



Project Summary Information

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| Date of Document Preparation: March 18, 2022 | |
| Project Name | Cambodia PRASAC COVID-19 Response Facility |
| Document Code | PD000562-PSI |
| AIIB member | Cambodia |
| Sector/Subsector | Financial Institution |
| Status of Financing | Proposed |
| Project Description | The project is a non-sovereign backed loan to PRASAC Microfinance Institution Plc. (“PRASAC”), to support and expand its lending to eligible private-sector micro, small and medium sized enterprises (MSMEs) in Cambodia. PRASAC is the largest microfinance institution in Cambodia that has operated for more than 25 years offering a range of credit and savings products to retail and MSMEs. |
| Objective | The project objective is to increase access to finance by micro, small, and medium sized enterprises (MSMEs) that are affected by the economic upheaval during the COVID-19 pandemic. This will be achieved by enhancing PRASAC’s capacity to provide critical liquidity financing support to its MSME clients during this acute shock, which in turn will support MSMEs’ active participation in the economic recovery process in Cambodia. |
| Expected Results | The project is an on-lending facility to PRASAC, and its specific contribution to the AIIB’s Results Monitoring Framework will only be determined once the subprojects have been approved and funded. The expected results may be measured by the following indicators: 1) number of Cambodian MSMEs supported by the project, 2) the percentage of loans provided to women-owned business or enterprises, 3) the percentage of loans provided to Micro Enterprises, and 4) an NPL at PRASAC level. |
| Environmental and Social Category | FI |
| Environmental and Social Information | AIIB’s Environmental and Social Policy (ESP) is applicable to this on-lending facility. The project has been placed in Category FI, because the financing structure involves the provision of funds through a Financial Intermediary (FI), whereby AIIB delegates to PRASAC the decision-making on the use of AIIB’s funds for sub-loans in so far as the sub-loans meet the conditions of the eligibility criteria. |

PRASAC will undertake an environmental and social (ES) screening process for sub-borrowers in accordance with the eligibility criteria which determine the use of proceeds of AIIB's funds. The criteria have been reviewed by AIIB and are consistent with the AIIB's ESP, and only sub-borrowers from eligible sectors aligned with AIIB's priorities with low to medium ES risks are eligible. Additional applicable requirements include the AIIB Environmental and Social Exclusion List and national ES laws.

PRASAC's Social and Environmental Protection Policy governs its operating procedures regarding E&S diligence for sub-borrowers and is integrated into their credit review process. This policy is implemented by a dedicated team and staff. AIIB has appraised the process and is satisfied with PRASAC's capacity to implement its policy. PRASAC is required under its Social and Environmental Protection Policy to screen loan proposals, to categorize them as per its ES internal processes, to conduct an ES assessment of contextual risks and current ES compliance status and performance, and to conduct monitoring of sub-loans. The Social and Environmental Protection Policy makes provisions for PRASAC's annual reporting on its ES performance to its creditors.

The project will support PRASAC in increasing its lending to MSMEs through short-term, limited scale liquidity and investment loans under the COVID-19 Response Facility. The project will not allow the financing of sub-projects in the form of project finance toward project capex. Higher risk sub-projects including all those corresponding to Category A as per the AIIB ESP and other categories' sub-projects potentially involving a) involuntary resettlement, b) risk of adverse impacts on Indigenous Peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural resources, d) significant Occupational Health and Safety risks, or e) significant retrenchment will not be eligible for financing from the proceeds of this loan. Coal-related sub-projects including coal mining, coal transportation or coal-fired power plants, as well as infrastructure services exclusively dedicated to support any of these activities and large dams will also be excluded.

PRASAC will be required to disclose key elements of its ES policy and performance on its website. Stakeholder consultation and disclosure by the sub-borrowers, beyond what may be required by Cambodian regulatory requirements, will not be required in the scope of eligible sub-loans, given that only sub-borrowers from low-to-medium ES risk are eligible. PRASAC is required to establish an institutional-level grievance redress mechanism (GRM) prior to the implementation of the Project, and the information of this GRM as well as the PPM of AIIB in local language will need to be disclosed timely to local communities in an appropriate manner, which will include [contact details](#).

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| Operational Policy on International Relations | PRASAC will screen subprojects against the Operational Policy on International Relations (OPIR) and exclude from AIIB support any subproject that would involve any of the matters covered in the OPIR. This will be spelled out in PRASAC's eligibility criteria for all sub-loans. | |
| Financing Plan | Up to USD75 million. | |
| Borrower | PRASAC | |
| Estimated Date of First Disbursement | May 2022. | |
| Contact Points: | AIIB | Borrower |
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| Date of Concept Decision | November 24, 2021 | |
| Estimated Date of Appraisal Decision | March 16, 2022 | |
| Estimated Date of Financing Approval | April, 2022 | |

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| Independent Accountability Mechanism | <p>The AIIB's Policy on the Project-affected People Mechanism (PPM) applies to this project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level external communication mechanism or the processes of AIIB's Management.</p> <p>Information on AIIB's PPM is available at: https://www.aiib.org/en/policies-strategies/operational-policies/policyon-the-project-affected-mechanism.html.</p> |
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