Validation Report

Reference Number: PCV: CAM 2010-73
Program Number: 36383
Loan Number: 2129(SF)
December 2010

Cambodia: Small and Medium Enterprise Development Program

Independent Evaluation Department

Asian Development Bank
ABBREVIATIONS

ADB – Asian Development Bank
CAS – Cambodian Accounting Standard
CIS – credit information service
PCR – project completion report
RRP – report and recommendation of the president
SCSME – subcommittee for small and medium-sized enterprises
SMEs – small and medium-sized enterprises
SMEDF – small and medium-sized enterprise development framework
TA – technical assistance
TCR – technical assistance completion report

NOTE

In this report, "$" refers to US dollars.

Key Words

asian development bank, adb, borrower, executing agency, program, small and medium-sized enterprises, private sector, development framework, business registration, business licensing, costs, leasing, conditions, covenants, tranche releases, consultants, performance, relevance, outputs, outcomes, effectiveness, efficiency, sustainability, impact, lessons, recommendations

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PROGRAM COMPLETION REPORT VALIDATION

A. Basic Project Data

| Project Number: | 36383 2129(SF) |
| Loan Number:    | Approved       | Actual |
| Program Name    | Small and Medium Enterprise Development Program | Total Program Costs ($ million): 25.00 to 30.00 | ... |
| Country         | Cambodia       | Loan ($ million): 20.00 | 20.20 |
| Sector          | SMEs           | Total Cofinancing |
| ADB Financing   | ADF: SDR13.34 (original $20 million equivalent) | Borrower ($ million): 5.00 to 10.00 | ... |
| OCR: 0.00       | Beneficiaries  |
| Cofinanciers    | Others         |
| Approval Date   | 14 December 2004 | Effectiveness Date | 04 May 2005 | 06 Apr 2005 |
| Signing Date    | 03 February 2005 | Closing Date       | 31 Dec 2007 | 31 Aug 2008 (3 extensions) |
| Project Officers| Name           | Location           | From | To |
|                | J. Cyhn        | ADB headquarters   | 2004 | 2006 |
|                | J. Farinha     | ADB headquarters   | 2007 |
|                | K. Kriegsmann  | ADB headquarters   | 2008 |
| Validator       | S. Thalakada, Staff Consultant, IED2 |
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|                | J. Dimayuga, Evaluation Officer, IED2 |
| Director        | H.S. Hettige, IED2 |

… = data not available, ADB = Asian Development Bank, ADF = Asian Development Fund, PCR = project completion report, OCR = ordinary capital resources, IED2 = Evaluation Division 2, SMEs = small and medium-sized enterprises.

B. Project Description (summarized from the Report and Recommendation of the President1)

(i) Rationale. Economic activity in Cambodia was dominated by small and medium-sized enterprises (SMEs) that played a major role in economic growth and poverty reduction. Although the government recognized the importance of the sector, significant legal, institutional, and governance reforms were needed for effective SME development. First, the cost of doing business was high due to limitations associated with the existing regulatory and governance structures. Second, the missing legal structures and institutions led to a high-risk environment that limited SME access to key resources, and particularly to finance. Finally, the government lacked a coordinated institutional framework to facilitate SME development, and in many instances the capacity to address these issues. These factors constituted the sector’s main barriers to SME development, reflected by limited growth, a high degree of informal economic activity, and underemployment. The SME Development Program loan was the first Asian Development Bank (ADB) policy loan to Cambodia, and was designed to lay the foundation for SME development and foster an enabling business environment. Extensive consultation with the government and other stakeholders identified the primary issues and constraints impinging on the SME sector, which were then addressed in the program.

1 ADB. 2004. Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to the Kingdom of Cambodia for the Small and Medium Enterprise Development Program. Manila.
(ii) Impact. Investment and economic transactions were expected to take place through an efficient market economy with a highly transparent and predictable set of market-based rules that were enforceable through an efficient legal system. Further, entrepreneurs would have incentives to outsource to SMEs through subcontracting or other arrangements. The program was expected to have an impact on SMEs by creating a more predictable and efficient business environment through coordination and a more strategic direction for SME development; greater transparency in the reduced regulatory requirements; and improved access to finance. Furthermore, the program was expected to reduce the cost and time required to do business. By simplifying and computerizing the business registration process, it was expected to encourage more enterprises to enter the formal sector. The benefits included increased access to government services, greater recourse to and protection under the legal system, and enhanced access to finance. The program was expected to enhance access to finance through a greater range of financial products such as leasing, and through better information systems such as a credit information-sharing mechanism, allowing financial institutions to make more informed decisions. Better information systems reduced risks and the cost of finance.

(iii) Objective or Expected Outcomes. The program’s expected outcome was to lay the foundation for developing a business environment conducive to sustainable economic growth and poverty reduction. The objective was to be achieved by (a) establishing a coordinated approach to and framework for SME development, (b) implementing reforms to enhance governance and business regulation, and (c) improving SME access to finance. No specific outcome indicators were provided in the program framework.

(iv) Components and/or outputs. Three main components and outputs were envisaged: (a) establishing a coordinated approach and framework for SME development through (1) provision of a long-term strategic framework for SME development, (2) design of an institutional framework to seek better policy coordination and implementation among key government agencies, and (3) promotion of public–private partnerships and strengthening of institutions to effectively implement the development framework; (b) improving governance and regulatory reforms related to SMEs through (1) improvement of the business registration process by enhancing the transparency and licensing costs by eliminating unnecessary requirements and facilitating decentralization of registration process; and (2) reform of the current business licensing system by reviewing and removing the unnecessary licenses and requirements, streamlining the procedures and responsibilities of institutions involved, and establishing a one-stop information window to provide guidelines and information on relevant government regulations for SMEs; and (c) enhancing SMEs’ access to finance through (1) creation of simplified accounting guidelines better suited to SMEs, and (2) establishment of a credit-information system for the banking subsector.

C. Evaluation of Design and Implementation (Project Completion Report [PCR] assessment and validation)

(i) Relevance of design and formulation. ADB technical assistance (TA) provided a preparatory assessment for designing and formulating the program. The program was relevant as it was in line with government and ADB plans and strategies to strengthen the SME sector. The government’s commitment to developing the private sector was demonstrated by the Second 5-Year Socio-Economic Development Plan (2001–2005), and the National Poverty Reduction Strategy in 2001. In recognition of the sector’s importance, the government established the Department of Small Industry and Handicraft within the Ministry of Industry, Mines, and Energy in 2002, making it the first Cambodian agency dedicated solely to addressing SME-specific problems. ADB’s country strategy and program update (2002–2004) for Cambodia reiterated the importance of achieving sustainable growth for realizing the overarching goal of poverty reduction. The strategic focus recognized the private sector as one of the pillars for achieving the goal of economic growth, with an emphasis on governance reforms. Toward this end, ADB’s interventions emphasized, among others, SME development framework. Several other development partners were involved in the development of the SME sector. Lessons from ADB’s experience in promoting SME development were taken into account in formulation of the program, in particular

3 ADB. 2003. Technical Assistance to the Kingdom of Cambodia for Preparing the Small and Medium Enterprise Development Program. Manila (approved in September 2003, for $500,000).
the need (a) for continuous government commitment and ownership of reforms, (b) for capacity enhancement for program implementation, and (c) to develop close linkages and synergy with ADB and other development partner projects to have a more sustainable impact. Also, a consultative approach was adopted in formulating the program. Two advisory TA projects were associated with the program, for capacity enhancement and for program implementation assistance.

(ii) Program outputs. Outputs under the three main program components can be summarized as follows.

Establishing a coordinated approach and framework for SME development. The program included the establishment of an effective inter-ministerial coordination body, the subcommittee for small and medium-sized enterprises (SCSME), and the formulation of an SME development framework (SMEDF). To formulate and implement the SMEDF, the SCSME was established as part of the Private Sector Steering Committee. The subcommittee’s role was to coordinate and implement government SME policies and donor programs for SMEs for which a permanent secretariat had been established. The secretariat carried out its assigned role of bringing about coordination between the government, aid agencies, and the private sector. The SCSME played a crucial role in implementing the government’s plans and strategies pertaining to SMEs as outlined in the SMEDF and approved by the Council of Ministers in July 2005. The SMEDF served as a road map and was used to align and coordinate government policy efforts with the objectives of development partner assistance. It was continuously updated and guided the government’s reform efforts, although by the end of the program, there were signs of SME “coordination fatigue” setting in among government counterparts and development partners, and this placed achievement of longer-term results at risk (PCR, paras. 9–13).

Improving governance and regulatory reforms related to SMEs

(a) Improve the business registration process: The program included several reforms to enhance public governance and business regulations. Reform of the business registration system entailed reducing costs as well as procedures and requirements; enhancing transparency; and decentralization. Specific measures to improve the current operating and regulatory licensing systems included identifying and removing unnecessary licenses (and licensing requirements), developing criteria for the issuance of any new licenses, and implementing mechanisms for enterprises to state their grievances pertaining to administrative decisions concerning licensing and inspection. The company registration process was improved and made more transparent to ease the incorporation of businesses without the need for expensive facilitators. The registration system was reformed by introducing measures to reduce costs, simplify procedures, and make the process more transparent. Official fees were reduced. Other improvements included the introduction of a series of optional templates on articles of incorporation, and a computerized database of the enterprise registry and corporate information made accessible to the public. As a result of reform implementation, enterprise registration increased. Also, the business registration system had been decentralized beginning with the province of Battambang based on a pilot project financed by ADB.

(b) Develop a transparent business licensing system: The main objective in business licensing reform under the program was to reduce the cost of doing business in Cambodia, specifically the regulatory compliance costs. The program attempted to streamline current licensing by eliminating duplicate licenses and/or their requirements. Also, enterprises were to be given the right to ask for clarification on the process of licensing and inspections. In 2006, the Council of Ministers with ADB support approved a comprehensive licensing reform plan to be implemented under two phases; phase 1 reviewed the existing SME licensing system, and recommended necessary reforms; phase 2 built administrative capacity in the government and provided immediate results from the phase 1 measures, to demonstrate the benefits of establishing the licensing review mechanism. In addition, a means of recourse was established for enterprises to file grievances regarding disputes resulting from licensing and inspection and to have decisions reviewed. This mechanism involved a hotline for reporting grievances to the government, and the business licensing hotline continued to operate at PCR preparation. While the licensing reform measures were complied with, outcomes were mixed and this reflected insufficient attention to the institutional set up necessary to institutionalize a government licensing reform program.

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4 The first TA grant (TA 4476) Technical Assistance to the Kingdom of Cambodia for Capacity Development for SME Development was approved in 2004 for $850,000. The second TA grant (TA 4786) for its Phase II was approved in 2005 for $800,000.
Enhancing small and medium-sized enterprise access to finance. Before the start of the program, several factors had been identified as obstacles to SME access to finance. These included (i) insufficient legal security for use of collateral in secured transactions and an underdeveloped land titling system (focus of phase I of the program for second tranche release), (ii) limited availability of credit information on prospective borrowers, and (iii) the weak financial reporting capacity of SMEs. An additional concern was the lack of an adequate legal and regulatory framework to enable leasing as a new financial product to address the medium-and long-term financing needs of enterprises.

(a) Secured transactions and land titling. The law on secured transactions was enacted during phase I of the program (May 2007) and the Secured Transactions Filing Office’s online filing registry was officially launched in September 2007, at the start of phase II. These were major advances for Cambodia, which reduced the involvement of civil servants in the registration and collection of fees, enhanced the priority claims on securities, and provided public access to information on secured chattels and their owners. This law considerably improved the position of creditors wishing to secure obligations with real rights in secured local collateral. Further, the creation of the secured transactions legal framework allowed a creditor to take security interest over a debtor’s movable property, which was hugely beneficial to SMEs that did not own land and buildings but required access to readily available, affordable long-term credit and, equally important, leasing finance. The government, with donor assistance, introduced systematic land registration, which was an important contribution towards (1) strengthening land title security; (2) improving the land market; (3) increasing national revenue, and (4) reducing land conflicts. The legal framework for land registration established in 2003 and the geographical coverage of systematic land registration continued to expand (with donor assistance), which was essential for improving the use of land as collateral.

(b) Credit information system. A credit information system was identified as an important area of reform in the program. A pilot web-based credit information service (CIS) data base was developed that helped reduce risks resulting from asymmetric information and lending transaction costs by providing credit information on borrowers. To enable the CIS, an accompanying legal framework was implemented to allow banks to share information and to protect the rights of both lenders and borrowers. A code of conduct, signed by 18 banks in 2006, was intended to ensure that CIS operations were transparent and that the accuracy, security, and confidentiality of the credit information in the system were maintained. The CIS was being used by banks to obtain credit information on borrowers at the PCR preparation stage.

(c) Assist small and medium-sized enterprises in the accounting and taxation systems. Specific financial reporting and tax-filing reforms were needed to increase the benefits resulting from accurate financial reporting, in terms of financial management and the ability to borrow. Increasing general awareness and dissemination of simple financial reporting guidelines were seen as crucial steps. Accordingly, the Ministry of Economy and Finance approved and issued the financial reporting template, prepared under the program, for use by SMEs. Training was provided to various financial institutions to build capacity among their SME clients in the use of the financial reporting template. The template helped enterprises prepare their financial reports and these became useful for tax filing purposes (i.e., to support the submission of the annual tax return). The tax system was reformed and restructured with the development of a new annual tax on profits, and simplification of compliance
procedures. Two Cambodian financial reporting standards and 18 Cambodian Accounting Standards (CASs) have been issued. Also, CAS 17 was issued that set out best accounting practices for finance and operating leasing, and required compliance with its provisions by lessors and lessees. CAS 17 mirrored International Accounting Standard 17. Issuance of CAS 17 enabled the tax department to implement a tax treatment for financial leases that put it on an equal footing with corporate lending. The method of tax computation of financial leasing was outlined, including an exemption from paying value-added tax on financial leasing, as in the case for bank business in general.

(d) Develop a legal framework for leasing. At the time of third tranche release, the Leasing Bill had not yet passed by Parliament and the implementing regulation had not been issued due to the impending election. In lieu of the law, the National Bank of Cambodia issued an implementing regulation (prakas) to the Law on Banking and Financial Institutions that substituted for the Leasing Law and its implementing regulation. This prakas established the same legal certainty for the leasing industry as if the Leasing Law had been promulgated. On this basis the following program conditions were waived: (1) approval of the draft Leasing Law and its submission to the National Assembly, and (2) the issuance of the required implementing prakas upon promulgation of the Leasing Law. The law was finally adopted by the National Assembly in May 2009 and ratified by the senate in June 2009. The law supersedes the parkas, which would be reissued to fit the Leasing Law.

(iii) Program Cost, Disbursements, Borrower Contribution, and Conformance to Schedule (as relevant to project performance). The cost of the program measures to be implemented was estimated at between $25 million and $30 million equivalent. It was to be financed by an ADB loan of $20 million equivalent, with the balance funded by the government. The actual program cost and the government contribution were not quantified by the PCR. The ADB loan of SDR13.34 million ($20.16 million equivalent) was fully disbursed in three tranches. Implementation of the program was planned over 36 months from the date of program effectiveness and expected to be closed by 31 December 2007. Implementation was delayed by about 8 months, however, and the program financially closed in August 2008 after three extensions. The delays were due to delays in passing the Leasing Law and the national elections held in July 2008, which resulted in a delay in meeting the requirements for release of the third tranche.

(iv) Implementation arrangements, conditions and covenants, related technical assistance, and procurement and consultant performance. Implementation arrangements followed those proposed by the appraisal, and they were found to be satisfactory. The program steering committee met twice yearly to review pending issues on the program and proposed concrete actions for their resolution. The SCSME secretariat, staffed with people from the appropriate agencies, served as the program implementation unit and was responsible for the day-to-day activities related to the program. Regarding covenants compliance, the 19 conditions for the first and second tranche releases were successfully complied with. Of the 13 conditions for the third tranche release, 11 were fully complied with, and 2 were partially complied with and waived for tranche release. The PCR mission was able to confirm that all third-tranche release conditions were subsequently fully complied with. The two program-associated TA projects helped with capacity enhancement, program implementation, and with compliance of covenants for loan tranche releases. The TA completion report (TCR) on TA for capacity enhancement rated it highly successful, while the TCR to help with program implementation and covenants compliance rated it successful. No problems were encountered in consultant recruitment and procurement except in the case of one TA project, in which an international accounting and taxation consultant resigned, and had to be replaced by two other consultants. The TCR on TA for capacity enhancement rated the consultants either excellent or satisfactory. Of the 16 consultants under the TA for program implementation and covenants compliance, six were rated excellent, five satisfactory, and 5 classified not rated because the time allocation for accomplishing their performance evaluation reports had lapsed.

(v) Performance of the Borrower and Executing Agency. The PCR assessed the performance of the government and the agencies involved in the program as highly satisfactory. This validation supports that rating; the government took ownership of the program and remained committed to it through the final implementation, which enabled the program to achieve its objectives. Almost all program conditions were met

on time, loan tranche releases were made as planned (except for some delays), and the envisaged outputs were delivered; this had a positive impact on private sector and SME development.

(vi) Performance of ADB. The PCR stated that “ADB has highly satisfactorily performed its function in the overall implementation of the Program”. This validation supports that rating, and is of the view that the success of the program, apart from the positive contributions made by the government, was largely due to the program design. The activities appeared to be well sequenced with a detailed situation assessment and identification of concerns and issues regarding SME status preceding the program formulation; this was followed by two TA projects, one for capacity enhancement and the other assisting with program implementation and compliance with conditions for release of the loan tranches. Appropriate steps were taken to overcome identified weaknesses in the SME development process, and this approach led to the successful results.

D. Evaluation of Performance

(i) Relevance. The program continued to be relevant during implementation and at completion. It addressed the concerns of the SME sector, which was widely recognized as having the potential to contribute positively to economic growth and poverty reduction in terms of employment creation, livelihood development, and income generation. The government recognized these benefits and made a continued commitment to the program, as reflected by measures taken to implement program components within the prescribed period, and have the loan tranches released as planned (albeit with some delay). These were noteworthy accomplishments considering the difficulties associated with achieving interagency cooperation and coordination, implementing diverse components, enacting new legislation and regulations, and establishing new institutions (leasing and CIS). The program had a positive impact on the economy. The PCR rated the program relevant, and this validation supports that rating.

(ii) Effectiveness in achieving outcome. Substantial headway was made towards achieving the envisaged outcome of creating a sustainable business-friendly environment for further growth of SMEs and the private sector. This was made possible by successfully implementing the program components and realizing the planned outputs, including (a) bringing about interagency cooperation and coordination for SME promotion and setting up and operating the SME framework; (b) streamlining and reducing the cost of business registration; (c) enacting commercial-related laws and regulations; (d) enacting the Leasing Law and regulations, albeit with some delay, for promoting a financing instrument well suited for setting up SMEs; and (e) setting up and operating the CIS. These improvements increased entrepreneur confidence in SMEs. Apparently, improvements to the SME licensing requirements fell short of expectations due to lack of stronger oversight. The PCR rated the program effective in achieving its outcome, and this validation supports that rating.

(iii) Efficiency in achieving outcome and outputs. There was a delay of about 8 months in completing the program (anticipated by 31 December 2007, but completed on 31 August 2008, following three extensions). The delay resulted from difficulties of preparing and enacting the Leasing Law, given capacity constraints and ongoing preparations for a general election. Despite the complex nature of the program, 30 out of the 32 conditions and all covenants were met by the end of the program. The two partially met conditions were subsequently met 1 year later. The program outcome and outputs were achieved, albeit with the delay outlined above. The PCR rated the program efficient in achieving its outcome and outputs, and this validation concurs with that rating.

(iv) Preliminary assessment of sustainability. The PCR assessed the program’s sustainability likely, and this validation supports that rating. The number of SMEs has increased, reflecting the positive impact of the various program outputs (SME framework, streamlined business registration system, reduced business registration and licensing costs, and CIS operation) in helping to create an environment conducive to business growth through reduced risks, transaction costs, and constraints on undertaking business activity. Regarding promotion of the leasing instrument, the government established the needed legal and tax treatment frameworks, making it possible for the private sector to begin setting up and operating leasing companies. However, further institutional reforms appeared to be required to sustain the reform program, including effective enforcement of the various commercial-related laws and regulations that had been adopted; continuation of the interagency coordination and cooperation for SME promotion; improving the business
licensing system; encouraging wider use of the accounting template; setting up a grievance recourse system and to take timely action thereon; and further decentralization of the business registration and licensing systems, and business incorporation process. It was reasonable to assume that the government would continue to support improvements in these areas based on positive contributions made thus far by the reforms towards SME and private sector development. For example, the government set up and operated the private–public partnership forum, which served as a vehicle to hear grievances and take appropriate and timely action on various business matters affecting SMEs and the private sector that needed to be addressed by the government.

(v) Impact (both intended and unintended). The impact was considered substantial. The program laid a sound foundation for SME and private sector development. Improvements in the business registration process eased the incorporation of businesses through (a) reduced procedures and requirements, (b) enhanced transparency, and (c) reduced official fees (from $1,000 in 2003 to $105 in August 2007). These improvements resulted in an increase in the average number of enterprises registered, from 61 per month before August 2004 to 245 per month during the first quarter of 2008, indicating a significant increase in the number of established SMEs. Also, output of small industrial establishments increased from KR745.1 billion in 2003 to KR2.6 trillion in 2006. These helped accelerate the economic growth rate and reduce poverty. The increase in the number of SMEs in the formal sector helped the government increase its tax base, while the operations of the CIS helped banks reduce the lending risks and borrowing costs. The financial leasing instrument promoted under the program would provide investors with an alternative source of funding to traditional bank lending, and would be a suitable vehicle for SME funding being cash-flow-based leasing rather than collateral-based borrowing. The PCR gave no rating for impact but outlined the positive impact made by the program; this validation supports that assessment, and rates the program impact substantial.

E. Overall Assessment, Lessons, and Recommendations

(i) Overall Assessment: The Program was relevant, effective in achieving its outcome, efficient in achieving its outcome and outputs, and likely to be sustainable, with impact (likely to be) substantial. Therefore, this validation rates the Program as successful on an overall basis. The PCR rated the Program also as successful (PCR, para. 65).

(ii) Lessons: Three lessons were learned (a) it is crucial to the success of a policy-based program to undertake proper pre-appraisal preparatory work to identify correctly the concerns and issues that needed to be addressed under a reform program to facilitate program implementation and accomplish the envisaged outcome and outputs (a pre-assessment was done in this case using an ADB funded TA); (b) to provide TA for capacity enhancement and program implementation to make a success of a reform program (2 TAs were provided in conjunction with the Program in this case) is also essential; and (c) to understand that enactment of new laws (financial leasing law in this case) would take time particularly in countries faced with capacity constraints is necessary. The PCR identified a number of other lessons in para. 66 (i)–(vi).

(iii) Recommendations: ADB should continue its policy dialogue with the Government supported by appropriate assistance for resolution of the continuing concerns and issues (as outlined under item Sustainability–D (iv) above) in order to build on the foundation laid for SME and private sector development. The findings of the PCR and this PCR Validation should serve as an agenda for continuation of that policy dialogue and for consideration of any further ADB assistance. The PCR made a number of recommendations (paras. 67–69). This validation supports all of them.

F. Monitoring and Evaluation Design, Implementation, and Utilization (PCR assessment and validation). To help with monitoring and evaluation, a design and monitoring framework was attached to the RRP (as Appendix 1). It served as a checklist to follow up the various conditions that needed to be met for release of each loan tranche. ADB and the SCSME secretariat found this useful as a guide for program implementation.

G. Other (e.g., safeguards, including governance and anticorruption; fiduciary aspects; government assessment of the Project, as applicable). Disbursement of the loan followed the simplified procedures and related
requirements for a program loan. The program was assessed category C with respect to environment, involuntary resettlement, and impact on indigenous people.

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<th>H. Ratings</th>
<th>PCR</th>
<th>IED Review</th>
<th>Reason for Disagreement/Comments</th>
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I. Comments on PCR Quality. The PCR was comprehensive and well prepared. However, the PCR should have checked the actual cost of program adjustments and the government contribution towards meeting that cost.

J. Recommendation for IED Follow-Up. Encourage all ADB regional departments to quantify the actual cost of adjustments i.e., costs arising from reform measures that were implemented when preparing PCRs on their completed program loans. This would help quantify the extent of actual contributions made by governments toward meeting the adjustment costs and compare them with those estimated at appraisals and stated in the respective RRPCs. A program performance evaluation report on the program may not be necessary.

K. Data Sources for Validation: RRP, PCR, TCRs, and selected project administration documents.
On 13 October 2010, the Director of the Independent Evaluation Division 2 of the Independent Evaluation Department (IED) received the following comments from the Financial Sector, Public Management and Trade Division of the Southeast Asia Department.

We have reviewed IED's earlier draft Project Completion Report Validation Report on Loan 2129 CAM: Small and Medium Enterprise Development Program circulated to us on 18 August 2010. We appreciate that the comments we made to IED on the earlier draft have been adequately incorporated in the final draft. Therefore, we have no formal comment to make on the final draft.