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Investing in rural people

President's report

Proposed loan and grant to the Kingdom of Cambodia for the Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE)

Note to Executive Board representatives

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For: Approval

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Abbreviations and acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
ASPIRE	Agriculture Services Programme for Innovation, Resilience and Extension
MAFF	Ministry of Agriculture, Forestry and Fisheries
M&E	monitoring and evaluation
NCDDS	National Committee for Sub-National Democratic Development Secretariat
PBCRG	performance-based climate resilience grant
PDA	Provincial Department of Agriculture
SNEC	Supreme National Economic Council
3iE	International Initiative for Impact Evaluation

Map of the programme area



Kingdom of Cambodia

Agriculture Services Programme for Innovation, Resilience and Extension

Financing summary

Initiating institution:	IFAD
Borrower:	Kingdom of Cambodia
Executing agency:	Ministry of Agriculture, Forestry and Fisheries
Total programme cost:	US\$82.2 million
Amount of IFAD loan:	SDR 17.70 million (equivalent to approximately US\$26.1 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
Amount of ASAP grant:	SDR 10.15 million (equivalent to approximately US\$15 million)
Cofinanciers:	Commune/ <i>Sangkat</i> Fund (CSF) International Initiative for Impact Evaluation (3ie) United States Agency for International Development (USAID) Public-private partnerships (PPP)
Amount of cofinancing:	CSF: US\$7.2 million 3ie: US\$0.93 million USAID: US\$0.33 million PPP: US\$3 million
Contribution of borrower:	US\$11.4 million
Contribution of beneficiaries:	US\$5.8 million
Financing gap:	US\$12.4 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 Agriculture Services Programme for Innovation, Resilience and Extension, as contained in paragraph 39.

Proposed loan and grant to the Kingdom of Cambodia for the Agriculture Services Programme for Innovation, Resilience and Extension

I. Strategic context and rationale

A. Country and rural development and poverty context

1. Despite the rapid development of both the economy and society in Cambodia over the past 15 years, the agriculture sector still represents more than one third of GDP and provides employment for half of the country's population. The poverty headcount has fallen from over 50 per cent to around 20 per cent. Most poor people live in rural areas and depend on agriculture for their livelihoods, and approximately half the rural population are still vulnerable to falling into poverty due to shocks related to climate, market fluctuations or household emergencies. Therefore, the focus of the IFAD programme in Cambodia since 1998, of providing assistance to poor and vulnerable smallholder farmers, remains valid. However, the context in which the assistance is provided has changed and will continue to change. Trade liberalization and greatly improved transport and communications infrastructure have linked Cambodian farmers to regional product markets, while opportunities for non-farm employment, mainly through migration, have led to labour shortages and driven the adoption of less labour-intensive agriculture technologies. Global climate change is increasingly seen as a factor in the frequent occurrence of damage to crops, property and infrastructure, which reduces production and introduces additional uncertainties into farmers' investment decisions. The transition of smallholders from subsistence farming to business farming requires a major change in support services. Key to this is the generation and articulation of "informed demand" for extension services which requires not only an increased willingness to listen to and respond to the voices of the farmers themselves, but a capacity to manage and facilitate complex flows of knowledge and information between farmers, market actors, technical specialists and researchers.
2. The Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE) is designed on the assumption that the public sector, represented by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and other state and local government agencies, will continue to have an important role in the extension subsector; however, that role must adapt to the changed context and increasing importance of non-State extension providers. A Cambodian model of agriculture extension services would encompass policies, institutions, human resources and an implementation approach focused on efficient sharing of knowledge; responsiveness to farmer demand; facilitating smallholders' access to market opportunities; and building resilience to climate change at the farm and community level. Public funding for extension should be targeted to ensure that results are linked to public policy goals and that farmers currently underserved by the market receive support.
3. ASPIRE is designed to assist the Royal Government of Cambodia in developing the policies and capacity to delivery improved extension services and coordinate the extension activities of development partners, the private sector and civil society.

The programme is designed to form the basis for an enhanced Cambodian model of agriculture extension services and provide a programme-based approach for the extension subsector. This will be achieved through work at the policy formulation and capacity development level and through innovative service delivery and a rigorous approach to results measurement and evaluation.

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

4. The design of ASPIRE is based on the analysis of strategic opportunities for poverty reduction, inclusive growth and enhanced climate resilience underlying the results-based country strategic opportunities programme (RB-COSOP) 2013-2018. Agriculture will remain a key contributor to the country's growth and employment for the foreseeable future. About 20 per cent of the rural population are poor but a much larger proportion – as much as 50 per cent – are vulnerable to falling into poverty due to climate or other shocks. Both the agriculture sector as a whole and the smallholder agriculture sector – which is the basis of the livelihoods of the overwhelming majority of poor and vulnerable Cambodians – offer the potential for inclusive growth based on more effective use of available technology and on improved market linkages. In particular, there is a large subgroup of poor and near-poor but productive smallholders who can raise their incomes and increase their resilience through market-linked, climate-smart improvements in agricultural production. Studies undertaken during preparation of the RB-COSOP found that the product markets to which smallholders have access are competitive and internationally linked, implying that smallholders have the opportunity to profit from improved productivity, technical efficiency gains and production decisions.¹
5. Lack of access to up-to-date, relevant information on farming technologies, markets and climate risks, and inadequate skills to use information effectively are key factors constraining the growth of smallholder farm businesses – particularly for the productive poor and near-poor. Larger and better-resourced farmers have greater access to knowledge and are more likely to benefit from links to private-sector input suppliers and produce buyers. For the poorest members of the community, agricultural production is destined for own consumption and tailored to minimizing risks. The key constraints are lack of land or labour power – factors that IFAD cannot address directly. However, increased smallholder incomes and reduced climate-related losses will strengthen the rural economy, generate employment and reduce competition for existing off-farm jobs, thus benefiting all groups.
6. Climate vulnerability is a major concern, as it has implications for existing smallholder incomes, the willingness and ability of farmers to invest and the sustainability of gains made through improved agricultural practices. The diversity of the country's topography favours some areas while increasing the vulnerability of others. This diversity highlights the need for a more differentiated agricultural extension service that capitalizes on the production potential of the favoured areas and mitigates the livelihood vulnerability in risk-prone areas. The most vulnerable farmers may need to make major changes to traditional cropping patterns or to diversify away from rice to achieve resilience. Climate-resilient production technology will not be sufficient without complementary investment in climate-resilient and climate-adaptive productive infrastructure.
7. The behavioural change implied by this approach must be embedded in policy and supported by technical capacity, including the ability to incorporate information and communications technology (ICT) into all aspects of extension work; it also calls for enhanced human capacity and a diverse, innovative approach to service delivery. Change is a gradual process and sustainable improvements in public sector capacity will require long-term commitment and greater alignment of external development

¹ RB-COSOP 2013-18 Design report, appendix VI: Agriculture and Rural Development – Linking Farmers to Markets in Cambodia.

partner resources with the Government's planning and budget execution systems. This points to the need for a programme-based approach to the extension subsector, however the findings of the COSOP analysis suggest that the required conditions are not fully in place. ASPIRE is therefore explicitly designed to prepare the way for a programme-based approach integrating government and development partner support into the extension subsector and to pilot the approach.

II. Programme description

A. Programme area and target group

8. ASPIRE is a national programme. The Government has selected five pilot provinces based on criteria including unrealized agriculture potential; the capacity, willingness and staff resources of the Provincial Department of Agriculture (PDA) to implement provincial subprogrammes; previous IFAD experience; and the presence of a large number of farmers. Subject to satisfactory progress, ASPIRE will expand into the five target provinces covered by the ongoing Project for Agricultural Development and Economic Empowerment (PADEE) when it ends in 2018, plus three additional provinces to be identified by the midterm review.²
9. The beneficiaries of ASPIRE are productive poor and vulnerable smallholders. Farmers in this group produce for the market as well as for own consumption and can invest small amounts in improving production. IFAD's comparative advantage lies in assisting this group rather than chronically poor people with no productive resources, the land-poor who cannot produce for the market or better-off farmers. Extension activities will be designed to meet the needs of the target group and beneficiary households will be chosen largely by self-selection.

B. Programme development objective

10. The programme's development objective is that by 2021, an enhanced Cambodian model of extension services is proving effective in assisting a diversity of smallholder farmers in contributing to broad-based economic growth through profitable and resilient farm businesses and has been adopted as policy. This will be achieved through three interdependent outcomes: (i) a national investment programme, which can be supported by multiple donors, is designed to implement an updated extension policy that provides smallholder farmers with access to quality information services; (ii) MAFF has the institutional and human resources capacity to manage an effective, demand-driven system linking researchers and knowledge-based agencies to extension agents in the public sector, the private sector and civil society and to farmers; and (iii) at least 120,000 smallholders have improved and resilient farm businesses as a result of integrated, demand-led extension services and investments in climate-resilient infrastructure.

C. Components/outcomes

11. The programme has the following four main components:

Component 1: Evidence-based policy development will support the definition and adoption as policy of the Cambodia model for extension services and resource mobilization for a programme-based implementation approach. The component will demonstrate an improved and inclusive policy process. Policy will be developed through structured "policy rounds" with an agenda defined by the ASPIRE steering committee. A resource mobilization framework to support a programme-based approach to extension will be a key output of the policy process. This component will have two subcomponents

- (a) **Subcomponent 1.1: Policy coordination and development** includes coordination, policy drafting and resource mobilization activities.

² The selected pilot provinces are Battambang, Kampong Chhnang, Kratie, Preah Vihear and Pursat. The five provinces targeted by PADEE are Kampot, Kandal, Prey Veng, Svay Rieng and Takeo.

- (b) **Subcomponent 1.2: Policy research and analysis.** The Supreme National Economic Council (SNEC) will build on its role of providing high-level policy advice to the leadership of the Government by establishing an analytic unit for the agriculture sector, conducting or commissioning policy studies and trials – including randomized controlled trials in collaboration with the International Food Policy Research Institute (IFPRI) – and formulating evidence-based policy recommendations.
12. **Component 2: Capacity development for extension services** will be implemented through two subcomponents focused on institutional development and strategic human resources respectively.
- (a) **Subcomponent 2.1: Improving extension quality and knowledge Management** will assist MAFF in improving the definition of the roles and responsibilities of the different agencies and establishing an extension and research advisory board overseeing an extension hub within the General Directorate of Agriculture.
- (b) **Subcomponent 2.2: Strengthening human resources for extension** will support a human resources development strategy, strengthen the skills of current extension staff in key strategic areas including leadership and adult learning methods, and support academic education in extension for full-time students and for serving field personnel, including commune extension workers (CEWs).
13. **Component 3: Improved extension services** will pilot provincial subprogrammes within the MAFF programme budget framework, finance grants for piloting and testing innovative approaches to extension and support a mass media extension campaign. This component will have three subcomponents.
- (a) **Subcomponent 3.1: Provincial subprogrammes** will be implemented within the programme budget structure of MAFF. An improved provincial agriculture strategic plan will be prepared through inclusive dialogue and supported by information about farmers’ needs and priorities, market opportunities and technical constraints. Through the programme budget, the PDA will allocate grant funds to extension services with a mix of comparative models including public-sector service delivery, a farmer-to-farmer extension model supported by the CEWs, public-private partnerships and contracting out. Where appropriate, existing farmers’ organizations and cooperatives may be the basis for smallholder learning groups and will play a major role in the farmer-to-farmer learning networks.
- (b) **Subcomponent 3.2: Innovations for climate-resilient agriculture** will support demonstration and testing of promising innovations under smallholder farm conditions. Suitable technologies may include improved on-farm water management, adjustments to the cropping calendar, particularly, the introduction of early wet season rice or other crops, climate-resilient crop varieties and new crops with the potential to improve climate resilience.
- (c) **Subcomponent 3.3: A mass media campaign** will include climate change awareness and will promote climate-smart agriculture. Activities will include: (i) radio broadcasts; (ii) an educational television show with an entertaining, competition-based format; and (iii) a mobile feedback show engaging farmers in discussion about the programmes. The farmer-to-farmer learning activities will build upon and enhance the effectiveness of the mass media campaign by ensuring further dissemination, discussion and understanding of mass media messages at the local level.
14. **Component 4: Infrastructure supporting climate-resilient agriculture** is designed to address a key constraint on the effectiveness of extension support to smallholders in areas of high climate risk. The component scales up a model

successfully piloted by the National Committee of the Sub-National Democratic Development Secretariat, in which districts develop climate-resilience strategies and allocate the proceeds of performance-based climate resilience grants (PBCRGs). Eligible expenditures will be the additional costs of climate-proofing productive infrastructure or constructing climate-adapted infrastructure. Investments will be identified by the commune councils from their development plans and non-climate-related costs will be financed by the Commune/*Sangkat* Fund. Districts meeting performance targets will receive three annual PBCRGs of increasing amounts and will become eligible for one special project climate resilience grant to finance a larger investment.

15. **Programme management.** The alignment of ASPIRE activities with the MAFF programme budget will be managed by the ASPIRE secretariat. Key secretariat staff will comprise a support team of contracted staff dealing with programme management and administration and a decentralized advisory team that will focus on capacity-building of the central and provincial departments of MAFF, SNEC and other implementing agencies. The ASPIRE secretariat will report regularly to the programme director.

III. Programme implementation

A. Approach

16. The implementation approach of ASPIRE reflects the Government's ownership of the programme and is driven by the aim of supporting reform within the extension subsector. Programme implementation will be aligned with national systems and is designed to facilitate partnership and harmonization with a wide range of development partners and stakeholders. MAFF will be the lead programme agency under the overall coordination of the Ministry of Economy and Finance (MEF).

B. Organizational framework

17. ASPIRE will be overseen by a steering committee co-chaired at the Secretary of State level by MEF and MAFF, and with representation from the Council for Agricultural and Rural Development, SNEC, National Committee for Sub-National Democratic Development Secretariat (NCDDS) and the Ministry of Environment. The committee will also include participating provinces and a limited number of representatives of development partners, civil society (farmers' organizations) and the private sector who will be appointed for not less than one year. The steering committee may invite additional resource persons/agencies to discuss specific agenda items as and when required. For effective work and decision-making the total membership should not exceed 20 persons. ASPIRE will be implemented from 2015-2021.

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

18. Needs-based planning, data collection, measurement of results and knowledge management are integral to the design of ASPIRE. Service delivery will be based on an improved understanding of smallholder farmers' needs and market opportunities. Evidence of results from the application of different approaches to extension will determine the planning of future activities and the allocation of grant funds and will form the basis for policy development. Planning of ASPIRE activities is integrated with the strategic and budget planning systems of the implementing agencies. The aim is to bring about a sustained improvement by making these systems increasingly evidence-based, inclusive and results-focused.
19. Programme monitoring and evaluation (M&E) will be coordinated by the ASPIRE secretariat and will integrate three dimensions of results measurement: (i) the impact of ASPIRE; (ii) performance assessment; and (iii) the cost-effectiveness of alternative modalities of extension service delivery. A range of M&E tools will

provide the information needed for policy analysis and policy formulation (component 1); design of capacity development activities (component 2) and planning of service delivery (components 3 and 4) and will generate detailed and up-to-date information needed by programme management to ensure effective delivery. The M&E systems will also provide for fiduciary monitoring (i.e. verification of appropriate use of programme funds).

D. Financial management, procurement and governance

20. **Financial management.** With the aim of supporting the implementation of programme budgeting arrangements through subsequent phases, the ASPIRE secretariat will consolidate the annual workplan and budget and align it with the overall set of planned programme budgeting activities at MAFF. Pending the deployment of an enterprise risk management system at MAFF, the annual budget will be managed using a dedicated module of the accounting software. The accounting of ASPIRE will be done through computerized software at all levels, which will be customized to generate financial reports for the Government and for IFAD, respecting specific reporting requirements. The ASPIRE secretariat will prepare annual consolidated financial statements including data provided by all the other implementing agencies. The secretariat and the implementing agencies will apply cash basis accounting principles in accordance with the updated standard operating procedures for externally financed projects/programmes in Cambodia. Procedures and record maintenance at all levels will be strengthened by setting up robust internal controls documented in the programme implementation manual. As the ASPIRE secretariat will be a part of the MAFF, it will be subject to the activities of the MAFF internal auditor's office. In addition, the ASPIRE secretariat will contract a private internal audit firm on an annual basis to perform an internal controls review, propose improvements and issue recommendations.
21. **Funds flow.** IFAD financing will be deposited in two designated accounts in United States dollars in the National Bank of Cambodia to receive the IFAD loan and Adaptation for Smallholder Agriculture Programme (ASAP) grant proceeds. There will also be a United States dollar account to receive and manage the counterpart funds from the Government for the programme. As the integration between ASPIRE and MAFF programme budgeting activities progresses, the Government counterpart funds account will receive less funding, with the remainder channelled to programme activities via increased allocations under programme budgeting.
22. IFAD will advance funds to the designated loan and grant accounts based on an approved annual workplan and budget (AWPB) and a cash flow projection for six months of planned activities. The ASPIRE secretariat will transfer to all implementing agencies a six-month budget allocation. MEF will transfer the Government's counterpart funds to the counterpart funds account based on the same AWPB, on a six-monthly basis. Programme accounts will be set up to facilitate resource availability at the provincial level.
23. **Procurement** will be carried out in accordance with national rules and procedures,³ to the extent that they are consistent with IFAD's procurement guidelines. For each contract to be financed by IFAD proceeds, the types of procurement methods, need for pre- or post-qualification, estimated cost, prior review requirements and time frame must be agreed between the ASPIRE secretariat and IFAD and reflected in the procurement plan.
24. **Audit.** Private auditors will be hired for the annual audit of ASPIRE. In addition to IFAD's usual requirements, terms of reference will include visits to all implementing agencies at central and provincial level, review of relevant documentation, physical verification of infrastructure built, sample interviews with participants of extension training and people/companies that have been awarded grants.

³ Such as those provided for the procurement law (enacted in 2012), NCDDS administration and financial manual, and the regulations on procurement by subnational administrations.

E. Supervision

25. The programme will be directly supervised by IFAD. During the first 12 to 18 months, the supervision mission will focus on ensuring that key preparatory action has been taken for the implementation of each component and for programme management and M&E. Service delivery activities are expected to commence in 2016, approximately nine months after programme effectiveness.

IV. Programme costs, financing, benefits

A. Programme costs

26. Total estimated programme costs are US\$82.25 million over a seven-year implementation period. Foreign exchange accounts for about 10 per cent of total programme costs, with duties and taxes making up approximately US\$3 million. Indicative programme costs by component and financier are detailed in table 1 below.

Table 1
Indicative programme costs by component and financier
 (Thousands of United States dollars)

<i>Component</i>	<i>IFAD loan</i>	<i>IFAD grant</i>	<i>Beneficiaries</i>	<i>Borrower</i>	<i>CSF</i>	<i>3ie</i>	<i>Unfunded*</i>	<i>USAID</i>	<i>Private partners</i>	<i>Total</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
1. Evidence-based policy development	-	1 648	-	797	-	932	-	-	-	3 377
2. Capacity development for extension services	665	2 887	-	2 110	-	-	1 179	329	-	7 170
3. Improved extension Services	18 109	1 865	5 793	3 720	-	-	7 365	-	3 012	39 864
4. Infrastructure supporting climate-resilient agriculture	7 362	1 098	-	1 712	7 236	-	3 822	-	-	21 230
5. ASPIRE secretariat	-	7 497	-	3 111	-	-	-	-	-	10 608
Total	26 136	14 995	5 793	11 450	7 236	932	12 366	329	3 012	82 249

* The unfunded amount refers to phase 3 of the programme (2019-21) whereby the target area will be expanded to an additional three provinces.

B. Programme financing

27. Direct costs will be financed by an IFAD loan of US\$26.1 million, an ASAP grant of US\$15.0 million, a government contribution of about US\$11.4 million and a grant from i3e to IFPRI of US\$0.9 million. Activities will be financed by USAID in the amount of US\$0.33 million and a further US\$12.4 million to be mobilized from additional partners. Contributions in kind equivalent to US\$5.8 million from beneficiaries, US\$7.2 million from subnational administrations and US\$3 million from private partners are assumed in the total figure. The Government will cofinance all categories of expenditure and pay the salaries of government staff seconded to the programme.

Table 2
Indicative programme costs by expenditure category and financier
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>Government</i>		<i>IFAD loan</i>		<i>ASAP Grant</i>		<i>CSF</i>		<i>3iE</i>		<i>Unfunded</i>		<i>Beneficiaries</i>		<i>USAID</i>		<i>Private partners</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Consultancies	3 500	23	-	0	9 003	60	-	%	932	6	1 316	9	-	0	247	2	-	0	14 998	18%
Goods, services and input ^a	983	15	2 043	31	1 650	25	-	0	-	0	1 952	29	-	0	-	0	-	0	6 628	8%
Grants and subsidies	3 608	8	24 092	53	-	0	-	0	-	0	8 900	20	5 792	13	-	0	3 012	7	45 404	55%
Workshops ^b	2 205	67	-	0	891	27	-	0	-	0	91	3	-	0	83	3	-	0	3 270	4%
Works	-	0	-	0	-	0	7 236	100	-	0	-	0	-	0	-	0	-	0	7 236	9%
Operating costs ^c	1 154	24	-	0	3 451	73	-	0	-	0	108	2	-	0	-	0	-	0	4 713	6%
Total programme costs	11 450	14	26 135	32	14 995	18	7 236	9	932	1	12 367	15	5 792	7	330	0	3 012	4	82 249	100%

^a Goods, services and input includes equipment, material and vehicles.

^b Workshops includes training costs.

^c Operating costs includes salaries and allowances.

C. Summary benefit and economic analysis

28. The projected internal rate of return (IRR) of the programme overall is 15 per cent on the base case scenario, with a net present value of US\$6.5 million. Main benefits accrue from the public-private partnership model, followed by the public extension services, the contracting-out model and the climate-resilient infrastructure fund. A sensitivity analysis assessed the effect of variations in benefits and costs, and lags in the realization of benefits. A fall in total programme benefits of 30 per cent and an increase in total costs by the same proportion would reduce the base IRR to about 10 per cent and 8 per cent respectively. The switching value for total programme benefits is about 20 per cent, while for programme costs it is approximately 15 per cent. A one-year delay in programme benefits reduces the IRR to 12 per cent. With a two-year delay in benefits, the IRR falls to approximately 8 per cent.
29. The economic analysis considers tangible benefits arising from subcomponent 3.1 (provincial subprogrammes) and component 4 (climate-resilient infrastructure) only. The policy, capacity development, innovation and mass media extension components – representing around 16 per cent of the programme costs – will provide additional intangible benefits in the form of sustainable improvements to national policy, systems, human resources and knowledge in support of extension, as well as direct benefits to a large number of farmers through mass media. In the longer term, it is expected that a much larger number of farmers in the ASPIRE target group will benefit from these results, although the size of the impact cannot be estimated. This point should be taken into account in interpreting the relatively small – though positive – net present value of the programme, which is calculated based on tangible benefits only.

D. Sustainability

30. ASPIRE is designed for sustainability at multiple levels. At the policy level, sustainability will be achieved not only by embedding the Cambodia model of extension services within formal policy, but also by engaging stakeholders within and outside the Government as owners and partners in the model. Sustainable capacity development will be achieved by working through the permanent institutions and budget execution procedures of MAFF and by strengthening strategic human resources. The sustainability of improvements to smallholder farm businesses will be improved by a focus on resilience, including to climate shocks. The sustainability of infrastructure investments will be improved by providing incentives for good maintenance performance and by introducing PPPs where appropriate.

E. Risk identification and mitigation

31. The key implementation risks to full achievement of the programme objectives and the proposed mitigation measures are:
- (a) Policy objectives do not receive sufficient attention and support at the leadership level in the Government. IFAD will engage with senior leaders in the Government during the preparation and implementation period, possibly providing support to policy dialogue;
 - (b) Management failures leading to excessive delays in implementation. To ensure a timely and efficient start-up, IFAD is discussing options to finance start-up technical assistance with the Government;
 - (c) Reforms could slow down as a result of obstruction at the lower levels of the institutions concerned. ASPIRE will seek to identify potential problems through open dialogue with stakeholders and the commitment of the leadership will be key to overcoming resistance;

- (d) Rent-seeking in the procurement process for decentralized services. This risk will be minimized by strict application of procurement procedures. Service providers may be subject to a prequalified list linked to the quality assurance system;
- (e) Staff resources, particularly at the district level, will prove insufficient to fulfil the service delivery targets. ASPIRE will require MAFF to assign adequate staff to district agriculture offices before beginning service delivery in a district;
- (f) Without the material incentives provided by previous IFAD projects, farmers will be reluctant to commit resources and training time in order to adopt new technologies. The programme approach, which emphasizes self-selection of participants, shorter training modules, improved learning methods and demand-led selection of training topics, is intended to overcome this risk;
- (g) M&E and results monitoring arrangements fail to provide the quality of evidence that is needed to substantiate policy conclusions. ASPIRE will benefit from the improved approach to M&E already implemented in PADEE, including a major impact survey and the establishment of an MIS.

V. Corporate considerations

A. Compliance with IFAD policies

32. The design of ASPIRE complies with IFAD policies and strategies on targeting, gender, indigenous peoples, environmental and natural resource management, and private-sector engagement. Furthermore, it is fully compliant with the objectives of the ASAP. In terms of environmental impact, all the programme activities fall under category B.

B. Alignment and harmonization

33. The concept note for ASPIRE was included in the project pipeline of the RB-COSOP 2013-2018 and as such is aligned with the Government's development priorities. As noted above, the programme is designed to assist the Government in developing policy and capacity to delivery improved extension services and to coordinate the extension sector activities of development partners and those of the private sector and civil society. ASPIRE is designed to provide the basis for an enhanced Cambodian model of extension services and a programme-based approach in the extension subsector.

C. Innovations and scaling up

34. ASPIRE provides various opportunities for scaling up, for instance by: (i) expanding elements of previous projects, particularly the farmers' group approach; (ii) building on initiatives of the PADEE project, particularly in development of improved extension materials; (iii) supporting innovations within a rigorous evaluation framework, with the intention of identifying new approaches that can be taken to scale in the future. Likewise the climate-resilient infrastructure component scales up a successful pilot conducted by NCDDES with support from the United Nations Capital Development Fund and Swedish International Development Cooperation Agency. Innovations are embedded in all components of ASPIRE, some examples are: formulation of an extension policy and policy instruments; development of quality extension services and delivery through, for instance, a farmer-to-farmer learning network; mass media campaign; introduction of climate-resilient agriculture through testing of various innovations (improved on-farm water management, adjustments to the cropping calendar, cultivation of climate-resilient varieties, etc.).

D. Policy engagement

35. The policy dimension is the basis of ASPIRE. As noted above, the programme is designed to assist the Government in developing policy and capacity to deliver

improved extension services and coordinate the extension sector activities of development partners, the private sector and civil society, and lay the foundation for an evidence-based Cambodian model of extension services, fully financed by a programme-based approach in the extension subsector (see also programme development objective, para 10).

VI. Legal instruments and authority

36. A programme 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.
37. The Kingdom of Cambodia is empowered under its laws to receive financing from IFAD and from the IFAD Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund.
38. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD, the Policies and Criteria for IFAD Financing and the rules governing the ASAP Trust Fund.

VII. Recommendation

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

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Kingdom of Cambodia in an amount equivalent to seventeen million seven hundred thousand special drawing rights (SDR 17,700,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund, in its capacity as Trustee of the ASAP Trust Fund, shall provide an ASAP grant to the Kingdom of Cambodia in an amount equivalent to ten million one hundred and fifty thousand special drawing rights (SDR 10,150,000) 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: "Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE)"

(Negotiations concluded on 4 November 2014)

IFAD Loan Number: _____

ASAP Trust Grant Number: _____

Programme Title: Agriculture Services Programme for Innovation, Resilience and Extension (the "Programme")

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

and

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

and

the Adaptation for Smallholder Agriculture Programme Trust Fund (the "ASAP Trust")

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

hereby agree as follows:

Preamble

WHEREAS the Executive Board of the International Fund for Agricultural Development at its 105th Session approved the establishment of an Adaptation for Smallholder Agriculture Programme Trust Fund (the "ASAP Trust"); and

WHEREAS IFAD has agreed to extend a loan to the Borrower/Recipient for the purpose of partly financing the Programme, on the terms and conditions set forth in this Agreement;

WHEREAS, on the basis of the above and other considerations, the ASAP Trust has agreed to extend an ASAP Trust Grant to the Borrower/Recipient for the purpose of increasing the financing in respect of the Programme, on the terms and conditions set forth in this Agreement; and

WHEREAS, the commitment of the ASAP Trust Grant is subject to availability of funds in the ASAP Trust Fund.

NOW THEREFORE, the parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme 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 and the ASAP Trust shall provide an ASAP Trust Grant to the Borrower/Recipient (collectively referred to as the "Financing"), which the Borrower/Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. A. The amount of the IFAD Loan is seventeen million seven hundred thousand Special Drawing Rights (SDR 17 700 000).

B. The amount of the ASAP Trust Grant is ten million one hundred and fifty thousand Special Drawing Rights (SDR 10 150 000).

2. The IFAD Loan shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board.

3. The Loan Service Payment Currency shall be the USD.

4. The first day of the applicable Fiscal Year shall be 1 January.

5. Payments of principal and service charge of the IFAD Loan shall be payable on each 1 March and 1 September.

6. There shall be three Programme Accounts at the national level for the IFAD Loan for the benefit respectively of the ASPIRE Secretariat, the General Directorate of Agriculture (GDA) and the National Committee for Sub-National Democratic Development (NCDD) to be opened and maintained in banks acceptable to the Borrower/Recipient and to the Fund. There shall also be three Programme Accounts at the national level for the ASAP Trust Grant for the benefit respectively of the ASPIRE Secretariat, the Supreme National Economic Council (SNEC) and the GDA to be opened and maintained in banks acceptable to the Borrower/Recipient and to the Fund.

7. The Borrower/Recipient shall provide counterpart financing for the Programme in the amount of USD 11.4 million.

Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture, Forestry and Fisheries (MAFF).

2. The following are designated as additional Programme Parties: the Ministry of Economy and Finance (MEF), the Ministry of Environment (MoE); the SNEC; the NCDD; the Council for Agriculture Rural Development (CARD); the participating Provincial Departments of Agriculture (PDAs), Provincial Administrations, District Administrations, Commune Councils and specialised service providers.

3. The Programme Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement.

Section D

1. The IFAD Loan and the ASAP Trust Grant shall be administered and the Programme supervised by the Fund.

Section E

1. The following is designated as an additional ground for suspension of this Agreement: The Programme Implementation Manual (PIM) referred to in paragraph 15, Section II of Schedule 1 hereto or any provision thereof has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower/Recipient, has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Programme, and the Borrower/Recipient has not taken any measures to remedy the situation.

2. The following are designated as additional general conditions precedent to withdrawal:

- (i) The Programme Steering Committee referred to in paragraph 2, Section II of Schedule 1 hereto has been duly established and its members appointed;
- (ii) A Programme Director and the key Programme Personnel of the ASPIRE Secretariat duly selected and recruited in accordance with paragraph 3, Section II of Schedule 1 hereto;
- (iii) The Borrower/Recipient has opened the Programme Accounts referred to in paragraph 6, Section B above;
- (iv) An accounting software has been set up for the administration of all Programme financial operations; and
- (v) The PIM has been approved by the PST and adopted by the Lead Programme Agency in the form non-objected to by the Fund.

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

For the Borrower/Recipient:

Minister of Economy and Finance
St. 92, Khan Daun Penh
Phnom Penh
Cambodia

For the Fund:

President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

For the ASAP Trust:

President of IFAD, in its capacity as Trustee
of the ASAP Trust Fund
Via Paolo di Dono 44
00142 Rome, Italy

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

KINGDOM OF CAMBODIA

[Authorized Representative]

DATE: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

DATE: _____

FOR THE ADAPTATION FOR SMALLHOLDER AGRICULTURE
PROGRAMME TRUST FUND
PRESIDENT OF THE INTERNATIONAL FUND
FOR AGRICULTURE DEVELOPMENT IN ITS CAPACITY AS TRUSTEE
OF THE ADAPTATION FOR SMALLHOLDER AGRICULTURE PROGRAMME
TRUST FUND

Kanayo F. Nwanze
President

DATE: _____

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

40. *Goal.* The goal of the Programme is to reduce poverty and increase resilience of poor and vulnerable smallholder farmers in the Kingdom of Cambodia.

41. *Objective.* The Programme's main development objective is that enhanced models of agricultural services are formulated and put into practice by 2021 in order to assist a diversity of smallholder farmers to contribute to broad-based economic growth through profitable and resilient farm businesses. Any such models which, based on evidence, prove to be successful shall thereafter be integrated into policies. This will be achieved through three interdependent outcomes: (i) a national investment programme that can be supported by multiple donors is designed to implement an updated extension policy allowing smallholder farmers access to quality information services; (ii) MAFF has institutional and human resources capacity to manage an effective, demand-driven system linking researchers and knowledge-based agencies to extension agents in the public and private sectors, and in the civil society, as well as to farmers; and (iii) at least 120 000 smallholders have improved and resilient farm businesses as a result of integrated, demand-led extension services and investments in climate resilient infrastructure.

42. *Programme Area.* The Programme shall initially be implemented in the provinces of Battambang, Kampong Chhnang, Kratie, Preah Vihear and Pursat. Subject to its satisfactory progress, the Programme will expand into the five target provinces of Kampot, Kandal, Prey Veng, Svay Rieng and Takeo of the IFAD-financed Programme for Agricultural Development and Economic Empowerment (PADEE) at its completion in 2018. Expansion into any other provinces of the Borrower/Recipient's territory shall be considered at Mid-Term Review and will be subject to availability of resources.

43. *Target Population.* The target beneficiaries of the Programme include rural poor smallholders as well as productive poor farmers who have the potential to produce for the market, as well as for their own consumption, and can invest in improving production.

44. *Components.* The Programme shall have the following four (4) main components:

5.1 Component 1: Evidence-based Policy Development. This Component shall support the integration of models for extension services into policies. It shall also promote resource mobilisation for a Programme-based implementation approach and demonstrate an inclusive policy process. This component shall include the following two (2) sub-components:

(a) Sub-Component 1.1: Policy Coordination and Development. This sub-component shall promote coordination, policy drafting and resource mobilisation activities. A framework for mobilisation of resources to support extension in a Programme-based approach will be a key output of the policy process.

(b) Sub-Component 1.2: Policy Research and Analysis. The SNEC shall build on its role of provider of high-level policy advice by establishing an Analytic Unit for the Agriculture Sector, conducting or commissioning, among other things, policy studies and trials in collaboration with the International Food Policy Research Institute (IFPRI), and formulating evidence-based policy recommendations.

5.2 Component 2: Capacity Development for Extension Services. This Component shall be implemented through two (2) sub-components focused on institutional development and strategic human resources, respectively.

- (a) Sub-Component 2.1: Improving Extension Quality and Knowledge Management. This sub-component shall assist MAFF to improve the definition of roles and responsibilities of different agencies and to establish an Extension and Research Advisory Board overseeing an Extension Hub within the GDA.
- (b) Sub-Component 2.2: Strengthening Human Resources for Extension. This sub-component shall support a Human Resources Development Strategy, strengthen the skills of extension staff in key strategic areas including leadership and adult learning methods, and support academic education in extension for full-time students and for serving field personnel including Commune Extension Workers (CEWs).

5.3 Component 3: Improved Extension Services. This Component shall develop and duly empower relevant entities to pilot the implementation of provincial sub-programmes within the MAFF Programme Budget framework. It shall also promote the financing of grants for testing innovative approaches to extension, and back a mass media extension activities campaign. This component will be structured along three (3) sub-components.

- (a) Sub-Component 3.1: Provincial Sub-Programmes. This sub-component shall be implemented within the Programme Budget structure of MAFF. A Provincial Agriculture Strategic Plan will be prepared through inclusive dialogue. Provincial Departments of Agriculture shall allocate grant funds to extension services with a mix of comparative models including public sector service delivery, a farmer-to-farmer extension model supported by the CEWs, public-private partnerships and contracting out. Where appropriate, existing farmer organisations and cooperatives will promote the formation of Smallholder Learning Groups (SLGs) and will play a major role in the farmer-to-farmer learning networks.
- (b) Sub-Component 3.2: Innovations for Climate Resilient Agriculture. This sub-component shall support demonstration and testing of promising innovations under smallholder farm conditions. Suitable technologies may include improved on-farm water management, adjustments to the cropping calendar, introduction of new crops/varieties with a potential to improve resilience to climate change.
- (c) Sub-Component 3.3: Mass Media Campaign on Extension Activities. This sub-component shall support mass media campaign(s) on extension activities, including on climate change awareness and on the promotion of climate smart agriculture. Activities thereunder shall include: (i) radio broadcasts; (ii) an educational television show with an entertaining, competition-based format; and (iii) a mobile feedback show engaging farmers in discussion about the programmes.

5.4 Component 4: Infrastructure Supporting Climate Resilient Agriculture. This component shall support the scaling up of the Local Governments and Climate Change Project piloted by the NCDD whereby Districts participating in the such project develop climate resilience strategies and performance-based climate resilience grants. Investments under the Programme for climate-resilient infrastructure will be identified by the Commune Councils from their development plans and the non-climate related costs thereof shall be financed by the Commune-Sangkat Fund. Districts meeting performance

targets will receive three (3) annual performance-based climate resilience grants of increasing amounts and will become eligible for one (1) Special Programme Climate Resilience Grant to finance a larger investment.

II. Implementation Arrangements

1. *Lead Programme Agency.* MAFF shall be the Lead Programme Agency under the overall coordination of the MEF.
2. *Programme Steering Committee (PSC).* The PSC shall be co-chaired at Secretary of State level by MEF and MAFF, and its membership will include a representative from CARD, SNEC, the NCDD Secretariat (NCDD-S) and the MoE as well as from provinces participating in the Programme together with representatives of development partners, civil society (farmer organisations) and the private sector. For effective work and decision-making the total membership of the PSC shall be limited in number, and each member shall be appointed for not less than one year.
3. *Key Programme Personnel.* The Programme shall be led by a MAFF Secretary of State as Programme Director. The Programme Director shall be supported by two Programme Managers within MAFF respectively responsible for: (i) Extension, Technology and Research, and (ii) Programme Budgeting, as well as by one Programme Manager within the NCDD-S. The Programme Manager - Extension, Technology and Research - shall be the Director General of the GDA, MAFF. The Programme Manager - Programme Budgeting - shall be the Director of the Department of Planning and Statistics, MAFF. The Key Programme Personnel, including the ASPIRE Secretariat Finance Manager, shall be selected and recruited by the Lead Programme Agency, with the prior non-objection of the Fund, in accordance with the modalities to be specified in the draft PIM, following a competitive and transparent process carried out with the support of an independent specialised human resources expert.
4. *Programme Management.* The Programme Director shall oversee a dedicated ASPIRE Secretariat which will comprise:
 - (a) a Secretariat Support Team (SST) of contracted staff primarily focused on Programme management aspects, and
 - (b) Decentralized Advisory Team (DAT) primarily focused on capacity building of central and provincial departments of MAFF related to performance-based programme budgeting and management, agriculture and extension services-related issues under Components 2 and 3 and policy research under sub-component 1.2, Component 1 of the Programme.
5. *ASPIRE Secretariat.* The ASPIRE Secretariat shall undertake Programme management, coordination as well as monitoring and evaluation tasks. It shall also implement policy coordination and development activities under sub-component 1.1, Component 1 of the Programme. The Secretariat will be staffed by approximately ten (10) full-time staff selected on the basis of merit, experience and potential to learn fast. Through the Programme Budget mechanism, the ASPIRE Secretariat will coordinate the work plans of the technical agencies, principally the GDA and the Department of Animal Health and Production at national level and the PDA. MAFF agencies and line departments will undertake the majority of technical work at national and sub-national levels under Components 1, 2 and 3 of the Programme.
6. *SNEC.* The role of SNEC shall be to provide policy advice to management of the Royal Government of Cambodia on formulation of policies in the agriculture sector.

7. *NCDD-S*. The primary role of NCDD-S shall be to implement Component 4 of the Programme. NCDD-S shall also assist in facilitating cooperation with Provincial and District administrations, particularly for planning purposes and co-financing of the CEW positions through the Commune budget.

8. *Provincial Department of Agriculture (PDA)*. The PDA shall be the implementing agency for the provincial sub-programmes (PSPs). The PDA shall be responsible for preparation of the annual budget for the PSP which will be consolidated into the Programme AWPB. Under the PSP, the PDA shall allocate funds to support activities of the District Agricultural Office (DAO), contracting-out arrangements, public-private partnerships and CEWs. The PDA shall be responsible for monitoring all PSP activities and shall be accountable for results. The Programme will build capacity within the DAO on a sustainable basis phasing out activities at a rate which does not exceed the capacity of PDA to assign staff to the DAO.

9. *The Provincial Administration*. The Provincial Administration shall be responsible for coordinating development activities in the relevant Provinces participating in the Programme and in particular for the Provincial Development Plan, into which the Provincial Agriculture Strategic Plan will be integrated. The Provincial Administration shall play a direct role, on behalf of NCDD-S, in coordinating the Climate Resilient Infrastructure activities.

10. *The District Administration*. The District Administration shall facilitate the planning and coordination of the District Work Plans under the PSP and shall implement activities under Component 4 of the Programme at district level, directly and/or in cooperation with the Commune Councils.

11. *The Commune Councils*. The coordination of agriculture support activities played by the Commune Councils shall be enhanced through the assistance of the contracted CEWs. The Commune Councils shall assist in the formation and coordination of Smallholder Learning Groups and the Farmer To Farmer Learning Networks.

12. *Specialised Service Providers*. Specialised Service Providers shall be contracted following a transparent and competitive process to carry out a range of functions within the Programme. These include policy studies, development of training materials and delivery of trainings, and surveys for Monitoring and Evaluation at national level, and will include contracts for provision of extension services. The Provincial Sub-Programmes shall also include Public Private Partnership arrangements. Governmental and non-governmental entities in the extension sub-sector shall be eligible to apply for innovation grants under the Innovations for Climate Resilient Agriculture activities under sub-Component 3.2, Component 3 of the Programme.

13. *Provincial Sub-Programme Planning*: The key planning instruments for the Provincial Sub-Programme shall be a Provincial Agriculture Strategic Plan developed by a Provincial Agriculture Working Group and the three-year rolling budget plan of the PDA. District priorities shall be determined by a District Agriculture Working Group including the District Administration, the DAO, the Commune Councils, the private sector and the civil society. The drafting of the five-year Provincial Agriculture Strategic Plan in each Province participating in the Programme shall ensure: (i) its preparation through a participatory process involving public consultation meetings led by the Provincial Board of Governors; (ii) the enhanced use of agronomic and market data; (iii) the carrying out, in selected representative communities, of participatory farmer needs assessments to be integrated with vulnerability reduction analyses; and (iv) stronger focus on strategic results.

14. *Programme Implementation Manual (PIM)*. A PIM shall be drafted and finalised by the ASPIRE Secretariat in accordance with the provisions of Sub-Decree No. 74 ANK. BK of the Royal Government of Cambodia, dated 22 May 2012, Promulgating the Updated Standard Procedures for Implementing All Externally Financed Projects/Programmes. The PIM shall be submitted to IFAD for no objection and to the PSC for approval. The PIM shall include, *inter alia*:

- (i) Qualifications, terms of reference and implementation responsibilities of Programme Parties as well as of, *inter alia*, the ASPIRE Secretariat, Key Programme Personnel, consultants and service providers;
- (ii) Modalities for the selection and recruitment of Key Programme Staff;
- (iii) Criteria for the performance appraisal of the Programme professional staff and adequate internal control systems;
- (iv) An anti-corruption action plan consistent with the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations;
- (v) Targeting and selection criteria for participating beneficiaries;
- (vi) Programme operational, financial and procurement procedures, as well as an accounting procedure for bookkeeping and reporting, implementation and monitoring procedures;
- (vii) Financial management mechanisms and flow of funds arrangements for all outputs and activities;
- (viii) Gender and social inclusion mainstreaming modalities in all Programme activities;
- (ix) A monitoring and evaluation system and procedures including the Results and Impact Management System (the "RIMS"); and
- (x) Implementation modalities for all Components and activities under the Programme.

15. *Mid-Term Review (MTR)*. A MTR shall be conducted no later than the third year of Programme implementation to assess achievement of its objectives and to determine appropriate revisions to the Programme design, implementation arrangements and resource allocations in order to ensure successful Programme completion and possible scaling-up to new provinces and new technical solutions for agriculture extension. In order to ensure future sustainability of Programme interventions, the MTR shall also review the effectiveness of the extension services with the objective of significantly increasing the Borrower/Recipient's contribution to the running costs of such extension services.

Schedule 2

Allocation Table

1. *Allocation of IFAD Loan and ASAP Trust Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the IFAD Loan and the ASAP Trust Grant and the allocation of the amounts of each to each Category, as well as the percentages of expenditures for items to be financed in each Category:

Category	IFAD Loan Amount Allocated (expressed in SDR)	ASAP Trust Grant Amount Allocated (expressed in SDR)	Percentage
I. Consultancies	-	5 480 000	100% net of taxes, Government Contribution and other co-financiers
II. Goods, Services and Inputs	1 240 000	1 000 000	100% net of taxes, Government Contribution and other co-financiers
III. Grants and Subsidies	14 670 000	-	100% net of taxes, Government Contribution and other co-financiers
IV. Workshops	-	540 000	100% net of taxes, Government Contribution and other co-financiers
V. Operating Costs	-	2 100 000	100% net of taxes, Government Contribution and other co-financiers
Unallocated	1 790 000	1 030 000	
TOTAL	17 700 000	10 150 000	

(b) The terms used in the Allocation Table above are defined as follows:

“Goods, Services and Inputs” refers to Eligible Expenditures in respect of: (a) the IFAD Loan-financed activities related to the definition of responsibilities in extension and to extension hub costs, the development of new extension material including training content, outreach activities, development of quality assurance systems, extension portal under sub-component 2.1 of the Programme and to the mass media campaign under sub-component 3.3 of the Programme; and (b) ASAP Trust Grant-financed activities for office equipment, equipment for extension hub, equipment for PDA, DAO and CEWs, equipment for the ASPIRE Secretariat including a monitoring and evaluation system, vehicles for extension hub, PDA, DAO, NCDD-S and the ASPIRE Secretariat, as well as motorcycles for PDA, DAO, CEWs and Provincial Administrations.

“Grants and Subsidies” refers to Eligible Expenditures in respect of PDAs, the GDA, Commune Councils and DAO.

“Workshops” refers to Eligible Expenditures for training costs.

“Operating Costs” refers to Eligible Expenditures in respect of salaries and allowances for Programme staff.

2. *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs for categories I. (Consultancies), II. (Goods, Services and Inputs), IV. (Workshops) and V. (Operating Costs) of the Allocation Table set forth in paragraph 1 (a) above, incurred before the satisfaction of the general conditions precedent to withdrawal, shall not exceed an aggregate amount of three hundred and fifty thousand special drawing rights (SDR 350 000).

Logical framework

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
Reduced Poverty and Increased Resilience of Poor and Vulnerable Smallholder Farmers in Cambodia	<ul style="list-style-type: none"> Average household agricultural production value of 120,000 targeted households increased by 15% Value of household assets of increased by 25% (including for climate-vulnerable households) 	<ul style="list-style-type: none"> Impact survey (Baseline, Mid-Term, final) 	
Programme Development Objective:			
By 2021 an enhanced Cambodian model of agriculture services is demonstrated as effective for assisting a diversity of smallholder farmers to contribute to broad-based economic growth through profitable and resilient farm businesses and is adopted as policy	<ul style="list-style-type: none"> An evidence based Cambodian Model of Agriculture Extension Services is defined in policy and services are fully financed by Programme Budget by 2021 	<ul style="list-style-type: none"> Policy and budget documents 	A: Improved knowledge and support services cost-effectively benefit poor and vulnerable smallholders
Outcome 1: A national investment programme that can be supported by multiple donors is designed to implement an updated extension policy that provides smallholder farmers with access to quality information services	<ul style="list-style-type: none"> RGC commits to extend Provincial Sub-Programmes to all agriculture provinces At least 2 significant development partners in addition to IFAD commit in principle to future financing of CMAE through Programme Based Approach 	<ul style="list-style-type: none"> Documents 	A: Continuity of RGC policy facilitates development of programme-based approach R: Insufficient engagement / commitment of leadership
Outputs: 1.1 By 2016, an extension policy framework is approved that identifies a clear role for MAFF and key partners, provides strategic guidance to MAFF programmes and activities and targets public support at those most in need	<ul style="list-style-type: none"> Policy Framework approved by the SC following validation by stakeholders at annual Extension Policy Forum 	<ul style="list-style-type: none"> Policy documents 	A: MAFF willing to commit to policy development process with external participation A: Studies, results measurement and impact assessments provide clear evidence for policy direction
1.2 An Analytic Unit for the Agriculture Sector is established in SNEC	<ul style="list-style-type: none"> Unit formally established within government structure and staff recruited against PDs 	<ul style="list-style-type: none"> Programme progress reporting 	A: DPs willing to support demonstrated successful model
1.3 By 2018, a set of extension policies has been formulated based on evidence, validated in discussion with stakeholders and adopted	<ul style="list-style-type: none"> Set of policies approved by competent authority that are based on evidence including studies, results monitoring and randomized controlled trials 	<ul style="list-style-type: none"> Record of policy approvals 	
1.4 By 2018, an effective Framework for Resource Allocation and investment prioritisation	<ul style="list-style-type: none"> A medium term investment and resource allocation framework adopted 	<ul style="list-style-type: none"> Programme progress reporting 	
1.5 By 2021, adequate financial resources are mobilized to implement the Cambodia Model for Agriculture Extension	<ul style="list-style-type: none"> At least 10 Provinces have adequate resourcing through the Programme Budget to implement CMAE objectives. 	<ul style="list-style-type: none"> Budget documents 	
Outcome 2: MAFF has institutional and human resources capacity to manage an effective, demand driven system linking researchers & knowledge-based agencies to extension agents in public, private & civil society sector & farmers.	<ul style="list-style-type: none"> At least 6 MAFF department-level technical agencies have strategic plans and fully financed sub-programme activities that respond to Farmer Needs Assessment At least 1,000 field extension agents applying enhanced skills & improved methods as a result of ASPIRE support. 	<ul style="list-style-type: none"> HR Strategy baseline and follow up study Capacity framework - baseline and progress assessment 	A: Improved capacity can be sustained by improved budgeting procedures and resources R: Reforms are frustrated by resistance from staff
Outputs: 2.1 The Extension Hub is established to improve	<ul style="list-style-type: none"> # of extension materials accessible through the Extension 	<ul style="list-style-type: none"> Extension Portal 	A: Weak knowledge management and sharing are key constraints to

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
access to extension materials and technical support for field extension agents in public, private and civil society sector.)	<ul style="list-style-type: none"> ▪ Portal ▪ # Extension agents (by public sector, private sector, civil society) who access Extension Portal to support their work 	recording	extension service A: New tools can cost-effectively improve understanding of farmer needs A: Private / civil sector extension agencies willing to participate in QA A: MAFF has management strength to facilitate and if necessary, enforce compliance with guidelines Stakeholders value ASPIRE and willing to contribute to success A: Lack of human resources is a key constraint to extension service delivery R: management failures lead to delays in implementation
2.2 The Farmer Needs Assessment system established within the Extension Hub supports improved planning of extension programmes.	<ul style="list-style-type: none"> ▪ Needs assessment system (tool and defined actions/protocol) available than can be used in planning of services/products 	<ul style="list-style-type: none"> ▪ Programme Progress reporting 	
2.3 Improved extension techniques are developed and master trainers trained.	<ul style="list-style-type: none"> ▪ # Master Trainers trained on improved techniques 	<ul style="list-style-type: none"> ▪ MIS 	
2.4 Quality assurance of extension materials and extension service providers operating under the Extension Hub.	<ul style="list-style-type: none"> ▪ # of extension materials and service providers certified (by product category) 	<ul style="list-style-type: none"> ▪ Extension recording Portal 	
2.5 Clearly defined roles and responsibilities that support the extension service and MAFF institutions to work together.	<ul style="list-style-type: none"> ▪ % of extension staff whose performance is managed based on approved job descriptions (Ext. Hub, PDA & DAO ext staff) 	<ul style="list-style-type: none"> ▪ MIS 	
2.6 The human resources needed to operate the extension service are strengthened in accordance with a human resources development strategy.	<ul style="list-style-type: none"> ▪ # of people with improved skills (by course/research type and gender) to deliver quality extension services in line with agreed HRDS 	<ul style="list-style-type: none"> ▪ MIS 	
Outcome 3: At least 120,000 smallholders have improved and resilient farm businesses as a result of integrated, demand led extension services and investments in climate resilient infrastructure.	<ul style="list-style-type: none"> ▪ At least 90,000 smallholder farm businesses with increased profits through applying techniques learned through participation in ASPIRE extension activities. ▪ At least 70,000 climate vulnerable smallholders using infrastructure financed by PBCR/SPC to support their farming 	<ul style="list-style-type: none"> ▪ Farmer tracking / MIS and Impact Survey ▪ NCDD-S PID database 	A: Results measurement demonstrates benefits of ASPIRE approach
Outputs: 3.1 Public resources allocated in response to farmer needs need and market opportunities.	<ul style="list-style-type: none"> ▪ At least 10 PDA demonstrating progress in PSP planning and results through Provincial Scorecard 	<ul style="list-style-type: none"> ▪ Provincial Scorecard/MIS 	A: Existing planning systems are not adequately responsive to farmer needs or market opportunities R: inadequate staff resources, particularly at District level. A: Smallholders willing to invest in improved farm businesses R: Change from previous IFAD approach of providing material assistance leads to farmer reluctance to participate A: Suitable techniques and market opportunities exist A: Knowledge already available is not shared efficiently A: Untested innovations have potential to improve extension service A: Investments in climate resilient public infrastructure provides sustainable benefits to farm businesses
3.2 Smallholders trained in improved climate-smart agriculture techniques learned through an efficient mix of delivery models.	<ul style="list-style-type: none"> ▪ At least 120,000 smallholders participating in extension activities promoting and climate resilient agriculture techniques (by ID Poor 1,2, gender of HH) to be detailed by provider (DAO, private, PPP) 	<ul style="list-style-type: none"> ▪ Famer tracking/MIS 	
3.3 Smallholder farmers gain improved access to information through farmer-to-farmer learning supported by mass medial extension campaigns.	<ul style="list-style-type: none"> ▪ # of smallholders accessing information on improved and climate resilient agriculture techniques (by ID Poor 1,2, gender of HH) through media campaign 	<ul style="list-style-type: none"> ▪ Audience survey 	
3.4 Improved knowledge of the effectiveness of innovative extension methods developed.	<ul style="list-style-type: none"> ▪ # Innovation pilots reporting results (positive or negative) that improve knowledge for extension policy and planning 	<ul style="list-style-type: none"> ▪ Programme reporting/MIS 	
3.5 Profitability and resilience of smallholder farm businesses enhanced by access to climate-resilient productive infrastructure.	<ul style="list-style-type: none"> ▪ 24 Districts with high climate risk supporting climate resilient infrastructure through grant funding in line with District level CR Strategy 	<ul style="list-style-type: none"> ▪ MIS - NCDDs and programme reporting 	