

**Fund Title\*** MPTF\_00209: UN COVID-19 MPTF  
**Anticipated Start Date\*** Unlocking Cambodian Women's Potential through Fiscal Space C  
**Duration (In months)\***  
**Anticipated End Date\***

**Brief Overview\***  
**Comments** To minimize the economic impact, RGC intends to expedite rolling requested technical assistance from the UN. The sector is disprc for women. This programmes seeks to modify the design of the p women entrepreneurs and employees. It also intends to favour ir

<b>Geographical Scope</b>	<b>Geographical Scope</b>	<b>Name of the Region</b>	<b>Region(s)</b>
	Country		Asia
<b>Participating Organizations and their Implementing Partners</b>	<b>Participating Organizations</b>	<b>NGOs</b>	<b>New Entities</b>
	IOM UNCDF UNDP		Other
<b>Contacts</b>	<b>Contact Type</b>	<b>Name</b>	<b>e-mail</b>
	Project Manager	Naeun Choi	naeun.choi@one.un.org
	Project Manager	Paul Martin	paul.martin@uncdf.org
	Focal Point		abdurazakova@un.org
<b>Universal Markers</b>	<b>Gender Equality Marker</b>	<b>Risk</b>	<b>OECD-DAC</b>
	GEM3 - GEWE is the principal objective of the Key Activity	Low Risk	Macroeconomic policy
		<b>Fund Windows</b>	
		Window 2: Reduce Social Impact and Promote Economic Response	
	<b>Fund Windows</b>		
	<b>Approach to COVID19 Response</b>	<b>HRBA integrated</b>	
		Yes	
		<b>Pillars</b>	

		Pillar 4: Macroeconomic response and multilateral collaboration
<b>Fund Specific Markers</b>	<b>Primary Socio- Economic Pillars</b>	<b>Type</b>
	<b>Concept Note Type</b>	Funding
	<b>Budget</b>	<b>Amount</b>
	<b>Budget Requested</b>	\$890,000
	<b>Other Sources</b>	\$50,000
<b>Estimated Budget</b>	<b>Total</b>	<b>\$940,000</b>

Creation (FOR FUNDING)

1-Nov-20

14

1-Jan-22

put a \$200m credit guarantee scheme to boost growth in the M/SME sector, and has proportionately made up of women entrepreneurs and is a major source of employment policy and operations of the credit guarantee scheme to maximize the benefits to investments that create more jobs, particularly for low skilled workers.

**Country(ies)**

Cambodia

**Implementing**

**Partners**

Ministry of Economy  
and Finance Bank of  
Cambodia

**Position**

Strategic Planning  
Specialist

**Additional e-mail**

**Telephone**

**Skype**

+231(0)770 004 262



**Title**

CN\_I. What is the specific need/problem the intervention seeks to address? Summarize the problem. Apply a gender lens to the analysis and description of the problem. Be explicit on who has established the need (plans, national authorities, civil society, UN own analysis, or citizens).

CN\_II. Results expected to be achieved and a clear explanation of tangible results or changes that will be achieved through this collaborative programme Describe the results expected to be achieved and how it contributes to the Covid-19 response and the SDGs. Describe programme approaches, methods, and theory of change, and explain why they are the appropriate response to the problem. Please highlight a) how the solution(s) is data driven (especially on population being targeted) b) if and how it employs any innovative approaches; c) if and how it applies a human rights-based approach and how is it based on the principle of “recover better together” d) if and how the theory of change reflects the Gender Equality Marker score selected in this solution

CN\_III. Catalytic impact and nexus  
Describe how the intervention is catalytic by mobilizing or augmenting other financial or non-financial resources including from IFIs, foundations, the private sector. Describe how the proposed intervention supports medium to long-term recovery for example by enabling other actors to engage, generates an enabling environment for longer-term development.

CN\_IV. Who will deliver this solution  
List what Recipient UN Organizations  
(no less than 2 per concept note) and  
partners will implement this project  
and describe their capacities to do so.  
Include expertise, staff deployed, as  
well as oversight mechanisms that  
determine the monitoring and  
evaluation (M&E) arrangements and  
responsibilities. Use hyperlinks to  
relevant sites and the current  
portfolios of RUNOs so the text is  
short and to the point.

P\_I. Immediate Socio-Economic  
Response to COVID19 and its impact

P\_V. Target population

The COVID-19 pandemic has inflicted severe damage on Cambodia's economy and society. The UN Socio-Economic Response indicates that Cambodia's GDP growth is estimated to have fallen from 7.2% per annum to -4.1%, the rate of poverty to have that of unemployment to have risen nearly 7-fold to 4.8%[1]. Domestic investment, which is one of the major development is estimated to decrease by USD 660.8 million in 2020, a 20% drop from a year earlier[2]. Notably, the UN's economic mode aggregate impact on GDP but the distributional aspects by confirming the disproportionate effect on women, poverty and a strong economic case for the RGC's investments in social protection.

The economic growth of Cambodia over the last decade has been driven mainly by a narrow economic base, including garment sectors, while the agricultural sector has performed poorly in recent years. The economy has been dependent on few export the US accounting for respectively 35% and 30% of the total exports, which led to almost no alternative economic sectors to

The negative impact of the COVID-19 will be exacerbated by the partial withdrawal of the EU's Everything But Arms (EBA) trade granted Cambodia free export quotas with zero tariffs. As of mid-August 2020, about 400 garment factories have fully or partially operations, affecting approximately 150,000 workers representing 16% of the total employment in the sector. Also, a total of factories reported significant impact, according to the Garment Manufacturers Association in Cambodia[3], which may affect workers.

Similarly, with the complete closure of the foreign tourism sector as travel has been heavily restricted, job losses in hotels, restaurants and the informal handicrafts sector have also been witnessed. The RGC is estimating that over US\$ 3 billion will be lost in the tourism of the pandemic extends to the end of the year. Additionally, it is reported that 3,000 plus tourism-based businesses have closed jobs[4]. These figures that can be coupled with a conservative estimate of 3.5 additional informal sector jobs that rely on the approximately 200,000 jobs have been lost.

While the economy is in recession, the financial and banking sector has faced a serious strain. Over the past several years before the banking sector's credit provision has grown at an unsustainably high rate of around 30% per annum, which is higher than than other countries and similar peer economies. Given the declining business and household income caused by the pandemic, the banking

Underpinned by the LNOB principle, the objective of the programme is to support the women owned M/SMEs, predominant sector, for their recovery from the COVID-19 and their turning into the driving force for accelerating Cambodia's recovery from the crisis and achieving sustainable development goals.

To do so, the programme will support the RGC and the central bank to introduce policy and innovative financial solutions in a new scheme, which has never existed in the country before COVID-19, to provide low-cost and reliable financing to M/SME businesses. The scheme will ensure maximising participation and benefits of women owned M/SMEs (SDG 5). Businesses that are more labour-intensive and employ skilled labour, including for economic migrants, will also be targeted to ensure the investments have the maximum effect in creating jobs and employment (SDG 10 and 8).

#### Programme Approaches and methods

The programme is comprised of 3 components:

Component 1: support the policy design and the operational roll-out of the credit guarantee facility, which targets the marginal phase of the RGC's support, particularly the women owned M/SMEs in informal sector.

Key activities potentially include:

Review the draft strategic framework for establishing the Credit Guarantee Corporation Cambodia, including consideration of the needs of women owned M/SMEs.

Assist to design a new regulatory framework.

Provide expert advice and comparative studies on how the investment into women owned M/SMEs and/or informal sector can have positive effects in Cambodia's economy, with a view to directing investment towards women entrepreneurs and facilitating the coverage in a financially sustainable manner.

Assist to prepare selection criteria that can prioritize the under-supported groups from the RGC's 1st phase of support, particularly women owned M/SMEs in informal sector.

The programme is financially catalytic in that its delivery will enable the unlocking of the \$200 million of the RGC's budget investments for which MEF requested the UN's support. The design of CGS models and pilot will provide the basis for the RGC to expand into next waves. There is also possibility of leveraging additional investments from participating banks and MFIs as private risks, if the programme can expand the scope by convincing the RGC with regard to inherent risks involved in the CGS and its

Building on the existing intervention and programmes in partnership with MEF on INFF, economic modeling and local currency, above, the UN will work closely with IFIs who also worked closely with and allocated seed funds to the RGC on the CGS. The UN will seek views and advice as part of the design of the relevant policies and operational plans and explore possibilities of leveraging additional resources. Particularly, UNCDF and ADB developed a similar credit guarantee scheme in Bangladesh with the Central Bank (see above text here: <https://www.dhakatribune.com/business/2018/11/15/experts-for-a-credit-guarantee-scheme-to-promote-smes>). Experience will inform the development of the new CGS in Cambodia in collaboration with IFIs.

To further increase funding for the programme concept, UNCDF is working with the South African Embassy based in Thailand from the India Brazil South Africa (IBSA) fund that is managed through UNOSSC. The proposal discussed with the Embassy has been submitted for application to the fund. These additional resources will help to (i) extend the credit guarantees in terms of reach and access to capital, (ii) raising and training for women economic migrants and be used to extend the programme cycle into 2022.

Equally importantly, the programme will address one of the root causes of the Cambodia's socio-economic recovery and will focus on key sectors, such as health care services and social protection. As discussed in the Section I. Specific Needs and Problems, the programme will focus on two of the three most underfunded pillars of the UN SERF (Pillar 3. economic recovery and Pillar 4. macroeconomic policy). The programme will strategically contribute to the two Pillars in addressing the increasing need of expanding fiscal space, as identified by MEF and analyses to effectively use the limited resources. These are expected to leverage positive impact in the lives of people, especially the poor, and the economy of Cambodia with a view to meeting the ambitious goal of building back better for equitable future.

Particularly, the increasing indebtedness at an alarming rate due to loss of jobs and reduced incomes since the COVID-19 outbreak has hindered the Cambodians' capacity, particularly the poor and those sitting right above the poverty line (missing middle), to

National Financing Framework (INFF) for Cambodia. The UN in Cambodia, with technical leadership of UNDP, assisted the RGC in presenting the SDGs and their presentation to the UNGA in the Voluntary National Review in 2019. UNCDF and UNDP are also partnering with the Bank of Cambodia to issue Khmer Reil bonds as a major step toward increasing financing flows for development. The road to a new currency is being designed in close collaboration with the IFIs, including ADB and IMF. UNDP has created and introduced new models, which were rapidly adapted to estimate the economic and social impact of the pandemic (referred to above) and contribute to recovery measures. IOM is advising RGC on support to economic migrants, including with the support of the COVID-19 Fund, and can provide high-level engagement with the M/SME sector.

#### Programme governance and implementation arrangements

To minimize administrative burden and create synergies, the programme implementation will be governed by the Programme Steering Committee (PSC) for the INFF project (SDG Fund) which consists of representatives of the RGC, UNCDF and UNDP, and other relevant stakeholders such as OHCHR as observers. The PSC will be jointly chaired by the Under Secretary of State (MEF) and the UN Resident Coordinator. Participating private sector banks and MFIs will be also invited.

The programme will be jointly implemented by three agencies: UNCDF, IOM Cambodia, and UNDP Cambodia Country Office. UNCDF will also work closely with other domestic and regional stakeholders, including MEF, NBC, IFIs, commercial banks/MFIs, and UNDP. UNCDF is the lead agency, is responsible for coordination of programme implementation, M&E and reporting while each PUNO is responsible for its own workstreams.

The UN Capital Development Fund makes public and private finance work for the poor in the world's 47 least developed countries. UNCDF's "mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support sustainable development. UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households and businesses to financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage risk; (2) development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structural reforms to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structures and deployment to drive SDG impact and domestic resource mobilization. UNCDF are currently working in partnership with UN

## 1. How to reach the target group and addressing the principles of recovering better?

The project is built around a series of inter-linked interventions that have both up-stream and down-stream activities targeting population, who own small and medium enterprises in the low productivity areas.

Upstream: The upstream actions are related to the policy and technical advisory activities that will help shape the Credit Guarantee Fund of Cambodia (CGFC) policy and Standard Operating Procedures (SOPs) to address the principles of LNOB and the promotion of entrepreneurs. The Joint Programme will support the Royal Government of Cambodia to finalize the national policy framework that will include guidelines for costing and coverage of the issued guarantees to achieve system wide inclusion of women-owned entrepreneurs from vulnerable sectors, especially in the informal sector.

In the longer term, once the CGFC is operational and is transitioning into the Phase 2, the project will aim to establish a special Window that will encourage additional lending for women start-ups or women owned business that have developed plans for entering into new market segments (Reference UNCDF support to Bangladesh Bank Women's Entrepreneurship Credit Guarantee Scheme).

For example, a 'single window' for business registration situated with the Ministry of Industry, Science, Technology and Innovation, will facilitate the registration purposes of informal businesses, but the tax incentives should be taken into consideration in consultation with business owners to move from informal to formal economic sector. The process also contributes to enhanced digital inclusion and their subsequent benefits from credit guarantee schemes.

In addition to government entities, a systematic process and mechanism of distribution and support of reaching vulnerable populations entail engagement of commercial banks, insurance companies, chamber of commerce, various business associations and local level. As part of the process, a profiling of target beneficiary firms would need to be taken into consideration (For example, financial inclusion, vulnerable populations, disabilities, etc) even among women-owned businesses. The process would yield to be impactful to disability principles.

## Comments

Reviewer 1 (UN Women): Score 16

Overall comments:

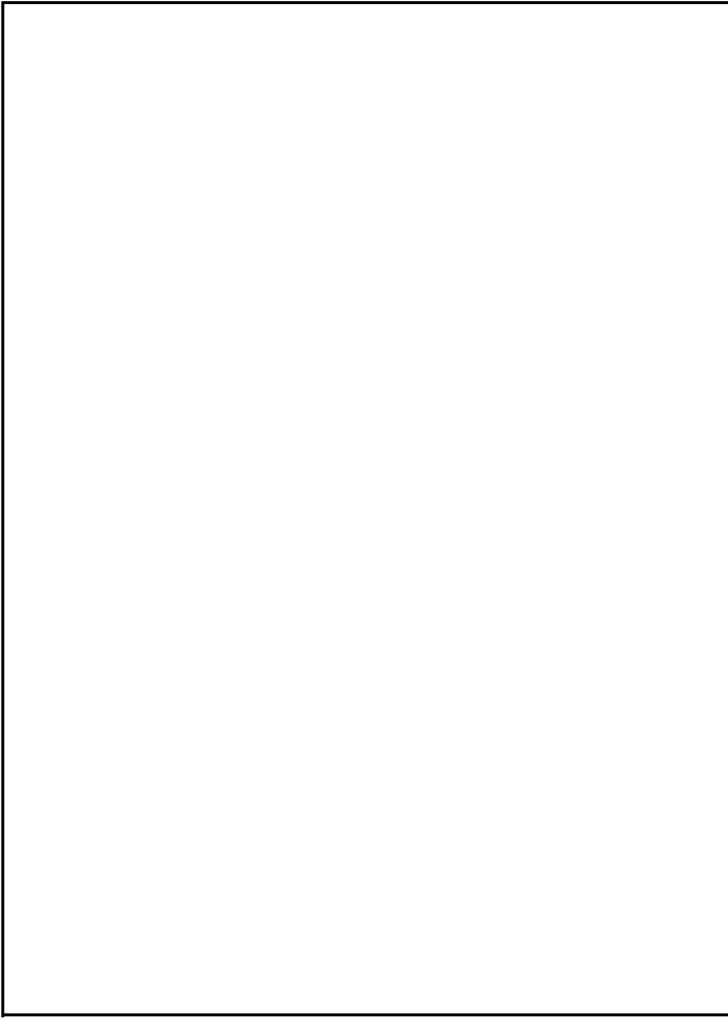
Innovative important CN that could be strengthened by focusing on the target groups and how to reach them. Could be strengthened in spelling out how to leverage funds from private sector and how to deliver (incl time-lines). A stronger risk assessment of the political climate (including risk of corruption) should be included.

Review 2

Score 20

The connection with the SERF of Cambodia is strong, with contributions to pillars 3 and 4. It has to be noted that the CN has not been listed in the SERF activities. The CN has been designed to answer a request of the Government to the UN to come up with support in designing and implementing a credit guarantee scheme for women entrepreneurs in MSMEs. The proposed activities are well articulated. They do not however reflect on the difficulties in operating in the middle of the Covid-19, nor do they directly address the principle of recovering better. Nevertheless, the targeted audience is one of the most economically impacted by the pandemic, thus the CN somehow addresses economic recovery.

Reviewer 3. The overall score of the CN is 23. This is a strong proposal which is aligned with the SERP and responds to a Government request. JP applies an innovative approach to introducing human rights and gender in the economic response efforts.





Goal Target

**Goal 1 Target 1.4**

**Goal 1 Target 1.b**

**Goal 5 Target 5.5**

**Goal 5 Target 5.a**

**Goal 5 Target 5.b**

**Goal 5 Target 5.c**

Goal Target

**Goal 10 Target 10.1**

**Goal 10 Target 10.2**

**Goal 10 Target 10.3**

Goal Target

## Main Goals

### Description

**1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance**

**1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions**

**5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life**

**5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws**

**5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women**

**5.c Adopt and strengthen sound policies a**

## Secondary Goals

### Description

**10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average**

**10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status**

**10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard**

## Contributing Goals

### Description

Indicator 1

Indicator 2

**1.4.1 Proportion of population living in households with access to basic services**

**1.4.2 Proportion of total adult population with secure tenure rights to land, (a) with legally recognized documentation, and (b) who perceive their rights to land as secure, by sex and type of tenure**

**1.b.1 Pro-poor public social spending**

**5.5.1 Proportion of seats held by women in (a) national parliaments and (b) local governments**

**5.5.2 Proportion of women in managerial positions**

**5.a.1 (a) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure**

**5.a.2 Proportion of countries where the legal framework (including customary law) guarantees women's equal rights to land ownership and/or control**

**5.b.1 Proportion of individuals who own a mobile telephone, by sex**

**5.c.1 Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment**

Indicator 1

Indicator 2

**10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population**

**10.2.1 Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities**

**10.3.1 Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law**

Indicator 1

Indicator 2

Total Estimated % Budget allocated per target

10%

5%

15%

15%

5%

25%

target

15%

5%

5%

Total Estimated % Budget allocated per target



Output indicator 3.3
Output indicator 3.4
Output indicator 3.5

Outcomes
<b>Output</b>
Output1
Output2
Output3

Manage Ind
<b>Description</b>
Number of S/MSMEs (esp. women led) predominantly operating in the informal sector using labor intensive/low skilled manufacturing have access to affordable domestic finance
Innovative Fiscal Policy and Finance Instrument (CGS) designed to create fiscal space
Consolidated Review Paper issued to MEF for CGCC Framework
New regulatory framework for CGCC is developed and Implementation Road Map
Comparative study on how the investment into women owned M/SMEs and/or informal sector could trigger positive ripple effects in Cambodia's economy (Know Prod) completed
<b>Policy guidelines for the selection criteria to prioritize the under-supported groups for phase transition and 2nd phase of support, particularly the women owned M/SMEs in informal sector developed</b>
Policy brief - Using fintech to increase women's access to business finance developed
Review paper - existing CGS in the M/SMEs sector in other countries to identify best practices in respect of WEE (Know Prod) developed
Rapid surveys (business survey) reach of CGCC to women businesses by sector and geo location conducted
<b>Research Paper on gender-specific barriers women face and the gendered impact of COVID-19 from the perspective of WEE published</b>
<b>Survey (beneficiary survey) on female economic migrants impacted by COVID-19 and livelihoods conducted</b>
Pilot Guarantee Roll Out - early impact assessment
M&E system for capturing CGS performance set up

**Number of Women Business CGCC User Group meetings**

**Digital platform for accessing information on job opportunities for economic migrant workers, e linking with provincial job centres and women owned M/SMEs established**

**Raise awareness raising events and publications on accessing financing and employment opportunities**

<b>Description</b>
Underpinned by the LNOB principle, women owned M/SMEs, predominantly operating in the informal sector are supported for their recovery from the COVID-19 and their turning into the driving force for accelerating Cambodia’s recovery from COVID-19 and the SDG achievement
Policy of the credit guarantee facility, which targets the marginalized groups from the first phase of the RGC’s support, particularly the women owned M/SMEs in informal sector designed and rolled-out
Deep dive quick action research on women’s economic empowerment (WEE), employment, poverty alleviation and reducing inequality aspects of the credit guarantee scheme completed
Credit guarantee schemes with selected women owned M/SMEs piloted

Indicators			
Baseline Value	Max Value	Outcomes	Outputs
0	10	outcome 1	
0	1	outcome 1	
0	1		output 1
0	1		output 1
0	1		output 1
0	1		output 1
0	1		output 1
0	1		output 1
0	1		output 2
0	1		output 2
0	1		output 2
0	1		output 2
0	1		output 2
0	1		output 3
0	1		output 3

0	10		output 3
0	1		output 3
0	10		output 3

**Risk Management**

<b>Event</b>	<b>Category</b>	<b>Level</b>	<b>Likelihood</b>
Overall Risk: The over-riding risk relates to the success of the Credit Guarantee in terms of its application, transparency and equality of service. If not corectly managed there is a moderate likeihood	Financial	High Medium	Low Likelihood
Upstream Risks: Critical risk - Non transparent system that provides repeat CGs to a few PFIs to zombie S/MSMEs resulting in high level of default claims	Political	Low	Moderate
Downstream Risks. (1) full engagement of the end and the intermediate beneficiaries, (2) data collection and (3)unbalanced portfolio management by the PFIs.	Operational	High Medium	Moderate

Impact	Mitigating Measures	Risk Owner
Intermediate	CGCC Website with dynamic reporting capability is developed and accessible online. Professional risk management tools are utilised.	RGC / UNCDF / UNDP
Intermediate	Professional risk assessment and transparency tools are utilised to address public reporting of CGCC annual performance	RGC / UNCDF / UNDP
Intermediate	Synergise with IFAD and their digital platforms to both analyse available data and develop the system to collate additional information engage with local	IOM

Budget Lines	Fiscal Year
1. Staff and other personnel	
2. Supplies, Commodities, Materials	
3. Equipment, Vehicles, and Furniture, incl. Depreciation	
4. Contractual services	
5. Travel	
6. Transfers and Grants to Counterparts	
7. General Operating and other Direct Costs	
<b>Sub Total Programme Costs</b>	
8. Indirect Support Costs * 7%	
<b>Total</b>	

<b>Description</b>	<b>Agency 1 UNCDF</b>	<b>Agency 2 UNDP</b>	<b>Agency 3 IOM</b>
	131,000	40,000	49,658
Knowledge Products / Venues / Reporting	3,100	7,000	16,164
	0	0	1,200
	90,000	150,000	135,328
	10,000	0	1,200
	100,000	0	0
	10,000	16,900	67,478
	344,100	213,900	271,028
	25,900	16,100	18,972
	370,000	230,000	290,000

<b>Agency 4</b> IFAD* (in-kind)	<b>Total</b> USD
n/a	220,658
n/a	26,264
n/a	1,200
n/a	375,328
n/a	11,200
n/a	100,000
n/a	94,378
n/a	829,028
n/a	60,972
n/a	890,000

Checks

<b>Total</b> USD
220,658
26,264
1,200
375,328
11,200
100,000
94,378
829,028
60,972
890,000