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President's report

Proposed financing

Kingdom of Cambodia

Sustainable Assets for Agriculture Markets,
Business and Trade Project

Project ID: 2000002278

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For: Approval

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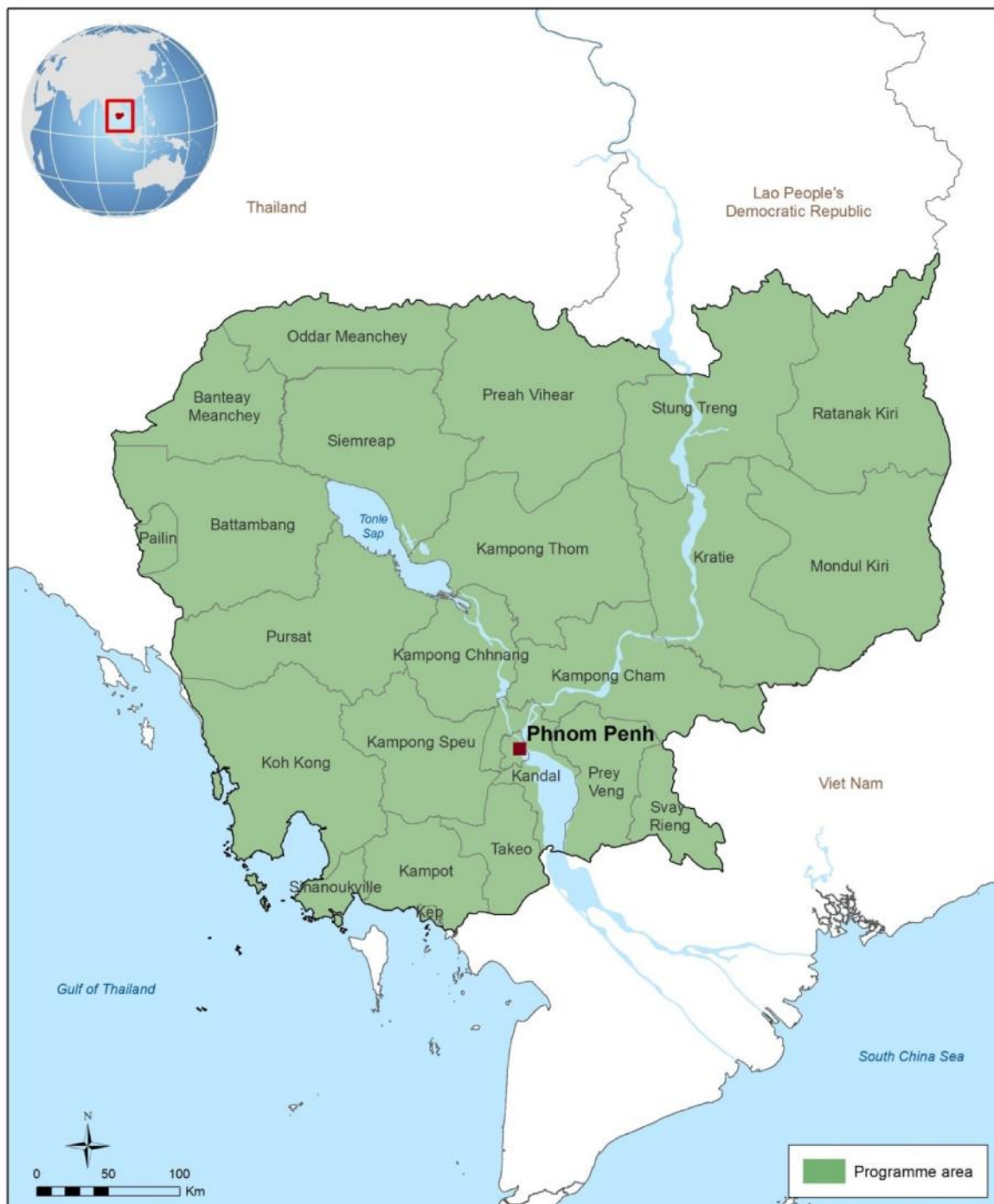
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Abbreviations and acronyms

AFD	French Development Agency
AIMS	Accelerating Inclusive Markets for Smallholders
ASPIRE	Agriculture Services for Innovation, Resilience and Extension
AWP/B	annual workplan and budget
COSOP	country strategic opportunities programme
EP	economic pole
KAS	Khmer Agriculture Suite
M&E	monitoring and evaluation
PDRD	Provincial Department of Rural Development
PIU	project implementation unit
PMU	project management unit
RBAs	Rome-based agencies
SAAMBAT	Sustainable Assets for Agriculture Markets, Business and Trade
SO	strategic objective
SDF	skills development fund
TSC	Techo Startup Center
UNICEF	United Nations Children's Fund

Map of the project area



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.
Map compiled by IFAD | 04-03-2019

Financing summary

Initiating institution:	IFAD
Borrower/grant recipient:	Kingdom of Cambodia
Executing agency:	Ministry of Rural Development
Total project cost:	US\$92.1 million
Amount of IFAD loan:	US\$53.2 million
Amount of IFAD grant:	US\$1.2 million
Amount of IFAD climate finance:	US\$38.6 million
Cofinanciers:	Discussions with potential cofinanciers are ongoing.
Amount of domestic cofinancing:	Local government(s): US\$1.1 million in-kind (road maintenance)
Contribution of borrower:	US\$11.3 million in cash
Contribution of beneficiaries:	US\$0.1 million
Financing gap:	US\$25.2 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 72.

I. Context

A. National context and rationale for IFAD involvement

National context

1. Cambodia has made significant progress in recovering from its history of instability, with two decades of strong economic growth and poverty reduction. The economy sustained an average growth rate of over 7 per cent between 1995 and 2018, bringing it up to lower-middle-income status in 2017. Growth has been driven mainly by manufacturing and services, but agriculture still provides around half of current employment. Wage income from both local and migratory labour is increasingly important to rural households. Growth has been accompanied by poverty reduction, from 47.8 per cent in 2007 to 13.5 per cent by 2014.¹
 2. Despite these achievements, Cambodia faces continuing challenges. Around 25 per cent of the population remain vulnerable to falling back into poverty, and around 35 per cent live in multidimensional poverty.² Undernutrition is an issue, with around 32 per cent of children under five being stunted.
 3. Agricultural supply chains are underdeveloped, with high transport costs and low coverage. Only about 2,000 km out of 45,000 km of rural roads are hard paved.
- Special aspects relating to IFAD's corporate mainstreaming priorities
4. Cambodia is highly vulnerable to climate change, due to its reliance on rainfed agriculture and a lack of resources and infrastructure to cope with floods and droughts. The Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) Project will adopt climate-proof design standards across all its infrastructure interventions.
 5. Women continue to face disadvantages, earning 30 per cent less than men. All SAAMBAT interventions will include gender action plans to ensure their contribution to IFAD's gender policy objectives. The needs and opportunities facing women will be considered in infrastructure, skills training, access to digital technologies and opportunities for women entrepreneurs.
 6. Cambodia's population is the youngest in South-East Asia, but rural youth lack employable skills. SAAMBAT is youth-focused, with component 2 committed to delivering demand-matched vocational skills and enabling young entrepreneurs to develop and adopt digital technologies for agricultural value chains.
 7. The project management unit (PMU), established within the Ministry of Rural Development, will also coordinate with the United Nations Children's Fund (UNICEF) to ensure alignment with UNICEF's nutrition activities in SAAMBAT provinces.

Rationale for IFAD involvement

8. SAAMBAT's design is aligned with the policies and strategies of the Royal Government of Cambodia and with IFAD's corporate priorities. The Government's development strategy is embodied in its "Rectangular Strategy" (currently in phase IV, referred to as RS-IV) and the National Strategic Development Plan 2014-2018, which include rural infrastructure and skills training as priorities. Development of the digital economy is a major current focus of policymakers. SAAMBAT is also

¹ See www.worldbank.org/en/country/cambodia/overview.

² See <http://hdr.undp.org/en/2018-MPI>.

aligned with the draft agriculture sector masterplan, aimed at growth through improved infrastructure.

9. SAAMBAT directly addresses the infrastructure constraints in the rural economy and the constraints faced by rural youth. The SAAMBAT design builds on IFAD's experience and expertise in developing rural value chains and delivering climate-resilient infrastructure and services to rural communities.

B. Lessons learned

10. SAAMBAT builds upon the lessons learned from IFAD's partnership with the Royal Government of Cambodia since 1996. SAAMBAT directly addresses the recommendations of the country strategy and programme evaluation – to target commercial and advanced farmers and poorer households, and to balance investment in human capital (component 2) with tangible items (component 1). The project design is also based on the request from the Government (coming out of its experience) for IFAD to balance investments in physical assets with new and innovative approaches to modernizing the rural economy.
11. The design process has also drawn lessons from previous projects to avoid delays and enhance implementation readiness: the central project team is already in place.

II. Project description

A. Project objectives, geographic area of intervention and target groups

12. The project's development objective is to "sustainably increase productivity of rural youth, enterprises and the rural economy", thus contributing to the goal of reduced poverty and enhanced food security.³ Low productivity contributes to the increasing income gap between urban and rural areas, outmigration and the persistence of multidimensional poverty. SAAMBAT will contribute to the three strategic objectives (SOs) of the results-based country strategic opportunities programme (COSOP), both directly and through synergies with the Accelerating Inclusive Markets for Smallholders (AIMS) project and the Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE). SO1 (poor smallholders enabled to take advantage of market opportunities) will be achieved through improved physical connectivity to markets and capacity development, SO2 (climate resilience) through infrastructure facilities that are climate-resilient and SO3 (improve poor households' access to strengthened rural services) through vocational training for rural youth and digital services.
13. The SAAMBAT design follows a programmatic approach in which components and target areas are selected for their complementarity with ASPIRE (focusing on production and agriculture extension) and AIMS (marketing and value chains), and with the planned interventions of other development partners. In line with the programmatic approach, SAAMBAT will work nationally and in 50 areas of smallholder production of commodities targeted by ASPIRE and AIMS (referred to as economic poles [EPs]), and potentially including any of the 24 rural provinces of Cambodia. For phase I, 10 EPs have been selected, based on criteria that include: (i) potential for agricultural growth based on smallholder production; (ii) need for infrastructure; (iii) poverty and a high level of outward labour migration, particularly on the part of youth; and (iv) strong commitment and capacity of the local leadership. Areas of importance to the vegetable value chain have been prioritized.
14. Fifteen additional EPs will be selected in project year 1 and project year 2, and a further 25 at midterm. SAAMBAT will finance hard paved roads in 25 EPs. The

³ Sustainability in economic, institutional, social and environmental terms.

remaining 25 EPs will be in areas where projects financed by partners – including the KfW Development Bank, the French Development Agency (AFD), the World Bank and/or the Asian Development Bank – will construct paved roads. In these EPs, SAAMBAT will finance smaller value chain infrastructure and non-infrastructure investments.

15. About 227,000 households residing within the EP – approximately 1 million individuals – will be the direct beneficiaries of SAAMBAT. The primary target groups of SAAMBAT are: (i) smallholder farmers with the potential to strengthen market-led production; (ii) unemployed/underemployed youth (below 30 years of age) from poor rural households who are willing to enhance their skills and seek formal employment; and (iii) private enterprises and cooperatives. The majority of direct participants in project activities will be women. Households suffering multidimensional poverty will be identified through area targeting, which is aligned with AIMS and ASPIRE. The poverty level – as reflected by the Government’s Identification of Poor Households methodology (also adopted by the United Nations system and international financial institutions in Cambodia) – is a key criterion in the selection of the EPs.

B. Components/outcomes and activities

16. The project will have the following components: (i) value chain infrastructure; and (ii) skills, technology and enterprise.
17. Component 1: Value chain infrastructure. The outcome of this component is increased benefits for poor rural people as a result of market participation. Physical outputs will include 450 km of rural roads, around 50 rural market areas improved and 25 other value chain infrastructure facilities. Water management schemes and renewable energy technologies will be supported, if suitable opportunities and funding are identified.
18. Infrastructure subprojects will be selected on the basis of their ability to stimulate private investment and growth in value chains supported by AIMS and/or ASPIRE, particularly the vegetable value chain. Tertiary roads will be paved with bitumen or concrete in areas prone to flooding. Farm access roads will be gravel-surfaced. Ferry crossings will improve their landings and access operated by private operators. Markets and logistics facilities will be operated by user committees. All infrastructure will be constructed to meet climate-proofed standards.
19. Water for agriculture, which is a key constraint for smallholders, will be addressed primarily through partnership with the AFD’s Water for Cambodia project. SAAMBAT will study the feasibility of developing innovative approaches to water management based in the private sector or agriculture cooperatives. If suitable opportunities are identified, these activities will be integrated into SAAMBAT from year 3 onwards.
20. Component 2: Skills, technology and enterprise, with the outcome of poor rural people’s productive capacities increased, is expected to result in at least 4,500 rural youth being productively employed, 500 small and medium-sized enterprises developed and 25,000 rural value chain actors using digital technology. Physical outputs will include skills training for 6,800 rural youth, a rural business incubator and development of a “Khmer Agriculture Suite” (KAS), comprising an open digital platform and supporting infrastructure.
21. Subcomponent 2.1: Skills for rural youth. This will assist rural youth to acquire technical skills or start their own businesses. All training for eligible rural youth will be in skills required by major employers, and provided in partnership with the private sector. Youth entering the programme will join an induction course of soft skills needed for entry into formal employment or training. These youth will be assigned to a national or local technical skills training course or – through the rural business incubator – will be connected to training and finance to start businesses.

22. Subcomponent 2.2: Technology and enterprise for agricultural value chains. This will assist the Government's Techo Startup Center (TSC) to create KAS. Three groups of activities will be mutually reinforcing but also capable of delivering results independently: (i) development of the core KAS platform and key applications; (ii) a challenge fund to provide incentives for digital innovators to develop, launch and run applications benefiting smallholder agriculture (plus climate change adaptation and nutrition); and (iii) an outreach campaign through which value chain actors will receive digital literacy training.
23. Subcomponent 2.3: Strategic studies, policy research and programme development. Strategic studies will consist in feasibility and/or pre-design studies of investments with the potential to benefit smallholders, including one major feasibility study for regional wholesale markets for the safe vegetable value chain. Policy research will promote development of the smallholder agriculture sector and extension of the digital technology ecosystem to the rural economy. Research will also focus on mainstreaming the themes of the Eleventh Replenishment of IFAD's Resources of climate change, gender, youth and nutrition within the national policy framework, and will inform future development of the IFAD country programme. The subcomponent will also finance activities to strengthen the programmatic approach.

C. Theory of change

24. SAAMBAT seeks a sustainable reduction in long-term, multidimensional poverty, vulnerability and food insecurity, through a more productive, resilient, equitable and diverse rural economy. The climate-resilient infrastructure component will support and enhance the sustainability of production and marketing efforts of smallholder farmers. Smallholder production will be more market-directed and will make increasing use of modern technology. The rural population – especially women and youth – will receive new technical and soft skills contributing to enhanced productivity or employment.
25. SAAMBAT will complement AIMS, ASPIRE and partner programmes to address these constraints in a holistic manner. The integrated programme will reduce production and marketing costs, increase private sector investment and activity, and increase the productivity of labour for farmers, small and medium-sized enterprise owner/operators and employees. In turn, smallholders, poor households, women and youth will experience increased incomes and expanded economic opportunities. A strengthened and diversified rural economy will become more resilient to climate change.

D. Alignment, ownership, and partnerships

26. Cambodia's national strategy to achieve the Sustainable Development Goals is the "Rectangular Strategy". Cambodia's RS-IV priorities directly addressed by SAAMBAT include: (i) investment in rural roads; (ii) promoting the use of digital and smart technology in agriculture; and (iii) establishing clean and hygienic wholesale vegetable markets. SAAMBAT'S programmatic approach will provide integrated support to national policy priorities and will also finance policy research activities at the programme level.
27. SAAMBAT has been designed through inclusive dialogue with development partners, including through the Technical Working Group on Agriculture and Water, which is co-facilitated by IFAD. The programmatic approach will proactively develop alignments with other bodies. (Memorandums of understanding are being developed with AFD and KfW Development Bank in the rural infrastructure sector). In terms of collaboration between the Rome-based agencies (RBAs), the joint research agenda being developed by the RBAs in Cambodia will be aligned with SAAMBAT's policy work. The Food and Agriculture Organization of the United Nations will also provide technical assistance under SAAMBAT on good agricultural practices.

E. Costs, benefits and financing

28. Both components of the project include portions that are counted as climate finance. The total amount of IFAD climate finance for this project is calculated at US\$38.6 million, or 71 per cent of total IFAD financing (as per the multilateral development banks' Methodologies for Tracking Climate Adaptation and Mitigation Finance).

Project costs

29. Total project costs, including price and physical contingencies, duties and taxes, are estimated at US\$92.1 million over the six years of the project implementation period. Of this amount, about US\$14.2 million (approximately 15 per cent of total project costs) represent the foreign exchange component, while US\$6.0 million (approximately 6.5 per cent) are duties and taxes. Total base costs amount to US\$81.2 million, while physical and price contingencies are estimated to add to this amount by another US\$10.9 million (approximately 11.8 per cent of the base costs). Investment costs account for 95 per cent of the base costs, and recurrent costs for the remaining 5 per cent.
30. Component 1 (Value chain infrastructure) represents US\$61.1 million, or 66.3 per cent of project costs. Component 2 (Skills, technology and enterprise) is allocated US\$25.9 million (28.1 per cent). Project management costs are about US\$5.1 million or 5.6 per cent of the total project costs.

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

Components/ subcomponents	Borrower/ counterpart		IFAD loan		IFAD grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Value chain infrastructure	4 273	7	37 288	61.1	-	-	18 221	29.8	144	0.2	1 130	1.9	61 057	66.3
2. Skills, technology and enterprise	3 557	13.8	14 159	54.7	1 200	4.6	6 948	26.9	-	-	-	-	25 864	28.1
3. Project management (PMU)														
3.1. Knowledge management, planning and monitoring and evaluation (M&E)	698	36.3	1 224	63.7	-	-	-	-	-	-	-	-	1 922	2.1
3.2. Project coordination	2 753	84.2	515	15.8	-	-	-	-	-	-	-	-	3 268	3.5
Subtotal PMU	3 451	66.5	1 739	33.5	-	-	-	-	-	-	-	-	5 190	5.6
Total project costs	11 281	12.2	53 186	57.7	1 200	1.3	25 170	27.3	144	0.2	1 130	1.2	92 111	100.0

* Other cofinancing consists of the Government's national budget resources (outside project accounts) of US\$1.1 million.

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

Expenditure category	Borrower/ counterpart		IFAD loan		IFAD grant		Financing gap		Beneficiaries		Other cofinanciers*		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Works	3 987	7.3	32 592	59.3	-	-	18 221	33.2	144	0.3	-	-	54 947	59.7
2. Studies and consultancies	-	-	10 806	88.8	1 200	9.9	167	1.4	-	-	-	-	12 173	13.2
3. Training	-	-	8 737	62.5	-	-	5 239	37.5	-	-	-	-	13 976	15.2
4. Grant	-	-	1 051	40.5	-	-	1 543	59.5	-	-	-	-	2 593	2.8
5. Vehicles	296	100.0	-	-	-	-	-	-	-	-	-	-	296	0.3
6. Equipment and materials	3 337	100.0	-	-	-	-	-	-	-	-	-	-	3 337	3.6
7. Operations and maintenance	434	27.7	-	-	-	-	-	-	-	1 130	72.3	-	1 564	1.7
8. Salaries and allowances	3 225	100.0	-	-	-	-	-	-	-	-	-	-	3 225	3.5
Total project costs	11 281	12.2	53 186	57.7	1 200	1.3	25 170	27.3	144	0.2	1 130	1.2	92 111	100.0

* Other cofinancing consists of the Government's national budget resources (outside project accounts) of US\$1.1 million.

Table 3
Project costs by component and project year
 (Thousands of United States dollars)

Component/ subcomponent	2020		2021		2022		2023		2024		2025		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Value chain infrastructure	5 881	55	11 005	69	11 641	68	13 023	68	12 995	73	6 512	59	61 057
2. Skills, technology and enterprise	3 922	36	4 217	27	4 685	27	5 333	28	4 105	23	3 602	32	25 864
3. Project management (PMU)													
3.1 Knowledge management, planning and M&E	357	3	123	1	421	2	312	1	230	1	479	4	1 922
3.2 Project coordination	644	6	484	3	527	3	506	3	537	3	570	5	3 268
Subtotal	1 001	9	607	4	949	5	818	4	766	4	1 050	9	5 190
Total project costs	10 804	100	15 829	100	17 275	100	19 173	100	17 866	100	11 163	100	92 111

Project financing and cofinancing strategy and plan

31. SAAMBAT is to be financed by the Royal Government of Cambodia (through its national budget), an IFAD loan, an IFAD country grant and by the beneficiaries. The financing gap of US\$25.2 million may be sourced in subsequent performance-based allocation system cycles or through cofinancing identified during implementation. The Ministry of Economy and Finance is currently using the SAAMBAT design to leverage further loan funds to cofinance the project, and has initiated discussions with the European Investment Bank, with a final decision expected by the end of 2019. If cofinancing does not materialize, there is no risk to any of the key elements of the project design.
32. Of the total project cost, IFAD will finance US\$53.2 million as a loan to the Royal Government of Cambodia. The Government has confirmed co-funding in cash of US\$11.3 million, representing about 21 per cent of the IFAD loan. The national budget will finance the road maintenance, estimated at around US\$1.1 million. An IFAD country grant is confirmed for US\$1.2 million, and the project's beneficiaries will contribute US\$0.14 million as an in-kind contribution to the infrastructure.

Disbursement

33. There shall be three bank accounts denominated in United States dollars (referred to as the "designated accounts") opened by the borrower/recipient at the National Bank of Cambodia, through which the proceeds of the financing shall be transferred to the three project accounts at a commercial bank, in United States dollars.
 - (i) One will be opened and maintained by the Ministry of Rural Development to implement component 1; and
 - (ii) Two will be opened and maintained by the Ministry of Economy and Finance's project implementation unit (PIU) to implement component 2; one for the loan and one for the grant.
34. The designated accounts shall be administered following imprest account arrangements. Advances from this financing must be segregated from other funds for the project.
35. The statement of expenditure thresholds applicable for withdrawal applications for all categories of expenditure under schedule 2 of the financing agreement are as below:
 - (i) "Advance withdrawal" shall be US\$3,000,000 under the "works" category and US\$100,000 for all other categories; and
 - (ii) "Reimbursement" shall be US\$100,000 for all categories of expenditure.
36. Supporting documentation for all expenditure items, including updated contract monitoring forms, should remain available for inspection and verification during supervision and audit missions.

Summary of benefits and economic analysis

37. The main benefits of the project will accrue to the Cambodian economy in terms of improved road access, which will sustainably result in savings in travel time and in vehicle operating cost. Year-round accessible rural communities, farms and markets will support further growth in economic activity along these roads, with more volumes traded and better and more competitive access to farming inputs and services, benefiting the sustainable development of rural households. In addition, investments in agribusinesses will improve the marketing of agricultural output, and investments in skill development programmes will improve the involvement of youth in the formal economy.
38. Social benefits will include a reduction in poverty rates in the areas targeted by the project. This will be the effect of the increased financial returns for households arising from project intervention. Other social benefits include improved household nutrition through increased incomes used to improve diets. Improved public infrastructure will also contribute to better access to social services and a reduction in negative health impacts from dust.
39. The economic internal rate of return of the project is estimated at 33 per cent (base case). The sensitivity analysis shows that this could fall to 20 per cent in the most severe scenario – still above the opportunity cost of capital in Cambodia.

Exit strategy and sustainability

40. The exit strategy for SAAMBAT is intended to ensure the sustainability of the project's achievements in terms of programme approach and the institutions and public assets (real and virtual) created.
41. All infrastructure financed by component 1 of SAAMBAT will have a clearly identified agency responsible for operation and maintenance. Paved roads will be maintained directly by the Ministry of Rural Development. Gravel roads will be financed subject to agreement by the local authorities to adopt and maintain them.

Facilities such as markets will be maintained by user committees. Component 1 includes funding for capacity development for road maintenance.

42. Skills learned by rural youth under subcomponent 2.1 will be of lifelong value. All skills training courses will be based on identified gaps in the private sector and should lead to sustainable employment. The project will also develop capacity and teaching materials within the skills development fund (SDF) to address the technical education needs of youth in rural areas. It is expected that the SDF will continue to make use of this capacity beyond the lifetime of the project.
43. Subcomponent 2.2 will also assist in building sustainable institutions, including the TSC, with capacity to support the needs of the rural economy in the future. Digital technologies will be developed using commercial viability as a fundamental criterion.
44. The environmental sustainability of SAAMBAT investments will be verified through application of environmental safeguards procedures. Climate resilience will be ensured through the integration of local climate vulnerability analyses, and by the adoption of climate-proof design standards in line with existing standards maintained by the international donor community.

III. Risks

A. Project risks and mitigation measures

45. SAAMBAT is considered a low-risk project overall, while some moderate risks are identified in the Integrated Risk Framework based on the operating environment and past experience in Cambodia. Risk of management and coordination failures will be mitigated through a strong focus on forward planning through the annual workplan and budget (AWP/B) and coordination through the country programme steering committee. Sustainability risks will be mitigated through clear responsibilities for infrastructure maintenance backed by capacity development. Political, governance, environmental and related fiduciary concerns are assessed as being of medium risk but manageable, based on previous country programme experience.

B. Environment and social category

46. Based on the assessment of potential environmental and social impacts presented in the Social, Environmental and Climate Assessment Procedures review note, SAAMBAT has been classified as environmental and social risk category B. That is to say that the project may have some adverse environmental and/or social impacts on human populations or (less likely) on environmentally significant areas, but the impacts: (i) are less adverse than those for category A; (ii) are site-specific, with few being irreversible in nature; and (iii) can be readily remedied by appropriate preventive actions and/or mitigation measures.
47. Social and environmental screening will be required for individual infrastructure investments. Where significant risks are identified, social and/or environmental risk management mitigation plans will be developed. Road subprojects will be of less than 10 km in maximum length and will be constructed on existing road alignments. Resettlement of households will therefore not be needed.

C. Climate risk classification

48. SAAMBAT target areas will include areas that are significantly vulnerable to long-term climate change impacts. The project will include infrastructure construction in areas where there is a risk of losses through flood damage, if proper engineering design procedure – including consideration of future climate change trends – is not followed. However, the project areas are not affected by events of catastrophic significance. The climate risks in the project areas are well studied and understood, and can be managed through appropriate risk

management measures. For this reason, SAAMBAT is considered to fall within the “moderate” climate risk category.

D. Debt sustainability

49. A team from the International Monetary Fund conducted an Article IV consultation with Cambodia in 2018, during which the country’s debt-to-GDP ratio remained at 30 per cent. Cambodia’s public debt-to-GDP ratio remains low risk.

IV. Implementation

A. Organizational framework

Project management and coordination

50. The Ministry of Rural Development will be the executing agency for SAAMBAT and will establish the PMU responsible for planning, reporting and overall coordination. This Ministry, through the PMU, will be responsible for implementing component 1. The Ministry of Economy and Finance, through a PIU, will be responsible for implementing component 2.
51. SAAMBAT will be coordinated with AIMS and ASPIRE and with development partner projects through a country programme steering committee established at national level and through multi-stakeholder platforms in each economic pole. Provincial Departments of Rural Development (PDRDs) will coordinate the project at sub-national level, assisted by a team of facilitators.
52. The Ministry of Rural Development will directly implement component 1, with infrastructure investments being identified through this process. A technical services provider will be recruited for the screening of subprojects, a feasibility study, design and cost estimation, the ensuring of environmental and social safeguards and climate change adaptation, and to supervise construction works in partnership with PDRD engineers.
53. The Ministry of Economy and Finance will implement component 2 through a PIU. The SDF unit within this ministry will lead implementation of subcomponent 2.1 (Skills for rural youth). The TSC, established within the Royal University of Phnom Penh, will be responsible for the technical direction of subcomponent 2.2 (Technology and enterprise for agricultural value chains). The Government has identified the independent research institution Centre for Policy Studies as implementing partner for subcomponent 2.3 (Strategic studies, policy research and programme development).

Financial management, procurement and governance

54. The fiduciary risk assessment is drawn from the review of Cambodia’s public financial management system by the World Bank, published in the Public Financial Management and Accountability Project, and the Public Expenditure and Financial Accountability Performance Measurement framework, which rates the inherent country fiduciary risk as “high”. The project will: (i) establish a control framework incorporating periodic internal audits, independent external audits and social safeguards to be adopted based on IFAD policies; and (ii) adopt a good governance and mutual accountability framework, to strengthen accountability and transparency in line with international best practices.
55. SAAMBAT financial management and procurement will follow the rules and procedures set out in the Financial Management Manual and the Procurement Manual of the Government’s Standard Operating Procedure, with the general exception that procedures must in all cases observe the relevant IFAD standards.
56. In accordance with section 4.03(d) of IFAD’s General Conditions for Agricultural Development Financing, three designated accounts denominated in United States dollars will be maintained for IFAD financing: (i) one designated account for the loan will be opened and maintained by the Ministry of Rural Development to

implement component 1; (ii) the other designated accounts (one for the loan and one for the grant) will be opened and maintained by the Ministry of Economy and Finance's PIU to implement component 2.

57. A suitable web-based accounting software package will be procured. Each implementing agency shall maintain financial records and submit monthly, quarterly, six-monthly and annual reports to the PMU. The PMU will consolidate the financial reports and prepare withdrawal applications for submission to the Ministry of Economy and Finance for review.
58. Procurement plans will be prepared and updated using the appropriate templates in the IFAD Procurement Handbook.
59. There is limited capacity in the internal audit departments of the Ministry of Rural Development and the implementing agencies. Therefore, a private internal audit firm will perform a review of internal controls, propose improvements and issue recommendations. Internal audit responsibilities will be assigned to the internal audit departments, once these are assessed by IFAD supervision missions as having sufficient capacity.
60. External audits will be conducted by a private audit firm hired by the Ministry of Economy and Finance, while IFAD will provide its no objection letter to the terms of reference.

B. Planning, monitoring and evaluation, learning, knowledge management and communication

61. SAAMBAT will adopt integrated planning within the programmatic approach described above. Preparation of the SAAMBAT AWP/B will be coordinated with AWP/B preparation in AIMS and ASPIRE. The programme steering committee will set overall direction and confirm priority objectives for the coming year.
62. Each implementing agency of SAAMBAT will prepare its AWP/B, annual targets and priorities as agreed by the steering committee. The PMU will then consolidate the AWP/Bs and submit them to the project director for approval, subject to the no objection letter from IFAD.
63. The SAAMBAT logical framework sets clear and quantified targets in terms of objectives, outcomes and outputs, linked to the IFAD Results and Impact Management System and Operational Results Management System. Key M&E tools will include a household impact survey, physical measurements of infrastructure outcomes (including traffic counts), a web-based management information system, including geographical information system capability, and annual outcome surveys measuring interim results.
64. SAAMBAT and its alignment with other projects will provide a model for integrated investments covering extension, marketing services, infrastructure and youth/skills development. Learning and knowledge management will assist the Government in refining its policy and scaling up the successful elements of the project. The IFAD Mekong Hub will also incorporate lessons from the project across the subregion and beyond.

Innovation and scaling up

65. The innovative aspects of SAAMBAT's design include:
 - (i) A demand-led approach to integrated planning of production, marketing and infrastructure development, through the multi-stakeholder platforms; and
 - (ii) Expanded use of digital technologies, including a balanced upstream/downstream approach to needs identification, testing, roll-out and strengthening capacity for the use of digital technologies in the rural economy.

66. There is potential to scale up the programmatic approach by its adoption across the IFAD programme and by partner agencies. The skills training is integrated within the Government's SDF, providing a ready pathway to scaling up. Digital applications will be scalable once launched and proven effective, through the TSC and its private partners.

C. Implementation plans

Implementation readiness and start-up plans

67. The central project team has already been appointed, within both the Ministry of Rural Development and the Ministry of Economy and Finance, even prior to approval. Key staff have attended IFAD training sessions and were involved in the design and negotiations. Key implementing partners have been identified and SAAMBAT's rationale, activities, and results agreed. SAAMBAT, AIMS and ASPIRE have already appointed focal points for the programmatic approach, and the first 10 EPs have been identified. Implementation readiness is high, with activities on the ground expected to start by early 2020.

Supervision, midterm review and completion plans

68. IFAD will conduct one annual supervision mission for SAAMBAT plus additional implementation support missions to identify practical solutions to any challenges. The project completion report will be submitted by the Royal Government of Cambodia within six months of completion, with evidence of the impact achieved.

V. Legal instruments and authority

69. A project financing agreement between the Kingdom of Cambodia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached to this report.
70. The Kingdom of Cambodia is empowered under its laws to receive financing from IFAD.
71. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

72. 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 fifty-three million one hundred and eighty-six thousand United States dollars (US\$53,186,000), 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 one million two hundred thousand United States dollars (US\$1,200,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Negotiated financing agreement: "Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT)"

(Negotiations concluded on 5 July 2019)

Loan No: _____

Grant No: _____

Project name: Sustainable Assets for Agriculture Markets, Business and Trade (SAAMBAT) (the "Project")

The Kingdom of Cambodia (the "Borrower/Recipient"), represented by the Ministry of Economy and Finance (MEF) or successor thereto.

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:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter 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, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan/Grant to the Borrower/Recipient (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. A. The amount of the Loan is fifty three million one hundred eighty six thousand United States Dollars (USD 53 186 000).

B. The amount of the Grant is one million two hundred thousand United States Dollars (USD 1 200 000).

2. Loan is granted on highly concessional terms, and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board, payable semi-annually in the Loan Service Payment Currency. The Loan 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.

The principal of the Loan will be repaid at four and half per cent (4.5 per cent) of the total principal per annum for years eleven (11) to thirty (30), and one per cent (1 per cent) of the total principal per annum for years thirty-first (31) to forty (40).

3. The Grant is provided upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.
4. The Loan Service Payment Currency shall be the United States Dollar.
5. The first day of the applicable Fiscal Year shall be the 1st of January.
6. Principal and service charge shall be payable on each 1st of May and 1st of November.
7. There shall be three bank accounts denominated in USD (referred to as the "Designated Accounts") opened by the Borrower/Recipient in the National Bank of Cambodia, through which the proceeds of the Financing shall be further transferred to the three Project Accounts opened in a commercial bank in United States Dollars respectively:
 - (a) One will be opened and maintained by the Ministry of Rural Development (MRD) to implement the component 1;
 - (b) two will be opened and maintained by the Ministry of Economy and Finance PIU to implement the component 2, one for the Loan and one for the Grant.

The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.

8. One Counterpart Fund account shall be opened in the National Bank of Cambodia for Government counterpart Funds. Two sub-accounts shall be opened and maintained by MEF-PIU and MRD respectively, (referred as the "Royal Government of Cambodia (RGC) Counterpart Account") in commercial banks to receive the counterpart funds from the Counterpart Fund account. The counterpart contribution shall be segregated from IFAD resources.
9. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of approximately eleven million three hundred thousand United States Dollars (USD 11 300 000). The counterpart financing provided by the Borrower/Recipient shall include works (approximately USD 3.9 million), equipment and material (approximately USD 3.7 million), and operation and maintenance costs including taxes (approximately USD 3.7 million). The Project beneficiaries will contribute approximately USD 0.14 million as in-kind contribution to the infrastructure.

Section C

1. The Lead Project Agency (LPA) or Executing Agency (EA) shall be the Ministry of Rural Development (MRD) of the Borrower/Recipient or successor to the MRD.
2. The following is designated as an additional Project Party or Implementing Agency (IA): Ministry of Economy and Finance (MEF).
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.

4. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Loan/Grant will be administered and the Project supervised by the Fund.

Section E

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

- (a) The MRD Project Management Unit (PMU), Ministry of Economy and Finance Project Implementation Unit (MEF-PIU) and the Country Programme Steering Committee (CPSC) shall have been duly established and staffed in accordance with Section II, Schedule 1 to this Agreement;
- (b) The Project key staff, including a Project director and a Finance Officer at MRD, acceptable to the Fund shall have been duly appointed;
- (c) A computerized accounting system acceptable to the Fund shall have been identified at PMU;
- (d) A Project Implementation Manual (PIM) shall have been prepared in form and substance satisfactory to the Fund.

2. The following are designated as additional grounds for cancellation of this Agreement:

- (a) the Project has not started disbursing within 18 months from entry into force of this Agreement.

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

For the Borrower/Recipient:

Director General
General Department of International Cooperation and Debt Management
Ministry of Economy and Finance
St. 92, Sangkat Wat Phnom, Khan Daun Penh,
Phnom Penh, Cambodia

For the Fund:

Country Director
Asia and the Pacific Division
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient.

KINGDOM OF CAMBODIA

Authorized representative

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Hougbo
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. **Target Population.** The Project shall benefit smallholder farmers with potential to strengthen market-led production, unemployed/underemployed youth from poor rural households who are willing to seek formal employment and enhance their skills accordingly; and private enterprises and co-operatives which play an important role in improving efficiency and value addition of key value chains in the Economic Poles. The Project is a national program, operating nation-wide and in around fifty (50) areas, referred to as Economic Poles (EP) of small holder production of commodities targeted by ASPIRE and AIMS (the "Project Area").

2. **Goal.** The goal of the Project is to reduce poverty and enhance food security in Cambodia.

3. **Objectives.** The objective of the Project is to sustainably increase productivity of rural youth, enterprises and the rural economy, contributing to the Goal of Reduced Poverty and Enhanced Food Security. There are expected to be about 200,000 rural households benefiting from services supported by the project. About 50,000 households will be direct beneficiaries. This impact will result from two Outcomes: (1) Poor rural people's benefits from market participation increased; and (2) Poor rural people's productive capacities increased.

4. **Components.** The Project shall consist of the following Components:

4.1. **Component 1. Value Chain Infrastructure.** The objective of this component is to benefit poor rural people through increase in market participation by funding development for rural infrastructure improvement. Physical outputs will include rural roads; rural markets and other value chain infrastructure facilities. Infrastructure subprojects will be selected on the basis of their ability to stimulate private investment and growth in value chains supported by AIMS/ASPIRE/TSSD, particularly the safe vegetable value chain. The Royal Government of Cambodia will seek other potential partners to cofinance the infrastructure.

4.2. **Component 2. Skills, Technology and Enterprise.** The objective of this component is to increase poor rural people's productive capacities by using digital technology through the following sub-components:

4.2.1. **Sub-component 2.1. Skills for Rural Youth and Enterprises.** The Project will work through the SDF and Enterprise Promotion Fund (EPF) in assisting approximately 6,800 rural youth to increase their productivity and earning potential through improved technical and workplace skills. The Project will engage a service provider to develop a soft skills training curriculum, map training demand (employers and potential trainees) and training providers and conduct an outreach campaign to link trainees to training opportunities. The service provider will also implement a business incubator to assist aspiring young entrepreneurs to establish rural enterprises. Outreach activities will prioritise the SAAMBAT Economic Poles but eligible rural youth will not be limited to those who are resident in the Economic Poles.

4.2.2. **Sub-component 2.2. Digital Technology and Enterprise for Agricultural Value Chains.** The Project will support (i) the development of an open digital platform and supporting infrastructure called Khmer Agriculture Suite (KAS); (ii) a

Challenge Fund to finance development and roll-out of copy-right protected innovative commercial mobile/ digital applications for the rural economy which will be linked to KAS; and (iii) an outreach campaign of digital literacy and digital adoption, uptake of existing mobile applications and testing and roll-out support for the KAS-linked applications.

- 4.2.3. Sub-component 2.3. Strategic Studies, Policy Research and Programme Development. The Project will (i) support activities to strengthen the programmatic approach linking the IFAD country programme and the partner projects in a common goal setting, planning and M&E framework aligned with RGC policy and IFAD corporate priorities; (ii) conduct the strategic studies /feasibility and/or pre-design studies of investments with potential to benefit small holders, including a major feasibility study for regional wholesale markets for the safe vegetable value chain; and (iii) conduct policy research to promote development of the small holder agriculture sector, extension of the digital technology eco system to the rural economy. Research will also focus on mainstreaming the IFAD 11 themes of climate change, gender, youth and nutrition in the national policy framework; and will inform the future development of the IFAD country programme.

II. Implementation Arrangements

A. Organisation and Management

1. Country Programme Steering Committee (CPSC)

1.1. Establishment and Composition. The CPSC shall be chaired by a Senior Official of MEF and will be composed of members representative of Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Commerce (MOC), Ministry of Rural Development (MRD), National Committee for Sub National Democratic Development- Secretariat (NCDD-S) as Executing Agencies of the COSOP, IFAD, Development Partners that have co-operation agreements or MOU with IFAD, other ministries and agencies that have implementing responsibilities for COSOP programs and projects, or are important partners for IFAD and representatives of the private sector.

1.2. Responsibilities. The CPSC will set strategic directions for the Project Based Approach and IFAD-financed projects but will neither address the technical implementation of the projects under the programme nor review and approve the AWPB. The Committee will be supported by Technical Assistance under Sub-Component 2.3 for Policy Development and the support for the programmatic approach.

2. Lead Project Agency ("LPEA") or Executing Agency (EA)

2.1. The EA shall be MRD, who shall have the overall responsibility for the Project implementation. The responsibility will be carried out through a project management unit.

3. Project Management Unit ("PMU")

3.1. Establishment and Composition. A PMU shall be established within the MRD, with structure, composition, functions and responsibilities in accordance with the provision of the Standard Operating Procedure adopted by RGC for the administration of the externally funded projects . and acceptable to the Fund.

4. Project Implementing Unit (PIU)

4.1 Establishment and Composition. A PIU shall be established within the MEF, with structure, composition, functions and responsibilities in accordance with the provision of the Standard Operating Procedure adopted by RGC for the administration of the externally funded projects and acceptable to the Fund.

B. Responsibilities.

5. The PMU will be responsible for the consolidation of the planning, reporting and overall coordination of Project implementation. MRD, through the PMU, will be responsible for implementing Component 1, including all related procurement. MEF, through the PIU, will be responsible for implementing Component 2, including all related procurement.

C. Project Implementation Manual ("PIM")

6. Preparation. The Borrower/Recipient shall prepare, in accordance with terms of reference acceptable to the Fund, a PIM, which shall include, among other arrangements: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement, financial management, procurement monitoring, evaluation, reporting and related procedures; (iii) detailed description of implementation arrangements for each Project component; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

7. The PMU shall forward the draft PIM to the Fund for comments and no objection. The PMU shall adopt the PIM, substantially in the form to which the Fund provided its no-objection, and the PMU shall promptly provide copies thereof to the Fund. The Recipient shall carry out the Project in accordance with the PIM and shall not amend, abrogate, waive or permit to be amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written consent of the Fund.

D. Monitoring and Evaluation

8. The Project will conduct household impact survey, physical measurements of infrastructure outcomes including traffic counts, and a web-based management information system (MIS) including geographical information system (GIS) capability.

E. Supervision

9. The Fund will conduct one annual supervision mission with the first mission provisionally scheduled for the third quarter of 2020. In addition, IFAD may conduct Implementation Support Missions (ISM) in order to advise on Project strategy and implementation approach and to assist the Project to identify practical solutions to any challenges and bottlenecks.

Schedule 2

Allocation Table

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

Category	Loan amount allocated (expressed in USD)	Grant amount allocated (expressed in USD)	Total Loan and Grant amount	Percentage (net of Government and other contribution)
I. Works	29 350 000		29 350 000	100
II. Consultancies	9 561 000	1 200 000	10 761 000	100%
III. Training	7 863 000		7 863 000	100%
IV. Grants and subsidies	975 000		975 000	100%
Unallocated	5 437 000		5 437 000	
Total	53 186 000	1 200 000	54 386 000	

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

"Consultancies" under Category II shall mean eligible expenditures incurred related to all consultancy services and studies for the Project.

The grant funds will be utilized for consultancies under component 2.3.

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan and Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will identify a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement , the MEF PIU will enter into Memorandum of Understandings (MoU) with TSC and CPS that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. Planning, Monitoring and Evaluation. The Borrower/Recipient shall ensure that a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. Indigenous People (IPs) Concerns. The Borrower/Recipient shall ensure that the concerns of IPs are given due consideration in implementing the Project and, to this end, shall ensure that:
 - (a) the Project is carried out in accordance with the applicable provisions of the relevant IP national legislation;
 - (b) indigenous people are adequately and fairly represented in all local planning for Project activities;
 - (c) IP rights are duly respected;
 - (d) IP communities, participate in policy dialogue and local governance;
 - (e) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower/Recipient on the subject are respected;
 - (f) The Project will not involve encroachment on traditional territories used or occupied by indigenous communities.
5. Land tenure security. The Borrower/Recipient shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with the Standard Operating Procedure for land acquisition and resettlement which includes the free prior and informed consent principles.
6. Compliance with the Social Environmental and Climate Assessment Procedures (SECAP). The Borrower/Recipient shall ensure that the Project will be implemented in compliance with IFAD's SECAP.

Environment and Social Safeguards. The Borrower/Recipient shall ensure that: (a) all Project activities are implemented in strict conformity with the Borrower/Recipient's relevant laws/regulations; (b) all Project activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD's Policy on Indigenous Peoples (2009), as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Project. In the event of unforeseen land acquisition or involuntary resettlement under the Project, the Borrower/Recipient shall immediately inform the Fund and prepare the necessary planning documents; (d) women and men shall be paid equal remuneration for work of equal value under the Project; (e) recourse to child labour is not made under the Project; (f) the measures included in the Gender Action Plan prepared for the Project are

undertaken, and the resources needed for their implementation are made available, in a timely manner; and (g) all necessary and appropriate measures to implement the Gender Action Plan to ensure that women can participate and benefit equitably under the Project are duly taken.

7. Anticorruption Measures. The Borrower/Recipient shall comply with IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project				Survey	Monthly	M&E officer	
	Total number of persons receiving services - Number of people		75000	227000				
	1.a Corresponding number of households reached				Survey	Monthly	M&E officer	
	Non-women-headed households - Number							
	1.b Estimated corresponding total number of households members				Survey	Monthly	M&E officer	
Household members - Number of people		500000	1000000					
Project Goal Reduce poverty and enhance food security	Declining rural poverty rates with improvement in status of women-headed hhs				country level poverty assessment	periodically after every 5 years	RGC and third-party assessments	Stimulating rural growth will reduce poverty Increase in agriculture growth will reduce poverty.
	rural poverty rate (%) -	20	15	10				
	Increasing agriculture growth rate				Government Economic Analysis	Periodically	Government Analysis	
	growth rate (%) -	1.5		2				
	Abbreviated Women's Empowerment in Agriculture Index				Feed the future survey	Periodically	USAID	
AWEIA - Number	0.74		0.8					
Development Objective Sustainably increase productivity of youth, enterprises and the rural economy	Number of direct beneficiaries experiencing at least 25% increased earnings-per-day from on-farm or off-farm work				Outcome survey	Baseline; Mid-term; End line surveys	Third Party Assessment	Political and economic stability in the country and the region.
	Households - Number		15000	30000				
	Number of beneficiaries reporting reduced variability of earnings with climate conditions				Outcome survey	Baseline; Mid-term; End line surveys	Third party assessment	
	Females - Number							
Households - Number		20000	50000					
Outcome 1. Increase poor rural people's benefits from market participation	2.2.6 Households reporting improved physical access to markets, processing and storage facilities				Survey; M&E records	After mid-term annually	PSU and MRD and PDRD	Increased market participation will lead to increased productivity CI 1.2.3 Activities to be delivered in cooperation with other partners
	Households reporting improved physical access to markets - Percentage (%)			80				

	Households reporting improved physical access to markets - Number			160000				
	The growth in the traffic and businesses visible along the roads, in the markets and ferry landings constructed by the project.				Traffic and business volume surveys	Baseline. Mid-term; End line	MRD and technical consultant	
	increase in roadside businesses (%) -			25				
	increase in traffic (%) -			50				
	1.2.3 Households reporting reduced water shortage vis-à-vis production needs				M&E records	Annual	PMU and MME	
	Households - Number		1000	5000				
	Women-headed households - Number		150	750				
Output 1.1 Access Roads: Year-round access roads built in the areas of intervention	2.1.5 Roads constructed, rehabilitated or upgraded				M&E records	Annual	PMU	1. Demand-responsive output planning. 2. Appropriate technical standards. 3. Effective operation and maintenance.
	Length of roads - Length (km)		160	450				
	Km of road constructed, rehabilitated or upgraded				M&E records	Annual	PMU	
	Bitumen / concrete surface - (km)		100	300				
	Gravel surface - (km)		60	150				
Output 1.2 Other value chain infrastructure facilities constructed	2.1.6 Market, processing or storage facilities constructed or rehabilitated				M&E records	Annual	PMU	1. Demand-responsive output planning. 2. Appropriate technical standards. 3. Effective operation and maintenance.
	Market facilities constructed/rehabilitated - Number		25	75				
Output 1.3 Farmer benefit from improved on-farm and near-farm water management, solar pumping and productive RET	3.1.3 Persons accessing technologies that sequester carbon or reduce greenhouse gas emissions				MIS	Annually	RET suppliers	Financing for RET activities identified following favourable evaluation of S-RET
	Total persons accessing technologies - Number of people		5000	20000				
Outcome 2. Increase poor rural people's productive capacities	Number of rural youth productivity employed				Pre-training and post training tracking of applicants	Baseline; Mid-term; End line	PSU and SDF	The training adds value to the skills of the youth and enhances their demand in the job market.
	employment - Number		1500	4500				
	2.2.2 Supported rural enterprises reporting an increase in profit				Outcome Survey	Annually	PMU	
	Number of enterprises - Number		60	85				

Output 2.1.1 Number of rural youth trained in Technical Skills and supported to develop businesses	2.1.2 Persons trained in income-generating activities or business management			MIS	Annually	PMU & SDF	Economic opportunities exist for people with improved skills	
	Persons trained in IGAs or BM (total) - Number		2280					6840
	2.1.1 Rural enterprises accessing business development services (at least 30% with women in leadership positions)							
	Rural enterprises - Number		150					500
	Size of enterprises - Number of people		300	1500				
Output 2.2.1 Digital Literacy and Adoption of Digital Technology	Number of persons trained in digital literacy			MIS	Annually	PMU & SDF	Use of digital technology can increase rural productivity.	
	People trained - Number of people		1500					5000
	Number of persons participating in technology adoption subprojects							
	people trained - Number of people		1500	5000				
Output 2.2.2 Digital Innovations for the Rural Economy	Number of KAS apps developed for use by agriculture and rural sector and people benefiting from them			M&E and digital platform records	Annually	Service Provider SP3 and Techo Start-up Centre	Use of digital technology can increase rural productivity.	
	Applications tested and rolled out with grant funding - Number		2					5
	Users - Number		5000					12500
	Applications supported by Challenge Fund reaching testing stage - Number		3					10
	Users - Number			12500				
Output 2.3.1 Policy Guidance Notes	Policy 1 Policy-relevant knowledge products completed			PMU records	Annually	TA and PMU	Improved policy and decision-making leads to increased productivity	
	Number - Number		2					5

Note: Some additional indicators and disaggregated targets are in the ORMS system. This version has been edited and shortened for clarity and to meet the requirement of 2 pages. All people-centric logframe targets will be measured for youth and gender.