this shall be developed and used.</p> <ol style="list-style-type: none"> 2. <i>Once the groups receive seed grants</i> from the project, they can start group savings, and thus treasurer is to collect savings from members. The savings amount is fixed and all members will save equally. If any member failed to save in one or more previous meetings, he/she will deposit the missed savings as well as the current meeting's savings amount. The bookkeeper records the transactions in the savings book of the MVHG as well as in individual members' passbooks. Information on savings made in the current meeting and cumulative savings is made available to all the members. 3. The MVHG members repay loans (from either group's savings or seed grants) according to their repayment schedules, and the treasurer collects repayments. The bookkeeper records these transactions in the MVHG loan book and members' passbooks. 4. The group fund (savings, seed grants and repayments) are used only for internal lending. The bookkeeper records the details of loan disbursement to members in the MVHG loan book as well as in members' passbooks. The treasurer then disburses the loan amounts to members. 5. Members discuss sanctions for poor loan repayment, credit delivery and social development activities. Any decisions made on these issues or other resolutions passed, if any, should be recorded in the minute book while the meeting is in progress. 6. The chair read out the decisions and resolutions reached to the group members before the meeting ends. 7. The bookkeeper reads out the transactions that took place during the meeting. The meeting ends. 8. All books of the SCG are handed over to the treasurer for safekeeping; it is the responsibility of the treasurer to safeguard the group's books and cash. Amount of cash on hand shall be specified and defined; the amount exceeding this amount shall be deposited in the group's bank account no
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	later than the next day prior to the bank's closing time.
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Experience in Cambodia and other countries have led to the following principles of best practices, respectively, for SCGs and MVHGs. Many of them can be incorporated in the group by-laws and internal rules.

Table 6: Principles of best practices for RFGs

Principles of best practices for SCGs	Principles of best practices for MVHGs
<ul style="list-style-type: none"> Group membership should not exceed 30. 	<ul style="list-style-type: none"> Group membership should not exceed 30.
<ul style="list-style-type: none"> Members should elect their leader, secretary, treasurer and/or bookkeepers through consensus (100% agreement). 	<ul style="list-style-type: none"> Members should elect their leader, secretary, treasurer and/or bookkeeper through consensus (100% agreement). Even they are not able to have savings and lending activities prior to receiving the project's seed grants, treasurer and/or bookkeeper have to be ready.
<ul style="list-style-type: none"> There should be periodical (once a year) rotation of the office bearers. 	<ul style="list-style-type: none"> There should be periodical (once a year) rotation of the office bearers.
<ul style="list-style-type: none"> Groups should be encouraged to meet frequently (weekly if possible). 	<ul style="list-style-type: none"> Groups should be encouraged to meet frequently (weekly if possible).
<ul style="list-style-type: none"> Groups should make all their decisions at group meetings through a democratic process and by consensus. 	<ul style="list-style-type: none"> Groups should make all their decisions at group meetings through a democratic process and by consensus.
<ul style="list-style-type: none"> SCGs should standardize their meeting process. This will ensure rapid replication of the program, rating of SCGs will become much easier, and the credibility of the SCGs will be enhanced. Flexibility is possible if members may decide according to seasonal work schedules. 	<ul style="list-style-type: none"> MVHGs should standardize their meeting process. This will ensure rapid replication of the program, rating of MVHGs will become much easier, and the credibility of the MVHGs will be enhanced. Flexibility is possible if members may decide according to seasonal work schedules.
<ul style="list-style-type: none"> As part of the standardized meetings, each group may develop and institutionalize its own “bonding exercise” and apply it before the commencement of each group meeting. 	<ul style="list-style-type: none"> As part of the standardized meetings, each group may develop and institutionalize its own “bonding exercise” and apply it before the commencement of each group meeting.
<ul style="list-style-type: none"> Members should be encouraged to save more – fixed savings only. However, members of respective groups may decide on the weekly/fortnightly savings contributed by the members to the groups based on the ability of the poorest members to mobilize savings. 	<ul style="list-style-type: none"> <i>Once the groups receive seed grants</i> from the project, members should be encouraged to save as much as possible – fixed savings only. However, members of respective groups may decide on the weekly/fortnightly savings contributed by the members to the groups based on the ability of the poorest members to mobilize savings.
<ul style="list-style-type: none"> Group members should decide on the amount of savings contributed by the members to the group (every week or every two weeks) based on the ability of the poorest members to save. The level of savings in the group should be fixed and equal for all members, but groups 	<ul style="list-style-type: none"> Group members should decide on the amount of savings contributed by the members to the group (every week or every two weeks) based on the ability of the poorest members to save. The level of savings in the group should be fixed and equal for all members, but groups

<p>should be encouraged to increase their level of savings when possible.</p>	<p>should be encouraged to increase their level of savings when possible.</p>
<ul style="list-style-type: none"> Groups should conduct all transactions in group meetings only, and all transactions of the meetings should be read out to the groups before the meetings close. At the end of each meeting, the treasurer should check that the closing cash balance tallies with the actual cash on hand. 	<ul style="list-style-type: none"> Groups should conduct all transactions in group meetings only, and all transactions of the meetings should be read out to the groups before the meetings close. At the end of each meeting, the treasurer should check that the closing cash balance tallies with the actual cash on hand.
<ul style="list-style-type: none"> Groups should impose fines on members who are absent at and late comers to the group meetings and defaulters as a deterrent to others to ensure the sustainability of the groups. Each group should decide on its own standards for fines through consensus within the group. 	<ul style="list-style-type: none"> Groups should impose fines on members who are absent at and late comers to the group meetings and defaulters as a deterrent to others to ensure the sustainability of the groups. Each group should decide on its own standards for fines through consensus within the group.
<ul style="list-style-type: none"> SCGs should not lend to non-members, even though they may be tempted to do so to generate capital for the groups. SCGs' funds should only be used for the benefit of group members. 	<ul style="list-style-type: none"> MVHG's should not lend to non-members, even though they may be tempted to do so to generate capital for the groups. MVHG's funds should only be used for the benefit of group members.
<ul style="list-style-type: none"> Each group should decide on the minimum cash balance to be maintained with the treasurer for emergencies as well as the maximum cash balance. Any surplus cash should be deposited in the bank account of the group. 	<ul style="list-style-type: none"> Each group should decide on the minimum cash balance to be maintained with the treasurer for emergencies as well as the maximum cash balance. Any surplus cash should be deposited in the bank account of the group.
<ul style="list-style-type: none"> The bookkeeper should not handle cash during or outside of meetings. 	<ul style="list-style-type: none"> The bookkeeper should not handle cash during or outside of meetings.
<ul style="list-style-type: none"> An SCG's account book should be in the custody of the treasurer or, in the absence of the treasurer, the group chair or secretary. The books should not be in the custody of the bookkeeper or other members. 	<ul style="list-style-type: none"> An MVHG's account book should be in the custody of the treasurer or, in the absence of the treasurer, the group chair or secretary. The books should not be in the custody of the bookkeeper or other members.
<ul style="list-style-type: none"> Reconciliation of the group's bank book and its bank account should be done once a quarter. 	<ul style="list-style-type: none"> Reconciliation of the group's bank book and its bank account should be done once a quarter.
<ul style="list-style-type: none"> Each group should decide on rules for the admission of new members and withdrawal or termination of old members with regard to their savings and returns on savings. 	<ul style="list-style-type: none"> Each group should decide on rules for the admission of new members and withdrawal or termination of old members with regard to their savings and returns on savings.
<ul style="list-style-type: none"> If there are any disputes among members, whether financial or non-financial, they should be friendly discussed in a meeting of the group. If the group fails to find an amicable solution in the meeting, the matter may be referred to the commune councils, and/or cooperatives/cooperative unions. 	<ul style="list-style-type: none"> If there are any disputes among members, whether financial or non-financial, they should be friendly discussed in a meeting of the group. If the group fails to find an amicable solution in the meeting, the matter may be referred to the commune councils, and/or cooperatives/cooperative unions.
<ul style="list-style-type: none"> SCGs should collectively develop a common monthly report to submit to their 	<ul style="list-style-type: none"> MVHG's should collectively develop a common monthly report to submit to their

cooperatives/cooperative unions as well as to the project.	cooperatives/cooperative unions as well as to the project.
<ul style="list-style-type: none"> • Each SCG should get its account audited once a year. 	<ul style="list-style-type: none"> • Each MVHG should get its account audited once a year.
<ul style="list-style-type: none"> • The project should establish a call centre to redress grievances of community members. 	<ul style="list-style-type: none"> • The project should establish a call centre to redress grievances of community members.

3.3.8 Savings

A. How much would be the ideal savings amount?

For CSGs, members have to decide on the savings amount themselves; it should be based on the ability of the poorest members to save regularly.

The same shall apply to MVHGs once they start savings upon receiving the seed grants from the project. They shall be encouraged to start saving even before they receive the seed grants.

B. How are the members' savings treated in books of accounts?

Members' savings can be thought of as their contribution to the SCG's capital. Initially, at least, it is not expected that they will withdraw the savings or be paid interest or dividends; though in later years members may expect a return on their investment. It is recommended that all members save the same amount in each meeting, to be consistent with the principle of equity and to avoid conflicts that might arise in the future if some members felt they owned greater shares in the group than others did. The same shall apply to MVHGs once they start savings.

C. What is the process of savings collection in the meeting?

In each group meeting, the treasurer will collect individual savings from all members, including the office bearers, and the bookkeeper will record these transactions in the savings book of the RFG (see **Section 3.3.11**). The bookkeeper will also record these transactions in members' passbooks.

D. What is the process for savings withdrawal?

Withdrawing is generally not allowed. For any specific reason, say migration, if the member wants to withdraw her/his savings, she/he has to clear her/his liabilities with the RFG first. The RFG may follow the procedure as described below:

- (1) Arrive at member's savings – refer to savings book;
- (2) Arrive at surpluses/retained earnings/profits with the RFG (optional for new RFGs);
- (3) Arrive at member's share in retained profits;
- (4) Add her/his savings and her/his share in retained profits;
- (5) Adjust the above amount against her/his liabilities (if any);
- (6) Pay the remaining amount to her/him; and
- (7) Record these transactions in books of accounts.

3.3.9 Credit/loan management

A. What is the process to be followed while giving loans to members?

Groups should decide for themselves how they want to give credits or make loans to members. Most groups will want to allow members to borrow small amounts for short periods to address immediate livelihood needs, in addition to larger amounts for more long-term investments. The RFG members have

to decide in a meeting the rate of interest to be charged to the members based on the **RFG cost of funds and prevailing rate in the credit market.**

B. What are the purposes for which small short-term credits/loans be given?

Small, short-term credits/loans may be for such things as seed purchase, labor hire, etc. and borrowers may be expected to repay them in just a few weeks. When funds are short and demand is high, members will have to give priority based on exigency and the poverty status of the members. The source of funds for small, short-term borrowing is the funds generated through members' savings. This is applicable for SCGs in early stage.

For MVHGs, such credits/loans will be given only when members start savings following the provision of the seed grants from the project. However, if they could start saving before getting the seed grants – and this shall be encouraged – borrowing and lending from within the groups can begin early too.

C. What is the ideal rate of interest?

Initially, groups are not expected to pay interest or dividends to members on their savings, so the RFGs could potentially use this money to make loans to members and build its capital base. RFGs should charge prevailing rate of interest in the market. However, from experiences, the RFGs are likely to charge interest between 1% and 3% per month on small loans to members.

D. How are the small loans repaid?

Loan repayment period for small loans need not exceed 12 months. It could be paid back in a few repayments (i.e., declining repayments), or a single large repayment (i.e., balloon repayments) at the end of the loan period provided the loan is to be repaid within 3 months.

E. What are the purposes for which large long-term credits/loans be given?

Members may take larger loans for farm investment or investment in income generating activities or other investments that involve a considerable gap before repayment can be made. It is expected that such loans will be made using the project's seed grants initially and later using funds borrowed by the RFGs from banks/MFIs.

F. Does a member need to plan before availing large credit/loan?

Members should understand whether cash flows after such investments would permit them to pay installments when they are due. Therefore, members should be encouraged to prepare household's **Basic Livelihood Investment Plans** (BLIPs), which are described in **COM Chapter 4**. BLIPs submitted by the members should be thoroughly discussed in the group, so that the group can give feedback to improve the plan and check the plan's viability. The group will aggregate individual BLIPs to develop a consolidated plan of the RFG, called a **Group Investment Plan** (GIP). The GIP will be submitted to the project for a seed grant or later to the cooperatives/cooperative unions or banks/MFIs for loans.

G. What would be the rate of interest for large credits/loans?

The seed grant will be a zero cost fund to the RFG, and the RFG can afford to charge low interest rates on credits/loans from the fund. Many investments may not sustain with huge costs. Therefore, the RFGs might restrict the rate of interest on credits/loans to 1% per month; the rate should probably not exceed 2% per month in any case – this translates into 12-24% per annum. However, going market interest rates might be charged from the RFG members if reasonable and acceptable. When groups get loans from banks/MFIs for the members, they will need to charge rates on credits/loans to members that can cover the costs of the funds.

H. What would be the repayment period for large credits/loans?

The repayment period (or number of monthly installments) for long-term loans may be calculated based on the cash flow of the BLIP. Ideally, the repayment amount should not exceed 50% of the final/net cash flow. The positive cash flow reflects the surplus money available in the hands of the RFG member. The member can use this money to repay the credit/loan. Ideally, 50% of this surplus should be used for improving the quality of life or for the creation of additional assets, and 50% for repayment of the credit/loan. Based on the cash flow of the member, the repayment period should be fixed in such a way that she/he can use at least 50% of the surplus cash for her/his family's needs.

3.3.10 Rules for Savings and Credits/Loans

A. What considerations should the group make while developing rules for savings and credits/loans?

Following guiding questions are useful to ask:

- (1) When to save and how much?
- (2) Should all members save the same amount every week, two weeks, or month?
- (3) Can members make installments in advance, or lump-sum contributions?
- (4) If a member fails to make a weekly installment, can she/he make a commitment to paying later?
- (5) Where the money should be kept?
- (6) Who is responsible for keeping the money safe?
- (7) How much interest should be charged on credit/loan?
- (8) What will the interest be used for?
- (9) What are the terms for repayment of credit/loan?
- (10) What are the penalties for late or non-repayment?
- (11) How much money is to be kept in the group for emergencies? What are the emergencies?

For the group to function well, all members must respect the rules. They need to make these rules in a group so that they all understand, accept, apply and enforce them.

B. What could be the rules related to savings, lending and repayment?

Although each group should come up with its own rules, sample rules for savings, lending and repayment is given here for facilitators to keep in mind when helping RFGs develop their own rules.

Rules related to savings:

- (1) Each group member will save "... " Khmer Riel each week.
- (2) This amount will increase by "...%" each year. The amount of savings should not remain the same for too long, as the purchasing power of bank notes decreases over time.
- (3) If a member fails to save in a given meeting, the amount must be contributed within one month. If the member has not done this after one month, she/he must leave the group.
- (4) When a member leaves the group, her/his savings are paid back. No interest will be paid on the savings.

Rules related to lending and repayment:

- (5) Lending will commence after "... " months if savings are stable and regular and if each member has saved at least "... " Khmer Riel for SCGs. For MVHG, lending will begin once eligible criteria are completely assessed and seed grants are provided. (In either case, this may be approximately six months after the first RFG meeting.)
- (6) Loans will be for 3 months, 6 months, 9 months or 12 months.

- (7) Interest will be paid on credits/loans at a flat rate of "...%" per month. (The rate may be 1%-3%, to be decided by the group members among themselves.)
- (8) Group members apply for credits/loans during the weekly meeting, stating the purpose of the credits/loans, the amount of money required, and the proposed term of the credits/loans (3, 6, 9 or 12 months). Other group members give their opinions and vote to approve or disapprove of the credits/loans.
- (9) Credits/loans are given without any collateral in the case of SCGs. Group guarantee is required in the case of MVHGs.
- (10) Credits/loans will normally be for production purposes, i.e. related to income-generation activities, not for consumption, especially when sourced from the seed grants.
- (11) Terms and conditions of a credit/loan will be set out in a small contract.
- (12) A credit/loan can be repaid in full at the end of the contract period (for 3 months loans), or they can be repaid in installments. However, interest will be calculated on the full loan period.
- (13) The borrower may ask for an extension of one month with/without penalty of a 1% increase in the monthly interest rate for that extension only.
- (14) The borrower must repay the credit/loan, no matter how long it takes. The borrower may not take out another credit/loan until the debt is settled.
- (15) A borrower who cannot repay the loan may remain in the group and continue to contribute at least the set amount of savings at every meeting. Half of this savings contribution is used to repay the debt.
- (16) The RFG will need to minimize risks of loss of funds by circulating [loaning] their financial capital within the group. The money belongs to all the members in the group, so all the members in the group should make sure that their group savings are put to good use and that the borrower will return the money to the group savings – with interest, which is a profit for the whole group.
- (17) When the group lends money to the members, all the members have to explore if the purpose of the credit/loan is good or not. The members want to protect their savings and the seed grants. They will want to know if the proposed investment activities (the purpose of the credit/loan, the amount of money and the length of time for the credit/loan) are feasible, profitable and marketable. These questions will be addressed during the development of the BLIP, which will result in the formulation of investment activities that enhance livelihoods.

3.3.11 Bookkeeping

A. Why is bookkeeping important for self-management of RFGs?

Bookkeeping is an important function in the self-management of RFGs and their cooperatives/cooperative unions, for a number of reasons:

- (1) Recording of transactions ensures transparency, enforces accountability, and enables members to understand the transactions.
- (2) Recording of group decisions and resolutions will guide the group in implementing such decisions and resolutions with fairness.
- (3) Bookkeeping will help in assessing the financial status of the group as well as that of members.
- (4) Bookkeeping makes rating possible and enhances the creditworthiness of the group; this will be important if the group wants to access formal financial institutions.

To help group members understand bookkeeping, the facilitators can ask following questions:

- (1) Why do we need to record and keep books?
- (2) What are the advantages of records?
- (3) What needs to be recorded?
- (4) Who will record what?

- (5) On what occasions shall records be made?
- (6) Who should keep which records?
- (7) How will the records be kept?
- (8) Where will the records be kept?

B. What types of books are maintained by RFGs?

RFGs are likely to have the following books⁵:

- (1) Attendance and meeting minutes' book;
- (2) Savings book;
- (3) Ledger for recording small credits/loans;
- (4) Loan book (includes loan terms and conditions, repayment schedule, and member loan accounts);
- (5) Cash book;
- (6) Bank book; and
- (7) Individual passbook for each member to keep track of her/his own transactions.

Examples of these books are given below.

1. **Attendance and meeting minutes' book:** The book has two sections, one for recording attendance at meetings and the other for recording minutes of the meetings. Groups can develop their own formats for the book. In each meeting, names are called out and attendance marked in the attendance section in the book. The minutes' section is the heart of an RFG; it is used to document the proceedings of each group meeting – this is the main book in which all transactions, decisions and resolutions are recorded by the bookkeeper. The by-laws, internal rules, and other group rules may be written in the first part of the attendance and minutes' book and a few pages may be left blank so that any new rules or amendments can be added.
2. **Savings book:** A sample format for the RFG savings book is shown below:

Table 7: Example of RFG savings book format

Member's name	Previous savings (outstanding), Khmer Riel	Savings in the present meeting, Khmer Riel	Savings withdrawal (if any), Khmer Riel	Balance on deposit, Khmer Riel
			Total Group Savings	

3. **Ledger for recording small loans:** A sample ledger for recording small loans is given below:

⁵ The development of the bookkeeping system for RFGs poses a challenge to the facilitators, since many RFG members are likely to be illiterate or have only modest reading, writing and/or numeric/arithmetic skills. Facilitators should explore ways to make the books simpler and more visual (in particular the individual passbooks) so that illiterate members can fully understand and access the information recorded in them. The facilitators may also explore with illiterate RFG members how more literate family members can help them keep their individual records.

Table 8: Example of ledger for recording small loans

Date of loan	Amount, Khmer Riel	Purpose	Number of installments	Due date for repayment	Date of actual repayment	Amount repaid (principal + interest), Khmer Riel	Amount overdue (principal + interest), Khmer Riel	Loan Balance, Khmer Riel	Signature of the member

- Loan book:** Large loans should be recorded in the group’s loan book. The loan book should include a section where members can sign to acknowledge the terms and conditions under which the RFG has sanctioned their loans; a sample is given below:

Table 9: Example of loan terms and conditions [in Khmer Riel currency]

Member's name		Purpose	Soy bean enterprise
Spouse's name		Rate of Interest	2% Per month; 24% per annum
Loan amount	1000000 Riel	Installment amount	6116 Riel
Date of loan	1/1/15	No. of installments	20

Thumbprint/Signature of the Member: _____

Signature of Group Leader: _____ **Signature of bookkeeper:** _____

The repayment schedule indicates how much the borrower must repay and when; the borrower needs to have her/his own copy. The facilitators will need to explain in a simple manner the calculations made in this table. Hereunder is a sample:

Table 10: Example of repayment schedule [in Khmer Riel currency]

Date of Instalment	Principal	Interest	Total	Loan Balance
1/1/2015				100000
1/2/2015	4116	2000	6116	95884
1/3/2015	4198	1918	6116	91686
1/4/2015	4282	1834	6116	87404
1/5/2015	4368	1748	6116	83037
1/6/2015	4455	1661	6116	78582
1/7/2015	4544	1572	6116	74038
1/8/2015	4635	1481	6116	69403
1/9/2015	4728	1388	6116	64675
1/10/2015	4822	1294	6116	59853
1/11/2015	4919	1197	6116	54935
1/12/2015	5017	1099	6116	49918
1/1/2016	5117	998	6116	44800
1/2/2016	5220	896	6116	39581
1/3/2016	5324	792	6116	34257
1/4/2016	5431	685	6116	28826
1/5/2016	5539	577	6116	23287

1/6/2016	5650	466	6116	17637
1/7/2016	5763	353	6116	11874
1/8/2016	5878	237	6116	5996
1/9/2016	5996	120	6116	0

The repayment schedule corresponds to **equated monthly installments** (EMI), which means the amount repaid is constant throughout the repayment period even though the principal and interest keep varying every month. The principal repayment is less and interest payment is more in the beginning and vice versa at the end. It is easy for the RFG member to remember the installment amount because it remains the same throughout the repayment period, but difficult to arrive at this figure. A calculator or computer is needed to arrive at this figure. Some mobile phones are also equipped to calculate this amount, wherein one has to feed the loan amount, number of installments and rate of interest to get the EMI.

The interest is calculated by multiplying the loan balance from the previous line by the interest rate. The total is the principal plus the interest, and the loan balance is the loan balance from the previous line minus the principal from the current line.

In the loan book, there should also be one section for each member where her/his loans and repayments are recorded (the member’s loan account). A sample is given below:

Table 11: Example of loan account for a member [in Khmer Riel currency]

Date	Particulars	Debit	Credit	Balance
1/1/15	Loan disbursed	1000000		1000000
31/1/15	Interest	2000		1002000
1/2/15	Repayment		6116	95884
28/2/15	Interest	1918		97802
1/3/15	Repayment		6116	91686

5. **Cashbook:** The cashbook is the record of all cash transactions in the meeting. The bookkeeper will record savings collected, loan repayments, loan disbursements, cash withdrawn from the bank, cash deposited in the bank and any other payments and receipts, and arrive at the closing cash balance. A sample format for the cash book is given below:

Table 12: Example of cashbook [in Khmer Riel currency]

Receipts (Cash)	Amount	Payments (cash)	Amount	Closing Balance
				2500
Savings	10000			12500
Loan Repayment	15000			27500
Cash withdrawal from the bank	50000			77500
		Loan disbursement to members	50000	27500
		Loan repayment to Bank	27000	500

6. **Bankbook:** The bankbook is used to record transactions such as cash deposited into the group’s bank account or withdrawal from it and loans from banks/MFIs credited to the group’s savings account. A sample format for the bank book is given below:

Table 13: Example of bankbook [in Khmer Riel currency]

Deposit	Amount	Withdrawal	Amount	Balance
				50000
New loan sanctioned by the bank/MFI	500000			550000
Cash deposited in Bank/MFI	30000			580000
		Loan repayment by RFG to bank/MFI (transfer to loan account)	80000	500000
		Cash withdrawal from Bank/MFI	400000	100000

7. **Members’ passbooks:** Each RFG member owns a “member’s passbook” containing personal and individual records organized into three sections, namely savings records, loan and repayment records, and family information of the member.

Table 14: Example of member Passbook

Currency				No.	
Name of holder					
Section A: Savings					
Date	Description	Deposit	Withdrawal	Balance	Signature (of bookkeeper)
Section B: Loan					
Date	Description	Loan	Repayment	Balance	Signature (of bookkeeper)
Section C: About family members					
No.	Name	Sex	Date of birth	of	Relationship

3.3.12 Trainings for Groups: Who Has to Train RFGs and on What Themes?

Primarily it is the responsibility of the District Level Professionals (DLPs) to train RFGs. Therefore, DLPs have to acquire firsthand knowledge on various trainings that have to be provided to RFGs. The Project can support such training through the employment of consultants or engagement of MFI staff. Important training sessions, all of which are gender sensitive, during the beginning of the RFG process are given below.

Table 15: Essential training for RFG members

Theme	Components
Poverty Analysis	What is poverty? Causes and effects of poverty The vicious cycle of poverty/Gender and poverty relationship How to eradicate poverty The importance of regular meetings
Group management	Leadership issues Conflict mitigation Cohesiveness in group and its importance The importance of establishing group rules
Planning for improving livelihoods	Planning to improve livelihoods using existing assets of the household Gender roles in household Design and preparation of BLIPs and CLIPs
Financial Management	The importance of group savings Establishing rules of lending by groups The importance of bookkeeping Introduction to different funding sources Seed grants Bank/MFI loans The importance of regular and timely repayment Rotation of available funds Financial literacy
Unionization	The importance of cooperative/cooperative union establishment Objectives of cooperatives/cooperative unions The cooperative/unionization process Roles and responsibilities of cooperatives/cooperative unions cooperatives/cooperative unions and external linkages and partners
Bookkeeping	What is bookkeeping? The importance of bookkeeping
Social Accountability	Community scorecard Complaint handling

3.3.13 Group Graduation Process

A. What is graduation process?

RFG graduation refers to an organizational process of initiating RFG, developing its institutional, social, financial, marketing, entrepreneurial and other skills and capabilities until it becomes, over time, a mature and formal community-based organization such as RFG that is able to provide efficient and effective services to its members and actively participates in the local development process.⁶

B. What are the elements in graduation process?

The first and the foremost element in RFG graduation is adhering to the seven basic principles (*sapta sila*) of the RFG. With the seven basic rules as the base, RFGs have to undergo the following for their graduation into mature RFGs:

⁶ The main route to the formalization of the RFGs is cooperatives, which are facilitated, recognized and protected by the Law on Cooperatives (2013). The law stipulates provisions relating to and regulations on cooperatives, cooperative unions and cooperative alliances.

- (1) Trainings on: (a) RFG Norms, (b) Decision Making, (c) Leadership, (d) Financial Management, and (e) Meeting Processes, etc.
- (2) Planning, Vision and Cohesiveness amongst the members.
- (3) Practicing RFG Norms, Meeting Processes, Accountability and Transparency.
- (4) Rating based on the seven basic rules and governance.
- (5) Community level investment planning process – including household BLIPs of individual RFG members.
- (6) Sensitivity towards understanding and dealing with social issues amongst the members and other RFGs.
- (7) Efficient management of the seed grants given by the project.
- (8) Promoting RFGs to local authorities, businesses, and development agencies.
- (9) Borrowing from banks/MFIs for the credit needs of the members and timely repayments to lenders.
- (10) Building RFGs' own institutions, i.e. formalizing RFGs into cooperatives and networking of them in the form of cooperative unions.
- (11) Promoting products of RFG members and providing marketing opportunities.
- (12) Establishment of micro-enterprises.
- (13) Proactive participation in commune development planning and investment programming processes.

3.3.14 Rating of Groups

A. Why is RFG rated?

RFGs will be rated for determining whether they are eligible for seed grants from the project (LASED II). The project and DLPs will conduct this rating exercise. A high rating may also convince banks/MFIs to provide credit to an RFG. Rating is useful for the RFG's own self-management, as it will indicate the group's capacity and quality as an institution. For this reason, groups may want to do their own self-rating in addition to any rating done by the project.

B. How are RFGs rated?

The RFG performance rating is based on six components: (a) group meeting, (b) group savings, (c) internal lending, (d) repayment, (e) bookkeeping, and (f) governance. All six components carry equal weight. The table below shows how each of the eight components is scored.

Table 16: Rating indicators and scores

Components	Score				
	4	3	2	1	0
1. Meetings					
1.1 Regularity of meetings (last 10 meetings)	100% meetings held	75%-99% meetings held	50%-74% meetings held	<50% meeting held	No records
1.2 Attendance at meetings (last 10 meetings)	>90%	75%-90%	50%-74%	<50%	No records
2. Savings					
2.1 Regularity in savings by members	100%	75%-99%	50%-74%	<50%	No records
2.2 Percent of amount that should have been saved by the entire group that has actually been saved	>90%	75% -90%	50%-74%	< 50%	No records

3. Internal lending					
3.1 Number of times the equivalent of the entire group fund has been loaned to members (fund rotation)	2 times or more	1.5 times or more	1 time or more	less than 1 time	No records
3.2 Percent of members who have received loans	>60% of members	40%-60% of members	30%-39% of members	<30% of members	No records
4. Repayment					
4.1 Loan repayment by members to the RFG	>95%	85%-95%	75%-84%	<75%	No records
4.2 Track record with lenders (banks/MFIs)	2nd loan from lenders and 100% repayment	1st loan from lender and on time repayment	1st loan from lender and irregular repayment	No loans taken	No records
5. Bookkeeping					
5.1 Correct recording of minutes book and cash book	Up to date and correct recording	Up to date, but incorrect recording	Not up to date, but correct recording	Not up to date, incorrect recording	No records
5.2 Correct recording of savings book and loan book	Up to date and correct recording	Up to date, but incorrect recording	Not up to date, but correct recording	Not up to date, incorrect recording	No records
6. Governance					
6.1 Existence and implementation of rules in: meetings, savings, intra-group loans, repayment, and bookkeeping	Existing and implemented	Existing and not implemented in all areas	Not existing in all areas and partially implemented	Some areas implemented but rules and regulations not on record	Not existing and not implemented
6.2 Periodic election of office bearers (<u>applicable to old RFGs only</u>)	Election conducted every year	Election conducted once in two years	Election conducted once in three years	Election conducted beyond three years or no election	data not available

The rating above is applicable to SCGs. For MVHGs, it is applicable only after they receive the first tranche of the grant seeds from the project. For their rating prior to receiving the first tranche of the grant seeds, rating of the following components should be considered. This rating will determine whether (or not) they are eligible for the first tranche of the grant seeds.

Table 17: Rating indicators and scores

Components	Score				
	4	3	2	1	0
1. Meetings					
1.1 Regularity of meetings (last 10 meetings)	100% meetings held	75%-99% meetings held	50%-74% meetings held	<50% meeting held	No records
1.2 Attendance at meetings (last 10 meetings)	>90%	75%-90%	50%-74%	<50%	No records
2. Group commitment to mutual assistance					
2.1 Existence of group calendar of activities for mutual assistance (e.g. share labor, share tools, etc.)	Up-to-date and well-prepared calendars	Not-up-to-date, but well-prepared calendars	Up-to-date, but not well-prepared calendars	Not-up-to-date and not well-prepared calendars	No records
2.2 Percent of activities implemented	>90% of activities done (average for all concerned periods)	75% -90% of activities done (average for all concerned periods)	50%-74% of activities done (average for all concerned periods)	< 50% of activities done (average for all concerned periods)	No records
3. Preparation of BLIPs by group members					
3.1 Percent of members having BLIPs	>90%	75%-90%	50%-74%	<50%	None
3.2 Percent of feasible/quality BLIPs	>80%	70%-80%	59%-69%	<59%	None
4. Governance					
4.1 Existence and implementation of rules in: meetings, and mutual assistance	Existing and implemented	Existing and not implemented in all areas	Not existing in all areas and partially implemented	Some areas implemented but rules and regulations not on record	Not existing and not implemented
4.2 Periodic election of office bearers (<u>applicable to old MVHGs only</u>)	Election conducted every year	Election conducted once in two years	Election conducted once in three years	Election conducted beyond three years or no election	data not available

C. From where does one get information needed for rating? What are the methods of calculation to arrive at the score?

Following table shows the sources of information and means of calculation to arrive at the score.

Table 18: Sources of information and means of calculation of scores

Components	Source of information	Method of calculation
1. Meetings		

1.1 Regularity of meetings (last 10 meetings)	Minutes book	$[\text{Number of the last 10 meetings held at regular interval} / 10] \times 100$
1.2 Attendance at meetings (last 10 meetings)	Attendance and minutes book	$[\text{Sum of the number of members who attended each of the last 10 meetings} / \text{total number of members} \times 10] \times 100$
2. Savings		
2.1 Regularity in savings by members	Savings book	$[\text{Sum of the number of members who saved in each of the last 10 meetings} / \text{total number of members} \times 10] \times 100$
2.2 Percent of amount that should have been saved by the entire group that has actually been saved	Savings book	$[\text{Actual amount saved} / \text{total amount that would have been saved if rules followed}] \times 100$
3. Internal lending		
3.1 Number of times the equivalent of the entire group fund has been loaned to members (fund rotation)	Loan book	$[\text{Total amount of loans disbursed in the last 10 meetings} / \text{total Group Fund}]$ where the total Group Fund = Savings + Fines + Interest + Loans taken (if any)
3.2 Percent of members who have receives loans	Loan book	$[\text{Number of members who have taken loans in the last 10 meetings} / \text{total number of members}] \times 100$
4. Repayment		
4.1 Loan repayment by members to the RFG	Loan book	$[\text{Amount repaid by members in the last 12 months (or since formation in case of new RFGs)} / \text{amount due}] \times 100$
4.2 Track record with lenders (banks and MFIs)	Bank/MFI loan passbook given to RFG or information from Bank/MFI	
5. Bookkeeping		
5.1 Correct recording of minutes book and cash book	Minutes book and cash book	The person rating the RFG has to verify these books and come to a conclusion
5.2 Correct recording of savings book and loan book	Savings book and loan book	The person rating the RFG has to verify these books and come to a conclusion
6. Governance		
6.1 Existence and implementation of rules in: meetings, savings, intragroup loans, repayment, and bookkeeping	Minutes book and by-laws and internal rules (may be included in minutes book)	The person rating the RFG has to carefully examine records and interact with members to come to a conclusion
6.2 Periodic election of office bearers (applicable to old RFGs only)	Minutes book and interview with RFG members	

The above table is applicable only to the SCGs, and the MVHGs that have received the first tranche of the seed grants. For the MVHGs at their early stages without savings and credit activities, the table below present sources of information and means of calculating the scores.

Table 19: Sources of information and means of calculation of scores

Components	Source of information	Method of calculation
1. Meetings		
1.1 Regularity of meetings (last 10 meetings)	Minutes book	[Number of the last 10 meetings held at regular interval / 10] x 100
1.2 Attendance at meetings (last 10 meetings)	Attendance and minutes book	[Sum of the number of members who attended each of the last 10 meetings / total number of members x 10] x 100
2. Group commitment to mutual assistance		
2.1 Existence of group calendar of activities for mutual assistance (e.g. share labor, share tools, etc.)	Calendars of activities	The person rating the RFG has to carefully examine the calendars of activities and interact with members to come to a conclusion
2.2 Percent of activities implemented	Tracking calendars of activities and records in minutes book	The person rating the RFG has to carefully examine the calendars of activities and interact with members to come to a conclusion
3. Preparation of BLIPs by group members		
3.1 Percent of members having BLIPs	BLIPs of members	[Number of BLIPs / Total number of members] x 100
3.2 Percent of feasible/quality BLIPs	BLIPs of members	The person rating the MVHG has to check on at least Return to Factors (RTF), and Rate of return (ROR) on investment of BLIPs. [Number of BLIPs with good RTF or good ROR / Number of BLIPs presented or available] x 100
4. Governance		
4.1 Existence and implementation of rules in: meetings, and mutual assistance	Minutes book and by-laws and internal rules (may be included in minutes book)	The person rating the RFG has to carefully examine records and interact with members to come to a conclusion
4.2 Periodic election of office bearers (<u>applicable to old MVHGs only</u>)	Minutes book and interview with RFG members	

D. How to convert overall score into a rating?

The percentage of overall score can be converted to a rating according to the table below.

Table 20: Grading of scores

Grading	
Grade A -91% -100%	Very high performance
Grade B -76% -90%	High performance
Grade C -60% -75%	Medium performance
Grade D -<60%	Poor performance

3.3.15 Official Registration with Commune Council

A. Why should RFGs register with their commune councils?

RFGs should register with their Commune Councils (CCs) to facilitate resolution of problems in the group (such as a member not repaying a loan). When groups begin to seek grants from the project or credit from banks/MFIs, formal registration with at least their CCs will be helpful or even critical. The registration will also establish formal linkage between the RFGs and their CCs. The linkage will not only draw the latter's attention to their presence, but will also encourage them to integrate and mainstream their needs into commune development planning and commune investment programming processes.

B. When and how will RFGs register with their commune councils?

RFGs should prepare the appropriate documentation and submit it to their CCs when they have at least finalized their by-laws. In the absence of an official registration form at the commune level, the RFGs, with the help of facilitation personnel of LASED II (i.e., CDFs, CAFs) and prior consultation with the CCs, may develop a basic information sheet or RFG profile. The RFGs will submit this form together with a letter of request for registration to the CCs. If the CCs request, the RFGs might also submit the following additional documentation:

- (1) History and background of the group,
- (2) List of RFG members,
- (3) List and signatures of the group management committee members, and
- (4) Group structure and by-laws.

C. When does the registration process deemed concluded?

The CC may issue a commune resolution “*Deika Khum*” recognizing the existence of the RFG. Originals of the resolution will be kept at the CC office (one copy), at the RFG (one copy) and at LASED II (one copy).

It should be noted that because the registration of RFGs organized through LASED II may have implications for other groups existing and operating in the communes, the project should consult with other development initiatives and CCs on how to deal with the registration issue.

3.4 Agricultural Cooperative (AC)

3.4.1 Formation and Registration of Agricultural Cooperatives

An agricultural cooperative (AC) may be started fresh or evolve from RFG or common interest group. Once established the AC shall be registered according to the Law on Agricultural Cooperatives (**Annex 4a – in Appendix**) and its objectives will be to:

- (1) Promote socio-economic well-being and cultural values of its members through self-help and mutual assistance,
- (2) Conduct common business affairs within the framework of agricultural production, agro-industry, agri-business or services related to agricultural production systems in line with the business model for which it has been registered,
- (3) Recruit members who are natural persons with qualifications prescribed in the its statute, and
- (4) Mobilize and build capital from members’ subscriptions and equal-valued shares (each member shall own at least one (01) share but not more than twenty (20) percent of the total paid-up shares).

Members who wish to establish an AC will have to choose at least one (01) primary business from amongst multiple business affairs within the framework of agricultural production systems.

A group of at least twenty-five (25) natural entities with Khmer nationality who reside in a specific domicile within the Kingdom of Cambodia and whose primary business fall within agricultural production systems,

agro-industry, agri-business or services related to agricultural production systems may request for the establishment of an agricultural cooperative.

To obtain legality, an agricultural cooperative shall register with municipal/provincial Departments of Agriculture (PDA) pursuant to the provisions provided for in the Law on Agricultural Cooperatives.

A group of natural persons who request for the establishment of an agricultural cooperative shall hold a meeting to appoint a 'founding committee' from amongst its members in order to conduct a first general meeting as well as to prepare necessary paperwork for registration of their AC.

The founding committee shall:

- (1) Choose a business model of the agricultural cooperatives,
- (2) Develop a business concepts for the AC's businesses,
- (3) Prepare a list of candidates who will stand for election of Board of Directors and Supervisory Committee,
- (4) Identify name, logo and address of the AC, and
- (5) Draft the AC's statute to be forwarded to the first general meeting for review and adoption.

The founding committee shall convene the first general meeting with participation of prospective members who propose to establish the agricultural cooperative in order to elect members of the Board of Directors and the Supervisory Committee, and to decide on contents of documents required for registration. Proceedings and outcomes of the first general meeting should be kept and incorporated into a report of the founding committee attached with attendance list and signatures or thumbprints of participating members.

Within forty-five days (45) from the date of the first general meeting, the founding committee shall coordinate with the elected Board of Directors to file an application for approval and registration with respective Offices of Agricultural Cooperative Promotion of the PDAs.

The application together with attached documents shall be signed by the chairperson of the elected Board of Directors. Documents required for approval and registrations include the following:

- (1) Report of the first general meeting,
- (2) Business concepts of the proposed agricultural cooperatives,
- (3) Statute of the cooperative,
- (4) List of Board of Directors and Supervisory committee members with their names, occupations and addresses,
- (5) List of cooperative members and number of shares held by each members as well as the membership fees, and
- (6) A sample signature or thumbprint/fingerprint of the chairperson of the Board of Directors or a legal proxy of the agricultural cooperatives.

Upon receipt of the application, officials in charge of registration of the concerned PDA's Office of Agricultural Cooperative Promotion shall issue a receipt to the applicant clearly marking the receiving date.

Within 60 (sixty) days from the date of receiving complete application dossier, if the dossier is in conformity with the procedures and provisions of the Agricultural Cooperative Law, the concerned PDA shall issue a certificate of registration to the cooperative. If the concerned PDA does not respond to the application within the afore-mentioned specified timeframe, it shall issue registration certificate to the cooperative automatically.

3.4.2 Statute of Agricultural Cooperatives

Statute of the agricultural cooperative shall specify the following particulars:

- (1) Name and logo of the agricultural cooperative,
- (2) Office and address of the AC,
- (3) Business concepts of the AC,
- (4) Capital of the AC (derived from shares, membership fees, etc.),
- (5) Financial responsibilities of members toward the AC,
- (6) Debt level (which shall not exceed ten [10] folds of the subscribed share values),
- (7) Conditions concerning operation, accounting and finance of the AC,
- (8) Conditions and criteria for receiving loan for the AC,
- (9) Procedures of bookkeeping and documentations,
- (10) Conditions and guidelines for admission of new members, as well as the rights and duties of members,
- (11) Conditions for cessation and disqualification of membership,
- (12) Procedures for general meeting and member representatives' general meeting,
- (13) Convention and composition of the Board of Directors' meeting,
- (14) Convention and composition of the Supervisory committee's meeting,
- (15) Conditions for dissolving the AC,
- (16) Procedures for disputes settlement within agricultural cooperatives,
- (17) Procedures for making revision of or amendment to the AC statute, and
- (18) Other procedures to be decided by the general meeting or general meeting by member representatives of the AC.

The AC is required to develop its internal rules and regulations.

3.4.3 Members of Agricultural Cooperative

Every Khmer citizen, aged eighteen (18) and above, may voluntarily apply for membership of the AC, if:

- (1) His/her primary business falls within the agricultural production systems, agro-industry, agri-business or services related to agricultural production systems,
- (2) He/she has subscribed to share(s) and paid membership fees, and
- (3) He/she is willing to comply with the provisions of the Law on Agricultural Cooperative, cooperative's statute and resolutions of the cooperative's general meeting.

As a condition for membership, each member of the AC shall pay his/her subscribed share(s) as stipulated in the AC's statute. Members will be liable, individually and collectively, to the debts incurred by the AC within the limit stated in the AC's statute, which constitute financial responsibility of members toward the AC.

Members of agricultural cooperatives will have following rights and obligations.

Rights. A member will:

- (1) elect candidates to the leadership structure of the AC in accordance with the provisions of the Law on Agricultural Cooperatives,
- (2) be able to stand for election as a candidate to the leadership structure of the AC in accordance with the provisions of the Law on Agricultural Cooperatives,
- (3) be informed of the financial performance of the AC and provided with agricultural market information by the Board of Directors or the Supervisory Committee,

- (4) be able to ask for convocation of extraordinary general meeting to discuss and resolve any issues deemed necessary pursuant to the AC's statute and internal rules and regulations if at least 1/3 of the total number of members agree to this convocation,
- (5) be able to ask for inclusion in the agenda of the general meeting issues, which are of benefits to the AC,
- (6) be entitled to the AC's profit,
- (7) be able to hire or use services, materials and equipment belonging to the AC like every other member will,
- (8) be able to ask for termination of his/her membership, and
- (9) be entitled to receiving the share(s) paid in full plus interest, when he/she would have resigned or been dismissed from the AC. In case the AC loses businesses, the payback amount to a member shall be proportional to his/her shares.

Obligations. A member shall:

- (1) Attend the general meeting and vote on equal footing with other members regardless of the number of shares he/she hold in the AC,
- (2) Comply with the resolutions made by the general meeting, and
- (3) Participate in all activities of the AC.

In case any member commits any act, which is harmful to the interests of the AC or other members, he/she shall be suspended or dismissed after justifying his/her case before the Board of Directors. Membership suspension or dismissal shall be made by a resolution of the general meeting. Although the Board of Directors can pronounce the suspension or dismissal on temporary basis, an extraordinary general meeting shall be convened immediately to deliberate and decide on the matter.

The AC's membership shall be terminated if:

- (1) The AC is faced with insolvency or dissolution,
- (2) The concerned member dies or disappears as the per provisions in the AC's statute,
- (3) The concerned member transfers his/her whole shares to other members,
- (4) The concerned member is dismissed pursuant to the resolution of the general meeting, and
- (5) Other specific cases as stipulated in the statute apply.

3.4.4 Rights, Obligations and Operations of Agricultural Cooperative

A. Rights and obligations of cooperative

In order to realize its objectives, the AC shall:

- (1) Carry out business affairs within the framework of agricultural production, agro-industry, agri-business and services related to agricultural production and to provide services for the members' benefits,
- (2) Be responsible, as a legal entity representing members, for executing contracts with LASED II, private sector or development partners,
- (3) Ensure members' rights to the fruits of the AC's realization of economic, social and cultural objectives,
- (4) Give technical assistance and training to augment capacity of its members and provide information to members so as to stimulate their participation in the AC's operation,
- (5) Apply for or receive technical assistance from the Government, LASED II, foreign agencies or any other entities,
- (6) Be responsible for financial management, accounting, auditing, and retaining and accruing capital as well as other resources of the AC,

- (7) Pay taxes and fulfil other financial obligations specified by the Law on Agricultural Cooperatives, and
- (8) Take part in preserving and protecting public environment, and natural resources in accordance with the applicable laws of the Kingdom of Cambodia.

Agricultural cooperative shall keep following documents or records of its operation at its central office:

- (1) Cooperative's statute, and internal rules and regulations,
- (2) Cooperative's member list, comprising:
 - ✓ Name, and office address of the AC,
 - ✓ Name, nationality, age, and address of the AC's members, and
 - ✓ Date of membership admission.
- (3) List of members' shares, comprising:
 - ✓ Name and office address of the AC,
 - ✓ Names of members holding shares, number of shares, value of shares and shares paid, and
 - ✓ Effective date of shareholding.
- (4) Annual balance sheet enumerating the AC's assets, liabilities and equities, and financial statements reflecting the AC's profits and losses,
- (5) Annual report of the AC outlining the outcomes of its operation, and
- (6) Minutes of the Board of Directors' meeting, reports and other relevant documents.

B. General meeting of agricultural cooperative

First general meeting attended by natural persons who found the AC shall produce documents required under Article 23 of the Law on Agricultural Cooperatives, and make necessary resolutions to operationalize the founding date of the AC.

General meeting is the supreme and highest organ vested with power to adopt and approve decision made on behalf of the AC. Members shall attend annual ordinary general meeting, which shall be held within a period no later than three (03) months after the termination of the previous mandate.

In case the AC has more than two hundred (200) members, they may nominate their proxies/representatives to attend the general meeting, and as such it is known as the general meeting by representatives.

Convocation of general meeting shall specify the venue, date, time and agenda, which shall be notified to all members at least ten (10) days in advance. Notification shall be sent to members through simple information and communication means and shall be posted at the AC's office.

Members of the AC shall attend extraordinary general meeting convened by the Chairperson of the Board of Directors. Convocation of such general meeting shall specify the venue, date, time and agenda, and be notified to all members at least five (05) days in advance. Notification shall be sent to members through simple information and communication means and shall be posted at the AC's office.

The general meeting shall:

- (1) Adopt or make amendment to the AC's statute and internal rules and regulations,
- (2) Elect, among the AC's members, the Chairperson and directors to serve in the Board of Directors, and members of the Supervisory Committee, through secret ballots. The general meeting may remove those elected members from their positions and fix compensation for them, if any,
- (3) Determine the roles and responsibilities of the Board of Directors and the Supervisory Committee,
- (4) Appoint one or more external auditors and determine their mandate and remunerations,

- (5) Define allowable limit of debts by the AC required to achieve its objectives,
- (6) Authorize investments or contract execution, fund mobilization and borrowing activities,
- (7) Determine procedures for lending and amount of loan to members,
- (8) Review, approve, reject or revise accounting records and performance report of the management,
- (9) Review and adopt annual report of the Supervisory Committee,
- (10) Determine dividends to be distributed to members,
- (11) Dividends may be declared only after a deduction for reserved fund, training fund, capital accumulation fund, or secondary fund under the AC's statute and the AC's debts carried over from the previous year,
- (12) Rebalance the distribution of share to each member in the event of decrease in number of members,
- (13) Approve the minutes prepared by the Board of Directors or the Supervisory Committee,
- (14) Approve plan of actions and budget for the coming fiscal year,
- (15) Decide the admission of new members, and suspension and dismissal of existing members, and
- (16) Decide the changes to the AC, including separation, amalgamation, and dissolution of the AC.

Each member of the AC shall have only one voice in the general meeting, and shall not send a proxy or a family member who has no rights to the general meeting.

Decisions relating to the AC's statute, internal rules and regulations, logo or dismissal of members shall be reached by two-third (2/3) majority vote of members present. Other decisions of the general meeting shall be reached by the majority of members present.

C. Board of directors of agricultural cooperative

Board of Directors is the executive body of the AC. The Chairperson and members of the Board shall be elected through the general meeting. The Board of Directors shall comprise, with odd number, from three (03) to fifteen (15) members, including the chairperson. The Board's term shall be only for five years, and each member of the Board shall serve no more than two consecutive terms.

The elected Board of Directors shall appoint a treasurer and a secretary from amongst its members. In case no member can be appointed, the Board may recruit the incumbents from within the AC's membership.

The chairperson of the Board is the representative of the AC and the convener of the Board meeting once (01) a month. The Board of Directors may deliberate and decide on a matter only if there is a quorum of at least two-third (2/3) majority.

Decision of the Board of Directors shall be deemed valid provided that there are absolute majority affirmative voices amongst its members. Where the voices are equal, the voice of the chairperson shall prevail.

According to the Law of Agricultural Cooperatives with which the AC's statute and general meeting's resolutions have to comply, the Board of Directors shall be vested with broad authority to lead and manage the AC and shall:

- (1) Comply with accounting principles of the AC and be responsible for the AC's financial management,
- (2) Prepare separate accounts for transactions with members and non-members of the AC,
- (3) Organize general meeting,
- (4) Submit to the general meeting an annual report (including the balance sheet, business transaction record, and performance assessment) approved by the supervisory committee,
- (5) Submit to the general meeting the plan of actions (including training activities for members and

- staff, and budget plan for the coming mandate),
- (6) Prepare documents for auditing as required by the Law on Agricultural Cooperatives and the general meeting,
 - (7) Convene an extraordinary general meeting when required,
 - (8) Send a copy of the AC's balance sheet and annual report to the concerned registrar,
 - (9) Manage the AC's assets, and
 - (10) Attend the meeting of the Board of Directors.

The Board of Directors may appoint an Executive Director (ED). The ED may be a member or may not be a member of the AC. The ED shall not be a member of the Board of Directors or the Supervisory Committee. The ED shall adhere to the provisions stated in his/her employment contract while performing his/her assignments and duties. He/she may recruit support staff on contract basis in compliance with the Labor Law of the Kingdom of Cambodia subject to approval of the Board of Directors.

Members of the Board of Directors and the ED shall be responsible, both individually and collectively, for wrongdoings committed in the course of fulfilling their assignments and duties, not to mention criminal responsibility. This does not apply to any members of the Board of Directors who voted against a decision leading to the wrongdoing or who after having been informed of such a decision filed immediately his/her concern with the Board of Directors.

D. Supervisory committee

Supervisory Committee is the AC's permanent internal monitoring body, which shall work solely for the interest of the AC's members. The Supervisory Committee is composed of three (03) to five (05) members who shall not be family members or spouses of the Board of Directors. The Supervisory Committee members shall not be paid staff. The Chairperson of the Supervisory Committee shall be elected from amongst the AC's members. The term of the Supervisory Committee shall be for a period of five years, and each member shall not hold office for more than two consecutive terms.

The Supervisory Committee shall meet upon convocation by the Chairperson, as needed or upon the request of at least two (02) members. Whenever there are equal voices on a decision, the voice of the Chairperson prevails. Members of the Supervisory Committee may attend the Board of Directors' meeting in advisory capacity.

The Supervisory Committee shall monitor the activities of the Board of the Directors and the ED. In the interest of the AC's members, the Supervisory Committee shall check or order the check of the AC's books (including, accounting ledger, cashier records, property inventory, book-keeping records, stock inventory, balance sheet and financial records) as and when necessary.

The Supervisory Committee shall share its findings with the Board of Directors and prepare a report for submission to the general meeting. Where necessary, the Supervisory Committee or the Board of Directors shall meet or convene an extraordinary general meeting.

In the event that the Board of Directors is incapable of carrying out its duties and responsibilities, the Supervisory Committee may suspend its roles and assume such duties and responsibilities on its behalf for a period not exceeding three (03) months. Within this period, the Supervisory Committee shall convene an extraordinary general meeting to elect a new Board of Directors.

Members of the Board of Directors and the Supervisory Committee shall not be paid. However, the general meeting may set aside a portion of the budget to cover their mission expenses and allowances/incentives.

E. Agricultural cooperative development fund

Agricultural Cooperative Development Fund (ACDF), according to the Law on Agricultural Cooperatives, shall be set up. The ACDF shall consist of fund and property from following sources:

- (1) Government's contribution,
- (2) In-cash or in-kind donation from donors, philanthropists or NGOs,
- (3) Concessionary loans from the state or development partners,
- (4) Proceeds from sales of assets acquired under (2) and (3),
- (5) Interests, incomes or any other benefits earned by the ACDF, and
- (6) Contribution from the AC.

F. Capital, fund and property of agricultural cooperative

Capital of the AC shall come from:

- (1) Shares subscribed by members,
- (2) Reserve fund,
- (3) Training fund,
- (4) Gifts, donations or inheritances (which are included in the AC's assets and in separate accounts),
- (5) Loans from third parties,
- (6) Loans from members in the form of deposits or savings, and
- (7) Other funds.

The capital of the AC shall accrue in line with the admission of new members or more shares subscribed. The drop in capital shall result from refunding and withdrawal of shares in accordance with the AC's statute.

Price of the AC's shares shall be determined in the statute, once or several times through amendments, payment deadline. Share with members' names cannot be split, confiscated by third parties, or sold, but may be transferred from one member to another of the AC or to the heir subject to an applicable law of the Kingdom of Cambodia and with the consent of the Board of Directors as stated in the statute.

The AC shall create a reserve fund by deducting twenty (20) percent from the AC's profit until the reserve fund is as much as five times the total amount of shares paid. Albeit this limit, profits and donations shall always be channeled to the reserve fund. The reserve fund is indivisible.

The AC shall create a training fund used for building capacity of its members, executive members and staff by deducting at least three (03) percent from the AC's annual profit. This funds shall be used exclusively for the purpose for which it has been set up.

Property of the AC is its assets and real estate, which include money, land, buildings, materials, tools, equipment, machines, contributions, donations, gifts, inheritances, and funds established by the AC.

The AC's profit shall cover or be distributed to:

- (1) Tax payment,
- (2) Payment to debts and losses or damages incurred during the relevant fiscal year or previous fiscal year,
- (3) Reserve fund and training fund or other funds created by the AC,
- (4) Members' payment in proportion to their business transactions with the AC, and
- (5) Dividend payout to members (the amount of which shall be decided by the general meeting).

G. Auditing

Every AC shall be audited at least once a year. The audit report shall be submitted through the Board of Directors to the general meeting and shall be explained to the general meeting in the presence of the auditor. The result of deliberation of and decision on the audit report by the general meeting shall be incorporated in the AC's annual report.

H. Liquidation

Where the AC is dissolved, a general meeting shall be convened to select one or more qualified liquidators within a period not exceeding thirty (30) days from the date of dissolution or the date when the AC Promotion Unit has issued its final decision.

In the event that the general meeting cannot select a liquidator within the said period, concerned PDA, which is in charge of AC registration shall appoint one or more liquidators to perform liquidation of the AC in question.

The decision regarding the AC dissolution and the appointment liquidator/s shall be made public, within fifteen (15) days from the date of the appointment of liquidator/s, at the AC's office, District Cooperative Unit, AC Promotion Unit and District Administrative Office of the locality where the concerned AC is situated.

When the AC is dissolved, the Board of Directors of the AC shall have the duty to take care of all AC's property until the liquidation is completed. The liquidator/s may request, at any time, members of the AC's Board of Directors to disclose their assets and books as and when appropriate.

The liquidator/s shall notify, in writing, all creditors whose names appear in the account books or are known by any other way to inform them that the AC has been dissolved and that they shall claim the payment of debts due to them within sixty (60) days from the effective date of the appointment of liquidator/s.

The liquidator/s shall prepare a balance sheet of the AC and submit it to an auditor commissioned by the concerned PDA for his/her review and examination. Once the balance sheet is certified by the auditor, the liquidator/s shall submit it to the concerned PDA for approval.

The Board of Directors and the Supervisory Committee shall grant full authority to the liquidator/s to perform liquidation. The roles of the liquidator/s shall be to:

- (1) Carry on the affairs of the dissolved AC, looking after the interests of the AC until the liquidation is completed,
- (2) Convene the AC's general meeting,
- (3) Manage the AC's property and assets with endorsement from the AC Promotion Unit or concerned PDA,
- (4) Take necessary measures to settle the AC's debts or claims,
- (5) Take care of all civil or criminal cases concerning the AC and to make compromises for any matter on behalf of the AC, and
- (6) Carry on other tasks as deemed necessary for the liquidation responsibilities.

The AC's creditors shall declare their loans to the AC with the liquidator/s and shall have the right to claim payments for such loans within six (06) months from the date of notification issued by the liquidator/s. All debts shall be written off once the said deadline has lapsed and the leftover budget shall be disposed to:

- (7) Cover liquidation expenses,
- (8) Pay tax obligation,
- (9) Pay debts and salaries to the AC's staff, and

(10) Indemnify shares based on liquidated value.

In case there is property or assets leftover after liquidation, the liquidator/s may hand over such property or assets to another AC within the same AC Union, or to the Cambodian Agricultural Cooperative Alliance (CACA), or to the ACDF in accordance with the decision of the general meeting, or with approval from the AC Promotion Unit, if the general meeting cannot be convened.

Following completion of the liquidation of the AC, the liquidator/s shall prepare a report on liquidation together with a summary of the liquidated accounts and submit them to the auditor for his/her examination. The report and the liquidated accounts, once reviewed and certified by the auditor, shall be submitted to the Director of the concerned PDA for endorsement, after which the AC shall be removed from the AC registry. The delisting of the AC shall be publicized.

The liquidator/s shall hand over all account books and documents of the liquidated AC to the concerned PDA within thirty (30) days from the date of liquidation conclusion. The AC Promotion Unit or PDA shall keep these account books and documents for at least two years following the date when the AC has been removed from the AC registry, which can be made available, upon request, for review or auditing, by any concerned AC members or interested persons.

3.5 Unionization of Group (UG)

3.5.1 Overview of Process

A. Why should groups be unionized?

Once individual RFGs/CIGs start functioning well, they may come together to unionize. Unionization has several advantages. As a union, they will be able to:

- (1) Overcome the limitation of groups in tackling the multi-dimensional issues of poverty.
- (2) Ensure the groups' quality and sustainability by sharing and providing support and a variety of services, including auditing, access to inputs and credit, market linkages, information, etc.
- (3) Give themselves a greater collective voice and collective power, and enable them to demand access to entitlements by law.
- (4) Manage and sustain linkages with external institutions and government schemes.
- (5) Serve as a medium for community leadership development and capacity building in general.

B. How do groups get unionized and when?

LASED II expects cooperatives and/or unions of cooperatives that are registered to be able to apply for the seed grants (for Community Fund for Development) from the project to be used to give loans to RFGs/CIGs.⁷ They may also try to access credit from banks/MFIs.

Before they can unionize themselves, RFGs/CIGs can be registered first as agricultural cooperatives.⁸ Transformation to agricultural cooperatives means that they complete the formalization process that is in

⁷ Although the RFGs/CIGs will have been registered by the commune councils via *Deika Khum*, their legality and formality cannot be guaranteed. Their registrations with the commune councils can be considered a stepping stone and a familiarization process for them. In order to complete their formalization, they have to form in to agricultural cooperatives. Only agricultural cooperatives, which are defined as agriculture-based economic enterprises of rural communities, are under the legal framework of the Kingdom of Cambodia. Agricultural cooperatives are of relevance to the current phase of LASED.

⁸ The agricultural cooperative, according to Article 4 of the Law on Agricultural Cooperatives, is a private, legal entity and agriculture-based economic enterprise, which is voluntarily established by natural persons through joint investment, joint ownership and joint management in a democratic manner in order to enhance agricultural production capacity, agro-industry, agribusiness, or services related to agricultural production aimed at raising economic, social and cultural status of members. Minimum size of an agricultural cooperative is 15 members. There no limit for the maximum size, which can be more than 200 members.

the purview of the legal framework of the Kingdom of Cambodia that will allow them to conduct legally their activities and economic transactions.

Mature RFGs/CIGs will be able to start agricultural cooperative registration process. Maturity of the groups is reflected in both their age and quality. It is expected that RFGs/CIGs facilitated and supported by the project will form cooperatives, and then cooperative unions.

Members of RFGs/CIGs who wish to set up agricultural cooperatives shall form founding committees, which will call for founding general meetings and apply for formal registrations with Provincial Departments of Agriculture (PDAs). All RFGs/CIGs will be encouraged to form into and register as agricultural cooperatives.

Agricultural cooperatives with similar economic activities or with economic relationship shall be encouraged to form jointly an agricultural cooperative union. The agricultural cooperative union can be at any level, i.e., local, regional or national. In the case of LASED II, the agricultural cooperative unions can be formed at communal, district and provincial levels. In addition, in linking together, the groups/cooperatives should:

- (1) Reach agreement and clarity among members of the groups/cooperatives, on the purposes and functions of the union.
- (2) Ensure that the purposes and functions of the union are feasible and viable at the scale foreseen.
- (3) Be able to ensure quality control of the constituent groups/cooperatives.

Formation, registration, functions and governance structure and system of the agricultural cooperatives and agricultural cooperative unions will be subject to existing Law on the Agricultural Cooperatives of the Kingdom of Cambodia (**Annex 4a – in Appendix**) and procedures (**Annex 4b**) set forth by the Ministry of Agriculture, Forestry and Fisheries (MAFF).

3.5.2 Activities of and Training Themes for Cooperative Unions

A. What activities can unions undertake?

The activities that the unions can perform include:

- (1) Developing and compiling together with cooperative union members BLIPs and CLIPs;
- (2) Strengthening and monitoring the quality of existing RFGs/CIGs/cooperatives;
- (3) Building leadership and resolving conflicts;
- (4) Monitoring and ensuring accountability of community service providers;
- (5) Managing BLIPs, CLIPs and Community Fund for Development;
- (6) Accessing credit from banks/MFIs for BLIPs and CLIPs; and
- (7) Ensuring access to entitlements through relevant linkages with public service providers at various levels.

B. What training themes should be administered for office bearers of the cooperatives and cooperative unions?

In the functional phase, office bearers of cooperatives and cooperative unions (i.e., leader, secretary and treasurer) should receive training to enable them to carry out their functions competently. Training, which is gender sensitive in all aspects, should include the topics and subjects proposed in the below table.

Table 21: Key training subjects for cooperatives and cooperative unions

Themes	Topics
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Governance and organizational development	The importance of cooperative and union formation
	Objectives, structure and system of cooperative and union
	Cooperative's and union's rules related to management
	Cooperative and union meeting process
	Functions and activities of cooperative and union
	Roles and responsibilities of office bearers
	Cooperative and union by-laws
	Community Livelihood Investment Planning
	Group management and leadership
Cooperative/cooperative union financial management	Support to & monitoring of RFGs/CIGs
	Rules for lending to RFGs and CIGs
	Credit/loan management
	The importance of regular and timely repayment
Bookkeeping	Rotation of available funds
	Maintenance of accounts and register books
	The importance of bookkeeping
BLIPs, CLIPs and appraisal system	Bookkeeping and the role of the bookkeeper
	Importance of BLIPs and CLIPs
	BLIPs, CLIPs, business planning, and marketing for cooperatives and farmer groups
	Appraisal of BLIPs and CLIPs
Legal compliance	Disbursement and utilization certificate
	Registration
Issue-based training	Food security/Nutrition
	Livelihoods
	Agricultural technologies and farming systems techniques (incl. animal health and production)
	Gender and other social issues

4. LASED II HOUSEHOLD LEVEL INVESTMENT PLANS

In the previous Chapter, we have discussed formation, building and strengthening of institutions of the LASED II's target beneficiaries (i.e., RFG/CIGs, cooperatives, cooperative unions). In this Chapter, we will discuss basic livelihood investment planning of RFG members in detail. The plan will be called household's Basic Livelihood Investment Plan (BLIP).

4.1 Rationale

Household's Basic Livelihood Investment Planning (BLIP) process is important for RFG to decide on whether a member's borrowing is bankable. BLIP is the heart of LASED II's project strategy. The learning, analysis, planning, and implementation of investment activities at the household level will decide the impact of the project on the target land-recipients.

LASED II approach to BLIP process at household level represents an approach to dealing with the poor that recognizes that the importance of direct engagement of the household is an essential step in poverty reduction efforts. It recognizes that "group" approaches will often lead to the *de facto* exclusion of poorer and less confident or less outspoken members of RFG. While the RFG remains the main platform or catalyst for accessing finance, including members' own savings, and acquiring and improving skill set (e.g., financial

literacy and management skills) the concrete planning for productive investments is taken to the household level where the investments are ultimately realized and lead to increased learning and income.

RFG household members conduct their BLIP process by analyzing their livelihoods' constraints and potentials and formulating a simple plan of action to address the constraints and potentials.

As part of this plan of action, household members also detail their priority investments, which they want to pursue and for which they are willing to request a loan from the RFG. During the basic design of any investments the facilitators support and guide the household members through a discussion on the production technologies to be used, organization, social and environmental implications, costs and benefits, as well as the size of the loan needed and the potential to repay the debt to the RFG with interest.

4.2 Principles of BLIP

The diligent introduction and facilitation of the BLIP process is at the very core of the successful implementation of LASED II. Without a solid capacity of households and their organized RFG to analyze their household situation in a realistic manner and derive investment plans from this analysis peoples' access to finance and to markets will remain inefficient. Key to the success of the proposed approach is the capacity of quality facilitation of field personnel and/or NGO personnel involved.

4.3 The Strengths of BLIP

BLIP has following strengths:

- (1) Engagement with individual households: For a project dealing with the enhancement of livelihoods, the engagement with individual households represents a critical first step in achieving a better understanding of the dimensions of poverty and identifying appropriate responses. The importance of this cannot be overemphasized – both for the project and for the field personnel engaged in the BLIP process and, potentially, for commune council planners (refer to point "e" below: Linking to commune development planning process) as the understanding of the poor, the dynamics of their livelihoods, the strengths and potentials, which they possess as individuals, households and groups, and of the constraints they face is essential if development interventions are to support them effectively and livelihood interventions are to be owned by the households and higher level institutions themselves.
- (2) Encouragement of individual households to undertake their own analysis of their livelihoods and make choices about their future: In principle, the process of engaging with individual households also offers a key opportunity for enabling them to undertake their own analysis of the conditions that they face, identify potentials and opportunities (as well as key constraints) and make choices about their future. If facilitated effectively, this process represents an important step in the empowerment process, increasing the self-confidence and critical self-awareness of poor people in the target communities. It also recognizes that the poor do have strengths and capacities of their own and that, ultimately, they have to make choices for themselves and cannot purely rely on outside help in order to improve their situation.
- (3) Linking livelihood enhancement to people's existing assets and capacities in order to achieve sustainability: The principle underlying the BLIP process is that, once people become fully aware of their own capacities and the resources available to them, they will be better able to make appropriate choices about livelihood changes. This will also make the task of providing appropriate forms of support by the LASED II project easier and represents a key step in identifying sustainable livelihood strategies, which do not purely depend on outside support and facilitation, but are rooted in people's existing asset base, their knowledge and skills and their experience.

- (4) Engagement at the household level is time and resource intensive – there are no shortcuts: LASED II is committed to a saturation approach. Therefore, the commitment to employing sound tools and approaches at the various steps of intervention and support shall be adhered. The BLIP process is without doubt, the foremost important platform of intervention that can give the saturation approach to poverty reduction the success it promises.
- (5) Linking with or integrating into commune development planning and investment programming process: Each year the commune council develops/up-dates the commune development plan and formulates its yearly commune investment program. The BLIP development and implementation process will be brought to the notice of the commune council. In terms of sustainability, the organized project beneficiaries will learn how to introduce their concerns and plans into the local development processes so as to access regular development funding and support from the RGC in the long run.

4.4 The Risks of BLIP

Several risks regarding BLIP process are:

- (1) The planning process/event has to fit LASED II beneficiaries' setting: The process/event has to be engaging and take no longer than 1 to 1.5 hours, more or less, and use visual aids so that participants can “see” the assets and the emerging plan; the visuals help to refer back and forth between assets and help to see the linkages.
- (2) Field personnel will require very good facilitation skills: The project needs to ensure that field personnel are properly prepared for this task and receive close follow-up and coaching at the initial stages.
- (3) The planning of livelihood initiatives needs to link the available assets with what people want to do: Often people express their wishes about what they want to have or receive from the project and not what they want to do; the facilitator needs to avoid creating false expectations and guide the development of livelihood activities focusing on the household potentials.
- (4) BLIP process is not an interview to collect and record data but an appreciative inquiry about future choices; a limited set of information can be recorded after the planning dialogue, not during the meeting(s).
- (5) A too strong focus on income and monetary values may put people off and generate distrust (instead of trust) and information on income is usually extremely unreliable. The project shall compile lists of unit costs and yields for the main livelihood activities to be used as reference for cost-benefit analysis.

4.5 Objectives

Main objectives of the BLIP process are to:

- (1) Build mutual trust and confidence among RFG members and LASED II project facilitators through enhanced understanding of poor peoples' household situation and LASED II's approach to assisting them in kick-starting improved income activities;
- (2) Enable the households and families of RFG members to “set goals” for their own livelihood improvements;
- (3) Assist the beneficiaries to identify opportunities for improved or new livelihood activities that are linked to their asset base, knowledge, capacity, potential and experience;
- (4) Give the beneficiaries and their household members ownership of the planning process by enabling them to analyze their own livelihood situation and recognizing their own potentials for planning, investment into improved income generation activities and concrete action; and

- (5) Support better planning for livelihood development by RFGs/CIGs, and ultimately, commune investment planning.

4.6 The Household's Basic Livelihood Investment Plan Process

Household's Livelihood Plan, including the Household Investment Plan is in the first place about producing a long-term plan or vision. It paints the big picture. The operational planning is about producing an action plan to make the big picture happen. The Household Investment Planning process at household level can be divided into three principal stages, followed by the consolidation of micro-investment sub-project design at RFG/CIG level – the Group Investment Plan (GIP).

Field facilitators will engage closely at both, RFG level in raising awareness and enabling them to support household level livelihood planning processes as well as with individual household level as and when necessary.

Step 1: Household assets analysis

The objective of the HH assets analysis is to understand the basics of how the household is currently functioning. In this initial phase, facilitators encourage individual RFG members to identify, together with other household members, the various assets⁹ to which they have access, and how they are used to support the household's livelihoods. The conversations would explore the HH assets base by focusing, above all, on what the HH has in terms of assets, skills and experience, how they are used and what they are used for, and how they currently do, in terms of different livelihood activities.

The facilitators will conduct simple and informal confidence building, nonetheless well structured, conversations with household members about the wide range of their daily and seasonal activities in the household using a variety of assets (see Annex 5). They will ask open questions – questions that begin with: Who? What? Where? When? Why? How?

The facilitators will support and guide the conversations with probing questions while using visuals to explore the household assets. This makes it easy to see the interconnection of the assets, participants can make about relations between the assets, emphasize any aspect they think is relevant, and they are able to find back to the overall discussion without problems and without forgetting to explore important aspects of their livelihood situation. As the discussion progresses, the facilitators may encourage and assist the participants in drawing their own picture of how the household functions, who they are, what labor the household has and what they do with it, what kind of support they have access to, and what income they have and what do they need to spend to produce and make a living.

The outcome of this step is a "picture", which displays the basic functioning of the household. This picture will be used as the starting point for the next step.

Step 2: Discussion of constraints and potentials for positive change

⁹ This process follows the conceptual framework of the Sustainable Livelihoods Approach by dividing livelihood assets into five categories:
Human: all the people who live under the same roof and use one kitchen, their gender, their education, their skills, their experience, health condition, etc.
Natural: agricultural land, access to fishing grounds, access to wildlife and forest products, access to fuel wood, fruit trees, grazing land, etc.
Social: membership in groups, relationships with other groups and people, exchange mechanisms and contributions to festivities or events, how they acquire skills, etc.
Physical: house and equipment, water supply and sanitation, means of transport, agricultural tools, fishing gears, livestock, etc.
Financial: money, jewelry, remittances, income, staple products that can be converted into money [rice, pigs, chicken, cow, buffalo], sources of loans, etc.

Based on the understanding of what people do and how they use their available assets the facilitator shall encourage households to think about how they could bring about positive change in their livelihoods making use of the skills and experience that they already have. The positive change they envision should be stated. They may draw a picture of their VISION for the future of their family.

For people to respond to an opportunity they must first recognize that it exists, and understand the potential impact and risks of that opportunity on their livelihoods. The central question in exploring the potentials the facilitators may ask household members: *What do you want to do about improving your life, by using the assets that you have and addressing the problems that afflict you?*

Most likely there will be a number of actions that would be necessary to address the variety of problems. Different household members who execute different income generating activities will have different ideas on how to improve life. These ideas are gathered, evaluated, and finally prioritized and a decision is made on the activities with the most promising potential for success. This process is facilitated in order to find answers to key questions like:

- (1) What do you want to do?
- (2) Why do you want to do this?
- (3) How do you want to do this?
- (4) What means/assets/skills do you want to use for doing this?
- (5) What do other household members want to do?
- (6) What are you good at?
- (7) What do you want to learn?
- (8) What are the different activities you and your family do to support the household?
- (9) What aspirations do you have for the future?
- (10) What changes do you hope to make in your household livelihoods?
- (11) What support or help does your household use to carry out the activities or change them?
- (12) What important changes have taken place in your household over the last 10 years?
- (13) Etc.

These key questions can be broken down into probing questions and other more detailed questions that help to identify both, current constraints and future potentials for activities that will improve income and livelihoods (see **Annex 5**).

Results from these discussions could be used not only for BLIPs but also for identifying more broadly the training needs of RFG members, which can then be used for RFG planning, mediation of external services, and general outreach.

Step 3: Household action plan

The discussion of the central question will most likely yield a short list of potential activities the members would like to do. The different ideas are then prioritized considering the best potential. Each idea listed would be explored by asking questions like:

- (1) What would be the easiest idea to implement? Is the idea implementable, realistic, and achievable?
- (2) Which resources you already have could be used for this activity?
- (3) Do you have the skills or not? What would you need to learn them?
- (4) What would you need to buy [invest]?
- (5) How would you produce, what technology would you use? Is it the best technology?
- (6) How much money would you need? Can you borrow that much money?
- (7) How much would you earn from the project?

- (8) Should you use the money for an activity that would earn you more money?
- (9) Would the activity harm the environment?
- (10) Would the activity help to make life better for the women in your household?
- (11) Who would be responsible for different tasks related to this activity?
- (12) What additional information would you need to decide if it is worthwhile implementing this activity?
- (13) Etc.

The prioritized ideas for livelihood enhancement activities will be visualized and constitute the long-term livelihood enhancement plan of the household. The selected activity that responds to the central question is then explored in depth and formulated into a household livelihood enhancement sub-project (i.e., BLIP).

Step 4: Household investment plan

A Household's Basic Livelihood Investment Plan, a LASED II's sub-project for a household, describes well defined activities that allow households to improve their livelihoods.

Each and every RFG member should understand the implications of investment decisions taken by them. Therefore, it is essential for the member to estimate her/his current income and expenditure levels.

The design of the sub-project for the household will require, at least, the following information:

- (1) Title of the sub-project,
- (2) A description of sub-the project (including a statement of objective, scope, and activities),
- (3) Required inputs and technology,
- (4) Brief marketing strategy (e.g., where, when, to whom, at what price can the produce be sold),
- (5) How much time will it require?
- (6) Important milestones (i.e., what are the events/achievements that the household wants to see and when?)
- (7) How will the household ensure that progress is made and goals are achieved?
- (8) What are the risks facing the project (i.e., marketing/economic, social/gender, environmental, physical, technical risks)?
- (9) What are the costs and sources of funding?
- (10) What are the returns (e.g., return to factors such as labor, capital, and inputs)?

The facilitators may also explore options of discussing about specific aspects of the design and formulation of individual BLIPs at RFG level so as to:

- (1) spread the learning on how to design small investment projects,
- (2) enhance discussion among RFG members who may want to invest into similar projects,
- (3) access the detailed knowledge of all group members about their members' household situation so as to enhance the design of realistic investments, and
- (4) Facilitate the access to investment specific expertise, if required (for example, invite village extension workers or village animal health workers, to participate in the design).

Alternatively and/or complementarily, if a certain number of households may envision similar investments in the same economic sector the design and formulation of BLIPs may take place at the CIG (e.g., producer group) level. In case no producer group exists in the village, the investment/BLIP design and formulation initiatives can give rise to an emerging producer group.

4.7 Types of BLIP

Under LASED II, there are two types of BLIP that the RFG members may pursue. These include: (1) Household's Farm Budgeting, and (2) Household's Non-Farm Livelihood Investment Plan.

A. Household's farm budgeting

Household's Farm Budgeting (FB) is of high relevance to the LASED II's target beneficiary households for most receive land from the project for farming and to the current phase of the project for its core objective is to develop profitably sustainable agricultural livelihoods of the target population. Budgeting is synonymous to "testing it out on paper" before committing any resources to a plan or change an existing plan. It is a forward planning tool used to estimate the feasibility or profitability of a plan, a proposed change in plan, or an enterprise, before the household could make the decision and implement it. Two types of farm budgeting may be of interest to the LASED II's target beneficiaries¹⁰:

- (1) **Enterprise budgeting:** Enterprise budget is used to estimate potential revenue, expenses, and profit of a single enterprise. The estimate is generally per unit basis (e.g., per hectare of farm land). Each crop or type of livestock that can be grown is an enterprise. Enterprise budgets are the "building block" in a whole-farm plan and budget. It can be used for selecting the most profitable enterprise(s) among the ones considered.
- (2) **Partial budgeting:** The enterprise budget is mainly for a whole enterprise. Sometimes, the project beneficiaries may want to only adjust or fine-tune their existing practices so that they can maximize their investment/profit. A partial budget is appropriate in this respect. A partial budget deals with partial changes that may be considered in the household's farm plan. It can be used to decide, for example, whether or not a household should own a hand-tractor for farm-related activities or hire private services, or to plant more maize and less mung-bean.

Simple formats, construction and analyses of these budgets are provided in **Annex 6**.

B. Non-farm livelihood investment plan

The target beneficiary households of LASED II may have ideas of a variety of non-farm livelihood activities that they wish to pursue. These could include, but not limited to, provision of various services such as transport, repair and lubrication, tailoring/couture/dressmaking, processing, marketing, and so forth. Before the household could make any decision, a micro-business investment plan has to be prepared and analyzed. The plan is to test the idea out on paper to see whether or not it is feasible and profitable.

Simple format, construction and analysis of the micro-business investment plan are given as **Annex 7**.

C. What are categories of investments under BLIPs?

Possible investments can be grouped under following categories:

- (1) Support the scale-up of existing activities (if feasible and profitable).
- (2) Improvement of existing production practices.
- (3) Innovation, new activities, or new techniques/technologies for production.
- (4) Small-scale investment in productive structures, tools, equipment, machines or the like.
- (5) Retiring high cost debts (debt swapping).

¹⁰ Whole-farm planning can be of relevance too. However, the process and technique is more complex, which may be beyond capacity of LASED II's beneficiaries.

5. COMMUNITY LEVEL INVESTMENT PLANS

5.1 Objective

In addition to sanctioning investment funds (i.e., the seed grants) to the RFG individual members, LASED II will also promote economic development of the RFG members in farm and non-farm sectors in a collective fashion.

5.2 Collectives

LASED II has encouraged and will encourage promotion of collectives such as cooperatives/cooperative unions for systematic promotion of major livelihoods of the target beneficiaries. The small producers need such collectives to bring down cost of services and inputs and promote efficient and effective marketing of their produce.

The collectives benefit the producers by enabling them to achieve economies of scale in the purchase of services and inputs, and helping them access fair price for their produce with more direct link to the formal sector. The collectives allow them to consolidate their bargaining power for services and inputs as well as marketing of their produce. These organizations will help achieve economies of scales, backward and forward linkages, and access to information, credit, technology and markets for select livelihood activities.

5.3 Sub-Project Activities – Common Livelihood Enterprises

The cooperatives and cooperative unions could run sub-project activities, which are common livelihood enterprises, to engage in joint planning, production and delivery of livelihood services. The services provided by such collectives, for example, focusing on the farm sector could include farm extension, technology transfer, input supply, village level quality control and value addition, market information, logistics services and marketing support. Similarly, for livestock sector service profile could include supply of chicks, piglets, calves, etc., feed supply, and animal health and breed improvement services and marketing. The sub-project¹¹ is the Community Level Investment Project (CLIP).

The cooperatives and cooperative unions might be involved in creating adequate infrastructure and marketing support, which is essential for deriving optimum returns from an economic activity, viz.:

- (1) Creation of productive infrastructure for processing, storage and value addition.
- (2) Marketing support services like packaging, branding, market research, trade fairs, etc.

5.4 Identification of Sub-projects

- (1) **Value chain approach for farm and non-farm sectors:** LASED II will encourage value chain approach for promoting productive and business linkages with its target beneficiaries who are generally poor producers. It will take both demand based and market based approaches to livelihoods development.

The demand based value chain development will be based on the predominant activities in the area like paddy production, cash crops growing, piggery, vegetables growing, etc. with successful improved technologies the project would like to introduce/promote. This shall be largely evidenced during the BLIP process and the BLIP implementation. As the value chain development

¹¹ It is called a sub-project because it is a project of LASED II project.

is demand based, it will assess whether there is already market saturation in a particular sub-sector or for a specific product, which could of course then be upgraded in some fashion, if viable.

The market-based approach envisages a significant market opportunity for the collectives of the project beneficiaries. Attracting market players entails reducing perceived costs and risks for them in their transactions. These risks can be substantially mitigated, through properly defined mutually beneficial partnerships with livelihood collectives. Producers will also be supported and facilitated in accessing wholesale and retail markets, including local market town outlets. **Annex 8** presents a brief note on methodology for undertaking value chain research and **Annex 9** provides an agricultural value chain analysis template.

- (2) **Cluster approaches for non-farm sector:** LASED II will also try to identify a few activity clusters to support non-farm enterprises in a comprehensive way. It will focus on sub-sector packages that include skill enhancement, product design and development, and credit access, bulk procurement of raw materials, collective **marketing** and provision of common facilities for value addition activities, quality control, packaging and supply contracts with downstream firms.

5.5 Process of Sub-Project Formulation

The basic steps in the timeline of the sub-project (i.e., community-level livelihood investment project/enterprise) process are as follows:

- (1) The community members are organized into the RFGs. This happens before the community-level livelihood investment process begins.
- (2) Investigation of community needs and community-level livelihood investment ideas. The gaps in the value chain of key livelihoods are identified and analyzed. This assumes the completion of baseline assessment of the habitation and a broad vision of the community.
- (3) Preparation of full sub-project proposal, with advice, guidance or assistance from the NGO, CDF/CAF and/or support of LASED II's livelihood specialist to address the gaps identified in the livelihood value chain. Final proposal is put up by the cooperative or cooperative union to commune council before it is forwarded to the LASED II project.
- (4) Sub-project proposal reaches the LASED II project.
- (5) Appraisal (i.e., acceptance, rejection, or recommendation for modification) of the sub-project proposal is made. Analysis and appraisal of full sub-project proposal done (by an independent appraisal team, comprising livelihood, social and environmental specialists at the LASED II project level).
- (6) Sub-project proposal is sanctioned. LASED II Project Director/NCDD sanctions the sub-project based on the appraisal report of the independent appraisal team.
- (7) Linkages and community readiness are evidenced. Strong CIGs such as producers groups, marketing groups, processing groups composed of the members who directly benefit from the sub-project for implementation and maintenance of the sub-project are built or presence.
- (8) Preparations for implementing the sub-project (mechanisms for implementation, monitoring, funding, etc., community contribution, savings account with bank/MFI, building required skills) are made.
- (9) Memorandum of Understanding is signed (and first installment¹² is released). Signing of sub-project agreement (or MoU), containing the detailed milestones for implementation, between the project and cooperative/cooperative union. The cooperative/cooperative union, in turn, enters into an agreement with CIGs. This is followed by the release of the first installment.

¹² The installment is credited to Community Fund for Development managed by and through the cooperative/cooperative union. Frequently, three installments are made for any sub-projects (i.e., BLIPs, CLIPs).

- (10) Implementation of the sub-project – Milestones – Releases of second installment – Linkages (Bank, Technology, Market, etc.), including monitoring and supervision, provision of technical support, etc. take place.
- (11) Joint evaluations are conducted. If deemed successful, final installment is made and the sub-project concludes.
- (12) Follow-up and ex-post evaluation of the sub-project is carried out.

5.6 Design of Sub-Project

The sub-project proposal will have following contents:

- (1) Sub-project title,
- (2) Description of sub-project/investment (including statement of objective, scope and activities),
- (3) Market analysis/Statement about market potentials,
- (4) Technical requirements and support,
- (5) Implementation mechanism,
- (6) Statement about social and environmental impacts,
- (7) Benefit-cost analysis,
- (8) Projected cash flows,
- (9) Funds required, and
- (10) Sources of funds.

The community shall be fully supported by CDF/CAF, NGO or LASED II project's experts in developing sub-projects/CLIPs. In case of large sub-projects, the community is eligible to getting support of project design experts.

5.7 Appraisal of Sub-Projects

Subproject appraisal shall be conducted by LASED II project. Aspects of appraisal shall include:

- (1) Financial viability for infrastructure and economic activities: unit costs vis-à-vis standard costs, per capita/unit investment, cash flow analysis, etc.
- (2) Economic Viability: Return on Investment, IRR, and NPV; economic cost-benefit and sensitivity analysis for large sub-projects.
- (3) Sustainability: Plans and firm commitments and arrangements, post-sub-project processes, etc.
- (4) Institutional dimension: maturity, group cohesion, implementation and managerial capacity, etc.
- (5) Level of participation: community participation in planning, budgeting, contribution, sharing ownership and responsibilities, etc.
- (6) Social dimension: men/women, impact on income, employment and poverty, ownership, implication for non-beneficiaries, etc.
- (7) Gender Equity: women's workload, control by women, women's involvement in management, gender equity, etc.
- (8) Technical dimension: appropriateness, consistency with best practices, cost-effectiveness, simple/applicable technology, availability, feasibility, etc.
- (9) Marketing implication: demand, supply, competition, quality, grade, packaging, logistics, etc.
- (10) Compliance with the legal framework of the Kingdom of Cambodia, and Environmental and Social Safeguards of the LASED II project.

When there is fund constraint for timely disbursal to the sub-projects, LASED II project expert/s may consider investment ranking. N/K (Net Benefit-Investment ratio) may be used to rank all independent sub-projects proposed by different CIGs of a cooperative/cooperative union or cooperatives/cooperative unions *per se*. All sub-projects with N/K equal to one (01) or greater will be accepted. The selection,

though, begins with the sub-project that has the largest ratio value and proceeds until the fund to be disbursed for the period concerned is exhausted.

6. LASED II'S GRANTS, AND GRANT ACCESS AND ADMINISTRATION

LASED II will establish **two kinds of grants** to capitalize institutions of its target beneficiaries and promote their livelihood development. Grants are to be used as “resources in perpetuity” by RFGs, common interest groups and cooperatives/cooperative unions. **The grants, which will be revolving in nature, are also called loan grants because the money will have to be returned to the groups and finally to the ACs/CUs, which will continue managing revolving fund operations of the grants.**

The two types of grants include:

- (1) Seed grants to the RFGs, and
- (2) Community Funds for Development (CFD).

Each type will be discussed in the sections that follow.

6.1 Seed Grants to RFGs

6.1.1 What is the purpose of seed grants?

Seed grants are provided by LASED II to RFG members for implementation of their households’ Basic Livelihood Improvement Plans (BLIPs) as described in **Chapter 4**. In order to get the grant an RFG member shall submit a loan grant request (**Annex 10**) to his/her group leader along with his/her household’s brief BLIP (**Annex 11**), which shall be derived from the BLIP (**see Chapter 4**). Once the seed grant is released to him/her, he/she has to enter into a loan grant agreement (**Annex 12**) with his/her group leader.

Seed grants are one of the sources for SCGs, along with their own funds (i.e., savings) and any loans from banks/MFIs, to fund the implementation of BLIPs, GIPs and CLIPs. Initially for MVHGs, they are possibly the single source for them to implement their early BLIPs. Seed grants are loans, and thus RFG members have to pay interests and repay the principals to the groups.

6.1.2 Who are the beneficiaries of seed grants?

All RFGs that fulfill eligibility criteria can apply for the grants. In order to be eligible for a seed grant, an RFG must fulfill all the following criteria:

Table 22: Eligibility criteria of an RFG for a seed grant

SCG	MVHG
The group has conducted at least 10 meetings	The group has conducted at least 10 meetings
The group must be at least 4 months old	The group must be at least 4 months old
The group must be registered with the Community Council	The group must be registered with the Community Council
The group must have a valid/active bank account (with a partner bank or MFI) for its savings	The group must open a bank account (with a partner bank or MFI)
The group has a rating of at least Grade C (“medium”)	The group has a rating of at least Grade C (“medium”)

6.1.3 How does LASED II evaluate seed grant application?

The project will evaluate BLIPs submitted by RFGs (and determine the size of a seed grant for a particular group) based on the above eligibility criteria, the regularity of the group’s meetings, number of members in the group, and seasonality relating to the BLIPs, and on appraisal.

The evaluation of whether or not to give a seed grant will be based also on the availability of technical support to member households in implementing their BLIPs. LASED II will ensure that the implementation plans of households are within the purview of the Social and Environmental Safeguards of the project, when it processes the application.

6.1.4 How is the seed grant released?

The seed grant will be released in three tranches to the eligible RFG members, with successful implementation of the BLIPs and group’s submission of the utilization certificate to the project (**Annex 13**). The release of each subsequent tranche shall also be subject to regular settlement, by the member, of the principal of previous tranche(s) and interest on it. Each tranche shall not exceed US\$100/member/year. Total amount of the grant released, over three-year period, shall be a maximum of US\$300/member.

6.1.5 What are the steps involved in seed grant administration?

The steps in the administration of a seed grant are shown below in **Table 23**. The flow of the seed grant is presented in **Fig. 6.1**.

Table 23: Seed grant administration

Step	Activity
1	The RFG submits an application to the project for a seed grant along with its members’ BLIPs. CDFs/CAFs will facilitate this process. (Annex 14 and Annex 15)
2	The project rates the RFG (see Section 3.2.14) and determines the size of the grant based on the BLIPs. (Since each BLIP will come from an RFG member, size of the grant for each BLIP shall not exceed US\$100 in the first application.)
3	A Project Officer will be appointed to make a recommendation to the Grant Committee (comprising the Project Director, National Project Management Team) that the project make a seed grant to the RFG of the size determined in step 2.
4	The Grant Committee approves/rejects/seeks modification for the Seed Grant proposal of the RFG.
5	The project communicates the determination on the Seed Grant proposal to the RFG.
6	A tripartite agreement is signed between the project, RFG and cooperative/cooperative union for seed grant management at the RFG level. (Annex 16)
7	The seed grant is released into the RFG’s bank account.
8	The RFG acknowledges the receipt of the grant. (Annex 17)
9	The project monitors the process and utilization of the seed grant. The project shall audit the RFG's bank account or get a financial statement from the partner bank or MFI to verify the group's transactions (i.e., settlement of principal and interest.)
10	Upon successful utilization of the 1st tranche of the grant, the 2nd tranche will be released. A similar process from step 2, 3, and 6 onwards is followed for the 2nd and 3rd tranches.

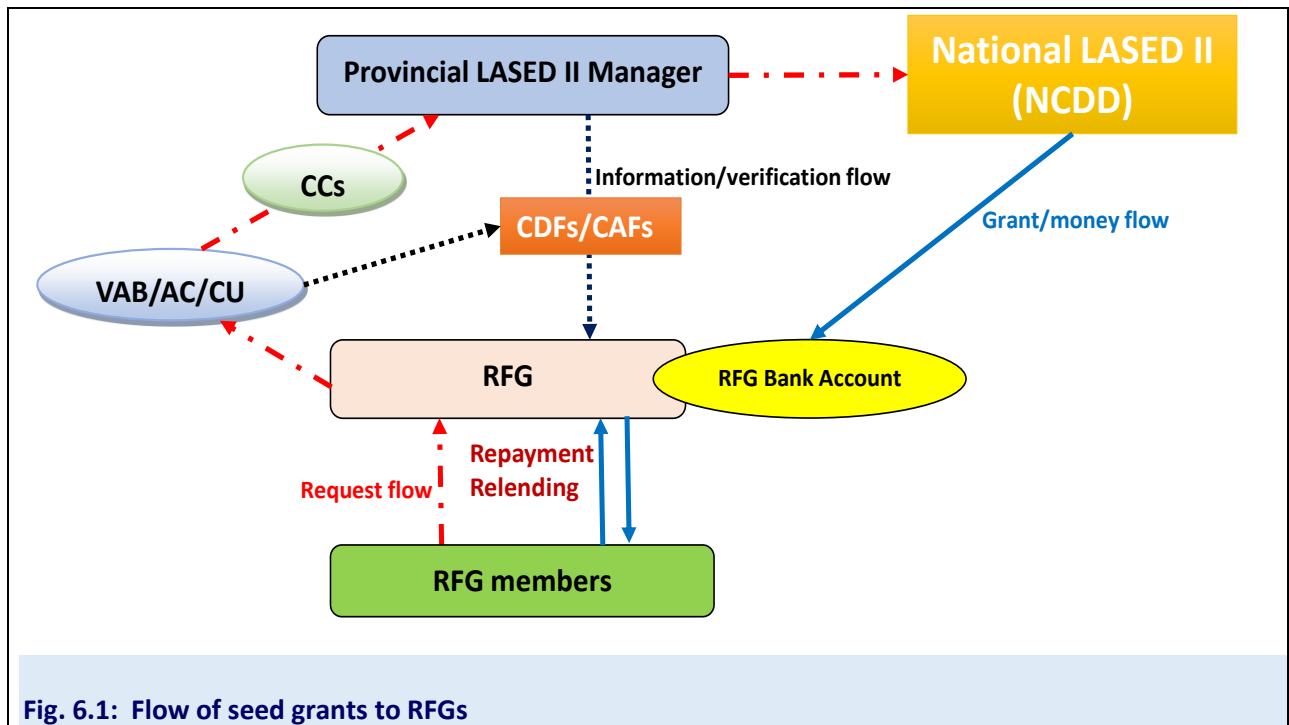


Fig. 6.1: Flow of seed grants to RFGs

6.2 Grant to Community Fund for Development

6.2.1 What is the purpose of this grant?

Community Fund for Development (CFD) shall be established by the LASED II project (**Annex 18**). The CFD shall be aimed for:

- (1) Sub-projects or Community Level Investment Plans (CLIPs) of cooperatives/cooperative unions (see **Annex 19, Annex 20 & 21, Annex 22 and Annex 23**).
- (2) Loans to RFGs for scaling up of their respective members' BLIPs.
- (3) Local small-scale productive, economic and social infrastructure¹³ taken up by common interest groups, including producer groups or producer associations, which may constitute their respective business activities (e.g., collective production/marketing/service delivery) as reflected in their GIPs (see **Annex 14, Annex 16, Annex 17 and Annex 24**).

6.2.2 Who are the beneficiaries of this grant?

Common interest groups and RFGs may access CFD from the project. CFD are loans, which must be paid back to the cooperatives/cooperative unions with interests. The capital from the grant to and the interests earned for CFD become the capital of cooperatives/cooperative unions. This is also a process of capitalization of cooperatives/cooperative unions. The cooperatives/cooperative unions can use this capital for continuing revolving fund operation and funding local development projects. CDFs/CAFs will help them develop sub-project proposals to the project.

6.2.3 How is livelihood investment sub-project designed?

A sub-project proposal should include at least following components:

- (1) Description of sub-project /investment (including statement of objective, scope and activities),

¹³ Religious infrastructure or the like is excluded.

- (2) Market opportunity,
- (3) Technical requirements and support,
- (4) Implementation mechanism,
- (5) Adherence to Social and Environmental Safeguards of the project,
- (6) Projected cash flows,
- (7) Funds required, and
- (8) Sources of funds.

In case of large sub-projects, community is eligible to getting support of project design experts. The community may also needs such a support even for small sub-projects. During the project implementation, LASED II shall assess and appreciate such needs. When project design expertise is provided, detailed analysis of market, technical requirements, qualitative economic/social/environmental cost-benefit, and projected cash flows, FNPV (Financial Net Present Value), FBC (Financial Benefit-Cost Ratio) and FIRR (Financial Internal Rate of Return) shall be conducted.

6.2.4 How is livelihood investment sub-project appraised?

Appraisal of the sub-project/CLIP proposal by LASED II will be based on:

- (1) Financial viability for infrastructure and economic activities: unit costs vis-à-vis standard costs, per capita/unit investment, cash flow analysis, etc.
- (2) Financial/economic viability: PBP, IRR, BC and NPV, and sensitivity analysis for large sub-projects (when and where possible).
- (3) Sustainability: plans and firm commitments and arrangements, post-sub-project processes, etc.
- (4) Institutional dimension: maturity, group cohesion, implementation and managerial capacity, etc.
- (5) Level of participation: community participation in planning, budgeting, contribution, sharing ownership and responsibilities, etc.
- (6) Social dimension: men/women, impact on income, employment and poverty, ownership, implication for non-beneficiaries, etc.
- (7) Gender Equity: women's workload, control by women, women's involvement in management, gender equity, etc.
- (8) Environmental impact assessment: impact on the environment.
- (9) Technical dimension: appropriateness, consistency with best practices, cost-effectiveness, simple/applicable technology, availability, feasibility, etc.
- (10) Marketing implication: demand, supply, competition, quality, grade, packaging, logistics, etc.
- (11) Compliance with the legal framework of the Kingdom of Cambodia, and Environmental and Social Safeguards of the project.

When there is fund constraint for timely disbursement to the sub-projects, LASED II may need to conduct investment ranking. N/K (Net Benefit-Investment ratio) may be used by the project to rank all independent sub-projects proposed by different common interest groups or cooperatives/cooperative unions. All sub-projects with N/K equal 1 or greater will be accepted. The selection, though, begins with the sub-project that has the largest ratio value and proceeds until the fund to be disbursed for the period concerned is exhausted.

6.2.5 How livelihood investment sub-project is administered?

The steps in the administration of a CFD are shown in the table below.

Table 24: Administration of CLIP

Step	Activity

1	The common interest group prepares a sub-project proposal with advice, guidance and assistance from the CDF/CAF, and submits it to the cooperative/cooperative union who submits it to the project.
2	An appraisal team (including the Livelihood and Environment Specialists at the project level) conducts analysis and appraisal of the project (i.e., accepts, reject, or seek modification).
3	The Project Director approves the sub-project (CFD) based on the appraisal report.
4	An MOU or sub-project agreement is signed, containing the detailed milestones for implementation between the project and the common interest group, cooperative or cooperative union concerned.
5	The first installment of the CFD is released.
6	The sub-project is implemented and monitored. The project provides supervision and technical support, and assists with linkages to technology, markets, etc.
7	Additional installments are released based on the satisfactory performance of the common interest group, cooperative or cooperative union concerned.
8	A joint evaluation is conducted, the final installment of the CFD is released, and the subproject is concluded.
9	Ex-post sub-project evaluation and follow-up are conducted.

6.2.6 How does CFD flow?

The flow of CFD involves following steps. **Fig. 6.2** depicts the CFD flow.

- (1) CFD is sanctioned to common interest groups (including marketing group, processor group, producer group, or producers association).
- (2) Grant-recipient common interest groups have to repay the CFD with certain interest as agreed in the MoU signed between LASED II to their respective cooperatives/cooperative unions.
- (3) CFD, upon repayment to cooperatives/cooperative unions, will become the capital of cooperatives/cooperative unions. This is also a process of capitalization of cooperatives/cooperative unions. The cooperatives/cooperative unions will continue lending to their common interest groups.
- (4) CFD can use this capital for funding similar sub-projects. In certain cases, this capital can be used to fund RFGs for scaling up or expanding successful initiatives/investments.

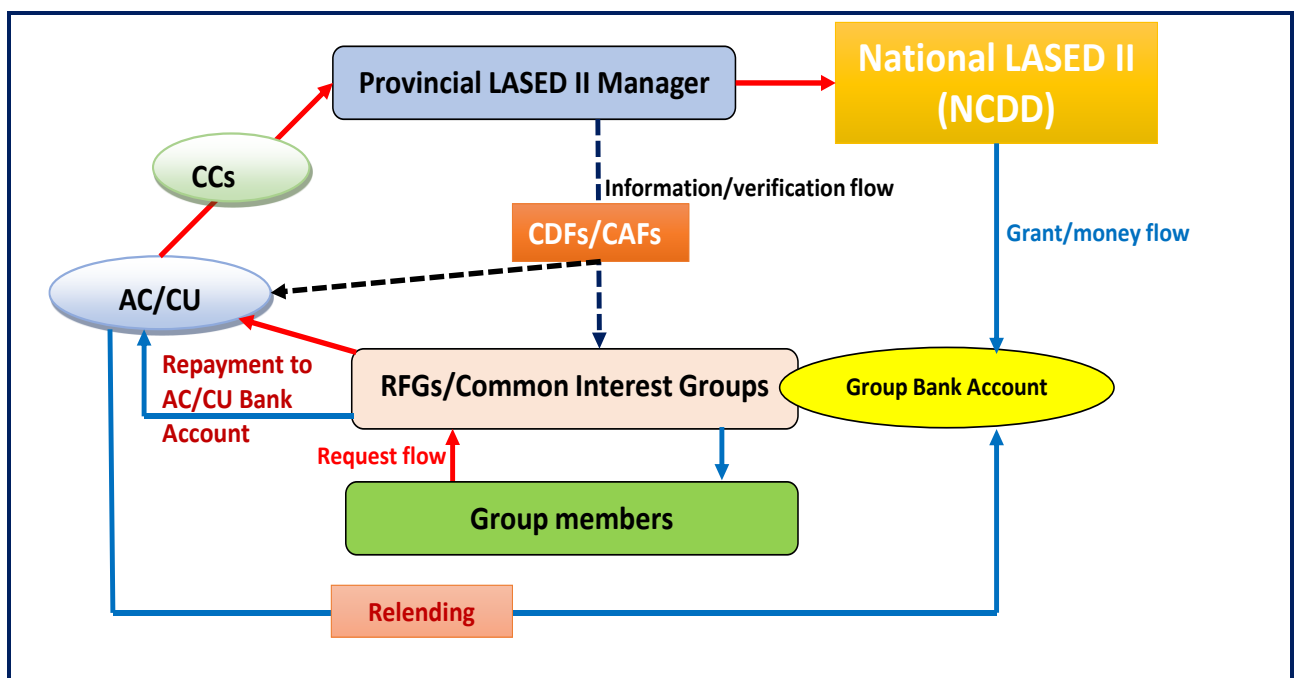


Fig. 6.2: Flow of CFD

6.3 Bank and/or MFI Linkages

Cambodia's banking/MFI sector has been growing very well in recent years and becomes healthy. Many banks have branches in many Cambodia's provinces, while most MFIs have their branches even down to district levels. Some MFIs even have their branch offices at commune level. One of a notable and successful banks, which has been transformed itself from an MFI (ACLEDA) has very large and extensive coverage in the country. It has subsidiaries in most of the accessible communes of Cambodia, in certain cases, in even remote part of the country.

Over the past several years, there is a significant trend of RFGs opening bank accounts with banks/MFIs, thanks to the latter remarkable development. It is always the case that savings accounts are opened in the names of the individual members representing the groups when they are not officially registered. This happens because the banks/MFIs always consider individuals as their clients, not the groups to which they belong. Under LASED II, the RFGs shall be able to open their savings accounts in their group names as they will be formally recognized and registered; they will be the legal entities. The project, using its leverage, shall also be able to provide facilitation with the banks/MFIs to get the RFGs open their accounts with banks/MFIs in their group names.

Possible steps that are precursor to or facilitate linkage between the RFGs, CIGs and Cooperatives/CFLs with the banks/MFIs are as follows:

- (1) RFG meeting process as per the standard protocol (see RFG meeting protocol),
- (2) RFG financial literacy and management training,
- (3) RFG rating,
- (4) BLIPs and CLIP (community-level investment plan),
- (5) Seed grants to RFGs,
- (6) Effective utilization of loans by members provided out of seed grants and/or bank/MFI loans,
- (7) Timely repayment by members to their RFGs,
- (8) RFG graduation (see RFG graduation process), and
- (9) Sharing/depositing BLIPs and CLIPs with banks/MFIs.

7. COMMUNITY PARTICIPATION IN PROCUREMENT

7.1 Key Principles of Procurement

Key principles of the procurement are as follow:

- (1) **Economy and Efficiency:** Procurement of Works, goods, non-consulting Services, and consulting services are carried out in the most efficient and economical way possible; **Equal opportunity to all bidders:** All eligible bidders are given equal opportunities and same information to compete in providing goods, works, non-consulting services, and consulting services. Uniform evaluation procedures must be followed. **The importance of transparency in the procurement process:** All procurement shall be carried out in an open manner through which all concerned community members can see how the process is followed. Procurement notices and contract awards shall be displayed in a prominent place in the village or in the community compound;

- (2) **Accountability:** All members of the Community Working Group participating in any aspect of procurement shall be accountable for their actions. All procurements are carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Programs Financed by IBRD Loans and IDA Credits and Grants" referred in the LASED II Financing Agreement.
- (3) **Conflict of interests:** Procurement from close relatives and friends of the members of Community Procurement Committee shall be avoided.

7.2 Establishment of Community Procurement Committee

- (1) The members of the Community Procurement Committee, which is part of the Social Land Concession Community Committee/Village Administrative Body (SLCCC/VAB) Structure, will be elected from community (**project site**) beneficiaries. The Community Procurement Committee is responsible for all procurement and contract administration tasks delegated to the community. The Community Procurement Committee should comprise of at least 3 members including at least one female member and one member from the indigenous people (if any). All members shall be able to read and write Khmer.
- (2) In case the community has not enough members, who can read and write, to form the Community Procurement Committee, the procurement will be carried out by the Commune/Sangkat Procurement Committee formed as per the C/S PIM

7.3 Roles and Responsibilities of Community Procurement Committee:

The Community Procurement Committee has the following roles and responsibilities:

- (1) Identifying needs such as services packages (if applicable), and goods, works for the community;
- (2) Preparing estimated costs for the community procurement packages;
- (3) Submitting the community procurement proposals for the approval of the Social Land Concession Community Committee/Village (SLCCC/VAB) before SLCCC/VAB seeking approvals of the Provincial Project Office and National Project Office;
- (4) Preparing Request for Quotations or/and Request for Proposals for consulting services including technical specifications and terms of reference, respectively;
- (5) Inviting quotations from the suppliers and contractors, and/or request for proposals from consultants;
- (6) Receiving and evaluating quotations or proposals in order to select the lowest price substantially responsive quotation or the best consultant, respectively;
- (7) Making recommendation to SLCCC/VAB for contract awarding and signing the contract(s) or issuing purchase orders;
- (8) Supervising contract execution from procurement and contract management point of views;
- (9) Preparing procurement progress reports;
- (10) Maintaining all related documents including procurement documents and make them available for procurement ex-post reviews and financial audit by independent auditors

7.3.1 Chief of Community Procurement Committee

- (1) Overall coordination for all procurement and contract management related activities included in section 7.3 above;
- (2) Facilitate and coordinate with other community implementation team members;
- (3) Work closely with the community members to solve any procurement and contract management associated conflicts;
- (4) Undertaking other responsibilities assigned by the Community.

7.3.2 Community Procurement Coordinator

- (1) Coordinate with other technical members to ensure availability of technical inputs (including specifications, drawings, terms of reference/scope of services etc.) for the procurement process;
- (2) Act as minutes taker for all procurement related meetings;
- (3) Provide the necessary supports required during the procurement meetings, trainings and workshops arranged by Provincial Project Office and/or National Project Office;
- (4) Undertaking other responsibilities assigned to him/her together with other members.
- (5) Maintain all procurement and contract management related documents. The original files are kept in the Provincial Project Office, while their copies are kept at the SLCCC/VAB Office.

7.3.3 Community Procurement Assistant

- (1) Assist in all procurement administrative supports;
- (2) Assist the chief of community procurement team and the community procurement coordinator
- (3) Other tasks assigned by the chief of the Community Procurement Committee.

7.4 Procurement Training for Community

7.4.1 Training

- (1) Once the Community Procurement Committee has been established, a 1-2 days training program will be organized by the Provincial Project Office and the National Project Office. The National and Provincial Project Offices are to ensure that the Community Procurement Committee understands rules and procedures of the Community Participation in Procurement and they will be able to perform the relevant duties during implementation of procurement process correctly.

7.4.2 Topics of Training

- (1) Procurement methods and procedures;
- (2) Preparation of request for quotation/proposal forms, preparation of evaluation reports, and other necessary reports;
- (3) Specific procurement responsibilities assigned to the Community Procurement Committee and each member;
- (4) Key Procurement Principles on corruption practice, transparency, accountability, and conflict of interests, etc.;
- (5) Monitoring the progress and quality of Civil works, goods, and consulting services before recommending to the SLCCC/VAB for making payments to the Contractors/Suppliers;
- (6) Filing system and so forth.

7.5 Types of Procurement and Contract

There are three main types of procurement expected to be implemented at the community level. They are procurement of Consulting Services (if applicable), Works, and Goods (including equipment and construction materials). The contracts of these three types of procurement are referred to as Works Contract, Purchase Order, and Consulting Service Contract.

- (1) Works Contract is for the construction or/and renovation of immovable assets such as small buildings, small rural roads, small bridges, minor irrigation works, water wells, water ponds, etc. Sometimes a works contract may also include supplying certain kinds of equipment, construction materials, labor, and non-consulting services (design, drilling...) and other expenses.

- (2) Purchase Order is used to buy any kind of goods, construction materials or equipment. The Supplier will supply the goods to the Community. When the goods are delivered, the Community will pay the Supplier, after which the purchase is considered as complete.
- (3) Consulting Service Contract is for hiring of a Consultant (any individual or organization) to provide support with regards to the implementation of community proposals, carrying out marketing studies, surveying and designing works for infrastructure projects, etc.

A. Who can be a Works Contractor?

Any private businessperson who holds the valid Khmer Identification Card (Khmer ID) and can execute the construction works according to the specified Bill of Quantities and specifications.

B. Who can be a Goods Supplier?

Any private businessperson or trader, who holds the valid Khmer Identification Card (Khmer ID) , and can supply the required goods in accordance with the stated specifications.

C. Who can be a Consultant?

Any person or firm or NGO, who meet the minimum qualification requirements and can provide the consulting services in accordance with the terms of reference.

However: A public servant (a member of the police or armed services, or an official of a government entity) cannot be a Contractor, a Supplier and/or a Consultant. The eligibility of bidders/consultants shall be as defined under section 3.2 of the Commune/Sangkat Procurement Implementation Manual (PIM) and the Bank's Procurement Guidelines and Consultant Guidelines applicable for LASED II project

7.6 Procurement Methods

Methods of procurement for works, goods, and consulting services as follows:

- (1) **Shopping for Goods and Works.** This procedure may be used when the contract value is less than US\$ 40,000 for Civil Works and US\$ 20,000.00 for Goods. Quotations are obtained from at least three qualified suppliers or contractors on basis of Request for Quotations annexed to this manual. Advertisement for quotations is not mandatory, but invitations for quotations have to send to as many qualified bidders as possible (five to six in general) to ensure that at least three quotations will be received for comparison. *At least 7 days from the date of invitation for quotations (or the date of advertisement quotations if applicable) shall be provided to prospective bidders to prepare their quotations.* Quotations shall be opened in public immediately after the closing date of submission of quotations and in the presence of community members and bidders who chose to attend the quotations opening meeting ceremony. As a general rule, the supplier or contractor who offers the lowest price and meet the required specifications and qualification requirement specified in the request for quotations will be awarded the contract. The award and amount of the contract should be announced to all bidders and public.
- (2) **Direct contracting method.** Direct contracting enables a supplier of goods or a contractor of civil works to be chosen without applying the competitive method. This method is used when there is only one source available. Other justifications for direct contracting include urgency, very small value¹⁴, the need to adopt certain technology or a repeat order. To the extent possible, the contract price agreed upon should be within local market rates or established estimates as indicated in a Unit Cost Database of NCCDS. Under this method, the contract price can be negotiated. Direct

¹⁴ Less than USD1000

contracting should require prior approval of the National Project Office through the Provincial Project Office.

- (3) **Community Force Account.** Under a community force account, the community implements the Community Procurement Packages using its own resources (skilled and unskilled labor, materials, equipment) and may subcontract part of the Community Procurement Packages to contractors or suppliers which may be procured following one of the above procedures. This approach is Community Driven Development and Cost Effective (inputs can be provided by the community at below-market costs), and it injects funds into the community (e.g., through the payment of wages and materials). The contract price signed with the community should be within local market rates or established estimates as indicated in a Unit Cost Database at NCDDS Website.
- (4) **Selection of Individual Consultant. The details are provided in the table below.**
- (5) **Selection of Firm or NGO. Details are provided in the table below.**

7.7 Summary of Procurement Methods, Threshold Values, and Step of Procurement

Procurement category	Procurement Method	Threshold Value	Steps of procurement
I.	Shopping	<US\$40,000 for Civil Works and US\$20,000 for Goods	<ol style="list-style-type: none"> (1) Preparing the request for quotations; (2) For prior review contract only, submitting the draft request for quotations to the Provincial Project Office and National Project Office for approval; (3) Sending invitation for quotations directly to more than three qualified and eligible bidders (preferably five to six) to ensure three quotations received from three qualified Contractors and/or Suppliers. (4) Receiving quotations before the closing date of quotations submission, and then opening quotations in public. At a time of quotations opening, if the Community Procurement Committee receives less than three quotations, the opening ceremony is still continue if more than three qualified and eligible bidders were invited for quotations and sufficient time (at least 7 days) for quotation submission has been provided to the bidders. (5) Evaluating the quotations and preparing an evaluation report; (6) Submitting the evaluation report to the Provincial Project Office and National Project Office for approval in the case of prior review contract. Signing contract with the selected bidder with the lowest evaluated price and responsive quotation; (7) Submitting a copy of signed contract to the Provincial Project Office;
II.	Direct Contracting	This method is used when there is only one source available, emergency, very small value, the need to adopt certain technology or a repeat order.	<p>Preparing the request for quotations; Submitting the draft request for quotation to the Provincial Project Office as well as National Project Office for review and approval. Sending invitation for quotation directly to the sole qualified and eligible supplier/contractor; Receiving quotations and evaluating the quotations and negotiating the contract price; Preparing the evaluation report including the minutes of negotiation and submitting it to the Provincial Project Office and the National Project Office for approval; Signing contract with the supplier/contractor after receiving the approval; Submitting a copy of signed contract to the Provincial Project Office for their records.</p>

<p>III.</p>	<p>Community Force Account</p>	<p>The community implements the Community Procurement Packages using its own resources (skilled and unskilled labor, materials, equipment).</p>	<p>The Community signs the contract with Provincial Project Office and the contract price should be based on the local market rates or/and established estimates as indicated in a Unit Cost Database of NCDDS.</p> <p>In the case the Community wishes to sub contract part of the Community Procurement Packages to contractors or suppliers, one of the above procurement methods and its procurement steps shall be followed.</p> <p>The community will hire skilled and unskilled labour such as mason, carpenters, bricklayers, painters, electricians, and plumbers etc. based on the standard pay rates predetermined by NCDDS or any other authentic source acceptable to NCDDS.</p>
<p>IV.</p>	<p>Selection of Individual Consultants</p>	<p>This method is used when the community needs individual consultant who meet the minimum qualification requirements and can provide the consulting services</p>	<p>Preparing the Terms of Reference or Expression of Interests. Request for Expressions of Interests (REOIs) and post REOIs at the Community Office, Provincial Project Office, and NCDDS website. The duration of Request for Expressions of Interests is at least 14 calendar days. If less than three CVs of qualified consultants received, no re-advertisement is required, but the approval of the provincial project office is required before proceeding with the next step of procurement process. Prepare Expression of Interests Evaluation Report Including short-list recommendation; Invite the first ranked consultant for contract negotiation; Award the contract once the contract negotiation is successful.</p>
<p>V.</p>	<p>Selection of NGO or Firm</p>	<p>This method is used when the estimated cost is less than USD10,000 and community needs NGO or Firm who meet the minimum qualification requirements and can provide the consulting services</p>	<p>Preparing the Terms of Reference or Expression of Interests. Request for Proposals (Combined technical and financial proposals) and Request for Proposals are posted at the Community Office, Provincial Project Office, and NCDDS website. Evaluate the proposal and negotiate the contract with the first ranked consultant; Award the contract once the contract negotiation is successful.</p>

7.8 Procurement Plan for the Community Procurement Packages and review arrangement

Once all the Community procurement proposals have been consulted with the Community beneficiaries and agreed with the SLCCC/VAB, the SLCCC/VAB will then prepare the Community Procurement Plan and submit it to the National Project Office through the Provincial Project Office for approval. The National Project Office will thereafter prepare a Consolidated Community Procurement Plan and incorporate it in the Project Procurement Plan and send to the World Bank for their no objection.

The Community Procurement Plan can be updated during the implementation process to reflect the new estimated costs, technical specifications, new community procurement packages added, and other vital matters.

For the case of price quotations/proposals are much lower or higher than approved estimated cost, the SLCCC/VAB shall seek approval of the Provincial Project Office and National Project Office. In this case, the National Project Office may consult with the World Bank if needed. All other community procurement packages will be subject to the World Bank's post review.

The World Bank will randomly post review 15% of all community procurement packages at the community level.

The National Project Office will randomly select at least 15% of community procurement packages for its post review exercise.

The World Bank and National Project Office will carry out the post review at least once per year. All documents related with the community procurement including the detailed evaluation report, together with the quotations/proposals shall be kept at the SLCCC/VAB office and the Provincial Project Office, and made available to the National Project Office and the World Bank for their post reviews and for financial audit by the External Auditor.

The community and SLCCC/VAB Office shall permit, and shall cause all the materials suppliers to permit, the World Bank and/or persons appointed by the Bank to inspect the Site and/or all accounts and records relating to the performance of the Contract and the submission of the quotations to supply the materials/services, and to have such accounts and records audited by auditors appointed by the World Bank if requested by the Bank.

7.9 Preparation of Request for Quotation Forms

A. Types of Community Request for Quotation/Proposal Forms are as follows:

- (1) Request for Quotation Forms for goods for Goods;
- (2) Request for Quotation Forms for works for Civil Works, and
- (3) Request for Proposal Forms (Combined technical and financial proposals) for consulting services

These request for quotation/proposal Forms are included in the annexes of this Manual.

The Community Procurement Committee with the support from the Provincial Project Office can prepare the request for quotation/proposal forms after receiving the approval for the Community Procurement Plan which indicates the procurement methods.

B. Technical information to be incorporated in to the Request for Quotation/Proposal Forms

Provincial Technical Support Officer or Consultant (when needed) will provide the technical information to the Community Procurement Committee for the incorporation into the request for quotation/proposal forms as listed below:

- (1) Details of Bill of Quantities/List of Construction Materials, Price schedules for Goods
- (2) Specification requirements of works and/or materials;
- (3) The environmental and social safeguards guidance for the Contractor;
- (4) Drawings,
- (5) Term of Reference/Scope of Services for consulting services.

Specifications are technical documents that describe the quality of the works on the drawings. For example, the drawing may show "Concrete," but the specifications might say how many bags of cement it contains, what kind and dosage of aggregates are used, and how the concrete must be mixed.

Standard specifications for several types of the civil works are available in the NCCDS's Technical Manual. If the types of community procurement packages are the same, those specifications should be copied and used for the request for quotations. However, if there are special types of community procurement packages, the specifications have to be prepared and attached with the Request for Quotation Forms.

C. Quotation and Performance Securing Declaration for procurement of Goods and Works

Quotation and Performance Securing Declaration is required for shopping method. The template of Quotation and Performance Securing Declaration is included in the Request for Quotation Forms. Quotation and Performance Securing Declaration validity period shall remain valid for a period of twenty eight days beyond the validity period of quotations.

D. Where to obtain the Request for Quotation/Proposal Forms

Contractors/Suppliers or Consultants shall be able to obtain the request for quotation/proposal forms free of charge at the SLCCC/VAB, and Provincial Offices.

All the offices shall ensure that the request for quotation/proposal forms are made available at all times during the office hours from the date of invitation for quotations to the closing date of quotation submission.

E. Quotations/Proposals Opening Ceremony

The quotations/proposals opening ceremony shall be organized at the SLCCC/VAB Office and it can be observed by the beneficiary community members and others.

All quotations/proposals shall be opened in public in the presence of representatives of bidders and beneficiaries, who choose to attend in person at the time, day, and place specified in the Request for Quotation/Proposal Forms immediately after the deadline for submission of quotations.

Late quotations/proposals shall be rejected and returned to the bidders unopened. After the quotations/proposals have been opened and read out, all members of the Community Procurement Committee shall initial the original quotations/proposals.

At the time of quotations/proposals opening ceremony, if less than three quotations/proposals from three qualified bidders have been received, the opening ceremony is still continued provided that sufficient

public request for quotations/proposals has been made and sufficient time for quotation submission (seven days) has been provided to bidders. However, the Community Procurement Committee is required to prepare a proper justification including a description of the whole process, number of bidders received the Request for Quotation/Proposal Forms, locations where the invitation for quotations/proposals were posted, number of potential bidders available in the community, commune and district, and possible reasons for not enough quotations/proposals have been received. This justification along with the quotation/proposal evaluation report shall be submitted to the Provincial Project Office through SLCCC/VAB for review and approval before proceeding with the contract award.

The template of minutes of the quotation/proposal opening is included in the annex of this manual.

F. Quotation/Proposal Evaluation Report

- (1) The quotation/proposal evaluation should be carried out immediately after the quotation/proposal opening at in according with the Quotation/Proposal Evaluation Form included in the annex of this manual. In case of technical support or advice is required from Provincial Project Office or even from the National Project Office, the Community Procurement Committee through SLCCC/VAB can request for it through a formal request.
- (2) Quotations/proposals shall not be rejected simply on basis of cost estimates or budget ceiling without concurrence from the National Project Office.
- (3) The quotation/proposal evaluation report shall be signed by all members of the Community Procurement Committee and endorsed by SLCCC/VAB

G. Steps of Quotation/Proposal Evaluation:

(a) *Preliminary examination*

The Community Procurement Committee should examine quotations for compliance with the following requirements, which shall be specified in the Request for Quotation/Proposal Forms:

- (1) The quotation/Proposal should be properly signed by an authorized person;
- (2) Original Quotation and Performance Securing Declaration (for procurement of goods and works) in acceptable format and its expiry date;
- (3) Quotation/proposal validity,
- (4) Completion schedule of works/delivery schedule of goods/consulting services, and others;
- (5) If a quotation/proposal fails to meet one of the above requirements, this quotation/proposal will be rejected and not evaluated further.

(b) *Technical evaluation, and calculation and correction of arithmetical error*

- (1) The Bidder must accept arithmetical corrections made, otherwise his/her quotation/proposal will be rejected. All corrections that could affect the comparative ranking of quotations should be explained clearly what items and reasons for that in the report.
- (2) In case of a quotation/proposal price is much lower or higher than the approved estimated cost, the Community Procurement Committee should not immediately reject the bid or award the contract to this bidder, but should instead conduct a due diligence with support from the Provincial Project Office, or even at the National Project Office if required to ensure that this quotation/proposal price is reasonable or not in comparison with the prevail market price. The Provincial Project Office's approvals are also requested in this case.

(c) Contract award and signing

- (1) Based on the recommendation of the Community Procurement Committee, the contract award shall be done by SLCCC/VAB before the expiration of the validity period of the quotation/proposal that is recommended for award of contract. All the other substantially responsive quotations/proposals shall be kept valid until the contract has been awarded.
- (2) The meeting for signing the contract should be organized within seven days after the date of notification of the contract award.

7.10 Inspection and contract administration

The important points shall be considered as follows:

- (1) Commencement of works;
- (2) Completion works/delivery time;
- (3) Quality meets the technical specification requirements/Quantity of goods;
- (4) Warranties/Maintenance period;
- (5) Performance of the consultant against the contract and term of reference/scope of services.

Inspection and delivery of goods and supervision of construction works shall involve the participation of the members of the beneficiary community to ensure that the delivery of goods and execution of works are carried out in accordance with the contract obligations. In case any damage or issue is found, members of community can report to the Community Procurement Committee and/or SLCCC/VAB, who shall then issue instruction to the Supplier/Contractor for appropriate rectification. If the Supplier/Contractor does not take any correction action as per the requirement of the contract agreement, SLCCC/VAB shall take measures as provided in the contract agreement. The SLCCC/VAB may request for a support from the Provincial Project Office for handling any issue happening during the contract administration. An Acceptance Certificate shall be issued by the SLCCC/VAB only if the delivery of goods or construction works has been completed as per the requirement of the contract agreement.

To ensure that the consultant fully performance according to the contract, the supervision of the consultant performance should involve the participation of technical experts from the Provincial Project Office as well as the National Project Office when needed.

7.11 Documents Filing

All original documents concerned with the procurement process must be kept at the Provincial Project Office, and made available for the post reviews carried by the National Office or the World Bank and external auditing team. Another copy of these documents shall be kept at the office of Community for them to follow up on the progress of the works/goods delivery and inspect the project implementation.

Document filing checklist:

- (1) Approved community proposal and Procurement Plan;
- (2) Request for Quotation/Proposal Forms;
- (3) All approval letters and recommendations issued by the Provincial and National Project Offices;
- (4) Evidence of advertisements posted;
- (5) List of Bidders who received the request for quotation/proposal forms;
- (6) All quotations/proposal submitted by the Bidders;
- (7) Minutes of quotation/proposal opening including list of Bidders who submitted quotations/proposals;
- (8) Attendance list of the quotation/proposal opening;
- (9) Quotation/Proposal Evaluation Report;
- (10) Notification of award or purchase order;

- (11) Signed contracts between the SLCCC/VAB and Contractors/Suppliers/Consultants;
- (12) Signed contract agreement between Provincial Project Office and the SLCCC/VAB;
- (13) Works/Consulting Progress Report or delivery certificate of goods including evidence photos;
- (14) Receipt from Contractor/Supplier;
- (15) Complaint received and responses of resolutions, if any;

All other documents concerned with the procurement process.

8. FINANCIAL MANAGEMENT OF COMMUNITY

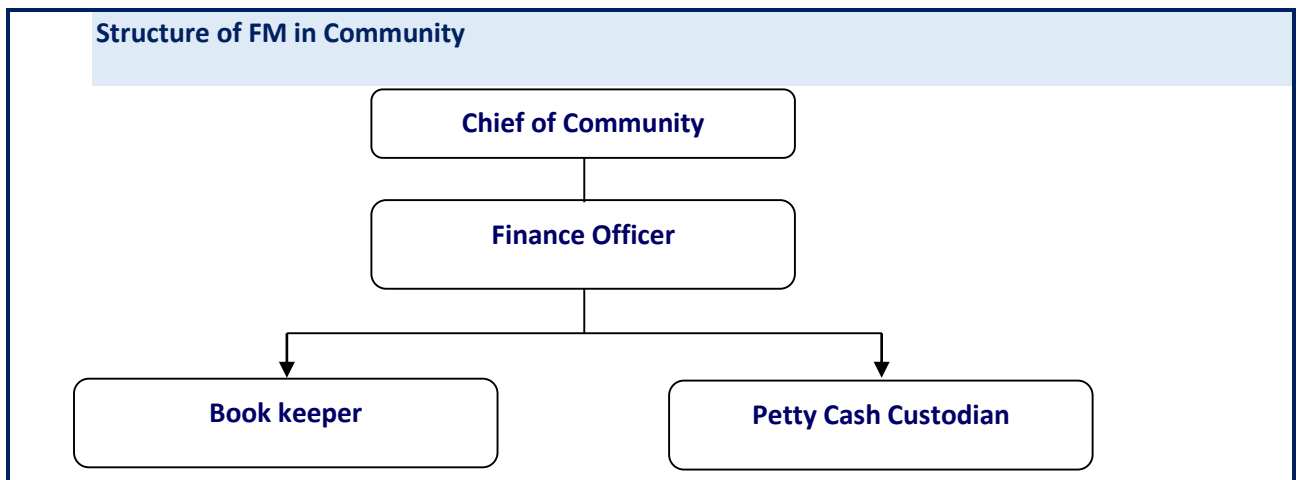
This section covers financial management of grant's receipts and payments. For management of interest rate, savings or lending operations in the community, please refer to the above sections.

8.1 Overview of FM system and responsibilities

8.1.1 FM structure and respective responsibilities

Each community shall have a finance team that is responsible for all finance, accounting and financial reporting. The Finance Team shall consist of a finance officer, a bookkeeper and a petty cash custodian. The responsibilities of the Finance Team are:

- (1) Maintaining account books and financial records.
- (2) Managing the bank account.
- (3) Preparing budgets for the community implementation.
- (4) Processing payment request according to established policies and making payments following proper authorization.
- (5) Preparing monthly financial reports.
- (6) Display all financial information to the community member.
- (7) Having books of accounts and records available for audit and/or review.

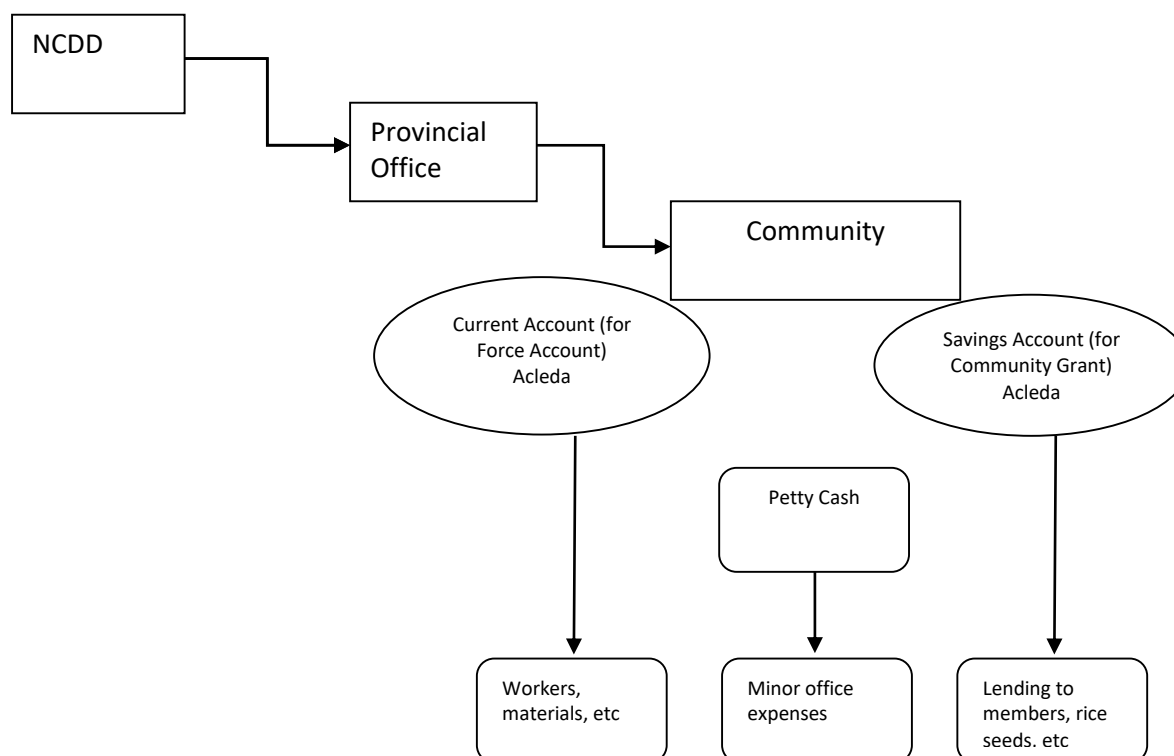


8.1.2 Accounting System and Basis of accounting

The accounting system includes a set of books to record financial transactions and files to maintain adequate supporting documentation. The community uses a manual system for accounting purpose. Accounting records shall be maintained on cash basis, except for lending, savings and advance. The

accounting period is from 1 January to 31 December of each year. The financial statements are prepared in Riel.

8.1.3 Fund flows



8.1.4 Sources of documents and original books of entry

Vouchers are used to initiate financial transactions. To help ensure completeness of transactions recorded in the accounting system, all vouchers shall be sequentially pre-numbered.

- (1) Bank payment voucher
- (2) Bank receipt voucher
- (3) Petty cash payment voucher
- (4) Journal voucher

The following books of accounts and file will be established and maintained by the community:

- (1) Bank Book - to record bank receipts and payments
- (2) Petty Cash Book - to record cash receipts and payments (maintained by the petty cash custodian)
- (3) Contract Register - to record procurement contracts
- (4) Wages Log - to record wages paid when community force account is used
- (5) Expenditure Log paid by petty cash - to record office expenses (maintained by book keeper)
- (6) Bank payments voucher file
- (7) Bank receipt voucher file
- (8) Petty cash payment voucher file
- (9) Bank statements file
- (10) Contract/supplier file
- (11) Wages records file

Annex 49 contains all accounting forms used.

8.2 Budget preparation

After a Community’s work plan/activities with a time frame for implementation is formulated, the Community’s Finance Officer shall collaborate with respective people in charge of those activities to have a budget estimation for each activity by month.

8.3 Management of cash at bank

8.3.1 Overview

Each community maintains two bank accounts at Aceda bank in the name of the community:

- (1) Current account: Used for managing funds for Force Account operations.
- (2) Savings account: Used for managing funds concerning community development grant.

There are three authorized signatories being: Chief of community, Finance Officer and Vice Chief of community. Two out of the three authorized signatories are required for withdrawal of funds from the bank account. Cheques shall only be written in the name of a payee or the company’s name. No pre-signing of cheque or withdrawal slips or transfer slip is allowed.

8.3.2 Recording of receipt of funds and payment

A bank book is maintained for each bank account to monitor funds receipts and payment. The bank book has the following information:

- (1) Date,
- (2) Reference number
- (3) Description of a transaction
- (4) Receipts
- (5) Payment
- (6) Balance
- (7) Analysis of expenditures (this is used to classify type of expenditure such as wage, materials, equipment etc.)

Date	Reference No	Description	Receipts	Payments	Balance	Analysis of Expenditures								
						Wage	Materials	Equipment	Credit				Total	

8.3.3 Bank reconciliation

A bank reconciliation is prepared in order to compare the balance per bank book with the balance reported in the bank statement/passbook. It is included in the Bank Book. After getting a bank statement from the Bank, the book keeper enters the balance per bank statement in the last part of the Bank Book. Any

difference between the amount in the bank statement and the bank book shall be explained. This is then reviewed by the Finance Officer and approved by Chief of Community.

8.4 Management of petty cash

8.4.1 Overview

- (1) It is a normal practice to maintain a petty cash in the office to pay for small expenses. Petty cash is used to pay for travel expenses, office supplies and other minor administrative expenses.
- (2) A petty cash float of US\$200 shall be maintained. Petty cash is kept by a petty cash custodian.
- (3) Petty withdrawn from the Bank shall be kept in a secure cash box. Petty cash custodian shall keep the key and the finance officer shall keep the code (password) be personally responsible for its safety.

8.4.2 Recording of petty cash transactions

Petty cash custodian must maintain a petty cash book to record all transactions. When money is received the date and amount is entered in the receipt column. When money is paid the payment date an amount is entered in the payment column. A daily balance is calculated and checked with the balance in cash box. A petty cash book has the following information:

DATE	PCPV No	Description	Receipts	Payments	Balance

A bookkeeper also maintains Expenditure Log paid by petty cash in order to reconcile the balance of petty cash maintained by the petty cash custodian and to classify types of expenses. This log has the following information:

Ref. No	Date	Description of Expense	Cash received/ (paid)	Balance of cash on hand	Analysis of expenses				
					Local Travel	Office Supplies	Photocopy	Other Misc Expenses	Total

8.4.3 Replenishment of petty cash

- (1) When the balance in the petty cash box is reduced to 20% of the agreed float, a Petty Cash Replenishment Request is prepared by the Petty Cash Custodian and reviewed by the Finance Officer.
- (2) Bookkeeper issues a Bank Payment Voucher (BPV) to replenish the petty cash.
- (3) Record bank book with the replenishment.
- (4) Originals filed with the Petty Cash File.

8.4.4 Cash count and reconciliation

- (1) At the end of each month, a cash count shall be made by the custodian and observed by either finance officer or bookkeeper to ensure accuracy of the amount on hand. Any discrepancy between

the cash count and balance per petty cash book shall be reported to the Chief of Community immediately. Discrepancy shall be investigated and documented.

- (2) An unannounced cash count shall be carried out by a person outside the finance team at least twice per year.

8.5 Management of fund receipts

To get a community grant, the Finance Unit shall prepare a Grant Request and submit it to the Unified Provincial Administration Office (PA) via the Commune/Sangkat (C/S). C/S shall ensure that the community's request is endorsed within 3 days of the receipts. C/S is not responsible for accuracy and complete supporting documents. This process of passing through C/S is to keep it inform of the fund request from the community.

PA will transfer the requested amount to the community bank account within five working days of receipt of the request. The PA will advise the community when funds are transferred.

For funds for operations of the Force Account, the funds request should be equal to three month budget of the contracts of Force Account.

Upon obtaining the credit advice of fund transfer from the bank, the bookkeeper shall prepare a Bank Receipt Voucher and enter the amount received in the Bank Book.

Notification of funds transfer by PA and the bank advice of receipt of funds shall be filed in the bank file.

8.6 Management of expenses

Payment of expenditures is made by using one of the following methods.

- (1) Check or money transfer order (MTO)
- (2) Cash
- (3) Petty cash (for minor administrative expenses such as travel, office supplies)

To the extent possible, payments for expenditures shall be made by check or money transfer order. Exceptions are payment of wages (for Force Account) and when suppliers refuse to accept a cheque. Any cash payments, other than for wages and minor administrative expenses must be justified and reasons leading to cash payments shall be documented.

8.6.1 Payment by check or money transfer order for suppliers and contractors

- (1) On receipt of the original invoice from a supplier/contractor, the book-keeper shall ensure that a designated technical person(s)/committee certifies goods/works before making payment processes.
- (2) The bookkeeper prepares a Bank Payment Voucher (BPV). The BPV will contain all information such as name of payee, amount of invoice, purchase order/contract No. or reference to other authorization, cheque No., and purpose of payment.
- (3) The BPV is checked by the Finance Officer, and is approved by the Chief of the community.
- (4) Following approval, a check or money transfer order is prepared by the book-keeper and signed by two signatories. If a cheque is used, it is given to the supplier/contractor. For money transfer order, it is given to the bank for transferring money. Cheques must be written in the name of the suppliers/contractors or the Company's name, if any.
- (5) All invoices are stamped or marked PAID.

- (6) The book keeper records a payment transaction into the Bank Book.
- (7) All documents are filed in date BPV number order in the BPV file.

8.6.2 Payment for community force account work

- (1) Payment for materials or equipment under the force account work shall be certified by a competent person(s)/committees in accordance the agreed expenditure in force account work.
- (2) For wages paid to community workers, a Wages Log shall be prepared.
- (3) The bookkeeper shall ensure that the expenditures are being certified by designated persons before making payment process.
- (4) Following all checks, appropriate BPVs are prepared and cash paid. Individual payee must acknowledge receipt of payments either by signing or thumbprints.
- (5) Cash disbursement for wages must be made by two persons present.

8.6.3 Payment by Cash

It may be necessary to withdraw cash from the bank for payment of expenses that cannot be paid by a cheque. A good example is daily/weekly wages paid to community force account workers. In addition, some local suppliers of materials may require payment in cash. BPV needs to be prepared for the required amount and approved similar to other type of payment. A cheque is written in a name of the bookkeeper or finance officer who withdraws cash from the bank and make payment in cash to local suppliers on the same day of cash withdrawals. This kind of cash payment shall be limited to a maximum of US\$500 equivalent per transaction. Any amount above that limit shall be paid by cheque or money transfer order.

8.6.4 Payment by Petty Cash

- (1) Petty Cash Payment Voucher (PCPV) is prepared by petty cash custodian, attached a supporting invoice for purchases.
- (2) PCPV is checked by the bookkeeper and approved by Finance Officer.
- (3) Petty cash custodian disburses the money and require recipient to sign.
- (4) Expenditure Log paid by Petty Cash recorded for types of expenditure by the bookkeeper and the petty cash custodian records transactions in a petty cash book for monitoring cash on hand.
- (5) Originals filed with the Petty Cash File.

8.7 Fixed assets

8.7.1 Fixed Assets Register

- (1) A Fixed Asset Register should be prepared to ensure adequate controls over property and equipment. The Fixed Asset Register shall be recorded and maintained by the bookkeeper.
- (2) The Register should include the following details:
 - ✓ Date of acquisition
 - ✓ Detailed description, including model numbers where appropriate
 - ✓ Serial number, if any
 - ✓ Asset code
 - ✓ Location
 - ✓ Purchase cost
 - ✓ Payment reference
 - ✓ User of the equipment
- (3) The register should be updated as soon as there is a movement of items in the register.

8.7.2 Physical Count

- (1) The objective of physical count is to confirm the existence and the condition of the equipment and the utilization of assets for the community purposes.
- (2) Physical inspection shall be conducted at least once a year.
- (3) The assigned officers who are in charge of the count will compare the item located in each location with the information in the Register. Any item which is identified as lost or damaged or transferred (equipment can be transferred to other locations/users if there is an agreement in writing) during the verification process will be reported.
- (4) A report on the physical count should be produced. The report should be signed by the officer who performs the check and be approved by Chief of Community.

8.8 Month-end procedures and financial reports

- (1) At the end of the month, the Finance Team shall perform the following to ensure completeness and accuracy of financial information:
 - ✓ Compute a cash at bank balance in the bank book and agree with the balance per the bank statement obtained at month end;
 - ✓ Compute a petty cash balance in the Petty Cash Book and prepare cash count; and reconcile the balance per petty cash book with the balance per cash count;
- (2) After completing the above tasks, the Finance Officer will prepare a month financial report by getting information from the following sources:
 - ✓ Bank book
 - ✓ Expenditure log paid by petty cash
- (3) The Finance Officer shall ensure that the 'Closing balance' amount is equal to the total amount of 'Represented by' in the monthly financial report.
- (4) The monthly financial report should be approved by the Chief of Community and it shall be presented to the community members during a monthly meeting. In addition, it should be posted on a publicly accessible board for information to all community members.

8.9 Internal and external audit

8.9.1 Internal audit

The activities of the community is subject to an internal audit carried out by the NCDDDS. The internal audit unit of the NCDDDS shall incorporate the community's operations in its annual audit plan. The main scope of work of the internal audit, among other things, is to ensure controls instituted in COM are in place and working as intended and assess capacity of the community. Realistic recommendations on improving the community's operations should be provided and followed up.

8.9.2 External audit

The terms of reference for the external audit shall incorporate a review of the operations of the community with a focus on strengthening system of internal control, compliance with COM and capacity building. The external auditors shall plan their work to visit a sample of communities as part of their audit fieldwork.

9. ROLES AND RESPONSIBILITIES IN FIELD IMPLEMENTATION

Roles and responsibilities in the implementation of LASED II on the ground will be shared by Community Level Agents, Village Extension Workers/Village Animal Health Workers (VEWs/VAWs), District Level Professionals (i.e., CAFs, CDFs), Project Management Team (PMT), Master Trainer Team (MTT), Provincial Trainer Team (PTT), partner agents (including NGOs), and local authorities. Non-partner agents will also be involved in LASED II in various ways.

9.1 Community Level Agents (i.e. VEWs/VAHWs)

The Community Level Agents (in particular VEWs/VAHWs) will be key field facilitation personnel who will be directly engaged in social mobilization and the formation and strengthening of RFGs, CIGs, and cooperatives. They will be the direct link between the project beneficiaries and their organizations and the project management. Although the Community Level Agents (CLAs) will be working with the project at the initial phase of building community institutions, 3-4 years later when cooperatives are established and able to operate, CLAs will be transferred to the cooperatives or phased out. Then the cooperatives will directly manage and pay for them.

9.1.1 Roles and responsibilities of Community Level Agents (CLAs)

Initially, the CLAs will report to, and maintain close and well-coordinated working relations with PMT, specifically through CAFs, CDFs. Over time the CLAs will become independent of PMT and begin to work for cooperatives. A CLA will provide services to her/his community and adjacent communities; she/he will support around 8-10 RFGs and/or CIGs. Each CLA will support various community institutions at different levels in agricultural extension, financial management, livelihood investment activities, and other functions. Specifically, the CLAs will be responsible, at least, for:

- (1) Participating in training activities delivered by the sub-national level trainers (i.e. PDAs, DOAs, CAFs, CDFs or private service providers);
- (2) Planning and implementing model plots with technical support from the sub-national level trainers;
- (3) Facilitating and conducting Farmer Field School (FFS), Farmer Business School (FBS), and Farmer Marketing School (FMS) for the project beneficiaries with support and backstopping of the sub-national level trainers;
- (4) Providing extension services to the project beneficiaries;
- (5) Collecting information and data on the project beneficiaries with support of the sub-national level trainers, and especially CAFs and CDFs;
- (6) Developing business models in support of long term delivery of extension services with technical support of CAFs and CDFs;
- (7) Promoting and raising awareness of Farmer Organizations (including RFGs, CIGs, cooperatives), and taking the lead in organizing them and setting them up;
- (8) Assisting in establishing “Healthy Livestock, Healthy Village, Better Life” programs in communities; and
- (9) Other tasks relating to agricultural extension services.

9.1.2 Qualifications of CLAs

Following minimum qualifications will be required of the CLAs, which shall be ensured during the selection and recruitment process. Each CLA should:

- (1) Be between 20 and 45 years old;

- (2) Be from the LASED II's target communities;
- (3) Possess at least basic education completing at least grade 8;
- (4) Have personal means of travel (bicycle or motorbike);
- (5) Be in good health;
- (6) Be humble and friendly with poor and disadvantaged people;
- (7) Be honest and interested to work with LASED II beneficiaries;
- (8) Be committed to building institutions of the poor;
- (9) Be able to work on flexible schedule and overtime;
- (10) Be enthusiastic for voluntary work;
- (11) Have good innate communication and community mobilization skills;
- (12) Be comfortable to interact with women, disabled people and indigenous people;
- (13) Understand community problem solving methods;
- (14) Have good arithmetic and numeracy skill; and
- (15) Have basic involvement in family/small-scale farm businesses.

Female candidates will be given priority. It is an asset if the candidates have some prior experiences in community and pro-poor institution development; some of the beneficiaries involved in original LASED's CIGs and cooperatives.

9.1.3 Recruitment and induction process

The project planned to execute baseline studies. Through the baseline studies, the project will identify potential lead farmers who will be able to become CLAs (i.e., VEWs/VAHWs). Based on the baseline findings, a series of community meetings will be facilitated to select and recruit VEWs/VAHWs. Procurement arrangement established by the project will be followed. Other processes of identification and selection of the CLAs may include:

- (1) Public announcement at commune planning workshops under RGC's D&D program, village meetings and on information boards of commune offices;
- (2) Organizing introduction training for potential candidates (and selecting the most outstanding candidates for further training); or
- (3) Organizing internships for potential candidates.

9.1.4 Training and Coaching of CLAs

Certain basic training for the CLAs are necessary. The training are to enable them to mobilize the target beneficiaries into RFGs, CIGs, and cooperatives and to support the functioning and operation of these organizations. Training topics to be delivered to the CLAs are:

- (1) Basic facilitation techniques and participatory tools;
- (2) Community organizing, development and empowerment techniques;
- (3) Training of trainers on financial literacy;
- (4) RFG bookkeeping and self-rating;
- (5) Gender mainstreaming and equity;
- (6) Agricultural techniques (including, basic farming systems, agricultural production and development, basic farm management economics, soil and water management, cash crop farming, rice production, nutrition and home gardening, poultry raising and animal health);
- (7) Small-scale farm and business development and management;
- (8) Basic livelihood project or investment development/preparation;
- (9) Social and environmental safeguards; and
- (10) Monitoring and evaluation.

Coaching for CLAs is necessary in order to ensure that their services to LASED II's target communities are of quality and to update and upgrade their capacity. Coaching should be done during and after the training. Coaching is also possible during RFG, CIG or cooperative meeting facilitation and in their job performances. CLAs will be allowed to accompany PTT and DLPs to join any meetings or trainings organized by the project so that they can learn more especially in speaking, communication and facilitation skills. The PTT and DLPs will spare their time to check CLAs' reports and provide them with feedbacks either verbally or in writing. PTT and DLPs will regularly organize meetings with CLAs to make reflection on their works and progress and to build up their capacity especially in facilitation skill, report writing, approach to working with communities, bookkeeping, basic project/investment preparation and certain agricultural techniques.

9.1.5 Working Schedule and Compensation for CLAs

Monthly work plan for individual CLA will be required. CLA will try to put all activities foreseen for during next month based on schedules of meetings and works of RFGs/CIGs/cooperatives and remaining activities of CLA left from previous month which need to bring forward. CLA mentors (i.e., CAFs, CDFs) will provide support in doing so. The CLA mentors will add activities from LASED II higher work plan, and other priority which mentors may assign individual CLA to work for. It is necessary to have a proof that the service provided by CLA is delivered, to the right target, at the right time and for the right purpose. CLA is requested to complete report form every month. Despite these requirements, each CLA will not automatically be provided with financial incentives (remuneration), but CLA's embedded service charge through, for example, sales of inputs, may be considered and practiced.¹⁵

9.2 District Level Professionals (i.e. CAFs, CDFs)

The District Level Professionals (namely CAFs, CDFs) are in charge of facilitating, supporting, monitoring and supervising the implementation of community level project activities. They will link to existing district and commune level administrative structures. District Level Professionals (DLPs) will be contracted personnel of the Project Management Team (PMT) and will be selected based on qualifications, experience, and residency. Depending on the size of the SLC site/community and travel distance between sites/communities, a DLP may cover 1-3 SLC sites/communities. The DLPs will coordinate the work of CLAs in and across sites/communities and act as interface between the communities and the District/Provincial LASED II Teams. The specific tasks of the DLPs are as follows:

- (1) Ensure detailed understanding at different levels of guidelines, procedures, methods and principles related to all project operations, as set out in this Community Operational Manual (COM) and Project Implementation Manual (PIM);
- (2) Provide inputs to agriculture-related baseline studies;
- (3) Participate in TOT training activities delivered by the MTT;
- (4) Participate in Agro-Ecosystem Analyses (AEAs), and agricultural land suitability study exercises;
- (5) Provide support to and conduct monitoring of VEWs/VAHWs while they organize, facilitate and run FFS, FBS and FMS;
- (6) Provide regular technical backstopping to VEWs/VAHWs;
- (7) Promote and raise awareness of the establishment of FOs/CIGs (i.e. producer organizations, processing groups, agricultural marketing groups, rice banks, revolving fund groups, etc.);
- (8) Coordinate, support and facilitate the establishment of FOs/CIGs in absence of private service providers;
- (9) Work with VEWs/VAHWs to develop and implement plans for model plots;
- (10) Work with VEWs/VAHWs to develop their respective business plans in support of agricultural extension service and functions;

¹⁵ If the project could afford, each CLA should be paid a monthly lump-sum of no more than US\$80. The amount shall be a reward for CLA's time delivering services to the RFGs/CIGs/cooperatives and for operation and maintenance of her/his means of transport. The lump-sum incentive shall be phased out gradually or annually.

- (11) Provide technical support to VEWs/VAHWs and the beneficiaries in their respective farm livelihood planning (i.e. BLIPs, CLIPs);
- (12) Conduct regular monitoring of and provide regular coaching and technical backstopping to VEWs/VAHWs in establishing and managing model plots for FFS;
- (13) Implement farmer feedback system;
- (14) Collect information and data on agriculture and livelihood conditions from the beneficiaries, on regular basis as instructed by the project;
- (15) Provide inputs to agricultural sub-component performance monitoring and review;
- (16) Conduct supervision, monitoring and quality control over VEWs/VAHWs;
- (17) Ensure technical compliance of training services by private service providers at the behest of the MTT and PTT (i.e., PDAs and the DOAs);
- (18) Assist in the development of “Healthy Livestock, Healthy Village, Better Life” programs in communities in association with VEWs/VAHWs;
- (19) Support BLIP and CLIP processes, and
- (20) Perform other capacity-building-related tasks to VEWs/VAHWs as instructed by the PDAs and the DOAs.

The DLPs (in particular CAFs and CDFs) will be key personnel at the field level who will be directly engaged to support CLAs in social mobilization and the formation and strengthening of RFGs/CIGs as well as cooperatives and cooperative unions. They will be the direct link between the CLAs, the project beneficiaries and their organizations and the project management. Intensive support and service from DLPs will be required for 3-4 years. As cooperatives are established and able to operate, DLPs' support and service will be phased out. DLPs will report to and be under supervision of the PMT, and/or MTT. Each DLP will support various community institutions at different levels in financial management, livelihood investment activities, and other functions.

9.2.1 Qualifications for the position

Following minimum qualifications will be required of the DLPs, which shall be ensured during the selection and recruitment process. Each DLP should:

- (1) Be between 25 and 35 years old;
- (2) Be from the provinces of concerned LASED II's target communities;
- (3) Possess at least associate degree in agricultural development, farm management economics or business administration;
- (4) Be in good health;
- (5) Be humble and friendly with poor and disadvantaged people;
- (6) Be honest and interested to work with LASED II beneficiaries without discrimination;
- (7) Be prepared for a long stay in the target communities;
- (8) Be committed to building institutions of the poor;
- (9) Be able to work on flexible schedule and overtime (without additional compensation);
- (10) Have good communication and community organizing and mobilization skills;
- (11) Be comfortable to interact with women, disabled people and indigenous people;
- (12) Understand community problem solving methods;
- (13) Have some prior experiences in community and pro-poor institution development;
- (14) Have basic knowledge of financial management and good accounting practices; and
- (15) Have basic involvement in small-scale/family/farm businesses.

Female candidates will be given priority.

9.2.2 Recruitment and induction process

The selection and recruitment of a DLP who is expected to work in a LASED II's target area will be done jointly by members of PMT, MTT, and PTT. Procurement arrangement established by the project will be followed. Certain basic and orientation training for the DLPs in work planning, agricultural development; community organizing, mobilization and empowerment; livelihood investment and development; basic financial literacy; and small-scale business management will be provided. The training endeavors are to equip them with skills to work with, engage and mobilize the target beneficiaries. The process of identification and selection of the DLPs include:

- (1) Public announcement at provincial, district and commune planning workshops under RGC's D&D program, and on information boards of commune offices, district offices, provincial offices, and local universities, and/or widely-circulated local newspapers;
- (2) Open competition through public or TV show programs or at local universities; or
- (3) Project internships for potential candidates.

Where possible, NGOs that can provide DLPs or functional and operational services of DLPs should be entertained, encouraged or given priority.

9.2.3 Working schedule and compensation for DLPs

Monthly work plan for individual DLP will be required. DLP will try to put all activities foreseen for during the coming month based on schedules of CLAs, meetings and works of RFGs/CIGs, cooperatives/unions and remaining activities of DLP left from previous month which need to bring forward. DLP will prepare monthly report to the PMT and/or MTT based on report form. Each DLP will get paid a salary of US\$500-600/month.

When NGOs are contracted for the provision of DLPs or DLP services, the NGOs shall be responsible for coordinated and joint planning of their DLPs or DLP services, and on average the cost per DLP shall not exceed US\$500-600/month; and DLP monthly report shall be submitted to the PMT and/or MTT based on a standardized report form.

9.3 Provincial Level Trainer Team

The project will involve sub-national level trainers and service providers to provide training and capacity building and community organizing services to the project beneficiaries. These sub-national level trainers and service providers will include, but not be limited to, Provincial Departments of Agriculture (PDAs), District Offices of Agriculture (DOAs), NGOs, and agro-input suppliers/firms, traders/collectors. Provincial Level Trainer Team (PTT) from PDAs and DOAs will be identified and engaged by the MTT for the project.

Their key roles and responsibilities include:

- (1) Providing inputs to agriculture-related baseline studies;
- (2) Participating in TOT training activities delivered by the MTT;
- (3) Participating in AEAs, and agricultural land suitability studies;
- (4) Providing FFS, FBS and FMS to VEWs/VAHWs where and when no private sector service providers (i.e. NGOs, agro-input suppliers, traders/collectors) exist;
- (5) Providing certain services within the FFS, FBS and FMS packages to VEWs/VAHWs when and where private sector service providers cannot offer;
- (6) Providing technical inputs to the development of the TORs of CAFs and/or CDFs;
- (7) Providing regular technical backstopping to VEWs/VAHWs, CAFs and CDFs;
- (8) Alongside CAFs/CDFs, working with and/or supporting VEWs/VAHWs to develop and implement plans for model plots;

- (9) Promoting and raising awareness of the establishment of CIGs/FOs (i.e. producer organizations, processing groups, agricultural marketing groups, rice banks, savings and credit / revolving fund groups, etc.);
- (10) Coordinating, supporting and facilitating the establishment of CIGs/FOs (i.e. producer organizations, processing groups, agricultural marketing groups, rice banks, savings and credit/ revolving fund groups, etc.) in absence of private service providers;
- (11) Providing technical support to CIGs/FOs in BLIPs and CLIPs;
- (12) Providing back up and support to FBS, FMS and FFS;
- (13) Registering and supporting agricultural cooperatives;
- (14) Implementing farmer feedback system;
- (15) Providing inputs to agricultural sub-component performance monitoring and review;
- (16) Providing inputs to the development of technical specifications for service packages to be delivered by sub-national trainers;
- (17) Ensuring technical compliance of training services by private service providers at the behest of the GDA and the MTT;
- (18) Conducting supervision, monitoring and quality control over service provided by private service providers, VEWs/VAHWs, CAFs and CDFs; and
- (19) Performing other capacity-building-related tasks for the project as instructed by the GDA and the MTT.

The PTT will help to disseminate and raise awareness of the COM. It should be advised that the COM is a living document that by its nature is incomplete and will be revised periodically based on the lessons learned from actual implementation. The PTT do not have any mandate to interfere in the internal affairs of RFGs, CIGs/FOs/cooperatives and are not entitled to serve as office bearers or in any honorary positions.

9.4 Partner NGOs and/or Private Service Providers

Provincially based local NGOs, national and local input suppliers, traders/collectors, banks/MFIs and the like, will be identified and assessed. They will be contracted and involved by the project and the MTT for the training, extension service delivery and/or project-needed services. Their main roles and responsibilities will include:

- (1) Participating in TOT training activities delivered by the MTT at their own costs;
- (2) Providing and/or partnering among themselves to provide FFS, FBS and FMS to VEWs/VAHWs through contractual arrangements with the project under competitive bidding;
- (3) Providing certain services within the FFS, FBS and FMS packages to VEWs/VAHWs subject to their professional capacity through contractual arrangements with the project under competitive bidding;
- (4) Working with VEWs/VAHWs to develop and implement plans for model plots;
- (5) Providing regular technical backstopping to VEWs/VAHWs, CAFs and CDFs if they would provide FFS, FBS and FMS or certain portions of each;
- (6) Supporting, and facilitating the establishment of RFGs, CIGs, FOs (i.e. producer organizations, processing groups, agricultural marketing groups, rice banks, savings and credit / revolving fund groups, self-help groups, cooperatives, etc.) subject to their technical capability through contractual arrangements with the project under competitive bidding;
- (7) Supporting RFGs, CIGs or FOs in design of BLIPs and CLIPs and monitoring their implementation; and
- (8) Sharing costs, if possible, with the project in delivering the needed services.

Partner NGOs and/or private sector do not have any mandate to interfere in the internal affairs of RFGs, CIGs/FOs/cooperatives and are not entitled to serve as office bearers. They will be provided with copies of this COM as part of LASED II's information dissemination campaign. It will be advised that the COM is a

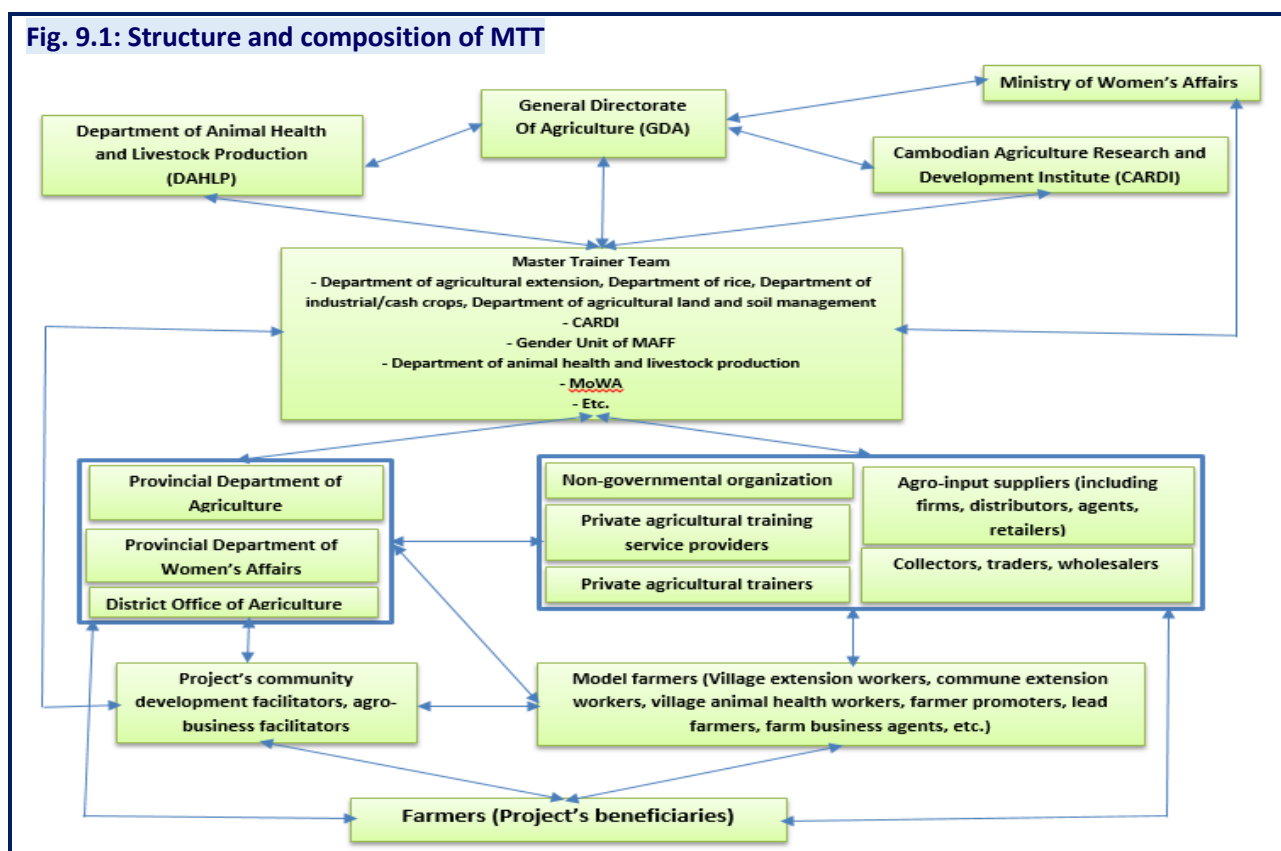
living document that by its nature is incomplete and will be revised periodically based on the lessons learned from actual implementation.

9.5 Project Implementation Team

The Project Implementation Team (PIT), composed also of Master Trainer Team's members and supported by advisors, ensures the management of the project operations, develops and adjusts operational and implementation manuals, formulates human resources development plans, designs and prepares training materials and enables project personnel to implement project activities with the best possible quality. The PMT must make resources available in a timely and efficient manner to allow for smooth operations; it also monitors and evaluates project processes, activities and impacts and responds to emerging needs by taking measures to optimize project performance and achieve desired impacts.

MTT, which will be set up by the General Directorate of Agriculture (GDA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF) in close coordination with other relevant sections of MAFF and Ministry of Women's Affairs (MoWA), as per the structure below, shall take the lead in capacity building of the target beneficiaries in farm and agribusiness-related livelihoods and small-scale rural businesses; and establishment, strengthening, and registration/formalization of RFGs, CIGs, FOs/cooperatives.

Fig. 9.1: Structure and composition of MTT



Specifically, the MTT's roles and responsibilities will include:

- (1) Developing technical specifications for and providing inputs to baseline and needs assessment study on capacity building in agriculture-based livelihoods of the project;
- (2) Developing and conducting basic technical Training of Trainers (TOT) for sub-national level trainers from PDAs, DOAs, local input suppliers, local traders/collectors, local NGOs, community development facilitators, and community agribusiness facilitators with the use and applications of FFS, FBS and FMS methods;

- (3) Developing and conducting topic-specific TOT for sub-national level trainers to address the needs and demand of the project beneficiaries for capacity building in agriculture-based livelihoods;
- (4) Providing regular technical backstopping to hands-on training provided by sub-national level trainers to lead farmers/village extension workers/village animal health workers;
- (5) Conducting supervision, monitoring and quality control over service provided by sub-national level trainers;
- (6) Ensuring technical compliance of training services provided by sub-national level trainers;
- (7) Developing and monitoring the implementation of farmer feedback system;
- (8) Developing technical specifications for service packages to be delivered by sub-national trainers;
- (9) Participating in selection of sub-national level trainers;
- (10) Ensuring good practices in identification, selection and recruitment of VEWs/VAHWs;
- (11) Ensuring good practices in AEAs, site assessments, agricultural land suitability study; and creation of farmer groups;
- (12) Conducting regular analyses of farming and farm business situation of the SCL communities and running farming system model simulations to develop and choose models that can be used for model plots;
- (13) Developing TORs for CAFs and/or CDFs;
- (14) Conducting performance monitoring and review of agricultural-related activities/the agricultural sub-component of the project;
- (15) Promoting and establishing “Healthy Livestock, Healthy Village, Better Life” programs in communities including provision of appropriate TOT and monitoring; and
- (16) Performing other capacity-building-related tasks for the project.

The MTT will help to disseminate and raise awareness of the COM. They will help to update and revise it based on lessons learned from the actual implementation. It should be advised that members of the MTT do not have any mandate to interfere in the internal affairs of RFGs, CIGs/FOs/cooperatives and are not entitled to serve as office bearers or in any honorary positions.

9.6 Relationship with Other Development Initiatives

Provincial PIT will ensure coordination and collaboration with other development initiatives. Creating synergies with other initiatives will be important for LASED II. The project field personnel will therefore need a good understanding of all ongoing development initiatives in the project area. Initiatives that offer complementary services or services, which LASED II does not provide may potentially be relevant for the target beneficiaries. Ways of making these services accessible for them can be explored, planned, coordinated and facilitated. Likewise, in cases that the target beneficiaries are participating in initiatives of NGOs or private sector entities, efforts will be made to explore ways to support to them through these ongoing initiatives. LASED II will not interfere with ongoing initiatives of other NGOs or private sector, and will seek agreements on coordination, cooperation, and collaboration as deemed necessary.

In principle, the establishment of partnership cooperation is at discretion of the PMT. However, in light of capacity building and empowerment of the target beneficiaries, their engagement through their institutions (i.e., RFGs, CIGs, FOs/cooperatives) in the process is critical. The capacity of the target beneficiaries' institutions to successfully negotiate with and establish beneficial relationships with relevant development initiatives is substantial for their institutional sustainability.

Copies of the COM will be provided to relevant NGOs and possibly private sector. It must be emphasized that the COM is a living document that by its nature is incomplete and will be revised periodically based on the lessons learned from actual implementation.

9.7 Local Authorities

Local authorities have the mandate to support the policies of the Royal Government of Cambodia. As LASED II is a government-executed and implemented project, commune councils and village heads are

expected to collaborate with and support the project to ensure its integration into the Commune Development Plan (CDP) and Commune Investment Program (CIP). Specifically, the local authorities will:

- (1) Participate in key events and activities of the project, including awareness raising campaign for this COM, training sessions, workshops, etc.;
- (2) Facilitate the registration of RFGs, CIGs, FOs/cooperatives with commune councils;
- (3) Encourage and facilitate participation of RFGs, CIGs, FOs/cooperatives the annual commune investment programming process;
- (4) Facilitate and support integration of plans, projects and needs of RFGs, CIGs, FOs/cooperatives in the CDPs and CIPs;
- (5) Facilitate linkages with other local development initiatives in support of providing services for which LASED II does not have a direct mandate;
- (6) Participate, if necessary, in local conflict resolution and complaints handling at local level.

Commune councils and village heads do not have any mandate to interfere in the internal affairs of RFGs, CIGs, FOs/cooperatives and are not entitled to serve as office bearers or in any honorary positions. Local authorities will be provided with copies of this COM as part of LASED II’s information dissemination campaign. It will be emphasized that the COM is a living document that by its nature is incomplete and will be revised periodically based on the lessons learned from actual implementation.

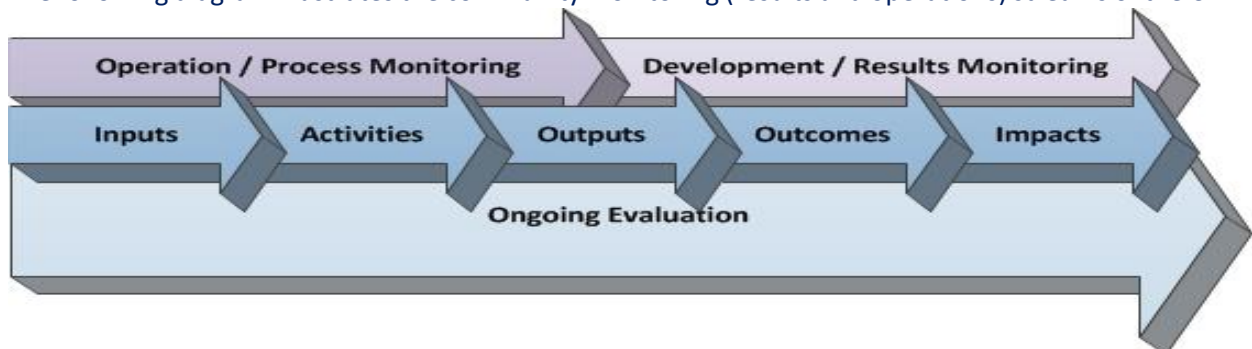
10. COMMUNITY-BASED MONITORING AND EVALUATION

For the purpose of field monitoring, LASED II uses a **Community-Based Monitoring and Evaluation (CBME)** methodology. Through CBME, community members engage in the monitoring and evaluation of the project. They share control over the content, process and results of the monitoring and evaluation, and then identify and take corrective actions based on those results.

In LASED II, CBME can be divided into two parts:

- (1) **Community-Based Results Monitoring** - focuses on tracking the outputs, outcomes and impacts achieved by the project, including changes in household livelihood and social capital and changes in socio-economic and environmental patterns within the project area.
- (2) **Community-Based Operation Monitoring** - focuses on tracking the project operation and processes to ensure quality of service and input deliveries and ensure accountability, ownership and satisfaction of the community. Specifically, monitoring would focus on training delivery, financial delivery and the group formation and management process.

The following diagram illustrates the community monitoring (results and operations) streams of the CBME:



Streams of Community-Based M&E Diagram

The Community Development Facilitators (CDFs) and Community Agriculture Extensions (CAFs) will work closely with the community and will play a key role in monitoring. In addition, Commune Clerk Assistant (CCA) and M&E staff will also participate. The M&E staff will provide technical assistance that the CDFs and CAFs may need and will also be able to carry out quick analysis on the spot and gauge the general effectiveness of the project's strategy to date.

Monitoring findings should be compiled during the actual monitoring event so that the community can reflect on the results and provide feedback. It will be part of the CDF's and CAF's role to write down the results in monitoring forms and send them to the M&E staff for data entry into the MIS system. The monitoring findings will then be synthesized at the project level by M&E staff for the management. The findings will help inform project management and development partners on project outcomes, along with what problems have been identified, and what further actions should be taken.

10.1 Results Monitoring

Results include outputs, outcomes, and impacts. They are the products of the activities that together achieve the project purposes, and include not only physical outputs but are also the broader benefits enjoyed by the land recipient beneficiaries and how their situation then changes over time.

In order to measure results or improvements in the situation of the land recipient beneficiaries, it is necessary to establish a baseline at the beginning of the project, together with the community. This baseline will be jointly established with cooperation and contribution by the community members and CDFs and CAFs. It will contain a list of initial information, including household assets, the poverty status of the household and an assessment of the community's self-help capacities at the outset of the project. The community and CDFs/CAFs will also develop a list of agreed indicators to measure changes in the status of these baseline components after the 10th meeting of the saving/AC groups. Comparative data for these indicators can then be collected over specific periods of time

There are therefore 3 basic methods that can be used for results monitoring:

- (1) Measuring changes in household assets;
- (2) Trends of poor households;
- (3) Tracking groups' self-help capacities.

These three results can only be measured over a sufficiently long period of time. Thus, it is generally recommended to undertake these on a yearly basis at the same time.

10.1.1 Measuring changes in household assets

Saving/AC members need a simple and practical method to measure changes in their household assets. A community score carding method can be used here.






The basic steps for CDFs and CAFs to carry out this baseline is as follows:

Step 1: LASED II provides a practical document on the explanation and examples of household assets, and if necessary a workshop should be held with participation from M&E staff, NGO field staff and CDFs and CAFs to ensure that they have common understanding about the household assets

Step 2: CCA/CDFs and CAFs assist/facilitate/explain about household assets to each Saving and AC groups so as to find out the specific indicators that they might raise so that they can then be used for score carding.

Step 3: CCA/CDFs and CAFs draw on a flip chart a diagram and place the raised indicators in rows and write down the scoring scale in columns (some possible example indicators are included).

Example of monitoring changes “Scorecard”

Indicators	1. Situation is much worst	2. Situation is worse	3. Situation remains the same	4. Only a little better	5. Much better
					
Food					
Education					
Use of technology agriculture productivity					
Ability to borrow money from different sources					
Area of productive land					
Volume of production					
Amount of savings					
Amount of investment loans					

Step 4: CCA/CDFs and CAFs facilitate group discussion on why the situation has become like this and what else can LASED II or other stakeholders do to improve the situation? Notes can then be taken on key explanations in the bottom of the score carding flipchart or on another flip chart.

It is important to emphasize that final numbers or positions on the scorecard are not the main purpose or outcome of this method. What is most important is the discussion that occurs as group members reach agreement on whether the general direction of change is positive or negative and the analysis of why changes in the numbers or positions might be occurring.

10.1.2 Trend of Poor Households




ID Poor Data and PIP data will be utilized. This will enable the indicating of the trend of poor households together with the community in the village (normally, this exercise can be carried out only after the ID Poor Data is officially released).

The basic steps for CDFs and CAFs to carry out Trend of Poor Households is as follows:

Step 1: CCA/CDFs and CAFs engage with the saving and AC group leaders or senior community persons to organize the groups of people to establish poor household trend line as shown in the following example figure in Step 2):

Step 2: CCA/CDFs and CAFs use data from PIP to plot and then draw the line from the base year to the current year.

Step 3: CCA/CDFs and CAFs to gather feedback from the group over time on the trend line and encourage/facilitate the group to discuss what factors have contributed to this on a flip chart. For example:

Factors	1. Little contribution	2. Moderate contribution	3. Contribute the most
			
Initial grant from project			
Seed grant from project			
Technical training from project			
Financing from MFI/Bank			
Being member of Saving			
Being member of AC			
Others (specify)			

This Step 3) exercise will allow the community to reflect on the actual reality with what the data shows. It will then allow the community to adjust the data accordingly. This will show up a precise effectiveness of the project.

10.1.3 Group support/self-reliance matrix (Capacity Building)

A group support/self-reliance matrix is required to show the strengths of the Saving and AC groups over a period of time against the amount of support that it has received. It will indicate the effectiveness of the project's strategy to enhance the capacity (self-reliance) of institutions of the poor. A sample matrix is given below:

Example of self-reliance matrix

Indicators	Level of Self-Reliance				Things to improve or needed
	Absolutely need support	Partly need support	Need only follow up	Self-managed	
	1	2	3	4	
Saving management					

Indicators	Level of Self-Reliance				Things to improve or needed
	Absolutely need support	Partly need support	Need only follow up	Self-managed	
Intra-lending					
Interacting with Bank/MFI					
Micro-Investment Plan					
Linking to Markets					
Group meeting					
Bookkeeping					

The basic steps for CP's to complete this self-reliance matrix is as follows:

Step 1: CCA/CDFs and CAFs draw the above matrix on a flip chart for each group (using appropriate symbols)

Step 2: CP's facilitate the group to establish where the group stands for each row at the current time

Step 3: CCA/CDFs and CAFs gather and write down any further comments on the matrix/process

10.2 Operation/Implementation Monitoring

Operation or implementation is a process that requires inputs and activities to produce a specific output. Operation or implementation monitoring will help to ensure that participants know what activities were planned, whether they were carried out as planned and with what quality, and whether they will lead to the achievement of the project objective. It will help the participants reflect on what they have learned from the implementation process and to share ownership of the process. If carried out properly, operation or implementation monitoring will increase the overall project effectiveness and stakeholder learning.

Operation or implementation monitoring will be carried out according to the project steps. It can be changed or accumulated if there is a change or modification made on the project design. Currently, the following processes will be monitored:

10.2.1 Village entry and participatory identification processes

This is the initial stage of the project implementation in the field. At this stage, the project is intending to get the community aware about the project concept and activities. It is expected that all the land recipient families will be enthusiastic and will want to be engaged with the project. Thus, to ensure the maximum number of land recipient families have heard and engaged with the project, monitoring of this process is required.

Basic steps for NGO field staff to carry out for this monitoring are as follows:

Step 1: M&E unit of LASED II project provide NGO field staff an orientation on the monitoring form that is used for verifying land recipient households in the village.

Step 2: The gathered data will be used by the community to mobilize poor households into groups based on their preferred criteria, for instance group of poor1, poor2, left-out poor or group nearby households.

Step 3: This data will be an annex of the NGO progress report to LASED II for data entry.

Step 4: Update data: CDFs and CAFs will facilitate saving and AC in the village together with CCA on updating PIP data upon release of land recipient situation data is. This data will enable mobilization of all land recipient households who are interested to form into a group and then to inform about the trend of land recipient households in the village.

10.2.2 Formation and strengthening of saving and ACs

After the community has formed their group, it is necessary to ensure that their group is smoothly functioning. Thus, regular monitoring, participated by the group members, on the group functioning, is needed. This regular monitoring is to be conducted during every Saving and AC meeting and will serve three main purposes: i) keep close communication between the group and project staff, ii) ensure group functioning and provide proactive support and corrective action when group needs it, iii) and ensure accountability and effectiveness of services delivered by field staff, NGOs and project.

Basic steps for carrying this regular monitoring

Step 1: Project M&E unit will provide orientation on the regular monitoring to NGO field staff and CCA/CDFs and CAFs.

Step 2: After the orientation, the NGO staff will organize training on the regular monitoring for CCA/CDFs and CAFs. CCA/CDFs and CAFs will carry out the monitoring activities together with saving and ACs on every saving and AC meeting based in their responsible villages. If necessary, backstopping support can be provided by Commune and district working groups.

Step 3: After completion of the monitoring forms, CDFs and CAFs will summarize the findings to saving and AC so that immediate corrective action can be made within the group and possible feedback may be provided by the group.

Step 4: CCA/CDFs and CAFs will provide the completed forms to Commune and District Working groups on every 15th day and 30th day of each month. Then, Commune and District Working Groups will screen raised problems for immediate solution if appropriate. Commune and District Working groups will write down his/her comments on the form then forward the forms to LASED II for data entry.

10.2.3 Saving group and AC performance self-rating

Saving and AC performance self-rating is an ongoing monitoring activity, which is to be conducted after the saving and AC has reached its 10th meeting and within the period of 4 to 6 months. The next rating will be conducted based on the 10th meeting interval and within 4 to 6 months period after the last rating. The saving and AC performance self-rating serves three main purposes: i) review and score the performance of saving and AC, ii) find out problem/mistakes of the group that may be improved, iii) and to confirm if the group is eligible to receive seed grant. The six main criteria and followed ranges of score from 0 the lowest to 4 the highest²⁰.

¹⁹ See Annex 13 [M1, M2, M3, M4]

²⁰ See Section 3.2.14 Explanation on saving and AC performance rating criteria and score

Basic steps to carry out saving and AC performance self-rating are as follows:

Step 1: LASED II M&E unit will provide orientation to NGO field staff and Communes/District working groups on saving and AC performance self-rating

Step 2: NGO field staff will provide on the job training on the saving and AC performance self-rating methodology to CDF and CAFs and saving and AC. They will support CDF and CAFs and saving and AC until they can manage the task by themselves.

Step 3: NGO staff, CDF and CAFs, saving and AC will review the score they have received based on the rating exercise. They may come up with actions or improvement plans based on the problem/mistakes they have found. After that, the saving and AC can confirm that they are ready for official saving and AC performance rating by the project. This information will be noted down in the saving and AC meeting minutes.

10.3 Community Feedbacks

10.3.1 Quality of Service and Inputs Deliveries

“Using Community Scorecard Approach”

To ensure that the project is going along according to accountability principles and in an effective way, it is necessary to get feedback from the community. The community are the beneficiaries, i.e. “The demand side” and the deliverers of the project, such as services and inputs are “the supply side”.

To make it more formal and credible, Community Feedback will be carried out during the formal saving and AC performance rating, which is conducted by the PMT together with NGO, Commune/District working groups, CDF and CAFs, saving and AC. This means community feedback will be carried out once every 10th meeting of the group or with 4 to 6 months period at the commencement or after the last rating mission. However, it is also expected that this exercise may also be carried out by project management, counterpart implementing officials or the World Bank’s during their special visits.

Steps to facilitate for community feedback on quality of services and inputs deliveries:

Step 1: Feedback on quality service and inputs delivery is one of the key social accountability topics and should be included as one of the core training topics provided by NGO to saving and ACs’ members to ensure that they have understood how to provide their feedback.

Step 2: Before the saving and AC rating mission, NGO, CDF and CAFs or Commune/District working groups will make an appointment with the saving and AC; at the same time the saving and AC will be informed to prepare their feedback in advance so that after rating they can present their ideas immediately.

Step 3: After the rating is completed, the rating team will present the blank feedback table and ask for feedback. The community will score and provide feedback on the items that they have prepared. The

community may come up with their specific indicators they may want to see and provide further feedback. Those may include:

Table 25: Community Score Card (preliminary sample)

Service/Inputs	1. Below expectation/ plan ²¹	2. Meet expectation/ plan	3. Exceed expectation/ plan	Comments/Actions requested
Presence of CDF&CAF to the group				
Technical support of CDF&CAF to the group				
Presence of NGO field staff to the group				
Technical support of NGO field staff				
Presence of CF/DF to the group				
Technical support of Commune/District working groups to the group				
Initial Grant Amount received				
Period to receive Initial Grant				
Seed Grant Amount received				
Period to receive Seed Grant				
Quality of training facilitation of NGO				
Training content/topics provided by NGO				
Performance of rating exercise by PMT				
Quality of MFI/Bank service				
Support of local authorities				

Step 4: the feedback will be encoded in the MIS one week upon receiving. Feedback commission will review and respond (if relevant) within one to two weeks after the feedback is encoded.

10.3.2 Complaint Handling Mechanism at Community Level

The concept about a complaint handling mechanism should be carefully delivered in training sessions to Commune/District working groups /CDF/CAF's to avoid misunderstanding and incorrect interpretation because this may result in political issues or conflict or interest.

The steps to carry out the complaint handling exercise are similar to those for feedback on quality of services and inputs. However, project stakeholders, especially the community, shall receive the form with explanation as follows:

- (1) Complainant: put your name or group or stay anonymous if you are afraid.
- (2) Subject of Complaint: this is the thing (can be service, deed, inputs, etc) that you want to complain about. For example, ‘initial grant’.
- (3) Complaint details: It is the explanation for what you are complaining about. For example - you want to complain about the initial grant provided by party A. You explain that the initial grant (Chicken) you received on [date] are not healthy and they are not matched with the specification you provided.
- (4) Person/organization to be complained: is the person or organization you are complaining about. For example NGO, World Bank, GSSLC, NCDD, GDA, PMT, etc.

Table 26: Complaint form sample

COMPLAINT FORM PRESENTED TO LASED II PROJECT	
Complainant	
Location (village, Commune, District)	
Subject of Complaint	
Person/Organization subject to complaint	
Explanation about the complaint:	

The complaint shall be received by the rating team during or after the rating exercise or sent through any person or by the project website. Complaint handling committee shall send back response or temporary answer within one/two weeks after receipt

11. ANNEXES, FORMS AND TABLES

Annex 1. Gender Analytical Tools

Gender Issues in Cambodia

As Cambodia moves through the tentative process of recovery from the decades of violence and unrest, traditional gender roles and relationships are challenged and subject to constant change. In terms of policy and legal frameworks, efforts to promote gender equality and women’s human rights appear to be gaining momentum. At the same time, socio-cultural norms and a culture of impunity continue to undermine implementation and enforcement. Cambodian society remains largely patriarchal and hierarchical, with strong traditional norms that assign higher status to men and marginalize women who are not married. Disparities between men and women in resources, decision-making power, and basic social well-being, coupled with widespread poverty, stand as significant constraints to sustainable economic and social development.

The devastation of the past is reflected in a continuing population imbalance, whereby women make up approximately 52% of the population of 13.8 million. About half of the population is under the age of 20, as a result of a baby boom in the 1980s. Eighty percent of the population lives in rural areas and earns their living from farming. Poverty levels are highest among this group. Forty percent of the rural population and 10% of the urban population are classified as poor.

Unlike most other countries, workforce participation for men and women is nearly equal. On average, women contribute more than half of the household income. Over half (53%) of economically active women, compared to 32% of economically active men, are classified as “unpaid family labor,” primarily in agriculture. Women preside over a fourth of Cambodian households.

Few Cambodian farmers have access to extension services, credit, or high quality inputs, but women in farming tend to be even more isolated than men because of constraints on mobility and time, and exclusion from male-dominated community networks. Outside of agriculture, women work in the informal sector, particularly in commercial activities.

The garment industry provides the principal source of formal sector employment for women, but young women are employed there only as workers with almost no opportunities to move into supervisory or management positions. Formal sector employment opportunities for men also are very limited, but men are found in a broader range of jobs than women, and in both the private sector and government, supervisory and management positions are dominated by men.

Traditional roles dictate that women are responsible for household management and care, while men are responsible for income generation. This division of labor makes it difficult for women to leave the house and the village to seek health services; it also means that the burden of care for household members who are ill falls on adult women and their daughters. Lack of knowledge about the physical body, and distrust of professional providers also deter both men and women from using professional services. Women may be even less informed than men because of differences in education and less frequent contact outside the local area. Even with information, however, women may not be in a position to act, since they usually must defer

to their husbands in decisions about spending household funds. Although wives reportedly manage the funds for household expenditures, husbands set priorities and decide when and how the money is allocated.

The high maternal and infant mortality rates, as well as continuing high incidence of infectious diseases like tuberculosis and malaria, reflect the poverty of the rural population as well as lack of health services. The constraints women face in access to prenatal and antenatal services have broad ramifications for women and their infants. Poor nutrition and increased vulnerability to disease, as well as problems in sanitation and food preparation are part of the complex set of factors reflected in high maternal and infant mortality rates and low life expectancies. Statistics show that men and women use health services in equal numbers, despite the greater needs of women, as child bearers.

Education for All and equality for boys and girls are international and national goals. A significant gender gap in terms of girls' schooling exists in Cambodia, increasing in size at each stage from primary school to university, and greater in rural than in urban areas. While recent reforms have resulted in equality in primary school enrolment, girls drop out earlier and in greater number than boys. The inadequacies of the school system and the constraints of poverty on schooling affect both boys and girls. Girls, however, face additional constraints, such as problems of transport, security, and household responsibilities, so that achieving the needed reforms in the system as a whole, without attention to gender-specific constraints will not be successful in erasing the gender gap.

Because of the growing mandate for an educated and skilled workforce, vocational and technical training, workforce training outside the classroom, and non-formal basic education are increasing in importance. In the past, girls have been minority participants in these programs, suggesting that concrete actions will be needed to ensure that girls/women as well as boys/men acquire education and training and are able to convert them into employment.

The gender analysis also identifies two issues that cut across sectors. First, gender disparities in health, education, or access to land or employment cannot be understood or countered in isolation. The disparities in education affect and in turn are affected by health problems and access to health services and information. Poverty due to landlessness or lack of employment options feeds back upon inequalities in education and health. A holistic approach, where insights and tools are shared across sectors, is required to correct these inequalities.

Second, a pervasive problem encountered throughout the analysis is the issue of gender-based violence, which is fed by the violent past and the inferior status of women compared to men, but which also serves to reinforce this inferior status and exacerbate all of the other inequalities discussed in the analysis. Little attention has been given to this issue, but with the recent passage of the Law on the Prevention of Domestic Violence and the Protection of Victims an opportunity exists to give additional visibility and solutions to this pernicious issue that crosscuts all aspects of gender relations.

Gender Strategy for the Project:

The LASED II project has committed to a strategy of promoting women's social, economic, and political empowerment. Women's empowerment is not only a question of rights but it benefits their families, communities, local and national development efforts, thus putting poverty reduction on a faster track. The gender strategy for the project should aim to incorporate and strengthen an equal role of women to men

in all stages of LASED II project implementation: i.e., social mobilization and AC/ RFG formation, food security, access to credit and markets, vocational training, economic activities in AC/ RFG groups, and other decision making.

The objective of the gender strategy is to advance the empowerment of women so they can fully participate in the larger growth and empowerment strategy. The project aims to achieve the following gender related goals:

- (1) Strengthen poor women’s organizations, asset base, increase livelihoods opportunities and income
- (2) Reduce absolute and relative poverty of women and girls
- (3) Increase participation of women from poor and most vulnerable families in the decision making positions of commune/village level institutions promoted by the project (AC, RFG, saving groups, etc.)
- (4) Increase voice and representation of women in local self-governance institutions
- (5) Increase access for poor women to social protection schemes and entitlements of food security, housing and employment,
- (6) Enhance the skill base of literate or semi-literate young women and link them in income generation/livelihood improvement,
- (7) Minimize domestic violence, by increasing awareness of Law against Domestic Violence and protection of the Victims, and enforcing its implementation;
- (8) Expand access of women to gender specific needs such as childcare.

Gender Action Plan

The project addresses gender in its objective and design. The plan is a means to engender the project implementation by strategically involving women and incorporating their needs and interests in every component of the project. The proposed objectives and actions outlined in the table below serve as an orientation for field implementation.

Gender Action Plan

Objectives	Recommended Actions
<i>Strengthening poor women’s social capital and skill base</i>	<ul style="list-style-type: none"> • Mobilizing poor women into AV/ RFGs/Saving group into livelihood improvement • Providing awareness on agriculture improvement, women entitlements, legal and political rights • Awareness and support on issues related to lack of mobility and domestic violence • Building skills of farm management, enterprise management, value addition, technical training to enable them to interact on fair terms with the market • Increase awareness of functional and legal literacy

Objectives	Recommended Actions
<i>Reduce absolute and relative poverty of women and girls</i>	<ul style="list-style-type: none"> • Providing access to the community investment fund both for association as well as a community fund for development to promote credit worthiness of women’s groups • Increasing equity in accessing to financial services through promoting bank linkages with AC/RFGs and saving groups. • Formation of AC/RFGs/saving group exclusively for women, if required. • Skills training for girls at their specific talents and market demand
<i>Promoting grass root leadership of women</i>	<ul style="list-style-type: none"> • Encouraging to identify women and training as community mobilizers, community resource persons, para professionals and health workers • Providing exposure visits to community leaders in LASED II and other provinces, for both women and men • Office bearers of community organization at all levels should be gender balanced
<i>Improving access to reproductive health and day care</i>	<ul style="list-style-type: none"> • Training of health outreach worker, preferably women, in partnership with provincial health departments and with NGOs, Campaign to increase awareness of health care, and providing entitlements and facilities, if possible • Awareness campaigns regarding entitlements and HIV, birth spacing, anti-natal care , safe delivery, mother and child care
<i>Promoting household food security</i>	<ul style="list-style-type: none"> • Utilization of CFD for food security programs, via crop diversification, most likely managed by women • Linking women with market based food security solutions
<i>Reduction of exploitation of women in organized sector, reducing child trafficking and child labor</i>	<ul style="list-style-type: none"> • Awareness building and sensitization of women to their rights at risk of exploitation • Promoting self-employment or entrepreneurship to reduce child labor • Sensitizing teachers in schools, introducing accountability systems to increase enrollment rates, reduce students drop out
<i>Engendering Project Management</i>	<ul style="list-style-type: none"> • Affirmative action in favor of capable women being recruited as contract teachers, as well as contracted staff at all project levels • Sensitization of all staff towards gender issues or women differentiated needs/demands • Gender integration in project planning, implementation, monitoring and evaluation

Annex 2: Revolving Fund Started with Savings and Credit Schemes

The Project will provide RF to common interest groups only through SCG mechanism. In setting up the Revolving Fund (RF), following steps will be followed and requirements will be met.

Step 1: Assessment of needs for capital (RF), and interests in common interest groups (e.g. saving and credit groups for production, processing, marketing, handicraft making, etc.) will be carried out. This will be part of the baseline study.

Step 2: Awareness and understanding of advantages and disadvantages of the common interest groups, and requirements and obligations of the RF will be raised.

Step 3: Establishment of savings and credit groups (SCGs) will be required. In order to access the RF, the beneficiaries will have to establish savings and credit groups. The SCGs will have to demonstrate their viability. Existing or new common interest groups that wish to access the RF will be required to establish savings and credit lines.

Step 4: Capacity building for existing and new common interest groups will be provided by the Project. Capacity building will be important for group sustenance. Once the Project is informed of interests of the beneficiaries in forming SCGs or the like to access the RF, basic training to group members on group building, facilitation, management and governance, and financial literacy, and farm enterprise planning and marketing will be provided. Where and when needed, specialized service providers for this field will be contracted by the Project.

Step 5: Good savings and credit administration will be critical for the groups. Hands-on capacity strengthening in this area after the basic capacity building in the preceding step will be crucial to the SCG viability and sustainability. The project CAFs and CDFs will assist, especially, the SCG management members in doing regular check and control of the group and members financial and transaction records and auditing. The Project will make sure that financial transactions are correctly recorded, cash is managed properly and cash above a determined threshold, which is not lent to members, is deposited with MFIs.

Step 6: RF disbursement from the Project to the SCGs will take place only when the groups are strong enough. The indicators that will let the Project know that the groups stand ready for the RF will include: (i) regular and timely savings and repayment of loans and interests (if any) of members; (ii) good bookkeeping and financial record keeping; and (iii) MFI reference reports (i.e. financial statement reports from MFIs). The Project will disburse the RF fund to the groups in three tranches. The Project will grant a RF of US\$ 100/member/year, on average, for three years.

A group will be eligible to the first tranche when its current capital, inclusive of savings, interests and credit to members, comprise at least 20 percent of the RF earmarked for the first tranche. The second tranche will be granted only when the group savings, interests and credit, excluding the first tranche amount of the project RF, reaches 30 percent of the second tranche amount. The final, i.e. third, tranche will be released only when the group savings, interests and credit, excluding the first and second tranche amount reaches

50 percent of the final tranche amount. Oversight of the savings and credit groups' operations and RF management will be carried out regularly throughout the project life.

Step 7: Formalization of the SCGs will have to take place. Until Step 6, all common interest groups, including the SCG-based RF groups are informal in nature. Informality is precarious, and may easily get dissolved. This will cause the loss of the RF invested by the Project once it ends. In order to ensure long term, and sustainable operation of the SCGs and RF, the SCG-based RF groups will have to be formalized and integrated with an umbrella organization with stronger governance structure and system. The integration with ACs, which are legally registered with and institutionally supported by the GDA/PDAs by law, will be the vehicle. The ACs will become umbrella organizations of common interest groups that will receive the RF from the Project. The common interest groups that will not take the RF from the Project will be able to stay informal if they so choose. The ACs will provide oversight over the groups under them and the GDA/PDAs and/or other specialized service providers contracted by the Project, will be the institution to ensure check and balance for and capacity strengthening of the ACs. The ACs' oversight over the groups and interaction with GDA/PDAs will continue after the Project.

Annex 3: Revolving Fund for Asset-less Households (the Poorest of the Poor or the Most Vulnerable/Disadvantaged Households)

For poorest of the poor or the most vulnerable/disadvantaged households (MVHs) that live hand to mouth, channeling the RF through SCG mechanism will spontaneously exclude them. The channel for them to access the RF will be through setting up of Most Vulnerable Household Groups (MVHGs), which can consist of members of female-headed households, disabled households, indigenous people households, and the like. In setting up the Revolving Fund (RF) for these groups of households, following steps will be followed and requirements will be met.

Step 1: Assessment of needs for capital (RF), and interests in the establishment of MVHGs will be carried out. This will be part of the baseline study.

Step 2: Awareness and understanding of advantages and disadvantages of the MVHGs, and requirements and obligations of the RF will be raised.

Step 3: Establishment of MVHGs will be required. In order to access the RF, the beneficiaries will have to establish MVHGs. At present, some MVHGs exist in certain SLC sites.

Step 4: Capacity building for existing and new MVHGs will be provided by the Project. Capacity building will be important for group sustenance. Once the Project is informed of interests of the beneficiaries in forming MVHGs to access the RF, very basic training to group members in group building, facilitation, management and governance, and financial literacy, and small/petty business planning and marketing will be provided. Where and when needed, specialized service providers for this field will be contracted by the Project.

Step 5: RF disbursement from the Project to the MVHGs will take place only when the groups are strong enough. The indicators that will let the Project know that the groups stand ready for the RF will include: (i) trust among members and group cohesiveness; and (ii) capacity of the group management members. Based on these indicators, the Project will disburse the RF fund to the groups. The RF will be dealt out to them in three tranches over three year periods. Each member will be eligible to the RF of US\$ 100/year, on average.

The first RF tranche will be disbursed to each member when there is group guarantee. The release of subsequent tranches will be subject to group performance and group guarantee. Good performance of the groups will be demonstrated through (i) correct use of the RF in accordance with the individual member's plan; (ii) regular repayments/revolving of the RF within the groups; and (iii) good record keepings of the groups. Oversight of the RF management and groups' operations will be carried out regularly throughout the project life.

Step 6: Good RF administration will be critical for the group sustainability. While conducting the oversight of the RF in Step 5, the Project will ensure that hands-on capacity strengthening takes place. The project CAFs and CDFs will assist, especially, the MVHG management members in doing regular check and control of the group and members RF settlements/repayments, and financial and transaction records and auditing. The Project will make sure that RF repayments are in time and regular, financial transactions are correctly

recorded, cash is managed properly and cash above a determined threshold, which is not taken back as loans by members, is deposited with MFIs.

Step 7: Formalization of the MVHGs will have to take place. Until Step 6, all MVHGs are informal in nature. Informality is precarious, and may easily get dissolved. This will cause the loss of the RF invested by the Project once it ends. In order to ensure long term, and sustainable operation of the MVHGs and RF, the groups will have to be formalized and integrated with an umbrella organization with stronger governance structure and system. The integration with ACs, which are legally registered with and institutionally supported by the GDA/PDAs by law, will be the vehicle. The ACs will become umbrella organizations of MVHGs and other common interest groups that will receive the RF from the Project.

The MVHGs that will not take the RF from the Project will be able to stay informal if they so choose. The ACs will provide oversight over the groups under them and the GDA/PDAs and/or other specialized service providers contracted by the Project, will be the institution to ensure check and balance for and capacity strengthening of the ACs. The ACs' oversight over the groups and interaction with GDA/PDAs will continue after the Project.

Annex 4 – Agriculture Cooperative Law and Procedures

Annex 4a: Agriculture Cooperative Law

[See in Appendix Attachment]

Annex 4b. Agriculture Cooperative Procedures

Procedure for Agriculture Cooperative Establishment (DRAFT)

Procedure for the establishment of an Agricultural Cooperative (AC) will consist of seven (07) steps as outlined below. These steps are tentative subject to revision and adjustment by the GDA/MAFF.

Step 1: Identification of potential beneficiary farmers/groups and introduction of cooperative concepts

- (1) Identify individual farmers, farmer groups, farmer associations or farmer organizations interested to transform their organizations into an AC.
- (2) Introduce AC concepts to interested farmers, farmer groups, farmer associations or farmer organizations.

Step 2: Raising awareness of AC legal framework

- (1) Introduce the Royal Decree on the establishment and functioning of AC.
- (2) Introduce the Law on AC.
- (3) Introduce the MAFF's Prakas on AC's model statute.

Step 3: Preparation for first general meeting

First general meeting is an important event for AC establishment. Interested farmers, farmer groups, farmer associations or farmer organizations, with support of facilitator(s) shall prepare necessary materials for the event. Important items will include:

- (1) Name of cooperative.
- (2) Logo of cooperative.
- (3) Businesses type of cooperative.
- (4) Candidates for Board of Directors to be elected.
- (5) Candidates for Board of Auditors to be elected.
- (6) Statute and internal regulations of cooperative.
- (7) Venue arrangement for the event.
- (8) Guests, concerned people/members and relevant institutions to be invited.

Step 4: Conduct of first general meeting

- (1) Set up an election committee.
- (2) Choose a meeting president and a minute taker.
- (3) Explain the election process.
- (4) Elect Board of Directors.
- (5) Elect of Board of Auditors.
- (6) Discuss about and adopt cooperative's name, logo, share values, membership fees, business plan, statute, and internal regulations.

Step 5: Registration

The newly established agricultural cooperative with support of the facilitator(s) shall prepare necessary documents for registration with Provincial Department of Agriculture. The documents needed for the registration are as follows:

- (1) Two copies of AC's statute with date and signatures or thumbprints of founding members.
- (2) A copy of the report of the first general meeting with signatures or thumbprints of all founding members.
- (3) A list of members of the Board of Directors and/or the Board of Auditors of the AC (their names, addresses and titles).
- (4) A copy of sample signatures or thumbprints of people who have the rights to represent the AC.
- (5) A proof of share subscription and payment by each member.

Step 6: Capacity building and strengthening

The AC shall build and strengthen capacity in:

- (1) Agricultural technique.
- (2) Accounting and bookkeeping.
- (3) Leadership and management.
- (4) Business planning and development.
- (5) Savings and credit management.
- (6) Marketing.
- (7) Agri-business planning and development.
- (8) Other areas deemed necessary for sustainable operations and development of the AC.

Step 7: Follow-up

Although PDA/GDA does not interfere in the operation and performance of any AC, PDA/GDA shall:

- (1) Conduct follow-up on AC as frequently as possible.
- (2) Facilitate or support the organization and conduct of AC's annual general meeting.
- (3) Conduct activities deemed necessary to promote independence, good governance and sustainability of the AC.

Annex 5: Guiding Questions for Household's Basic Livelihood Investment Planning (BLIP)

1. Introduction

It is important that LASED II and community members are able to put project interventions into the broader context of local development (including livelihood improvement, land tenure, governance, etc.). However, the scope of the project is largely in enabling land recipients to develop their farm management skills, to manage their livelihood and incomes/money, including savings and credits better, to understand and better participate in value chains, etc. and use these newly acquired capacities to generate tangible social and economic benefits for their lives. Thus, other challenges identified will be considered in this larger context but may not be directly addressed through LASED II (this is to ensure that expectations are not raised and also to help focus the Land Recipients discussion toward the livelihoods and income questions at hand).

The table below provides a guide on the types of probing questions that can be used to explore the livelihoods of the land recipients at household level.

Many of these questions overlap and represent slightly different ways of approaching the same issues. Therefore, the project facilitators have to use their own GOOD SENSE to decide exactly what questions they will ask in any specific interview.

Remember – there are many different ways that you can start an interview to explore land recipient's livelihoods – there is no BEST WAY.

Remember, this Checklist is NOT a questionnaire – don't try and use it like one.

2. Facilitation tips

- (1) Use probing questions, to get more detail about each aspect of the discussion.
- (2) Encourage people to think about the strengths and skills through their life's stories.
- (3) Encourage them to focus on changes and how people have coped with them.
- (4) Don't spend a lot of time talking about what happened, focus on the lessons about strengths and skills from the situation or event.
- (5) Encourage the storytellers to think about both the strengths and skills that PEOPLE THEMSELVES have demonstrated or used AND the factors from OUTSIDE (service providers and enablers) that have helped people to deal with changes.

3. Guiding questions for household/group exploration

Before anything else, introduce yourself. BE HUMBLE, POLITE AND FRIENDLY. Make sure that you are here to LEARN, NOT TO TEACH.

KEY QUESTIONS: *These are the "first" questions you can ask that could encourage people to talk*

PROBING QUESTIONS: *When the respondent answers the “key questions”, you can ask these questions to get more details about the different things they tell you.*

THINGS TO CHECK ON: *These questions are more specific and can help you check on the details of different activities or different aspects of people’s livelihoods.*

KEY QUESTIONS	PROBING QUESTIONS	THINGS TO CHECK ON
<p>What do you do? What are you good at? What different activities do you and your family do to support the household?</p>	<ul style="list-style-type: none"> • What time of year do you do these activities? • What else do you do at that time of year? 	<ul style="list-style-type: none"> • How does the activity change from one year to the next? • What causes those changes?
	<ul style="list-style-type: none"> • Who in the household does each of these activities? 	<ul style="list-style-type: none"> • Are your spouse or children involved? Are other relatives involved? • What other labor from outside does the household engage?
	<ul style="list-style-type: none"> • Where do you do them? 	<ul style="list-style-type: none"> • How far away are the locations where different activities are carried out? • What is the status of the land that you make use of? – is it you own land? Is it owned by other people? Is it common land?
	<ul style="list-style-type: none"> • What things (resources, tools, equipment) do you use to do them? 	<ul style="list-style-type: none"> • What natural resources do you use to do them? • How do you get access to those resources? (Do you own them/rent them/borrow them/share them? Are they common resources?) • What tools and equipment do you use to do different activities? Are those tools and equipment your own? • Do you have to buy any inputs for these activities? – What inputs?
	<ul style="list-style-type: none"> • How do you do these activities? 	<ul style="list-style-type: none"> • What skills do you use to do different activities? • How did you learn those skills?
	<ul style="list-style-type: none"> • What changes have there been in these activities? 	<ul style="list-style-type: none"> • What changes have there been in productivity? • What changes have there been in the prices of inputs and produce? • What changes have there been in the way it is done? • What changes have you made in the way you do it?
	<ul style="list-style-type: none"> • What risks do you face for their activities? 	<ul style="list-style-type: none"> • Are your activities affected by floods, drought or bad weather? • Have there been any important episodes of pests or disease? • How have you dealt with these? Who helped you to deal with them?
<p>What do you want to do in the future? What changes do you hope to make in your livelihoods, your visions and dreams? How do you want to feel in the future?</p>	<ul style="list-style-type: none"> • What hopes do you have for improving that activity in the future? 	<ul style="list-style-type: none"> • Why do you think these changes would be positive? • What resources and skills you already have that you could use to make these changes? • Why haven't you made these changes already? • What constraints do you face in making changes in these activities? • How could you introduce these changes?

KEY QUESTIONS	PROBING QUESTIONS	THINGS TO CHECK ON
	<ul style="list-style-type: none"> • What new activities do you hope to take up in the future? 	<ul style="list-style-type: none"> • Why do you think these new activities would make a difference? • What resources and skills you already have that you could use to do these new activities? • Why haven't you started these new activities already? • What constraints do you face in starting these new activities? • How do you hope to start these new activities?
	<ul style="list-style-type: none"> • What resources can the household draw on to make changes? 	<ul style="list-style-type: none"> • What resources can you use to help make changes? • What skills have your household got? What are you all good at? • How can you get access to new skills? • Can you borrow money? Who from? • Are there household members working outside the commune who send money? • What sources of income do you have that you can use? • What surplus production do you have (agricultural, fisheries)? • What types of savings do you have?
<p>What support or help do your household use to carry out activities or change activities?</p>	<ul style="list-style-type: none"> • What groups or organizations do you household members belong to? 	<ul style="list-style-type: none"> • What groups or individuals are involved in supporting the household's activities and how do they support them? • Check on: <ul style="list-style-type: none"> ✓ Shops or private traders ✓ Traders or middlemen ✓ Family and relatives ✓ Friends and neighbors ✓ Village or commune authorities ✓ Government services or institutions ✓ NGOs ✓ Religious organizations

KEY QUESTIONS	PROBING QUESTIONS	THINGS TO CHECK ON
		<ul style="list-style-type: none"> • What do these groups do? • What help or support do they provide? • How often do they meet? • Who in the household participates? • How do they participate? • What benefits does the household get from participating?
	<ul style="list-style-type: none"> • What sources of financial support can the household draw on? 	<ul style="list-style-type: none"> • Can household borrow money? Who from? • Are there household members working outside the commune who send money? • What sources of income does household have that it can use? • What surplus production does household have (agricultural, fisheries, etc.)? • What types of savings does household have?
	<ul style="list-style-type: none"> • How do your household members learn about new skills? 	<ul style="list-style-type: none"> • What training have they had? • Who provided it and where? • Who else can provide them with new skills? • Where have they learnt new skills in the past?
<p>What important changes have taken place in your household over the last 6-7 years?</p>	<ul style="list-style-type: none"> • How many people are there in your household? 	<ul style="list-style-type: none"> • How many adults are there? • How many children are there? What are their ages? • What education do different children and adults have?
	<ul style="list-style-type: none"> • How long have you been living here? 	<ul style="list-style-type: none"> • Where did you live before?
	<ul style="list-style-type: none"> • What changes have there been in your house and homestead? 	<ul style="list-style-type: none"> • What is your house made of? • How long have you had your house? How did you build it / get it? • Is the land yours? If not, how are you able to use it? • What changes would you like to see in your house and homestead in the future? • How could you achieve those changes?
	<ul style="list-style-type: none"> • What access do you have to different key services? 	<ul style="list-style-type: none"> • Check on access to: <ul style="list-style-type: none"> ✓ Education for children ✓ Education for adults

KEY QUESTIONS	PROBING QUESTIONS	THINGS TO CHECK ON
		<ul style="list-style-type: none"> ✓ Health services ✓ Clean water ✓ Electricity ✓ Transport o Fuel wood
	<ul style="list-style-type: none"> • What changes in health and ability have there been? 	<ul style="list-style-type: none"> • How has that access changed? • Check on: <ul style="list-style-type: none"> o Sickness (adults and children) o Disability o Accidents or injuries • How have household members dealt with these? What support have they had to deal with them? • What effects have they had on the household and their livelihoods?
<p>What important changes have taken place in your village and commune over the last 6-7 years?</p> <p>What changes would the household like to see in the village or commune over the next 10 years?</p>	<ul style="list-style-type: none"> • What changes have taken place? 	<ul style="list-style-type: none"> • Describe the changes • Why did they happen? What caused them? • How have household members responded? • How have they affected the household?
	<ul style="list-style-type: none"> • What changes would household like to see in the future? 	<ul style="list-style-type: none"> • Describe the changes • Why would they be positive? • What does household think is required to make them happen?
	<ul style="list-style-type: none"> • How can household encourage these changes to take place? 	<ul style="list-style-type: none"> • Do household participate in village/commune meetings/activities? If not, why not? • What does household think they can do to encourage changes to take place?

Annex 6: Farm Budgeting Preparation and Analysis with Hypothetical Examples

Annex 6.1: Enterprise Budgeting

An enterprise budget is prepared to estimate potential revenue, expense and profit of a single enterprise, e.g. rice production, maize production, chicken raising, fish aquaculture. Table below is a hypothetical example of an enterprise budgeting for wet season rice crop production. Certain key calculations for important variables are given in the last column under "Calculation" heading.

Wet season rice production (1.0 Hectare)						
Alpha	Item	Unit	Quantity	Price, Riel	Amount, Riel	Calculation
	Revenue					
a1	<i>Grain</i>	kg	3,500	1,400	4,900,000	
a2	<i>Straw</i>	bunc h	4,960	250	1,240,000	
GR	Total revenue				6,140,000	GR = a1 + a2
	Operating expenses					
b1	<i>Seed</i>	kg	40	2,000	80,000	
	<i>Fertilizer</i>					
b21	<i>Cow manure</i>	kg	4,500	500	2,250,000	
b22	<i>Urea</i>	kg	100	1,100	110,000	
b23	<i>16-20-0 & Ammophos</i>	kg	100	1,500	150,000	
b3	<i>Insecticide</i>	liter	4	20,000	80,000	
b4	<i>Herbicide</i>	liter	2	25,000	50,000	
b5	<i>Fuel & Lubricants</i>	ha	1	100,000	100,000	
b6	<i>Machinery (walking tractor) repairs</i>	ha	1	85,000	85,000	
b7	<i>Pumping water</i>	ha	1	200,000	200,000	
b8	<i>Hired labor</i>	man-day	15	20,000	300,000	
b9	<i>Interest on variable costs (for 6 months)</i>	Riel	3,405,000	0	306,450	
VC	Total operating expenses				3,711,450	VC = b1 + b21 + b22 + b23 + b3 + b4 + ... + b9

GM	Gross margin (income above variable costs)				2,428,550	
	Ownership expenses					
c1	<i>Machinery (walking tractor) depreciation</i>	ha	1	120,000	120,000	
c2	<i>Machinery interest</i>	ha	1	15,000	15,000	
c3	<i>Land rent</i>	ha	1	200,000	200,000	
FC	Total ownership expenses				335,000	FC = c1 + c2 + c3
TC	Total expense				4,046,450	TC = VC + FC
RTM	Profit (Return to management/family)				2,093,550	RTM = GR - TC
FL	Family labor	man-day	110			

This example shows that if the family produces rice for six months it would earn a profit of approximately 2.1 million Riel. The enterprise budget allows one to conduct certain simple analyses prior to making a decision to invest in the enterprise or not. One may be interested to know how much the return to family labor spent on the enterprise is. If it pays less than daily wages from jobs available locally the family would rather work for wages although they might lose certain freedom and/or rights. Formula below lets one compute Return to Factor "X" (RTx).

$$RTx = (\text{Gross Return} - \text{All variable costs except those of X}) / \text{Amount of X} \quad \text{Eq. (1)}$$

Return to Family Labor (RTFL), from the enterprise budget above is:

$$RTFL = (GR - VC) / FL = GM / 110 \text{ man-day} = 2,428,550 \text{ Riel} / 110 \text{ man-day} = 22,078 \text{ Riel/man-day.}$$

This means that if alternative local waged job pays equal to or less than this amount, the family should use family labor for farming rice.

The shortcoming here is that Fixed Cost (FC) is not covered. Therefore, instead of focusing on/using just variable costs, the formula can be adjusted a little bit to cover the FC as shown below.

$$RTx = (\text{Gross Return} - \text{All costs except those of X}) / \text{Amount of X} \quad \text{Eq. (2)}$$

The return to family labor, deducting all costs, inclusive of VC and FC, except those of the family labor is:

$$RTFL = (GR - TC - FL \text{ Cost}) / FL = (2,093,550 \text{ Riel} - 0 \text{ Riel}) / 110 \text{ man-day} = 19,032 \text{ Riel/man-day.}$$

The enterprise budget table also lets one find out what is the return to every unit of money invested. Formula for this is:

$$\text{Return to Variable Cost} = \text{Gross Return} / \text{Total Variable Cost} \quad \text{Eq. (3)}$$

$$\text{Return to Total Cost} = \text{Gross Return} / \text{Total Cost} \\ \text{Eq. (4)}$$

In the example above,

Return to Variable Cost = 6,140,000 Riel / 3,711,450 Riel = 1.65; the rate of return on VC is 1.65 for 1 Riel spent.

Return to Total Cost = 6,140,000 Riel / 4,046,450 Riel = 1.52; the rate of return on TC is 1.65 for 1 Riel spent.

From enterprise budget one can additionally derive break-even point (i.e., break-even price, cost of production, and break-even yield). Formulae are:

$$\text{Cost of Production} = \text{Total Cost} / \text{Yield} \quad \text{Eq. (5)}$$

$$\text{Break-even price} = \text{Total Cost} / \text{Expected Yield} \quad \text{Eq. (6)}$$

$$\text{Break-even yield} = \text{Total Cost} / \text{Output Price} \quad \text{Eq. (7)}$$

In the example above,

Cost of Production = 4,046,450 Riel / 3,500 kg = 1,156 Riel/kg; if price is below this average cost of production, the sale of the produce is at an economic loss.

Break-even price = 4,046,450 Riel / 3,500 kg = 1,156 Riel/kg; if price goes down below this value (due to market risk), the production is at an economic loss. Even if price is just above this value, but below 1,400 Riel/kg, the production remains profitable. This, of course, affects return to factor and return to investment.

Break-even yield = 4,046,450 Riel / 1,400 Riel = 2,890 kg/ha; if yield is below this value (due to physical risk), the production is at an economic loss. Even if yield is just above this value, but below the optimum yield of 3,500 kg/ha, the production remains profitable. This, of course, affects return to factor and return to investment.

Annex 6.1.a: Vegetable production enterprise (Cabbage, Chili, Chinese Kale, Cucumber, Eggplant, Papaya, etc.)

Item	Unit	Quantity	Price, Riel	Amount, Riel
Revenue				
<i>Produce</i>	kg			
Total revenue				
Operating expenses				
<i>Seed/seedling</i>	kg			
<i>Trellis</i>	ha			
<i>Fence</i>	ha			
<i>Land preparation</i>	ha			
<i>Planting</i>	ha			
<i>Organic fertilizer</i>	ha			
<i>Inorganic fertilizer</i>	ha			
<i>Weeding</i>	ha			
<i>Watering</i>	ha			
<i>Harvesting</i>	ha			
<i>Post-harvesting</i>	kg			
<i>Packaging materials</i>	kg			
<i>Storage</i>	sq. m.			
<i>Hired labor</i>	md			
<i>Interest on variable cost (usually 3 months)</i>	Riel			
<i>Other expenses</i>				
Total operating expenses				
Gross margin (income above variable costs)				
Ownership expenses				
<i>Machinery (walking tractor) depreciation</i>	ha			
<i>Machinery interest</i>	ha			
<i>Land rent</i>	ha			
Total ownership expenses				
Total expense				
Profit (Return to management/family)				
Family labor	man-day			
Family labor	man-day			

Annex 6.1.b: Poultry enterprise form (Chickens, Ducks, Black ducks or Geese)

Item	Unit	Quantity	Price, Riel	Amount, Riel
Revenue				
<i>Live animal</i>	kg			
<i>Egg</i>	egg			
Total revenue				
Operating expenses				
<i>Breed</i>	head			
<i>Feed</i>	kg			
<i>Vaccination</i>	head			
<i>Treatment</i>	head			
<i>Feed tray</i>	piece			
<i>Egg tray/basket</i>	piece			
<i>Hired labor</i>	md			
<i>Interest on variable cost</i>	Riel			
<i>Other expenses</i>				
Total operating expenses				
Gross margin (income above variable costs)				
Ownership expenses				
<i>Pump depreciation</i>	pump			
<i>Pump interest</i>	pump			
<i>Cage/pen repairs</i>	Riel			
<i>Bucket repairs</i>	Riel			
<i>Land rent</i>	ha			
Total ownership expenses				
Total expense				
Profit (Return to management/family)				
Family labor	man-day			

Annex 6.1.c: Quadruple enterprise form (Cattle, Cow, Buffalo, Goat or Pig)

Item	Unit	Quantity	Price, Riel	Amount, Riel
Revenue				
<i>Live animal</i>	kg			
<i>Calve or piglet</i>	egg			
<i>Milk</i>	liter			
Total revenue				
Operating expenses				
<i>Breed</i>	head			
<i>Feed</i>	kg			
<i>Mating</i>	kg			
<i>Vaccination</i>	head			
<i>Treatment</i>	head			
<i>Hired labor</i>	md			
<i>Interest on variable cost</i>	Riel			
<i>Other expenses</i>				
Total operating expenses				
Gross margin (income above variable costs)				
Ownership expenses				
<i>Pump depreciation</i>	pump			
<i>Pump interest</i>	pump			
<i>Stable/pigsty and fence maintenance</i>	Riel			
<i>Trough repairs</i>	Riel			
<i>Bucket repairs</i>	Riel			
<i>Land rent</i>	ha			
Total ownership expenses				
Total expense				
Profit (Return to management/family)				
Family labor	man-day			

Annex 6.1.d: Aquaculture form

Item	Unit	Quantity	Price, Riel	Amount, Riel
Revenue				
<i>Fish</i>	kg			
<i>Fingerling</i>	egg			
Total revenue				
Operating expenses				
<i>Fingerling</i>	head			
<i>Feed</i>	kg			
<i>Lime (for pond cleaning)</i>	kg			
<i>Hired labor</i>	md			
<i>Interest on variable cost</i>	Riel			
<i>Other expenses</i>				
Total operating expenses				
Gross margin (income above variable costs)				
Ownership expenses				
<i>Pump depreciation</i>	pump			
<i>Pump interest</i>	pump			
<i>Pond maintenance</i>	Riel			
<i>Fence maintenance</i>	Riel			
<i>Land rent</i>	ha			
Total ownership expenses				
Total expense				
Profit (Return to management/family)				
Family labor	man-day			

Annex 6.2: Partial Budgeting

An enterprise budget is constructed and analyzed for a whole practice of a single enterprise (e.g. cassava growing). Oftentimes, farmers are interested or want to try small or certain changes in their enterprise or production practice. The fact is, in the real world of farming, technologies are changing and farmers who are early adopters of technologies may wish to try on partial or incremental basis. In this respect, enterprise budgeting is irrelevant. Partial budgeting is a tool that can be used to address this need. Table below is a hypothetical example of partial budgeting for soybean crop production. Certain key calculations for important variables are given in the last column under "Calculation" heading.

Partial budget for soybean (Hectare)					
	Item	Current practice Hand-weeding	New technology Herbicide application	Difference (+/-)	Calculation
		a	b	c = b - a	
	Return				
	Yield (kg)	1,400	1,600	200	
	Price (Riel/kg)	3,200	3,200	-	
G R	Gross Return (Riel)	4,480,000	5,120,000	640,000	
	Variable Cost				
	1. Labor for hand-weeding				
	Amount (man-day)	25	5	(20)	
	Unit cost (Riel/man-day)	12,000	12,000	-	
A	Total cost (Riel)	300,000	60,000	(240,000)	
	2. Labor for herbicide application				
	Amount (man-day)	-	2	2	
	Unit cost (Riel/man-day)	12,000	12,000	-	
	Total cost (Riel)	-	24,000	24,000	
B	3. Herbicide materials				
	Quantity (l)	-	3	3	
	Unit cost (Riel/man-day)	-	80,000	80,000	

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	<i>Total cost (Riel)</i>	-	240,000	240,000	
C	4. Cost of working capital	27,000	29,160	2,160	
	<i>Interest (18% p.a.)</i>				
	Growth period (6 months)				
V C	Total Variable Cost	327,000	353,160	26,160	VC = A + B + C
N R	Net Return	4,153,000	4,766,840	613,840	NR = GR – VC

This example presents a change in soybean crop production practice. In this instance, the change is in weeding practice. Hoeing is replaced by use of herbicide. With the use of herbicide, yield increases by 200 kg, and thus the Gross Return. This happens because damage to the crop by hoeing does not occur anymore. Amount of manual labor hired for hand-weeding decreases by 20 man-day, and thus labor cost. Only a limited amount of hired labor is still used for hoeing. Using herbicide requires some labor and introduces a new type of cost – herbicide – and more cost on capital. However, Net Return is positive (613,840 Riel/ha). Therefore, new practice – use of herbicide – is more profitable than old/traditional practice – hand-weeding. However, note that price of the produce is the same for both practices. Should the market prefer organic produce, the new practice may have some concern, and produce from chemical-based production may fetch lower price.

This is just an example only. It does not mean to promote inorganic-based agriculture/framing. The project should be cautious about the harm caused by agro-chemicals to health of producers, consumers and the environment.

Annex 7: Group Investment Plan

(Micro-Business Plan)

Cambodia Land Allocation for Social and Religion King Economic Development Project II (LASED II)	Kingdom of Nationality
Code number of group:	Group name:
.....	
Province..... /	Date: /
Group Investment	
Group Business Project Title:	
Type of Business and Product:	
Currency:	
Background	
(1) Business/market opportunity	
.....	
.....	
(2) Goal	
.....	
.....	
(3) Objectives	
.....	
.....	

(4) Group competency

Income and Expense

Time period	Month 1	Month 2 Month N	Total
INCOME					
Operating income					
Total Operating Income					
Non-Operating Income					
Interest income					
Rental income					
Donations received					
Other					
Total Non-Operating Income					
TOTAL OPERATING INCOME					
EXPENSES					
Operating Expenses					
Depreciation					
Interest expenses					
Maintenance and Repairs					
Office supplies					
Technical assistance fees					
Member incentives/salaries					

Wages					
Rent					
Telephone					
Travel-related expenses					
Other					
Total Operating Expenses					
Non-Recurring Expenses					
Furniture, equipment, telephone set, computer, etc.					
Donations given					
Other					
Total Non-Recurring Expenses					
TOTAL OPERATING EXPENSES					
Net Income before Tax					
Income Tax Expenses					
NET INCOME					

Funding sources

Group's own fund: KHR
 CFD grant: KHR
 Bank/MFI loan: KHR
 Total: KHR

Implementation Schedule

	Month 1	Month 2	Month 3					Month N
Activity 1								
Activity 2								
Activity 3								

Activity 4									
Activity N									

Group Leader

Annex 8: A Brief Note on Methodology for Undertaking Value Chain Research

1. Points of entry for value chain analysis

Some examples of different points of entry into value chain research			
Primary area of research interest	Point of entry	What to map Examples	Example
Agricultural Producers	Farms	Forwards to processors, buyers and their customers, backwards to input suppliers	Cassava to drying cassava or semi processing and category buyers in final markets
Small firms and farms	Small farms, SMEs	Buyers in a range of value chains, input suppliers	Small farms to processing plants, handicraft suppliers to exporters.
Informal economy producers and traders	Home-based workers, street traders	Forwards to processors, assemblers or third party organizers/distributors, backwards to retailers	Outsourcing in clothing and shoes, recycling cardboard cartons to mills, street based tourist handicrafts
Gender, age and ethnicity	Female labor	Use of female labor throughout value chain	In clothing, women in cotton farms, factories, export agents, design houses, advertising agencies, retail stores

(Source: A hand Book for Value Chain Research by Raphael Kalinsky and Mike Morris, 2001)

2. Mapping value chains:

Having identified, the value chain in question, the task is then to put numbers and values to the variables under investigation. Here, which variables are chosen will reflect the primary questions being addressed in the research – for example, as we shall see below, a gender focus may suggest that a *specific* gender-lens

be utilized to collect issue-specific data, which identify the role played by women throughout the chain. However, leaving aside these specific interests it is likely that all value chain analysis will gain from constructing a “tree” of input-output relationships, which include most of the following primary *general* accounting identities:

- (1) Gross output values,
- (2) Net output values (that is, gross output minus input costs),
- (3) Physical flow of commodities along the chain,
- (4) Flow of services, consultants and skills along the chain, or
- (5) Employment, where relevant distinguishing between permanent (on payroll) and temporary (off payroll) staff, gender, ethnicity.

3. Product Segments and Critical Success Factors in Final Markets

One of the distinctive features about contemporary production systems is that they tend to be “market-pulled”, as opposed to the “supplier-push” nature of protected and low-competition value chains in previous decades. This puts a primacy on the characteristics of final product markets in every chain, and generally represents a high-order priority in all value chain studies.

4. How Producers Access Final Markets

There are different types of key buying institutions, the major forms being:

- ✓ Retail chains buying in large volumes,
- ✓ Wholesale firms (“category agents” in the food industry) buying in large volumes,
- ✓ Independent buyers, generally selling to small scale retailers, or
- ✓ Large firms in key links of the chains, which buy in large volumes and/or who set the rules.

Various stages in agricultural value chain

Inputs	Preproduction	Production	Harvest	Post-harvest	Local value addition	Marketing	Promotion (consumer-trust building)
Seeds Fertilizers Pesticides Credit Manure, etc.	Land development, Labor Fodder development, Agricultural extension services, Nursery, Implements, etc.	Technology, Land productivity, Water productivity, Water management, Cropping patterns, Multiple cropping, etc.	Imparting best harvesting practices	Storage, Drying, Grading	Aggregation, Retention for later use, Resisting Distress Sales, Milling, Packing, Packing in small packs,	Cutting the chain as much as possible between the producer and consumer, Market linkages, Branding, etc.	Advertising TV cooking show, Radio talk show, Agricultural trade fair, Consumer farm visits, Produce/product roadshow, etc.

(Source: Built on APRPRP, India)

Annex 9: Agricultural Value Analysis

CROP	Background aspects like production seasonality, types of soils, durations, price fluctuations, last ten years trend (Govt. Policies, traders, factory rate, company rate and producer's rate), peak season rates, demand aspects, etc.,					
INPUTS	PREPRODUCTION	PRODUCTION	HARVESTING	POST HARVESTING	VALUE ADDITION	MARKETING
Seeds	Soil testing done (when? why?)	Fertilizer application	Manual/machine	Cleaning	Local value addition	First sale: direct field to middlemen, terms and conditions
Variety -local/hybrid, why?	Land preparation (manual/machinery)	Pesticide application	Man days	Processing	Storage (where? Duration, cost, practices)	
Quality	Harrowing	Weeding	Rate & No. of labor	Packing	Grading: how? No. of grades, rates, man days, labor	Second Sale: Producer to consumer (chain)
Quantity	Bund formation	Irrigation	Yield per hectare.	Transportation to where? Why?		
Price	Fertilizer application					Number of Middlemen, Miller/trader, Companies
From Where? Why?	Seed treatment (if not why?)				If not local value addition:	Factories, retailers are as follows:
If own seeds (How they are stored)	Sowing (manual/machinery)				Where it is done? What are the value add	Margin
Seed rate	Irrigation				Products? By-products?	Measurement technique
Fertilizers						

Type - Organic (own/purchased) and inorganic						What are the value additions?
From where? Why?	# for all the above activities	# for each activity time	# for each and every	# for each and every	# for each and every products	Where is the produce/product sold? (tie-up sales/open market)
Price	# of man days, wage rate (M/W)	of activity done, practices	activity man days	activity man days	Cost benefit analysis must be done	Technology is used
Terms of purchase (cash/kind) why?	Total cost.	followed, man days, cost	How much labour?	How much labour?		grading and storage tech.
Mode of application		How many times? (M/W)&	cost, wages (M/W)	cost, wages (M/W)		Mode of transportations.
Pesticides:		Wage rate and no. labour.				Govt., rules and regulations, policies
Type of pesticide						
Quantity						
Purpose						
Price						
Mode of application						
From where? Why?						
Investment:						
Own						
Borrowing: from where?						
Terms of payment		*** For all these activities GAPS , BEST PRACTICES, RISK MANAGEMENT, TECHNOLOGY USED, SOURCES				
		*** Whether the farmers are aware of Govt. schemes				
Implements:		*** Market terms and conditions, policies				
Own (maintenance cost)		*** Latest changes in that particular subsector				

Hired (rent)	*** Information sources, training centres					
Timely availability						
Any problems faced						

Annex 10: Sample Loan-Grant Request (individual)

**Land Allocation for Social and
Economic Development Project I
(LASED II)**

**Kingdom of Cambodia
Nation Religion King**

Code number of group: **Group name:** **Province:**

Date: / /

LOAN GRANT REQUEST

Surname and First name: Sex: (Male/Female). Nationality:

ID card No.: Address:

No. of residential lot: No. of agricultural lot:

To Mr./Ms., Group leader

Subject:

With reference to the above-mentioned subject, our family would like to apply for a loan grant of
.....Riel (In word.....) to invest in our family's

Basic Livelihood Investment Plan as per attached file (see **Form 4.3.5.4B**).

Our family will repay the loan grant to the group in accordance with the repayment schedule as per attachment (see **Table 4.10**).

We hope that the group will review and approve of our application.

Signature/Thumbprint of Applicant

Signature/Thumbprint of Spouse

Annex 11: Sample Household's Brief Basic Livelihood Investment Plan (individual)

Kingdom of Cambodia
 Land Allocation for Social and
 Economic Development Project II
 (LASED II)

Nation Religion King

Code number of group: Group name:

Province.....

Date: / /

HOUSEHOLD'S BRIEF BASIC LIVELIHOOD INVESTMENT PLAN (BLIP)

Member's name:					Spouse's name:			
No.	Type of investment	Cost item	Quantity	Amount, Riel (a)	Income item	Quantity	Amount, Riel (b)	Net, Riel (b - a)
1								
		Sub-total		(c)				(e)
2								
		Sub-total		(d)				(f)
Total		(c + d) = g			(e + f) = h			
Net flow (h)		(h - g)						

Expectation:

Will your plan be successful? Yes No

If Yes, why will it be successful?

1. Your products/services will have good market
2. Weather will be good
3. Your family has experience/knowledge in the products/services
4. Other reasons (explain):

(NB: Group leader should place his/her initial on household detailed basic livelihood investment plan after it was discussed among group members and revised.)

 Signature/Thumbprint of Member

 Signature/Thumbprint of Spouse

Annex 12: Sample Loan-Grant Agreement (individual)

**Land Allocation for Social and
Economic Development Project II
(LASED II)**

**Kingdom of Cambodia
Nation Religion King**

Code number of group: **Group name:**

Province:

Date: / /

LOAN GRANT AGREEMENT

This agreement is executed on (day) (Month) (Year) at (place)
.....
.....

Between:

1. Mr./Ms. Address:who gets a loan from the group in the amount for....., hereinafter, is called **Party A**

And,

2. Mr./Ms. who is (function in the group), hereinafter, is called **Party B**

IN WITNESSETH AS FOLLOWS:

Article 1: The agreement is effective from / / to / /

Article 2: **Party A** will use this loan only for in accordance with his/her loan request dated / / and the attachments thereof.

Article 3: **Party A**, with no exception and without delay, shall repay the loan according to the loan repayment schedule attached to the loan request dated / / and fully repay the loan to **Party B** no later than the date stipulated in **Article 1** above.

Article 4: If **Party A** delay the loan repayment ten (10) days, twenty (20) days and thirty (30) days beyond the deadline, he/she shall pay, respectively, an interest of Percent/day, percent/day, and percent/day on the remaining value of the loan principal. The delay in repayment is not allowed for more than 30 days beyond the deadline.

Article 5: **Party B** shall bring the loan repayment problem of **Party A** to the attention of the group at the group meeting for group's decision. **Party A** shall abide by all decision points of the group. Should he/she not abide by the group's decision, he/she shall be sanctioned from future loan.

IN WITNESSES WHEREOF the parties hereto have executed this agreement as of (day) (Month)..... (Year) In case of any misunderstanding, dispute or discrepancy in performance, all parties are committed to resolving it amicably.

Signature/thumbprint
(witness A)

Signature/thumbprint
(witness B)

Signature/thumbprint
(Party B)

Signature/thumbprint
(Party A)

Annex 13: Grant Utilization Certificate (from group)

**Land Allocation for Social and
Economic Development Project II
(LASED II)**

**Kingdom of Cambodia
Nation Religion King**

Code number of group: **Group name:**

Province: **Date:** / /

Seed Grant Received (amount):

Date of Seed Grant credited into Bank Account:

Tranche: 1/2/3

No.	Name of the Member	Investment activity	Amount Invested	Source of Funds			
				Seed Grant	RFG	Bank/MFI	Other sources

We certify that the Seed Grant given by the LASED II project has been utilized for the purpose for which it was given.

Group leader

Secretary

Treasurer

Annex 14: Seed Grant or CFD Grant Request (from group leader to LASED II)

**Kingdom of Cambodia
Nation Religion King**

Land Allocation for Social and Economic Development Project II (LASED II)

Code number of group: **Group name:**

Province: **Date:** / /

SEED GRANT REQUEST

To: Project Director, LASED II

Through: VAB/AC/CU

Subject: Application for Seed Grant

We are hereby applying for a Seed Grant of USD (in word) from the LASED II. We have successfully completed meetings and mobilized savings of KHR (in word). The particulars of our group are provided below:

Name of the group:

SLC site:

Commune:

District:

No. of members:

Total savings:

No. of meetings held:

Registration No. (Deika Khum No.):

Bank Name:

Bank Account No. :

Bank Address:

We have requested the Seed Grant to fund our members' BLIPs as summarized in the attached Group Investment Plan (GIP). Total fund required for our GIP is KHR.

Sources of Funds for GIP:

Group's own funds: KHR

Seed grant being requested: KHR

Bank/MFI loan: KHR

Please find enclosed GIP of our group and BLIPs of members.

Community Development Facilitator/Community Agribusiness facilitator:

Group Leader

Secretary

Treasurer

For Project use only

Group rating score:

No. of members:

Group capital:

Size of grant:

Technical assistance:

Environmental assessment:

Social assessment:

Recommendation to Grant Committee:

Signature of the Appointed Project Officer:

Grant Committee's observations and sanction:

Annex 15: Summary Group Investment Plan (from group leader to LASED II)

**Kingdom of Cambodia
Nation Religion King**

Land Allocation for Social and Economic Development Project II (LASED II)

Code number of group: Group name:
 Province: Date: / /

SUMMARY GROUP INVESTMENT PLAN (GIP)

No.	Member's name	Spouse's name	Proposed activity	Total investment, KHR	Loan required, KHR	Repayment period/No. of instalments	Repayment		
							Principal, KHR	Interest, KHR	Total, KHR
1									
2									
3									
4									
5									
Total									

Funding sources

Group's own fund: KHR
 Seed grant: KHR
 Bank/MFI loan: KHR
 Total: KHR

Annex 16: Tripartite Seed Grant or CFD Grant Agreement (group)

Kingdom of Cambodia
Nation Religion King

Land Allocation for Social and Economic Development Project II (LASED II)

TRIPARTITE GRANT AGREEMENT
This agreement is executed on (day) (Month) (Year) at (place)

Between:

1. Land Allocation for Social and Economic Development II (LASED II) represented by the National Committee for Democratic Development Secretariat (NCDDS) located in Buildingat the Ministry of Interior’s complex at No....., Norodom Blvd., Phnom Penh, Kingdom of Cambodia, hereinafter called **Party A**.

2. Village Administrative Body/Agricultural Cooperative/Cooperative Union (name) registered under the Law on Agricultural Cooperative with Registration No. located at (address), hereinafter called **Party B**.

And,

3. (Group’s name)registered under Deika Khum No. located at (address)hereinafter called **Party C**.

NOW THIS DEED WITNESSETH AS FOLLOWS:

Article 1: **Party A** shall release the seed grant at the amount approved by the Grant Committee as per request made by **Party C** through **Party B** dated / / to **Party C**’s Bank Account.

Article 2: **Party A** shall retain full right to monitor the process and utilization of the seed grant, and audit **Party C**’s bank account or get a financial statement from **Party C**’s bank or MFI to verify **Party C**’s transactions (i.e., settlement of principal and interest.)

Article 3: **Party B** shall ensure that **Party C** utilize the seed grant according to the loan grant request of **Party C** dated / /

Article 4: **Party B** shall monitor the utilization of the seed grant by **Party C** against its summary GIP that was attached to **Party C**’s loan grant request dated / / and review and verify all financial records kept by **Party C**.

Article 5: **Party B** shall mediate and resolve any conflict that may arise within **Party C** or amongst members of **Party C** regarding utilization and management of the loan grant.

Article 6: **Party B** shall file regular report to **Party A** on results of **Party B**’s monitoring and review works over **Party C**’s grant utilization and financial management and on progress of seed grant repayment of **Party C**.

Article 7: **Party C** shall issue to **Party A** a certificate of acknowledgement of receipt of the seed grant ten (10) days following the receipt of the seed grant.

Article 8: **Party C** shall ensure that **Party C**’s members utilize the loan grant according to the loan grant request **Party C** made through **Party B** dated / /

Article 9: **Party C** shall keep accurate records of the utilization of the seed grant, and make them available at all time for **Party A**’s auditing purpose and for **Party B**’s review.

Article 10: **Party C** shall attempt to address and resolve any issue or conflict over utilization and management of the loan grant amongst its members in an amicable fashion. If such issue or conflict cannot be resolved, it shall be reported to **Party B** for intervention/resolution.

Article 11: **Party C** shall fully repay the loan grant by (day) (Month) (Year) and the repayment shall be credited to **Party B**’s Bank Account. The repayment shall include the principal plus interest as reflected in **Party C**’s summary GIP attached to **Party C**’s loan grant request dated / /

Article 12: No delay in repayment is allowed unless otherwise agreed upon by all the three parties in writing.

Article 13: In case of any misunderstanding, dispute or discrepancy in performance, all parties are committed to resolving it amicably.

IN WITNESSES WHEREOF the parties hereto have executed this agreement as of (day) (Month) (Year)

For Party A

For Party B

For Party C

Witness A

Witness B

Annex 17: Grant Acknowledgement Certificate (by group)

Land Allocation for Social and Economic Development Project II (LASED II)	Kingdom of Cambodia Nation Religion King	
Code number of group:	Group name:	
Province:	Date: / /	
SEED GRANT or CFD GRANT ACKNOWLEDGEMENT CERTIFICATE		
Name of the group:		
Group code:		
SLC site:		
Commune:		
District:		
Seed Grant received (amount): KHR (in word		
Date of Seed Grant credited into Bank Account: / /		
_____	_____	_____
Group Leader	Secretary	Treasurer

Annex 18: Community Fund for Development (CFD)

A Community Fund for Development (CFD) will be set-up by LASED II to support community development initiatives that will benefit LASED II community members, including and in particular vulnerable people such as indigenous people, disabled or handicapped families, widowed families, elderly families, etc. The CFD can be accessed to fund for example maintenance of community basic productive social infrastructure (i.e. community wells, health posts, etc.); purchase of community assets (i.e. tractors, rice milling machines, food processing machines, community warehouses, etc.); community produce marketing; community handicraft making; community rice banks; individual farm/production investments; off-farm livelihood investments; etc.

The CFD can only be accessed for productive and social investments. Request for funding of consumptive spending will not be supported. Each LASED II community will be eligible to a maximum of US\$ 50,000. The CFD will be a loan grant to communities and their members. However, it will become part of a revolving fund. Interest on the loan grant to be charged for the fund shall be decided and agreed upon by community members in community meetings. Nevertheless, it is preferable that it be in line with local credit market conditions.

The communities will not be able to access the fund until following steps and requirements are fulfilled.

STEP 1. Assessment of needs and demand for community fund for development will have been completed. This will be integral part of the project's baseline study.

STEP 2. Awareness and understanding of advantages and disadvantages as well as requirements/obligations of the community fund for development will be raised.

STEP 3. Establishment of formal community/farmer organizations, ideally agricultural cooperatives will be required. In order to access the fund, the beneficiary communities will have to establish a formal structure that will ensure good governance and management of the fund for the benefit of the communities. Ideally, the structure will be the agricultural cooperatives (ACs). The ACs will have to demonstrate their viability. Existing or new common interest groups that wish to access the fund will be required to establish or become members of the ACs.

The ACs' viability will be demonstrated through:

- (a) trust among members and their regular participation in the AC activities;
- (b) capacity of the AC management members (revealed in good record keepings, business planning);
- (c) growing memberships;
- (d) growing capital of the ACs (from savings, interests on credits, membership share values, membership fees); and
- (e) MFI reference reports (i.e. financial statement reports from MFIs).

STEP 4. Capacity building for existing and new ACs will be provided by the project. Capacity building will be important for AC sustenance. Once the project is informed of interests of the beneficiaries in forming the ACs, the GDA/PDAs will be tasked to facilitate the setting-up of the ACs in accordance with the Law on Agricultural Cooperatives of Cambodia. Training to management committee members in group building, facilitation, leadership, management and governance; financial literacy and governance; and business development, planning and management will be provided.

STEP 5. Formalization of the ACs will be necessary. The GDA/PDAs will register the ACs, and provide assistance to them, respectively, in developing basic handbooks on the holding of the assembly; election of board/management committee members; financial management and governance; facilitation; business

development, planning and management; internal rules and regulations; procedure for admission and dismissal of members; etc.

STEP 6. Disbursement of the fund from the project to the ACs will take place only when they have matching capitals. The matching capital for each AC will have to be, at least, 25 percent of the community fund that the project will grant to the concerned AC. The disbursement will be subject to, as well, viability of the AC, which will be demonstrated through: (i) sizable amount of membership shares; (ii) regular and timely payment of membership fees; (iii) regular and timely savings and repayment of loans and interests of members (if any); (iv) good bookkeeping and financial record keeping; and (v) MFI reference reports (i.e. financial statement reports from MFIs).

STEP 7. Hands-on capacity strengthening will continue throughout the project for the ACs. Strong capacity of the ACs will be important for sustainability of the fund. The project CAFs and CDFs will assist the AC board/management members in doing regular check and control of the AC financial and transaction records and auditing, ensuring that financial transactions are correctly recorded, cash is managed properly and cash above a determined threshold, which is not lent to members, is deposited with MFIs. The project will work with the GDA/PDAs to establish MoUs between the GDA/PDAs and the ACs outlining capacity strengthening and governance support and arrangement that will have to be facilitated and/or provided by the GDA/PDAs at least three years after the project closure.

The project can engage the services of a consultant, NGO, or MFI to provide the necessary capacity building to AC members and management. Such services will be provided under the technical supervision and guidance of GDA.

(1) Who will be eligible to access the CFD?

(a) Agriculture Cooperatives or Revolving Fund Groups (RFGs) established at concerned LASED II SLC sites will be eligible to CFD provided that:

- ✓ they are officially recognized by an applicable law of the Kingdom of Cambodia or their advisory members and group leaders have been elected by their members who are LASED II SLC residents and have proper structures, and internal rules and regulations, and
- ✓ they are representative and open to all LRs at concerned LASED II SLC sites.

(b) Regular members of ACs or RFGs who have purchased shares and/or paid membership fees will be eligible to CFD.

(2) How to access CFD

Each eligible individual household member of the RFG or AC will be able to request a certain line of credit from the CFD through his/her RFG or AC. However, he/she shall complete and submit a “Loan-grant request (**Annex 6A**)” along with a “Household’s Brief Basic Livelihood Investment Plan (**Annex 6B**)” to his/her RFG or AC.

In order to access the CFD for its members or for itself, an RFG or AC shall submit a “Seed Grant Request (**Annex 6E**) or CFD Grant Request (**Annex 6J**)” along with “Brief Group Investment Plan (**Annex 6N**) or Brief Community Level Investment Plan (**Annex 6K**)” to NCDD.

Annex 19: CFD Grant Request (by cooperative)

<p>Land Allocation for Social and Economic Development Project II (LASED II)</p>	<p>Kingdom of Cambodia Nation Religion King</p>
<p>Code number of group: Group name:</p> <p>Province: Date: / /</p>	
<p>CFD GRANT REQUEST</p>	
<p>To: Project Director, LASED II Through: Provincial LASED II Manager Subject: Application for CFD Grant</p>	
<p>We are hereby applying for a CFD Grant of KHR (in word) from the LASED II. We have successfully completed meetings and mobilized KHR (in word) from savings, membership fees and sales of shares. The particulars of our AC/CU are provided below:</p> <p>Name of the AC/CU:</p> <p>SLC site:</p> <p>Commune:</p> <p>District:</p> <p>No. of members:</p> <p>Total capital:</p> <p>No. of meetings held:</p> <p>Registration No.:</p> <p>Bank Name:</p> <p>Bank Account No. :</p> <p>Bank Address:</p>	
<p>We have requested the CDF Grant to fund our CLIP as summarized in the attached file. Total fund required for our CLIP is KHR.</p>	
<p>Funding sources for CLIP:</p> <p style="padding-left: 40px;">AC/CU's own funds: KHR</p> <p style="padding-left: 40px;">CFD grant being requested: KHR</p> <p style="padding-left: 40px;">Bank/MFI loan: KHR</p>	
<p>Community Development Facilitator/Community Agribusiness Facilitator:</p>	
<p>_____ Executive Director</p>	
<p>For Project use only</p> <p>AC/CU governance status:</p> <p>No. of members:</p> <p>AC/CU capital:</p> <p>Size of grant:</p> <p>Technical assistance:</p> <p>Environmental assessment:</p> <p>Social assessment:</p> <p>Economic assessment (NPV, BCR, IRR and N/K for respective sub-project):</p> <p>Recommendation to Grant Committee:</p> <p>Signature of the Appointed Project Officer:</p> <p>Grant Committee's observations and sanction:</p>	

Annex 20: Brief CLIP

**Kingdom of Cambodia
Nation Religion King**

Land Allocation for Social and Economic Development Project II (LASED II)

Code number of group: Group name:

Province: Date: / /

BRIEF COMMUNITY LEVEL INVESTMENT PLAN (CLIP)

Time period	Month 1	Month 2	Month N
INCOME					
Operating income					
Sub-project ¹⁶ 1					
Sub-project 2					
Total Operating Income					
Non-Operating Income					
Interest income					
Rental income					
Donations received					
Other					
Total Non-Operating Income					
TOTAL OPERATING INCOME					
EXPENSES					
Operating Expenses					
Depreciation					
Interest expenses					
Maintenance and Repairs					
Office supplies					
Technical assistance fees					
Member incentives/salaries					
Wages					
Rent					
Telephone					
Travel-related expenses					
Other					
Total Operating Expenses					
Non-Recurring Expenses					
Furniture, equipment, telephone set, computer, etc.					
Donations given					
Other					
Total Non-Recurring Expenses					
TOTAL OPERATING EXPENSES					
Net Income before Tax					
Income Tax Expenses					
NET INCOME					

Funding sources

Cooperative's own fund: KHR
 CFD grant: KHR
 Bank/MFI loan: KHR
 Total: KHR

_____ Executive Director

¹⁶ It is called a sub-project because it is a project of LASED II Project.

Annex 21: Detailed CLIP (single sub-project)

**Kingdom of Cambodia
Nation Religion King**

Land Allocation for Social and Economic Development Project II (LASED II)

Code number of group: **Group name:**

Province: **Date:** / /

COMMUNITY LEVEL INVESTMENT PLAN (CLIP)

Business Project Title:

Type of Business and Product:

Currency:

Background

- (1) Investment opportunity
- (2) Goal
- (3) Objectives.....
- (4) Community competitiveness

Income and Expense

Time period	Month 1	Month 2 Month N	Total
INCOME					
Operating income					
Total Operating Income					
Non-Operating Income					
Interest income					
Rental income					
Donations received					
Other					
Total Non-Operating Income					
TOTAL OPERATING INCOME					
EXPENSES					
Operating Expenses					
Depreciation					
Interest expenses					
Maintenance and Repairs					
Office supplies					
Technical assistance fees					
Member incentives/salaries					
Wages					
Rent					
Telephone					
Travel-related expenses					
Other					
Total Operating Expenses					
Non-Recurring Expenses					
Furniture, equipment, telephone set, computer, etc.					
Donations given					
Other					
Total Non-Recurring Expenses					
TOTAL OPERATING EXPENSES					
Net Income before Tax					
Income Tax Expenses					
NET INCOME					

Funding sources

Community/cooperative's own fund: KHR

CFD grant: KHR

Bank/MFI loan: KHR

Total: KHR

Implementation Schedule

	Month 1	Month 2	Month 3					Month N
Activity 1								
Activity 2								
Activity 3								
Activity 4								
Activity N								

Community Representative / Executive Director

Annex 22: Tripartite CFD Grant Agreement (AC/CU)

Land Allocation for Social and Economic Development Project II (LASED II)	Kingdom of Cambodia Nation Religion King	
Code number of group: Group name:		
Province:	Date: / /	
TRIPARTITE GRANT AGREEMENT		
This agreement is executed on (day) (Month) (Year) at (place)		
Between:		
1. Land Allocation for Social and Economic Development II (LASED II) represented by the National Committee for Democratic Development Secretariat (NCDDS) located in Building at the Ministry of Interior's complex at No., Norodom Blvd., Phnom Penh, Kingdom of Cambodia, hereinafter called Party A .		
2. General Department of Agriculture (GDA) located at, hereinafter called Party B .		
And,		
3. Agricultural Cooperative/Cooperative Union (name)registered under the Law on Agricultural Cooperative with Registration No.located at (address), hereinafter called Party C .		
NOW THIS DEED WITNESSETH AS FOLLOWS:		
Article 1: Party A shall release the CFD grant at the amount approved by the Grant Committee as per request made by Party B dated / / to Party B's Bank Account.		
Article 2: Party A shall retain full right to monitor the process and utilization of the CFD grant, and audit Party B's bank account or get a financial statement from Party B's bank or MFI to verify Party B's transactions (i.e., settlement of principal and interest.)		
Article 4: Party B shall monitor the utilization of the CFD grant by Party C against its summary CLIP that was attached to the CFD loan grant request dated / / and review and verify all financial records kept by Party C .		
Article 5: Party B shall mediate and resolve any conflict that may arise within Party C or amongst members of Party C regarding utilization and management of the CFD loan grant.		
Article 6: Party B shall provide necessary capacity building to Party C in aspects where Party B finds weaknesses.		
Article 7: Party C shall issue to Party A a certificate of acknowledgement of receipt of the CFD grant ten (10) days following the receipt of the CFD grant.		
Article 8: Party C shall ensure that the CFD grant is used according to the CLIP and the loan grant request submitted to Party A dated / /		
Article 9: Party C shall keep accurate records of the utilization of the CFD grant and make them available at all time for Party A's auditing purpose and for Party B's review.		
Article 10: Party C shall attempt to address and resolve any issue or conflict over utilization and management of the CFD grant amongst its members in an amicable fashion. If such issue or conflict cannot be resolved, it shall be reported to Party B for intervention/resolution.		
Article 11: Party C shall file regular report to Party A copied to Party B on status of the CFD grant utilization and financial management and on progress of the CFD grant repayment.		
Article 12: Party C shall ensure that the CFD grant is fully repaid and credited to its Bank Account by (day) (Month) (Year) The repayment shall include the principal plus interest as reflected in Party C's summary CLIP attached to Party C's CFD grant request dated / /		
Article 13: No delay in repayment is allowed unless otherwise agreed upon by all the parties in writing.		
Article 14: In case of any misunderstanding, dispute or discrepancy in performance, all parties are committed to resolving it amicably.		
IN WITNESSES WHEREOF the parties hereto have executed this agreement as of (day) (Month) ... (Year)		
_____	_____	_____
For Party A	For Party B	For Party C
_____	_____	_____
Witness A	Witness B	

Annex 23: CFD Grant Acknowledgement Certificate (by cooperative)

Land Allocation for Social and Economic Development Project II (LASED II)	Kingdom of Cambodia Nation Religion King
Code number of group:	Group name:
Province:	Date: / /
CFD GRANT ACKNOWLEDGEMENT CERTIFICATE	
Name of the AC/CU:	
AC/CU Registration No.:	
SLC site:	
Commune:	
District:	
CFD Grant received (amount): KHR (in word	
Date of CFD Grant credited into Bank Account: / /	
Date: / /	
<hr/> Executive Director	

Annex 24: Brief GIP (for common interest group)

**Kingdom of Cambodia
Nation Religion King**

Land Allocation for Social and Economic Development Project II (LASED II)

Code number of group: Group name:
 Province: Date: / /

BRIEF GROUP INVESTMENT PLAN (GIP)

Name of group's head:								
No.	Type of sub-project ¹⁷	Cost item	Quantity	Amount, Riel (a)	Income item	Quantity	Amount, Riel (b)	Net, Riel (b - a)
1								
		Sub-total		(c)				(e)
2								
		Sub-total		(d)				(f)
Total		(c + d) = g			(e + f) = h			
Net flow (h)		(h - g)						

No.	Member's name	Sex	Date of birth	Agricultural lot ID
1				
2				
3				
4				
5				
7				

Expectation:

Will your group's plan be successful? Yes No

If Yes, why will it be successful?

1. Your group's products/services will have good market
2. Weather will be good
3. Your group has experience/knowledge in the products/services
4. Other reasons (explain):

Funding sources

Group's own fund: KHR
 CFD grant: KHR
 Bank/MFI loan: KHR
 Total: KHR

Group's Head	Member	Member
---------------------	---------------	---------------

¹⁷ It is called a sub-project because it is a project of LASED II Project.

Annex 25. Contract for Financing Sub-project Implemented by Community

Land Allocation for Social and Economic Development Project II (LASED II)

(IDA Credit No.)

Contract between Provincial Project Office and the Community

Provincial Project Office

Contract Code: _____

Contract description: _____

Contract Location:

Village _____, Commune _____, District _____, Province _____

1. MAIN PARTIES TO THE CONTRACT

- 1.1 The Land Allocation for Social and Economic Development (LASED) Project II established by the Government of Cambodia to support the program of social land concession of the government and support the agriculture land to the poor and landless family for reduction of their poverties, Provincial Project Office will be represented by its Provincial Project Manager, officially based at the Provincial Project Office located at _____, Cambodia.
- 1.2 the -----(insert name of village/site) Community _____, will be represented by the members of SLCCC/VAB named below for the purpose of this contract:
 1. Ms/Mr. _____, Position: _____, Village: _____
 2. Ms/Mr. _____, Position: _____, Village: _____
 3. Ms/Mr. _____, Position: _____, Village: _____

2. PURPOSES OF THE CONTRACT

LASED II Project will finance this contract implementation as requested by the Community named above and in accordance with the provisions of this contract agreement and documents attached hereto.

3. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

3.1 The Community

- (1) Shall be responsible for implementing this contract *through the Community Force Account method* (Note: Please remove this underlined words if other method is used) according to the specifications, designs, site plan, project description, implementation schedule and costs contained in the contract and its relevant attachment.
- (2) Shall be responsible for selecting labors in the community, or civil works contractors (if applicable), and/or Suppliers to supply the required materials in accordance with the procedures set-forth in the Community Operation Manual;
- (3) Shall maintain an "Instruction and Record Book", and shall comply with all guidelines/instructions stated therein, which shall be made available to any Provincial/National Facilitators/Technical Advisors and other authorized World Bank personnel.
- (4) The community and SLCCC/VAB Office shall permit, and shall cause all the materials suppliers to permit, the World Bank and/or persons appointed by the Bank to inspect the Site and/or all accounts and records relating to the performance of the Contract and the submission of the

- quotations to supply the materials/services, and to have such accounts and records audited by auditors appointed by the World Bank if requested by the Bank.
- (5) Shall ascertain and conform in all respects with the provisions of laws, rules and regulations of the Royal Government of Cambodia, which may be applicable to the this contract, but not limited, such as, safety and security of all site operations including methods of construction, traffic regulations, and promotion of environmental protection;
 - (6) Shall be responsible for any accidents, injuries, liabilities or damages incurred from the execution of works;
 - (7) Shall not assign the contract or any part thereof to any third party, without the prior consent of the Provincial Project Office;
 - (8) Shall fully cooperate with the Provincial Project Office in its observation activities;
 - (9) Shall be responsible for implementing, monitoring and managing this contract and sub-contracts for civil works contractors; Suppliers, or/and consultants if applicable;
 - (10) Ensure that the nature and environment located within and areas surrounding the Construction Site are protected and preserved in good order and are not destroyed by the contract execution. If any damages are incurred, the community/individuals should notify the Provincial Project Office and the concerned parties immediately;
 - (11) Be highly responsible towards the agreement which requires the involvement and participation by the community beneficiaries.

3.2 Provincial Project Office

- (1) Shall be responsible for financing this contract and for disbursements of the contract amount to the Community for works accomplished and/or goods delivered as per schedule;
- (2) Shall provide necessary supports and trainings to the Community to ensure that the procurement of civil works , goods, or/and consulting service is carried out by the community in accordance with the procurement procedures set forth in the Community Operation Manual;
- (3) Shall provide necessary supports and trainings to enable the Community to successfully execution of this contract;
- (4) Shall have the final responsibility for suspension or cancellation of the contract, if deemed necessary;
- (5) Shall have the right to supervise the execution of the contract from the start till completion, and to inspect the related facility anytime;
- (6) Shall stop any activity that might affect environment surrounding the site.

4. ATTACHMENTS TO THE CONTRACT

Documents attached to this contract include the following:

- 4.1. Proposal/approved procurement plan if any;
- 4.2. Approved design, specification, site plan, and estimated costs;
- 4.3. Mandates, designations and other legal documents;
- 4.4. Ethical Standard;
- 4.5. Schedule of implementation;
- 4.6. Sub-contract agreements with civil works contractors, suppliers, or/and consultants (if any);
- 4.7. Related documents (if any)

5. Payment Provision

5.1 For Civil Works Contract.

The total amount contracted is _____ USD or RIELS (in words ___), which shall be paid in the following order:

- (1) **The first payment** of(maximum.20%) equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon signing of contract..
- (2) **The second payment** of(maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon completion of at least 20% of the works.
- (3) **The third payment** of(maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon completion of at least 40% of the works.
- (4) **The fourth payment** of(maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon completion of at least 60% of the works.
- (5) **The fifth payment** of(maximum 10% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon completion of at least 80% of the works.
- (6) **The final payment** of(maximum 10% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon completion of 100% of the works and submission of the completion report to the Provincial Project Office

5.2 For Goods Contract:

The total amount contracted is _____ USD or RIELS (in words _____), which shall be paid in the following order:

- (1) **The first payment** of (Maximum 10%) equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon signing of contract.
- (2) **The second payment** of(maximum 80% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon receiving of goods at the community with satisfactory.
- (3) **The final payment** of(maximum 10% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon final inspection and acceptance of the goods at the community.

5.3 For Consulting Services:

The total amount contracted is ___ USD or RIELS (in words ___), which shall be paid in the following order

- (1) **The first payment** of(maximum 10%) equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon signing of contract..
- (2) **The final payment** of(maximum 90% equivalent to an amount of _____ USD or RIELS (in words _____) shall be transferred to the Community's account upon completion of satisfactory services and submission of final report if required.

6. DISBURSEMENT PROCEDURES

2.1 All disbursements under this contract shall be carried out by means of Money/Bank Transfer Order to the Community's bank account at any closed distance bank.

2.2 All disbursements shall be made only after carrying out the following procedures:

- a) The Community requests disbursement from the Provincial Project Office by means of a request of payment based on the disbursement plan, technical progress assessment, and request for payment of the contractors/suppliers if applicable;

- b) Request for disbursement is approved by the Provincial Project Office;
- c) Each disbursement from the provincial project office to the community shall be done within 14 calendar days of the request by the community.

7. CONTRACT TERMINATION

- 3.1 Contract may be canceled based on the following conditions:
 - a) Breach of contract obligation by any of the parties to this contract.
 - b) If at any time, it is determined that any party of the contract has engaged in any corrupt or fraudulent, coercive, collusive, or obstructive practices.
 - c) If the quality of equipment/materials supplied or works completed is not compliant to the required technical specifications and drawings..
 - d) If the Community fails to perform this contract and/or the sub-contracts between the Community and the Contractors/Suppliers that puts this contract at risk.
- 3.2 In the event that the Provincial Project Office decides to end the contract, it may request the Community to rectify mistakes made by the community and/or its sub-contractors/suppliers/consultants within a given period of time .

8. AMENDMENTS TO THE CONTRACT

Amendment to the provisions of this contract can be made only with the mutual consent of all parties, who are signatories of this contract.

9. PROHIBITIONS

- 5.1 The Community will not use or allow the contractors to use heavy equipment to implement this contract.
- 5.2 The Community is prohibited to request free contribution from beneficiaries for activities being paid for under the contract. On the contrary, the Provincial Project Office shall have the full right to immediately halt the disbursement and suspend or cancel this contract.
- 5.3 The Community is not allowed to use the fund under this contract for any other purposes than the purpose of this contract. If the fund is not used for the purpose of this contract, the Provincial Project Office shall have the full right to cancel this contract and shall not reimburse the costs spent by the Community.

10. AUTHORIZED SIGNATORIES

Any request or report directed to any of the parties to this contract must be signed for only by the designated representatives of both parties.

11. CONTRACT DURATION

The Community commits to complete the execution of the contract within _____ months, commencing from the effective date of this contract.

12. SETTLEMENT OF DISPUTES

Any conflicts or disputes arising out of or in connection with the interpretation or implementation of this contract, which cannot be settled amicably by the parties, shall be decided through judicial proceedings in accordance with the Laws of Kingdom of Cambodia.

13. CONTRACT EFFECTIVENESS

This contract shall be effective from the date of signature entered into upon by all concerned parties.

Signed on this date ____/____/____

For the Provincial Project Office:

Signature: _____

Name: _____

Provincial Project Manager

For the SLCCC/VAB:

1. Title: _____

Name and signature: _____

2. Title: _____

Name and signature: _____

Title: _____

Name and signature: _____

3. Title: _____

Name and signature: _____

Witnesses:

1. **Representative of** _____

Name and signature: _____

2. **Representative of** _____

Name and signature: _____

Annex 26. Community Procurement Plan:

Community Procurement Plan

Community: _____; Village: _____, Commune: _____ District: _____, Province: _____

Contract no.	Descriptions	QTY	Cost Estimated (US\$)		Method of Proc.		Expected quotation Invitation Issued (Date)	Expected quotation Opening	Expected Contract Start date	Expected Contract completion date	Implement by Community/Contractor/Supplier

Acknowledged by:
Provincial Project Manager

Verified by:
Provincial Procurement Officer

Endorsed by:
SLCCC/VAB

Prepared by:
Community Procurement Team

Name:
Date:

Name:
Date:

Name:
Date:

Name:
Date:

Ethical Standard for Community
Please copy the PRC's Ethical Standard and modify as appropriate

Annex 27. Amendment of Contract

Amendment of Contract

Community Contract Amendment no.: _____						
Province:	District:	Commune:	Community:			
Description of Contract:			Contract no.:			
Reason of contract amendment:						
Amendment Points			Changed		Unchanged	
Result quantity of contract						
Location result						
Work schedules						
Payment Schedules						
Technical Officer						
Result of contract to be amended						
No	Descriptions	Community	Unit	QTY	Unit Price	Total Price
Total price after amending...						
Work schedule to be amended						
Work begins:			Work completes:			
Payment Schedule to be amended						
Payment installment	Amount	Tax & Levies	Date	Payment conditions		
Name of Technical Officer:				Title:		

Provincial Project Manager

SLCCC/VAB

Name:

Name:

Date:

Date:

Annex 28. Request for Quotations for Goods Shopping Method

Province: _____

District: _____

Commune: _____

Community/Village: _____

Date: _____

Request for Quotations for Goods

Project Name: _____

Project Code: _____

Contract Number: _____

To: _____

1. Our community has received a grant from LASED II Project, which is financed by the International Development Association (IDA), and the Community intends to apply this grant to eligible payments under the contract of _____ under this Request for Quotations.
2. Our Community requests you to quote your prices for the items listed in Schedule of Items and Priced Quotation. . Your quotation shall be submitted in sealed envelope and duly signed, at or before hours on ____/____/201__ to address _____. Late quotations will be rejected and returned unopened to the bidders. All quotations will be opened athours on ____/____/201__, at the address _____ in the presence of the Community Procurement Team, Community members and the Bidder representatives who choose to attend.

Schedule of Items and Priced Quotation

Item No.	Description & Details	QTY	Unit	Unit Price (USD)	Amount (USD)
Total Amount:					

Total Amount in words: _____

3. Quotation and Price quoted must be valid and fixed for 60 days from the deadline of quotation submission;
4. The delivery period is 30 days from the date of contract signed;
5. The Quotation Price shall include taxes, duty, inland transportation, insurance and costs incidental to delivery of the goods to their final destinations;
6. Alternative Quotation will not be permitted;
7. Quotations will be evaluated by adjusting the quotation by making any correction for any arithmetic errors as follows:
 - (a) where there is a discrepancy between amounts in figures and in words, the amount in words will govern;
 - (b) where there is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern;

If a Bidder refuses to accept the correction, his quotation will be rejected and his Quotation and Performance Securing Declaration will be executed.

8. A quotation shall be accompanied by a Quotation and Performance Securing Declaration in accordance with the Form 2; otherwise this quotation will be rejected by the Community as non-responsive.
9. The Supplier is required to mention make/model (as applicable) of the goods to be supplied and must attach the appropriate original printed literature/brochures for the various items listed, if required;
10. Products: Warranty at leastmonths;
11. It is the IDA's policy to require that Borrowers (including beneficiaries of Bank loans), bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of IDA-financed contracts.
12. All materials suppliers and service providers shall permit the IDA and/or persons appointed by the IDA to inspect the Site and/or all accounts and records relating to the performance of the Contract and the submission of the quotations to supply the materials/services and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

Head of SLCCC/VAB

1) Signature: _____
 Name: _____

Technical Specification of the Goods Required

Item	Description of goods	Technical Specification of Goods required	Technical Specification of Goods to be offered

Form 1: Quotation Form (for Goods)

Name of the Company
Address
Phone Number

Date: _____

To: *[Name and address of the Purchaser]*

Having examined the Request for Quotation Document, the receipt of which is here by duly acknowledged, We, the undersigned, offer to supply (Name of Goods) in conformity with the said Request for Quotation Document in total Price:

- (1) (Insert Value in figures) in USD/Riel
- (2) (Insert Value in words) in USD/Riel

We undertake, if our Quotation is accepted, to deliver the goods in 30 calendar days from the date of receipt of your Purchase Order, in accordance with the delivery time specified in Clause 5 of the Conditions of Contract.

We are not participating as Bidders in more than one Quotation in this Quotation process. Our Quotation shall be valid for 60 calendar days after the deadline for submission of Quotation.

We declare that we and any Subcontractors or Contractors for any part of the Contract have not been declared ineligible by the NCDD and IDA on charges of engaging in corrupt, fraudulent, collusive, coercive, or obstructive practices. We furthermore, pledge not to indulge such practices in the duration of the Contract.

We agree to observe the highest standard of ethics during this procurement, and the execution of the purchase order. And we will permit the IDA and/or persons appointed by the IDA to inspect the Site and/or all accounts and records relating to the submission of our quotations and the performance of the purchase order, and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

We understand that your written Purchase Order shall constitute the acceptance of our Quotation and shall become a binding contract between us.

We understand that you are not bound to accept the lowest or any Quotation that you may receive.

The following documents are attached with this quotation:

- (1) Original letter naming the person authorised to sign on behalf of the Bidder
- (2) Legal document (copy of valid Patten Certificate);
- (3) Quotation and Performance Securing Declaration.

Authorized Signature of Supplier
Name and title of Signatory

Form 2: Quotation and Performance Securing Declaration (for Goods)

[If required, the Bidder shall fill in this form in accordance with the instructions indicated in brackets.]

Date: *[insert date]*

Name of contract: *[insert name]*

Contract Identification No: *[insert number]*

Request for Quotation No. and Date: *[insert number]*

To: _____

We, the undersigned, declare that:

- a) We understand that, according to your conditions, Quotation must be supported by a Quotation and Performance Securing Declaration.
- b) We accept that we shall be suspended from being eligible for bidding in any contract with the Community for the period of time of two (2) years starting on the date of the Community's execution of this Declaration, if we:
 - i) have withdrawn our Quotation during the period of quotation validity specified by us in the quotation Submission Sheet; or
 - ii) do not accept the correction of errors in accordance with paragraph 7 of the Request for Quotation, or
 - iii) having been notified of the acceptance of our Quotation by the Community during the period of bid validity, fail or refuse to execute the Contract, or
 - iv) Committed a fundamental breach of contract leading to the Community's termination of the contract for reasons of our default.
- c) We understand this Quotation and Performance Securing Declaration shall expire if we are not the successful bidder after the expiry of the quotation validity, or in the event that our quotation is successful and we are awarded a contract we understand that this Quotation and Performance Securing Declaration will expire three months after the completion of the delivery of goods.

Signed *[insert signature(s) of authorized representative]*

In the Capacity of *[insert title]*

Name *[insert printed or typed name]*

Duly authorized to sign the quotation for and on behalf of *[insert authorizing entity]* and affix Seal

Dated on *[insert day]* day of *[insert month]*, *[insert year]*

Form 3: Purchase Order

Purchase Order No: _____	Purchase Order Date: ____/____/201____
Project Name: _____	
Project Code: _____	
Contract Number: _____	
Project location: Village: _____, Commune: _____, District: _____, Province: _____	
To: <i>[name and address of the Supplier]</i>	<i>[Contact person, Telephone Number Fax Number e-mail address supplier reference]</i>
Total Amount: _____ USD	Delivery date: ____/____/201____

The Community has accepted your Quotation dated ____/____/____ for the supply of Goods as listed in the Schedule of Items and Priced Quotation attached to this Purchase Order and requests that you supply the goods at or before the delivery date stated above, in the quantities and units.

In acceptance of this Purchase Order you are requested to sign below, at which time the Contract shall become legally binding upon both parties and you are also requested to return the signed Purchase Order within a period of 7 calendar days from the date of issue of this Purchase Order.

For the Supplier:

Signature: _____

Print Name: _____

Title In the presence of Name: _____

Head of SLCCC/VAB:

1. Title: _____

Name and signature: _____

Conditions of Contract

- (1) The following documents forming the contract shall be interpreted in the following order of priority:
 - (a) The signed Purchase Order;
 - (b) The conditions of the contract
 - (c) Schedule of Items and Priced Quotation
 - (d) Technical Specification of the Goods Required
 - a. Quotation and Performance Securing Declaration
- (2) This Contract shall be amended only by written agreement between the Community and the Supplier.
- (3) Price adjustment and variation: the contract price shall not apply for adjustment and variation.
- (4) Payment Provisions:
 - (a) Currency of Payment. Community will pay to the Supplier in Cambodian Riels and/or United State Dollars by cash/cheque/bank transfer to the account of the Supplier.
 - (b) Payment under the Contract: The Community will pay the Supplier for the supply of goods as follows:
 - (i). the first payment** of (Maximum 10%) equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Supplier upon signing of contract.
 - (ii). the second payment** of (Maximum 80% equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Supplier upon receiving of goods at the community with satisfactory.
 - (iii). the final payment** of (Maximum 10% equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Supplier upon final inspection and acceptance of the goods at the community.
 - (iv). The Community will effect payment** within 30 calendar days of receipt of the Supplier's invoice and against the actual quantity of supplied goods.
 - (v). If any payment** is delayed beyond the Due Date for Payment, the Community will pay interest to the Supplier at the rate of 1% of the amount of the payment for the first month and for each subsequent full calendar month during which payments are delayed.
- (5) Late Delivery: If the Supplier delivered the specified goods later than the delivery date specified in the Purchase Order. The Community has the right to reduce the payment to the supplier by 0.05% of the total price of contract for each day of delay beyond the delivery time. The reduction is up to a maximum of the 10%, and then the Community may terminate the contract.
- (6) Packaging of goods: The Supplier shall warrant that goods are contained or packaged adequately to protect the goods from loss or damage when transporting to final destinations. (Note: *Please remove if not applicable*)
- (7) Inspection: Community shall inspect the goods delivered and accept only the goods that conform to contract requirements. An acceptance letter shall be issued by Community Procurement Team to the Supplier if all delivered goods are acceptable.
- (8) After completion of the supply of the goods and receipt of the acceptance letter from Community Procurement Team, the Supplier shall submit an original Invoice, and two (2) copies, to the SLCCC.

- (9) Warranty: The Supplier shall provide the warranty, as stipulated in the Quotation document Section 4, for the goods to be supplied are new and unused and confirm that if any faults are detected within the warranty period in the supplied/installed goods, the Supplier shall be bound to rectify the fault or replace the goods within seven (7) days.
- (10) Termination of Contract: the Community may, by written notice sent to the Supplier, terminate the Contract in whole or in part at any time:
- (a). if the Supplier fails to deliver any or all the goods within the time period(s) specified in this contract and in accordance with Clause 5 above, or
 - (b). if the Supplier fails to perform any other obligation(s) under this contract, or
 - (c). if the Supplier fail to comply with Clause 10- Warranty; or
if the Supplier, in the judgment of the Community, has engaged in fraud and corruption practices elaborated in the applicable World Bank's Procurement Guidelines applicable to LASED II project in competing for or in executing this contract
- (11) If Force Majeure makes completion of the contract impossible, the Supplier may ask the Community to release him from the Contract.
- (12) Settlement of disputes: If any dispute arises between the two parties, relating to any aspects of this Agreement, the parties shall first attempt to settle the dispute through mutual and amicable consultation.
- (13) In the event of agreement not being reached, the matter will be settled in accordance with the laws of the Kingdom of Cambodia.

The Supplier agrees to observe the highest standard of ethics during the execution of this purchase order. The Supplier also agrees to keep, and shall make all reasonable efforts to cause its Sub-suppliers/service providers, if any, to keep accurate and systematic accounts and records associated with this purchaser order. And the Supplier will permit, and will cause our sub-suppliers/service providers, if any, to permit the IDA and/or persons appointed by the IDA to inspect the Site and/or all accounts and records relating to the submission of the quotation and the performance of this purchase order, and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

Statement of Ethical Conduct and Fraud and Corruption

We the undersigned hereby confirm that:

- (1) Neither we, nor any of our employees, associates, agents, shareholders, partners or their relatives or associates have any relationship that could be regarded as a conflict of interest as set out in the request for quotation forms.
- (2) Should we become aware of the potential for such a conflict will report it immediately to the Community Procurement Team.
- (3) That neither we, nor any of our employees, associates, agents, shareholders, partners, or their relatives or associates have entered into corrupt, fraudulent, coercive, collusive, or obstructive practices in respect of our quotation.
- (4) We understand our obligation to allow the LASED Project II or the Funding Agency to inspect all records relating to the preparation of our quotation and any contract that may result from such irrespective of if we are awarded a contract or not.

- (5) In connection with this procurement exercise and any contract as a result thereof, no payments have been made or will be made by us, our associates, agents, shareholders, partners or their relatives or associates to any of our community working group, associates, employees or relatives of such who are involved with the procurement process, contract implementation, and the issuance of progress payments.
- (6) We understand that if we are found to be in breach of this declaration we will be ineligible to be considered for any contracts with the Community and the Royal Government of Cambodia funded by the Development Partner and/or other sources for a period to be determined by them.

Signed: *[signature of person authorized by the Bidder to sign the bid submission form and whose name and title are shown below]*

Name: *[insert full name]*

Title: *[insert official title]*

Duly authorized to sign the quotation for and on behalf of: *[insert complete name of Bidder and affix official seal of the bidder]*

Dated on _____ day of _____, _____ *[insert date of signing]*

Annex 29. Request for Quotations for Works Shopping Method:

LASED II Project

Province: _____

District: _____

Commune: _____

Village: _____

Date: _____

Request for Quotations for Works

To: _____

- (1) Our community has received a grant from LASED II Project, which is financed by the International Development Association (IDA, and the Community intends to apply this grant to eligible payments under the contract of _____ under this Request for Quotations. The quantity and description of all the works/services to be performed and the site & schedule are listed in Annex A: Priced Activity Schedule.
- (2) Our Community would like to invites your company to submit the **sealed** Quotation for the works as mentioned above. The construction period is _____ **days** from the date of contract signed.
- (3) The Quotations shall be delivered no later than hours on ____/____/_____ to address given below. Late quotations will be rejected and returned unopened to the bidders. All quotations will be opened at hours on ____/____/_____, at the address given below in the presence of the Community Procurement Team, Community members and the bidders’ representatives who choose to attend.
The address referred to above is:
Community Office, District: _____, Province: _____.
- (4) Alternative Quotation will not be permitted.
- (5) A quotation shall be accompanied by a Quotation and Performance Securing Declaration in accordance with the Form 2; otherwise this quotation will be rejected by the Community as non-responsive.
- (6) The Community will award the Contract to the Bidder whose quotation has been determined to be the lowest evaluated quotation and is substantially responsive to the Request for Quotations.
- (7) It is the IDA’s policy to require that Borrowers (including beneficiaries of Bank loans), bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of IDA-financed contracts.
- (8) All contractors, materials suppliers and service providers shall permit the IDA and/or persons appointed by the IDA to inspect the Site and/or all accounts and records relating to the performance of the Contract and the submission of the quotations and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

Head of SLCCC/VAB

Signature: _____

Name: _____

Form 4: Priced Activity Schedule

No.	Description of works item (1)	Qty (2)	Unit (3)	Price/Unit (4)	Total Price for Item (5)
1					
2					
3					
4					
5					
6					
	Grand Total:				Riel/USD

Note:

(1) Quotations will be evaluated by making correction for any arithmetic errors as follows:

- (a) where there is a discrepancy between amounts in figures and in words, the amount in words will govern;
- (b) where is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern;
- (c) If a Bidder refuses to accept the correction, his quotation will be rejected and Quotation and Performance Securing Declarations executed.

(2) Quoted Prices shall be inclusive of all costs such as materials, equipment, labor, transportation, profit, customs duties, and other taxes paid or payable if the contract is awarded. Prices shall remain fixed and not subject to price adjustment during the period of performance of the contract.

(3) The unit rates quoted above will be used to determine the price for any additional scope or works as instructed and approved by the Community.

Name, Title and Signature of Bidder's authorized representative-affix

Seal Date

Form 5: Technical Specifications and Drawings

Note for preparation of the specifications and drawings:

- (1) *A set of precise and clear Specifications is a prerequisite for bidders to respond realistically and competitively to the requirements of the Community without qualifying or conditioning their quotation. These should be included here. The Specifications must be drafted to permit the widest possible competition and, at the same time, present a clear statement of the required standards of workmanship, materials, and performance of the goods and services to be procured. The Specifications should require that all goods and materials to be incorporated in the Works be new, unused, of the most recent or current models, and incorporate all recent improvements in design and materials unless provided otherwise in the Contract.*
- (2) *Samples of Specifications from previous similar sub- projects in the same country are useful in to prepare Specifications. The use of metric units is encouraged. Most Specifications are normally written specially by the Community to suit the Contract Works in hand.*
- (3) *Insert here a list of Drawings. The actual Drawings, including site plans, should be attached to this section or annexed in a separate folder.*

Form 6: Quotation Form (for Works)

Name of the Company
Address
Phone Number

Date: _____

To: *[Name and address of the Community]*

Having examined the Request for Quotation Document, the receipt of which is here by duly acknowledged, we, the undersigned, offer to the following quotation for..... *(The title of procurement as specified in INVITATION FOR QUOTATIONS with reference number)* in conformity with the said Request for Quotation Document in total Price:

- (4)(Insert Value in figures) in Riel/USD
- (5)(Insert Value in words) in Riel/USD

We undertake, if our Quotation is accepted, to complete the works in..... (weeks/months) from the date of receipt of your Purchase Order.

We are not participating as Bidders in more than one Quotation in this Quotation process. Our Quotation shall be valid for 60 calendar days after the deadline for submission of Quotation.

We declare that we have not been declared ineligible by the NCDD and IDA on charges of engaging in corrupt, fraudulent, collusive, coercive, or obstructive practices. We furthermore, pledge not to indulge such practices in the duration of the Contract.

We agree to observe the highest standard of ethics during this procurement, and the execution of the works order. And we will permit the IDA and/or persons appointed by the IDA to inspect the Site and/or all accounts and records relating to the submission of our quotations and the performance of the works order, and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

We understand that your written Works Order shall constitute the acceptance of our Quotation and shall become a binding contract between us.

We understand that you are not bound to accept the lowest or any Quotation that you may receive.

The following documents are attached with this quotation for your evaluation:

- (1) Form 2. Quotation and Performance Securing Declaration;
- (2) Original letter naming the person authorised to sign on the quotation behalf of the Bidder;
- (3) Legal document (copy of valid Patten Certificate).

Authorized Signature of Supplier
Name and title of Signatory

Form 7: Quotation and Performance Securing Declaration (for Works)

[If required, the Bidder shall fill in this form in accordance with the instructions indicated in brackets.]

Date: *[insert date]*

Name of contract: *[insert name]*

Contract Identification No: *[insert number]*

Request for Quotation No. and Date: *[insert number]*

To: _____

We, the undersigned, declare that:

- (1) We understand that, according to your conditions, Quotation must be supported by a Quotation and Performance Securing Declaration.
- (2) We accept that we shall be suspended from being eligible for bidding in any contract with the Community and the Government of Cambodia for the period of time of two (2) years starting on the date of the Community's execution of this Declaration, if we:
 - (a) have withdrawn our Quotation during the period of bid validity specified by us in the quotation Submission Sheet; or
 - (b) do not accept the correction of errors in accordance with paragraph 7 of the Request for Quotations, or
 - (c) having been notified of the acceptance of our Quotation by the Community during the period of bid validity, fail or refuse to execute the Contract, or
 - (d) Committed a fundamental breach of contract leading to the Community's termination of the contract for reasons of our default.
- (3) We understand this Quotation and Performance Securing Declaration shall expire if we are not the successful bidder one month after the expiry of the bid validity, or in the event that our quotation is successful and we are awarded a contract we understand that this Quotation and Performance Securing Declaration will expire six months after the completion of the works.

Signed *[insert signature(s) of authorized representative]*

In the Capacity of *[insert title]*

Name *[insert printed or typed name]*

Duly authorized to sign the quotation for and on behalf of *[insert authorizing entity]* and affix Seal

Dated on *[insert day]* day of *[insert month]*, *[insert year]*

Form 8: Works Order

Works Order No:	Works Order Date: ___/___/201__	
Contract _____	Description _____	Name: _____
Contract _____	Reference _____	number: _____
Location: Village: _____, Commune: _____, District: _____, Province: _____		
To: [name and address of the Contractor]	[Contact person, Telephone Number Fax Number e-mail address contractor reference]	
Total Amount: _____ Riel/USD	Start Date: ___/___/201__	Completion date: ___/___/201__

We are pleased to accept your offer of the below works [amend as appropriate] as per the below detail and as per your attached quotation for the sum of USD..... and we agree that you perform the works and services..... [Amend as appropriate] on the following conditions:

1	2	3	4	5	6
Item	Description	Unit	Quantity	Unit Price USD	Total Price USD
1					
2					
3					
4					
	Grand Total:				Riel/USD

- (1) Warranty/Guarantee period: 6 months *[amend as appropriate]*.
- (2) Warranty/Guarantee conditions: The works are in line with the Employer's specifications and drawings attached.
- (3) The attached Conditions of Contract for Civil Works apply to this contract.

In acceptance of this Works Order you are requested to sign below, at which time the Contract shall become legally binding upon both parties and you are also requested to sign this Works Order and Return it to Community within a period of 7 calendar days from the date of issue of this Works Order.

Head of SLCCC/VAB:

Signature: _____

Print Name: _____

Title in the presence of Name: _____

For Contractor:

Signature: _____

Print Name: _____

Title in the presence of Name: _____

Form 9: Conditions of Contract

- (1) The following documents forming the contract shall be interpreted in the following order of priority:
 - (a) The signed Works Order;
 - (b) The conditions of the contract;
 - (c) Price Activity Schedule;
 - (d) Technical Specifications;
 - (e) Drawings; and
 - (f) Quotation and Performance Securing Declaration.
- (2) This Contract shall be amended only by written agreement between the Community and the Contractor.
- (3) Price adjustment and variation: the contract price shall not apply for adjustment and variation.
- (4) The Contractor shall not sub-contract any part of the Works.
- (5) The Contractor shall start the Contract and implementation of the Works on the start date specified in the Works Order and shall complete the whole of the works not later than the number of calendar days stated in the Works Order. If implementation of the Contract is delayed due to any circumstances or event, which could not have been foreseen by the contractor, the Contractor must inform the Community immediately about the delay. If the Community considers that an extension of time for the Contract is justified, the Contractor must submit an amended Activity Schedule and Work Plan for the approval of the Community.
- (6) If, 15 days after the Works Start Date, the Contractor has not started to implement the contract, the Community has the right to cancel the contract. If, at any time, implementation of any part of the Works is delayed by more than 100 calendar days beyond the dates shown in the Work Plan, the Community has the right to cancel the contract.
- (7) The Community has the right to reduce the payment to the Contractor by 0.1% of the total price of the contract for every day of delay after the Works Completion Date or as extended by the Community in accordance with Paragraph 5 above , until the work is complete. The reduction is up to a maximum of 10%, after which the Employer may terminate the contract.
- (8) If Force Majeure makes completion of the contract impossible, the Contractor may ask the Community to release him from the Contract. The Contractor may request payment for that part of the works that is complete and intact at the time the request for release is made.
- (9) If the Contract is cancelled because of the fault of the Contractor, the Community has the right to take over the Works and complete them by any other method. No payment will be made to the Contractor until the Works have been completed. Payment to the Contractor will be limited to the difference between the Contract price and the cost to the Community for completing the part of the works that was not implemented by the Contractor.
- (10) Payment Provisions: When the Contractor wishes to apply for payment he must submit a written Request for Payment to the Community. The Community will then verify the quantity of work completed and will check that the quality of the materials used and the quality of the Contractor's workmanship is in line with the Contract. The Community will also check that the construction is following the Specifications and Drawings and any instructions given by the Community to the Contractor.
- (11) The Community will pay to the Contractor in Riel/USD By cash/bank transfer to the account of the Contractor as follows:

- (a) **The first payment** of (Maximum 10%) equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Contractor upon signing of contract and mobilization of equipment, materials, and labor to the site.
- (b) **The second payment** of (Maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Contractor up on completion of at least 35% of the works.
- (c) **The third payment** of (Maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Contractor upon completion of at least 60% of the works.
- (d) **The fourth payment** of (Maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Contractor upon completion of at least 80% of the works.
- (e) **The fifth payment** of(maximum 20% equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Contractor upon completion of at least 100% of the works.
- (f) **The final payment** of (Maximum 10 %equivalent to an amount of _____ USD or RIELS (in words _____) shall be paid to the Contractor upon completion of defect liability period.

(12)The Contractor agrees to ensure that the work is carried out in a safe manner and with the minimum disturbance to people living close to or passing by the site, or damage to the environment. The Community must approve the place of disposing of excavated earth, dirty water or other waste materials before disposal starts.

(13)On completion of the works the contractor shall be responsible for removing all plant, surplus materials and wastes from the site and for restoring the site to a clean and tidy condition.

(14)The Community may instruct the Contractor to dig inspection holes in completed sections of the work in order to allow inspection. The Contractor will cooperate with the Community and allow the Community to use the Contractor’s staff and equipment as necessary to carry out inspections of the work. All additional works undertaken on the instructions of the Community for the purposes of inspection will be reimbursed at the rates shown in the Activity Schedule provided that such works inspected do not prove defective. Should the works prove defective all costs of inspection will be borne by the Contractor.

(15)Settlement of disputes:

(16)If any dispute arises between the two parties, relating to any aspects of this Agreement, the parties shall first attempt to settle the dispute through mutual and amicable consultation.

(17)In the event of agreement not being reached, the matter will be settled in accordance with the laws of Kingdom of Cambodia

(18)The Contractor agrees to observe the highest standard of ethics during the execution of this works order. The contractor also agrees to keep, and shall make all reasonable efforts to cause its Sub-suppliers/service providers, if any, to keep accurate and systematic accounts and records associated with this works order. And the contractor will permit, and will cause our sub-suppliers/service providers, if any, to permit the IDA and/or persons appointed by the IDA to inspect the Site and/or all accounts and records relating to the submission of the quotation and the performance of this works order, and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

Form 10: Statement of Ethical Conduct and Fraud and Corruption

We the undersigned hereby confirm that:

- (1) Neither we, nor any of our employees, associates, agents, shareholders, partners or their relatives or associates have any relationship that could be regarded as a conflict of interest as set out in the request for quotation forms.
- (2) Should we become aware of the potential for such a conflict will report it immediately to the Community Procurement Team.
- (3) That neither we, nor any of our employees, associates, agents, shareholders, partners, or their relatives or associates have entered into corrupt, fraudulent, coercive, collusive, or obstructive practices in respect of our quotation.
- (4) We understand our obligation to allow the LASED Project II or the Funding Agency to inspect all records relating to the preparation of our quotation and any contract that may result from such irrespective of if we are awarded a contract or not.
- (5) In connection with this procurement exercise and any contract as a result thereof, no payments have been made or will be made by us, our associates, agents, shareholders, partners or their relatives or associates to any of our community working group, associates, employees or relatives of such who are involved with the procurement process, contract implementation, and the issuance of progress payments.
- (6) We understand that if we are found to be in breach of this declaration we will be ineligible to be considered for any contracts with the Community and the Royal Government of Cambodia funded by the Development Partner and/or other sources for a period to be determined by them.

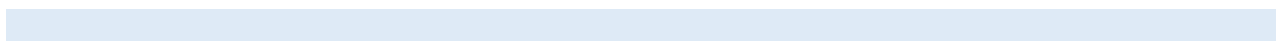
Signed: *[signature of person authorized by the Bidder to sign the bid submission form and whose name and title are shown below]*

Name: *[insert full name]*

Title: *[insert official title]*

Duly authorized to sign the quotation for and on behalf of: *[insert complete name of Bidder and affix official seal of the bidder]*

Dated on _____ **day of** _____, _____ *[insert date of signing]*



Annex 30. Work Completion Report

Work Completion Report		
Province:	District:	Commune:
Project Name:		
Contract No.:		
Contractor Name:		
Name Technical Officer:		
Date of inspection:		
1. Describe of works condition:		
2. Work completed with the last payment:		
3. Conclusion:		

Head of SLCCC/VAB

Community Technical officer

Name:
Date:

Name:
Date

Annex 31. Estimated Cost of Bill of Quantities

Estimated Cost of Bill of Quantities

Province:			District:		Commune:			Community:		Project name:			
No.	Name of Community	Contract No.	Descriptions	New work or Renovate	According to the NCDDS Drawing?	QTY	Unit	Standard Drawing 1		Standard Drawing 2		Estimated cost	
								Type	Dimension	Type	Dimension	Unit	Total
Estimated cost of the BoQ...													

Provincial Project Manager

Community Member or

Head of SLCCC/VAB

Technical Staff

Name:

Name:

Name:

Date:

Date:

Date:

Annex 32. Request for Payment

Kingdom of Cambodia
Nation Religion King

Request for Payment

My name: _____, the Head of SLCCC for community _____,
Village _____, Commune _____, District _____,
Province _____

To: The Provincial Project Manager

Subject: Request for Payment amount due _____ for the work implementation which
stated in the contract no. _____

Ref.: Contract no.: _____ Date _____

This reference is made to the contract no. _____ dated _____ we would
like to request for payment in the amount of _____ (in word: _____
_____ for work has
been completed _____% .

Therefore, we would appreciate it if you could proceed with the payment and transfer to the
community account as per the address below or by any other payment method.

Payee Name: _____
Bank Name: _____
Bank Account: _____
Bank address: _____

Thank you & Best regards,

Initialed by...

Head of SLCCC/VAB

Name:

Date:

Annex 33. Minutes of Quotations Opening Form

Kingdom of Cambodia

Nation Religion King

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Minutes of Quotations Opening

Project Name: _____

Project Code: _____, Contract No.: _____

Project Location: Community _____, Village _____, Commune _____, District _____, Province _____

Reference is made to the invitation for bids / request for quotation no. _____, dated ___/___/___

The bid opening was publicly opened on ___/___/___, at _____ hours, at the _____, Commune _____, District: _____, Province: _____. The followings are the results of the quotation opening:

No.	Verification for completeness of all items	Bidder's Name		
		Company A	Company B	Company C
1	quotation and Performance Securing Declaration			
	Expiry date			
	Original document			
2	Bid/Quotation Submission Form (in prescribed form)			
3	Bidder's information Sheet			
4	Authorization Letter			
5	Business License			
6	Patten Certification			
7				
8	Read Out Bid Prices (USD or Riel):			
	Bidder's Signature			

Signature, Name, and Designation of Recorder: _____

Community Procurement Team

(1) Title: _____, Name and signature: _____

(2) Title: _____, Name and signature: _____

(3) Title: _____, Name and signature: _____

List of Participants (including the Community Procurement Team, Members of Beneficiary Community, and Representatives of Bidders) in the Quotations Opening Ceremony

(Registration Sheet)

Project Name: _____

Project Code: _____, **Contract No.:** _____

Project Location: Community _____, Village _____, Commune _____, District _____, Province _____

Quotation Opening Date: ___/___/_____, **Time:** _____ hours

Organized at _____, **District:** _____, **Province:** _____

No.	Name	Title	Address	Signature
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				

List of Bidders who submitted quotations

(Registration Sheet)

Project Name: _____

Project Code: _____, **Contract No.:** _____

Project Location: Community _____, Village _____, Commune _____, District _____, Province _____

Bid Opening Date: ___/___/_____, **Time:** _____ hours

Organized at _____, **District:** _____, **Province:** _____

No.	Name of Company/Shop	Address	Representative Name	Title	Phone	Signature
1						
2						
3						
4						
5						

List of Bidders who received BD or RFQ

(Registration Sheet)

Project Name: _____

Project Code: _____, **Contract No.:** _____

Project Location: Community _____, Village _____, Commune _____, District _____, Province _____

Bid Opening Date: ___/___/_____, **Time:** _____ hours

Organized at _____, **District:** _____, **Province:** _____

No.	Name of Company/Shop	Address	Representative Name	Title	Phone	Date	Signature
1							
2							
3							
4							
5							

Annex 34. Sub-Project Quotation Evaluation Report Form

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QUOTATION EVALUATION REPORT

1. **Project Name:** _____
2. **Fund:** _____
3. **Project Code:** _____
4. **Contract Number:** _____
5. **Project Location:**
Village: _____, Commune: _____, District: _____, Province: _____
6. **Cost Estimate:** _____
7. **Method of Procurement:** ___ Local bidding, ___ Shopping
8. **Review Required:** ___ Prior, ___ Post.
9. **Bid Opening Date:** ___/___/___

Community Procurement Team

- (1) Title: _____, Name and signature: _____
- (2) Title: _____, Name and signature: _____
- (3) Title: _____, Name and signature: _____

Table 27: Bidding Process

<p>1.1. RFQ Preparation.</p> <p>- Issued date: ____/____/____</p>
<p>1.2. Specific procurement notice.</p> <p>1. Community Information Board:</p> <p>- Start date: ____/____/____</p> <p>2. Provincial Information Board:</p> <p>- Date: _____</p> <p>- NCCDS website</p>
<p>1.3. Number of firms issued request for quotation or invited for quotations: _____</p>
<p>1.4. Amendments to documents: Yes _____, No _____</p> <p>- list all issue dates: _____</p>

Table 28: Quotation Submission and Opening

<p>2.1. Quotations submission deadline.</p> <ul style="list-style-type: none">- Original date: ____/____/_____, Time: _____ hours- Extensions, if any, Date: ____/____/_____, Time: _____ hours
<p>2.2. quotations opening date: ____/____/_____, Time: _____ hours</p>
<p>2.3. Number of quotation received: _____</p>
<p>2.4. Quotation validity period.</p> <ul style="list-style-type: none">- Originally specified: _____ days- Extensions (if any): _____ days

Table 29: Comparison of Technical Specification Requirements and Technical Specification Proposed by the Bidders

Item No.	Description	Technical Specification Requirements	Technical Specification Proposed by the Bidders			
			Company A	Company B	Company C	Company D
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
Acceptance for Detailed Examination:						

Remarks: Using following criteria: C - Complied, NC - Not Complied, and NS - Not Specified

Table 30: Corrections (Computational Errors)

No.	Bidder	Read-out Bid Price		Corrections		Ranking
		Currency	Amount	Computational Errors	Corrected Bid Price	
		<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d) = (b) + (c)</i>	
1						
2						
3						
4						
5						
6						

Note:

Table 31: Proposed Contract Awards

<p>1. Lowest evaluated responsive bidder (proposed for contract award).</p> <p>- Name: _____</p> <p>- Address: House No.: _____, Road: _____, Village: _____</p> <p>District: _____, Province: _____, Country: _____</p> <p>Telephone: _____, Mobile: _____ Email: _____</p>		
<p>5. Estimated date (month, year) of contract signing: ___/___/___</p>		
<p>6. Estimated delivery to project site/completion period: ___/___/___</p>		
	Currency	Amount
7. Bid Price (Read-out)	USD or RIEL	
8. Corrections for Errors	USD or RIEL	
9. Discounts	USD or RIEL	
10. Other Adjustments	USD or RIEL	

Annex 35. Minutes of Bid Evaluation

Kingdom of Cambodia

Nation Religion King

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Minutes of Quotation Evaluation

Project Name: _____

Project Code: _____, Contract No.: _____

Project Location: Community _____, Village _____, Commune _____, District _____, Province _____

Reference is made to:

- the minutes of bid opening, dated ____/____/_____
- the quotation evaluation report

Results of quotation evaluation meeting:

The Community Procurement Team organized the quotation evaluation on ____/____/_____, at _____ hours, at the _____ District: _____, Province: _____.

On the basis of the systematic evaluation and comparison of quotation on the basis of criteria specified in the RFQ, the Community proposed to award the contract to _____, Business address: _____, as the lowest evaluated bid price and substantially responsive bidder at the contract amount not exceeding _____ USD or Riel (in words _____).

Community Procurement Team

1. Name _____, Designation: _____, Signature: _____
2. Name _____, Designation: _____, Signature: _____
3. Name _____, Designation: _____, Signature: _____

Endorsed by Head of SLCCC/VAB:

Name _____, Designation: _____, Signature: _____

Notes: Before the community issues the Notification of Award and/or Purchase Order and sign the contract, it must first secure the approval from the Provincial Project Manager and/or form the National Project Coordinator for the prior review contracts only.

Annex 36. Outputs and Cost Estimate Form for Services

Province:		District:		Commune:	Project Name:			
No	Village	Output Code	Description	New/ Strengthen	Quality	Unit	Unit Price	Total (USD)
Total Estimated Cost of Project								

Date:
Head of SLCCC/VAB

Date:
 TSO

Annex 37. Announcement for Service Contract

Announcement For Service Contract of Community Project		
Province:	District:	Commune:
Description of contract outputs		
Estimated price		
Who is invited to bid		
Bid document obtained		
Place of bid-opening meeting		
Date of bid-opening meeting		
<ul style="list-style-type: none"> Time of bid submission 		
<ul style="list-style-type: none"> Time of bid opening 		

Note:

- (1) Service provider must bid competitively without collusion and shall not be involved in fraud or corruption activities. If any Service provider has colluded or involved in fraud or corruption activities with other Service providers, those Service providers will be not allowed to submit bids for any Community projects in the whole of Cambodia.

Date:

Head of SLCCC/VAB

Annex 38. Bidding Form for Service Contract

Bidding Form For Service Contract of Community						
Province:		District:			Commune:	
Name of Project:						
Name of bidder:		Name of Company:			ID card number:	
No	Descriptions	Village	Qty	Unit	Unit/Cost	Total (Riels)
Total Bid Price						
(In words).						

- (2) We, the undersigned bidder, have read and understood the contract, the drawings and the specifications. I agree to provide the services according to the contract, and within the time allowed, and to conduct technical backstopping to the beneficiaries to carry out demonstration activities.
- (3) Service provider must bid competitively without collusion and shall not be involved in fraud or corruption activities. If any Service provider has colluded or involved in fraud or corruption activities with other Service providers, those Service providers will be not allowed to submit bids for any Community projects in the whole of Cambodia.
- (4) Some mistakes can be corrected by the Community Procurement Team. If a service provider does not accept the corrections, the Community Procurement Team will reject bids and consider such bid as an invalid bid.
- (5) We agree to observe the highest standard of ethics during this procurement, and the execution of the services contract. And we will permit the IDA and/or persons appointed by the IDA to inspect all accounts and records relating to the submission of our quotations and the performance of the services order, and to have such accounts and records audited by auditors appointed by the IDA if requested by the IDA.

Note: The bid has 45 days validity from the date of the bid-opening meeting.

Date:.....

Signature and Name of Service Provider

Annex 39. Statement of Ethical Conduct, Fraud and Corruption

**Kingdom of Cambodia
Nation Religion King**

**Statement on
Ethical Conduct and Fraud and Corruption**

I as a contractor, service provider or supplier, would like to declare that:

- (1) I, my employees, my consultants, my associates/partners, my agents, my shareholders, my relatives and their associates and their relatives do not have any relationship that could be regarded as a conflict of interest as set out in the bidding documents.
- (2) If we become aware of the potential for such a conflict of interest, we will report it immediately to one or more of the following: Community Working Group, Commune/Sangkat Procurement Committee, Provincial/Municipal Governor, Provincial/Municipal Accountability Working Group.
- (3) I, my employees, my consultants, my associates/partners, my agents, my shareholders, my relatives and their associates and relatives have not entered into corrupt, fraudulent, coercive or collusive practices in respect of my bid.
- (4) We understand our obligation to allow the Government and/or the funding agencies to inspect all records relating to the preparation of our bid or proposal and any contract that may result from such irrespective of if we are awarded a contract or not.
- (5) In connection with this procurement exercise and any contract that is awarded, I, my employees, my consultants, my associates/partners, my agents, my shareholders, my relatives and their associates and relatives have not any paid in cash or payment in kind to any of the staff, consultants, associates or relatives of such who are involved with any stage of the procurement process, contract award and implementation, and the issuance of progress payments.

In case, I do not obey this statement, I confirm that I understand that, as a contractor, service provider or supplier I will not be allowed to submit for any Community projects in the whole of Cambodia.

Date.....
Signature and Name of Service Provider

Annex 40. Company/Organization Profile (Service Provider only)

Company/Organization Profile (Service Provider only)

Name of company/organization:					
Type of business: Company <input type="checkbox"/>			Non-profit organization <input type="checkbox"/>		
Name of director:			ID card number:		
Telephone number:			E-mail:		
Address:					
List of skilled/professional staff:					
Name	Role in company or organization	Qualification and year (attached with certificate if available)	Age	Years with company	Years of professional experience
List of skilled/professional staff that company/organization planed for implementing the submitted bid project:					
Name	Role in company or organization	Qualification and year (attached with certificate if available)	Age	Years with company	Years with professional experience
Experiences: names of at least three contracts/projects that company or organization has implemented so far that relate to the project that company or organization is submitting its bid.					
Description of the contract	Name and contact address of project owners		Year	Contract Value	
Documents and equipment of the company or organization for implementing the project that company or organization submit its' bid.					

Date.....
 Director of Company/Organization

Annex 41. Recording Table

- Note:**
- Column 1, 2, 3, and 4 must be filled during bid-opening
 - Column 5 and 6 must be filled during bid-evaluation
 - This Form must be attached with minute and bidding report and posted on the information board at the bidding place one hour after completing bids evaluation.

Date:
Chief of Community Procurement Team

Annex 42. Bidding Report

List of bids received						
No	Name of bidder	ID card	Name of Company	Bid Price	Signature	Comments of Procurement Committee
Recommendation of Procurement Committee, with reasons:						
Signature of Chief of Community Procurement Team				Date:		

Annex 43. Contract Outputs and Contract Cost for Services

Province/Municipal:			District/Khan:	Commune/Sangkat:			Contract Number:		
No	Name of Village	Output Code	Descriptions	New or Strengthens	Quality		Unit	Cost (Riels)	
					In Bidding	In Contract		Unit	Total
Total cost of the contract excluding tax									
Self-Assessment Taxpayer <input type="checkbox"/> or Estimated Taxpayers <input type="checkbox"/> (Patent License No.)								3%	
Total cost of the contract including tax									

Date:.....
 Chief of Community Procurement Team

Date:.....
 Member of Community

Annex 44. Service Provider Work Plan

Date:
Chief of Community Procurement Team

Date:
Service Provider

Annex 45. Informing Contract Decision

Commune/Sangkat:

Community:

No:

Date:

the honor to inform you, director of company that the Community Working Group has decided to provide the contract to (Name of Contract) that was bid or negotiated on (date) in to your company for implementation.

Based on above information, I would like invite you to attend meeting for contract signing on dateand time..... in and bring implementation contract work plan. If you do not attend the signing on the date, your company will forfeit your right in contracting and not allow bid for next Community projects.

Yours Sincerely,

Head of SLCCC/VAB

Copy to:

- Commune/Sangkat
- Provincial Project Manager
- Province/Municipal hall.....
- For information

Filing

Annex 46. Conditions of Services Contract

If, 15 days after the Contract Start Date, the Service Provider has not started to implement the Contract, the Project Owner has the right to cancel the contract. If, at any time, implementation of any part of the Services is delayed by more than 30 days beyond the dates shown in the Work Plan, the Project Owner has the right to cancel the contract.

- (1) The Project Owner has the right to reduce the payment to the Contractor by 0.1% of the total price of the project for every day after the Services Completion Date shown in the Service Provider’s Work Plan, until the services are complete. The reduction is up to a maximum of 10%.
- (2) The Technical Supervisor may provide instructions to the Service Provider to ensure compliance with the Technical Specification. The Technical Supervisor cannot agree with the Service Provider to make any changes, unless those changes with written agreement of the Project Owner.
- (3) If disaster makes completion of the contract.

<i>Project Owner</i>		<i>Service Provider</i>	
Name	:	Name	:
Position	:	Position	:
Date	:	Date	:

**SAMPLE CONTRACT FOR CONSULTING SERVICES
SMALL ASSIGNMENTS
LUMP-SUM PAYMENTS
(IBRD/IDA FINANCED)**

CONTRACT No. [insert]

THIS CONTRACT ("Contract") is entered into this [insert starting date of assignment], by and between [insert Client's name] ("the Client") having its principal place of business at [insert Client's address], and [insert Consultant's name] ("the Consultant") having its principal office located at [insert Consultant's address¹⁸].

WHEREAS, the Client wishes to have the Consultant perform the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

<p>1. Services</p>	<p>(i) The Consultant shall perform the services specified in Annex A, "Terms of Reference and Scope of Services," which is made an integral part of this Contract ("the Services").</p> <p>(ii) The Consultant shall provide the personnel listed in Annex B, "Consultant's Personnel," to perform the Services.</p> <p>(iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Annex C, "Consultant's Reporting Obligations."</p>
<p>2. Term</p>	<p>The Consultant shall perform the Services during the period commencing [insert starting date] and continuing through [insert completion date], or any other period as may be subsequently agreed by the parties in writing.</p>
<p>3. Payment</p>	<p>A. <u>Ceiling</u></p> <p>For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed [insert amount]. This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant.</p> <p>B. <u>Schedule of Payments</u></p> <p>The schedule of payments is specified below¹⁹:</p> <p>[insert detailed list of payments specifying amount of each installment, deliverable/output for which the installment is paid and currency]</p> <p>C. <u>Payment Conditions</u></p>

¹⁸ Avoid use of "P.O. Box" address

¹⁹ Fill in based on required outputs as described in Annex A (Terms of Reference) and Annex C (Reporting Requirements). Avoid front-loaded payments. Advance payments in contracts with firms require a bank guarantee for the same amount.

	<p>Payment shall be made in <i>[specify currency]</i>, no later than 30 days following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4.</p> <p>Payments shall be made to Consultant’s bank account <i>[insert banking details. If payment by bank wire is not possible, prior Bank approval to apply cash payments option shall be obtained]</i></p>
4. Project Administration	<p>A. <u>Coordinator.</u></p> <p>The Client designates Mr./Ms. <i>[insert name and job title]</i> as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.</p> <p>B. <u>Reports.</u></p> <p>The reports listed in Annex C, “Consultant's Reporting Obligations,” shall be submitted in the course of the assignment, and will constitute the basis for the payments to be made under paragraph 3.</p>
5. Performance Standards	<p>The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.</p>
6. Inspections and Auditing	<p>6.1 The Consultant shall keep, and shall make all reasonable efforts to cause its Sub-consultants to keep, accurate and systematic accounts and records in respect of the Services in such form and detail as will clearly identify relevant time changes and costs.</p> <p>6.2 The Consultant shall permit, and shall cause its Sub-Consultants to permit, the Bank and/or persons appointed by the Bank to inspect the Site and/or all accounts and records relating to the performance of the Contract and the submission of the Proposal to provide the Services and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Consultant’s attention is drawn to Clause 15 which provides inter alia, that acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under this Clause 6.2 constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility under the Bank’s prevailing sanctions procedures.).</p>
7. Confidentiality	<p>The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.</p>
8. Ownership of Material	<p>Any studies reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain</p>

	the property of the Client. The Consultant may retain a copy of such documents and software ²⁰ .
9. Conflict of Interests	9.1 The Consultant shall hold the Client’s interests paramount, without any consideration for future work, and strictly avoid conflict with other assignments or their own corporate interests.
a. Consultant Not to Benefit from Commissions, Discounts, etc.	<p>9.1.1 The payment of the Consultant pursuant to the Contract shall constitute the Consultant’s only payment in connection with this Contract and, subject to Clause 9.1.3, the Consultant shall not accept for its own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Contract or in the discharge of its obligations hereunder, and the Consultant shall use its best efforts to ensure that any Sub-consultants, as well as the Experts and agents of either of them, similarly shall not receive any such additional payment.</p> <p>9.1.2 Furthermore, if the Consultant, as part of the Services, has the responsibility of advising the Client on the procurement of goods, works or services, the Consultant shall comply with the Bank’s Applicable Guidelines, and shall at all times exercise such responsibility in the best interest of the Client. Any discounts or commissions obtained by the Consultant in the exercise of such procurement responsibility shall be for the account of the Client.</p>
b. Consultant and Affiliates Not to Engage in Certain Activities	9.1.3 The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, as well as any Sub-consultants and any entity affiliated with such Sub-consultants, [<i>select: “shall” OR “will not”</i>] be disqualified from providing goods, works or non-consulting services resulting from or directly related to the Consultant’s Services for the preparation or implementation of the project.
c. Prohibition of Conflicting Activities	9.1.4 The Consultant shall not engage, and shall cause its Experts as well as its Sub-consultants not to engage, either directly or indirectly, in any business or professional activities that would conflict with the activities assigned to them under this Contract.
d. Strict Duty to Disclose Conflicting Activities	9.1.5 The Consultant has an obligation and shall ensure that its Experts and Sub-consultants shall have an obligation to disclose any situation of actual or potential conflict that impacts their capacity to serve the best interest of their Client, or that may reasonably be perceived as having this effect. Failure to disclose said situations may lead to the disqualification of the Consultant or the termination of its Contract.
10. Insurance	The Consultant will be responsible for taking out any appropriate insurance coverage.

²⁰ Restrictions about the future use of these documents and software, if any, shall be specified at the end of paragraph 8.

11. Assignment	The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.
12. Law Governing Contract and Language	The Contract shall be governed by the laws of <i>[insert government]</i> , and the language of the Contract shall be ²¹ <i>[insert language]</i>
13. Dispute Resolution²²	Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client's country.
14. Termination	<p>The Client may terminate this Contract with at least ten (10) working days prior written notice to the Consultant after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause:</p> <p>(a) If the Consultant does not remedy a failure in the performance of its obligations under the Contract within seven (7) working days after being notified, or within any further period as the Client may have subsequently approved in writing;</p> <p>(b) If the Consultant becomes insolvent or bankrupt;</p> <p>(c) If the Consultant, in the judgment of the Client or the Bank, has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices (as defined in the prevailing Bank's sanctions procedures) in competing for or in performing the Contract.</p> <p>(d) If the Client, in its sole discretion and for any reason whatsoever, decides to terminate this Contract.</p>
15. Corrupt and Fraudulent Practices	15.1 The Bank requires compliance with its policy in regard to corrupt and fraudulent practices as set forth in Attachment 1 to the Contract.

FOR THE CLIENT

FOR THE CONSULTANT

Signed by _____

Signed by _____

Title: _____

Title: _____

²¹ The law selected by the Client is usually the law of its country. However, the Bank does not object if the Client and the Consultant agree on another law. The language shall be English, French, or Spanish, unless the Contract is entered into with a domestic firm, in which case it can be the local language.

²² In case of a Contract entered into with a foreign Consultant, the following provision may be substituted for paragraph 13: "Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force."

Annex 47. Community Contract Amendment

Community Contract Amendment

Contract Amendment Number.... (1 st , 2 nd)						
Province:		District:		Commune:		
Name of Contract:				Contract Number:		
Reason for Amendment of the contract:						
Items that are amended				Changed		Stay the same
Quantity of outputs						
Locations of outputs (attach Location Plan)						
Time for Contract Implementation						
Schedule of Payments						
Technical Supervisor						
Amended Contract Outputs						
No	Description	Village	Qty	Unit	Cost/Unit	Total
Total Amended Contract Price						
Amended Time for Contract Implementation						
Starting date:				Completion date:		
Amended Schedule of Payments						
Steps of Payment	Amount	Scheduled Date			Payment Conditions	
Name of Service Provider:				Position:		

Date:
Chief of Community Working Group

Date:
Contractor

Annex 50: Accounting forms for community

1. Bank book	Form 11
2. Petty cash book	Form 12
3. Contract register	Form 13
4. Wages log	Form 14
5. Expenditure Log paid by petty cash	Form 15
6. Bank payment voucher	Form 16
7. Bank receipt voucher	Form 17
8. Petty cash payment voucher	Form 18
9. Journal Voucher	Form 19
10. Monthly financial report	Form 20
11. Petty cash replenishment request	Form 21
12. Cash count sheet	Form 22
13. Fixed asset register	Form 23

Form 11: Bank Book

Bank account no.:

Community:

Province:

For the month of:

Date	Reference No	Description	Receipts	Payments	Balance	Analysis of Expenditures							
						Wage	Materials	Equipment	Credit				Total
					Total								
Amount per Bank statement as at													
					Difference								

Difference is due to.....

.....

Prepared By Bookkeeper

Checked By Finance Officer

Approved By

Signature & date

Signature & date

Signature & date

Form 13: Contract Register

Contract Reference:

Name of supplier/contractor:

Description of contract:

Date	Reference	Description	Contract Amount	Invoice amount	Deduction for advance payment	Deduction for retention	Net cash payment	Balance	Remark

Prepared By

Checked By

Approved By

Signature & date

Signature & date

Signature & date

Form 14: Wages Log

Log No.....

Community Name.....

Province

Force Account Reference #:

For Period from:To.....

No	Name of Worker	Gender	Agreed Rate per day	No. of Days Worked							Total Wages	Signature of Worker for Receipt of wages	
				Day1	Day2	Day3	Day4	Day5	Day6	Day7			Total Days

Prepared By

Checked By

Approved By

Signature & date

Signature & date

Signature & date

Form 15: Expenditure Log paid by Petty Cash

Community:

Province

For the month of:

PV No	Date	Description of Expense	Cash received/ (paid)	Balance of cash on hand	Analysis of expenses				Total
					Local Travel	Office Supplies	Photocopy	Other Misc. Expenses	
Total									

Prepared By Checked By Finance
 Bookkeeper Officer

Approved By Chief of
 Community

Signature & date Signature & date

Signature & date

Form 16: Bank Payment Voucher

Paid to:
 Payment Method: Check MTO Cash
 Bank account No.:

Voucher No.....
 Check No.....
 Date.....

Payment #	Description	Total Amount
1		
2		
3		
4		
5		

Provide reasons if paid in cash:

Prepared By

Checked By

Approved By

Received by:

Signature & date

Signature & date

Signature & date

Signature & date

Form 17: Bank Receipt Voucher

Received from:

Voucher No.....

Bank account No.:

Date.....

No.	Description	Total Amount
1		
2		
3		
4		
5		

Prepared By

Checked By

Approved By

Signature & date

Signature & date

Signature & date

Form 18: Petty Cash Payment Voucher

Paid to:

Voucher No.....

Bank account No.:

Date.....

No.	Description	Total Amount
1		
2		
3		
4		
5		

Prepared By

Checked By

Approved By

Received by:

Signature & date

Signature & date

Signature & date

Signature & date

Form 19: Journal Voucher

Voucher No.....

Date.....

No.	Description	Amount	
		Debit	Credit
1			
2			
3			
4			
	Total		

Prepared By

Checked By

Approved By

Signature & date

Signature & date

Signature & date

Form 20: Monthly Financial Report

For the Month

Description	Total	
Receipts		
Community development grant		
For Force Account		
Interest income		
Total Receipts		A
Payments		
Interest expense		
Force Account		
Materials		
Wages		
Other Expenses (Specify)		
Sub-total		B
Office Expenses		
Travel		
Office supplies		
Bank charges		
Other miscellaneous		
Sub-total		C
Total Payments (B+C)		D
Excess/(Deficit) of receipts over payments (A-D)		E
Opening balance		F
Closing balance (E+F)		G
Represented by:		
Cash at bank		
Petty cash		
Savings (from members)		
Lending		
Advance		
Total (G = H)		H

Prepared By Bookkeeper

Checked by Finance Officer

Approved By Chief of Community

Signature & date

Signature & date

Signature & date

Form 21: Petty Cash Replenishment Request

Date:

- 1. Petty Cash Float (ceiling)
- 2. Balance in Petty Cash Book as of
- 3. Replenishment Requested (1 - 2)

Prepared By

Reviewed by By

Signature & date

Signature & date

Approved by:

Signature and date

Form 22: Cash Count Sheet

Month-end cash count

Time:

Surprise Cash Count

Location:

Note	Quantity	Amount
Notes in US\$		
1		
2		
5		
10		
20		
50		
100		
Total		

Note	Quantity	Amount
Notes in Riel		
Total		
	Exchange rate	
	US\$ equivalent	

Total amount of cash on hand per counting	
Balance per record kept by book keeper	
Balance per petty cash book	

Explanation of the difference:

Counted By

Count witnessed By

Signature & date

Signature & date

Checked by

Signature & date

Form 23: Fixed Asset Register

No.	Purchase Date	Asset Code	Description of Item	Serial Number	Location	User	Funding Source	Voucher No.	Purchase Cost	Remarks
Office Equipment										
								Sub-total		
Motorbikes										
								Sub-total		
Office Furniture and Fixtures										
								Sub-total		
Grand Total										

Prepared By Bookkeeper

Checked by Finance Officer

Approved By Chief of Community

Signature & date

Signature & date

Signature & date