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Enabling poor rural people
to overcome poverty

President's report

Proposed loan and grant to the Kingdom of Cambodia for the

Project for Agricultural Development and Economic Empowerment

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Abbreviations and acronyms

AWPB	annual workplan and budget
CEW	commune extension worker
GCCTS	group conditional capital transfer scheme
GRF	group revolving fund
iDE	International Development Enterprises
IGRF	improved group revolving fund
IPSAS	Public Sector Accounting Standards
ISU	implementation support unit
MAFF	Ministry of Agriculture and Forestry
MEF	Ministry of Economy and Finance
MFI	microfinance institution
MOWA	Ministry of Women's Affairs
NCDD	National Committee for Sub-National Democratic Development
PSU	project support unit
SNV	Netherlands Development Organization

Map of the project area

Design report



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD Map compiled by IFAD

Royal Kingdom of Cambodia

Project for Agricultural Development and Economic Empowerment

Financing summary

Initiating institution:	IFAD
Borrower:	Kingdom of Cambodia
Executing agency:	Ministry of Agriculture, Forestry and Fisheries
Total project cost:	US\$43.2 million
Amount of IFAD loan:	SDR 11.3 million (equivalent to approximately US\$17.5 million)
Amount of IFAD grant:	SDR 11.3 million (equivalent to approximately US\$17.5 million)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Cofinanciers:	Netherlands Development Organization (SNV) International Development Enterprises (iDE) Food and Agriculture Organization (FAO)
Amount of cofinancing:	SNV: US\$0.7 million iDE: US\$0.4 million FAO: US\$0.3 million
Terms of cofinancing:	Grant
Contribution of borrower:	US\$4.7 million
Contribution of beneficiaries:	US\$2.1 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Kingdom of Cambodia for the Project for Agricultural Development and Economic Empowerment, as contained in paragraph 59.

Proposed loan and grant to the Kingdom of Cambodia for the Project for Agricultural Development and Economic Empowerment

I. Strategic context and rationale

A. Country and rural development and poverty context

1. Since achieving peace and political stability in 1998, Cambodia has embarked on a successful path to reconstruction and development, resulting in impressive economic growth averaging 8 per cent per year in the past decade. Growth has been accompanied by significant poverty reduction; the national poverty rate declined from 50 per cent of households in the mid-1990s to 30 per cent by 2007. Poverty remains largely a rural phenomenon, with 92 per cent of the poor living in rural areas.
2. While other sectors registered strong growth, agriculture is still the main source of employment in Cambodia. The global economic crisis in 2008 and 2009 highlighted both the fragile nature of the country's narrow development base and the importance of the agricultural sector as a source of national growth and rural livelihoods. The Government is fully aware of this potential and has adopted the Rectangular Strategy for Growth, Employment, Equity and Efficiency to make agriculture a leading sector of the national economy, expand food security and reduce poverty.
3. Poor and very poor rural households generally have little land and own very little livestock. Livelihoods are highly dependent on rice production, and low yields mean that food insecurity is still a reality in many areas. With a Global Hunger Index (GHI) of 19.9,¹ Cambodia's hunger and nutrition situation is deemed serious and indeed approaches that of countries where it is considered alarming, such as Laos at 20.2.
4. Opportunities for improving production techniques among poor rural households, for both rice and other crops, include: (i) better farming technologies and higher quality inputs; (ii) improved post-harvest technologies; (iii) integrated farming systems; and (iv) better soil and water management techniques.
5. A second set of opportunities lies in improving commercial linkages between smallholder farmers and buyers. However, this requires enhanced agricultural and business support services, an initial capital base, and better and more sustainable access to financial services for working capital purposes.

B. Rationale and alignment with government priorities and RB-COSOP

6. The project directly supports the overall objectives of the Government of Cambodia as expressed in its Rectangular Strategy, adopted in 2005 and updated in 2009. The strategy calls for development in four key areas: agriculture, infrastructure, the

¹ Source: IFPRI, 2011. The GHI measures the severity of hunger and malnutrition.

private sector, and capacity-building and human resources development, with good governance as the cornerstone.

7. The rationale for IFAD assistance lies mainly in the high levels of poverty and inequality in rural areas in the context of a growing and dynamic economy, combined with untapped potential for agriculture-led poverty alleviation. Project design is consistent with the objectives of the country strategic opportunities programme (COSOP) for 2007-2012, specifically its first strategic objective of sustainable improvement in the livelihoods of the rural poor.
8. The project follows on a series of IFAD-financed interventions in Cambodia in the area of agriculture and rural livelihoods. They include training for poor households in improved agricultural practices and off-farm activities, access to finance through group revolving funds (GRFs), decentralized provision of agricultural services and rehabilitation of rural infrastructure. This project's strategy attempts to strike a balance between innovation and building on previous experience.
9. The project focuses on the most severe constraints facing poor households. In particular, very poor farmers are risk-averse and lack the means to adopt improved technologies. The intervention strategy aims to create a safe learning environment for farmers to invest in productivity improvements and diversify their income base. It will include a menu of options, including capacity-building, market linkages and access to finance to allow for differentiated paths to improved livelihoods.

II. Project description

A. Project area and target group

10. The incidence of poverty in the five provinces, including all existing communes, averages 22 per cent. The project will target 246 communes in 36 districts in the provinces of Kampot, Kandal, Prey Veng, Svay Rieng and Takeo where poverty is most prevalent at an average of 26 per cent. The project aims to benefit 90,000 rural households directly, including 49,000 primary beneficiary households.
11. The project will target resource-poor rural women and men and their households. Landless and land-poor farmers, rural youth and women-headed households usually included in the poorest category will be a priority for project assistance. In order to include the land-poor, the project will pursue a balance between improving agricultural productivity and supporting some of the poorest and most vulnerable rural population segments.
12. Beneficiaries of project activities will be selected through a two-stage approach. First, communes and districts have been selected ex-ante within the five project provinces based on poverty incidence and headcount, potential for agricultural production and cost efficiency criteria. At a second stage, households within selected communes are chosen based on participatory wealth ranking and on assessment (including self-assessment) of willingness to participate. The project will also make use of "IDPoor" data for household level targeting when such information is found to be up to date.

B. Project development objective

13. The project goal is to improve the livelihoods of poor rural people in the target communes of Kampot, Kandal, Prey Veng, Svay Rieng and Takeo provinces. The development objective is to improve agricultural productivity and diversify income sources for rural households living in poverty in the selected provinces.
14. As a result of the project the average paddy yield of the primary target group is expected to increase by 15 per cent, and average non-rice agricultural production by 20 per cent. Average labour productivity among primary target households is expected to increase by 25 per cent compared to non-beneficiary households.

C. Components/outcomes

15. The project has three closely interrelated and demand-driven components: (i) improved access to financial services; (ii) improved access to technology and markets; and (iii) project coordination and management.
16. **Improved access to financial services.** This component includes three subcomponents: (i) a group conditional capital transfer scheme (GCCTS); (ii) capacity-building for improved access to finance; and (iii) support to existing GRFs.
17. In a departure from existing practice in Cambodia, the project will set up a GCCTS to transfer funds to village-based improved group revolving funds (IGRFs) over a three-year period, conditional upon their performance on a set of milestones. It will also support financial literacy training to the fund member households, support group linkages with microfinance institutions (MFIs) and assist GRFs in the project area supported by IFAD in the past in accessing financial services and linkages to MFIs. The Food and Agriculture Organization of the United Nations (FAO) will support technical assistance to the Ministry of Agriculture and Forestry (MAFF) on rural finance and provide financing under its Technical Cooperation Programme (TCP). The expected outcomes of this component include a minimum of 980 IGRFs established and showing substantial growth after three years of operation. Moreover, a high proportion of the 49,000 member households are expected to have improved their financial literacy and access to financial services in the form of savings and credit.
18. **Improved access to technology and markets.** This component will finance three subcomponents: (i) innovation in capacity-building; (ii) applied training and capacity-building; and (iii) small rural business development. The component will enhance farmer capacity in appropriate agronomic, marketing and post-harvest management techniques, combined with the development of off-farm activities and market linkages. The project will include the Netherlands Development Organization (SNV) as implementation partner and cofinancier for the subcomponent on small rural business development and as a provider of technical assistance on the development of training packages and knowledge dissemination. In addition, the project will support the adaptation and scaling up of the National Biodigester Programme to include poor beneficiaries. The project will also establish an innovative partnership between MAFF and International Development Enterprises (iDE) to substantially expand the successful Farm Business Advisor Programme to new provinces and communes. This will provide beneficiaries with access to an additional source of extension support and high quality inputs, as well as provide an exit strategy for a number of project activities.
19. This component is expected to achieve the following outcomes: (i) improved and innovative training packages and approaches being developed and used; (ii) beneficiaries able to effectively use funds made available through the GCCTS for improved production and marketing; (iii) poor rural households diversifying income sources by adopting improved technologies for non-rice crops, livestock, aquaculture and non-land based income-generating activities; (iv) successful establishment of sustainable private extension agents as farm business advisors, and associated input supply chains in project areas; (v) establishment of 75 profitable contractual linkages between farmer groups and agricultural markets or other business ventures; and (vi) pro-poor biodigester technology being successfully adapted and 4,000 biodigesters benefiting project beneficiaries.
20. **Project coordination and management.** The project will finance three main subcomponents: (i) MAFF project support unit (PSU), (ii) Ministry of Women's Affairs (MOWA) implementation support unit (ISU) and (iii) project coordination and administration by provincial administrations.

III. Project implementation

A. Approach

21. The project approach will be flexible and consistent with a demand-driven process where farmers' choices take centre stage. Farmer field schools will be used to disseminate adoption of new technologies but there will be a shift in training approach from simple delivery to involving farmers in adoption by associating training with IGRF funds, as well as dissemination outside the school.
22. The capacity-building support provided to groups will consist of a basic common curriculum plus options selected by beneficiaries. The structure of the GCCTS is designed to provide incentives for active engagement by beneficiaries.
23. The project also introduces significant changes to delivery mechanisms compared to earlier projects by engaging with new implementing partners and service providers from both non-governmental organizations and the private sector – while retaining an important role for decentralized structures. Service providers will be responsible for: (i) capacity-building for beneficiaries in financial literacy; (ii) supporting record-keeping, accounting and financial reporting by IGRF groups; and (iii) design, preparation and training for off-farm activities.
24. Gender considerations will be mainstreamed in all project activities with support from MOWA and the provincial departments for women's affairs. The latter will provide staff to district support teams to raise awareness, provide gender training and introduce gender impact analysis and monitoring as part of the annual participatory impact assessments. Training and extension will be targeted to those responsible for a particular activity, whether men or women, and 50 per cent of the commune extension workers (CEWs) will be women. The project will ensure that at least 50 per cent of household representatives in groups are women. Specific targets have been set for the selection of women as project staff as well.

B. Organizational framework

25. The Ministry of Economy and Finance (MEF) is mainly responsible for providing inter-agency coordination, providing the counterpart contribution, processing withdrawal applications and approving procurement and other documents in a timely manner. MEF will assign one officer from the Department of International Cooperation on a full-time basis for the duration of the project.
26. MAFF, through the MAFF PSU, will be the lead project agency (executing agency) and will take responsibility for overall project management, coordination and reporting, while agencies and line departments of MAFF will undertake the majority of technical work at national level.
27. Ministry of Women's Affairs (MOWA) is assigned key roles in project implementation at national level while the National Committee for Sub-National Democratic Development Secretariat (NCDDS) plays an important role in facilitating liaison and coordination with the Provincial Administrations.
28. Partner Agencies, including SNV, iDE and FAO will implement the activities entrusted to them with a large degree of management autonomy under an umbrella agreement with the Project. Key service provider agencies operators will be contracted directly by MAFF and, in the case of capacity building for non-land-based activities, by MOWA.

C. Planning, monitoring and evaluation, and learning and knowledge management

29. The proposed monitoring system is premised upon each household receiving a unique beneficiary identification number. This will be issued when the groups are created, in the form of a project beneficiary ID card linked to the ID of the group in

which the household participates. The project will have a dedicated unit within MAFF PSU for M&E, learning and knowledge dissemination. In particular, it will measure the performance of external service providers, the beneficiaries' experiences with IGRFs, the quality of training provided and technology adoption. It will include progress monitoring and studies based on qualitative and quantitative methods, to generate lessons on innovative features of the project with potential for scaling up.

30. Each province will prepare an annual workplan and budget (AWPB) based on the project costs at appraisal, following consultations with districts and communes under their jurisdiction. The implementing agencies and partners will implement activities on the basis of the project design document, project implementation manual and approved AWPB and amendments, consolidated by the MAFF PSU based on the AWPB submitted by MOWA ISU and the five provincial administrations. The consolidated AWPBs of MAFF PSU will include those submitted by the implementing partners.

D. Financial management, procurement and governance

31. **Financial management.** At the national level, the project will apply the standard operating procedures for externally financed projects and programmes in Cambodia issued by MEF, as outlined in Sub-Decree 14 ANK.BK dated 26 February 2007. Project-supported activities at the provincial and district levels will follow the administrative structures, systems and procedures of the provincial administration, in accordance with the administration and financial management manual issued by the NCDD, dated 22 December 2008.
32. IFAD will advance funds to the designated loan and grant accounts based on an approved AWPB and quarterly cash flow projections. The justification of advances will be based on expenditures statements to be submitted in the third quarter of every year. MEF will transfer funds from its own resources to the separate government counterpart funds designated account based on the approved AWPB.
33. Semi-annual and annual financial statements will be prepared individually by each implementing agency and consolidated by MAFF PSU. The financial statements will be prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and audited each year by an external auditor. An audit firm acceptable to IFAD will be selected by MEF under the bundled audit arrangement with other World Bank and IFAD-financed projects in the Cambodia portfolio. Audit costs will be covered with the proceeds of the IFAD financing.
34. **Procurement.** Procurement under the project will be carried out in accordance with IFAD's Project Procurement Guidelines and the Procurement Handbook. For each contract to be financed with the proceeds of the IFAD financing, the procurement method, need for pre- or post-qualification, estimated cost, prior review requirements and timeframe will be agreed between MAFF PSU and IFAD in the procurement plan to be submitted by the implementing agency. The project includes a number of actions to strengthen procurement capacity among implementing agencies and mitigate procurement risks. In terms of capacity, the project will include an international procurement adviser who will be responsible for providing procurement and fiduciary services for the project, in addition to the MAFF PSU procurement officer. All major procurement for MOWA will be undertaken by the MAFF PSU, limiting MOWA procurement mainly to local shopping and direct procurement for local training at the district and commune levels.

E. Supervision

35. The project implementation schedule has been structured in such a way that the initial 12 months will be devoted essentially to ensuring that all contracts, staff and capacity-building materials are in place for moving on to direct beneficiary support. Project supervision in the first year will accordingly focus on these preparatory activities.

36. The first key topic of supervision will be on overall project management, to ensure that: (i) the AWPB for the first year is prepared and operational; and (ii) central and decentralized project staff are hired, equipped and knowledgeable about the project approach. The second key focus will be on ensuring that contracts for the key service providers have been finalized and that working arrangements with the implementation partners are adequately implemented. The third key topic is the development of training materials, logistics and other preparatory activities for applied training. Supervision will focus on ensuring that high quality training materials are developed through a participatory process in MAFF with the support of SNV. The fourth will be on project M&E studies and management information system implementation, to ensure that the baseline survey is technically sound and that a good service provider is hired.

IV. Project costs, financing, benefits

A. Project costs

37. Total project costs over a six-year implementation period are estimated at US\$43.2 million, including US\$2.5 million for financial contingencies, or 6 per cent of base costs. Project costs were estimated based on prices in Cambodia in July 2011. Price contingencies are estimated on the basis of domestic annual inflation of 3.4 per cent and international inflation of 0.5 per cent² on average. The KHR/US\$ exchange rate is assumed stable at KHR 4,100 per US\$, in line with the past five years and consistent with a relatively fixed exchange rate (with little central bank intervention) in the context of a highly dollarized economy.

B. Project financing

38. The table below indicates the proposed project financing in US dollars by component and financier. The bulk of the financing is provided by IFAD in the form of a loan (US\$17.5 million) and a grant (US\$17.5 million). FAO will fund the financial literacy support activities through a TCP facility of US\$0.3 million. SNV will provide financing for technical assistance, studies and operating costs for small rural business development activities, as well as for component 2.1, totalling close to US\$0.7 million. iDE funding of around US\$0.4 million will include technical assistance management support to expand the farm business advisor network in project areas. Government funding is estimated at US\$4.7 million, of which US\$2.3 million for taxes and US\$2.4 million representing about 20 per cent of total recurrent costs. Finally, beneficiaries will be expected to contribute US\$2.1 million, which includes US\$0.9 million in cost sharing for the IGRF service provider (in accounting and record keeping) and around US\$0.7 million in contributions for access to Rural Business Stimulus Facility grants.

Kingdom of Cambodia
Project for Agricultural Development and Economic Empowerment
Components by Financiers
(US\$ '000)

	SNV		FAO		iDE		IFAD GRANT		IFAD LOAN		Beneficiaries		The Government		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
A. Improved Access to Financial Services																				
1. Group Conditional Capital Transfer Scheme	-	-	-	-	-	-	515.5	3.6	12 675.8	69.6	918.8	6.5	41.2	0.3	14 151.3	32.7	478.6	13 483.5	169.2	
2. Financial Literacy and Linkages with MFJ	-	-	313.3	12.4	-	-	1 945.7	77.1	49.2	1.9	-	-	216.2	8.8	2 524.5	5.8	53.0	2 229.2	242.2	
Subtotal	-	-	313.3	1.9	-	-	2 461.3	14.8	12 725.0	70.3	918.8	5.5	257.4	1.5	16 075.8	38.0	531.6	15 712.7	431.5	
B. Improved Access to Technology and Markets																				
1. Support to Innovation in Capacity Building	497.2	20.2	-	-	-	-	1 437.6	58.4	363.5	14.8	-	-	185.2	6.7	2 483.4	5.7	629.1	1 650.9	183.4	
2. Applied Training and Capacity Building	-	-	-	-	378.5	2.4	11 057.2	68.9	1 326.8	8.3	-	-	3 284.6	20.5	16 047.1	37.1	1 097.1	13 536.8	1 413.2	
3. Small Rural Business Development	171.3	4.4	-	-	-	-	586.1	14.9	1 706.7	43.5	1 275.0	32.6	184.6	4.7	3 923.7	9.1	578.1	3 101.0	244.6	
Subtotal	668.5	3.0	-	-	378.5	1.7	13 080.9	58.3	3 397.0	15.1	1 275.0	5.7	3 654.3	16.2	22 434.2	51.9	2 304.3	18 288.7	1 841.2	
C. Project Co-ordination and Management																				
1. MAFF Project Support Unit	-	-	-	-	-	-	1 511.3	53.7	743.1	28.4	-	-	568.8	19.9	2 813.1	6.5	1 032.6	1 589.1	191.3	
2. MoVIA Implementation Support Unit	-	-	-	-	-	-	237.8	49.1	188.9	34.4	-	-	79.9	10.5	494.6	1.1	50.6	362.8	45.2	
4. Provincial Management	-	-	-	-	-	-	208.7	24.9	488.1	55.9	-	-	160.1	19.1	836.9	1.9	140.6	617.3	79.0	
Subtotal	-	-	-	-	-	-	1 957.8	47.4	1 378.1	33.3	-	-	798.8	19.3	4 134.5	9.5	1 223.9	2 589.2	315.5	
Total PROJECT COSTS	668.5	1.5	313.3	0.7	378.5	0.9	17 500.0	40.5	17 500.1	40.5	2 193.8	5.1	4 660.3	10.8	43 244.5	100.0	4 055.8	36 590.6	2 588.1	

² Domestic inflation based on International Monetary Fund forecasts; international inflation based on the World Bank's manufactures unit value index estimates.

C. Summary benefit and economic analysis

39. The activities are expected to directly benefit around 90,000 households. This represents almost 20 per cent of the households living in the target communes, including:
- An estimated 49,000 IGRF member households comprising the primary project target group, who will benefit from the full range of project activities;
 - Some 25,000 members of existing farmer organizations in the five project provinces, who will receive initial consultation and guidance on opportunities for improved access to finance within the project;
 - Some 6,000 outstanding farmers in IGRF villages or neighbouring villages, who will be given the opportunity to partake in IGRF on-farm training alongside members;
 - Close to 700 additional households in project communes that do not belong to IGRFs are expected to benefit from training on non-land-based income-generating activities and development of off-farm business ventures, alongside IGRF members;
 - Among the 49,000 IGRF beneficiary households, 1,500 outstanding farmers and others in the project areas are expected to be involved in business plans through the small rural business development pilot;
 - Some 24,000 households in the project areas will benefit from demonstrations on improved seed and crop diversification, and 8,000 are expected to become additional beneficiaries (not having benefited directly from other project activities); and
 - Some 4,000 households will benefit from pro-poor biodigesters.
40. The project will have a positive impact on gender relations by enhancing the role of women in the process of social and economic development. It will promote women's participation in decision-making processes within local communities, as well as at district and provincial levels.

D. Sustainability

41. Four key elements of project design will contribute to the sustainability of project benefits. First, the design and updating of training materials and innovation in capacity-building involves all key partners with facilitation by SNV. This will ensure that materials are mainstreamed and used by a range of operators, beyond those directly involved in the project. Second, the focus on capacity-building and empowerment of beneficiary households in both project components is intended to ensure that beneficiaries keep up the improvements in productivity and income diversification beyond the life of the project. The sustainability of project activities hinges mainly on the consolidation of the technical and financial capabilities of farmer households. Third, IGRF members are expected to contribute to covering the operating costs of the service provider for record keeping, accounting and reporting. Interest earnings from the fund are expected to be more than sufficient to cover these costs in full by the end of the project. Fourth, the partnership with iDE to expand the network of farm business advisors to project areas and promoting the integration of these advisors and CEWs will provide a market-based alternative for providing extension services and high quality inputs to beneficiaries beyond the investment phase of the project.

E. Risk identification and mitigation

42. The key implementation risks to achievement of the project development objective relate to: (i) the delivery and coordination capacity of implementing institutions; (ii) scaling up features that could affect the quality of service delivery; (iii) the

innovative features of the project; and (iv) the likelihood that risk-averse poorest rural households will adopt the improved technical package and effectively invest in raising their productivity.

43. Regarding delivery and coordination capacities, mitigation measures include: (i) an overall greater emphasis on external service providers relative to direct implementation by central and decentralized Government institutions; (ii) additional technical assistance for M&E, procurement and financial management, including support by implementation partners; and (iii) project implementation under the responsibility of MAFF PSU, which has accumulated substantial experience in the implementation of previous and ongoing IFAD projects.
44. The scaling up risk resulting from expanding coverage to five provinces and almost 250 communes is mitigated primarily by a design that focuses on only two, well integrated components, and further reduced by the following measures: (i) a phased approach to project implementation, with the first 12 months being used for preparatory activities such as materials development, training of trainers and careful design of intervention logistics; (ii) inclusion of mobile technical support teams to reinforce district level training implementation; and (iii) the use of external service providers to add implementation capacity to Government staff.
45. The innovative pilot on rural business development may encounter difficulties in finding new ventures and linkages between project beneficiaries and supply chain agents. Risk mitigation measures include: (i) a partnership with SNV, which has experience in this area in Cambodia; (ii) the modest scale of the pilot, which reduces risk exposure; and (iii) using a fund approach whereby funds can more easily be reallocated to other project activities during project implementation if need be.
46. With regard to the risk aversion factor, the whole strategy of this project is to offer a safe learning environment that will enable the target group to overcome this obstacle. The factors to create such an environment have been identified based on the lessons learned from past practice. Access to capital has been made conditional on successful training and application of such technologies, and paced with the development of group and individual capabilities.

V. Corporate considerations

A. Compliance with IFAD policies

47. **Targeting policy.** The project's main target group are poor rural people as defined in IFAD's Targeting Policy. In addition, the project identifies target subgroups with due attention to gender differences. The project has a detailed targeting strategy that is based on past experience in Cambodia and consists of a mix of different methods, namely: geographic targeting at commune level; participatory household wealth ranking at village level; enabling measures mainly for sensitization in gender issues; and empowerment measures through quotas for women in group leadership, joint bank savings accounts and training.
48. **Policy on mainstreaming gender.** The project also complies with IFAD's policy on mainstreaming gender. Project design is based on detailed poverty analysis, which includes gender dimensions, accounting for differences in the roles of women and men in rural areas and how they can benefit from project activities. The project will directly benefit women through economic empowerment and asset ownership. The project includes gender quotas for decision-making positions such as IGRF leadership and CEWs (50 per cent women). The logical framework includes gender-sensitive indicators.
49. **Rural finance policy.** The project complies with IFAD's Rural Finance Policy. It supports access to two types of rural finance institutions, i.e. MFIs and community-managed funds. It supports better group governance by introducing a service

provider for group record-keeping, accounting and reporting services. A realistic exit strategy is provided for in the form of an evolution of IGRFs towards a credit union model for those groups that are successful and have potential to grow.

50. **Environmental screening.** An environmental screening and scoping note (ESSN) has been prepared in accordance with relevant IFAD procedures (President's Bulletin 94/03). The environmental classification for the project is B. No further information is necessary to complete the ESSN and no formal environmental assessment is considered necessary.

B. Alignment and harmonization

51. Project objectives are consistent with and supportive of Government economic and sector development strategies, in particular the policy on supporting rice productivity and exports, as well as the 10-year National Program for Sub-National Democratic Development under the leadership of NCDD and the first three-year phase of implementation, referred to as "IP3." MAFF and the provincial administration will sign a memorandum of understanding to ensure that the project benefits from backstopping support from the IP3 advisory team, particularly the provincial finance adviser.
52. All relevant MFIs in project areas were repeatedly consulted during design, including AMRET, AMK, ACLEDA and PRASAC. Project design also included a review of IFAD-financed GRFs in the project area, the World Bank-financed Livelihood Enhancement and Associations of the Poor (LEAP) pilot and the savings-led groups supported by Oxfam and the Cambodian Centre for Study and Development in Agriculture (CEDAC). Feedback from MFIs and NGOs was incorporated in the design at several stages.
53. There are a number of ongoing or proposed donor activities that could be beneficial to the project outcomes, including: donor and government infrastructure activities to improve the rice supply chain as part of the Government's rice export policy; initiatives such as the International Finance Cooperation/World Bank Risk Sharing Facility, which will boost investment in milling capacity and therefore strengthen the rice supply chain; and other donor activities such as the Cambodia Agricultural Value Chain Program (CAVAC) funded by Australia's Aid Programme and the Helping Address Rural Vulnerabilities and Ecosystem Stability Programme (HARVEST) funded by the United States Agency for International Development.

C. Innovations and scaling up

54. The overall project approach is to identify what worked in previous experience and scale it up with the necessary adaptations and innovations, using decentralized institutional structures as the main pathway and external financing as the main driver. Some of the key innovations include: (i) a demand-driven training approach supported by long-term technical assistance; (ii) a longer period of project support for training, including more intensive follow-up on improved practices adopted; (iii) more practical and integrated technical training and asset building (access to finance); (iv) a partnership approach to expand coverage of farm business advisors to project areas, resulting in access to quality inputs and a mix of private and public extension; (v) focusing the responsibilities of CEWs on facilitation and feedback; and (vi) access to finance and markets (GCCTS and IGRF model).

D. Policy engagement

55. This project is fully aligned with the Government's key sector policies on rice exports and decentralization. Project implementation will therefore offer numerous opportunities to contribute to shaping such policies and participate more actively in the donors-Government working group on agriculture. Conversely, project implementation arrangements will need to be adjusted from time to time to harmonize them with the Government's evolving regulatory framework for

decentralization and deconcentration. The project's M&E system includes several studies that go beyond assessing the impact of project activities, which will provide valuable insights for policy making and future interventions in rural development, particularly the review of revolving funds, the qualitative review of applied training and the case studies on farmer organizations. A number of activities will be funded to support knowledge dissemination from these studies to stakeholders in rural development and a broader audience in Cambodia.

VI. Legal instruments and authority

56. A project financing agreement between the Kingdom of Cambodia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as an annex.
57. The Kingdom of Cambodia is empowered under its laws to receive financing from IFAD.
58. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

VII. Recommendation

59. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan on highly concessional terms to the Kingdom of Cambodia in an amount equivalent to eleven million three hundred thousand special drawing rights (SDR 11,300,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Kingdom of Cambodia in an amount equivalent to eleven million three hundred thousand special drawing rights (SDR 11,300,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement:

"Project for Agricultural Development and Economic Empowerment (PADEE)"

(Negotiations concluded on 28 February 2012)

Loan Number: ____

Grant Number: ____

Project Title: Project for Agricultural Development and Economic Empowerment (the "Project")

The Kingdom of Cambodia (the "Borrower/Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS

A. The Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement; and

B. The Food and Agriculture Organization of the United Nations (the "FAO"), the SNV Netherlands Development Organisation (the "SNV") and the International Development Enterprises (the "iDE") (collectively the "Project Implementation Partners" or "PIPs") have expressed their intention to provide assistance to the Project on terms and conditions that may be agreed upon between these organizations and the Borrower/Recipient.

NOW THEREFORE the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), and the Allocation Table (Schedule 2).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a loan (the "Loan") and a grant (the "Grant") to the Borrower/Recipient (collectively the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is eleven million three hundred thousand Special Drawing Rights (SDR 11 300 000). The amount of the Grant is eleven million three hundred thousand Special Drawing Rights (SDR 11 300 000).
2. The Loan is granted on highly concessional terms.
3. The Loan Service Payment Currency shall be USD.
4. The first day of the applicable Fiscal Year shall be 1 January.
5. Principal and service charge shall be payable on 1 May and 1 November.
6. There shall be two designated accounts (the "Designated Accounts") denominated in USD opened and maintained by the Borrower/Recipient in a bank acceptable to the Fund, to receive the proceeds of the Loan and the Grant respectively.
7. The Borrower/Recipient shall provide counterpart financing for the Project in the amount equivalent to four million and seven hundred thousand US dollars (USD 4 700 000).

Section C

1. The Lead Project Agency shall be the Borrower/Recipient's Ministry of Agriculture, Forestry and Fisheries (the "MAFF"), or any successor thereto.
2. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

1. The following are designated as additional conditions precedent to withdrawal:
 - (a) The MAFF Project Support Unit (the "MAFF-PSU") shall have been duly established and staffed in accordance with Section II, Schedule 1 to this Agreement; and
 - (b) The Designated Accounts shall have been duly opened and the authorized signatories shall have been submitted to the Fund.
2. The following are designated as additional specific conditions precedent to withdrawal under Category four (4) as provided in the Allocation Table, Schedule 2 to this Agreement:
 - (a) An external service provider shall have been engaged to carry out financial management activities; and
 - (b) The IT infrastructure shall have been in place and functional for the Group Conditional Transfer Scheme to operate.

3. The following are designated as additional conditions for suspension:

The Project Implementation Manual (the "PIM"), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

(Title)
Department of Investment and Cooperation
of the Ministry of Economy and Finance
Phnom Penh, Cambodia

Facsimile Numbers: (855 23) 725-341
(855 23) 430-224

For the Fund:

(Title)
International Fund for Agricultural Development
Via Paolo di Dono, 44
00142 Rome, Italy

This Agreement, dated [click and type], has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

KINGDOM OF CAMBODIA

[insert name and title]

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project aims to contribute to improving the livelihoods of poor rural people in two hundred and forty-six (246) communes in thirty six (36) districts in the following provinces of the Borrower/Recipient: Kampot, Kandal, Prey Veng, Svay Rieng and Takeo (the "Project Area"), selected against the eligibility criteria agreed upon between the Parties. Any change to the Project Area in the course of the implementation of the Project shall be agreed upon between the Parties.
2. *Goal.* The goal of the Project is to improve the livelihood of the poor rural women and men within the Project Area.
3. *Objectives.* The objective of the Project is to improve agricultural productivity and to diversify the sources of income of rural households living in poverty in the Project Area.
4. *Components.* The Project shall consist of the following three Components:

Component 1: Improved Access to Financial Services

This Component aims to implement a three-pronged strategy to improve the target population's access to financial services in a sustainable way: (a) formation of groups of poor households for the purpose of constituting Improved Group Revolving Funds (the "IGRFs") and re-capitalizing poor families through an immediate increase in their asset base; (b) support to improvements in individual households' ability to manage cash flows; and (c) specific support to existing groups of poor households through a combination of capacity building in financial literacy for individual households and providing a range of options for improvements in access to financial services.

Sub-component 1.1: Group Conditional Capital Transfer Scheme

Under this sub-component, the Project shall set up a Group Conditional Capital Transfer Scheme (the "GCCTS"), which shall transfer funds to village based IGRFs over a three year period conditional on their performance evaluated against criteria described in the PIM.

The process of setting up IGRFs will follow the experiences of past and ongoing IFAD projects, through a series of meetings at commune and village level, strong involvement of Commune Councils and village authorities in the process and with selection of beneficiaries ultimately being conducted through a participatory wealth ranking exercise.

Sub-component 1.2: Capacity building for improved access to finance

Under this sub-component, the Project shall provide training to household members of the IGRFs on household finance and budgeting, and improve their linkages with Micro-Finance Intermediaries.

Sub-component 1.3: Support to existing Group Revolving Funds

Under this sub-component, the Project shall provide technical and managerial support to a sub-set of existing IFAD-supported household groups in the Project Area, selected against criteria to be spelled out in the PIM.

Component 2: Improved Access to Technology and Markets

The Component aims to achieve a series of outcomes that will support economic empowerment of target households and contribute to agricultural development in the Project Area. Such outcomes shall include: (a) improved and innovative training packages and approaches being developed and used; (b) farmers adopting improved production and marketing techniques; (c) poor rural households diversifying income sources through adoption of improved technologies for non-rice crops, livestock, aquaculture and non-land based income generating activities; (d) successful establishment of sustainable private extension agents and associated input supply chain in Project Area; (e) establishment of approximately seventy five (75) profitable contractual linkages between farmer groups and agricultural markets or other business ventures; and (f) pro-poor bio-digester technology being successfully adapted and approximately four thousand (4,000) bio-digesters benefiting Project beneficiaries.

Sub-component 2.1: Support to innovation in capacity building

Under this sub-component, the Project shall contribute to improving the quality of the MAFF's extension methodologies and materials, support innovation and development of capacity development approaches for off-farm activities. In addition, this sub-component shall provide assistance for demonstration of innovative practices and options for farmers to complement the demand driven trainings in sub-component 2.2 (see below) as well as make funding available for innovative capacity building experiments.

Sub-component 2.2: Applied training and capacity building

The sub-component shall finance: (a) preparatory activities (setting up the fundamentals for IGRF formation and training of trainers); (b) applied training of farmers strictly integrated with funding transferred under the GCCTS; (c) continuous technical assistance by Commune Extension Workers (the "CEWs") in a facilitation and advisory role; and (d) partnership for the expansion of the Farm Business Advisor model in the Project Area for sustainable proximity extension services and availability of high quality inputs at village level. The sub-component will build capacity of support staff and of farmers by delivering a series of demand driven capacity building packages on a selection of rural on farm and non-land based activities.

Sub-component 2.3: Small rural business development

Under this sub-component, the Project shall assist small farmers in capturing economies of scale by (a) improving market access; (b) supporting improved quality production and the introduction of standards; and (c) improving and shortening supply chains with fewer intermediaries.

Component 3: Project Coordination and Management

Sub-component 3.1: MAFF Project Support Unit (the "MAFF-PSU")

Under this sub-component, the Project shall finance the costs to be incurred by the MAFF-PSU in Project coordination and management, including expense of a Monitoring & Evaluation (M&E) team.

Sub-component 3.2: Ministry of Women's Affairs Implementation Support Unit

Under this sub-component, the Project shall finance the costs of setting up and maintaining an Implementation Support Unit at the Ministry of Women's Affairs (the "MOWA") provided in paragraph 8 below.

Sub-component 3.3: Provincial Management

Under this sub-component, the Project shall finance costs to be incurred by the functional units of each Provincial Administration and each District Administration in fulfilling their Project-related responsibility.

II. Implementation Arrangements

Implementing Agencies

5. For the purpose of this Agreement, the Implementing Agencies (the "IAs") shall include the MAFF, the MOWA, the National Committee for Sub-National Democratic Development Secretariat (the "NCDDS"), the Provincial, District and Commune Administrations, the Provincial Departments of Agriculture (the "PDA") and the Provincial Departments of Women's Affairs (the "PDOWA") and their District Offices.

Project Management

6. The Borrower/Recipient shall appoint the MAFF as the Lead Project Agency to assume overall responsibility over Project implementation and coordination.

7. Ministry of Agriculture, Forestry and Fisheries – Project Support Unit (the "MAFF-PSU")

7.1 *Establishment.* The Lead Project Agency shall assign its Project management, coordination and M&E tasks to its PSU.

7.2 *Composition.* The MAFF-PSU shall be led by a Project Director assisted by a Project Manager appointed by the MAFF. The MAFF-PSU shall include, inter alia, specialist staff for procurement, financial management, planning and M&E to be assisted by Local and International Technical Assistants. The MAFF shall make available to the Project the expertise developed and the staff employed by the Rural Poverty Reduction Project in Prey Veng and Svay Rieng (the "RPRP") provided in the Project Loan Agreement between the Parties dated 19 December 2003. All staff appointed for the Project except the Project Director of the MAFF-PSU shall be contracted, under procedures acceptable to the Fund, on an open, transparent and competitive basis and have qualifications and experience commensurate with their duties. Recruitment of the Project Manager and other MAFF-PSU professional staff shall be subject to no-objection from the Fund.

7.3 *Responsibilities*. The MAFF-PSU shall be responsible for: (a) coordination between IAs and PIPs; (b) assisting, advising and coordinating the IAs at the sub-national levels in implementing the Project; (c) M&E through a Project M&E Unit; and (d) overall management of Component 1 with technical assistance from FAO.

8. Ministry of Women's Affairs – Implementation Support Unit (the "ISU")

8.1 *Establishment*. The MOWA shall establish an ISU.

8.2 *Composition*. The MOWA shall assign a director assisted by a manager, a finance officer, two gender officers and two economic empowerment officers to work for the Project.

8.3 *Responsibilities*. The ISU shall (a) coordinate the MOWA responsibilities for PADEE and other IFAD-funded projects; and (b) be responsible for implementing the gender mainstreaming strategy of the Project and non-land based activities in Component 2 of the Project.

9. The National Committee for Sub-National Democratic Development (the "NCDD")

9.1 The NCDD shall appoint a focal point to act as coordinator with MAFF-PSU for PADEE and other IFAD-funded projects.

9.2 *Responsibilities*. The NCDD shall (a) facilitate the integration of the Project into the emerging sub-national administrative structures; (b) support implementation of the Project through its network of advisers at provincial and district level; (c) ensure effective communications between the MAFF-PSU and the Provincial Administrations; and (d) ensure that the Provincial and District Administrations are capable to carry their roles in Project implementation.

10. The Ministry of Economy and Finance (the "MEF"). The MEF shall (a) provide inter-agency coordination when required; (b) fulfil the government fiduciary oversight and management; (c) provide sufficient counterpart contribution in a timely manner to finance the Project activities, including payment of government salaries; and (d) timely process withdrawal applications, approval of procurement actions and other necessary documents according to the Standard Operating Procedures.

Sub-National Level Implementation

11. The Provincial Administration. The Provincial Administration shall report to the MAFF-PSU and shall (a) contract Project implementation activities to the PDA and the PDOWA; (b) assign a senior official to act as the Provincial Project Coordinator; (c) manage and coordinate the Project in each province; and (d) lead the AWPB preparation and coordination at the provincial level.

12. Provincial Department of Agriculture (the "PDA"). The head of the PDA shall act in his/her capacity as the Provincial Project Director to implement activities under the MAFF's responsibility. The PDA shall be responsible for (a) supporting planning of agriculture activities and for delivery of capacity building for on-farm activities (sub-component 2.2); (b) assigning, managing and supporting the Mobile Support Teams and CEWs; (c) providing training and support to CEWs and Village Animal Health Workers; and (d) assigning staff per province to work full-time on the Project.

13. Provincial Support Teams

13.1 *Establishment.* A Provincial Support Team shall be established within each of the PDA.

13.2 *Composition.* Each Team shall include a full-time Provincial Project Manager, Planning and M&E Officers, Administration Officers, Finance and Accounting Officers, and technical staff.

13.3 The Team shall support the PDA in fulfilling its responsibilities under this Agreement.

14. Provincial Department of Women's Affairs (the "PDOWA"). The PDOWA shall be responsible for (a) implementing the gender mainstreaming action plan of the Project at provincial level, including training of Project beneficiaries in gender issues; and (b) facilitating trainings delivered by specialist service providers contracted by the MOWA or the PDOWA.

15. The District Administration. The District Administration shall appoint a District Project Director with responsibility to lead: (a) the preparation of AWPBs; and (b) the coordination between IAs at district level.

16. The Commune Councils. The Commune Councils shall (a) assist in participatory wealth rankings and identification of IGRF groups; (b) monitor and support the IGRF groups and report to the District Administration or any entity duly designated thereby; (c) participate with PDA, PDOWA and District Agriculture Office in recruitment and coordination of the CEWs; (d) be responsible for local development planning; (e) monitor and coordinate development activities in the communes; and (f) be assigned with two CEWs.

Project Review

17. The Borrower/Recipient and the Fund shall conduct a comprehensive mid-term review to assess implementation progress and to determine appropriate revisions to the Project implementation arrangements and resource allocations in order to ensure successful Project completion.

Annual Work Plans and Budgets (AWPBs)

18. Each province and PIP shall prepare an AWPB and the MAFF-PSU shall prepare a final AWPB for each Project year to be submitted to the Fund for no-objection by 15 November every year. The AWPBs would include, inter alia, a Procurement Plan, a detailed description of planned Project activities during the coming Project year, and the sources and uses of the proceeds of the IFAD Financing.

Project Implementation Manual (PIM)

19. The MAFF-PSU shall prepare a draft PIM as soon as practicable, based on the draft PIM prepared by IFAD's final design mission report of February 2012 (the Appraisal Report), but in no event later than thirty (30) days after the entry into force of this Agreement. The draft PIM shall include, inter alia:

- (a) Terms of reference and implementation responsibilities, for the purpose of this Agreement, of Project staff, consultants, likely service providers, IAs and other parties created and/or involved in the implementation of the Project;
- (b) Eligibility criteria and selection procedures with respect to target beneficiaries and activities under all sub-components;

- (c) The procedures for setting up IGRFs and for the administration thereof;
- (d) Terms and conditions for financing extended to and through revolving funds;
- (e) Contractual modalities between the MAFF and PIPs; and
- (f) Flow of funds.

20. The MAFF in its capacity as the Lead Project Agency will forward the draft PIM to the Fund for its comments and approval no later than sixty (60) days after the entry into force of this Agreement. If the Fund does not comment on the draft PIM within thirty (30) days of receipt, it shall be deemed approved. The Lead Project Agency shall adopt the PIM, substantially in the form approved by the Fund, and shall promptly provide copies thereof to the Fund.

Schedule 2

Allocation Table

1. *Allocation of Loan and Grant Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in SDR)	Grant Amount Allocated (expressed in SDR)	Percentage
1. Equipment	150 000		25% of total cost
2. Technical Assistance		1 760 000	100% net of tax
3. Consultancy Services and Training		5 310 000	100% net of tax
4. Group Conditional Transfer Scheme	6 890 000		100% of total cost
5. Operating Costs and Allowances	1 520 000	1 250 000	Loan: 44% of total cost; Grant: 36% of total cost
6. Rural Business Stimulus Facility	140 000		25% of total cost or 100% net of beneficiary contribution
7. Activities Implemented by PIPs	1 470 000	1 850 000	100% net of taxes and other contributions
Unallocated	1 130 000	1 130 000	
TOTAL	11 300 000	11 300 000	

2. "Consultancy Services and Training" includes inter alia studies. "Operating Costs and Allowances" includes operating costs and Priority Operating Costs (or other substitute scheme adopted by the government). "Activities Implemented by PIPs" covers all activities implemented by SNV, iDE and FAO.

3. *Retroactive Financing.* Withdrawals, from the Loan, in respect of expenditures for start-up costs (in Consultancy Services and Operating Costs Category(ies)) incurred before the satisfaction of the conditions precedent to withdrawal shall not exceed an aggregate amount of SDR 90 000.

Logical framework

Results hierarchy	Indicators	Means of verification	Assumptions
GOAL¹			
Improved livelihoods for poor rural people in the target of Kampot, Kandal, Prey Veng, Svay Rieng and Takeo Provinces	<ul style="list-style-type: none"> Value of household assets owned by participating households increased on average by 25%² Decrease in prevalence of chronic malnutrition in children under five which are part of households benefiting from the project from current baseline of 30%³ to 10%. Average annual per capita food consumption by targeted households increased by 25% from USD 324⁴. 	Main impact study budgeted under component three will include a baseline and two follow-up quantitative surveys and will be consistent with RIMS	
DEVELOPMENT OBJECTIVE¹			
Improved agricultural productivity and diversification of income sources for rural households living in poverty in the five provinces.	<ul style="list-style-type: none"> Around 90,000 households directly benefiting from project activities by PY6⁵ Average wet season paddy yield of targeted households increased by 15% from average of 2.2t/ha to average of 2.5t/ha Average dry season paddy yield of targeted households increased by 15% from average of 3.2t/ha to average of 3.7t/ha Average value of household non-rice agricultural production of targeted households increased by at least 20% from current average of USD 480 after three years⁶ Average labour productivity of target households increases by 15% from an average of USD 4.5 per labour day across project beneficiaries⁷. 	Main impact study Study on the impact of Applied Training Activities budgeted and scheduled for PY3-6 (including MTR and project end review) Qualitative Review of Applied Training budgeted and scheduled for PY2-3 before MTR and PY4-5 before project end Case studies of farmer organizations budgeted and scheduled for PY2-6	No major natural or man-made disasters Continued economic growth at national level generating employment opportunities Households have access to a range of quality food products Efficient and equitable intra-household resource allocation towards food
OUTCOMES AND OUTPUTS			
<p><i>Improved Access to Financial Services</i></p> <p>Targeted households improve financial literacy and increase level of investment and/or savings</p>	<p>Outcome indicators:</p> <ul style="list-style-type: none"> 980 IGRFs established and functional by PY4 Respectively 80%, 70% and 60% of IGRF members achieve training milestones and receive first, second and third conditional capital transfer in years 1, 2 and 3 of their operation. At least 440 IGRFs provide co-payment for service provider in year 2 and 3 of their operation and at least 392 IGRFs provide full payment in year 4 785 IGRFs increase the size of their initial fund of USD 3,000 by 30% after three years 24,500 IGRF members have doubled their savings in their MFI/Bank 	Main impact study Project database/MIS (including MicroBanking database) Review of Revolving Fund Approach in PY3 before MTR	Continued strong performance by MFI and banking sector in Cambodia External service providers perform satisfactorily Finance tools promoted are appropriate to raise savings and investments. Continued strong government commitment to

¹ All targets refer to increases relative to a control group and obtained maximum three years after project intervention. Details can be found in Section II.B.

² The value of assets is based on a household asset index as used by IFAD RIMS as a proxy for poverty, where assets and household characteristics are aggregated using principal components analysis. Detailed data will not be available until after the baseline survey

³ Results from the 2010 RIMS survey for RPRP have been used as baseline. Values will be updated following the baseline survey.

⁴ Food consumption is to be expressed in real terms. The Cambodia Socio-Economic Survey (2009) indicates that rural households on average spend USD 27 monthly on food and non-alcoholic beverages. Accurate values for the project area will be updated following the baseline survey

⁵ As explained in the PDR, this includes 49,000 primary beneficiaries (i.e. those that benefit from all key project interventions/components)

⁶ Current value will be updated following the baseline survey.

⁷ Labour productivity is measured as return to total labour in USD terms.

	<p>account three years after initial project support</p> <ul style="list-style-type: none"> • On average IGRF members report improved access to MFI credit compared to non-beneficiary comparable households two years after initial support • Average annual number of transactions with MFIs for IGRF members is on average higher than that of non-beneficiary comparable households <p>Output indicators:</p> <ul style="list-style-type: none"> • Contract with specialist service provider for accounting, record keeping and reporting finalized successfully in PY1 • Contract with specialist service provider for capacity building in financial literacy and linkages to MFI finalized successfully in PY1 • 49,000 beneficiaries registered as members of an IGRF and trained in financial literacy by PY4 (of which at least 50% are women) • For each IGRF at least one woman elected as one of the three group leaders • 500 other existing GRFs are supported in project communes 		<p>agricultural development and implementation of project activities through decentralized structures</p> <p>Cambodian government continues to promote rice production and exports</p> <p>Technology adopted by farmers is appropriate to raise productivity</p> <p>Continued economic growth in Cambodia generates appropriate market opportunities in non-rural sectors</p> <p>Continued availability of quality agricultural inputs in project area</p> <p>Absence of extreme weather events or new pests/diseases</p> <p>Women household members are able to actively participate to the extent envisaged</p>
<p><i>Improved Access to Technology and Markets</i></p> <p>Targeted households use improved production technologies, establish market linkages, and diversify income source</p>	<p>Outcome indicators:</p> <ul style="list-style-type: none"> • 70% of trained farmers still adopt recommended technology and/or report increased expenditure on inputs two years after project intervention • 10% of IGRF members engaged in new or scaled-up non-land based income generating activities by PY5 • 75 small rural business matching grants approved and implemented efficiently by PY6 • Land and non-land based training packages developed (minimum 10 and 4 respectively), updated and endorsed by MAFF and MOWA by PY2 • Around 200 Farmer Business Advisors providing extension services and supply of farm inputs to approximately 10,000 beneficiaries in a sustainable way by PY 3 • 4,000 pro-poor bio-digesters constructed and operating by PY4 <p>Output indicators:</p> <ul style="list-style-type: none"> • 490 CEWs trained and working by PY4, of which 50% are women • 49,000 beneficiaries trained in first and second year packages by PY5 • 6,000 outstanding farmers trained in first and second year packages by PY5 • 3,800 beneficiaries trained in non-land based income generating activities, of which at least 70% are women by PY5 • 400 improved seed variety demonstrations conducted by PY5 • 400 crop diversification demonstrations conducted by PY5 	<p>Main impact study</p> <p>Project database/MIS (including MicroBanking database)</p> <p>Study on the impact of Applied Training Activities budgeted and scheduled for PY3-6 (including MTR and project end review)</p> <p>Qualitative Review of Applied Training budgeted and scheduled for PY2-3 before MTR and PY4-5 before project end</p> <p>Case studies of farmer organizations budgeted and scheduled for PY2-6</p>	