

REPORT

MID-TERM EXTERNAL EVALUATION

Cambodia Sector-Wide Silk Project (Phase II)

CMB/49/05A

Kingdom of Cambodia

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List of Acronym

AA	Artisans d'Angkor
AAC	Artisans Association of Cambodia
CCC	Cambodian Craft Cooperation
EPRP	Export-led Poverty Reduction Programme (ITC)
EU	European Union
ITC	International Trade Centre
KSV	Khmer Silk Villages
MoC	Ministry of Commerce (Cambodia)
MPDF	Mekong Private Sector Development Facility
NZAID	New Zealand Agency for International Development
NZ-MFAT	New Zealand Ministry of Foreign Affairs and Trade
PASS	Projet d'Appui au Secteur de la Soie
PCU	Project Coordination Unit
SECO	State Secretariat for Economic Affairs (Swiss)
UNDP	United-Nations Development Programme

A. EXECUTIVE SUMMARY

Recommendations for future interventions to be addressed by the Steering Committee¹:

Strategic recommendations

<i>Findings: identified problems/issues</i>	<i>Supporting evidence/examples</i>	<i>Recommendations</i>
1. Existent sector development strategy is outdated and lacks ownership of main stakeholders	Sector development strategy is not a working document. Each stakeholder has their own strategies.	Existent sector development strategy needs to be updated, and needs to become the guiding document, there needs to be ownership by e.g. Silk Board and all its members for such a strategy.
2. In order to carry out transformational changes the sector requires significant inflow of funds.	The silk sector attracts very little investment. The present stakeholders do invest, but there is close to no investment by the Government of FDI happening	Public Private Partnerships are an effective tool to leverage public or project funds. There needs to be a strategy for attracting investors in the sector.
3. Without a coordinating body and close networking of silk value chain stakeholders the positive results of interventions remain within the framework of projects, lacking leverage	Many projects contributed positively to the silk value chain but their effects were not always sustainable and not of a significant impact	The project should be continued until the Silk Board is an operational body, which owns and coordinates the Silk Sector Strategy, incorporating various initiatives towards a common goal.
4. Domestic market has the biggest market share and is easily accessible, but is considered of secondary importance	Most project interventions are focussed on export market and domestic tourist market	Any future interventions in the silk value chain needs to give domestic silk market also high significance.
5. Village level traders, who are the main drivers of the silk value chain are not strongly involved in design of chain improvement	Village level traders are only indirectly involved in project activities	If significant changes of the silk value chain are to be achieved, village level traders need to become significant players of future project interventions.

Activity-specific recommendations

<i>Findings: identified problems/issues</i>	<i>Supporting evidence/examples</i>	<i>Recommendations</i>
6. The domestic market is declining and traditional habits of silk wearing are changing	Marketers reported a decline of demand due to changes of priorities and tastes of the younger population.	Development of a promotional campaign supporting traditional silk wear is required
7. Tourists cannot easily access information on silk supply	The Silk Suppliers Directory is outdated. No advertisement brochure is in existence	An advertisement brochure, financed by advertisements of silk producers, should be developed for tourists
8. Village life and the weaving process can be attractive tourism products by themselves and additionally a promotional tool to increase demand	Hardly any tourism to weaving communities is in existence	Visit to communities of weavers can be marketed to tourists as a secondary tourism product. Such a tourism product should be worked out and marketed.

¹ See Annex 6 for the composition of the Steering Committee

Recommendations for implementation before end of Phase II:

<i>Findings: identified problems/issues</i>	<i>Supporting evidence/examples</i>	<i>Recommendations</i>
1. The project is coordinating general activities of the silk value chain, but it cannot report achievements as success	General coordination of activities of the silk value chain is not mentioned in monitoring framework.	Indicators for output 6 need to be changed from exclusive internal project coordination towards coordination of general silk value chain issues.
2. Implementing partners seem to perceive the project as a technical intervention	The achievements on general coordination level of the chain are significant but not recognized as successes by implementing partners.	The perception of the project needs to change towards a more complex approach targeting all three levels of the chain: micro, meso and macro.
3. Various interventions in the silk sector are in existence but they are not coordinated and not focussed towards one common goal.	All previous project activities remained successful examples of discontinued interventions.	Working out of a road map for establishing a functioning Silk Board can be the most valuable contribution of the project to the silk sector.

1. The Royal Government of Cambodia (RGC) is pursuing the task of integration of the country into the regional and global economies. In this context silk sector has been identified as one of priorities for intervention. A silk sector strategy was developed in 2005/2006 in participatory exercise involving all stakeholders of the value chain; based on this strategy the Sector-wide Silk Project was launched in 2007, with funding from the Integrated Framework (SECO, NZAID). The first phase of the project was organized along three sub-sectors of the silk value chain: sericulture and yarn supply, weaving, and product and market development; these interventions were carried out and supervised by a Project Coordination Unit (PCU).
2. In 2010 Phase II of the project was launched, funded by NZAID. The overall aim of the silk sector strategy is defined as creation of a competitive and well-organized silk sector that can generate income and employment to reduce poverty for all stakeholders along the supply chain, while addressing the needs and constraints of the Cambodian silk sector. The aim of Phase II is to enhance the technical skills of weavers, enabling them to develop new products through new techniques and new designs and empowering them to set up new marketing channels for input supplies as well as for sales of finished products. Further, the project took over the responsibility of coordination of the silk sector in Cambodia. The total budget for Phase II amounts to USD 814,793. The project runs over a period of two years and is expected to be completed on 31 March 2012.
3. The three implementing partners RGC, NZ-MFAT, and ITC agreed to carry out a mid-term evaluation, pursuing the following purposes:
 - To review and assess the objectives, results and impact of the intervention in terms of relevance, efficiency, effectiveness and sustainability.
 - To provide recommendations for implementing the current phase of the project, proposing adjustments for the remaining life of the project.
 - To provide recommendations beyond the lifespan of the ongoing project. The evaluation

should identify bottlenecks in the silk sector and recommend ways to address these challenges.

– To propose a suitable exit strategy to NZ-MFAT/ITC support to the silk sector.

4. The analysis of project activities led to the following findings:
5. **Relevance:** The project is not designed to change the functionality of the entire value chain, but just to give positive impulses.
6. The objectives of Phase II are precisely defined and they are very relevant from the perspective of the beneficiaries. In all focus discussions with stakeholders of the chain it was always expressed that the project interventions were very relevant.
7. The coordination task of the project was further a relevant activity; respondents representing various support organisations clearly expressed their satisfaction with the coordination efforts of the project in the silk value chain.
8. **Efficiency** - The type work which was carried out by the project is expensive by definition. Export orientation in a value chain where the level of skills is identified as a serious bottleneck, means that the efforts to increase the quality will be very involving. In handicraft value chains there is no real leverage; weavers are individual producers who can improve their outputs only in a slow and incremental way.
9. Besides the task of improving the functionality of the chain the project had a macro oriented activity of creating a favourable environment for the silk value chain. Assessment of efficiency on the macro level is difficult, as there are no tangible results; and on the micro level the methodology utilized was per definition an expensive exercise. The value added through the achievements of the project is likely to take long period of time to recover the costs of the project, certainly beyond the project life span. If the project concentrates in remaining project life span, or at least gives a high priority to macro issues, the evaluation criteria of efficiency is likely to be judged more positively by the end of the project. If the focus is on field work, however successful the work in the field will be, from overall perspective the results will be likely to be assessed as costly as compared to the achievements on weavers' level.
10. **Effectiveness** - The Project provided almost 50 % more general training to weavers than foreseen by the plan. The in-depth training for master-weavers led to better understanding of design, colour combination, patterns, etc., market reacted very positively to the new products. Also export production upon orders was taken up successfully.
11. On the administrative side, the internal project coordination functioned in an effective manner. Coordination of activities in the broader silk value chain was even more effective than anticipated: Silk Board is about to be formed, and PCU is chairing the activities of the Silk Task Team of the Trade SWAp - Pillar 2.

12. Nevertheless it can be anticipated that the planned targets might not be achieved, which is not due to low effectiveness of project, but simply due to unfavourable changes of market prices for inputs and products.
13. The achievements on all six outputs are well within the plan, on the result as well as on objectives levels. There are no significant adjustments necessary before the end of the project.
14. Weavers' technical skills have been upgraded at least as per plan. Almost all weavers have received basic training; master weavers were even involved in specific training activities. Reliable supply of raw materials was set up through establishment of purchasing units, at least in 10 weavers' groups. New tools and equipment introduced by the project were taken up by weavers and are being utilized on daily basis in their production process.
15. Aligning the weaving process towards export markets has worked well for the selected weavers who are enrolled in this programme. Not only their skills were improved, but designs of products were adjusted to market demands. KSV established institutional capacity to cater for export markets. Active search for new markets, including visits of trade fairs, steadily increased total export sales.
16. Impacts - The innovations started spreading in local communities, not only those weavers who were trained apply them, but also wider circle of weavers started copying some of the techniques or purchased some of the implements. The biggest changes are in the field of designs, colour combinations, patterns, etc. Even if only relatively few weavers were trained, the higher demand for these products on the market is already forcing other producers to adjust their production. Due to the nature of the value chain the impact of project interventions will not be seen very fast. The major part of weavers is in contractual relationships with traders, they are not free to adjust their production to market requirements.
17. Sustainability - The silk value chain in Cambodia is a sustainable chain providing income to more than 20,000 people. The chain has many bottlenecks, nevertheless it can be said the survival of the silk value chain is not dependent on the project intervention. The project provided a contribution towards improving the functionality of the chain, but it did not make it sustainable. The introduced innovations through the project in the existent silk value chain had a high degree of sustainability.
18. The beneficiaries did without exceptions appreciate the services provided by the project. Changes in the weaving process, such as semiautomatic weaving, improved dying, warp preparations, establishment of purchasing units, etc. were all highly appreciated. The innovations suggested by the project are in most cases affordable, although the purchasing power of rural women is very limited. From technical point of view the innovations are simple, easy to understand and immediately applicable. The technical innovations on the level of weavers are likely be used even after termination of the project.

19. When it comes to newly introduced designs, the situation is a bit more complicated. Weavers need to be technically capable to incorporate the new designs; this has been achieved well for the weavers enrolled in the project. The actual design changes will have to be inspired by the market and the exporters who cooperated with the project need to transform those designs into marketable products. It is too early to assess if this capacity of adjusting designs to changing market tastes can be sustained beyond project lifespan.
20. Lessons Learned - Sustainable value chains, such as the silk value chain in Cambodia, require substantial and focussed inputs to achieve transformational changes. If projects target specific bottlenecks, their contributions will remain specific. In chains where the level of dependencies is high replication of project successes is not easy to happen. In order to achieve significant positive changes a proactive approach focussing on transformational changes is required. Such an approach needs to be worked out by all the relevant stakeholders of the chain, they need to feel ownership for such a strategy, and each one needs to understand its individual role towards achievement of the overall aim. This has been the case in 2005, when Silk Sector Strategy was worked out; however, there was no significant buy-in by the Government. If such a joined approach with an appropriate coordinating body on the macro level is not in place, project intervention will remain positive examples, possibly not being replicated and not necessarily leading to significant improvements of the entire chain.
21. The project encountered various constraints or issues during its implementation:
- The involvement of the Government in the silk value chain was not strong,
 - The silk value chain is not streamlined, consisting of many sub-value chains,
 - Silk sector has chronic problems which require a much bigger and longer intervention for their solution,
 - All the utilized data was difficult to verify
 - Sericulture is close to non existent in Cambodia.
22. Recommended Actions - The project is in a state of good performance according to the plan, changes are not really required, and there is not much time left to implement any serious changes, the following adjustments could still be beneficial:
- Change of overall objective is defined in a very ambitious manner. It should be rephrased from actual achievements towards contribution to achievements.
 - Indicators for output 6 needs to be changed, from exclusive internal project coordination towards coordination of general silk value chain issues.
 - Similarly to the above paragraph, the perception of the project needs to change from a more technical orientation, towards a more complex approach targeting all three levels of the chain: micro, meso and macro.

- Establishment of functioning Silk Board can be the most valuable contribution of the project to the silk sector. This task is beyond the sphere of control of the project. The project should in the remaining lifespan develop a road map for establishment of the Silk Board. If possible, the project should be extended beyond the present phase until the Silk Board can become a functioning body driving the developments of the silk value chain and coordinating the inputs of various stakeholders.

23. **Recommendations** which require longer implementation periods, i.e. which should only be considered for an extension of the project are:

- Existent sector development strategy needs not only be updated but it needs to become the guiding document for sector's development, there needs to be ownership by Silk Board and all its members for such a document.
- Public Private Partnerships are an effective tool to leverage public or project funds. There needs to be a strategy for attracting investors in the sector.
- Any future interventions in the silk value chain needs to give domestic silk market high significance.
- If significant changes of the silk value chain are to be achieved, traders who are the main drivers of the chain need to be involved strongly in project activities.
- Various exporters having contract production needs to be enrolled in future project interventions, not limiting it to KSV only.
- The domestic market is declining and traditional habits of silk wearing are disappearing; one needs to develop a promotional campaign supporting traditional silk wear.
- An advertisement brochure, financed by advertisements of silk producers, should be developed for tourists.
- Communities of weavers can be marketed to tourists as a secondary tourism product.

B. EVALUATION REPORT

1. INTRODUCTION

1.1. Background and Context

24. The Royal Government of Cambodia (RGC) is pursuing the task of integration of the country into the regional and global economies. Silk sector has been identified as one of the priority sectors which through expanded trade and investment will secure jobs and created new ones and will contribute to reduce the level of poverty. For this purpose a silk sector strategy was developed in 2005/2006 involving all major stakeholders of the sector from sericulture producers, to weavers, designers and traders. The strategy development was facilitated by the International Trade Centre (ITC), in collaboration with the Mekong Private Sector Development Facility (MPDF) and the United Nations Development Programme (UNDP) with funds from the New Zealand Agency for International Development (NZAID).
25. Based on the silk sector strategy the Sector-wide Silk Project was launched in 2007. ITC was the implementing organisation; NZAID (New Zealand), SECO (Switzerland) and UNDP (through the Integrated Framework) funded this intervention, which is identified as Phase I of the project. Phase I was organized along three sub-sectors of the silk value chain: sericulture and yarn supply, weaving, and product and market development. To coordinate those activities, a Project Coordination Unit (PCU) was established. Other organisations, such as e.g. GTZ, or CraftNetwork also provided valuable inputs towards achieving the aims of the silk sector strategy.
26. In 2010 Phase II of the project was launched, funded by NZAID. The aim of this phase is to enhance the technical skills of weavers, enabling them to develop new products through new techniques and new designs and empowering them to set up new marketing channels for input supplies as well as for sales of finished products. Further, the project in cooperation with its partners in the Government took over the responsibility of coordination of the silk sector in Cambodia.
27. The total budget for Phase II amounts to USD 814,793. The project runs over a period of two years and is expected to be completed on 31 March 2012. This evaluation was placed in the middle of Phase II in order to assess the qualitative status of project implementation, developing recommendations for adjustments within this project phase, and finally the aim was also to provide guidance on the necessity of continuation of interventions in the silk sector and the required mode of its operations.
28. Recommendations with the perspective beyond the lifespan of this project could not be derived from a pure evaluation of present project activities. A broader analysis of the silk sector was required in order to be able to provide advice on possible options for development of the sector. Understanding the silk value chain is a precondition of developing strategies for

intervention in order to support the sector. Therefore it was felt necessary to give a short description of the silk value chain.

1.1.1 Brief Description of the Silk Value Chain

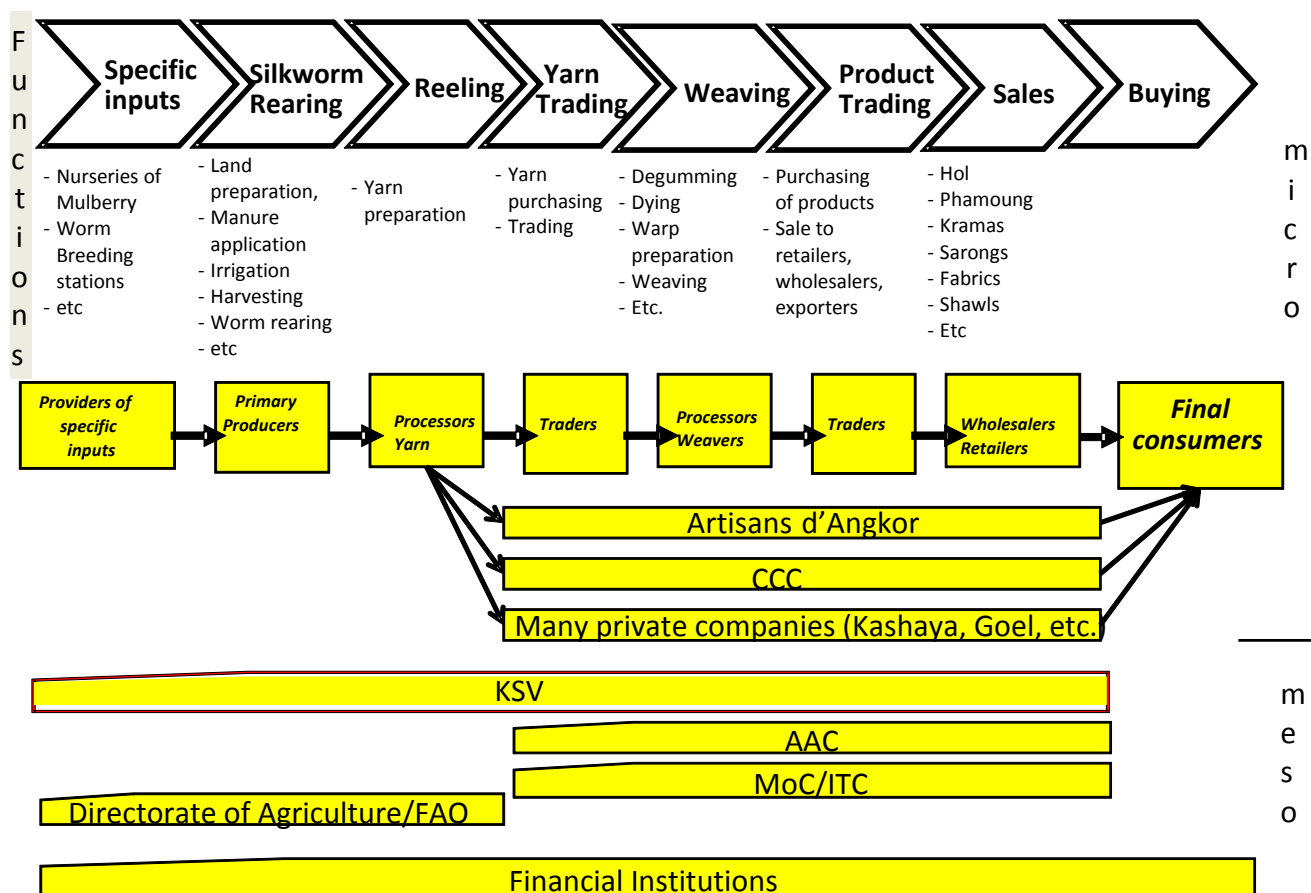
29. No primary collection of data was done by the report writer; the conclusions are based on the following two reports:

- Jalin, H., PASS, BDPA, 2005, The Silk Industry in Cambodia; and
- Budd Gibbons, Jose Vahl, July 2008, Cambodian Sericulture Stocktaking Report;

as well as on all the discussions with stakeholders of the silk value chain during the two weeks in Cambodia. The validity of the data utilized in the reports is repeatedly questioned in those reports themselves; for the purpose of this elaboration the available data seems to provide overwhelming evidence for the below interpretation, more precise data would possible give more details, but certainly would not significantly change the general perspective. The below elaboration is solely a professional opinion.

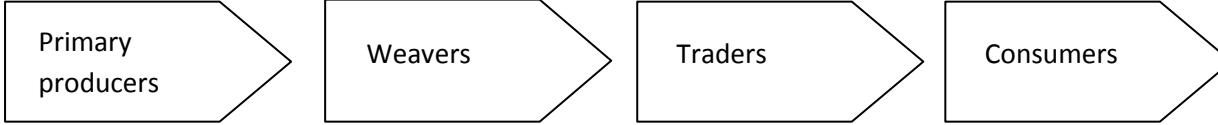
30. The below chart provides an overview picture of the silk value chain in Cambodia.

CHART 1: SILK VALUE CHAIN IN CAMBODIA



31. On macro level the Silk Board and the National Programme on Sericulture could be also taken up in the above chart, but both these organisations are not yet operational. Ministry of Commerce has been the main player on the macro level till now, Directorate of Agriculture is presently in the process of taking up a macro role, beside a specific input supplier's role, targeting primarily the upstream parts of the chain.
32. The below table gives a brief overview of the main statistics along the silk value chain:

TABLE 1: BASIC STATISTICS OF SILK VALUE CHAIN



About 1000 producers reported, but in reality less than 300	About 20,000 weavers	About 250 traders	70-80 % domestic 20-30 % export
Total production 4 t	Total requirement of yarn 400 t (domestic supply 1%)	All yarn purchased in Vietnam	2,5 Mio \$ (2008) export 25 Mio \$ (2005) total added value of the sector
Located mostly in the north	Located mostly in the south	Located mostly in the south	

33. Most of the above figures are likely to be not more than good estimates, but they give an indication about the flow of products within the chain. E.g. the total utilization of silk yarn is estimated to be 400 tonnes; most of the yarn is imported from Vietnam and China (often smuggled), and partly even again exported to Thailand, no verifiable data is available on the total amount of Vietnamese yarn utilized in Cambodia. Also the majority of finished products are sold on local markets, which is again not easy to be controlled administratively. The figure of 400 t seems to be an estimate, the reality might be different, but it gives a clear indication for the magnitude of the sector.
34. Silk has been produced and processed traditionally in Cambodia. The level of sericulture declined heavily in the last few decades, leaving at present just about 300 farmers (some estimate the figure to be at 1000) who produce only about 1% (according to some sources 2%) of the total silk yarn demand of the country.
35. The weaving sector survived much better over time, with presently about 20.000 weavers still operational, or at least potentially operational, as some of them stopped the production waiting for better raw material prices. Weavers depend almost exclusively on the imported silk yarn from Vietnam (98-99%). The number of traders with 250 is relatively high, although in the north of the country only three operational traders are known.

36. The Cambodian side of the silk value chain starts with traders importing yarn from Vietnam to be sold to weavers, the three upstream parts of the chain (specific input suppliers, sericulturists, and reelers) are for the major part of the produce used in the chain in Vietnam.
37. On the marketing side of the value chain export oriented production was gaining increasingly ground in recent past, according to some estimates amounting to 30% of totally sold silk products. Nevertheless, the domestic market with 70% remains the main market for silk product in Cambodia. It is difficult to assess the reliability of these figures, but they give an indication of the ratio, it is certainly clear that export market is at present smaller than the local market. KSV analysed the focus of utilization of looms in Cambodia, coming to conclusion that 17 % of looms are servicing the export and tourism markets and 83 % are targeting the local market. One needs to mention that products sold internally to tourists are also accounted as export sales. Export and tourism market is an extremely important part of the market, as it is the actual impulse provider for product changes and innovations, and is expected to grow significantly in near future.
38. According to the survey done in 2005 weavers are generally a very young population; figures indicate a median age of 31 years. The vast majority of weavers are women. The number of looms has been increasing fast in the last decade, in the south from 6529 in 2001 to 13245 in 2005. It can be anticipated that the actual figure of available looms at present is even much higher. However, due to high prices of the raw materials, most of the available looms are not being utilized at the moment. Sericulture is also primarily done by women; here it seems of an older part of the population.
39. Traders can be considered as the main players or drivers of the present chain. A value chain where traders are the facilitators between different stakeholders is always a clear indication for the low level of development of the chain. In developed chains producers and processors as well as processors and wholesalers can exchange goods directly. Many players in the chain mean high transaction costs, which is a competitive disadvantage on international markets.
40. There are two types of traders available, those which provide the required implements on cash basis and those which have contractual relationships to weavers, providing all implements, mostly on credit and receiving the finished products. Between these two types there are also various other options available, where some implements are bought others are received on credit. The variety of different types of relationships is large. The most common type seems to be the contractual relationship between weavers and middlemen, amounting to at least 75% of total. The number of middlemen differs; Takeo and Kandal having large numbers, in the north only three middlemen are known. In total there are about 250 middlemen in the silk value chain, with exception of the north, the competition among the

traders is well established. However, where contractual operations are dominant, which is the case in major parts of the chain, competition is not so relevant.

41. Looking at the supporters of the chain on the meso level, one can see that financial institutions provide financial services along the entire chain. However, the availability of financial services has never been mentioned by any of the respondents as something worthwhile. It seems the finances are either coming from internal sources or through credits from traders. There is no agency beside KSV which focuses on the entire chain promotion; mostly they select some parts of the chain. Directorate of Agriculture is mainly active in research on silk production level. This activity is funded by FAO; it remains to be seen if the work will continue after external funding finishes. This work is anyway focussing on the 1 % of locally produced sericulture, it certainly has future potential, but for the vast majority of the present chain operators it is not a crucial contribution. The other supporters are mainly dealing with the downstream parts of the chain, starting with weavers. Most of the above mentioned organisations are actually chain stakeholders, they are directly involved in chain operations, they are market driven organisations; naturally they have selected a smaller group of qualified weavers with whom they exclusively cooperate.
42. Artisans Association of Cambodia (AAC) and MoC/ITC are the only real chain supporters. There have been various supporting agencies or organisations in the past which had a time limited existence, mostly linked to available funding from outside donors.
43. Almost every value chain has a pyramidal form when it comes to the number of stakeholders, steadily declining from primary production over processing to final marketing. The silk value chain seems to be imbalanced, few primary producers (350) and many weavers (20000). But in reality the weavers are supplied by producers from Vietnam, which makes again a perfect pyramid, if national borders are disregarded.

1.1.2 Cambodian Silk Products

44. Generally, there are two different types of silk available in Cambodia, the traditional yellow or golden silk and the imported (Vietnam, China, etc.) white silk. The two types of silk are distinctively different.
45. The vast majority (99%) of all Cambodian silk products are produced from the fine white silk imported from Vietnam or China.
46. The special features of golden silk would justify an establishment of a distinctive golden silk value chain. With just 4 tonnes of production the available amount is too small to set up an independent chain; in Thailand where the production is in the range of 1000 tonnes, golden silk has a separate value chain. The potentially higher quality of golden silk led to an establishment of a certain market niche. The amount of golden silk produced in Cambodia is so small that pure fine silk production is not really carried out. Instead of separating raw silk and fine silk, sericulturists produce mixed silk. But even this is not really sufficient in amount;

the yarn is also very raw on quality features, so that additionally fine white silk is also utilized to some extent in products which are sold as golden silk products. Fine golden silk products are regarded by silk specialist as a product of higher quality as compared to the white silk products from Vietnam, however, in reality at present the golden silk products of Cambodia are of lower mixed quality of yarn (raw and fine mixed) and additionally they are stretched with white silk.

47. The mixed golden silk produced locally on village level is in comparison to the industrially produced Vietnamese fine silk yarn seemingly of a lower quality, although containing highly valuable fine golden silk. At present both silk types are united in one value chain, as they are producing same end products.
48. Should the whole chain of golden silk be properly developed, one would need to separate those two chains, as not only the final products would differ but also the entire upstream chain would be different. If different markets are targeted and the chain is based on different players, then the chains should be treated as separate ones; this however is not yet the case at present. In a separate chain fine golden silk products would fetch a much better price than the fine white silk products.
49. Development of sericulture, if it is based on the traditional golden silk will lead to establishment of two separate silk value chains.

1.1.3 Role of Sericulture in Cambodia

50. Sericulture in Cambodia is described in Annex 5. Here only a very brief account is given to its potential importance for the silk value chain.
51. If a cash crop such as sericulture is to be introduced, one needs to have a clear strategy and a long intervention perspective. Additionally, there needs to be a security network during the entire transformation process up to the point, where the transformation becomes sustainable. Transformation from subsistence agriculture to a more market driven agriculture is a paradigm shift, which requires long time and concentrated efforts. Ideally such transformations should be carried out in an environment where there is a clear long-term government strategy available, supporting the transformation and additionally there is an effective support package in existence to ease the decision process of farmers. Projects can play a crucial role in this process, but they can only be supporters and not the driving forces behind such a transformation. The resources and the available intervention timeframe on project level is simply too short to lead to sustainable significant changes. There needs to be an official governmental strategy to which various projects provide their contribution, but are not the drivers of the process.
52. If sericulture is successfully set up in Cambodia as a part of the silk value chain, which is likely to happen from long term perspective only, it will lead to two separate chains, one for

golden silk products with the entire chain in Cambodia, and one for white silk products, based on the existent chain.

1.1.4 SWOT Analysis of the Silk Value Chain

53. The below SWOT analysis is based on the information collected during the field visit in Cambodia. It is certainly not complete; it was merely done with the aim to develop more realistic recommendations for the future development of the sector.

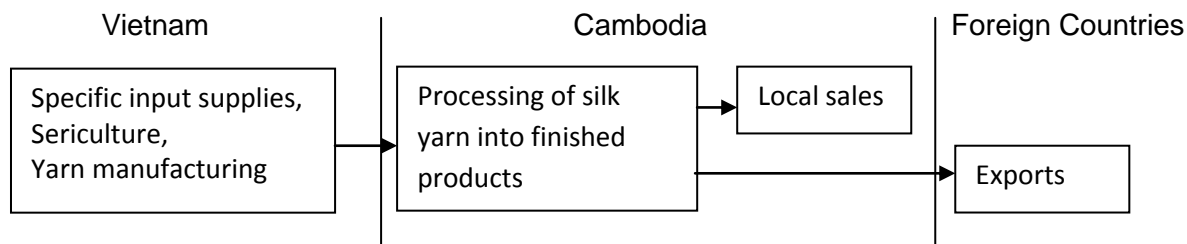
TABLE 2: SWOT ANALYSIS

<p>Strengths</p> <ul style="list-style-type: none"> - A functioning and sustainable silk value chain is in existence, - Large number of weavers (20,000) mostly women involved in the silk value chain - International trade on silk yarn well developed (Vietnam-Cambodia) - International trade on finished products is well developing - Local demand for traditional silk products exists, utilization of silk is part of the culture - Area specific silk traditions exist, large variety of silk weaving techniques is in existence - Is an attractive sector for donors, possibly also for FDI - Coordinating body (Silk Board) is about to be set up - Comparably (by international standards) cheap labour - Large foreign market exists in the country through increasing number of tourists - Golden silk is a brand name for silk professionals 	<p>Weaknesses:</p> <ul style="list-style-type: none"> - Sericulture close to non existent, covers only 1 % of silk yarn demand - No industrial reeling facilities available in the country - The value chain is not streamlined, it is disballanced, having many sub-value chains - Traders are the drivers of the sector, high transaction costs - Demand for traditional designs is decreasing, new designs are only in the process to be developed. Tradition of wearing silk is dying out - Government is only verbally comitted to support the sector, no allocation of resources into the sector - Skill training facilities are not sufficient for the entire country, special skills are diminishing rapidly - Technical skills of weavers are relatively weak as compared to competitors in neighbouring countries - There are no functioning quality control institutions in existence - There is no certification body - Very fragmented sector, no unified standards - Inefficient production
<p>Opportunities:</p> <ul style="list-style-type: none"> - Market demand is likely to increase, as it is a natural fibre - There are not many countries left with a functioning silk weaving sector - High potential for niche markets in developed countries (upmarket) - Close to no restrictions on silk importation in developed countries 	<p>Threads:</p> <ul style="list-style-type: none"> - Increase of prices for raw materials - World sericulture production is decreasing - High dependency on imports of raw materials, almost everything is imported (yarn, dyes, important equipment parts, etc) - Weaving could become less profitable than alternative labour sources - Animal protection groups could cause significant

1.1.5 Interpretation of the present status of the Silk Value Chain

54. The value chain approach generally distinguished stakeholders based on the possession status of the product as it moves along the chain. If somebody does not possess the product but adds value to it, such a player can be considered to be a service provider and not a stakeholder on micro level.
55. Analysing the Cambodian silk value chain from the perspective of possession of the product, surprising issues come up. As mentioned before many intermediaries are not really traders but contract producers, they have a large number of weavers to whom they supply all raw materials and collect all finished products. Weavers in such arrangements are labourers or service providers; they do not possess the product while it is moved along the chain. These intermediaries take control over part of the chain, integrating steps from yarn production to wholesale distribution. It is estimated that at least 70 % of weavers are in such contractual relationships with intermediaries, i.e. out of 20,000 weavers only about 6,000 can be considered independent stakeholders of the silk value chain. The project, through purchasing units, saving clubs, etc. provided a methodology towards developing a stronger independence of weavers and possibly increasing their number as well as their negotiating power.
56. Various NGOs and private silk trading companies basically do the same as the contractual traders. They also take control over the parts of the chain from silk yarn production up to even retail sales. Sometimes market requirements exercise pressure on quality aspects of the produce, so that these stakeholders even set up manufacturing workshops, where weavers are real labourers, which is even beyond the integration level of traders. Although these players (NGO, Projects, etc) are socially motivated, from value chain perspective they are not different to traders having contract weavers. The only differences are that traders survive on market terms; the socially motivated private companies or NGOs almost always have financial support by donors. Additionally, traders sell just a silk product; the socially motivated companies or NGOs mostly sell silk products with a “story”, as e.g. “Fair Trade” products, or products from specific villagers whose story is attached to the product, etc.
57. There are no precise figures available, but it seems that the part of the chain where produce is changing hands from traders to weavers, again to traders, wholesalers, and finally to retailers is small. The major part of the chain can be characterised as Vietnamese part up to silk yarn, followed by some kind of contractual production (trader, NGO, social enterprise, etc.) and then the trading part.

CHART 2: SIMPLIFIED CHAIN OF CONTRACTUAL PRODUCERS



58. In a simplified manner one can say, the actual value chain for the major part of the silk produce has only three steps, two of which are in Cambodia, if the produce is sold on local markets, the processors with control over parts of the chain and wholesale/retailers. If it is produced for export, then only one part of the chain is in Cambodia, a fully vertically integrated processor, selling on international markets.
59. High level of vertical integration in the chain can have the reason in reduction of transaction costs and in the low level of standards. In Cambodia certainly the distrust along the chain and lack of any standards is the main motivation for integration. If a company wants to be able to provide standardized products over a longer period of time, it simply needs to get hold of the parts of chain, where product quality can be influenced. Often even importation of the raw materials is done directly from reeling industry in China or Vietnam.
60. In focus group discussions many weavers expressed their satisfaction with the fact that through project interventions (e.g. saving clubs) they have more freedom to choose where they buy their raw materials and where they sell their produce. But it appears that not many weavers do actually possess the product and as such are real stakeholders of the chain. Additionally, becoming a stakeholder means taking a much larger risk for the marketing of the product. Only for those stakeholders that are additionally trained the risk is manageable, otherwise having the same skills but being in possession of the product is a much riskier operation than being a contract producer.

1.1.6 Anticipated future developments of the silk value chain

61. Sericulture has been mentioned by various professionals as the precondition for the long-term survival of the industry in Cambodia, especially from the background of controlling raw material prices. The present value chain does not really provide rationale to back this assumption. Should Cambodia have a sizeable sericulture sector, the vulnerability to raw material prices will not decrease as the prices will still be dictated by the world market, where the present sources of raw material supplies (Vietnam and China) have a market share of 80%. Should even the silk be cheaper in Cambodia, it will soon attract buyers from Thailand or Vietnam, increasing the prices on local markets. Raw material prices will not be influenced

significantly by any amount of silk yarn produced in Cambodia in the foreseeable future. Additionally, golden silk is already now in its mixed quality form more expensive than the imported fine white silk yarn; it is very unlikely that the prices of fine golden silk yarn will go down in future, even below the imported silk price.

62. Also it depends on which silk will be produced in Cambodia, white or golden. If golden silk production is increased a new and separate value chain will develop for golden silk products, with its independent price settings. If white silk is produced, then Cambodia will need at least focussed ten years of production to maybe reach the level where Vietnam is already now, before this happens any influence on prices is not to be likely.
63. One can argue that availability of silk will increase with local silk production and possible also the quality of yarn might be better controlled, however, one is at least a decade away for the point where these two aspects of a local production will play any significant role.
64. The other rationale for developing independence from Vietnamese silk is the intention of the Vietnamese Government to set up industrial silk product manufacturing. This would possibly mean that all the silk yarn produced in Vietnam will be consumed internally. Vietnam has 2 % share of the total world market of silk yarn; any changes in Vietnam will not change the world market prices, although they might change temporarily the availability of yarn in Cambodia. But even this can be questioned, as already now most of the yarn is smuggled into Cambodia; even strict customs limitations are not likely to stop the flow of silk yarn from Vietnam to Cambodia.
65. To be realistic, starting with no specific input facilities and having a total production of 4 tonnes of low quality silk yarn, which are produced by 300 (or 1000) not highly qualified producers will not sound threatening to anybody in the industry for many years to come. It is certainly good and necessary to build up own sericulture sector, but it will not have any significant impact on the present value chain for at least a decade. The upcoming sericulture sector will feed the newly upcoming golden silk value chain, which will have an upscale niche market, but it will not even be part of the present chain of white silk.
66. The present chain is, beside all its peculiarities, sustainable. It reacts fast and flexible to market trends, when weaving was profitable, the number of looms was increasing rapidly, now where prices of raw materials are low and demand is somehow stagnating, the production of silk products is in decline. The market is the dominant forming force of changes in Cambodia and not some subsidies or whatever other outside interventions. The aim of the future strategy of the silk value chain is to empower stakeholders to become capable to change their activities according to upcoming market requirements.
67. Value chains mostly can be divided into two parts: the upstream part of the chain and the downstream part. The division line is somewhere where transformation of raw materials into saleable end products takes place; in silk value chain it is just where the weavers are.

68. The aim of the upstream companies is to produce standardized raw materials for further utilization in the chain, e.g. uniform wheat, rice, silk yarn, etc. As the uniformity of the product is of ultimate importance, the main driving force of development in this part of the chain is process innovation, which means, that this part of the chain is increasingly becoming more capital intensive, constantly increasing the efficiency of production thus, decreasing the price per unit. The aim of this part of the chain is to find as many as possible users for the standardized product at hand, maximization of end users is the task and sales push is the motivation.
69. Applied to the silk value chain the part of the chain which takes place in Vietnam (up to silk yarn) is an excellent example of upstream thinking. The product (white silk yarn) is uniform; although there are many farmers supplying the cocoons, through capital intensive processes uniformity was achieved at a reasonable price. Even if Vietnam temporarily manages to keep all the yarn for the newly upcoming Vietnamese silk industry, on the longer run production of silk yarn will increase (sales push) to satisfy other markets, e.g. Cambodian weavers.
70. As soon as standardized raw materials are transformed into a variety of saleable products, the thinking of the industry changes. Instead of standardization or homogenization as in the upstream segment of the chain here (downstream part) customization and segmentation are the guiding principles. Standards also have to be kept, but only for smaller numbers of products. There will be a variety of products for an ever changing market. This part of the industry is not process oriented, but know-how oriented; product innovation is the driving force. One sells not just a product but a product with a story or a special feature. This part of the chain has high margins, it invests in research and development, advertising budget can easily be the main cost factor, it can employ many and increasing number of people. The ultimate target is the end user, with their individual and changing tastes and preferences.
71. The presently operational NGOs and socially motivated private silk processing companies, as e.g. CCC, Kashaya, AA, etc. are excellent examples of downstream companies. They need a reliable quality of raw materials and standardized skill of weavers to produce high quality "hand-made" products of a large variety. Mostly they import yarn directly, to be sure of its uniformity, their staff is handpicked and trained additionally by themselves. Their main assets are the designers and the know-how of production and marketing in combination with the knowledge of the final markets. And on top they have to constantly adjust their products to the changing market requirements. Often good start ups as a consequence of a project intervention loose grip on the market as soon as they fail to adjust to the changing demand. NGOs complaining about decreasing sales of previously so successful products are a clear indication of their failure to adjust to the changing market realities.
72. Some possible developments of the silk value chain can be anticipated to take place in future:

- Stronger division of labour – specialization is likely to take place; weavers will not anymore do all the required steps by themselves, but concentrate on their best skills. It is likely that dying, warp preparation, etc. will be done by specialized service providers. The market will increasingly require higher quality standardized products, which can only be achieved through a standardization of skills, i.e. division of labour.
- Each of those specialized professions will increasingly utilize improved implements, which means that the entry barrier will go up, thus protecting the existent professionals from new entrants.
- As a consequence, the sector will be forced to increase the efficiency of production, which could mean that the numbers of weavers could be steadily decreasing, with a corresponding increase of production per weaver. Competition will lead to selection of most qualified stakeholders.
- New designs (patterns, colours, weaving techniques) will be increasingly more important, even in traditional products.
- Only those traders will survive which have a strong linkage to qualified production base and are flexible in adjusting to market trends.
- Investments into human resources will become one of the main competitive advantages. In order to increase the quality of production raw materials and skills need to be standardized. Vocational education training with options for continuous education will be highly required.
- In order to achieve all of the above or at least be part of the formation process, a clear official strategy for the sector is required.

73. Every sustainable value chain will be finally transformed by market forces in order to find its place on international markets. If nothing is done to structurally adjust the existent silk value chain, it will still continue to exist and adjust itself to the changing market conditions. However, one can intervene strategically facilitating certain developments. The issue of importance is, if there is a desire to position the chain proactively on the international market, or passively accept the formation process carried out by market forces.

1.2. Purpose and Objective of the Evaluation

74. The three implementing partners RGC, NZ-MFAT, and ITC agreed to carry out a mid-term evaluation, pursuing the following purposes:
- To review and assess the objectives, results and impact of the intervention in terms of relevance, efficiency, effectiveness and sustainability.
 - To provide recommendations for implementing the current phase of the project, proposing adjustments for the remaining life of the project.

- To provide recommendations beyond the lifespan of the ongoing project. The evaluation should identify bottlenecks in the silk sector and recommend ways to address these challenges.
- To propose a suitable exit strategy to NZ-MFAT/ITC support to the silk sector.

75. Baseline surveys were carried out in 2009 and at the beginning of Phase II; it is not anticipated to carry out an additional external end of the project evaluation in order to document the changes due to project interventions. This is planned to be done as an internal exercise. The timing of the present evaluation was placed purposely before the project ends, in order to be able to adjust final implementation activities and more specifically to develop options for further support of the sector, if at all deemed necessary.

1.3. Scope of the Evaluation

76. Main emphasis of the evaluation was put on the Phase II of the Sector-wide Silk Project. Phase II is a logical continuation of the previous multi-donor funded project intervention (Phase I). Although the emphasis is put on second phase the results can often not be separated from the previous work, therefore where necessary the perspective is broader than just the last year of project implementation. The Monitoring Framework of the project was used as a base for a detailed assessment of achievements. The standard evaluation criteria of a development cooperation project such as relevance, efficiency, effectiveness, impact and sustainability were utilized. Although evaluation criteria should be used to assess performances against previously planned activities, results and objectives of the project, in this report the perspective of general contribution to the silk value chain was also included.
77. In the process of carrying out the evaluation it was discovered that the issue of possible future interventions in the silk sector are much more important than the TOR for this assignment would suggest. The project was initially designed to substantially influence the silk sector of Cambodia, although it is important to know, if the project contribution was done according to the predefined plans, it is much more important to assess the validity of the overall strategy. Therefore, considerable amount of time was spent on discussing and developing suggestions for adjustments of the project in the remaining project life span, and of even more crucial importance was the assessment of the possible developments of the silk sector in general, and elaboration of the potential project contributions. Further, in the same context an exit strategy is suggested.

1.4. Methodologies used in the Evaluation

78. One of the main requirements of every evaluation is the issue of evidence-based findings. Accuracy in the process of collection of information and the subsequent data processing is

the precondition for elaboration of realistic conclusions, lessons learned and recommendations.

79. An important part of the evaluation process was the study of the available information, such as internal project documents as well as relevant external documents related to the silk value chain in Cambodia. The secondary data collection was additionally verified by primary data collection, for which specific questionnaires were developed. These standardised questionnaires were worked out for the following groups of interviewees and can be found in Annex 3:

- Questionnaire 1: Weavers
- Questionnaire 2: Traders
- Questionnaire 3: Project Staff
- Questionnaire 4: Partners
- Questionnaire 5: Stakeholders at Macro Level

80. The ToR provided the guideline for the questionnaires. The aim was to collect only data which provides information towards the evaluation criteria of effectiveness, efficiency, relevance, impact and sustainability. These criteria were targeted to a different extent to each group of respondents. A significant part of each interview was the issue of lessons learned and suggestions for improvement.

81. The scope of this assignment did not justify a statistically sound evaluation of information. The sample size of respondents in each of the above-mentioned groups of interviewees was too small to apply any statistical evaluation methodology. Within the given timeframe as many as possible stakeholders were interviewed in order to receive a broad picture; however, this still remained a qualitative assessment. List of interviewed people can be found in the Annex 2.

82. On macro level of the silk value chain representatives of the ministry of Commerce and the Directorate of Agriculture were interviewed. On the meso level of the chain, or on the level of supporters, interaction took place with eight respondents. The main focus of the evaluation efforts were put on the level of actual stakeholders of the silk chain, weavers, traders, sericulture farmers, processors, exporters etc. In total about 90 people were interviewed, of whom the majority were weavers. All geographic working areas of the project were visited.

83. The experience with interviews applying standardized questionnaires showed that strict following the structure of the questionnaire was mostly not possible. One had to be flexible in adjusting the structure of the interview to the respondents desires to share information. The questionnaires provided only a framework for information collection.

84. The aim of the information gathering through the questionnaires was to receive information on what exactly was done and how this service provision by the project was perceived by the

interviewed stakeholders. Further, all stakeholders were given the chance to express their preferred modes of cooperation in future or simply give suggestions for improvement.

85. The majority of information with the group of weavers was received from focus group discussions. The questionnaires still provided the line of thoughts for discussions, but they were not strictly followed.

2. ANALYSIS & FINDINGS

86. Indicators for each output level as well as targets to be achieved on output and outcome levels are defined in the monitoring framework of the project. The indicators are not defined in a way that evaluation of achievements will automatically draw conclusions on the quality of work performed. Assessment of achievements based on the given monitoring framework requires interpretation and not just comparison of figures.

2.1 Assessment of Implementation and Delivery

Relevance

87. The evaluation criterion of relevance looks at the issue if the design of the project did target the real needs of the beneficiaries, as well as on the appropriateness of project design for the resolution of the set tasks?

88. The overall objective of the silk sector strategy is defined as creation of a competitive and well-organized silk sector that can generate income and employment to reduce poverty for all stakeholders along the supply chain, while addressing the needs and constraints of the Cambodian silk sector. The implementation of the strategy is to empower the mainly female and rural producers and thus to improve the living conditions of silk yarn farmers' and weavers' families. The project is presently in its second phase. The expected outcome of the Phase II is to enhance impact from weaving activities among 39 weaver communities, by upgrading of the weavers' technical skills, ensuring reliable supply of raw materials, tools and equipment, and increasing exports.

89. The part of the report (Background and Context) which described the silk value chain tried to shed light on the magnitude of the silk sector and the challenges it is facing. In short it can be stated, that the silk value chain is functioning, presently providing incomes to more than 20,000 stakeholders along the chain. Dependent on how stakeholders of the chain are defined, the figure could be much lower, up to just 6,500 stakeholders, nevertheless the number of direct beneficiaries is still at 20,000, of which the vast majority are rural women. It can further be said that the chain is competitive, and its organisational structure is mirroring the framework conditions in which it is operating, with all its shortcomings. There is ample room for improvement of the functionality of the chain, though.

90. . The project is not designed to change the functionality of the entire value chain, but just to give positive impulses. Looking at the magnitude of improvement possibilities of the chain, derived from the long list of shortcomings of the chain, and comparing it to the size of the project, one can only come to one conclusion that the project was undersized and short in duration to substantially influence the functionality of the entire chain in a strongly positive manner, but it certainly provided valuable impulses towards the overall goal.
91. The objectives of Phase II are clearly defined and they are very relevant from the perspective of the beneficiaries. The level of achievement of these tasks is described further below in the report. In all focus group discussions with weavers' groups it was always expressed that the project interventions are very relevant for the work of the individual weavers who are cooperating with the project.
92. It appears that traders at the upstream side of the chain, who are presently the main drivers of the silk value chain, received a comparably low attention. Phase II targeted members of the 39 groups, which is just about 2-3 % of total number of stakeholders of the chain, if the beneficiaries of design training activity are added, the figure is at 4 %, this needs to be kept in mind in assessing the achievements of the project. However, a multiplier effect is expected from assistance provided to the downstream traders (i.e. KSV, CCC, Samatoa, and Goel) and future design/marketing initiatives. The project has a relevant approach towards poverty reduction in rural areas and economic empowerment of women, but only a limited number of potential beneficiaries is directly benefiting through project activities.
93. The baseline survey provided a good understanding of the situation of the target group, thus interventions could be planned in an appropriate manner. Further, consultations are constantly carried out with weaver communities in order to offer trainings or project interventions which are really demanded and required.
94. The market for silk products is constantly changing, e.g. the market for traditional hols seems to have reached certain level of saturation. The project provided training and guidance towards changing the products, increasing its saleability through different designs, which was a very relevant intervention in a changing market environment.
95. The sericulture sector, although specifically mentioned in the overall aim, was not targeted by the project. This seems to have been the right decision, as the silk production sector in Cambodia is almost not existent and would have required a huge effort to produce results.
96. The coordination task of the project was further a relevant activity; respondents representing various support organisations clearly expressed their satisfaction with the coordination efforts of the project in the silk value chain. Participants of the international trade fare (Vietnam) were almost enthusiastic about the opportunity offered to them by the project to participate in this event.

Efficiency

97. The criterion of efficiency looks at the issue if the available resources were transferred efficiently into the achieved results. Or was it worth to spend the allocated budget on the achieved results.
98. The total budget of the project is US \$ 814,793.00, out of which US \$ 234,000.00 will be spent on the field work by the partner KSV. Five out of six outputs of the monitoring framework deal with field work. The project budget is not output specific, not identifying exactly which budget line is contributing to which output. One needs to put all the budget lines which can be associated with field work together, in order to assess the ratio of field work to coordinating efforts. Additionally to the budget allocated tot KSV, the design capacity strengthening activity has to be added (2x47,000.00), some smaller items such as steering committee meetings, web site, etc. , the salary of the community development specialist (19,200.00), and even one local coordinator (25,200.00) needs to be added. In total, less than 50 % of the allocated budget is targeting the field work and the rest is there for coordinating activities, administration, overheads, etc.
99. The type work which was carried out by the project is expensive by definition. Export orientation, or generally improvement of quality of production, in a value chain where the level of skills is identified as a serious bottleneck, means that the efforts to increase the quality will be very involving. Additionally, it is a handicraft value chain, there is no real leverage in processing, weavers are individual producers who can improve their output but they cannot multiply it, this can only be achieved in mechanized production. The orientation of project activities towards group formation was the right thing to do; at least some leverage could be achieved that way. However, that applied only to general training, when it came to special skills training with direct market linkages, the number of training participants had to be low in order to be effective.
100. The project has two in their nature distinctively different groups of activities. One group of activities is dealing with silk value chain itself, improving the functionality of the chain. The other group of activities are more on the general coordination level, dealing with creating a favourable environment for the silk value chain; it is a macro oriented activity of a longer term perspective. Assessment of efficiency in the second group of activities is a real challenge, as there cannot be tangible results; and the first group is per definition an expensive exercise.
101. For the assessment of efficiency of the field work one needs to compare the costs with the added value resulting from achievements of the project. The silk value chain has high level of vertical control, which means that entry points for interventions are limited and can only be established with substantial efforts. Direct interventions on weavers level is not a cheap method of value chain improvement, but there are no alternatives for produce quality improvement. Looking at the number of people trained, the efforts seemed to have been

costly. But that is not an issue of the quality of project work; it is more due to the nature of intervention. However, it was a very positive experience to see weavers applying the new techniques, traders were commenting on the positive changes in terms of new colours, new designs, better quality of products, etc. Weavers have direct contract for new products and can sale traditional products easier now, but there are no figures available to assess the efficiency of those changes. The value added through the achievements of the project will take long period of time to recover the costs of the project, certainly beyond the project life span.

102. The project has in PCU four members of staff. In Phase I the same number of staff coordinated three projects (SECO, NZAID, and UNDP); in Phase II only one project is under coordination of PCU. The four members of staff are in the position to coordinate larger projects than the present one. The PCU needs to have a certain minimum size to be operational; the present size of four people seems to be appropriate for the tasks at hand, coordinating micro, meso and macro level interventions of the silk value chain. The size of the PCU and the project size are not aligned, though. It is not that the PCU is inefficient from the perspective of the project size; it is more the project is too small for the given PCU. Aligning PCU and Project by reducing the number of staff will significantly leave a deep dent on the quality of work. Alignment should be through increase of project budget, or adding other related projects for coordination through PCU.
103. If the intention of the donor agency is simply to improve the livelihood of e.g. weavers, then the project design can be much simpler. The strength of the present project was, however, the combination of micro level interventions with its involvement on macro level, the coordination beyond the project level. It still remains to be seen, but from long term perspective it is likely that such contribution as formation of a Silk Board (still in the process), and bringing stakeholders of the silk value chain closer together, developing and refining a silk sector strategy, etc. will be the actual legacy of the project, and not so much the micro level interventions. However, such activities still need to be brought to a logical end before termination of the project. A road map for establishment of the Silk Board needs to be written; stakeholders need to meet regularly, focussing their cooperation towards resolution of real bottlenecks of the sector, the silk sector strategy needs to be refined and fully owned by the Government in order to be operational for implementation, etc. If the project concentrates in remaining project life span, or at least gives a high priority to these issues (after incorporating it into the monitoring matrix), the evaluation criteria of efficiency is likely to be judged positive by the end of the project. If the focus is on field work, however successful the work in the field will be, from overall perspective the results will be likely to be assessed as costly as compared to the achievements on weavers' level.

Effectiveness

104. The evaluation criteria of effectiveness looks at how do the achievements of intervention compare to the set project tasks, or from a more general perspective which tangible benefits were delivered by the intervention?
105. In total there were 598 weavers involved in the project, 415 weavers were trained during Phase I and 160 out of the total of 183 (new groups) have been already trained on basic skills in Phase II. Additionally, special training was provided to selected group of weavers Phase II. The Project trained almost 50 % more weavers than foreseen by the plan.
106. The in-depth training for selected weavers led to better understanding of design, colour combination, patterns, etc., among producers and also among intermediaries. Market reacted very positively to the new products; they were reported to be easier saleable. Also production upon orders was taken up successfully during project period.
107. In Phase I 10 purchasing units were set up, and four additional are planned to be set up in Phase II, which again would mean an achievement level above the planned target, although it was not specified how many purchasing units were to be set up in Phase II.
108. Stakeholders were given opportunities to exchange experience and learn from stakeholders from other regions. This activity was appreciated by weavers, and one could see the effects of this exchange already in new designs of their products, which were influenced by techniques from other regions. Weaving communities are still not collaborating in order to meet orders; this is done in a coordinated way by KSV, who distribute orders according to the skills of different weavers.
109. On the administrative side, the internal project coordination seemed to have functioned in an effective manner. Coordination of activities in the broader silk value chain was likely to be more effective than anticipated. Although the formation of the Silk Board has been discussed for several years, only due to persistent pushing of this topic by project staff the Board seems to be about to be formed. Also the project is chairing the activities of the Silk Task Team of the Trade SWAp - Pillar 2, which is certainly an indication for a broad recognition of project's work in the silk sector.
110. In last two years, due to a variety of reasons the price for raw materials, primarily for silk yarn almost doubled. At the same time, the market demand or the prices for end products did not increase proportionally, in opposite, it has been reported that a certain saturation of the market has been achieved, at least in the domestic market. It still remains to be seen how project interventions will influence the revenues from silk weaving or will increase the sales numbers by the end of the project. It can be anticipated though that the initially planned targets might not be achieved, which however, is not due to low effectiveness of project interventions, but simply due to changing market prices.

111. As a result of project interventions several weavers reported not only improved quality of the final product, but significant improvements of the process, leading to more production per time period. In some cases the improvements were significant, up to double speed of production as compared to the traditional method. The effectiveness of project interventions should therefore not only be judged from revenue increase but also from the perspective of cost or labour savings, which in some cases were substantial.

2.1.1 Institutional and Management Arrangements

112. A significant effort was spent on understanding the functionality of management arrangements, and the cooperation of different partners involved in implementation of the project.
113. In development cooperation the interface where foreign and local consultants meet is mostly the area where misunderstandings can happen, which can influence project results negatively. The Project did not face such difficulties as the personnel involved in implementation, independent of the type of their contract, had similar cultural backgrounds.
114. In a relationship society, such as Cambodia, the connectedness to the right people within the official hierarchy can be a decisive factor for success. The project as an entity seems to be well connected, but even more so, the Senior Technical Adviser has an amazing level of connectedness to various levels of the society, which certainly eases the implementation considerably. Especially on macro level, decisions can only be successfully pushed, if there is a personal relationship to the right decision makers. This issue is mostly underestimated in development cooperation, primarily because western minds do not function that way, and even sometimes purposely avoid exploiting such assets.
115. The professional expertise of all people involved is high, in the project, as well as with the main implementing partner KSV. Professional expertise in combination with seemingly good relationships between all project and partner staff was decisive for an environment of trust in working relationships. This is a precondition for simple internal procedures. Additionally, the personality as well as the professional level of international consultants, e.g. designers were highly appreciated by interviewed stakeholders.
116. Backstopping of the project through ITC was reported to be effective. Request from the office in Cambodia were always answered in time and in a professional manner. It was highly appreciated that the backstopping personnel was involved in projects activities beyond the actual backstopping responsibilities, participating in crucial meetings in Cambodia personally.
117. Nevertheless, it was felt that the present management structure is questioned by project stakeholders and often proactively justified without being asked for a justification. Consequently, besides stating that internal procedures are carried out smoothly and in professional manner, here also a general assessment is given on the managerial structure of the project.

118. It has been mentioned repeatedly in this report that the project has two complementing parts, the implementation on the micro level of the silk value chain and the coordination part on a more strategic and macro level of the chain. Dependent on how the priority is given to those two parts the appropriateness of the managerial structure changes considerably. If the project is understood primarily as an intervention on the micro-level, then the present PCU is certainly oversized. KSV is a professional organisation, with highly qualified staff, which does not need to be coordinated in such a close manner. If, however, coordination which goes beyond pure facilitation of project activities, but focuses on the entire silk sector in which the project gives a targeted contribution, than the present PCU structure is appropriate.
119. With the present structure of the project significant results can be achieved on macro level and on a more general coordination level of the silk sector and additionally the project can provide very practical examples for innovations in technology, design, marketing, etc. On long run the contribution on the macro level is more likely to become the legacy of this project intervention. However, if a more technical and micro level orientation of the project is desired, then the managerial structure of the project might be in need of some adjustments.
120. The impression was gained that it is not so much the structure which should be reconsidered, but more the appreciation of what the present structure can actually fulfil.

2.1.2 Implementation of Activities

121. There is a general work plan in existence, which is an integral part of the funding agreement for the project. This work plan has been further refined, adding more specific activities in order to achieve the intended outputs. Five outputs are oriented towards interventions on the operational level of the silk value chain; these activities can be planned over a longer period of time, they just need to be adjusted with the agricultural practices of the beneficiaries. KSV is following a very detailed work plan which was specifically developed for their contribution to the project. Vast majority of activities is being carried out as per plan and are likely to be completed before the project ends. Some activities are slightly behind schedule, such as basic training of new groups; this however can be easily done in near future, without influencing the overall level of achievements. Financial resources to carry out all the planned activities seem to have been allocated in sufficient amount.
122. Output 6 dealing with coordination can be planned in advance only to a certain extent, many activities need to be carried out as they come up, or they have to be even proactively started as opportunities arise. On this position a much more flexible approach is required, which cannot be planned in all details in advance. The achievements towards this output have been good, indicating that the flexibility was utilized in the right way to achieve results.
123. The Monitoring Framework gives guidance for implementation of activities; however one needs to mention that the definition of indicators lacked certain degree of clarity. Indicators should be specific in quantity, quality, time, place etc. and refer to specific groups, they

should be clearly measurable. Most indicators of the project did not fulfil these requirements. They just stated the issues to look at, but did not specify from which level of achievements one will have to judge the project as being successful. Assessment of achievements is now up to professional opinions, which has the danger of being subjective. “Number of weavers trained” is not an indicator, it should have been defined as something like “150 weavers of new groups are trained by 12.2012 in all 5 regions”.

2.1.3 Achievement of Results

124. The below tables give a brief status of achievements as of May 2011, these achievements are commented or evaluated from the perspective of the final achievement level.

125. **Output 1:** Selected weavers from 39 communities have improved their skills through training in weaving, order handling and management and comply better with national and/or international market requirements and can thus increase their income.

Activities planned and performed	Timeline	Indicators (Information provided by project staff)	Comments/Assessment
Identifying and selecting 10 new weaver communities	Sep – Nov 2010	10 new groups: 3 in Kampong Cham, 3 in Kandal, and 4 in Takeo	Was completed as per plan
Forming groups and setting up rules and regulations	Sep – Nov 2010	10 new groups	Was completed as per plan
Assessing needs for 10 new weaver communities and adaptation of training materials	Sep – Nov 2010	<ul style="list-style-type: none"> – Dyeing method (de-gumming, synthetic dyes and natural dyes), – Weft preparation (continue weft, knotting) – Warp preparation, – Semi-automatic weaving techniques, – Design training 	Was completed as per plan. The later training was strongly based on this training needs assessment.
Collecting data for EPRP survey for 10 new groups	Oct – Dec 2010	155 weavers interviewed in EPRP survey for 10 new groups	Baseline survey was carried out as per plan
Training on basic skills for weaving for 10 new groups	Oct 2010 – Feb 2011	<ul style="list-style-type: none"> – Kampong Cham: 45 weavers trained – Kandal: 38 weavers trained – Takeo: 48 weavers trained 	Since the mid-term report additional trainings were carried out. Out of the total of 183 weavers in the 10 new groups 160 have been trained already on basic skills. The achievement of this task is slightly below schedule, in time as well as in total number of people trained. 12 % of new weavers have not been trained yet, but there is still one full year of project left. It can be anticipated that this activity will be fulfilled by the end of the project, with a small delay, which however does not really affect the quality of achievements
Upgrading of weavers' technical skills in 29 weaver communities already	Oct 2010 – Feb 2012	<ul style="list-style-type: none"> Takeo: 23 weavers trained - Follow up, skills upgrading, 10 people - AZO free dyeing: 7 person at 	The indicators do not specify the exact number of weavers from the old groups which need to be trained; therefore it is difficult to assess the

Activities planned and performed	Timeline	Indicators (Information provided by project staff)	Comments/Assessment
enrolled in the project		<p>Kraing Chamroeun</p> <ul style="list-style-type: none"> - Natural dyeing: 2 person at Khnarong - Warping: 4 person <p>Prey Veng : 13 weavers trained</p> <ul style="list-style-type: none"> - AZO free dyeing : 7 person - Pattern making: 6 person <p>KSV provided basic trainings for 29 weaving groups in Phase I of the project. In Phase II KSV provided specific training, follow up training with individual weavers and provided direct technical assistance to them.</p> <p>For the second part of Phase II, the plan is to upgrade weaver's skills and promote some new products like plain fabrics, the use of flying shuttle looms, or introducing new patterns to fit to the export market.</p> <p>The training conducted was very intricate and the target of the training is to develop masters. To do this, we have to conduct the training on "One to One" basis not exceeding 4 persons. The participants needed to have certain qualification to be in this training (Dyeing training needs calculation and understanding of mathematics, ratio & proportion, and decimal points).</p>	<p>level of achievement of this activity. The trainings mentioned on the left side are very specific, i.e. they can only be done with lower number of participants, and only with participants who have the potential to become master trainers.</p> <p>Further trainings are planned for the remaining project lifespan. Respondents expressed high level of satisfaction with the training they received. They were applying the training contents already, and expressed their content with better marketability of the new products due to training.</p> <p>Also intermediaries confirmed that the quality of finished products has changed due to training provided to weavers.</p>
Providing additional training for 10 new groups to enhance skills	Jan 2011 – Feb 2012	– will be implemented from March 2011	n/a
Identifying high-skilled weavers to participate in special training program	Sep 2010 – Oct 2011	<ul style="list-style-type: none"> – Takeo: 11 weavers – Prey Veng : 7 weavers – Kandal: 3 weavers (new community). 	<p>Identification was carried out, based on special skills of weavers.</p> <p>These weavers are producing for special orders, mostly for export markets. The precondition is consequently the existence of an order, and then only training can be delivered targeting the order.</p> <p>As KSV is increasingly expanding its marketing operations, orders will increase, and the number of contract weavers, requiring training will also increase.</p>
Conduct special training program for highly selected weavers to establish production specialization in each	Sep 2010 – Feb 2012	<ul style="list-style-type: none"> – Takeo: 11 weavers – Prey Veng : 7 weavers – Kandal : 3 weavers (new community) <p>21 weavers agreed to participate</p>	<p>The number of weavers is limited by the purchasing capacity of KSV for the new products. Innovations in design or techniques are only implemented if secured markets are provided, i.e. KSV needs to give an order for the</p>

Activities planned and performed	Timeline	Indicators (Information provided by project staff)	Comments/Assessment
community		in training towards development of new products. They apply newly acquired techniques on their looms for production of high quality products. KSV is buying the produce of those weavers. In the second year the number of high-skilled weaver will increase because of assistance from design consultant.	finished product, otherwise it will not be done by weavers. The risk of producing a new product is not taken by weavers. The number of weavers enrolled in a special training programme should be much higher, but for this either bigger resources are required at KSV side or they need to establish partnership arrangements with other buying agencies.
Providing basic training to the 39 weaver communities in order handling and management	Jan 2011 – Feb 2012	<ul style="list-style-type: none"> – Prey Veng : 7 weavers – Kandal : 3 weavers (new community) The number of participants will be around 40 weavers from Takeo, Prey Veng and Kandal by the end of the project. The activity will start in June 2011 and will involve: <ul style="list-style-type: none"> – high skilled weavers – group leaders 	Each group needs to have at least one person capable of handling orders and managing their fulfilment. The project seems to be at the right track towards achieving this aim.

126. **Output 2 & 3:** Weavers enabled to meet national and international silk demand market requirements and have gained improved market access

Activities planned and performed	Timeline	Indicators	Comments/Assessment
Facilitating study tour for producers to raw materials suppliers	Nov 2010 – Feb 2012	<ul style="list-style-type: none"> - 10 old purchasing unit and group leaders were brought to visit raw material supplier in PP. - In Phase I 7 purchasing units were set up in Takeo and 3 purchasing units in Prey Veng. - Purchasing units will be set up in other regions from June 2011 onwards. 	Linking purchasing units with raw material suppliers bypassed at least one trader level, thus significantly reduced the price of raw materials. In silk yarn 5-10 % of cost reduction was reported. The raw material suppliers were also appreciative about the linkage provided by the project.
Facilitating local trade fair participation of producers to familiarize with market requirements and get exposure to vendors	Nov 2010 – Feb 2012	Takeo : 15 weavers Prey Veng : 4 weavers Kompong Cham : 3 weavers Kandal : 3 weavers Total of 25 people. Participants were: <ul style="list-style-type: none"> - Group leader - Head of Purchasing Unit - High-skilled weavers 	Excellent activity, it was highly appreciated by people interviewed. Respondents mentioned as positive issues: <ul style="list-style-type: none"> – Eye opening experience – Exposure to new products, new patterns, new ways of weaving, etc. – Benchmarking, comparing ones products to the ones of competitors – Finding new markets. The trade fare in Vietnam was highly appreciated. Participants reported successful sales agreements with new clients.

127. **Output 4:** Design capacity of producers and intermediaries improved through training

<i>Activities planned and performed</i>	<i>Timeline</i>	<i>Indicators</i>	<i>Comments/Assessment</i>
<ul style="list-style-type: none"> - Design capacity building - Training of producers and intermediaries on colour combinations and design techniques 		<p>60 weavers from 3 provinces have been trained on new design especially on pattern making and colour combination</p> <p>Further training will be carried out from May to December 2011. Participants will be from Kampong Cham, Takeo, Prey Veng and Kandal Provinces.</p>	<p>The changes due to the design training were highly appreciated by weavers as well as by traders. Traders can sell new designs easier, thus are more inclined to buy these products from weavers.</p> <p>Many weavers mentioned this activity as the most useful project intervention.</p>

128. **Output 5:** Purchasing units created within villages to supply raw materials to weavers in their communities

<i>Activities planned and performed</i>	<i>Timeline</i>	<i>Indicators</i>	<i>Comments/Assessment</i>
Building capacity of selected villagers managing the purchasing units to sustain its operation	Sep 2010 – Feb 2012	<ul style="list-style-type: none"> - 10 purchasing unit groups from the old groups. - 4 new purchasing units for new groups will be set up from June 2011 (1 in Kompong Cham, 1 in Kos Ocknhatey, 2 in Takeo.) 	Purchasing units are considered as a relevant and useful activity by the weavers' groups. Availability of raw materials in their villages as well as on slightly cheaper prices is appreciated.

129. **Output 6:** Effective Coordination of activities in the silk sector

<i>Activities planned and performed</i>	<i>Timeline</i>	<i>Indicators</i>	<i>Comments/Assessment</i>
<ul style="list-style-type: none"> - Office daily running - Organization of stakeholder round tables and steering committee meetings - Liaise with and report to Government and donors - Coordination, guidance and supervision of organizations/associations and consultants implementing project activities - Project website operation - Reporting to ITC headquarters and implementing ITC's recommendations - Coordinate resource mobilization with field-based donors to raise additional funding for the continued development and expansion of the project 	March 2010 – March 2012	<ul style="list-style-type: none"> - One steering committee meeting : September 2010 - Project website is being constructed. Expected to finish by end of January 2011. - Mid-term report to donor and board committee - Daily coordination with implementing partners and consultants 	<p>The project is well recognized by bi- and multilateral partners and officials from various Government Agencies as the main driving force behind silk sector development. The silk sector is considered by the Government as one of the 9 priority sectors, which is certainly due to constant information provision of the project to the right decision makers.</p> <p>ITC is leading the Trade SWAp-Pillar 2-Silk Task Team. It is considered to become the leader for the entire Pillar 2, not just the silk task force.</p> <p>The coordination of project activities did not seem to have any challenges to overcome. It appeared to be well structured and functioning.</p> <p>Project staff seems to be extremely well connected within the official hierarchy, which is a valuable asset in a relationship society.</p>

2.1.4 Attainment of the Objectives

130. The below tables for each individual output describe the level of achievements as per May 2011.

131. **Output 1:** Selected weavers from 39 communities have improved their skills through training in weaving, order handling and management and comply better with national and/or international market requirements and can thus increase their income.

Indicators	Targets	Level of achievement as per May 2011
1. Number of weavers trained 2. Application of enhanced skills 3. Increase in the number of qualified weavers 4. Increased income of weavers	400 weavers in 39 weaver communities are able to produce better quality weaving and sell their products more easily on the market, increasing revenues from silk weaving with some 40 % by 2011	1. 39 weavers groups, 203 weavers trained 2. 203 weavers (only phase 2) 3. 203 weavers (only phase 2) 4. For scarves 57 % increase. (USD 3.5 to 5.50 per unit).

132. The total number of trained weavers is by far exceeding the target of 400 in 39 weaver communities. In Phase I 460 weavers received basic training and additionally 203 weavers were trained in Phase II, making it a total of 603. The interviewed respondents did report difficulties in selling their products, due to general changes in the market, demand declining and raw material prices increasing, but they all mentioned that their products are easier bought by traders, which is certainly an indication for achieving the specified target. All respondents mentioned that they always sold all their produce; it was just a question of price.

133. For some selected items the prices significantly increased, as e.g. for the scarves. Generally, it can be said that all those items produced on special orders by KSV are more profitable for weavers; however, those weavers are in low numbers, not really representing the average of the 603 trained weavers. Although there are no figures available on the revenue increase it is safe to state that the 40 % increase (target) was not achieved. The raw material prices doubled in the last two years, but the price of finished products was stagnating. In such a situation, if trained weavers managed to stay in business is already a big success.

134. **Output 2:** Weavers enabled to meet national and international silk demand market requirements and have gained improved market access

Indicators	Targets	Level of achievement as per May 2011
1. Increased sales of weavers 2. Increase in the number of weaving communities serving export market 3. Increase in the number of design/weaver groups 4. Increase of the number of orders delivered in a timely manner 5. Increase in the percentage of	39 weaver groups, or approximately 400 weavers, have increased understanding and skills to produce in line with market requirements, design, and on time; each weaver group produces new designs by 2011. Increased sales of weaver support by the project of 30% by 2011	1. based on sales of KSV = 90 % increased already by May 2011 2. Increased by 4 communities, majority is doing local products such as Takeo, Kampong Cham and Kandal. 3. 73 pct = personal design trials of weavers on the mini loom 21 pct = final products

upper tourist market share		81 pct for the Trade show 4. As per KSV, 100% order commitment is accomplished as promised to the buyer but with a partial and balance of approximately 15% in quantity. 5. As per KSV sales figure + Vietnam Fair sales, it increased by USD 6119.00 as of May 2011, only.
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135. Reliable figures are only available for the produce sold through KSV, which is a very small part of the total production which was influenced by training activities. Although the figures of KSV suggest high levels of achievements, a general assessment cannot be derived from these figures. Nevertheless it can be stated that significant achievements have been reached in terms of export orientation and order handling. Increase of sales by 30 % is similarly as for the Output 1 likely to be not the right indicator in the present market environment.

136. **Output 3:** Strengthening of weaver communities by increased networking between involved communities

Indicators	Targets	Level of achievement as per May 2011
1. Number of meetings organized between villages to share best practices and lessons learned among weavers 2. Number of villages working together to meet quantity of orders	Active network in place; Number of meetings organized between weaving villages that share lessons learned and best practices, e.g. on environmental and social standards, successful designs, purchasing units, etc. Several weaving villages collaborate to meet orders	1. Once a month PU meeting, regular at a total of 118 meetings of 29 groups, since Sept 2010 to May 2011. 2. 8 villages working together to meet order qty based on KSV booked orders. Orders from other export / intermediary supports are undetermined.

137. KSV has carried out an intensive programme (118 meetings) in order to increase networking of the 39 communities. Information exchange and experience exchange takes place, in the field one could observe transfer of weaving techniques between various regions. KSV coordinate production to meet orders, this is not done through collaboration of communities but rather through targeted coordination of KSV.

138. **Output 4:** Design capacity of producers and intermediaries improved through training

Indicators	Targets	Level of achievement as per May 2011
1. Number of producers and intermediaries that are able to produce designs for export market. 2. Master weavers and independent designers enabled to pass on their knowledge to weaver communities	Better understanding of design, colour combination, patterns, etc., among producers and intermediaries, resulting in better capacity to generate and meet orders by 2011	1. Four intermediaries (KSV, Samatoa, CCC and Goel) and 203 weavers 2. 203 weavers (only phase 2) 3. Twelve Purchase Order already commenced + 20 anticipated from Vietnam Fair buyers from 4 intermediaries (KSV, CCC,

3. Increased number of orders		Samatoa, and Goel)
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139. Changes in design, colour combination, patterns, etc., could be clearly seen during the field visits. Producers and intermediaries certainly increased their capacity to generate and meet orders, even for export.

140. **Output 5:** Creation of purchasing units within villages to supply raw materials to weavers in their communities

Indicators	Targets	Level of achievement as per May 2011
1. Increased number of new purchasing units 2. Financial stability of new purchasing units	8 existing purchasing units functioning properly, new purchasing units established among 10 new weaver villages	1. will be done in the second half of the project 2. Can be determined in the second half of the project.

141. n/a at this stage

142. **Output 6:** Effective Coordination of activities in the silk sector

Indicators	Targets	Level of achievement as per May 2011
1. Project website created and regularly updated 2. Regular consultation with sector stakeholders, including through steering committee meetings and round table meetings 3. Effective coordination and monitoring of activities by local partners 4. Regular reports prepared for donors 5. New resources mobilized for continued development and expansion of the project	Website created by mid 2010; Steering Committee meetings organized twice a year. All field-level activities closely monitored; success stories documented, promotional material produced	1. PCU website: www.cambodiansilksector.org 2. Two times - steering committee (Sept 2010 and Feb 28, 2011), and Trade SWAP Working Group = 15 meetings (from Sep 2008 – April 2011) 3. Regular effective coordination is conducted in the average of 4 times per month. 4. Regular of progress report to ITC HQ 5. New sources are being investigated

143. Coordination of project activities is as per plan. Coordination of the silk sector is not mentioned on indicator or target level, this issue needs to be adjusted.

144. The general attainment of objectives is on a good achievement level. Some of the targets are not likely to be achieved (40 % revenue increase, 30 % sales increase) due to changed market realities; this however cannot be judged as a failure of the project. Project did all the required activities in order to achieve those targets, but if the market prices developed in such dramatic negative way, one will have to wait to see the positive effects of project work on a longer term perspective. For master weavers, linked to direct export orders, the effects can be seen even with the present market situation.

2.2 Assessment of the Effects

2.2.1 Outcomes

145. The overall outcome of the project is defined as:
- To enhance income from weaving activities among 29 weaver communities currently involved in the project, and an additionally 10 new weaver communities, by upgrading of the weavers' technical skills, ensuring reliable supply of raw materials, tools and equipment, and increasing exports.
146. The corresponding target is defined as:
- Increase the household income of weavers in rural areas that benefit from the project by 40% by the end of the project.
147. The previous two sections of the report 2.1.3 "Achievements of Results" and 2.1.4 "Attainment of Objective" give a description of the achievements up to May 2011. Although there is still one full year of project implementation left, the outcomes of the project can be already assessed as significant.
148. Weavers' technical skills have been upgraded at least as per plan. Almost all weavers have received basic training; some weavers were even involved in very specific training activities. Reliable supply of raw materials, which used to be a serious problem before project intervention, has been approached through establishment of purchasing units. The development of prices for inputs led to a situation where inputs are now easily available. Whereas in the past the task was to make inputs generally available on village level, now since they are easily available as demand declined due to increase of prices, the lower price of inputs in purchasing units is an additional task which has been achieved.
149. New tools and equipment were introduced by the project, which were taken up by the weavers of the 39 groups and are being utilized on daily basis in their production process.
150. Aligning the weaving process towards export markets has worked well for the few weavers who are enrolled in this programme. Not only their skills were improved, but designs of products were adjusted to market demands. KSV established institutional capacity to cater for export markets. Active search for new markets, including visits of trade fairs, steadily increased total export sales.
151. The achievement of 40 % of increase of household income by end of the project is not likely to be achieved, as the prices for inputs skyrocketed. Once the prices for inputs start decreasing again, which is likely to happen in the next few years, the increase of household income attributable to the project intervention will be significant, although there are no reliable figures available to back this statement.

2.2.2 Impacts

152. The assessment of impacts of project activities during implementation of the project is premature but some indications can already be derived at this stage.
153. The innovations started spreading in local communities, not only those weavers who were trained apply them, but also wider circle of weavers started copying some of the techniques

or purchased some of the implements. Although the present market situation is not really conducive for implementing changes, it is still happening, in a slow pace though. Some service centres were set up, such as e.g. warp preparation or dyeing facilities, which not only provide income to those running these centres but also ease significantly the weaving process of those who utilize them.

154. The biggest changes are in the field of designs, colour combinations, patterns, etc. Even if only relatively few weavers were trained, the higher demand for these products on the market will force other producers to adjust their production.
155. Group formation, although not even mentioned in one of the indicators has certainly impacted group members positively. They have expressed repeatedly that group belonging gave them more self-confidence and gave them the feeling of not being alone, especially when encountering some production problems.
156. The trained weavers seem to have managed to survive better in the presently bad market situation. This fact needs to be analysed, but from observations in the field it appeared evident that the project positively impacted weavers, helping them to survive better even difficult market situations.
157. Due to the nature of the value chain the impact of project interventions will not be seen very fast. The major part of weavers is in contractual relationships with traders, they are not free to adjust their production to market requirements. Unless traders are forced to adjust to the market needs, weavers will not become active. Therefore, innovations linked to process improvement are easily spread to even contractually fixed weavers, but when it comes to product changes (colours, designs, etc.), innovations are slow.

2.2.3 Sustainability

158. Every value chain approach has the big advantage that project interventions are directed towards improvement of a functioning chain, and not setting up conditions for a chain to function. The silk value chain in Cambodia is a sustainable chain providing income to more than 20,000 people. The chain has many bottlenecks and many areas which can or should be improved. Nevertheless it can be said the survival of the silk value chain is not dependent on the project intervention, at least not on the short or medium term.
159. The project provided a contribution towards improving the functionality of the chain, but it did not make it sustainable. The question is if the improvements which were implemented due to project interventions can be considered as sustainable? Will these benefits continue beyond the lifespan of the project?
160. The achievements of the project are likely to be sustainable, if the beneficiaries feel ownership for the achieved results, the prevailing governmental policies are conducive for continuation, the results are affordable, and the innovations are appropriate from the technical point of view.

161. The beneficiaries did without exceptions appreciate the services provided by the project. Changes in the weaving process, such as semiautomatic weaving, improved dying, warp preparations, establishment of purchasing units, etc. were all highly appreciated. Weavers certainly felt ownership for these innovations; they were using them, and were convincingly expressing their satisfaction with these innovations.
162. The prevailing Government policies are more or less neutral. Government is strongly, primarily verbally, supporting the silk sector; on the micro level of the chain no substantial Government support can be seen. However, there are also no negative interventions, which is almost enough to safeguard sustainability of changes.
163. The innovations suggested by the project are in most cases affordable, although the purchasing power of rural women is very limited, but the innovations either open new markets or improve the weaving process, which both affects the income of weavers positively. From technical point of view the innovations are actually only new for the area, they have been praxis tested over longer period of time in other areas. They are simple, easy to understand and immediately applicable. The technical innovations on the level of weavers are likely be used even after termination of the project.
164. When it comes to newly introduced designs, the situation is a bit more complicated. Weavers are not meant to be designers; they should only have the technical skill to adjust their looms o the design requirements. Some of the trained weavers have acquired these skills; others are still in the process of being trained. The actual design changes will have to be inspired by the market and there needs to be an entity which transforms those designs into marketable products. This process is now supported by the project, and it remains to be seen if this capacity of adjusting designs to changing market tastes can be sustained beyond project lifespan.

3. LESSONS LEARNED & GOOD PRACTICES

165. The project phase under consideration by this evaluation assignment was relatively short in order to work out numerous lessons learned or good practices. Consequently here only few lessons or good practices are provided.

3.1. Lessons Learned

166. Understanding of the functionality of the value chain is the precondition for designing successful project interventions. Sustainable value chains, such as the silk value chain in Cambodia, require substantial and focussed inputs to achieve transformational changes. If projects target specific bottlenecks, their contributions will remain specific to the task and often even to the region. In chains where the level of dependencies are high (contract production), replication of project successes is not necessary to happen. In order to achieve

significant positive changes a proactive approach focussing on transformational changes is required. Such an approach or sector strategy needs to be worked out by all the relevant stakeholders of the chain, they need to feel ownership for such a strategy, and each one needs to understand its individual role towards achievement of the overall aim.

167. If such a joined approach is not in place, project intervention will remain positive examples, possibly not being replicated and not necessarily leading to significant improvements of the entire chain.

3.2. Good Practices

168. The main good practice was the implementation of market driven training. Weavers would not have been inclined to change their production for the unknown export markets. The project not only acquired those new markets, but also trained the most qualified weavers specifically for the production of the newly required products; it further controlled the quality of production, and finally provided the inputs and bought the produce. From weavers perspective the risks were very low, and the perspective of additional gains was high. Poorer players of the value chain are extremely risk averse, if they are to implement changes, they need to be provided with a business environment which makes those changes possible.
169. The further good practice is the combination of three levels, micro, meso and macro within one project. Thus, constantly the perspective was on the entire chain and not just on some specific bottlenecks.

3.3. Constraints

170. **Role of the Government** The involvement of the Government in the silk value chain is at present more of a symbolic nature. The Government is very helpful to whoever is actively involved in the sector, but it does not put own resources into it. If the silk value chain is to be established as one of the engines of development in Cambodia the Government will have to play not just a bigger role, but the main role in forming and supporting the sector.
171. **Sector with chronic problems** Projects can only provide selective interventions, which are valuable, but considering the extent of chronic problems of the silk sector a much bigger input of a longer duration is necessary. As not much can be done towards solving all chronic problems of the sector, at least it should be kept in mind that project's contribution is limited and can only be of a limited nature.
172. **Quality of data** All the collected data is objectively difficult to verify. The quality of official data is improving, but still on an unknown level of credibility. Data on perception of project activities can be utilized for interpretations, but it is more for qualitative purposes. Real figures on imports of raw materials, export of silk products, increase of incomes, increase of sales, etc. were difficult to get and even more difficult to believe in their validity.

173. **The value chain is not streamlined** The silk value chain has many sub-value chains, where the owner of this part of the chain exercises complete control (contract production). Market forces or competition does not play a significant role in those sub-chains.
174. **Sericulture is weak** It is better to say that sericulture in Cambodia is close to non existent. From a variety of reasons strengthening of sericulture might be important for establishment of a golden silk value chain.

4. RECOMMENDATIONS

175. **Silk Sector Development Strategy** If the silk sector is to survive against international competition, a clear strategy needs to be developed or the existent updated. In order to gain market shares and position Cambodian products on international markets, a proactive approach is required. Unless one knows what needs to be achieved, one cannot solve problems in a targeted way. The existent sector development strategy needs not only be updated but it needs to become the guiding document for sector's development, there needs to be ownership by e.g. Silk Board and all its members for such a document.
176. **Public Private Partnerships** If the silk sector is expected to grow fast in the near future, heavy investment will be required. Government is not likely to play a significant role as an investor, FDI and local investors need to be attracted to the sector. PPPs are an effective tool to leverage public or project funds. There needs to be a strategy for attracting investors in the sector, and there needs to be clarity which benefits an investor can expect from the public contribution.
177. **Importance of domestic market** The importance of domestic market is underestimated in Cambodia. Domestic market is not only easier to access, it is much bigger in size, and it is much more appropriate for the existent skills of weavers. Any future interventions in the silk value chain need to give domestic silk market high significance, not forgetting that export market is driving the changes, such as quality improvements, new designs, improvement of efficiency, etc
178. **Traders are main players** Traders are certainly the drivers of the present silk value chain. They are mostly not inclined to cooperate closely with projects, additionally they are seldom being considered as partners for project interventions. If significant changes of the silk value chain are to be achieved, traders need to be involved strongly in project activities.
179. **Stronger cooperation with other exporters** - The project established direct linkages between exceptional weavers and export markets. This was primarily done through establishing organisational capacity of handling exports within KSV. The methodology has been well praxis tested, but it needs to be utilized far beyond the KSV export linkages. Various exporters having contract production need to be enrolled in future project

interventions. This is already foreseen in the remaining project life span. Stronger cooperation with other exporters needs to be given utmost importance.

180. **Campaign for silk promotion** The part of the silk value chain where Cambodia is active is the downstream part, i.e. here advertising and promotional campaigns should be the main focus. The domestic market is declining and traditional habits of silk wearing are disappearing; one needs to develop a promotional campaign supporting traditional silk wear. Such a campaign should involve celebrities, and specifically targeting the younger population. The campaign needs to be part of the silk sector development strategy.
181. **Brochure on silk product suppliers** Similar to existent guides on restaurants, tour guides, etc. an advertisement brochure should be developed for tourists. The brochure should be financed through advertisement of the companies listed in the brochure. It is possible that such information might increase sales in the upmarket segment.
182. **Tourism to weaving communities** Communities of weavers can be marketed as to tourists as a secondary tourism product. It can be anticipated that there is a certain market for village visits in general, and for visits of the silk value chain in particular. Artisans d'Angkor is already successfully marketing silk processing to tourists, handicraft sector in a real village setting is far more attractive than the processing plant in Seam Reap.

4.1. Issues resolved during the evaluation

183. n/a

4.2. Actions/decisions recommended

184. The project has duration of less than a year, mostly the last three months are utilized for consolidation and project closure. Considering the fact that from writing these recommended actions up to the point when they are ready for implementation few months could also pass, there can only be one conclusion: any significant changes should be avoided within the remaining few months of Phase II. The project is in a state of performance where it was assessed as functioning as per plan, changes are not really required, nevertheless the following adjustments could be beneficial:
185. **Change of overall objective** – the overall aim of the project is defined in a very ambitious manner, as creation of a competitive and well-organized silk sector that can generate income and employment to reduce poverty for all stakeholders along the supply chain, while addressing the needs and constraints of the Cambodian silk sector. The project cannot fulfil this aim it can only contribute to it, therefore rephrasing of the project aim might be useful to be considered.

186. **Change of indicators** - output 6 is defined as linked towards internal project coordination. In reality PCU has been constantly dealing with general silk value chain issues. In order to be able to utilize the achievements of general coordination of the silk value chain, one needs to include specific indicators and targets for these outputs. Although achievements in this field are there, they cannot be attributed as benefiting to the total project aim.
187. **Change of the internal perception of the project** – Similarly to the above paragraph, the perception of the project needs to change from a more technical orientation towards improvements on weavers' level (micro level of the chain), towards a more complex approach targeting all three levels of the chain: micro, meso and macro. This will significantly influence the way achievements will be assessed at the end of the project.
188. **Functioning Silk Board** There needs to be one central institution which organises and supervises all promotional activities in the silk value chain. The magnitude of challenges to make the silk value chain a smoothly functioning chain flexibly reacting to market changes is too big to be approached in a random manner. The Silk Board needs to be established by all parties involved in the sector, thus ensuring their ownership in such a coordinating body. In order to avoid friction of various Governmental bodies Silk Board should be governed by a high authority, such as e.g. Council of Ministers. Establishment of functioning Silk Board can be the most valuable contribution of the project to the silk sector. The project should work out a road map for establishment of a Silk Board within the project life span.
189. Recommendations which were derived from the present implementation experience but require longer implementation periods, i.e. which should not be considered for implementation in the remaining months of the project, can be found in the above report part 4 "Recommendations".

5. CONCLUSIONS

190. The assessment of the performance of the project comes to a conclusion that the project is in line with the existent plans. Within the remaining period of one year all the anticipated results are likely to be fulfilled. Following conclusions can be derived applying the standard evaluation criteria to the performance of the project:
191. Stakeholders on all levels of the silk value chain perceive the project as **relevant** to their needs as well as for the development of the value chain. Based on the findings of this criterion it is recommended to adjust the overall objective of the project to a less ambitious aim.
192. Project interventions in the field in a handicraft value chain are expensive per definition; in order to assess their **efficiency** longer periods of assessment are required. On the macro level the interventions should lead to tangible results before the end of the project in order to

be graded as efficient. Establishment of a functioning Silk Board, which takes over the ownership of the updated silk sector strategy, and coordinates all support efforts within the chain would be a cornerstone for the development of the value chain and would be an invaluable contribution of the project.

193. Project interventions are carried out in an **effective** manner, innovations are being directly implemented. Interventions are designed along the entire downstream chain, providing secure markets for the master weavers. The number of master weavers is still small and some innovations increase the level of risk significantly, therefore the **impact** in this field is relatively limited. Technical innovations introduced by the project and taken up by some exporters or traders impacted the chain far beyond the number of contact weavers.
194. The silk value chain is operational and **sustainable**. The project did not transform the chain; it solely improved its functionality in selected fields of intervention. The innovations introduced by the project are likely to be sustainable as they are in their nature simple and very relevant to the bottlenecks they targeted.
195. Considering the short duration of the remaining project life span, as well as based on the performance which does not require significant changes, it is suggested to continue with implementation as per plan. Recommendations for adjustment within the remaining one year are primarily liked to amendments of the plans or monitoring framework to the already carried out additional activities in order to document better the achievements.
196. Should an extension of similar project intervention be considered, various suggestions for incorporation in the new plans of actions are worked out and presented as long-term recommendations.

6. EXIT STRATEGY

197. The silk value chain in Cambodia is a sustainable value chain, which is not dependent on subsidies or project interventions for its existence. Various projects contributed over the last two decades towards improvements of the chain, but with or without projects, the market forces were the main forming factors of its functionality. Similarly the NZ-MAFT contribution can be assessed as valuable, but not life saving from the value chain perspective. Any contribution if it is relevant for the solution of identified bottlenecks by stakeholders is highly appreciated, and catalytic in its nature towards improvement of the chain functionality. But if such supporting services are not existent, market forces will finally also make these changes happen, with certain delays and with heavier burden on the stakeholders, but they will ultimately happen.
198. In any sustainable value chain the issue of entry and exit strategy is simple; one can come at any time and go at any time. Consequently from value chain perspective the more NZ-MAFT

can contribute to its development of the silk value chain the better it is, but there is no existential harm in stopping the assistance at any time.

199. The exit strategy should be looked at more from NZ-MAFT perspective. When is the most opportune moment to hand over the project? NZAID and now NZ-MAFT were very instrumental in assisting the silk sector of Cambodia in recent past. Previously various interventions of different donors were operational at the same time, doing in not a very coordinated way mostly great interventions. The effects were partially good, but they were not always focussed on a common goal. As a consequence various controlled sub-chains of exporters were set up, which are functional for their own purpose, but they do not really change the probability of Cambodian silk to survive on international markets over time. The Cambodian silk value chain needs to position itself internationally and proactively pursue the development strategy for the silk sector. NZ-MAFT contributed significantly towards achieving this task, it would make much sense to lead this process up to its conclusion, in order to be the sole or at least the main driving force behind it. This, however, cannot be achieved within the remaining project life span; an extension of project activities would be advisable, at least to the point when Silk Board can effectively take over the responsibility of coordination of the silk sector strategy.
200. In short, there is no existential damage to be anticipated from value chain perspective for NZ-MFAT to wind down the intervention at any time. However, the formation of an operational Silk Board which takes over the responsibility to coordinate efforts and is able to attract funding towards implementation of an updated silk sector strategy would be a sound foundation for the future development of the silk value chain. NZ-MFAT could become the crucial player in causing a transformational change of the silk value chain by supporting the process up to its logical conclusion.

Annexes:

- Annex 1: Terms of Reference
- Annex 2: Persons met
- Annex 3: Questionnaires
- Annex 4: References
- Annex 5: Description of Sericulture in Cambodia

Annex 1: Terms of Reference

A. Background information

1. The International Trade Centre (ITC) is a joint agency of the United Nations and the World Trade Organization, focusing in particular on developing the export capabilities of small and medium-sized businesses in developing and transition economies. ITC is 100% "Aid for Trade", supporting trade that delivers inclusive and sustainable development results. The Office of Asia and Pacific (OAP), housed within the Division of Country Programmes (DCP), is responsible for the overall liaison and relationship management with programme countries in the Asian and Pacific region, including Cambodia. In addition to managing its own portfolio of projects, OAP is at the crossroads of effectively coordinating ITC projects and activities in the region to achieve synergies and impact.
2. The Royal Government of Cambodia (RGC) is actively seeking the rapid integration of the country into the regional and global economies. As part of its development and reconstruction strategy, RGC considers international trade and investment as important instruments for achieving its broad social and development objectives. Expanded trade and investment will create jobs, alleviate poverty and bring to Cambodia the skills and disciplines necessary to increase the earning power of its citizens.
3. In that perspective, a comprehensive silk sector strategy has been developed in 2005/2006 in a bottom-up approach involving all major stakeholders of the sector from sericulture producers, to weavers, designers and traders. The strategy development was facilitated by the International Trade Centre (ITC), in collaboration with the Mekong Private Sector Development Facility (MPDF) and the United Nations Development Programme (UNDP) with funds from the New Zealand Agency for International Development (NZAID).
4. The mission of the strategy is to "create a competitive and well-organized silk sector that can generate income and employment to reduce poverty for all stakeholders along the supply chain." while addressing the needs and constraints of the Cambodian silk sector. The implementation of the strategy is to empower the mainly female and rural producers and thus to improve the living conditions of silk yarn farmers' and weavers' families. The project's implementation seeks to contribute to the goal of reducing the proportion of people living in extreme poverty by half in the year 2015, as set out in the United Nations Millennium Declaration.
5. In 2007, ITC launched the multi-donor financed Sector-wide Silk Project that has marked the start of implementing the silk strategy. NZAID (New Zealand), SECO (Switzerland) and UNDP (through the Integrated Framework) funded this first project phase. This initiative was organized along three sub-sectors of the silk value chain including sericulture & yarn supply, weaving, as well as product & market development. To coordinate the project activities, a Project Coordination Unit (PCU) was established in Phnom Penh consisting of a Project Coordinator, two assistants and one administrative support person.
6. In 2010, additional funding was made available from New Zealand which enabled the project to enter its second phase of implementation. In addition to assisting silk weavers in upgrading their technical skills, the project puts continued emphasis on supporting local producers to develop new designs and market channels for silk handicrafts. Furthermore, the project seeks to play a catalytic role to bring about overall coordination of the silk sector. The total budget for Phase II

amounts to USD 814,793. The project runs over a period of two years and is expected to be completed on 31 March 2012.

7. The expected outcome of the project is to “enhance impact from weaving activities among 29 weaver communities” involved in the Phase I of the project, “and 10 new weaver communities, by upgrading of the weavers’ technical skills, ensuring reliable supply of raw materials, tools and equipment, and increasing exports”. The target is to help increase the income of weaver that benefit from the project by 40% by the end of the project.
8. A series of outputs and their indicators have been established for this initiative and can be consulted in detail by perusing the documentation annexed to these Terms of Reference.
9. An independent mid-term evaluation is foreseen as part of the implementation of the current project phase. The present Terms of Reference set the scope for this exercise.
10. The present Terms of Reference were shared on the occasion of the Project Steering Committee which took place on 28 February 2011. The proposed timeframe for the evaluation is April/May 2011.
11. As in all other independent evaluations to ITC-executed projects, the “UNEG Ethical Guidelines for Evaluation” apply. These guidelines are available at http://www.uneval.org/papersandpubs/documentdetail.jsp?doc_id=102.
12. No final evaluation is foreseen in addition to the assessment described in the present terms of reference

B. Purpose of the evaluation

13. All key parties to the project (RGC, NZAID, and ITC) will be the main users of the evaluation and the information generated by the evaluation will be oriented to their needs. The objectives are threefold:
14. The first purpose is to review and assess the objectives, results and impact of this development intervention in terms of relevance, efficiency, effectiveness and sustainability. As such, the evaluation will assess the expected outcomes of the project, their impact and the return on investment of the financial assistance provided by NZAID to Cambodia through ITC’s implementation.
15. The second purpose is to provide recommendations for implementing the current phase of the project. The evaluation will draw from the past experience to provide guidance to the parties concerning the scope of the project and implementation modalities by ITC. In particular, the evaluation will propose adjustments to be adopted during the remaining life of the project.
16. The third purpose is related to the way forward: the evaluation is expected to provide recommendations beyond the lifespan of the ongoing project. The evaluation will identify continuous challenges and bottlenecks in the silk sector and recommend ways and approaches for future technical cooperation activities to address these. The evaluation will also propose a suitable exit strategy to ITC’s support to the silk sector.

C. Evaluation scope

17. The scope of the evaluation covers both contributions from New Zealand to the Sector-wide Silk Project (Phase I and Phase II). The evaluation will use the Logical Framework / Monitoring Framework architecture as it is defined in the respective project documentation. The evaluation will provide all stakeholders with an assessment of the performance of the programme so far with regard to **relevance, efficiency, effectiveness, impact and sustainability**; and its potential for further replication and proposed exit strategy.
18. The evaluation is expected to be constructive and forward looking, with a view of contributing to better-informed decision-making for the benefit of both the final stages of the current project as well as for similar future programmes. In doing so, the evaluation will pay specific attention to identifying the key success factors within the project, with an overall view to the potential for further replication.
19. The evaluation will assess the project's **relevance** in addressing the problem areas that were prioritised in the project documentation, taking into account aspects such as the:
 - Validity of the project's design and objectives in relation with the trade development efforts of the RGC;
 - Pertinence of the project's approach as regards poverty reduction and economic empowerment of women;
 - Involvement of the different stakeholders in project design, implementation, logical framework adjustments and monitoring;
 - Relevance of the project vis-à-vis the changing project environment;
 - Co-ordination with other technical assistance projects, including the relevance of the project against the backdrop of similar activities being undertaken in Cambodia, and
 - Alignment of project goals with ITC's areas of core competence.
20. This exercise will assess **efficiency** of the project management in particular related to the implementation of Phase II by:
 - Reviewing the project's implementation structure (management structure, administrative and reporting arrangements);
 - Examining the projects return of investment by comparing the approach will alternate ways to accomplishing the same objectives;
 - Assessing the project's capacity to deal with the Cambodia's complexity as well as ability to adapt to unforeseen events;
 - Assessing the quality and timeliness of inputs provided by ITC and its partner organizations to achieve programme objectives in accordance with the project documentation;
 - Reviewing if the budgets have been used efficiently and effectively; and
 - Gauging the quality and timeliness of monitoring and backstopping of the project by all parties and the *modus operandi* between the project office, partner agencies (such Khmer Silk Villages which undertook a number of project activities) and the ITC.
21. The evaluation will assess the project's **effectiveness and impact** by elucidating the following issues:
 - Progress of the project in achieving its stated objectives and likelihood of achieving the goals and objectives within the foreseen project timeframe;
 - Usefulness of the project's results and outcomes and their contribution in terms of socio-economic development;
 - Other, unforeseen effects, both negative and positive, of the project's implementation on humans, communities and institutions.
22. In addition, the evaluation will appraise expected project results and **sustainability** by:
 - Identifying key results and assessing possible long-term impact on socio-economic conditions

of the beneficiary groups. Questions to be asked include whether: (i) silk producers are being better positioned and equipped to export to international markets or sell to overseas visitors; (ii) training and assistance in product development and purchasing resulted in an increase in capacity within the silk sector and within the villages assisted in particular; (iii) poverty reduction and gender effects are likely to be achieved among project beneficiary weaving groups; (iv) the project has made any other achievements. (Note: a detailed household survey will be carried out at the end of the current project phase in order to compare living conditions of the people from the weaving villages assisted);

- Reviewing and evaluating the progress of the project as a whole (results and outcomes) against the initial targets set out in project documentation;
 - Making reference to any changes to the originally planned activities of the programme and the reasons; and
 - Discussing any other important factors that may affect performance, success and sustainability.
23. Finally, the evaluation will propose a “way forward” as well as an exit strategy for ITC’s technical assistance to the silk sector in Cambodia.
24. In particular, the evaluation report will be structured on the basis of findings, conclusions, recommendations and lessons learned.

D. Evaluation methods

25. The evaluation will be carried out on the basis of desk research of project-related documents, interviews with stakeholders (NZAID, implementing agencies, beneficiaries and local partners), as well as through a field visit to Cambodia.
26. Stakeholder consultation is fundamental to this evaluation. The participation and involvement of stakeholders is an integral component of evaluation design and planning; information collection; the development of findings and evaluation reporting. This is a participatory evaluation providing for meaningful involvement by project partners - counterparts, beneficiaries (e.g. silk weavers and entrepreneurs, associations, exporters) and other interested parties.
27. The evaluation will be conducted by an international evaluator who determines the evaluation methods and is responsible for the drafting and transmission of the final report, and its presentation according to the present terms of reference.
28. The international evaluator should possess the following key qualifications:
- Prior evaluation experience in trade-related technical assistance projects, including in-depth knowledge of evaluation principles, methodologies and tools, along with proven capacity to manage evaluation teams;
 - Knowledge of southeast Asia, and of Cambodia in particular;
 - If possible, exposure to the silk sector, as well as to poverty reduction issues; and
 - Full proficiency in English, including the ability to write concise analytical reports;
29. The evaluator shall have no past connection with the object of the evaluation so that conflicts of interest are avoided and the credibility of the evaluation process and product is not undermined.

E. Planning and implementation arrangements

30. The ITC Evaluation and Monitoring Unit (EMU) reports directly to the Executive Director of the ITC. EMU is responsible for the overall management of the substantive aspects of the present evaluation. In managing the evaluation, the EMU respects the obligations of evaluators as

specified in the UNEG Ethical Guidelines for Evaluation: independence, impartiality, credibility, conflicts of interests, honesty and integrity, and accountability. In particular, the EMU (i) supervises the substantial aspect of the work of the evaluation; and (ii) oversees the evaluation process, including the approval of the final report, the supervision of the production and follow up of the management response and the dissemination of the evaluation results.

F. Timeframe for the evaluation process

31. The evaluation should take place over a period of five weeks and is expected to start in early April 2011. The following time schedule is suggested:

Week 1:	Desk research, briefing, work-planning, finalization of logistical arrangements, and travel.
Weeks 2-3:	Evaluation mission to Cambodia, consultations and fact-finding.
Week 4:	Preliminary debriefing and end of fact-finding
Weeks 5-6:	Finalization of evaluation report.

G. Resource requirements and logistical support

32. As budgeted in project documentation, the project key resources required are: (i) fees for an international consultant for twenty-five days, estimated at approximately USD 14,000; (ii) travel costs for the international evaluator (budgeted at 7,000); and staff time and travel by project management to facilitate the evaluation exercise; as well as to prepare a management response.
33. Project management officer at ITC headquarters in Geneva as well as the Project Coordination Unit bases in Phnom Penh will undertake all the necessary support in order to ensure the success of the evaluation exercise.

H. Expected deliverables of the evaluation

34. The International Evaluator will provide EMU with a Draft Report that should not exceed 32 pages. This document will be structured according to the ITC Standard Format and Guidelines for Project Evaluation Reports.
35. EMU will assess the report's conformity with the present terms of reference and propose adjustments.
36. ITC's Office for Asia and the Pacific (OAP) will then prepare a report identifying the eventual factual errors and omissions in the Draft Report.
37. EMU will transfer OAP's report to the International Evaluator to be taken into account for the finalization of the Evaluation Report. OAP might also choose to prepare a "management response" to the evaluation.
38. The International Evaluator will present his/her findings and recommendations to RGC, NZAID and ITC. In order to save travel costs, some of these presentations may take place over internet-enabled video conferencing.

39. EMU is responsible for the approval of the final evaluation report and for its distribution to NZAID, RGC and other stakeholders.

Annex 2: Persons met

Project Staff:

Naiseng Lang	Export Process Consultant	ITC
Pheanuroth Sisowath	Seniour Technical Adviser	ITC
Sirkly Vong	Administrative Assistant	ITC
Romchalee Ngamwitroj	Senior Dev. Programme Coordinator	NZ MFAT
Mrs. Onie Luna	Trainer	Consultant

Macro Level:

Mao Thora	Secretary of State	Ministry of Commerce
Pan Sorasak	Secretary of State	Ministry of Commerce
So Khan Rithykun	Director General	General Dir. of Agriculture

Meso Level:

Ke Munny	Deputy Secretary General	Khmer Silk Villages
Ho Chomnab	Market & Community Development	Khmer Silk Villages
San Daravong	Training Officer	Khmer Silk Villages
Kong Sam Oeun	Deputy Director	Ind. Crops Department
Sao Chesda	Deputy Director	Hort. Crop Department
Udo Gaertner	Economic Adviser	Min. of Women's Affairs
Sinoeun Men	Executive Director	AAC
??	Administrator	National Silk Centre

Micro Level:

Weavers	12 people, focus group discussion	Kraing Krochang, Takeo
Weavers	production site visit, individual interviews with 10 people (2 men)	Khnarong, Takeo
Weavers	production site visit, individual interviews with 13 people	Kraing Chamroeun
Weavers	Visit warping service centre, 4 participants	Taing Ngiet, Takeo
Weavers	Group discussion, 12 people	Mreas
Trader	individual interview, Wholesale and retail centre	Takeo
Trader	individual interview, contract production, commodity credit provider	Takeo

Weavers	Group discussion, 5 people	Prek Chrey Lech, Prey Veng
Weavers	Group discussion, 12 people(1 man)	Prek Chrey Krom, Prey Veng
Weavers	Group discussion, 12 people	Levea, Koh Sotin, Kompong Cham Province
Traders	individual interviews with 3 different traders on the local market	Kompong Cham Province
Trader	individual interview, supplier of Thai Dye	Main Market, Phnom Penh
Weavers	individual interviews with four weavers	Koh Okgnatey, Kandal Province
Wholesaler	Silk importer & Exporter, Thai Dyes	O'Russey Market
Chin Chhunleng	Wholesales DyStar Company	Company Office in PP
A. Delaval	Director, Samatoa	Silk clothing
Sericulture Farmers	Individual discussions with three farmers	Phnom Srok
Han Jung-min	Administrator	Artisans d'Angkor
Seung Kimyonn	Director	GoEI Community
	Executive Director	CCC

Annex 3: Questionnaires

The following four standardised questionnaires were worked out for different stakeholders. These questionnaires are based on the logframe of the project (immediate objectives and outputs) as well as on the evaluation criteria:

Questionnaire 1: Weavers

Questionnaire 2: Traders

Questionnaire 3: Project Staff

Questionnaire 4: Partners

Questionnaire 5: Stakeholders at macro level

ITC project staff in cooperation with KSV staff suggested a schedule for meetings with various stakeholders of the project. The list of these interviewees was revised during the field visit in Cambodia, as the availability of various partners was changing.

The main aim of the information gathering through the suggested questionnaires was to receive information on how the service provision by the project was perceived by the beneficiaries. The actual figures on achievement levels were received from ITC project staff independently.

The questionnaires provided a guideline for the interview process; it was mostly not possible to keep the formalized interview format. In such cases, free discussions took place. In case of weavers almost all interviews were focus group discussions.

Questionnaire 1: Weavers

1. What exactly was your involvement in the project?
2. Which activity?
3. How long was your cooperation with the Project? When did it start?
4. How did you benefit from project activities?
5. Explain the changes which you are now regularly implementing as a consequence of project intervention?
6. Were some of these innovations copied by non group members?
7. What was your personal main benefit?
8. What did not work so well?
9. How did your involvement in the project change your situation?
 - Financially
 - Psychological support (provided hope)
 - Provided change of mind
 - Created group belongingness
 - In own words
10. Are you financially now better off? Did the project intervention lead to higher profits?
11. Which part of your family income does the weaving activity contribute?
12. What did you utilize the earned money for?
13. How was the development of the weaving business in the last years?
14. What is your main problem at the moment? (related to weaving)
15. Should the programme, trainings, etc be repeated or continued?
16. Your overall impression (valuation) of the cooperation with the project

Suggestions for Improvement

- What should have been done differently in the cooperation between you and the Project?
- What would be your advice for future?

Additionally, various further questions were asked, such as on the technicalities of introduced changes, group formalities, saving clubs, relationship to traders, quality issues of inputs, etc.

Questionnaire 2: Traders

1. What exactly was your involvement in the project?
2. Which activity?
3. How long was your cooperation with the Project? When did it start? Or from when onwards are you in contact with the project?
4. Please explain your business? (many questions were asked on this topic to understand the business better: such as prices, procedures, margins, amounts traded, market demand trends, etc.)
5. How did you benefit from project activities? It at all?
6. What was your personal main benefit? What did you appreciate as a result of project intervention?
7. What were the changes in your business, which you would attribute to project interventions?
8. Did anything go wrong? Were you unhappy about any project activity?
9. What are the latest trends in the business?
10. Your overall impression (valuation) of the cooperation with the project?

Suggestions for Improvement

- What should have been done differently in the cooperation with the Project?
- What would be your advice for future?

Questionnaire 3: Project Staff

Interviewees: Staff of ITC involved in implementation of the project

1. What exactly was your involvement in the project?
2. Which activity? Which region?
3. Request for general information on all the implemented project activities (reports)
4. Were you prepared for this type of work? Any training? Or was it similar to previous assignments?
5. Who were the partners for the different interventions which were implemented? How were they selected?
6. Did anything go wrong? What can be improved?
7. Your overall impression (valuation) of the project

Suggestions for Improvement

- What should have been done differently?
- What would be your advice for future?

Questionnaire 4: Partners

Interviewees: All intermediaries involved in implementation of this project, such as staff members of KSV, from Phase I – CCC and AAC

1. What exactly was your involvement in the project?
2. Which activity?
3. How long was your cooperation with the Project? When did it start?
4. Please explain how your organisation functions? (many questions were asked on this topic to understand the operations of the organisation: such as members, organisational structures, strategy, purpose of existence, finances, future plans, etc.)
5. How did your organisation benefit from project activities?
6. What did you appreciate most as a result of project intervention?
7. What were the changes in your organisation, which you would attribute to project interventions?
8. Did anything go wrong? What can be improved?
9. Your overall impression (valuation) of the project:

Suggestions for Improvement

- What should have been done differently?
- What would be your advice for future?

Questionnaire 5: Stakeholders at the Macro Level

Interviewees: Representative of macro level institutions such as Ministries, which cooperated with the project or resource people on this level.

1. What exactly was your involvement in the project?
2. How was the work of the project monitored or supervised by your ministry? What was your involvement in it?
3. How important was this project for the silk sector on Cambodia?
4. What were the main benefits of the project?
5. How was the cooperation in the Steering Committee?
6. How do you see the role of the Silk Board?
7. What is the official strategy of the Government for the silk sector?
8. Can your ministry take up similar programme in future, if this one is judged as successful?
9. How do you plan to finance such or similar programmes in future?
10. Did anything go wrong? What can be improved?
11. Your overall impression (valuation) of the project?

Suggestions for Improvement

- What should have been done differently?
- What would be your advice or desire for future cooperation?

Annex 4: References

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- Annual work plan 2010 and indicative work plan 2011-2012
- Funding Agreement between the NZAID and ITC
- Mid-Term Report, Phase II, Cambodian Sector-wide Silk Project
- Minutes of the Steering Committee Meetings
- TORs of all project staff and international consultants
- Terminal Project Report, Phase I, Cambodian Sector-wide Silk Project
- Terminal Project Report, Product and Market Development, SECO Component of Phase I
- MOU ITC & KSV

Annex 5: Description of Sericulture in Cambodia

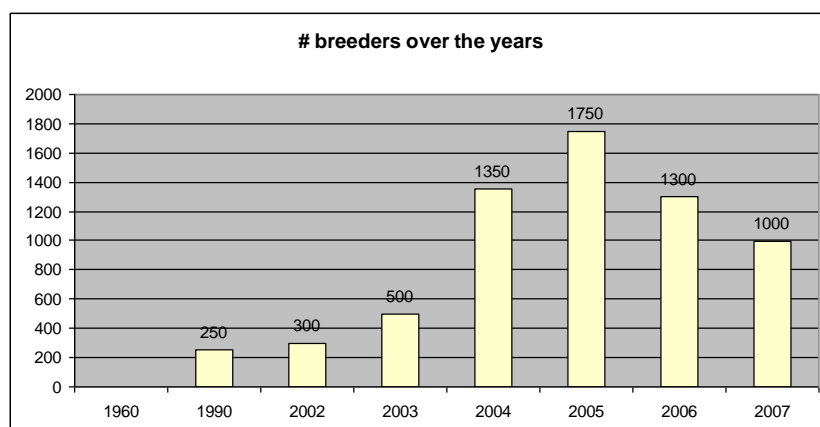
The primary production part of the silk value chain has not been given a strong attention in the past; most efforts concentrated on weaving and further downstream activities. However, it has been raised repeatedly by many professionals that production of silk yarn in Cambodia will be the decisive factor for the survival of the entire chain. Further, New Zealand Government has recently developed the “Agricultural Diplomacy” strategy, which might require a closer look at the agricultural part of the chain as a possible sector for future interventions.

Agence Française de Développement (*AFD*) has implemented the PASS project which had a focus on sericulture. The below interpretation is based on information provided by PASS project. Charts 2 & 3 show an increase of the number of breeders as well as increase of silk yarn production as a consequence of various project interventions, specifically of the PASS projects. However, upon completion of the project the figures were again steadily decreasing. The number of sericulture growers is estimated by KSV to be again at the level of 300 farmers in entire Cambodia, this is the level before PASS intervention.

What is the rationale behind this development? Why cannot the achieved significant positive results be kept or even be further developed over time? How can the number of farmers cultivating a seemingly profitable crop be interested and start declining as soon as the safety net of the project disappears? Below an attempt is given to provide a possible explanation to these questions. However, the explanations are from a general perspective, in individual cases the reasons for these trends might be different.

The development of silk yarn production was similar to the development of the numbers of farmers, during the PASS project it increased from 2000 to 7000 kgs and declined within two years after the project terminated to just half of the peak production.

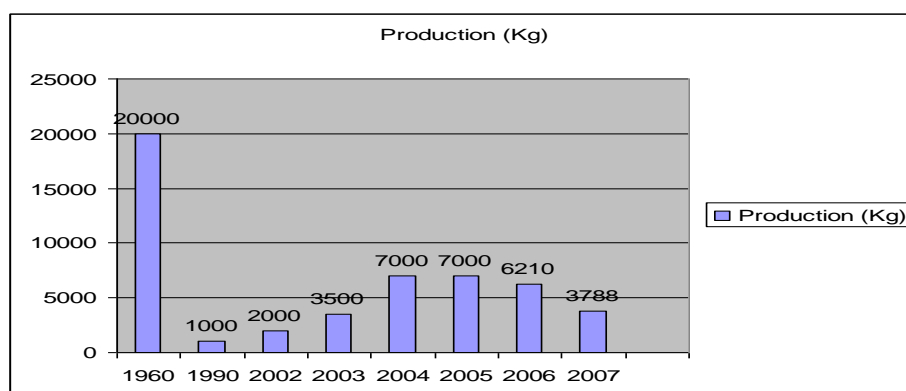
CHART 2: NUMBER OF SERICULTURE FARMERS



Source: Budd Gibbons, Jose Vahl, July 2008, Cambodian Sericulture Stocktaking Report

If the figures are cross evaluated, then interesting fact appears, such as the double number of farmers in 2007 as compared to 2003 produced almost the same amount of silk yarn, which could be an indication that project intervention did not improve the effectiveness of production or that the majority of farmers had a very small trial field for this new cash crop. However, it could also be just due to the level of reliability of the data.

CHART 3: PRODUCTION OF SILK YARN IN CAMBODIA



Source: Budd Gibbons, Jose Vahl, July 2008, Cambodian Sericulture Stocktaking Report

Cambodian agriculture is still in the state of transformation from subsistence agriculture to a more market oriented type of production. In subsistence agriculture farmers' main motivation is not profit maximization, but security orientation. First of all, one needs to secure the livelihood of one's family, then only more risky and possibly more profitable crops or even non-farm activities are considered. Again and again in literature comparisons are brought of profitability levels of various cash crops with traditional subsistence oriented crops; cash crops being significantly more profitable, sometimes several times more profitable, still farmers are not inclined to change the production. Although it seems not logical from economic perspective, there is certainly a strong logical rationale from farmers' perspective to do so.

Subsistence farmers possess just enough land to provide for the food security of the family; often they do not even have enough for that. The crops they cultivate are mostly their staple food crops, like rice, cassava, etc. They grow what they normally eat, and not what they can sell best. Should the harvest be above expectations, surplus is sold, but that mostly does not necessarily mean that they became more market oriented in their production. If farmers have

more land than they need for provision of food security, they tend to venture easily to cash crops on the portions of land which are not required for food security production.

Project interventions in such situations often provide a certain security network; farmers are more inclined to venture into advertised new crops, believing that project will be supportive if their subsistence is in question due to bad harvest, pests, etc. Further, projects promoting certain cash crops often do provide incentives for the change of the cropping pattern, which as a consequence often reduces the pressure to cultivate exclusively traditional crops. The subsistence can be achieved on a lower level of production of traditional crops, releasing more resources for the newly introduced cash crop. E.g. PASS project provided a guarantee for a minimum price, which was a clear “security intervention”.

The incentives are especially sizeable if the new crop is a perennial one, leading to first harvest only after one year or more. Bridging the long harvest free time requires an intervention by the project to make the change of cropping pattern at all possible.

Applied to sericulture in Cambodia it can be anticipated that the mere existence of the project, with their extension workers visiting them on regular basis and the incentives offered to farmers made the change into sericulture an attractive option. They felt to be able to sustain their livelihood on a lower level of production of traditional food crops, releasing resources to the more profitable sericulture. As soon as the intervention stopped the perceived safety level automatically reduced. As a consequence farmers were again increasingly inclined to set up their own safety nets by producing more of traditional crops. If anything goes wrong, at least one can eat them, e.g. cassava, or whatever else has been cultivated. Sericulture requires the diversion through the market, one needs to sell the produce first to be able to buy food crops. This brings a new level of dependency on traders and on the market trends, which certainly could be more profitable but it is also more risky. But minimization of risk is the main motivation of security minded subsistence farmers.

This is of course a too simplified explanation, as at the same time diseases, alternative work opportunities, possibly declining prices of cash crops, etc. can influence the rationale of cropping pattern change significantly. Further, in subsistence agriculture there is mostly an official programme being implemented at the same time to improve the economics of the traditional crops, which again can have a significant influence on the decision towards traditional crops.

The change from subsistence agriculture to commercial agriculture is not just a change of the cropping pattern, it is a transformational change of the way farmers understand their farming activities. It is not the profitability of individual crops which are decisive, but the total picture of security on family level which guides the decision processes. In e.g. Europe such

transformational changes took place over decades, and they were often accompanied by significant structural changes of the farming system. The size of farms often grew, releasing large numbers of farmers for occupations in nearby industries, or simply resulted in labour migration.

If a cash crop such as sericulture is to be introduced, one needs to have a significantly longer intervention perspective than all the past projects could provide. Additionally, there needs to be a security network during the entire transformation process up to the point, where the transformation becomes sustainable. According to the theory of the diffusion of innovations it seems the PASS project did not go beyond early adopters' stage. On such a stage the successes are significant, but if the required critical mass to sustain the change is not accumulated the process is easily reversed again. PASS, in combination with various other projects, did achieve very commendable results, increasing significantly the numbers of sericulture growers as well as the total production of silk yarn, but the intervention simply needed to be of a much longer duration.

Ideally such transformations should be carried out in an environment where there is a clear long-term government strategy available, supporting the transformation and additionally there is an effective support package in existence to ease the decision process of farmers. Projects can play a crucial role in this process, but they can only be supporters and not the driving forces behind such a transformation. The resources and the available intervention timeframe on project level is simply too short to lead to sustainable significant changes. There needs to be an official governmental strategy to which various projects provide their contribution, but are not the drivers of the process.

The PASS intervention proved that sericulture is considered by farmers as a real alternative to the subsistence agriculture. Based on this experience a long-term strategy of at least 10 years and strong involvement of the Government or private investors needs to be developed. Project interventions without having such overarching strategy and support are likely to remain impressive "bush fires".

Annex 6: Prakas for Silk Steering Committee

<p>MoC LOGO</p> <p>Ministry of Commerce No. 136 MOC/SM 2009</p>	<p>Kingdom of Cambodia Nation – Religion – King</p>
<p>—</p>	
<p>PRAKAS On</p>	
<p>Creation of Steering Committee for promotion of Cambodian Silk Sector Cabinet Minister and Minister of Ministry of Commerce</p>	
<ul style="list-style-type: none"> - Has seen Cambodian constitution - Has seen Royal Decree No. NS/RKT/0908/1055 issued on 25 September 2008 on appointment of Royal Government of Cambodia - Has seen Royal Proclamation No. 02/NS/94 issued on 20 July 1994 on arrangement and operation of Cabinet minister - Has seen Royal Proclamation No. NS/RKM/0196 issued on 20 January 1996 on creation of Ministry of Commerce - Has seen Sub Decree No. 91 HNKR.BK issued on 01 August 2007 on arrangement and operation of Ministry of Commerce - Depend on agreement between Royal Government of Cambodia and International Trade Center issued on 20 February 2007 on Cambodian Sector-wide Silk project - Depend on demand of Ministry of Commerce 	
<p>Decided</p>	
<p>Article 1: Creation of a committee “Steering Committee for promotion of Cambodian Silk Sector”, The Committee is under delegation of Ministry of Commerce which consists of:</p>	
<ol style="list-style-type: none"> 1. His Excellency Pan Sorasak, Secretary of state of Ministry of Commerce – Chairperson 2. His Excellency Mao Thora, Secretary of state of Ministry of Commerce – Deputy 3. Her Excellency Nhem Morakot, deputy secretary of state of Ministry of Women Affair – Deputy 4. His Excellency Lor Reaksmeay, secretary general of Ministry of Agriculture Forestry and Fisheries – Member 5. Mr. Toeung Siny, deputy director general of Ministry of Industry Mine and Energy – Member 6. Mr. Hout Sarem, director general of Ministry of Rural Development – Member 7. Mr. Tep Oeun, deputy director general of Ministry of Labor and Vocational Training – Member 8. Mr. Soeun Sotha, director of Trade Promotion Department of Ministry of Commerce – Member 9. Mr. Ouch Kimyonn, director of International Cooperation Department of Ministry of Commerce - Member 10. Mr. Chhim Sothy, deputy director of Art and Craft Department – Member 11. Mr. Srey Saroeun, deputy director of Development of Tourism and Culture Department – Member 12. Mr. Ke Munny, representatives of Khmer Silk Village (KSV) – Member 	
<p>Remark: Unofficial Translation By: Seiha</p>	

13. Mr. Soeung Kimyonn, representatives of Cambodian Craft Cooperation (CCC) – Member
14. Ms. José Vahl, representatives of Craft Network – Member
15. Mr. Men Sinoeun, representatives of Artisan Association of Cambodia (AAC) – Member
16. Prince SISOWATH Pheanuroth, Project Coordinator of PCU-ITC – Secretary

Article 2: This committee has duties as following:

- Identify strategy and all measures to support Cambodian silk sector
- Provide market information and find market for Cambodian silk products
- Promote competitive advantage for Cambodian silk
- Coordinate with Cambodian Sector-wide Project (PCU-ITC) and all stakeholders to implement the strategy to promote Cambodian silk sector effectively and successfully.
- Secure to have technical plan and annual budget for Cambodian Sector-wide Silk project
- Assist to facilitate for International Trade Center (ITC) and project coordinator in finding additional fund for the project
- Monitor and follow-up activities of Cambodian Sector-wide Silk project (PCU-ITC)
- Create guideline for follow-up sustainability of project implementation
- Assist conflict settlement and other difficulties by accidents
- Create Secretary office for the committee
- Report always to Ministry of Commerce and copy to all related ministries

Article 3: Secretary Office

- The committee has a secretary office led by a secretary
- Secretary office has activities in arrangement of all meeting and other facilitation
- Arrange annual work plan and actual implementation for budget management committee and other activities by Chairperson

Article 4: Operation of the Committee

- When the Chairperson is absence, deputy is automatically represented
- The committee should has meeting every 2 months or more depend on decision of the Chairperson
- In case the decision needs vote, the effective decision must have more than 50% approval vote of the present members
- In case of equal vote, the Chairperson vote is prioritized.

Article 5: The committee has right to use Seal of the Ministry on official letter

Article 6: Director of Cabinet Minister, Director General of Administration and Finance Department, Director General of International Cooperation Department, Director General of Internal Trade Department, and the Steering Committee as mentioned in Article 1 have to implement this PRAKAS as assigned from the signed date.

Phnom Penh, 24 May 2009
Cabinet Minister
Minister of Ministry of Commerce

[Seal & Signature]

Cham Prasith

Remark: Unofficial Translation
By: Seiha

Cc:

- Ministry of Industry Mine and Energy
- Ministry of Agriculture Forestry and Fisheries
- Ministry of Rural Development
- Ministry of Labor and Vocational Training
- Ministry of Tourism
- Ministry of Culture and Arts
- Ministry of Women Affairs
- As in mentioned in Article 1 and 6
- Royal
- Circulation

Remark: Unofficial Translation
By: Seiha