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**Royaume du Cambodge**  
**Programme d'options stratégiques pour le pays**  
**2022-2027**

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**Mesures à prendre:** Le Conseil d'administration est invité à examiner le programme d'options stratégiques pour le pays (2022-2027) établi pour le Royaume du Cambodge.

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## Table des matières

<b>Carte des zones d'intervention du FIDA dans le pays</b>	<b>ii</b>
<b>Résumé</b>	<b>iii</b>
<b>I. Contexte du pays et programme relatif au secteur rural – principales difficultés et perspectives</b>	<b>1</b>
<b>II. Contexte institutionnel et cadre de l'action publique</b>	<b>3</b>
<b>III. Engagement du FIDA: bilan de l'expérience</b>	<b>4</b>
<b>IV. Stratégie de pays</b>	<b>4</b>
<b>V. Innovations et reproduction à plus grande échelle pour des résultats durables</b>	<b>10</b>
<b>VI. Exécution du COSOP</b>	<b>10</b>
<b>VII. Gestion des risques</b>	<b>14</b>

### Appendices

I. COSOP results management framework	
II. Transition scenarios	
III. Agricultural and rural sector issues	
IV. Rural sector issues: background on digital technologies in Cambodia	
V. SECAP background study	
VI. COSOP preparation process	
VII. Agreement at completion point	
VIII. Strategic partnerships	
IX. South-South and Triangular Cooperation strategy	
X. Country at a glance	
XI. Financial management issues summary	
XII. IFAD procurement risk matrix	
XIII. Diagram of producer organization capacity-building steps	
XIV. Theory of change	
XV. Risk management matrix	

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# Carte des zones d'intervention du FIDA dans le pays



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.

Carte établie par le FIDA | 05/04/2022

## Résumé

1. Le programme d'options stratégiques pour le pays (COSOP), couvrant la période 2022-2027, vient étayer la stratégie de relèvement après la pandémie de maladie à coronavirus 2019 (COVID-19) et la politique de développement agricole du Royaume du Cambodge, le cap étant mis vers une croissance agricole inclusive fondée sur les filières prioritaires tournées vers l'exportation ou vers le marché intérieur.
2. Le but du présent COSOP concorde avec l'effet 3 du Plan-cadre des Nations Unies pour l'aide au développement établi pour le Cambodge: « Les femmes et les hommes du Cambodge, en particulier les personnes marginalisées et vulnérables, vivent dans un environnement plus sûr, plus sain, plus sécurisé et plus équilibré sur le plan écologique, ont de meilleurs moyens d'existence et sont résilients face aux tendances et aux chocs naturels ou liés aux changements climatiques. »
3. Les objectifs stratégiques du COSOP sont les suivants: objectif stratégique n° 1: augmenter les capacités productives de 250 000 ménages cambodgiens pauvres des zones rurales, en prenant notamment des mesures pour accroître la productivité agricole et l'emploi; sur cette base, objectif stratégique n° 2: augmenter les revenus de 250 000 ménages cambodgiens pauvres des zones rurales grâce à leur participation à des filières agricoles rémunératrices, et ce essentiellement au moyen d'interventions visant à aider les petits exploitants à former des organisations de producteurs reliées à des filières renforcées favorables aux pauvres; objectifs que viendra pérenniser l'objectif stratégique n° 3: renforcer la durabilité environnementale et la résilience climatique des activités économiques des populations rurales pauvres. Les travaux à cette fin favoriseront une transformation rurale inclusive et durable au Cambodge tout en contribuant nettement à la réalisation des objectifs de développement durable n<sup>os</sup> 1 (pas de pauvreté) et 2 (faim zéro).
4. Les résultats du COSOP pour 2022-2027 seront obtenus au moyen de trois projets en cours d'exécution, de trois projets en cours d'élaboration dans le cadre du cycle couvert par la Douzième reconstitution des ressources du FIDA (FIDA12) et d'un projet supplémentaire prévu, qui sera financé par les ressources de FIDA13.
5. Le FIDA s'efforcera de mobiliser des dons auprès de sources internes et externes, en particulier pour les activités favorables aux pauvres qui en vertu des directives gouvernementales pour la gestion de la dette ne sont pas admissibles à des financements sous forme de prêts. Autre forme de soutien, le FIDA contribuera à l'élaboration des politiques au niveau national, du renforcement des capacités et de la gestion des connaissances. Suivant une approche programmatique, le FIDA entend renforcer les partenariats stratégiques conclus avec les institutions de cofinancement et les autres organismes des Nations Unies ayant leur siège à Rome. La coopération Sud-Sud et triangulaire sera une stratégie de partenariat clé.

# Royaume du Cambodge

## Programme d'options stratégiques pour le pays 2022-2027

### I. Contexte du pays et programme relatif au secteur rural – principales difficultés et perspectives

#### Contexte macroéconomique

1. Le Royaume du Cambodge a enregistré une croissance annuelle de son produit intérieur brut (PIB) de 7,5% entre 2000 et 2019 et atteint le statut de pays à revenu intermédiaire de la tranche inférieure. En 2020, le revenu national brut par habitant s'élevait à 1 483 USD<sup>1</sup>. Le risque d'inflation et les risques liés à la soutenabilité de la dette sont faibles.
2. Le pays comptait 16,7 millions d'habitants en 2020, dont 76% vivaient en milieu rural. La croissance démographique annuelle a été en moyenne de 1,6% entre 2009 et 2019, et l'âge médian est de 25 ans.
3. Le Cambodge a assoupli la plupart des restrictions liées à la COVID-19, mais doit encore se remettre des répercussions économiques de la pandémie, notamment sur le tourisme. Le PIB a augmenté de 2,2% en 2021. La guerre en Ukraine a notamment induit une hausse du coût des carburants et des engrais et une possible perturbation des chaînes d'approvisionnement. En tant qu'exportateur net de produits alimentaires, le Cambodge pourrait bénéficier de la hausse du prix des denrées alimentaires.

#### Pauvreté

4. Le taux de pauvreté est passé sous la barre des 10% en 2019, avant de remonter à 18% en 2020 (23% dans les zones rurales) en raison des répercussions économiques de la COVID-19<sup>2</sup>. Le revenu d'environ la moitié des ménages ruraux équivaut à moins de 1,5 fois le seuil de pauvreté et ceux-ci risquent de retomber dans la pauvreté. Si la plupart des personnes pauvres habitent dans les basses-terres, plus densément peuplées, l'incidence de la pauvreté est plus élevée dans les zones montagneuses reculées.
5. Le Cambodge, dont l'indice d'inégalité de genre s'établit à 0,474, se classe au 117<sup>e</sup> rang sur 162 pays<sup>3</sup>. Les femmes travaillant dans le secteur agricole sont plus nombreuses que les hommes, mais elles en retirent moins d'avantages.
6. Seuls 6,4% des jeunes (âgés de 15 à 30 ans)<sup>4</sup> n'étaient ni étudiant, ni employé, ni stagiaire en 2014<sup>5</sup>, mais la qualité et la stabilité de l'emploi suscitent des inquiétudes.
7. Les peuples autochtones représentent environ 1,5% de la population du Cambodge. Concentrés dans les régions montagneuses, ils sont désavantagés sur le plan de l'accès à la santé, à l'éducation et à d'autres services<sup>6</sup>.

<sup>1</sup> Les données figurant dans ce paragraphe sont tirées des indicateurs de développement dans le monde établis par la Banque mondiale.

<sup>2</sup> Enquête socioéconomique au Cambodge (2019-2020).

<sup>3</sup> Voir <https://hdr.undp.org/>.

<sup>4</sup> Gouvernement cambodgien (2011). Politique nationale en faveur de l'épanouissement des jeunes.

<sup>5</sup> Centre de développement de l'Organisation de coopération et de développement économiques (OCDE). « Youth Well-being Policy Review of Cambodia » (Examen du bien-être et des politiques de la jeunesse au Cambodge), projet Inclusion des jeunes, Union européenne-OCDE, Paris, 2017.

<sup>6</sup> FIDA. « Country Technical Notes on Indigenous Peoples' Issues: Kingdom of Cambodia » (Notes techniques de pays sur les questions relatives aux peuples autochtones: Royaume du Cambodge), 2012 (en anglais seulement).

8. Le Cambodge enregistre des taux de retard de croissance élevés chez les enfants de moins de 5 ans et de forts taux d'anémie chez les femmes en âge de procréer<sup>7</sup>. L'insécurité alimentaire grave touche 13,4% de la population et l'insécurité alimentaire modérée 44,8%<sup>8</sup>.

### **Secteur agricole et rural**

9. L'agriculture pourvoit environ 35% des emplois et représente près de 22% du PIB. La riziculture est pratiquée sur environ 79% des terres arables et contribue à 50% du PIB agricole. Les rendements sont plus faibles que dans les pays voisins. La productivité du travail, bien qu'en hausse, progresse plus lentement que dans les secteurs non agricoles. Seuls 10% environ des terres cultivées sont entièrement irriguées.
10. Le Cambodge compte 1,7 million de ménages agricoles (6,8 millions de personnes), soit environ 40% de la population. Selon l'Institut national de la statistique, environ 75% de ces agriculteurs sont des petits exploitants possédant des terres d'un à deux hectares, et presque tous (98%) sont propriétaires de leurs terres. La plupart des petits exploitants complètent leurs revenus agricoles par un travail salarié.
11. Le Cambodge exporte du riz, du caoutchouc, du manioc et diverses cultures arboricoles. Seuls 10% environ des produits agricoles exportés sont transformés. Le Gouvernement vise à faire passer les exportations officielles de produits agricoles transformés de 7 à 15% des exportations de marchandises d'ici à 2030.
12. Environ 30% des fruits et légumes consommés sont importés. L'horticulture au Cambodge est sous-développée en raison de l'insuffisance des investissements dans l'irrigation, les serres, les chaînes du froid, etc., et les agriculteurs peinent à concurrencer les prix à l'importation.
13. L'agriculture a fait preuve de résilience pendant la pandémie de COVID-19. Les accords commerciaux ont ouvert de nouvelles perspectives de croissance future des exportations. Les marchés agricoles intérieurs sont vastes et offrent un potentiel pour la substitution des importations. La qualité des produits agricoles cambodgiens est reconnue sur les marchés internationaux.
14. Les petits exploitants peinent à offrir des produits d'une qualité homogène en volume suffisant pour satisfaire la demande du marché d'exportation et du marché intérieur. Le rôle fédérateur des organisations de producteurs reste marginal: si les meilleures d'entre elles fonctionnent bien, les autres se laissent largement distancer.
15. Les petits exploitants les plus performants réussissent à produire pour les marchés, mais la majorité d'entre eux sont à la traîne. L'accès au crédit et aux services financiers à des conditions adéquates, ainsi qu'aux techniques, aux informations sur le marché et aux intrants essentiels comme le matériel végétal amélioré constitue autant d'obstacles. L'accès à l'eau est une autre contrainte majeure. Certaines filières présentent des problèmes spécifiques, comme la nécessité d'un matériel végétal exempt de maladies pour la culture du manioc.
16. Les principales entreprises agricoles font face à des dépenses élevées et au manque de fonds de roulement. De nombreuses entreprises fonctionnent en dessous de leurs capacités et les nouveaux investisseurs potentiels sont prudents. Pour devenir compétitives au niveau international, les entreprises ont besoin de mieux comprendre les marchés cibles et d'acquérir des compétences concernant le choix des technologies et la création d'entreprises.

<sup>7</sup> Institut international de recherche sur les politiques alimentaires. « Climate change, gender and nutrition linkages: Research priorities in Cambodia » (Liens entre changements climatiques, genre et enjeux nutritionnels: priorités des travaux de recherche au Cambodge), 2017 (en anglais seulement).

<sup>8</sup> Banque mondiale. <https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?locations=KH>.

17. S'agissant des exportations, les principaux enjeux sont la facilitation du commerce et l'amélioration de la logistique. Les exportateurs ne peuvent pas faire transiter leurs produits par les ports thaïlandais ou vietnamiens.
18. La certification (comme les normes CamGAP) est importante sur le marché de l'horticulture haut de gamme, mais les petits exploitants n'y ont pas accès. Les exportateurs obtiennent une certification en fonction de leurs propres besoins.
19. Les infrastructures rurales restent insuffisamment développées et le Gouvernement cambodgien donne la priorité aux investissements dans ce domaine.
20. Plus de 90% de la population a accès à l'électricité, mais les tarifs sont élevés. Un tarif réduit en dehors des heures de pointe a été mis en place pour le pompage de l'eau à des fins d'irrigation, mais sa mise en application a tardé.
21. La couverture du réseau de téléphonie mobile est bonne et le secteur informatique du Cambodge en plein essor. Le Gouvernement a de grandes ambitions pour le secteur des technologies numériques. Ces dernières peuvent avoir un effet positif sur le marché des intrants et des produits agricoles et sur l'accès aux services financiers, en plus de créer des débouchés pour les jeunes.
22. Les changements climatiques constituent une grave menace pour l'agriculture, notamment en raison de la forte dépendance à l'égard des cultures pluviales. Les graves problèmes posés par les pertes dues aux inondations et à la sécheresse risquent de s'amplifier. La hausse des températures pourrait réduire les rendements en riz, augmenter la prévalence des ravageurs et des maladies animales et compromettre la viabilité de cultures ou de variétés spécifiques dans certaines régions du pays.
23. La pratique agricole non durable la plus grave sur le plan environnemental est la conversion des terres forestières. Les ressources en eau sont globalement abondantes, mais il existe des risques de surexploitation à l'échelle locale, notamment en raison du pompage des eaux souterraines pour l'irrigation. Bien qu'encore peu répandue, l'utilisation de produits chimiques agricoles est en hausse et mal réglementée.

## **II. Contexte institutionnel et cadre de l'action publique**

24. Dans le cadre de la quatrième phase de sa stratégie rectangulaire pour la croissance, l'emploi, l'équité et l'efficacité, le Gouvernement cambodgien appelle à la promotion du secteur agricole et du développement rural au titre du pilier sur le développement inclusif et durable. Le plan national de développement stratégique pour 2019-2023 complète les objectifs stratégiques de cette stratégie par de plus amples informations et des objectifs de suivi.
25. Le Gouvernement cambodgien a récemment mis la dernière main à la politique de développement agricole et au plan directeur du secteur agricole pour 2030. Les principaux thèmes de la politique de développement agricole sont:
  - i) la modernisation de la filière agricole et la commercialisation des produits qui en sont issus;
  - ii) les investissements publics et privés dans le secteur agricole;
  - iii) la croissance durable et le renforcement de la résilience aux changements climatiques;
  - iv) les réformes institutionnelles et les questions transversales.
26. En vertu de la politique de vulgarisation agricole au Cambodge récemment mise à jour, le pays s'engage à mettre en place un service de vulgarisation pluraliste.
27. La contribution déterminée au niveau national du Cambodge à la Convention-cadre des Nations Unies sur les changements climatiques et le plan stratégique sur les changements climatiques pour 2014-2023 définissent le cadre de la riposte du pays aux changements climatiques.

28. Le Ministère de l'agriculture, de la forêt et de la pêche est la principale institution responsable de la réglementation et de la promotion de la production agricole. Le Ministère des ressources en eau et de la météorologie supervise le développement de l'irrigation et assure la coordination avec le Ministère de l'agriculture, de la forêt et de la pêche par l'intermédiaire du groupe de travail technique sur l'agriculture et l'eau. Les autres ministères jouant un rôle important dans l'agriculture et le développement rural sont le Ministère du développement rural, qui est notamment responsable des pistes rurales, le Ministère du commerce, chargé de la promotion des entreprises et du commerce, le Ministère de l'industrie et de l'artisanat, responsable du secteur agro-industriel, et le Ministère des affaires féminines.
29. Une feuille de route nationale sur les systèmes alimentaires pour le développement durable à l'horizon 2030 a été adoptée en 2021 par le Conseil de l'agriculture et du développement rural et le groupe de travail technique sur l'agriculture et l'eau.
30. Environ 1 200 coopératives agricoles sont enregistrées, réunissant plus de 155 000 membres. Certaines de ces coopératives se sont regroupées dans des syndicats. Parmi les autres organisations de producteurs officielles figurent les communautés d'agriculteurs usagers de l'eau organisées par le Ministère des ressources en eau et de la météorologie, sans compter les nombreux groupements informels.

### **III. Engagement du FIDA: bilan de l'expérience**

31. La transformation structurelle de l'économie est allée de pair avec une agriculture de plus en plus orientée vers le marché. L'examen des résultats du programme d'options stratégiques pour le pays (COSOP) réalisé en 2021 a mis en évidence les enseignements tirés du programme de pays du FIDA, comme la capacité des petits exploitants à être compétitifs sur les marchés, à condition de recevoir l'appui adéquat. Cela passe par exemple par des services de vulgarisation améliorés axés sur le marché, une plus grande utilisation des applications mobiles et l'approche programmatique visant à intégrer le renforcement des capacités aux investissements d'ordre matériel.
32. Les organisations de producteurs qui comptent de petits exploitants aident ces derniers à transformer leurs activités agricoles en entreprise et les mettent en relation avec les acheteurs. Elles peuvent être mobilisées, à condition toutefois de pouvoir compter sur un processus de transition graduel (voir appendice XIII). Seules quelques-unes ont achevé cette transition, après avoir reçu un appui technique et financier pendant plusieurs années.
33. Les personnes les plus pauvres des zones rurales, qui sont le cœur de cible du FIDA, sont nombreuses à dépendre d'un travail salarié non agricole. La transformation structurelle devrait en conduire une grande partie à passer progressivement de moyens d'existence fondés sur l'agriculture à des moyens d'existence non agricoles.
34. Ces enseignements et cette approche stratégique sont également conformes aux constatations et recommandations issues de l'évaluation de la stratégie et du programme de pays réalisée en 2018.

### **IV. Stratégie de pays**

#### **A. Avantage comparatif**

35. Au Cambodge, le FIDA s'appuie sur un modèle favorable aux pauvres qui a fait ses preuves, et qui associe les agriculteurs et les entreprises agricoles au sein de groupements d'entreprises, des services pluralistes de vulgarisation améliorés et une approche programmatique. L'accent a été mis sur l'inclusion des groupes les plus pauvres et les plus vulnérables, notamment les femmes, les jeunes et les personnes issues de minorités ethniques. Le Gouvernement cambodgien apprécie



les atouts du FIDA dans le secteur agricole et reconnaît l'efficacité de ses partenariats de financement, notamment la Banque asiatique de développement, la Banque européenne d'investissement et la Banque asiatique d'investissement dans les infrastructures.

36. Le FIDA peut apporter ses connaissances spécialisées à l'échelle mondiale en matière de services financiers inclusifs et de développement des filières, pour faire en sorte qu'à l'étape suivante, les groupements d'entreprises s'agrègent pour former des coopératives agricoles officielles susceptibles de devenir des partenaires intéressants pour les entreprises agricoles. Cette stratégie concorde parfaitement avec la stratégie du Gouvernement cambodgien pour le développement du secteur agricole.

## **B. Groupe cible et stratégie de ciblage**

### **Groupe cible**

37. Le COSOP cible les Cambodgiens ruraux pauvres et vulnérables dont le revenu est inférieur à 150% du seuil de pauvreté national. Conformément aux recommandations formulées dans l'évaluation de la stratégie et du programme de pays de 2018, deux groupes ont été retenus: i) les petits exploitants agricoles pauvres ou presque pauvres qui sont susceptibles de basculer dans la pauvreté en raison de chocs d'origine climatique, économique ou autre, mais qui ont un potentiel productif et peuvent profiter de débouchés commerciaux; ii) les ménages sans terre ou presque qui sont prêts à tirer profit de possibilités d'emploi. Ce groupe équivaldrait au total à la moitié de la population rurale, soit environ 1,25 million de ménages.
38. Le COSOP ciblera 250 000 ménages ruraux équivalant à 1 250 000 personnes (environ 20% du groupe cible). Parmi elles, 50% seront des femmes, 20% des jeunes et 1,5% des membres de peuples autochtones. Pour atteindre ces objectifs, le rôle des femmes, des jeunes et des peuples autochtones dans la main-d'œuvre agricole sera pris en compte dans la conception du programme.

### **Stratégie de ciblage**

39. Le portefeuille sera axé sur des filières sélectionnées en fonction des avantages attendus pour les producteurs les plus pauvres. Les produits de base nécessitant peu de terres ou peu de dépenses d'investissement et à forte intensité de main-d'œuvre non qualifiée seront privilégiés, de même que les filières employant un grand nombre de femmes, de jeunes et de personnes issues de minorités ethniques en tant que producteurs ou transformateurs (par exemple, pour les femmes: poulet et riz traçable; pour les jeunes possédant peu de terres: poulet et légumes; pour les peuples autochtones: manioc, noix de cajou et fruits d'espèces arborescentes).
40. Le ciblage géographique se fera en fonction de l'emplacement des filières favorables aux pauvres et suivant l'approche inclusive par groupes recommandée à l'issue de l'évaluation indépendante de 2019 portant sur la contribution du FIDA au développement de ces filières. Plus précisément, les municipalités pauvres seront regroupées avec les plus riches dans les zones géographiques offrant des avantages comparatifs sur les marchés, des stratégies de recensement des producteurs pauvres étant par ailleurs appliquées. La priorité sera accordée en fonction: i) de la prévalence et de l'intensité de la pauvreté rurale, de l'insécurité alimentaire et de la malnutrition; ii) de la présence de minorités ethniques; iii) de l'incidence de la dégradation de l'environnement et de la vulnérabilité aux changements climatiques; iv) de la complémentarité avec les interventions d'autres partenaires de développement.
41. Une action positive sera menée pour faciliter l'inclusion des ménages relevant du programme ID-Poor, des femmes, des jeunes et des personnes issues de minorités ethniques. Ces derniers deviendront économiquement autonomes grâce à leur

participation dans les filières appuyées et pourront davantage se faire entendre (notamment au sein des organisations de producteurs). Les séances de formation et de perfectionnement seront adaptées aux besoins des jeunes. Le recours aux technologies de l'information et des communications sera encouragé en vue d'éveiller l'intérêt des jeunes pour le secteur agricole.

### **C. Finalité et objectifs stratégiques**

42. Le but du présent COSOP concorde avec l'effet 3 du Plan-cadre des Nations Unies pour l'aide au développement établi pour le Cambodge: « Les femmes et les hommes du Cambodge, en particulier les personnes marginalisées et vulnérables, vivent dans un environnement plus sûr, plus sain, plus sécurisé et plus équilibré sur le plan écologique, ont de meilleurs moyens d'existence et sont résilients face aux tendances et aux chocs naturels ou liés aux changements climatiques. »
43. Les objectifs stratégiques sont pleinement conformes aux objectifs stratégiques globaux du FIDA. L'objectif stratégique n° 1 consiste à augmenter les capacités productives de 250 000 ménages cambodgiens pauvres des zones rurales, en prenant notamment des mesures pour accroître la productivité dans l'agriculture et l'emploi. Ces mesures serviront de fondement à l'objectif stratégique n° 2, à savoir augmenter les revenus de 250 000 ménages ruraux cambodgiens pauvres grâce à leur participation à des filières agricoles rémunératrices, et ce essentiellement au moyen d'interventions visant à aider les petits exploitants à former des organisations de producteurs reliées à des filières renforcées favorables aux pauvres. La pérennisation des objectifs stratégiques n°s 1 et 2 sera garantie par l'objectif stratégique n° 3 (renforcer la durabilité environnementale et la résilience climatique des activités économiques des populations rurales pauvres).
44. **Théorie du changement (appendice XIV).** L'accroissement des capacités productives découlera de l'amélioration de l'accès des populations rurales aux actifs productifs et aux compétences. Les regroupements dans les coopératives agricoles reliées à des filières à la croissance prometteuse permettront aux populations rurales d'obtenir des revenus plus élevés et durables grâce à des activités agricoles axées sur le marché ou à un emploi décent et rémunérateur. La prise en compte systématique des problèmes climatiques et environnementaux renforcera la pérennisation et réduira la vulnérabilité aux chocs. Les trois objectifs stratégiques favoriseront une transformation rurale inclusive et durable au Cambodge tout en contribuant nettement à la réalisation des objectifs de développement durable n°s 1 (pas de pauvreté) et 2 (faim zéro).
45. **L'autonomisation économique des femmes** sera encouragée et leur avis sera davantage pris en compte. Des débouchés seront créés pour les jeunes ruraux. La participation des minorités ethniques à certaines filières (comme le manioc et la noix de cajou) constituera un critère de sélection.
46. Parmi les principales interventions s'inscrivant dans le prolongement de la riposte du Cambodge aux changements climatiques figurent: i) le développement et la promotion de cultures résistantes aux changements climatiques et de pratiques de production durables; ii) le renforcement de la résilience par la mise à profit d'informations climatologiques et le recours à des systèmes d'alerte avancée; iii) une utilisation plus efficace de l'eau pour atténuer les pénuries pendant les sécheresses; iv) la protection des infrastructures rurales contre les risques climatiques; v) la promotion des technologies d'énergie renouvelable dans le secteur rural.
47. Les interventions préserveront et renforceront la biodiversité, notamment par la promotion de bonnes pratiques agricoles et d'une utilisation limitée des produits chimiques et par l'arrêt de la déforestation au moyen d'un appui à la production agricole. Les bonnes pratiques agricoles, l'assurance qualité et le traçage des produits permettront d'accroître l'offre d'aliments sûrs et nutritifs.

## D. Éventail des interventions du FIDA

48. Un ensemble d'activités financées par des prêts et (potentiellement) des dons du FIDA dans le cadre du présent COSOP est présenté ci-après. Les activités énoncées renvoient simultanément à l'objectif stratégique n° 1 (capacités productives), à l'objectif stratégique n° 2 (participation aux filières) et à l'objectif stratégique n° 3 (résilience climatique et durabilité), étant entendu qu'une activité peut contribuer à plus d'un objectif stratégique.

Tableau 1

### Éventail des interventions

N°	Activité	Objectif stratégique n° 1	Objectif stratégique n° 2	Objectif stratégique n° 3
1	Appuyer les organisations de producteurs afin qu'elles renforcent leurs capacités, atteignent l'ampleur voulue pour optimiser l'efficacité et le pouvoir de marché, fournissent des services à leurs membres et négocient des conditions équitables avec les entreprises de la filière	✓	✓	
2	Appuyer la mise au point et la diffusion de techniques et de pratiques de production agricole et post-récolte favorables aux petits exploitants et résistantes aux changements climatiques	✓		✓
3	Développer des filières favorables aux pauvres		✓	
4	Investir dans les actifs productifs, notamment les équipements agricoles et les installations collectives (post-récolte, logistique, irrigation et gestion efficace de l'eau)	✓		
5	Investir dans des infrastructures rurales résistantes aux changements climatiques, notamment les pistes rurales, les marchés, etc.		✓	✓
6	Mettre au point et lancer des solutions technologiques numériques à l'appui des filières des petits exploitants agricoles	✓	✓	✓
7	Dispenser des formations professionnelles et créer des débouchés en faveur des jeunes ruraux	✓		
8	Promouvoir des technologies d'énergie renouvelable axées sur le marché pour le secteur rural	✓	✓	✓
9	Appuyer la certification et le traçage des produits des petits exploitants (bonnes pratiques agricoles, produits biologiques, etc.)		✓	✓
10	Réaliser des investissements stratégiques pour améliorer l'accès des petits producteurs aux marchés (infrastructures et services de facilitation du commerce, entre autres)		✓	
11	Appuyer l'accès aux services financiers au profit des agriculteurs et des filières des petits exploitants	✓	✓	
12	Sous réserve de la disponibilité de financements sous forme de dons, mener des interventions visant à améliorer la sécurité alimentaire et l'état nutritionnel des ménages ruraux pauvres			✓

49. **Trois projets de prêt en cours** contribueront aux résultats du COSOP. Le Projet de réduction de la pauvreté et de développement des petites exploitations à Tonlé Sap appuie les capacités productives des populations rurales pauvres (objectif stratégique n° 1) et leur ouvre des débouchés sur les marchés (objectif stratégique n° 2), ce qui correspond au principal objectif du Projet de promotion de marchés inclusifs en faveur des petits agriculteurs (AIMS). Le Projet relatif aux actifs durables en faveur des marchés agricoles, des entreprises et du commerce (SAAMBAT) accroît les capacités productives (objectif stratégique n° 1) grâce à la formation professionnelle des jeunes, à la formation aux compétences numériques et au développement des technologies de l'information et des communications, tout en investissant dans les infrastructures de marché (objectif stratégique n° 2).

50. Le Programme de services agricoles en faveur d'une économie rurale et d'un commerce agricole inclusifs (ASPIRE-AT), qui sera financé par les ressources de la Douzième reconstitution des ressources du FIDA (FIDA12) en partenariat avec la Banque européenne d'investissement, subventionnera des investissements dans la production des petits exploitants (objectif stratégique n° 1) et dans les filières (objectif stratégique n° 2). Ce programme aidera les organisations de producteurs à accéder au statut de coopératives agricoles, à établir des partenariats avec le secteur privé et à accéder à des financements; il appuiera les investissements visant à créer un environnement favorable au marché d'exportation et au marché intérieur. Le partenariat avec le secteur privé sera renforcé par un prêt octroyé à la société AMK Microfinance Plc au titre des opérations non souveraines.
51. Le Projet d'irrigation adaptée au climat et d'agriculture durable en faveur de la résilience, qui sera financé par les fonds de FIDA12, du Fonds vert pour le climat et de la Banque asiatique d'investissement dans les infrastructures, investira dans des systèmes d'irrigation adaptés aux changements climatiques au profit des petits exploitants, en appuyant les capacités productives (objectif stratégique n° 1) et la résilience climatique (objectif stratégique n° 3).
52. Le Projet de commercialisation des énergies renouvelables en vue de leur adoption dans les zones rurales du Cambodge (CREA), qu'il est envisagé de financer par un don du Fonds vert pour le climat, favorisera l'adoption de technologies d'énergie renouvelable dans les filières des petits exploitants, et contribuera ainsi principalement aux objectifs stratégiques n°s 1 et 3.
53. Le don seed financé par la République de Corée et mis en œuvre par Grow Asia complétera les aspects relatifs aux innovations numériques dans l'ensemble du portefeuille de projets, et contribuera ainsi principalement aux objectifs stratégiques n°s 1 et 2.
54. À la suite de l'examen à mi-parcours du COSOP, un projet de prêt à financer au titre de FIDA13 sera élaboré pour prendre en compte les enseignements tirés depuis le début de l'exécution du COSOP et l'évolution des grandes orientations du Gouvernement cambodgien.
55. Les résultats en matière de résilience aux changements climatiques et de durabilité environnementale (objectif stratégique n° 3) seront obtenus grâce à une prise en compte systématique de ces enjeux dans tous les projets du portefeuille.
56. **La pérennisation des avantages** sera renforcée par une évaluation minutieuse des investissements, y compris le financement alloué à la gestion et à l'entretien des actifs publics et privés. Une démarche impulsée par le secteur privé sera adoptée, le cas échéant, pour la prestation de services et la gestion des actifs.
- Contribution à l'élaboration des politiques au niveau national**
57. La contribution à l'élaboration des politiques au niveau national ciblera les lacunes du cadre de l'action publique qui entravent la réalisation des objectifs stratégiques du COSOP. Quatre principaux effets directs sont visés: i) les banques stratégiques du Gouvernement cambodgien (à savoir, la Banque de développement agricole et rural et la Banque des petites et moyennes entreprises) ont des politiques et des produits efficaces pour financer les investissements des petits exploitants et des coopératives agricoles pendant la production et après la récolte (objectifs stratégiques n°s 1 et 2 appuyés); ii) des principes pour un investissement responsable dans l'entrepreneuriat agricole sont appliqués et adaptés au contexte local (objectif stratégique n° 2); iii) les petits exploitants ont accès, entre autres, à la certification au regard des bonnes pratiques agricoles et au traçage de leurs produits dans les filières maraîchères sûres; iv) un environnement favorable à l'adoption des technologies d'énergie renouvelable dans la petite agriculture est en place (objectif stratégique n° 3).

58. Sous réserve des ressources disponibles, le FIDA appuiera également l'élaboration d'une politique en matière d'agriculture numérique (actuellement envisagée par le Ministère de l'agriculture, de la forêt et de la pêche) et d'un cadre juridique pour l'agriculture sous contrat.
59. La contribution à l'élaboration des politiques passera par: i) des partenariats internationaux, notamment avec Grow Asia et le Réseau de centres de réflexion sur le développement agricole et rural dans la sous-région du Mékong; ii) des organes de concertation nationaux, notamment le groupe de travail technique sur l'agriculture et l'eau, et les partenariats conclus avec les organismes ayant leur siège à Rome et d'autres entités des Nations Unies; iii) des travaux sur l'élaboration des politiques financés dans le cadre des projets en cours (SAAMBAT, ASPIRE-AT et CREA).

#### **Renforcement des capacités**

60. Le renforcement des capacités sera axé sur les organisations de producteurs, y compris les groupements d'entreprises, les coopératives agricoles et les syndicats et fédérations de niveau supérieur.
61. Les projets renforceront les capacités des organismes fournissant des services aux petits exploitants ou aux acteurs des filières (certification, tests de laboratoire, etc.). Pour garantir la pérennisation et l'efficacité, le mécanisme de prestation de services privilégié reposera sur le secteur privé et les partenariats public-privé.
62. En outre, en partenariat avec l'Organisation des Nations Unies pour l'alimentation et l'agriculture, la Banque mondiale et d'autres partenaires, le FIDA appuie l'initiative « 50 x 2030 » visant à améliorer la qualité des données agricoles, en collaboration avec l'Institut national de la statistique et le Ministère de l'agriculture, de la forêt et de la pêche.

#### **Gestion des connaissances**

63. Des connaissances seront produites à partir: i) de la mise en œuvre des investissements, qui fera l'objet d'évaluations et de rapports établis au moyen du système de suivi-évaluation des projets; ii) des travaux de recherche techniques et en lien avec l'élaboration des politiques; iii) des conclusions tirées de la supervision des projets du FIDA. Les activités de gestion des connaissances permettront de créer des supports de connaissances sur le Web, tels que des études de cas, des articles thématiques, des blogs, des notes d'orientations, des notes techniques et des clips vidéo. La gestion des connaissances s'appuiera de plus en plus sur les technologies numériques.
64. Les résultats attendus de la gestion des connaissances comprendront: i) l'influence sur l'élaboration des politiques; ii) le renforcement des partenariats; iii) les possibilités de reproduire les initiatives réussies à plus grande échelle; iv) la contribution aux connaissances au niveau sectoriel; v) la prise en compte des enseignements tirés pour éclairer la conception des projets futurs et les modifications apportées aux projets pendant leur exécution; vi) l'amélioration des connaissances des agriculteurs bénéficiaires. Les enjeux liés à l'égalité femmes-hommes, à l'inclusion des jeunes et à l'autonomisation des minorités ethniques seront abordés de manière transversale.

#### **Coopération Sud-Sud et triangulaire**

65. Le Cambodge continuera à tirer parti du don régional au titre de la coopération Sud-Sud et triangulaire octroyé au Réseau de centres de réflexion sur le développement agricole et rural dans la sous-région du Mékong et géré par l'Institut de politique et de stratégie pour l'agriculture et le développement rural au Viet Nam, et du don de la République de Corée à l'appui des technologies de l'information et des communications au service du développement, qui sera mis en œuvre par Grow Asia. Le centre de coopération Sud-Sud et triangulaire et de connaissances du FIDA pour l'Asie, situé à Beijing, peut contribuer à favoriser la

mise en circulation de solutions innovantes en matière de développement rural dans le cadre du programme de pays mené au Cambodge, notamment grâce à l'échange d'informations et de connaissances avec les organismes et les organisations gouvernementales chinoises, comme le Ministère de l'agriculture et la Commission pour la planification du développement, et à la collaboration dans les provinces chinoises où le Cambodge est prêt à partager ses expériences et ses technologies et à faciliter les investissements sur les marchés et la promotion du commerce en Chine. Le centre favorisera également l'établissement de liens interentreprises favorables aux pauvres, en rapport avec les objectifs du COSOP.

## **V. Innovations et reproduction à plus grande échelle pour des résultats durables**

66. Pour que les populations rurales pauvres du Cambodge ne soient pas laissées pour compte lors de la transition du pays vers une économie de marché moderne, et pour relever le défi des changements climatiques, l'innovation est essentielle.
67. Le programme ASPIRE-AT appuiera la recherche, la mise au point et la diffusion de techniques de production et de techniques post-récolte innovantes et climato-compatibles par l'intermédiaire de centres d'excellence qui seront établis par le Ministère de l'agriculture, de la forêt et de la pêche et gérés en partenariat avec les entreprises agricoles et les organisations de producteurs.
68. Pour améliorer l'accès des coopératives agricoles et des petits exploitants à des financements adéquatement structurés pour leurs actifs productifs, des services financiers innovants seront mis en place dans le cadre du programme ASPIRE-AT (en s'attaquant directement aux obstacles entravant l'accès aux financements) et du prêt au titre des opérations non souveraines.
69. Les innovations réussies et durables seront reproduites à plus grande échelle. Cette mise à l'échelle passera notamment par la poursuite de l'approche programmatique à l'appui des priorités stratégiques du Gouvernement cambodgien, le plaidoyer, le renforcement des partenariats public-privé et l'amélioration du financement des projets.

## **VI. Exécution du COSOP**

### **A. Enveloppe financière et cibles de cofinancement**

70. Les ressources disponibles comprennent: i) des ressources existantes du FIDA dont la présentation au Conseil d'administration est prévue; ii) une allocation du Système d'allocation fondé sur la performance d'un montant de 38 909 025 USD au titre de FIDA12; iii) les ressources du Mécanisme d'accès aux ressources empruntées, à hauteur de 14 000 000 USD, que le Gouvernement cambodgien a indiqué vouloir demander pour financer le programme ASPIRE-AT; iv) les dons et le financement au titre des opérations non souveraines; v) le financement de contrepartie des projets apporté par le Gouvernement; vi) les prêts et les dons des partenaires de développement.
71. Le cofinancement national comprend la contribution du Gouvernement cambodgien et les fonds provenant des institutions financières rurales, des petites et moyennes entreprises et des bénéficiaires. La Division des services de gestion financière travaille avec l'équipe de pays à l'amélioration du mécanisme de suivi du cofinancement national.

Tableau 2

**Projets en cours ou prévus: financements du FIDA et cofinancements**  
(en millions d'USD)

Projet	Financement du FIDA	Cofinancement		Ratio de cofinancement
		national	international	
<b>En cours (2022)</b>				
SAAMBAT (FIDA11)	54,3	12,5	75,2 (Banque européenne d'investissement/Union européenne)	
Financement avant FIDA11: Projet de réduction de la pauvreté et de développement des petites exploitations à Tonlé Sap (FIDA7)	23,3	11,5	86,4 (Banque asiatique de développement/Finlande)	
Programme de services agricoles pour l'innovation, la résilience et la vulgarisation (ASPIRE) (FIDA9)	53,3	30,3	2,5	
AIMS (FIDA10)	36,2	25,3		
<b>Estimation</b>				
ASPIRE-AT	47,9 (Système d'allocation fondé sur la performance et Mécanisme d'accès aux ressources empruntées)	55	60 (Banque européenne d'investissement + coopération Sud-Sud et triangulaire)	
CAISAR	5 (Système d'allocation fondé sur la performance)	15	180 (Fonds vert pour le climat + Banque asiatique d'investissement dans les infrastructures)	
Opérations non souveraines, avec la société AMK Microfinance Plc	5	30 (AMK Microfinance Plc)		
CREA		5	5 (Fonds vert pour le climat)	
<b>Total</b>				<b>1:2,63</b>

72. Selon le scénario indiqué à l'appendice II, les ressources disponibles pour le présent COSOP (2022-2027) s'élèveront le plus probablement à près de 593 millions d'USD; elles pourront être revues à la hausse en cas d'amélioration de la gestion du portefeuille dans l'état des choses actuel, à savoir en cas de reprise économique. Dans le scénario de ralentissement économique, il existe un risque élevé de perdre 50% des financements nationaux, soit 92 millions d'USD.

## B. Ressources consacrées aux activités hors prêts

73. Le don du FIDA comprend: 1 million d'USD au titre du Mécanisme de relance en faveur des populations rurales pauvres pour faciliter l'intervention d'urgence menée dans le cadre du programme ASPIRE face aux répercussions économiques de la COVID-19; 1 million d'USD pour contribuer aux travaux menés sur la gestion des connaissances, les études sur les politiques et l'approche programmatique dans le cadre du projet SAAMBAT. Le portefeuille tire parti des dons régionaux accordés au Réseau de centres de réflexion sur le développement agricole et rural dans la sous-région du Mékong et du mécanisme de coopération Sud-Sud et triangulaire du programme à venir ASPIRE-AT pour renforcer la promotion du commerce avec la

Chine. Le don appuiera le renforcement des capacités, l'accès aux connaissances et la mise au point de technologies numériques.

74. Faisant fond sur la réussite du Projet de reproduction à plus grande échelle des technologies d'énergie renouvelable dans les zones rurales du Cambodge, le portefeuille bénéficiera d'un nouveau don du Fonds vert pour le climat dans le cadre du projet CREA.
75. Parmi les autres ressources hors prêts figure l'appui à l'initiative « 50 x 2030 », qui vise à compléter les données agricoles.

### **C. Principaux partenariats stratégiques et coordination du développement**

76. Les partenariats stratégiques ayant des intérêts transversaux (c'est-à-dire que dans la plupart des cas, un partenariat aborde plus d'un objectif stratégique), ils sont classés en fonction des objectifs de partenariat (appendice VIII). Certaines activités de partenariat ne sont donc pas reprises ici.
77. Outre ceux susmentionnés dans les sections sur la coopération Sud-Sud et triangulaire et sur la contribution à l'élaboration des politiques au niveau national, les principaux partenariats stratégiques du FIDA au Cambodge comprennent le Ministère de l'économie et des finances, qui au nom du Gouvernement décide de l'utilisation des ressources du FIDA, et le Ministère de l'agriculture, de la forêt et de la pêche, en tant qu'organisme technique clé, auxquels s'ajoutent les partenariats de financement conclus avec la Banque asiatique de développement et la Banque européenne d'investissement, et le partenariat de longue date avec deux grandes organisations paysannes que le FIDA appuie, l'association Farmer and Nature Net et la Fédération cambodgienne des associations de producteurs agricoles.

#### **Exécution des projets**

78. Le Ministère de l'agriculture, de la forêt et de la pêche continuera à assumer la plus grande part des responsabilités de l'exécution des projets du FIDA, notamment ASPIRE-AT et CREA. Les autres ministères chargés de l'exécution sont le Ministère de l'économie et des finances, le Ministère du commerce et le Ministère du développement rural, auxquels s'ajoute le Secrétariat du Comité national pour le développement démocratique infrarégional. Le FIDA élabore actuellement le Projet d'irrigation adaptée au climat et d'agriculture durable en faveur de la résilience (CAISAR), qui sera exécuté par le Ministère des ressources en eau et de la météorologie et le Secrétariat du Comité national pour le développement démocratique infrarégional. Le Fonds renforcera sa collaboration avec le Ministère des affaires féminines.

#### **Stratégie et programme de développement**

79. Le Ministère de l'économie et des finances, avec le Conseil économique national suprême qui lui est étroitement lié, joue un rôle essentiel dans la contribution du FIDA à l'élaboration des politiques. Le Ministère de l'agriculture, de la forêt et de la pêche et le Ministère des ressources en eau et de la météorologie représentent conjointement le Gouvernement cambodgien au sein du groupe de travail technique sur l'agriculture et l'eau que le FIDA anime avec l'Organisation des Nations Unies pour l'alimentation et l'agriculture. Le FIDA appuie l'élaboration des politiques au sein du Ministère de l'agriculture, de la forêt et de la pêche. Il aide ses partenaires de la société civile, en particulier l'association Farmer and Nature Net et la Fédération cambodgienne des associations de producteurs agricoles, à participer à la concertation sur les politiques.

#### **Mobilisation de cofinancements**

80. Avec l'appui du Ministère de l'économie et des finances, le FIDA continuera à mobiliser des cofinancements au moyen de partenariats directs. Ses partenariats de financement pour les projets en cours ou proposés comprennent la Banque



asiatique de développement, la Banque européenne d'investissement, l'Union européenne, la Banque asiatique d'investissement dans les infrastructures et le Fonds vert pour le climat.

81. Les organisations de producteurs sont de précieux partenaires pour rassembler le financement des bénéficiaires. Le COSOP permettra de mobiliser des investissements privés au moyen de partenariats, notamment dans le cadre des projets AIMS et ASPIRE-AT.

#### **Favoriser les processus nationaux**

82. Le FIDA s'associe au Gouvernement cambodgien, à des partenaires de développement et à des organisations de la société civile pour renforcer les processus nationaux en vue de coordonner l'appui dans le secteur agricole. Ses principaux partenaires sont le groupe de travail technique sur l'agriculture et l'eau, l'équipe de pays des Nations Unies et les organismes ayant leur siège à Rome.

#### **Développement et transmission des connaissances et des innovations (y compris la coopération Sud-Sud et triangulaire)**

83. La Direction suisse du développement et de la coopération est retenue comme un partenaire essentiel en matière de connaissances et d'innovation, en particulier dans le domaine des services financiers innovants, au vu des résultats obtenus dans le cadre de son projet intitulé « *Cambodia Horticulture Advancing Income and Nutrition* » (L'horticulture au Cambodge: améliorer les revenus et la nutrition).

#### **Renforcer la collaboration avec le secteur privé**

84. Les projets financés par le FIDA mobiliseront des réseaux tels que le Cambodia Partnership for Sustainable Agriculture et des entreprises de technologies agricoles offrant des solutions groupées aux petits exploitants participant aux filières. Dans le cadre du programme ASPIRE-AT, une plateforme de coordination avec le secteur privé sera mise en place.
85. Le prêt accordé à la société AMK Microfinance Plc au titre des opérations non souveraines renforcera la participation du secteur privé dans le domaine des services financiers, tout comme le partenariat avec la Banque de développement agricole et rural (AIMS et ASPIRE-AT) et les partenariats entre la Banque des petites et moyennes entreprises et les prêteurs commerciaux (ASPIRE-AT).

### **D. Participation des bénéficiaires et transparence**

86. Les projets du COSOP feront participer les bénéficiaires afin de favoriser la bonne gouvernance, la transparence et la reddition de comptes et d'instaurer un climat de confiance favorisant l'efficacité de l'exécution.
87. Afin d'encourager la participation, des applications mobiles seront utilisées pour communiquer et solliciter des retours d'information. Des mesures particulières seront prises pour que les femmes, les jeunes et les minorités ethniques aient voix au chapitre. Le principe du consentement préalable, libre et éclairé sera appliqué lors des interventions menées dans les zones comptant des minorités ethniques.
88. Des plans de communication seront élaborés pour assurer la transparence et la visibilité. Les canaux de diffusion comprendront la page consacrée au Cambodge sur le site Web du FIDA et les sites Web des projets qui présentent des données actualisées dans leurs tableaux de bord respectifs. Pour chaque projet, les résultats seront diffusés lors d'au moins un atelier annuel. Il sera dûment tenu compte de la reconnaissance du financement et de l'appui au projet apporté par le FIDA, et de la nécessité de protéger ce dernier contre tout risque d'atteinte à sa réputation.

## **E. Modalités de gestion du programme**

89. Le COSOP est géré conjointement par le Ministère de l'économie et des finances et le bureau de pays du FIDA avec l'appui du centre régional de Hanoï, où travaille le directeur de pays. L'exécution est coordonnée par l'approche programmatique financée au titre du projet SAAMBAT. Le bureau de pays maintient des relations étroites avec le Gouvernement cambodgien et les partenaires. Le FIDA est membre de l'équipe de pays des Nations Unies et anime, avec l'Organisation des Nations Unies pour l'alimentation et l'agriculture, le groupe de travail technique sur l'agriculture et l'eau. L'exécution des projets est intégrée dans les organismes gouvernementaux en application des principes clés de la prise en main du programme par le pays, du renforcement des institutions et de la durabilité. Les directives générales du pays seront appliquées pour les projets du COSOP financés par des sources extérieures.

## **F. Suivi-évaluation**

90. Le Cadre de gestion des résultats figure à l'appendice I.
91. Les indicateurs de produit seront mis à jour à l'issue de l'examen annuel des résultats du COSOP mené à partir des rapports de projet. Les indicateurs d'effet direct s'appuieront sur des sources de données moins souvent disponibles. L'examen à mi-parcours comprendra des valeurs actualisées pour tous les indicateurs du Cadre de gestion des résultats.
92. Les examens seront coordonnés avec le Ministère de l'économie et des finances et prévoiront la sollicitation de retours d'informations auprès des parties prenantes externes. Les examens à mi-parcours et à l'achèvement s'accompagneront d'une consultation plus large des parties prenantes et d'ateliers devant inclure les représentants des bénéficiaires des projets.

## **VII. Gestion des risques**

93. Les risques liés à l'élaboration des politiques, à la gouvernance, à la macroéconomie et aux politiques sectorielles sont jugés faibles, mais des chocs externes tels que la hausse du prix des produits de base et une moindre ouverture commerciale pourraient avoir une incidence néfaste.
94. Les capacités institutionnelles du secteur public restent faibles et les risques associés sont jugés moyens. L'exécution des projets mettra à contribution des partenaires aux capacités bien établies. Il sera de plus en plus fait appel aux capacités du secteur privé, tandis que les organisations de producteurs et les coopératives agricoles seront renforcées.
95. Le risque lié à la gestion financière est jugé modéré, l'utilisation de systèmes de gestion financière de projets étant constatée, comme prévu dans les instructions permanentes relatives aux projets financés par des donateurs. Ces instructions ne concernent ni le Trésor public ni le contrôle des comptes publics.
96. Un rapport sur le respect des normes et codes a été élaboré en 2021 et ses conclusions sont présentées à l'appendice XI. Les principales difficultés concernent: i) la transparence financière des états des dépenses; ii) l'insuffisance du budget du comité de suivi de la qualité de l'audit; iii) la pénurie d'experts-comptables qualifiés; iv) la diffusion publique non conforme ou non opportune des états financiers annuels par plusieurs banques, institutions de microfinance et assureurs.
97. Les risques liés à la passation de marchés sont jugés modérés et découlent de l'absence d'un système intégré de suivi en la matière, d'un faible Indice de perception de la corruption (157<sup>e</sup> rang sur 180 pays), de capacités insuffisantes en matière de passation de marchés au niveau infranational et de retards fréquents dans les processus de passation. La matrice des risques liés à la passation de marchés a été mise au point (voir la partie A de l'appendice XII sur l'évaluation des risques liés à la passation de marchés par le pays).

98. La gestion de ces risques passera par les mesures suivantes: i) renforcer efficacement les politiques du FIDA en matière de pratiques frauduleuses par des activités de vulgarisation positives (y compris les initiatives habituelles en matière de formation et de développement des capacités); ii) assurer un contrôle a posteriori et a priori pour atténuer le risque de pratiques frauduleuses; iii) solliciter la mise à jour et la réaffirmation des engagements du Gouvernement cambodgien à désigner des personnes pour signaler les pratiques frauduleuses, conformément aux politiques et aux garanties du FIDA en matière de lutte contre la corruption. L'utilisation des documents standard du FIDA pour soumettre les appels d'offres permettra de s'assurer que tous les marchés et contrats respectent les politiques du FIDA, notamment l'évaluation préalable de l'intégrité et les sanctions.
99. Les risques liés aux impacts environnementaux, sociaux et climatiques sont évalués à la lumière des directives établies dans Procédures d'évaluation sociale, environnementale et climatique (PESEC) du FIDA (2021). La catégorie des risques sociaux et environnementaux a été jugée modérée. Les risques pesant sur le portefeuille global sont généralement maîtrisables lorsque les plans de gestion environnementale et sociale sont menés à bien. Les risques climatiques sont jugés modérés. Les équipes de projet sont tenues de recenser et de tenir compte des risques climatiques à l'échelon local ou dans le cadre de chaque intervention physique. Les exigences environnementales, sociales et climatiques d'autres donateurs tels que l'Union européenne, la Banque européenne d'investissement, la Banque asiatique d'investissement dans les infrastructures et le Fonds vert pour le climat seront évaluées et prises en compte si elles ne sont pas couvertes de manière adéquate dans le cadre des Procédures sociales, environnementales et climatiques.
100. Les projets récents (comme le SAAMBAT) ont accusé de longs retards avant d'atteindre leur pleine efficacité. Les retards sont en partie imputables à la COVID-19, mais le temps nécessaire à la passation de marchés pour l'assistance technique dans le cadre des projets a également joué.
101. Le tableau 3 résume les risques et les mesures d'atténuation. Une version détaillée figure à l'appendice XV.

Tableau 3

**Risques et mesures d'atténuation (résumé)**

<i>Risques</i>	<i>Niveau de risque</i>	<i>Mesures d'atténuation</i>
<b>Politique/gouvernance</b> Risques liés à l'exécution du COSOP dans un contexte d'instabilité politique	Faible	Sans objet (le Cambodge est politiquement stable)
<b>Risques macroéconomiques</b> Risque de chocs macroéconomiques externes, notamment le recul du commerce et/ou la hausse des prix résultant du conflit en Ukraine	Modéré	Suivre l'impact macroéconomique des événements mondiaux, notamment en Ukraine, et en tenir compte dans la conception et l'exécution des projets
<b>Stratégies et politiques sectorielles</b> Le COSOP n'est pas conforme aux priorités nationales en raison d'un changement majeur d'orientation politique.	Faible	La conformité au regard du nouveau cycle d'élaboration des politiques publiques (2023-2027) fera l'objet d'un examen à mi-parcours.
<b>Capacités institutionnelles</b> Les partenaires d'exécution n'ont pas les capacités suffisantes pour mener les projets à bien et obtenir des résultats de manière efficace.	Modéré	Mener à bien les projets en ayant recours à des partenaires bien établis ayant des capacités avérées Accroître l'utilisation des services du secteur privé Renforcer les capacités en mettant l'accent sur les organisations de producteurs
<b>Portefeuille</b> La lenteur des décaissements est un risque déjà repéré à la lumière de la performance des projets passés.	Modéré	Mener à bien un plan d'action pour accélérer le démarrage des projets sur la base des enseignements tirés Exécuter les projets au moyen d'une approche programmatique

<p><b>Risques fiduciaires – gestion financière</b></p> <p>Risques liés à la faiblesse des capacités en matière de gestion financière et/ou à des mécanismes de transparence et de reddition de comptes trop fragiles.</p>	Modéré	<p>Utiliser le système centralisé d'information sur la gestion financière pour améliorer la gestion financière des projets (logiciel en ligne basé sur le Web) et former l'ensemble du personnel chargé des questions financières</p> <ul style="list-style-type: none"> <li>• Renforcer l'audit interne</li> <li>• Renforcer les capacités du personnel aux niveaux provincial et municipal sur les politiques du FIDA en matière de passation de marchés et de lutte contre la corruption</li> </ul>
<p><b>Risques fiduciaires – passation de marchés</b></p> <p>Risque de pertes dues à la faiblesse des capacités en matière de passation de marchés et/ou à l'inefficacité des passations de marchés.</p>	Modéré	<p>Renforcer les capacités concernant les procédures de passation de marchés du FIDA</p> <p>Renforcer efficacement les politiques du FIDA en matière de pratiques frauduleuses</p> <p>Assurer un contrôle a posteriori et a priori pour atténuer le risque de pratiques frauduleuses</p> <p>Imposer l'emploi des documents d'appel d'offres standard du FIDA</p> <p>Le Gouvernement cambodgien doit désigner des personnes pour signaler les pratiques frauduleuses, conformément aux politiques et garanties du FIDA en matière de lutte contre la corruption.</p>
<p><b>Risques environnementaux et sociaux</b></p> <p>Risque d'accapement par les élites ou de mauvaise allocation des ressources des projets venant limiter les retombées favorables du COSOP sur les populations pauvres</p> <p>Risque de répercussions sociales négatives des activités du projet, y compris sur les peuples autochtones</p> <p>Risque d'encourager des pratiques agricoles non durables ou nuisibles à l'environnement (déforestation et utilisation inappropriée de produits chimiques, par exemple)</p>	Modéré	<ul style="list-style-type: none"> <li>• Élaborer un plan de gestion environnementale et sociale complet comprenant des critères de sélection pour garantir l'inclusion et la durabilité, ainsi qu'une évaluation des risques sociaux et environnementaux dans le cadre des nouveaux projets</li> <li>• Intégrer le principe du consentement préalable, libre et éclairé et les mécanismes de réponse aux doléances dans les nouveaux projets</li> <li>• Exécuter et renforcer les projets visant à évaluer les mécanismes de réponse aux doléances existants</li> <li>• S'assurer que le principe du consentement préalable, libre et éclairé est appliqué dans le cadre de toutes les interventions de projets ciblant ou susceptibles de toucher les groupes minoritaires autochtones</li> <li>• Élaborer une évaluation des capacités d'exécution sur le plan environnemental, social et climatique des institutions locales et des potentiels partenaires d'exécution pendant l'exécution des nouveaux projets</li> </ul>
<p><b>Climat</b></p> <p>Risque pesant sur la production agricole et les investissements appuyés par les projets en raison d'une catastrophe naturelle liée au climat</p>	Élevé	<p>Recenser et tenir compte des risques climatiques à l'échelon local ou dans le cadre de chaque intervention physique</p> <p>Appuyer le renforcement des capacités de prévention et de réduction des risques (priorité de la contribution déterminée au niveau national)</p>
<b>Autres risques propres au COSOP</b>		
<p>Le cadre du Gouvernement pour la gestion de la dette peut exclure l'utilisation de financements sous forme de prêts pour les investissements immatériels et certaines questions prioritaires du FIDA (par exemple, les interventions en matière de nutrition).</p>	Modéré	<ul style="list-style-type: none"> <li>• Lors de la phase de conception, apporter des précisions sur les investissements admissibles à un financement sous forme de prêt</li> <li>• Accroître la part de fonds publics affectée aux postes de dépenses récurrentes</li> <li>• Mobiliser des dons pour des objectifs hautement prioritaires qui ne relèvent pas des directives relatives au financement sous forme de prêt</li> </ul>
<p>La lenteur du démarrage des projets nuit à la crédibilité du COSOP et à la réputation du FIDA auprès du Gouvernement cambodgien.</p>	Modéré	<p>i) Recourir à des unités d'exécution bien établies;</p> <p>ii) renforcer la planification de la phase initiale;</p> <p>iii) procéder à des appels d'offres anticipés pour l'assistance technique</p>
<b>Risque global</b>	Modéré	

## COSOP results management framework

Country strategy alignment What is the country seeking to achieve?	Related SDG outcomes	IFAD's SOs	Key COSOP results How is IFAD going to contribute?			
			Strategic objectives	Lending and non-lending activities for the COSOP period	Outcome indicators <i>Nb mandatory disaggregation to be applied</i>	Output indicators <i>Nb mandatory disaggregation to be applied</i>
Contribute to the Development Goal of <b>GOKC's Agriculture Sector Master Plan 2030</b> . "To increase agricultural growth with high competitiveness and inclusivity by providing high quality products which result in food safety and nutrition by taking into account sustainable land, forestry and fisheries resource management". <ul style="list-style-type: none"> <li><b>Key Indicator:</b> Increase in Agriculture Labour Productivity</li> </ul> <b>UNDAF Outcome 3:</b> By 2023, Women and men in Cambodia, in particular the marginalized and vulnerable, live in a safer, healthier, more secure and ecologically balanced environment with improved livelihoods, and are resilient to natural and climate change related trends and shocks	SDG1: End poverty in all its forms everywhere	<b>GOAL: Rural women and men in Cambodia, in particular the marginalized and vulnerable, live in a safer, healthier, more secure and ecologically balanced environment with improved livelihoods, and are resilient to natural and climate change related trends and shocks (UNDAF Outcome 3)</b>			<ul style="list-style-type: none"> <li>IE 2.1 % of individuals demonstrating an improvement in empowerment (women 50%, Youth 20%, Indigenous 2.5%)</li> </ul>	CI 1: people receiving services promoted or supported by the project: 125,000 by 2024 (women 50%, Youth 20%, Indigenous 2.5%)
	<i>SDG 1.4: By 2030, ensure that all men and women, particularly the poor and vulnerable, have equal rights to economic resources</i>	SO1: Increase poor rural people's productive capacities	Productive capacity of 250,000 poor Cambodian rural households increased	Lending/investment activities <ul style="list-style-type: none"> <li>Support adoption of improved agriculture production and post-harvest techniques (AIMS, ASPIRE-AT, TSSD)</li> <li>Skills training for poor rural youth (SAAMBAT)</li> <li>Support improved access to water for agriculture production (CAISAR)</li> </ul>	<ul style="list-style-type: none"> <li>CI 1.2.2 100,000 households reporting adoption of new/improved inputs, technologies or practices</li> <li>CI 1.2.3 50,000 households reporting reduced water shortage vis-à-vis production needs</li> </ul>	<ul style="list-style-type: none"> <li>By 2024, 100,000 households receiving support for adoption of improved agriculture production and post-harvest techniques and practices</li> </ul>
	<i>SDG 2.3 By 2030, double the agriculture productivity and incomes of small-scale food producers</i>			Non-lending/non-project activities <ul style="list-style-type: none"> <li>Partnership with farmer representative organisations</li> <li>Policy and technical interventions to improve farmers' access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>CI 1.1.5 50,000 Persons in rural areas accessing financial services</li> <li>50,000 households receiving project services achieving ASMP target levels of productivity of agriculture labour</li> </ul>	<ul style="list-style-type: none"> <li>By 2024, implementation plan for irrigation investments reducing water shortage for 50,000 households</li> <li>CI 1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services: By 2024, 20,000 persons in rural areas trained in financial literacy and / or use of financial products and services (women</li> </ul>

						50%, Youth 20%, Indigenous 2.5%)
SDG 8.5: Full employment and decent work with equal pay  SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure	SO2: Increase poor rural people's benefits from market participation	250,000 poor Cambodian rural households increase cash incomes through participation in agricultural value chains	<p>Lending/investment activities</p> <ul style="list-style-type: none"> <li>Value Chain financing (AIMS, NSO, ASPIRE-AT)</li> <li>Strengthening of inclusive producer organisations for market participation (AIMS, ASPIRE-AT, TSSD)</li> <li>Digital Technology for smallholder value chains (SAAMBAT, ASPIRE-AT)</li> <li>Productive infrastructure (SAAMBAT)</li> </ul> <p><u>Non-lending/non-project activities</u></p> <ul style="list-style-type: none"> <li>Policy to support smallholder-based value chains</li> <li>Support to ITC development for smallholder value chains (grant-funded)</li> <li>Trade facilitation (SSTC)</li> </ul>	<ul style="list-style-type: none"> <li>CI 2.2.1 20,000 new jobs created (full time equivalent)</li> <li>CI 2.2.2: 5,000 supported rural enterprises reporting an increase in profit</li> <li>CI 2.2.3: 500 rural producers' organisations engaged in formal partnerships / agreements or contracts with public or private entities</li> <li>CI 2.2.6 100,000 households reporting improved physical access to markets, processing and storage facilities</li> </ul>	<ul style="list-style-type: none"> <li>CI 2.1.1 Rural enterprises accessing business development services: By 2024, 500 rural enterprises accessing business development services</li> <li>By 2024 500 identified rural producers' organisations with business plan or strategy to strengthen market participation</li> <li>By 2024, 100,000 households benefiting from productive infrastructure investments</li> <li>By 2024, 25,000 people, especially youth trained or benefitting from digital technologies to improve their incomes</li> <li>No of partnership promoted with private sector partners</li> </ul>	
SDG 13.1 Strengthen Resilience and Adaptive Capacity to Climate Related Disaster	SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities	250,000 poor Cambodian rural households have increased climate resilience through environmentally sustainable economic activities.	<p>Lending/investment activities</p> <ul style="list-style-type: none"> <li>Research, development and promotion of climate-resilient agriculture production (ASPIRE-AT)</li> <li>Promotion of renewable energy technologies for the agriculture sector (S-RET II)</li> </ul> <p>Non-lending/non-project activities</p>	<ul style="list-style-type: none"> <li>CI 3.2.1: Number of tonnes of greenhouse gas emissions (CO<sub>2</sub>e) avoided and / or sequestered</li> <li>CI 3.2.2 50,000 households reporting adoption of environmentally sustainable and</li> </ul>	<ul style="list-style-type: none"> <li>By 2024, plan for promotion of RET for agriculture adopted and under implementation</li> <li>CI 1.1.1: Persons provided with climate information services: By 2024, 10,000 persons</li> </ul>	

				<ul style="list-style-type: none"> <li>• Support to roll-out of RET for agriculture</li> <li>• Support to ITC for smallholders (grant-financed)</li> </ul>	<p>climate-resilient technologies and practices</p>	<p>provided with climate information services(women 50%, Youth 20%, Indigenous 2.5%)</p> <ul style="list-style-type: none"> <li>• CI 3.1.4 Land brought under climate-resilient practices : By 2027, 10,000 ha of land brought under climate-resilient practices</li> </ul>
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## Transition scenarios

In the last two decades, Cambodia has undergone a significant development transition, reaching lower middle-income status in 2015 and aspiring to attain upper middle-income status by 2030. Driven by garment exports and tourism, Cambodia's economy has sustained an average annual growth rate of 7.7 percent between 1998 and 2019, making it one of the fastest-growing economies in the world. Cambodia was one of the fastest countries in the world to vaccinate its population. By mid-January 2022, more than 80% of people had received their second dose and over a quarter had received their third. The Cambodian government shifted its policymaking focus from covid-19 lockdowns to reopening the economy in October 2021. The leadership has reaffirmed its commitment to the reopening plan, despite the emergence of new virus variants. A "safe Cambodia" campaign was launched in November 2021 to market the country as a safe destination for international tourists. However, visitor numbers will not return to pre-pandemic levels until 2024.

This annex is sketching out possible transition scenarios based on the future evolution of the pandemic and its lingering effects on the economy. Emerging impacts due to recent prices surge related to food and fuel imports are additional factors expected to shape further the transition pathway of the country from LMIC to UMIC status over the medium to long term. For the purpose of IFAD engagement in Cambodia, we believe that the base-case scenario is the most likely one.

Table 1

### Projections for key macroeconomic and demographic variables

Case	Base	High	Low
Average GDP growth (2022- 2026)	6.6%	7.0%	5.7%
GDP per capita (2022)	5,024	5,441	4,582
Public debt (% of GDP) (2022-26)	38.48%	38.36%	40.52%
Debt service ratio (2023)	36.4%	36.9%	38.6%
Inflation rate (%) (2025)	2.5%	3.0%	3.2%
Rural population	Current 12,667,630 (2020) (End of COSOP period) 11,660,000 (2026) Annual growth rate: -3.1%		
Investment climate for rural business	3.6/6 The 2021 RSPA score for Cambodia stands at 3.6. IFAD's Rural sector performance assessment (RSPA) measures the quality of countries' policies and institutions in the rural sector, for achieving rural development and rural transformation benefitting the poor. Cambodia scored relatively high related to clusters #3, #5 and #6 of the RSPA index respectively in adapting environmental policies and practices, gender and nutrition sensitive projects and abiding by macroeconomic policies for rural development.		
Vulnerability to shocks	4.5/6 Based on the ND-GAIN index score of 38.3 (combining a score of 0.522 on vulnerability and a score of 0.289 on readiness), The high vulnerability score and low readiness score of Cambodia places it in the upper-left quadrant of the ND-GAIN Matrix. It has both a great need for investment and innovations to improve readiness and a great urgency for action. Cambodia is the 36th most vulnerable country and the 33rd least ready country		

#### Footnotes:

<sup>a</sup> Data sources: Economic Intelligence Unit (EIU) "Country Forecasts" with 4-year projections. IMF Country Report No. 21/260 CAMBODIA 2021 Article IV Consultation

<sup>b</sup> Rating (1-6), Source Rural Sector Performance Assessment IFAD 12, RSPA 12

<sup>c</sup> Rating (1-6), ND-GAIN Country Index-Cambodia, <https://gain.nd.edu/our-work/country-index/>

2. **Base scenario:** Following the Covid-19 induced slowdown in 2020/2021, real GDP growth will average 6.6 percent over the COSOP period. Reopening the economy would



allow a recovery in tourism, with consequent boosts to other service, real estate, and construction sectors. But the course of the pandemic remains uncertain, raising the risk of further stresses on households, small scale farmers, and the agricultural sector. Policy improvements are still being implemented, but domestic and external factors make very rapid growth unlikely. The successful vaccination rate (over 80% with second dose) and the gradual reopening of the economy are predicted to boost growth significantly in 2022 and beyond. Cambodia's public and publicly guaranteed debt as a percentage of GDP remains low at around 38% (as per the latest debt sustainability analysis, DSA). We expect the budget deficit to narrow sharply in 2023, as economic growth accelerates, and to continue to shrink in 2024-25, before registering a small surplus in 2026.

**High-case scenario:** In the best-case scenario, tourism, strong agricultural supply chains and preservation of the country position in key export markets and achieving full vaccination will allow growth to accelerate further and reach an average of 7% over the cosop period. Public debt will remain sustainable over the long-term. The country will manage to successfully graduate from the UN's Lower Middle-income country, LMIC by the 2030 through a gradual transition to higher-value goods and services as well as by proactively offsetting any loss of preferential trade arrangements, including for agricultural products. Under this scenario, authorities remain committed to promoting inclusive growth while strengthening financial and external stability, maintaining fiscal sustainability, and improving governance. The government will continue to increase spending (mainly on healthcare, in response to Covid-19). We expect the budget deficit to narrow sharply in 2023, as economic growth accelerates, and to continue to shrink in 2024-25, before registering a small surplus in 2026.

**Low-case scenario:** Lingering pandemic effects compounded with possible future outbreaks could force authorities to take more stringent containment measures, disrupting supply chains, weakening household consumption, and delaying the implementation of development projects, further pushing the poorest and most vulnerable into poverty and food insecurity. The emerging effects of the ongoing Ukraine conflict will further affect the economy through prices increases in food and fuel imports. In this scenario, GDP growth is expected to be significantly below the existing trendline at 5.7%.

### ***Implications on IFAD's Country Programme***

- **Lending terms and conditions-** Cambodia is a lower middle-income country that is currently receiving loans on Highly Concessional terms but transiting to blended terms under IFAD12. Loans on highly concessional terms have a maturity period of 40 years, including a grace period of 10 years starting from the date of approval by the Executive Board. They are offered free of interest, but bear a service charge on the principal amount outstanding. Loans on blended terms have a maturity period of 25 years including a grace period of five years starting from the date of approval by the Executive Board. Cambodia is also eligible for access to BRAM (Borrowed Resources Access Mechanism). Lending terms under BRAM offered to Cambodia are ordinary terms/Category 1 with maximum maturity period of thirty-five (35) years, including a grace period of maximum ten (10) years, subject to a maximum average repayment maturity of twenty (20) years. These BARM terms offered to LICs and LMICS are subject to the standard maturity premium differentiation, which together with the other elements of the pricing structure, will ensure a minimum cost recovery of IFAD's cost of funding the borrowed resources. In all presented scenario, debt sustainability remains high and the country's creditworthiness will allow it to absorb all available IFAD resources (both under PBAS as well as BRAM) if it wishes so.
- **COSOP priorities and products** (e.g., investment projects, policy engagement, reimbursable technical assistance), It expected that cosop priorities and associated products will remain highly relevant irrespective of transition scenarios. However,

given the slightly less concessional resources available under BRAM, the country might choose to forgo them totally or partially. In that case, the overall investment envelope will be significantly lower than the one available under the previous IFAD 11 lending cycle. This would entail changes in the number and size of investment projects to be included in the pipeline over the cosop period. Furthermore, given the country current focus on charting sector-based pathways for post-pandemic economic recovery, IFAD will need to be more proactive in policy engagement to better accompany country's efforts towards a more sustainable and inclusive rural transformation.

- **Co-Financing opportunities and partnerships** Due to higher government revenues, domestic co-financing and partnership opportunities should increase under the high scenario. The low case, on the other hand, would limit co-financing opportunities both domestically and internationally.

## Agricultural and rural sector issues

*Table : Agriculture Sector Key Indicators*

Indicator	Data	Target	Source
Multi-Dimensional Poverty	37%		UNDP 2019
Vulnerability (1.5* Poverty? WB)	55%		OECD 2014
Total value added in agriculture (billion riel)	22,790	31,852	ASMP
Implied target agriculture growth rate		3%	ASMP
Agriculture as share of GDP	21%		ASMP
Crops % of agriculture GDP	59%		ASMP
Livestock % of agriculture GDP	11%		ASMP
Fisheries % of agriculture GDP	23%		ASMP
Forestry % of agriculture GDP	7%		ASMP
Agriculture as share of employment	36%	24%	ASMP
Productivity of Agriculture Labour (value added / day)	\$1,986.00	\$4,625.00	ASMP
Share of processed ag exports in total product exports	7%	15%	ASMP
Rice land as % of arable land	79%		WDI
Rice Yield (t/ha)	2.97	3.335	ASMP
Mechanisation (harvesting)	70%		ASMP
Women's Empowerment in Agriculture Index	72%		SAAMBAT survey
Number of smallholders	1,726,000		CIAS
Length of rural roads in good condition	30,860	43,818	ASMP
% of households with electricity	72%	90%	NSDP
% of land under irrigation	9.70%		ASMP
Rate of irrigated rice crop capability	55.00%	59%	ASMP
Number of MFIs	85		CMA
Number of borrowers	2,028,520		CMA
MFI Interest Rates	18%		Legal max.
Rural hh with less than 0.5 ha	15%		ADB
Rural hh with no land	23%		ADB

### Structure, main features and production systems

1. Cambodia's **agriculture sector** has declined in importance compared to manufacturing and services, but in 2020 still provided about 35% of employment and 22% of GDP. Rice, the staple crop, accounts for about 79% of arable land and about 50% of agricultural GDP. Productivity of land is low compared to neighbouring Thailand and Vietnam, while agriculture labour productivity, though rising rapidly, still lags behind the non-farm sectors. Only about 10% of crop land is fully irrigated, with most crops being rain-fed and typically limited to one crop cycle per year.

2. Agriculture based on smallholder production is the basis of Cambodia's rural economy and remains essential for employment and household incomes. Agriculture will make an important contribution to the growth and modernisation of Cambodia's economy and to diversifying Cambodia's exports, which are currently over-dependent on manufacturing and tourism. However, productivity of small farms remains low and constrained by inefficient scale and lack of modern techniques, while smallholders and landless households depend on income from highly insecure casual labour. These households risk being "left behind" and failing to benefit from Cambodia's increasing national prosperity.
3. Cambodia has 1.7 million farm households with 6.8 million people, or about 40% of the population. About 75% of these farmers are defined by the National Institute of Statistics (NIS) as smallholders, with holdings typically around one to two hectares (though typical farm sizes are larger in less densely populated provinces). Almost all (98%) of farmers own their land, though mainly under informal titles. Only 4% of agricultural households rent land. Most smallholders supplement agriculture with nonfarm income sources such as labouring work, often on larger commercial farms. About 40% of farm households produce primarily for the market. About 23% of rural households are landless and a further 15% own less than 0.5ha; these households depend mainly on wage labour.
4. Cambodia is self-sufficient in rice, the staple crop, and produces a substantial surplus for export. Other important export commodities include rubber, cassava and various tree crops. However, exports are primarily of raw materials and are often informal, with Vietnam in particular importing large amounts of Cambodian raw materials for processing and onward sales. GOKC has set the target to increase formal exports of processed agriculture produce from 7% to 15% of goods exports by 2030. Cambodian agribusinesses face higher credit costs than those in neighbouring countries. Transport costs are high and logistics facilities including cold chains are underdeveloped. Therefore, Cambodia finds it difficult to compete on price with other producers.
5. About 30% of fruit and vegetables consumed in Cambodia are imported from neighbouring countries, with the proportion sold in urban markets much higher. Cambodian horticulture is underdeveloped with insufficient investment in irrigation, greenhouses, cold chains etc, and finds it difficult to compete with imports on price. There is a growing urban market for safe vegetables with low chemical residues, so strengthening of certification and origin tracing systems is important for growth in this sector. However, the Cambodian Good Agriculture Practice (CamGAP) certification scheme is not accessible for small farmers under present arrangements.
6. Typically, smallholders' farms are by nature diversified across three main agroecological components:
  - a. Paddy field in lowland, inundated in wet season, more and less subject to floods in wet season (May-October) and sometimes irrigated in dry season (November-April). Paddy land area average 2 Ha per farm holding nationwide. Around 40% of farm households producing paddy rice have access to irrigation.
  - b. Gardens in "upland" non-inundated areas, where non paddy crops are grown on relatively small area per farm holding engaged in such production: cassava (av. 2 Ha per holding), maize (av. 1.6 Ha per holding), cashew (av. 2 Ha per holding), banana and mango grown both around village settlements and in orchards.

- c. Market-focused horticulture production is concentrated in areas with good transport links and suitable agro-ecological conditions including year-round water supply. Plots are generally small but can be highly productive, particularly where modern technologies such as drip irrigation and net-houses are used.
7. In all agro-ecological zones, home garden production of vegetables and fruit, primarily for self-consumption but with a surplus sold to local markets, is common. Small livestock, primarily native “backyard” poultry and pigs, are commonly kept. These activities are often undertaken in addition to field crop farming and by households with limited land that live primarily by non-farm work.
8. There are important barriers to overcome so that small farmers can produce efficiently for well-developed value chains and employment-generating agribusinesses serving export and domestic markets. Strong producer organisations are needed to combine small farmers to produce at scale, access services and become attractive partners for agri-business. To realize this potential, strengthening of producer organisations must be complemented by investments at farm level and in producer organisation enterprises and facilities. Productive investments can be financed by farmers and the private sector, but access to credit on suitable terms is a barrier at present. There are technical challenges to overcome, for example, the need to create a disease-free supply chain for cassava planting material. Agribusinesses need support including improved business skills, market intelligence and access to finance. New export markets are opening as a result of GoKC’s negotiation of trade agreements, but technical knowledge and facilitating public services are needed to exploit these opportunities.
9. Farming remains a highly risky activity, impacted by extreme weather events in a changing climate (drought, floods, heat waves), pest and disease outbreaks (cassava, banana, livestock), rural migration, and fluctuating market prices. In this context, resilient farming businesses need support to mitigate such risks through diversifying away from low value commodities and transition towards premium products. Value addition through post-harvest and processing operation also provide more diversified income, generate revenue and contribute to sustainable economic growth in the agricultural sector.
10. **Opportunities for future growth:** Cambodia’s agriculture sector has proved resilient during the COVID pandemic. Due to completed and ongoing trade negotiations there are opportunities for future export growth, contributing to GoKC’s 3-R strategy for post-pandemic recovery. Domestic agriculture markets are large with a high proportion of imports, creating an opportunity for import substitution which has an equivalent on the balance of trade to increased exports.
11. **Missing middle / Aggregator:** This are still a significant barrier for smallholder production to achieve the scale and consistent quality of produce meeting the needs of export and domestic markets. The aggregation role of Agriculture Cooperatives / Producer Organisations (AC/PO) is still weak. To achieve at scale, smallholders need to produce in a coordinated manner through synchronised cropping calendars. The best ACs and their Unions (UACs) are functioning well, providing effective services to their members, aggregating and coordinating production and helping agri-businesses communicate with farmers and negotiate purchasing contracts at scale. Those ACs have benefited from quality capacity building assistance, which is demonstrated as a highly cost-effective investment. There is a large gap between the best and the rest, with most producer organisations not yet at this level. There is also a need for investment in enterprises at the cooperative level, for example, logistics, post-harvest etc.

12. **Access to Finance, Information, Input and Water:** Leading smallholder farmers achieve good results using modern technology, but the majority of farmers lag behind. Barriers include access to credit on appropriate terms as well as technique, market intelligence and key inputs such as improved planting materials. Access to water is another key constraint. In some value chains there are specific issues to overcome, for example, the need for disease-free planting material for cassava.
13. **Gradually move to premium market:** Cambodia faces a challenge to compete on price. Processors face high costs in areas such as logistics, energy and cost of credit compared to neighbouring countries. Only about 10% of Cambodia's total agricultural outputs are processed within the country. Other than rice milling and basic processing of rubber and pepper, the agro-processing sector is largely underdeveloped. Cambodia agriculture products are recognized by international market as being of high quality. Given also the relatively high costs of production, Cambodia may be better placed to compete for premium markets rather than in bulk commodity markets where price is the main consideration. There is a small but increasing number of agri-businesses investing in processing to meet the needs of premium markets.
14. **Major agri-businesses** still face shortages of working capital. The most successful processors for export markets are overcoming these challenges, but others are operating well below capacity and potential new investors are cautious. Lack of experience is a problem. Some firms do not yet fully understand their target markets and customer requirements. Firms also need stronger skills for choice of technology and business set-up in order to become internationally competitive.
15. **Logistic and trade agreements:** For all export value chains, trade facilitation and logistics improvements are key issues. There is a real need to explore the possibility of transit of Cambodia agricultural produce through ports of neighbouring countries (Vietnam, Laos, or Thailand). SPS facility and cross border trade agreement are needed for some value chains.
16. **Certification:** CamGAP certification is increasingly important for the premium horticulture supply chain for domestic markets, but it is not accessible for small farmers under present arrangements. For export, processors obtain certification under various schemes (e.g. ECOCERT) depending on their specific needs.
17. **Income diversification:** Structural transformation leads to much of the current agriculture workforce, including many in IFAD's core target group, gradually transitioning from agriculture-based to non-agricultural livelihoods. For the rural poor in this group, who will not become specialised market-led farmers, the value chain development approach creates opportunities to benefit from creation of secure, decent employment opportunities including skilled and unskilled work.
18. Cambodia's **rural infrastructure** was very under-developed after decades of poverty and war in the late 20th century. Accordingly, GOKC has placed a high priority on investment in this area and this is showing results. Nevertheless, of Cambodia's approximately 45,000 km of rural roads, only about 31,000 km in good condition (ASMP). Effective financing and implementation of maintenance remains an issue. Partly for this reason, farm-to-market transport costs are significantly higher than in neighbouring countries [reference].
19. Cambodia has achieved a rapid expansion of its **electricity grid** in the past decade, with over 90% of the population now having access to electricity. Tariffs are higher than in neighbouring countries. A reduced rate off-peak tariff has been introduced specifically for irrigation pumping, but effective roll-out has been slow. According to the ASMP, ten

Agriculture Cooperatives (AC) were able to access this reduced tariff in 2019, with a target of reaching 220 AC by 2030.

20. GOKC has high ambitions to develop a modern **digital technology sector** and to move from Cambodia's current mainly low-technology manufacturing base to "Industry 4.0", thereby laying the foundations for promoting digital adoption and transformation in all sectors of society – the state, citizens, and businesses – to promote new economic growth and improve social welfare in the "new normal". Specific policy measures under the framework include: enabling digital businesses focusing on enterprise transformation, entrepreneurial and start-up ecosystems, and the digital value chains. A background note on digital development in Cambodia is annexed to this Agriculture and Rural Sector Issues paper.
21. **Mobile telephone coverage** is good and Cambodia an emerging software sector. IFAD surveys have found that over 90% of rural households own smartphones, most typically used by the younger generation. IFAD has successfully supported development of one mobile application for smallholders (Chamka - Apps on Google Play) and is supporting development of an ambitious Khmer Agriculture Suite through the SAAMBAT project. Further investment in digital technology has potential to improve agriculture input and product markets and access to financial services and is also strongly aligned with IFAD's priority on youth.
22. **Climate Change** is a severe threat to Cambodia agriculture, particularly because of its heavy dependence on rain-fed crops. Effects commonly cited by Cambodian farmers include more irregular rainfall patterns, making crop planning difficult. Losses through flood and drought are already a serious problem and are likely to increase. In the longer term, high temperatures could reduce rice yields, increase prevalence of pests and animal diseases and make some crops or varieties non-viable in some parts of the country.
23. The most urgent **environmentally unsustainable practice** within the Cambodian agriculture sector is conversion of remaining forest land, including flooding forests that are vital breeding grounds for valuable freshwater fish species. The rate of deforestation appears to have slowed but some encroachment continues, including in protected areas. Use of wood and charcoal as the primary cooking fuels increases pressure on forest resources. Cambodia enjoys abundant water resources overall but there are risks of over-exploitation locally, including by pumping groundwater for irrigation. Pumping and other energy-intensive agriculture processes most often use diesel engines, resulting in greenhouse gas emissions. Overall use of agriculture chemicals remains relatively low but is increasing and is poorly regulated.
24. **Nutrition:** Prevalence of undernourishment decreased from 17% in 2004/2006 to 6.2% in 2019, but overall prevalence of food insecurity in the general population is still high: severe food insecurity affects 13.4% of the population and moderate food insecurity 44.8%<sup>9</sup>. Cambodia's nutrition profile indicates severe nutritional deficiencies, namely high rates of stunting in under five-year-old children and anemia in women of reproductive age. Key micronutrient deficiencies include iron-deficiency anemia, which affects 56 percent of children, and anemia not specific to iron-deficiency, which affects 44 percent of women of reproductive age<sup>10</sup>. Interventions should focus on the 1 000 day "window of opportunity" from pregnancy to a child's second birthday, emphasizing a combination of nutrition-specific and nutrition-sensitive approaches. The diet of agricultural households is mainly composed of cereals (predominantly rice), vegetables,

<sup>9</sup> World Bank: <https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?locations=KH>

<sup>10</sup> International Food Policy Research Institute (2017). Climate change, gender and nutrition linkages: Research priorities in Cambodia.

fish, meat, and—to a lesser extent—fruit, root crops, and legumes<sup>11</sup>. Stunting is negatively associated with dietary diversity. In particular, the consumption of animal-source foods was found to be a protective factor against stunting and underweight in children<sup>12</sup>. Fish is the primary source of protein for children. The consumption of pulses, an important source of both protein and micronutrients, is low. The main causes of food shortages in agricultural households include low levels of food production due to lack of capital and land area, and crop losses due to heavy rain, drought, or pests<sup>13</sup>. These factors often have negative implications for nutritional status, and might be further exacerbated by climate change.

25. **Gender:** Globally, some progress on women’s rights has been achieved. In Cambodia, 18.5% of women aged 20–24 years old who were married or in a union before age 18. The adolescent birth rate is 30 per 1,000 women aged 15–19 as of 2012, down from 46.1 per 1,000 in 2009. However, work still needs to be done in Cambodia to achieve gender equality. As of February 2021, only 21.6% of seats in parliament were held by women. In 2018, 9.1% of women aged 15–49 years reported that they had been subject to physical and/or sexual violence by a current or former intimate partner in the previous 12 months. Also, women and girls aged 15+ spend 12.5% of their time on unpaid care and domestic work, compared to 1.3% spent by men<sup>14</sup>. Despite higher levels of participation in the agriculture sector than men, women’s economic empowerment is constrained by the low level of benefits that women receive and by barriers to their agency. Women’s disadvantaged position in agriculture is evident in their lower access to land, extension services, financial services, markets, and technology. Activities within the agriculture sector are highly gendered<sup>15</sup>. In Cambodia, women in rural areas are especially dependent on local natural resources for their livelihood, because of their domestic responsibilities to secure water, food and energy for cooking and other household activities. The effects of climate change, including drought, uncertain rainfall and deforestation, make it harder for them to secure these resources. Compared with men, women face historical disadvantages, including limited access to decision-making and economic assets that compound the challenges of climate change<sup>16</sup>.

26. **Youth:** In Cambodia youth are defined as people aged 15–29. The number of youth neither in employment nor in education or training (NEET) in Cambodia was 6.4% in 2014, including 6.2% inactive non-students and 0.2% unemployed non-students. This was a decline from 8.7% in 2004. In 2014, 10.4% of young women were NEETs while only 2.2% of young men 2.2% were NEETs. The NEET youth prevalence in urban areas was 6.7% and 6.3% in rural areas. Household background also made a difference as there were 7.9% NEETs in the poorest quintile compared to 5.2% in the richest, and 38% of NEETs were from agricultural households<sup>17</sup>. More than 80% of youth live in rural areas and the majority of youth work in the agriculture sector. Yet if they had an opportunity to migrate to the city or another country, or find jobs in another sector, they would. The percentage of youth working in the agricultural sector dropped from 83.5 percent in 1999 to 47.1 percent in 2013 and continues to decline. Youth that do work in agriculture mainly work on the family farm. Despite the overall decline, agriculture remains an important

<sup>11</sup> NIS–MAFF (National Institute of Statistics, Ministry of Planning, in collaboration with the Ministry of Agriculture, Forestry and Fisheries, Kingdom of Cambodia). 2015. Census of Agriculture in Cambodia 2013.

<sup>12</sup> Darapheak, C., T. Takano, M. Kizuki, K. Nakamura, and K. Seino. 2013. “Consumption of Animal Source Foods and Dietary Diversity Reduce Stunting in Children in Cambodia.” *International Archives of Medicine* 6: 29.

<sup>13</sup> NIS–MAFF (National Institute of Statistics, Ministry of Planning, in collaboration with the Ministry of Agriculture, Forestry and Fisheries, Kingdom of Cambodia). 2015. Census of Agriculture in Cambodia 2013.

<sup>14</sup> UN Women. Cambodia – Country Fact Sheet <https://data.unwomen.org/country/cambodia>

<sup>15</sup> Asian Development Bank (2015). Promoting women’s economic empowerment in Cambodia.

<sup>16</sup> Ministry of Women’s Affaires (2014). Gender and climate change, green growth and disaster management.

<sup>17</sup> OECD Development Centre (2017), “Youth Well-being Policy Review of Cambodia”, EU-OECD Youth Inclusion Project, Paris.



economic sector. However, without access to land, there can be no agricultural work. It is especially difficult for rural youth in Cambodia to access land of sufficient size for farming. Young people are not considered in arrangements for land tenure and distribution. Youth also face tremendous difficulties accessing financial services, particularly in rural areas. Few financial products are tailored specifically to young people, and financial institutions often perceive young people as riskier clients than adult farmers. The use of information and communications technology (ICT) is spreading rapidly among the Cambodian population. Limited access to the Internet – even to electricity in some villages – is a major constraint for young people in rural areas. In Cambodia, middlemen have more influence than smallholder farmers do over agricultural terms of trade. In general, long marketing chains present a challenge: they involve numerous intermediaries who diminish profits for farmers or supply credit for inputs at high interest rates. The situation is exacerbated by many (young) farmers' lack of knowledge about how markets work. Upstream development of value chains also faces various challenges in terms of availability (rural supply of inputs), access (farmers' ability to purchase inputs) and utilization (farmers' capacity to apply inputs and optimize their benefits)<sup>18</sup>.

27. Cambodia is home to a range of **ethnic minorities**. Indigenous groups, often referred to as highland peoples, are estimated to represent 1.4 to 2.0 per cent of the Cambodian population, or around 250 000 people. There are at least 17 different language groups living in ten of Cambodia's 24 provinces. Members of these groups are among the poorest and most marginalised segments of Cambodian society, with the most limited access to health, education and other services. Mortality rates of children are twice the national average and school enrolment rates for girls in the northeast (where many indigenous people live) are significantly lower than other areas of Cambodia. Ethnic minority communities previously reliant on shifting agriculture are finding that land is becoming scarcer and natural resources are being depleted, which undermines traditional livelihoods and coping mechanisms<sup>19</sup>. The poverty of indigenous communities is not only associated with land alienation, poor public services and the economic downturn, but also to the lack of representation of indigenous peoples in decision-making and in formulating and enforcing policies and laws<sup>20</sup>.

28. **Persons with disabilities:** Eleven percent of women and nine percent of men in Cambodia live with disabilities; as a result, they are more likely to be poor, have low educational attainment and experience discrimination and exclusion<sup>21</sup>. Women living with disabilities also face considerable domestic violence and limited access to services<sup>22,23</sup>. Persons with disabilities are among the most vulnerable groups in Cambodian society. They lack equal access to education, training and employment. This constant lack of opportunity alienates them from fully participating in their communities. While many persons with disabilities have considerable skills, many have not had the opportunity to develop their potential<sup>24</sup>.

### **Policy and Regulatory Framework**

29. The overarching policy document guiding the strategy of the GOKC is the **Rectangular Strategy for Growth, Employment, Equity and Efficiency**, currently

<sup>18</sup> FAO (2019). Preparing and accessing decent work amongst rural youth in Cambodia.

<sup>19</sup> CARE Cambodia. Ethnic Minority Women. <https://www.care-cambodia.org/emw-background>

<sup>20</sup> IFAD (2012). Country Technical Notes on Indigenous Peoples' Issues: Kingdom of Cambodia.

<sup>21</sup> National Institute of Statistics, Directorate General for Health and ICF International. 2015. Cambodia Demographic and Health Survey 2014.

<sup>22</sup> Swedish International Development Cooperation Agency. 2015. Disability Rights in Cambodia.

<sup>23</sup> Astbury, J. and F. Walji. 2013. Triple Jeopardy: Gender-based Violence and Human Rights Violations Experienced by Women with Disabilities in Cambodia. Canberra, AusAID.

<sup>24</sup> International Labour Organisation (2009). Inclusion of persons with disabilities in Cambodia.

in its fourth phase for 2019-2023 (RS-IV). The RS-IV places promotion of the agriculture sector and rural development within its Inclusive and Sustainable Development pillar. Sector priorities identified in the RS-IV include strengthening the legal and regulatory framework, improving productivity, quality and diversification, upgrading the processing industry, promotion of vegetable production to substitute for imports, promoting exports, improved land management, rationalising investment in irrigation systems and rural infrastructure investments.

30. The **National Strategic Development Plan** (NSDP) 2019-23 adds detail and monitoring targets to the strategic goals set by the RS-IV.
31. The **Agriculture Sector Master Plan** 2030 (ASMP) was identified as a policy priority in RS-IV and the NSDP and was prepared with assistance from the IFAD-ASPIRE project. The ASMP sets the development goal ‘‘To increase agricultural growth with high competitiveness and inclusivity by providing high quality products which result in food safety and nutrition by taking into account sustainable land, forestry and fisheries resource management’ with key goal-level indicators for total value added in agriculture and for productivity of agricultural labour. The ASMP sets four Strategic Objectives (1) To enhance agricultural value chain and its competitiveness; (2) To strengthen infrastructures and trade facilitation in agriculture; (3) To promote sustainable land, forestry and fisheries resources management; and (4): To improve institutional management, regulations, and human resource development.
32. Other key policy documents for the agriculture sector include the **Agriculture Development Policy** (nearing finalisation) and the **Policy on Agriculture Extension in Cambodia (PAEC)**, recently updated with support from IFAD-ASPIRE. The PAEC commits Cambodia to developing a pluralistic extension service.
33. GOKC’s post-COVID strategy for **Recovery, Reform and Resilience** (3R) identifies agriculture as a key sector to return to the pre-crisis growth path as part of its stabilisation and socio-economic restoration pillar. The policy introduces a strengthened emphasis on promotion of agriculture exports, taking advantage of recent and ongoing trade negotiations, particularly with the important Chinese market and with South Korea. The 3R strategy identifies the potential for large-scale employment creation in production and processing of specific commodities, including cassava, mango, cashew, red corn and rubber.
34. Cambodia’s **climate change response** is led by the inter-Ministerial National Council for Sustainable Development (NCSDD) with its secretariat in Ministry of Environment (MoE). Key policy documents include the Cambodia Climate Change Strategic Plan 2014-23 and Cambodia’s Nationally Determined Contribution to the United Nations Framework Convention on Climate Change (UNFCCC), updated in 2020. Aligned with these documents is MAFF’s Climate Change Action Plan (2016) which targets improvements in food security and farmers’ livelihoods through disaster risk reduction, adaptation and mitigation measures, promotion of sustainable production of livestock and rubber and enhanced sustainable management of forests and fisheries.
35. **Social inclusion.** The Ministry of Women Affairs (MoWA) is implementing its five-year strategic plan for strengthening gender mainstreaming and women’s empowerment (Neary Rattanak V, 2019-2023). In 2011, the Cambodian Government developed the National Policy on Youth Development. The Government’s commitment to ensuring food and nutrition security is consistent with the Rectangular Strategy for Growth, Employment, Equity and Efficiency Phase IV (RS-IV 2019–2023). In 2019, the Government approved the National Policy on the Development of Indigenous Peoples.

The Government has enacted several laws and strategies to improve the lives of persons with disabilities.

36. In line with the **structural transformation** of the Cambodian economy, the agriculture share of GDP declined from around 33% in 2010 to 21% in 2019. This relative decline is projected to continue, but the Agriculture Sector Master Plan (ASMP) targets growth in absolute terms of 3% per year to 2030. Agriculture share of employment was 36% in 2019 and is expected to fall to 24% by 2030. Thus, Cambodia needs to produce more with less workers, and GOKC has established the key target to increase productivity of agriculture labour from \$US 1,986 per worker in 2019 to \$US 4,625 by 2030, a target that is consistent with eliminating poverty amongst farmers and agriculture employees.

### **Public Sector Institutions**

37. Ministry of Agriculture, Forestry and Fisheries (MAFF) is the key institution responsible for regulation and promotion of agriculture production. Ministry of Water Resources and Meteorology (MoWRAM) oversees irrigation development and coordinates with MAFF through the Technical Working Group on Agriculture and Water (TWG-AW). Other Ministries with important roles related to agriculture and rural development include Ministry of Rural Development (MRD), which amongst other mandates is responsible for rural road infrastructure; Ministry of Commerce (MoC) responsible for business and trade promotion, Ministry of Industry and Handicrafts (MIH) with agro-industry responsibilities and Ministry of Women's Affairs (MoWA) promoting gender equity and women's economic empowerment.

38. Cambodia has three levels of sub-national administration which consist of the capital and 25 Provinces, which are sub-divided into (urban) Municipalities and (rural) Districts and into (urban) Sangkats and (rural) Communes. Cambodia has an active decentralisation programme intended to progressively transfer public service functions to sub-national administrations, particularly at the District / Municipality level. Provincial technical departments (e.g. Provincial Department of Agriculture, Forestry and Fisheries, PDAFF) are within the structure of their parent Ministry, although the Provincial Board of Governors has some oversight and coordinating responsibilities. Under the decentralisation programme overseen by Ministry of Interior (MoI) and the National Committee for Sub-National Democratic Development Secretariat (NCDD-S), technical service delivery functions at District / Municipality and Commune / Sangkat levels have been grouped under the local governments, though capacity remains very limited as yet.

### **Farmer Organisations**

39. GoKC promotes the formation of Agriculture Cooperatives under the Law on Agriculture Cooperatives 2013. To date, there are approximately 1,200 formally registered ACs with more than 155,000 members. Some ACs have combined into Unions of AC (UAC) which is also a structure defined in law and regulation. There are a number of other types of formal farmer organisation, including Farmer Water User Communities organised by MoWRAM, and there are numerous informal groupings.

40. The best AC are functioning well, providing effective services to their members, aggregating and coordinating production and helping agribusinesses communicate with farmers and negotiate purchasing contracts at scale. The best ACs have benefited from quality capacity building assistance, which is demonstrated as a highly cost-effective investment. There is a large gap between the best and the rest, with most producer organisations not yet at this level. There is also a need for investment in enterprises at the cooperative level, for example, logistics, post-harvest etc.

41. **The aggregation role of AC/PO**, either formal or informal economic entities, is the most important element in the view of processors / exporters. In the case of

vegetables for example, AC/PO can organise a large number of farmers to produce in a coordinated manner through synchronised cropping calendars to ensure a regular supply of the produce needed by buyers throughout the year. The AC/PO can also help ensure that the producers are of consistent quality by providing advice to farmers and ensure that produces meet with the level of quality and safety expected by the market, either through formal certification (GAP, OA) or through a trust-based relation between buyers and the AC/PO. These farmers' organisations can also play a role in performing the first post-harvest operations at the aggregation stage to facilitate logistics at collection points / loading docks supported by investments under Component 1.

42. Under the ASPIRE and AIMS projects, 2584 informal groupings of farmers and local value chain businesses have been formed, with a total membership of more than 88,000 smallholders. A recent assessment suggests that around 25% of these established business clusters have acquired skills and experience in organising commercial production and engage with private stakeholders to access reliable and remunerative markets extension services, finance, input and equipment supply, etc. As a second tier, another half of the business clusters (some established more recently) have gained medium capacity and are on the path to become mature market-ready producers organisations. At national level, several umbrella farmers' organisations are engaging in policy dialogue with public agencies and facilitate networking among Producers Organisations, and with civil society, private sector entities, development partners and other stakeholders: The SMILE Khmer vegetable Network, supported by GrowAsia, the Farmer and Nature Net ([FNN](#)), Cambodian Farmers Federation Association of Agricultural Producers ([CFAP](#)), among others.

### **Role of the Private Sector**

43. Cambodia has a small but growing number of successful **agri-businesses** serving both domestic and export markets but growth of the sector (beyond the rice value chain) needs more capable, experienced and well-capitalized firms and an associated enabling environment of public infrastructure and services critical to support the development of internationally competitive Cambodian supply chains in priority sectors.

44. Cambodian processors face high costs in areas such as logistics, energy and cost of credit compared to neighbouring countries. Lack of working capital is a problem. Exporters need more access to markets and also transit agreements allowing produce to be exported via ports in Vietnam or Thailand. Sanitary and Phyto-Sanitary (SPS) needed for some value chains are lacking.

45. The most successful processors for export markets are overcoming these challenges, but others are operating well below capacity and potential new investors are cautious. Lack of experience is a problem. Some firms do not yet fully understand their target markets and customer requirements. Firms also need stronger skills for choice of technology and business set-up in order to become internationally competitive.

46. Private sector entities have an increasingly important role in mainstreaming sustainability and social inclusiveness in the agricultural sector. Private companies are a driving force being the on-going transition from subsistence agriculture to export oriented commercial agriculture. By complying with import countries requirements for sustainability, transparency and sustainability of agricultural products supply chains, private companies directly promote higher production and post-harvest standards (GAP and Organic standards). Several leading private companies<sup>25</sup> in Cambodia are setting the

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<sup>25</sup> AMRU rice and Signature of Asia in organic rice production for export, Natural Agriculture Village and REMIC in safe vegetable production for the domestic market), SELA in the premium pepper market for export, MISOTA and in mango processing, etc

example in pursuing an inclusive and sustainable agenda when engaging in contract farming with Producers Organisations.

47. These companies all face difficulties in ensuring a reliable and consistent supply of raw agricultural products from small individual producers and have expressed interest in interventions aiming at assisting smallholders and informal producer organisations to structure themselves in Agricultural Cooperatives and Union of Agricultural Cooperatives. They have also expressed concern in ensuring adequate seed systems, maintaining and improving soil fertility through crop rotation and adequate crop calendars, managing the impacts of pests and diseases outbreaks, strengthening certification systems (including Internal Control Systems), and building the management capacity of producers' organisations. All these areas of concern present high potential for intervention by current and up-coming projects under the current COSOP.
48. Cambodia has a very active **microfinance** industry, with 85 institutions represented in the Cambodia Microfinance Institute (weblink) and two million loans outstanding, roughly one for every 1.6 households. Nevertheless, smallholder farmers and rural SME in particular find it difficult to access non-seasonal finance, which is typically secured on land as collateral. The ASMP recognises the need to expand credit opportunities. Two government banking institutions have been established, the Agriculture and Rural Development Bank (ARDB) and the SME Bank. IFAD has cooperated with ARDB including through the ongoing AIMS project, however, participating small farmers report that processing of loan applications is very slow.

## Rural sector issues: Background on digital technologies in Cambodia

### Key Policies:

Cambodia enjoys widespread mobile phone coverage and almost 50% of farm households own smartphones. There is thus considerable scope to increase the use of digital technology to improve information flows and market connections in smallholder farming. **The Cambodia Digital Economy and Social Policy Framework 2021-2035** is expected to inject fresh momentum into Cambodia's vision for information and communication technology (ICT) sector promoting opportunities to boost productivity, efficiency and economic competitiveness. Under the framework, Agriculture has been identified as a key economic growth sector propelled by digital government and public services, data driven governance and promotion of digital value chains.

### Potential for Digital Technologies

Digital technologies have the potential to be integrated to support the key development objectives under the new projects and country strategy, through scaling-up existing tools and solutions already piloted under the programmatic approach followed by the portfolio. IFAD has already supported the development of a successful mobile application for smallholder farmers, Chamka (now over 50,000 downloads) with a range of functions including technical knowledge sharing, information exchange, market facilitation and a digital farmer diary. The SAAMBAT project supports development of the Khmer Agriculture Suite (KAS), which is intended to become a common platform to support development of a digital economy for agriculture in Cambodia. The programme will also support a suite of applications along with full agriculture value chain generating data and providing bundled services for farmers. SAAMBAT also supports a digital literacy for youth and intends to work with IFAD Business Cluster Farmers to assist them to access and use already available applications on their smartphones as well as to facilitate roll-out of KAS applications. ASPIRE-AT will link to KAS to support ICT development and work with Business Clusters and support their graduation to formal Agri cooperatives. Potential areas of use of ICT under the COSOP and the projects include:

Pre-Production	Production and Aggregation	Post production – Supply/Value chain
<b>digital extension services including climate smart technologies;</b>  Farm Advisory Crop, Pest management, weather and climate advisories based on farm data collection- soil, land, location etc. [example- Chamka App, AngkorSalad, Cropln ]	<b>Developing, Tracking, monitoring of AC/PO led Business Plans</b> Individual and aggregate level tracking supporting monitoring and financing of business plans (Integration in MIS system) [example- Agri Plan, IFAD]	<b>Traceability for specific produce</b> through QR codes, geomapping to increase market potential (example- AngkorSalad, KAS supported apps, SourceTrace)
<b>Farmer Diary, Production Planning, Business Planning</b> [ CHAMKA, Kotra Riel]	market intelligence; <b>market facilitation</b> , virtual markets Example- (CamAgriMarket, CAVAC)	<b>Linkages with E-platforms</b> and other integrated for B2B and B2C sales (Agribuddy, Facebook Platforms)
<b>Access to Finance-</b> digital Credit history for farmers, cooperatives etc. to ease access to credit, Mobile wallets and digital Payment Systems for ease of transactions (BhanJi, TonleSap-AMK Microfinance )		
<b>Data Collection and M&amp;E-</b> support data collection and analysis [Example- Kobo toolbox, TaroWorks]		

Table Below provides details on the type of solution that can be integrated through IFAD supported projects:

Type of Solution	Mode of delivery	Types of Users	Number of expected users, costs
Farm Advisories on crop, weather, pests based on basic farm analysis	IVRS, Mobile apps and web applications etc.	Farmers, extension staff etc.	Could cover almost all farmer involved in production. Costed per farmer usually and could be covered by engaging with market players

Customised community Video content	Smart Phones, community Video	Farmers, extension staff etc.	Large Scale usage for specific crops. Costed usually by crop
Climate smart technologies using AI, geomapping	Smart Phone		Specific VC. Costed per farmer usually and could be covered by engaging with market players
AC business planning and Management	Customised solution integrated with Project MIS- web, mobile	AC, Project staff	Cooperative +Project Staff. One time solution and running costs borne by cooperative.
Traceability for select value chains	Smartphones to capture geo-location	Farmers, Project staff	HH involved along select value chains, project staff, private sector. High implementation costs to be integrated along VC development and covered by market players.
e-wallets, digital financial services (tbd)	Smartphones	Rural HH, Banks, project staff	Limited to select HH under pilot/implementation. Initial costs and then small service fee

## Partnerships

IFAD's **key partners in ICT development** in Cambodia at present are Bronx Technology (mentioned above) and Techo Startup Center (TSC), which is leading development of the KAS and is closely linked to MEF and to the Royal University of Phnom Penh. IFAD will continue to work with these partners and also to build partnerships with other agencies such as Grow Asia (implementing Korean Supplementary Funded Grant), private sector (Agtech and Fintech companies such as Agribuddy, BhanJi, AngorSalad, KiU, AMK etc.) involved in ICT development for smallholder value chains and the rural economy.

## Risks and Mitigation Measures

	Risks	Mitigation Measures
1	Human Capital: lack of basic skills of using ICT facilities in agriculture, inability of government to deliver adequate ICT knowledge to farmers	Facilitation of digital skills along project delivery, supporting government policy in skill development
2	Inclusion issues- Lack of access of women and youth to digital infrastructure	Integrating women and youth along project design as key beneficiaries and partners; solution design- type of solution, timing to facilitate participation
3	Infrastructure: Inadequate and unstable power supply, cost of hardware and software are high with respect of average rural dwellers. Per use costs- example for SMS and IVRS at times are high	Type of solution customised to needs and availability of infrastructure.
4	Sustainability and business models of available applications- Cost per use is high or there can be subscription costs	Bundled solution, lead farmer delivery and incentivisation models to be supported along with sustainability and exit plan as a primary condition for support

# SECAP background study

## Contents

<b>I. Introduction</b>	<b>23</b>
<b>II. Part 1 - Situational analysis and main challenges</b>	<b>24</b>
A. Socio-economic situation and underlying causes	24
B. Environment and climate context, trends and implications	37
<b>III. Part 2 -Institutions and legal framework</b>	<b>46</b>
A. Institutions	46
B. Policy and regulatory frameworks	49
C. Programmes and partnerships	53
<b>IV. Part 3 - Strategic recommendations</b>	<b>54</b>
A. Lessons learned	54
B. Strategic orientation	55
C. Strategic actions	55
D. Monitoring (and KM)	58
E. References	59



## Acronyms

AC	Agriculture Cooperative
AC/FO	Agricultural Cooperative / Farmers Organisations (provincial sub-programme instrument)
AEA	Agriculture Extension Advisor
AEAC	Agriculture Extension Advisory Committee (now AFFEAC)
AFFEAC	Agriculture Forestry and Fisheries Extension Advisory Committee (replaces AEAC)
AES	Agriculture Extension Specialist
AIDOC	Agriculture Information and Documentation Center
AIMS	Accelerating Inclusive Markets for Smallholders
AIS	Agriculture Innovation Systems
APA	Annual Performance Assessment
ARDB	Agriculture and Rural Development Bank
ASAP	Adaptation for Smallholder Agriculture Programme
ASDP	Agricultural Strategic Development Plan
ASMP	Agriculture Sector Master Plan
ASPIRE	Agriculture Services Programme for Innovation, Resilience and Extension
CAES	Centre for Agricultural and Environmental Studies
CARDI	Cambodia Agricultural Research and Development Institute
CDE	Centre for Development and Environment, Bern University
CEW	Community Extension Worker
CFAP	Cambodian Farmer Association Federation of Agricultural Producers
COVID-19	Corona Virus Disease 2019
CO	Contracting Out
CoP	Community of Practice
DAE	Department of Agriculture Extension (now DEAFF)
DAO	District Agriculture Office
DEAFF	Department of Extension for Agriculture Forestry and Fisheries
DOAFF	District Office of Agriculture, Forestry and Fisheries
DPS	Department of Planning and Statistics
EU	European Union
FAO	Food and Agriculture Organisation
FNN	Farmer and Nature Net
GAP	Good Agricultural Practices
GDA	General Directorate of Agriculture
GEF	Global Environment Facility
GFRAS	Global Forum on Rural Advisory Services
IT	Information Technologies
KM	Knowledge Management
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MIS	Management Information System
MSP	Multi-Stakeholder Platform
MTR	Mid-Term Review
NCDD-S	National Committee for Sub-National Democratic Development Secretariat
NCSD	National Council for Sustainable Development
NIAT	National Institute of Agriculture and Technology Prek Leap (previously PNCA)
PAEC	Policy on Agricultural Extension in Cambodia
PADEE	Project for Agriculture Development and Economic Empowerment
PB	Programme Budgeting
PDAFF	Provincial Departments of Agriculture, Forestry and Fisheries
PDoC	Provincial Department of Commerce
PDR	Project Design Report
PIM	Programme Implementation Manual
PNCA	Prek Leap National College of Agriculture (now NIAT)
PPP	Public-Private Partnership
PRC	Procurement Regional Committee
PSD	Sub-National Project Database
PASDP	Provincial Agriculture Strategic Development Plans
PwD	Persons with Disabilities in Rural Areas
RET	Renewable Energy Technology
RGC	Royal Government of Cambodia
RUA	Royal University of Agriculture
RUSH-IT	Rapid Upscaling for Smallholder Households through Information Technology in Response to COVID-19 in Cambodia

SLM	Sustainable Land Management
SNEC	Supreme National Economic Council
S-RET	Building Adaptive Capacity through the Scaling-Up of Renewable Energy Technologies in Rural Cambodia
SUCRA	Scaling Up Climate Resilient Agriculture (Component 3.2)
TA	Technical Assistance
TWG-CCAFF	Technical Working Group Climate Change, Agriculture, Fisheries and Forestry
TWG-WA	Technical Working Group on Water and Agriculture
UNDP	United Nations Development Programme
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
VRA	Vulnerability Reduction Assessment
WASP	Water Agricultural Sector Project
WAT4CAM	Water for Cambodia (AfD funded project)
WOCAT	World Overview of Conservation Approaches and Technologies

# Social Environmental and Climate Assessment Procedure SECAP background study

## I. Introduction

This Social Environmental and Climate Assessment Procedure (SECAP) background contributes the formulation of the new Country Strategic Opportunity Programme (COSOP) for IFAD's programme in Cambodia from 2022 to 2027. The new COSOP will cover two IFAD's replenishment cycles: IFAD12 (2022-2024) and IAFD13 (2024-2027) and includes the following loan-funded projects:

*Table 1: Projects under COSOP 2022-2027*

Projects Names		Timeframe	Project cost (million), funding source
TSSD	Tonle Sap Poverty Reduction and Smallholder Development Project	2009 - 2023	US\$ 121.3 (ADB, IFAD, Finland, GoC)
AIMS	Accelerating Inclusive Markets for Smallholders	2016 - 2023	US\$ 61.61 (IFAD, GoC)
SAAMBAT	Sustainable Assets for Agriculture Markets, Business and Trade	2019 - 2025	US\$ 142.17 (IFAD, EIB, GoC)
ASPIRE - AT	Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade	2023 - 2028	US\$ 150 (IFAD, EIB, EU, GoC)
CREA	Commercialization of Renewable Energy for Adoption in Rural Cambodia	2023 - 2028	GEF
CAISAR	Climate Adaptive Irrigation and Sustainable Agriculture for Resilience	2024 - 2028	IFAD, AIIB, GCF
New project	tbd	2026 on	IFAD

The COSOP for Cambodia directly contributes to the current [IFAD strategic framework](#), that aims to catalyse country and global progress towards the following overarching goal: rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods. The IFAD three key strategic objectives are: (i) Increase poor rural people's productive capacities, (ii) Increase poor rural people's benefits from market participation and (iii) Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities. The country programme is also aligned on the objectives set out by the Government of Cambodia for the agriculture sector and the current United Nations development assistance Framework (UNDAF 2019-2023).

In this framework, the SECAP background study focuses on risk assessment and management but also identifies opportunities for mainstreaming environmental sustainability, climate finance, gender equality, women and youth empowerment and improved nutrition. The study follows the IFAD [Guidelines for Country Strategies](#) and addresses the requirements of: (i) the national legal framework, (ii) the new IFAD requirements and guidelines set out in the [SECAP, 2021 edition](#), and (iii) additional requirements of other donors (AIIB, EIB, EU, GCF, GEF, etc.)

The study was prepared by reviewing the Government's policies and strategies for the upcoming years, recent statistics, and studies as well as a review of lessons learned from the previous COSOP, IFAD funded projects and other development initiatives. Stakeholders' consultations at national and subnational levels and field visits were conducted in-country in March 2022 (see Annex for a list of meetings and persons met). The report also analyses relevant institutional frameworks, country program evaluations and current environmental, social and climate change studies and assessments.

## II. Part 1 - Situational analysis and main challenges

### A. Socio-economic situation and underlying causes

Over the last decade the national economy has been strong, growing at a rate of around 7% annually. This trend was accompanied by rapid structural transformation, with continued growth in manufacturing and the service economy (including the important tourism sector) and a gradual decline in agriculture as a share of GDP from 33.5% in 2009 to 21% in 2019. The primary sector accounts for 6% of the GDP in the East-Asia/Pacific region and for 4.3% globally.

Employment has been driven by high labour force participation (87.4% nationally and 89.4% in rural areas), but employment in the agriculture sector decreased from 58% of the labour force in 2009 to 34% in 2019. Employment in agriculture in Cambodia remain well above the East Asia/Pacific region average (28%) and the global average (26.8%)

The country has reached lower middle-income status in 2015 and aspiring to achieve upper middle-income status by 2030. Significant progress has been made in attaining targets set in Cambodia Sustainable Development Goals, but key development challenges remain in terms of high incidence of rural poverty, food and nutritional insecurity<sup>26</sup>, and high inequality<sup>27</sup>, all negatively compounded by the COVID-19 pandemic.

The impacts of the pandemic on the Cambodian economy began in early 2020 and directly affected the export supply chains and the tourism sector. GDP growth rate contracted by more than 3% in 2020, while the agriculture sector proved to be relatively resilient: its contribution to GDP slightly increased from 21% in 2019 to 22.4% in 2020. As the global demand for agriculture commodities increases and thanks to recent trade agreements<sup>28</sup>, export trade of Cambodian agricultural products has remained strong during the pandemic, increasing from 3.68 million tons in 2020 to 7.13 million tons in 2021.

Besides its primary public health impacts<sup>29</sup>, the pandemic directly impacted people's economic activity, mainly through changing employment patterns and income reductions. The occupational sector most vulnerable to employment losses was agriculture (24%) and livestock (36%). In a joint UN agencies' [study](#) published in January 2022, over half of the surveyed households were affected and the perception that the loss of jobs and salaries would be temporary drove households to adopt immediate coping strategies such as selling goods or assets. Borrowing money became more widespread as the pandemic continued, aggravating households' indebtedness and dependency. The government released social transfers, as support for IDPoor households through the national COVID-19 cash transfer emergency programmes for the most-affected families.

Women experienced a disproportionate economic impact from COVID-19 due to loss of employment particularly because they often work in the garment, hospitality, entertainment, restaurant, and construction, some of the most heavily hit sectors of the country's economy. Women faced a heavier burden in household chores, in part linked to schools' closures and in part linked to returning migrant workers in rural areas. (See Gender section below)

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<sup>26</sup> Prevalence of severe food insecurity in the population was 13.4% in 2019

<sup>27</sup> Cambodia's HDI value for 2019 is 0.594— which put the country in the medium human development category—positioning it at 144 out of 189 countries and territories. With a Gender Inequality Index of 0.474 in 2019, Cambodia is ranked 117 over 162 countries (UNDP [Human Development Report 2020](#)).

<sup>28</sup> Cambodia gained market access to China under the framework of Cambodia-China Free Trade Agreement (CCFTA), and to South Korea through Cambodia-South Korea Free Trade Agreement (CKFTA).

<sup>29</sup> In Cambodia, from January 2020 to early March 2022, there have been 131 372 confirmed cases of COVID-19 with 3 033 deaths, reported to WHO. As of 17 February 2022, a total of 34 191 879 vaccine doses have been administered (<https://covid19.who.int/region/wpro/country/kh>)

Remittances contributed to an estimated 4.9% to GDP in 2019. As the COVID-19 pandemic unfolded, travel restrictions and lockdowns drove tens of thousands of Cambodians workers previously employed in Thailand to return to Cambodia. As a result, inward remittances flow decreased from USD 1.52 billion pre-pandemic in 2019 to an estimated USD 1.27 billion in 2020, equivalent to a decrease of 17% year on year. Before the pandemic inflow of remittances used to increase by 12% per year on average between 2011 and 2019 ([World Bank, May 2021](#)).

The government has identified a clear set of short-term interventions to support the economic recovery towards 2023 in the “Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023” launched in December 2021. The strategy adopts a three-pronged approach for: (i) Recovery: safety, mitigation of impacts, sustain and revive businesses, create jobs, strong economic growth, (ii) Reforms: Diversification and competitiveness and (iii) Resiliency: social protection, inclusiveness, and sustainability. Among high profile measures, lines of credit have been made available through the Agriculture and Rural Development Bank (ARDB) and the SME Bank.

The fallout of the pandemic reinforces the need to reconcile economic growth in the agriculture and trade sectors with IFAD core social mandates of poverty alleviation, but also highlights that vulnerability is by essence multidimensional.

### **Demographics and Poverty**

Cambodia has a population of 15.95 million people, with a sex ratio of 94.9%: 8.18 million women and 7.77 million men. The population density increased from 75 inhabitant / sq km in 2008 to 87 in 2019. Around 61% of population still lives in rural areas<sup>30</sup> but the proportion of urban population has increased at a rate of 5% in the last three years, vs 1% per year from 2014 to 2017. The latest general population census in 2019 showed that a large majority of the population was born at the same place as the census enumeration: Lifetime migrants (persons who are not living in their place of birth) therefore constitute only 21.7% of the national population.

In 2019, the median age of the population was 27 years old, and people aged under 35 years comprise more than two third (64.2%) of the total population. Nevertheless, Cambodia’s population is slowly ageing: In 2019, 29.4 % of Cambodia’s population was aged 15 years or younger (vs 33.7% in 2008) and 8.9% was aged 60 years and over vs 6.3% in 2008 (2019 General Population Census of Cambodia). The young population creates both opportunities in terms of driving economic activity and innovation, but the demand in education, skills development, health care and other services put pressure on the national economy (UN Cambodia Common Country Analysis, 2021)

Overall, Cambodia’s productive component of the population remains high, with a relatively low dependency rate<sup>31</sup> and a large working age population (61.7% of the population in 2019). This has policy implications for the upcoming decade in terms of supporting youth education, employment, economic integration and empowerment on the one hand and support the old aged population with institutionalized care and social protection measures on the other hand (UN, 2021)

Poverty in Cambodia is defined by the Ministry of Planning as people living with a daily earning under the poverty line threshold<sup>32</sup>. Under this definition, the poverty headcount

<sup>30</sup> Source: General Population Census of Cambodia 2019. The UN population agency estimates the rural population to be 24.2% in 2020 (World Urbanization Prospects: The 2018 Revision): <https://population.un.org/wup/Country-Profiles/>

<sup>31</sup> The total dependency ratio is the sum of the child dependency ratio and the old-age dependency ratio. It decreased slightly from 66.8% in 2008 to 62% in 2019

<sup>32</sup> The poverty line has been updated as: KHR 10,951 (USD 2.67) per day for Phnom Penh, KHR 9,571 (USD 2.33) per day in other urban areas of Cambodia and KHR 8,908 (USD 2.17) per day in rural areas

fell from around 15% in 2013 to less than 10% in 2019, but the COVID-19 pandemic has reversed some of the progress made in poverty alleviation. National poverty headcount is now estimated at 17.8% of the total population, ranging from 12.6% in urban areas other than Phnom Penh to 22.8% in rural areas, based on the results of the Cambodia Socio-Economic Survey 2019-2020 (MoP, 2021)

The COVID-19 pandemic caused more rising unemployment and increased poverty and inequality. According to the Ministry of Social Affairs, Veterans and Youth Rehabilitation, there were 496,771 households registered in the IDPoor system before the COVID-19 pandemic. During the pandemic, two hundred thousand new households have registered on the government's on-demand IDPoor system, corresponding to a 60% increase in less than a year (from May 2020 to March 2021).

Cambodia's HDI value for 2019 is 0.594— which put the country in the medium human development category—positioning it at 144 out of 189 countries and territories (UNDP [Human Development Report](#) 2020). With a Gender Inequality Index of 0.474 in 2019, Cambodia is ranked 117 over 162 countries (HDR report, 2020).

Poverty rates vary considerably by area. The poverty rate is the lowest in Phnom Penh (4.2 percent), other urban areas (12.6 percent), and the highest in rural areas (22.8 percent). The geographic distribution of poverty based on the Cambodia Socio-Economic Survey 2019/20 has not been published yet. However, a study conducted by Oxford Poverty and Human Development Initiative ([OPHI](#)) in September 2019 provided data on subnational Multi-Poverty Index as in the table below:

Provinces	MPI	Vulnerable	Severe Poverty	Population Share
Banteay Meanchay	0.137	21.5%	12.3%	4.3%
Battambang & Pailin	0.115	24.2%	9.2%	7.8%
Kampong Cham	0.195	24.2%	14.6%	12.6%
Kampong Chhnang	0.224	22.9%	17.0%	3.5%
Kampong Speu	0.187	26.4%	13.1%	6.6%
Kampong Thom	0.217	19.5%	16.6%	5.1%
Kampot & Kep	0.169	25.9%	11.0%	4.3%
Kandal	0.145	18.3%	7.6%	7.6%
Kratie	0.300	20.1%	30.8%	3.0%
Mondul Kiri and Ratanak Kiri	0.290	16.2%	30.5%	2.1%
Otdar Meanchey	0.235	21.4%	17.9%	1.7%
Phnom Penh	0.031	12.1%	0.5%	9.6%
Preah Sihanouk and Koh Kong	0.105	22.0%	8.1%	2.2%
Preah Vihear and Stung Treng	0.310	16.6%	28.9%	2.5%
Prey Veng	0.154	21.3%	10.7%	6.8%
Pursat	0.263	17.6%	25.2%	3.9%
Siem Reap	0.247	17.2%	23.2%	6.5%
Svay Rieng	0.134	28.1%	7.4%	3.9%
Takeo	0.121	25.1%	7.3%	6.1%

Source: Oxford University, Global MPI Country Briefing 2019: Cambodia

As per the results above, there are five provinces with relatively higher multidimensional poverty incidence, namely Preah Vihear, Stung Treng, Kratie, Mondul Kiri and Ratanak Kiri. To guide the project-level targeting approach, analysis of subnational poverty status both at provincial and district levels is required, using the official government definition of poverty.

## Overview of agricultural households

In the 2019 Cambodia Intercensal Agriculture Survey, the National Institute of Statistics of the Ministry of Planning in coordination with MAFF reported that the country counts 1,726,000 agricultural households out of which 23.5% are women-headed and only 1% youth-headed (i.e the head of farm household is between 14 and 25 y.o. of age) About 13% of farm households are headed by persons aged 65 y.o. or more.

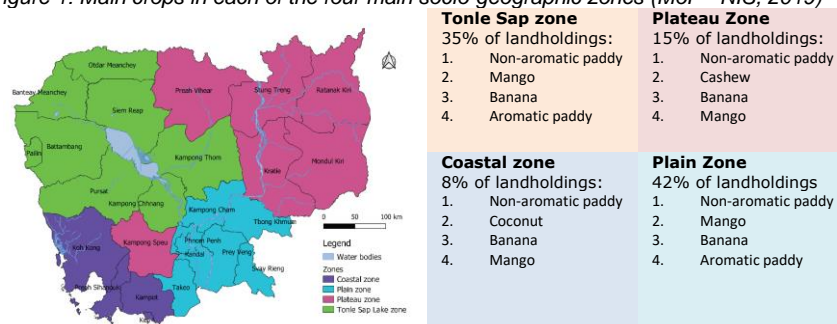
The combined number of members of agricultural households is 6.8 million people (42% of the total country's population), out of which almost 1.2 million are young people. On average, there are 3.9 members (persons) per agricultural household, ranging from 3.2 in Kandal Province to 4.9 in Stung Treng Province.

Table 2: Socio-demographic characteristics of agricultural household members

Agricultural households (nb of ppl)	total	Female	Female (%)
Ag Household head	1,735,000	408,000	24%
Incl. Young HH head	20,000	6,000	30%
Ag Households members	5,109,000	3,103,000	61%
Incl. Young HH members	1,188,000	601,000	51%
<b>Total nb of people in ag HH</b>	<b>6,845,000</b>	<b>3,511,000</b>	<b>51%</b>

The Government identified four main socio-geographic zones in the country: The Tonle Sap zone, the plateau/mountain zone, the plain zone and the coastal zone. The main crops in each of these zones have been assessed as in figure 3 below:

Figure 1: Main crops in each of the four main socio-geographic zones (MoP - NIS, 2019)



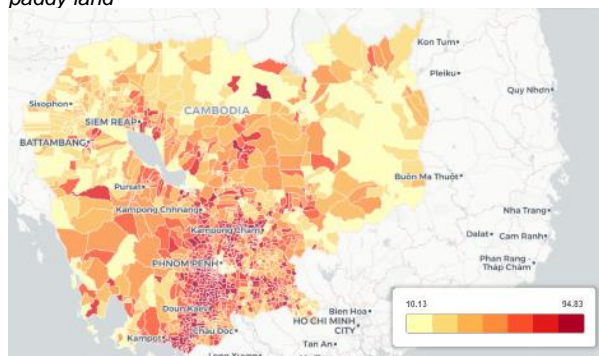
Typically, smallholders' farms are by nature diversified across three main agroecological components:

- Paddy field in lowland, inundated in wet season, more and less subject to floods in wet season (May-October) and sometimes irrigated in dry season (November-April). Paddy land area average 2 Ha per farm holding nationwide (ranging from 0.91 ha per holding in the coastal zone to 2.03 ha in the Tonle Sap zone). Paddy fields are dedicated to rice production in wet season and to rice or diversified crops production in dry season when irrigation is available. Around 40% of farm households producing paddy rice have access to irrigation, although tertiary networks and on-farm ditches are generally underdeveloped. Lack of access to adequate irrigation water service - and limited employment opportunities in rural areas - are among the main drivers of seasonal migration.
- Gardens in "upland" non-inundated areas, where non paddy crops are grown on relatively small area per farm holding engaged in such production: cassava (av. 2 Ha per holding), maize (av. 1.6 Ha per holding), cashew (av. 2 Ha per holding), banana and mango grown both around village settlements and in orchards.
- Homestead plots in or around the village settlements, dedicated to diversified home gardens, vegetable production (including under nethouse). Native "backyard" poultry and small livestock are also kept in this area.

**Land tenure**<sup>33</sup> : Almost all (98%) of agricultural households are owners of their landholding (or have owner-like possession of some part of their agricultural holding), but formal land registration remains rare: only 19% of the landholders are “sole proprietor with land registration”. Land rented from other households concerns only 4% of agricultural households.

In the Tonle Sap and Mekong Plain zones, agricultural landholdings have become increasingly fragmented and can no longer support rural households’ livelihoods (Figure 2). A recent study<sup>34</sup> highlighted the link between agricultural land fragmentation in the Tonle Sap and Mekong Plain zones and smallholder’s agrarian expansion towards the Plateau / mountain zone of the North-East. The internal migratory movements between rural areas is an on-going trend, in the context of on-going transition from subsistence farming to commercial agriculture.

Figure 2: Proportion of landholdings with less than 1 hectare of paddy land



(Source: OpenDevelopment map)

In parallel, the land market has significantly developed for both agricultural and non-agricultural land, and this has facilitated internal migration of smallholders willing to access larger farm landholdings in the Northern areas of the country. The study suggests that between 2009 and 2019, an area comprised between 480,200 and 1,400,000 hectares may have been deforested to accommodate smallholders’ agrarian extension. This estimate is comparable to the observed 1,416,462-ha area actually deforested outside large-scale agro-industrial plantations over the same period. This trend of smallholders’ driven deforestation is of particular concern: it may constitute a major constraint to the export of agricultural commodities destined to the EU market, in light of the new regulations on deforestation-free products<sup>35</sup>.

**Smallholders:** The National Institute of Statistics defines small-scale landholders as “Small-scale holders are defined using a combination of two criteria, namely the physical size of the food producer, as expressed by the amount of operated land and number of livestock heads in production, and the economic size of the food producer, as expressed by its revenues. They are identified as the producers at the intersection of the bottom 40% of the distribution of farm physical size and the bottom 40% of the distribution of holding’s economic size”. Under this definition, “smallholders” constitute almost 75% of all farmers in Cambodia, with some degree of variability amongst provinces as in Figure 5 below.

<sup>33</sup> Cambodia Intercensal Agriculture Survey (CIAS, 2019) :

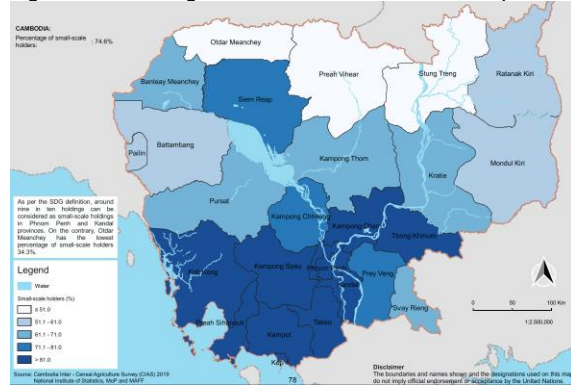
[https://www.nis.gov.kh/nis/Agriculture/CIAS2019/CIAS%202019%20report\\_FINAL\\_EN.pdf](https://www.nis.gov.kh/nis/Agriculture/CIAS2019/CIAS%202019%20report_FINAL_EN.pdf)

<sup>34</sup> Hayward, D. and Diepart J.-C. (2021). Deforestation in Cambodia. A story of land concessions, migration and resource exploitation. <https://landportal.org/file/59897/download>

<sup>35</sup> [https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products\\_en](https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en)



Figure 3: Percentage of small-scale holders in each province (Ministry of Planning NIS, 2019)



About 88% of agricultural households reported growing crops. The dominant crop across all four socio-economic zones of the country remains non-aromatic paddy rice, followed by perennial crops (Mango, cashew, coconut and banana). Aromatic paddy production is also reported to be an important crop around the Tonle Sap (av. 2.43 Ha per farm holding) and in the Mekong Plain of the Southeast (av. 1.42 Ha per farm holding). Organic rice production has also been developed by Agricultural Cooperatives in Preah Vihear province partnership with processing-exporting companies (AMRU, Signature of Asia). Animal production supports livelihoods and provide complementary income to 75% of farm households. For households reporting having a livestock production focus, the main activities are poultry (83% of all farm households, av. 30 hens per holding), cattle (57% of all farm households, av. 4 cattle per holding) and small livestock such as pig and goat (10% of all farm households).

The smallholders' agricultural production is primarily geared towards subsistence farming, aiming at fulfilling the households' consumption needs, while production surplus -if any- are commercialised. The 2019 census reported that 61% of the landholdings produce "mainly for home consumption" vs 39% "mainly for sale". However, a growing proportion of farmers are increasingly market oriented: The proportion of market-oriented farmers varies significantly from one province to another (see figure 6 below).

Smallholders' paddy production generally covers their own households rice consumption needs but selling production surpluses does not generate enough cash income to cover basic households' expenses. Selling family labour for daily wages is a common way for poor farm households to generate cash income without having to migrate. Nevertheless, the proportion of households resorting to this activity was low nationally (3.3% in 2019). As shown in figure 7 below, the provinces with a relatively high percentage of farm households selling family labour were Odar Meanchey (23.3%), Preah Vihear (15%) and Kratie and Koh Kong (9%). In these provinces with higher poverty incidence, 70% of these holdings reported that the contributions of daily wage labor were significant to the holding's total income.

Figure 4: Holdings reporting agricultural production as “mainly for sale” in percent, by province (MoP-NIS, 2019)

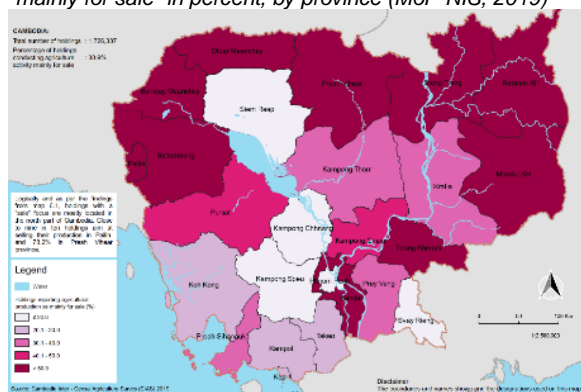
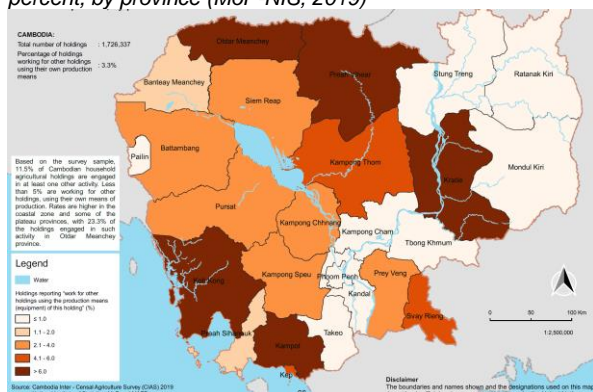
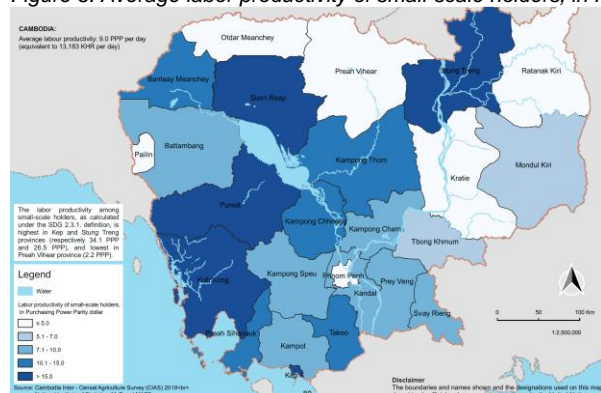


Figure 5: Holdings reporting “Work for other holdings” in percent, by province (MoP-NIS, 2019)



Return to labour is one of the key metrics selected to monitor the RGC’s Agriculture Sector Master Plan 2030 goal, which is: “To increase agricultural growth with high competitiveness and inclusivity by providing high quality products which result in food safety and nutrition by taking into account sustainable land, forestry and fisheries resource management”. In 2019, the average labour productivity of small-scale agriculture holdings nationwide was eq. KHR 13,183 per day (9 PPP\$), with a high variability amongst provinces as shown in figure 8 below.

Figure 6: Average labor productivity of small-scale holders, in Purchasing Power Parity (PPP) dollar (MoP-NIS, 2019)



Per World Development Indicators, the value added per worker in the agriculture sector increased by 63% over the last decade (from US\$ 949 in 2009 to US\$ 1547 in 2019, in constant 2015 USD). During the same period, the value added per worker in the industry and service sectors increased at a lower pace (34% and 11% respectively), reaching US\$ 2898 per worker in the industry sector and US\$ 2664 per worker in the service sector in 2019.

A study of Cambodia agriculture productivity conducted by the Supreme National Economic Council in 2021 concluded that the primary causes of the relatively low labour productivity in agriculture are: (i) Relatively weak farming techniques, linked to small share (5.8%) of public spending in extension services, and unharmonized and supply-driven extension services and (ii) Farmers still have relatively weak agro-entrepreneurship skills —from production, post harvest, farm management, and marketing.

These conclusions warrant further in-depth analysis in the current fast-changing context (recovery from the COVID-19 pandemic, pests and diseases outbreaks, market demand linked to new trade agreements, etc.) to effectively design flexible development interventions and monitor in real time their impact on agricultural labour productivity and smallholders’ farm income.

## Gender

In the five-year strategic plan for strengthening gender mainstreaming and women's empowerment (Neary Rattanak V, 2019-2023), the Ministry of Women Affairs (MoWA) reported that gender equality and women empowerment had progressively improved before the pandemic. The ministry adopts the Gender Gap Index as a key indicator widely used to quantify the gaps between women and men in four key areas: health, education, economy, and politics.

Cambodia gender gap ranking improved from 108<sup>th</sup> in 2014 to 89<sup>th</sup> out of 152 countries in 2019. However, the pandemic has had a negative impact on gender equality and some of the progress made over the last decade has been reversed: The latest gender gap report indicates that Cambodia has a gender parity score of 0.684 in 2021, ranking 103<sup>rd</sup> out of 156 countries worldwide and 12<sup>th</sup> out of 20 countries of East Asia-Pacific region.

Figure 7: Gender Gap indicators for Cambodia (Global Gender Gap Report, 2021)

	Rank in 2006	Rank in 2019 (pre-pandemic)	Rank in 2021	Score 2021
Global Gender Gap Index	89	89	103	0,684 *
Economic Participation and Opportunity	29	25	46	0.729
Educational Attainment	105	124	128	0.919
Health and Survival	1	73	46	0.978
Political Empowerment	94	119	126	0.111

(\*) Score of 1 reflects gender parity

Another metric, the UN Gender Inequality Index (GII) is a composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market ([UNDP, 2019](#)). It has a value of 0.474 for Cambodia, ranking it 144 out of 170 countries in 2019, but it has not been updated since the pandemic started to impact Cambodia in early 2020.

**Economic empowerment:** Per the latest Cambodia Socio-Economic Survey 2019/20, women's share of wage employment was the highest in the service sector (39%) followed by agriculture sector (36%) and the industrial sector (25%). Women participation in the labour force is 80.5%, significantly less than men (89.6%) and wage equality for similar work remains far from achieving parity: Women in Cambodia earn an estimated USD 3,500 on average, vs USD 4,400 for men. However, Cambodia fares well in terms of income earned by women, ranking 13<sup>th</sup> globally. Job positions with higher responsibilities (legislators, senior officials and managers) are overwhelmingly held by men (75.9%) while professional and technical work positions are more evenly balanced (54.1% men and 45.9% women). Gender imbalance in economic opportunities has worsen during the pandemic. As many jobs were lost in the garment, hospitality, entertainment, restaurant, and construction sectors, women suffered high levels of unemployment in 2020, forcing many from the formal economy into the informal economy and/or into debt. Recent data suggest that at least as many women re-entered the labor market in the second half of 2020 as those who had left in the first half of the year, but they did so into 'lower quality' jobs than they had prior to the crisis, often informal, own-account or contributing family work ([ADB, 2022](#))

**Workload of rural women and division of labour:** Women have a relatively high representation in agricultural households<sup>36</sup>: Members of agricultural households are in vast majority female (61%), and 24% of agricultural households are women-headed, vs 21.5% in the general population<sup>37</sup>. They have a higher work burden because of their triple role (which includes their reproductive, productive and social roles). Women generally perform most of the on-farm work (sowing, weeding, crop maintenance, animal feeding), at the exception of operations involving agricultural machinery such as land preparation

<sup>36</sup> Ministry of Planning – NIS, Cambodia Inter-Censal Agriculture Survey 2019

<sup>37</sup> Ministry of Planning - Cambodia Socio-Economic Survey 2019/2020

(mechanized at 98%) and harvesting (mechanized at 75% although machinery availability remains a constraint at peak season).

Before the pandemic, women typically spent less than 3 hours per day on unpaid tasks and domestic chores. During the pandemic, time spent on these activities has increased to 4-5 hours/day with 31% spending more than 6 hours every day on unpaid care and domestic work. Interestingly, respondents also reported that they have more "free time" (more than 4 hours a day), likely due to lockdowns, market closures and closure of garment factories and construction sites. Women were also affected by increased household chores, in part linked to schools' closure and in part linked to returning migrant workers in rural areas.

During field visits, it was observed that women employed in agri-processing factories are generally assigned low technical labour-intensive tasks (sorting pepper, peeling mangoes, shelling cashew nuts, etc.) while men perform more technical tasks (e.g. operating machinery and equipment) and are more often in supervisor and manager positions.

Access and control over assets: Gender discrimination remains a key constraint for women to control and manage productive assets such as land, buildings, and equipment. Legally, the Land Law guarantees equal rights to land for men and women but in practice female-headed households as much as women in male-headed households face various constraints with regard to access to land. Customary practices undermine principles of joint ownership in male-headed households. In addition, gender-biased norms often prevent women from exercising or claiming their rights<sup>38</sup>. It is estimated that less than 9% of women between 15 and 49 years of age own land, both alone and jointly<sup>39</sup>. Women have also relatively less access to productive services such as credit, markets, etc.

The recent development of year-round vegetable production has provided multiple benefits to women who are the care takers of vegetable patches. Vegetable production is relatively less strenuous than paddy production, is less vulnerable to climate events such as floods and droughts and provide both regular easily accessible food supply for domestic consumption and generate regular income streams of up to USD 500 per cycle ([UN Women](#), 2019)

Women's voice and role in decision making: Data-based evidence from on-going projects show that women are relatively well represented in community-based producers organisations, although parity is not achieved. Among the 1200 Agricultural Cooperatives currently registered nationwide, women represent 63% of the total number of members. In business clusters (informal producers organisations supported by the ASPIRE programme), women represent around 40% of the members. Women are also well represented in last mile extension workers positions. Gender parity is almost achieved for roles such as Community Extension Workers (CEWs)

Regarding decision making at household level, 86.3% of women participated in making major decisions in the household in 2014: 96% of women participate in decision about visits to family, relatives, or friends, 93% in decision about making major household purchase and 91% in decision about their own health care. (World Bank [gender data](#))

A community organisation level, women's participation in decision has improved but gender parity has yet to be fully achieved. A recent assessment of around 2,000 business clusters showed that gender parity in decision-making positions is almost achieved with 40% of administrative positions occupied by women. In most cases, however, women are assigned the role of cashier (46%) while they are much less likely to be in deputy and

<sup>38</sup> Anne Hennings, 2021: <https://landportal.org/book/narratives/2021/cambodia>

<sup>39</sup> The percentage of women age 15-49 who both solely and jointly with someone else own a land which is legally registered with their name or cannot be sold without their signature. "Both alone and jointly" Implies a woman owns a land alone and another land jointly with someone else.

leader positions (31% and 23% respectively). The same pattern is also valid across the 1200 Agricultural Cooperatives registered nationwide: there are around 40% of women in cooperative management committees. Women represented 20.1% of those employed in senior and middle management in 2017 and at national level, only 20% of seats in national parliament were held by women in 2020 (World Bank [gender data](#)).

**Gender based violence:** Economic pressures such as loss of employment, reduced income, or indebtedness are known factors that contribute to gender-based violence (GBV), by causing women to remain in abusive situations for financial reasons or to become vulnerable to exploitation (report by the NGO Committee on the United Nations' Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)). Intimate partner violence is by far the most prevalent form of violence against women globally and is defined as the percentage of ever-married women (ages 15-49) who have ever experienced physical or sexual violence committed by their husband or partner, whereas those who have ever experienced any form of sexual violence is the percentage of women (ages 15-49) who ever experienced sexual violence irrespective of marital status and perpetrator. In Cambodia, the share of women who have experienced intimate partner violence is 27%, less than the world average (World Bank [gender data](#)). However, recent studies and assessments indicated that the pandemic impact on employment and indebtedness had direct repercussions on more frequent Gender Based violence.

## Youth

Youth are defined<sup>40</sup> by people who are between 15 and 30-year-old of age as per the National Youth Policy and the National Youth Action Plan. The share of youth aged 15-29 not in employment, education, or training (NEET) is relatively low at 6.4%. The majority of NEETs are inactive, i.e. not looking for a job and not studying, and they are mostly women<sup>41</sup>. Young women are clearly disadvantaged compared to young men in the labour market. In 2014, 10.4% of young women were NEETs while only 2.2% of young men were NEETs. The NEET youth prevalence in urban areas was 6.7% and 6.3% in rural areas. Household background also made a difference as there were 7.9% NEETs in the poorest quintile compared to 5.2% in the richest, and 38% of NEETs were from agricultural households. Despite the very low rate of youth unemployment, the quality and stability of employment remain a big concern in Cambodia.

More than 80% of youth live in rural areas and the majority of youth work in the agriculture sector. Yet if they had an opportunity to migrate to the city or another country, or find jobs in another sector, they would. The percentage of youth working in the agricultural sector dropped from 83.5 percent in 1999 to 47.1 percent in 2013 and continues to decline. Youth that do work in agriculture mainly work on the family farm. Despite the overall decline, agriculture remains an important economic sector. However, without access to land, there can be no agricultural work. It is especially difficult for rural youth in Cambodia to access land of sufficient size for farming. Young people are not considered in arrangements for land tenure and distribution. Youth also face tremendous difficulties accessing financial services, particularly in rural areas. Few financial products are tailored specifically to young people, and financial institutions often perceive young people as riskier clients than adult farmers. The use of information and communications technology (ICT) is spreading rapidly among the Cambodian population. Limited access to the Internet – even to electricity in some villages – is a major constraint for young people in rural areas. In Cambodia, middlemen have more influence than smallholder farmers do over agricultural terms of trade. In general, long marketing chains present a challenge: they involve numerous intermediaries who diminish profits for farmers or supply credit for inputs at high interest rates. The situation is exacerbated by many (young) farmers' lack of knowledge about how markets work. Upstream development of value chains also faces

<sup>40</sup> In IFAD-funded ASPIRE, the Management Information System was revised in 2019 to change the acceptance of Youth as people between 16 and 24 years of age.

<sup>41</sup> Youth Well-being Policy Review of Cambodia, OECD 2017: <https://www.oecd.org/dev/inclusivesocietiesanddevelopment/Youth-well-being-policy-review-Cambodia.pdf>

various challenges in terms of availability (rural supply of inputs), access (farmers' ability to purchase inputs) and utilization (farmers' capacity to apply inputs and optimize their benefits). Furthermore, it is essential to involve young people in cooperatives and support them to form their own young farmer associations in order to empower youth, enhance peer learning and help minimize the risks associated with running their own farm businesses. Finally, formal and non-formal agricultural technical and vocational education and training (ATVET) often provides skills trainings that are disconnected from the needs of youth in remote areas who have often worked on family farms since childhood. ATVETs prepare young people for professional careers in formal employment, such as in the public or nongovernmental sector, but are of little relevance or not easily accessible to young farmers.

Civil society organisations are progressively gearing up to the challenge and provide support to youth to integrate in the society and take part in the national economy. For example, JCI has a network of seven chapters nationally and work in four areas: Entrepreneurship, skill development, community impact, international cooperation. Business matching events are also organised to facilitate access to finance and support for potential young entrepreneurs.

Entrepreneurship opportunities for youth in rural areas remain rare. Rural youth may be attracted by modern farm business models (hydroponic, nethouses, etc.). Ultimately agroprocessing facilities owned and operated by either SMEs or ACs in rural areas are the best options to provide employment opportunities to youth, both for unskilled work and technical, administrative or management positions.

Child labour is still a considerable problem in the country: 19.1 percent of Cambodian children aged 5–17 (755 245 people) are economically active, and most are from rural areas. In agriculture, child labour mainly occurs in the following sectors: Fishing, including deep-sea and night fishing; Peeling shrimp and shucking crabs; Production of tobacco, cassava, rubber, and rice; Growing, cutting, tying, carrying, and spraying pesticides on sugarcane; Logging for the production of timber; Production of salt; Production of bovines. In recent years, labour regulations have been strengthened, with emphasis on occupational safety and limits on working hours. However, regulations are rarely enforced outside the garment industry.

### **Indigenous peoples and marginalised groups<sup>42</sup>:**

In Cambodia government defined indigenous peoples as the group of people that resides in the territory of the Kingdom of Cambodia whose members manifest ethnic, social, cultural and economic unity and who practice a traditional lifestyle, and who cultivate the lands in their possession according to customary rules of collective use.<sup>43</sup>

The [National Report](#) on Demography Socio-Economic Status of Indigenous People published by the Ministry of Planning in 2021 stated that : "*identified indigenous peoples or group is based on the mother tongue, which found there are 22 indigenous ethnic groups<sup>44</sup> are located in 15 provinces<sup>45</sup> with the population of 183,831 or equal to 1.25% of the total population of Cambodia<sup>46</sup>. Among the 22 indigenous ethnic groups, there are six groups who have majority of indigenous population that over 10,000 people, these include Tampuan, Bunong, Kroeung, Kui, Jarai and Brov, which combined makes up 88% of the total indigenous population in Cambodia. Even though the indigenous peoples live in 15 provinces, but majority of them which is around (92.40%) are living in the six*

<sup>42</sup> This section has been prepared with inputs from Mrs. Yun Mane Executive Director of Cambodia Indigenous Peoples Organization (CIPO)

<sup>43</sup> Land law 2001 article 23 paragraph #1

<sup>44</sup> The 24 IPs groups are, Tumpun, Jarai, Kreung, Prao, Kavet, Pnong, Kouy, Steang, Kraol, Mil, Kachak, Por, Khaonh, Chongr, Sui, Thmol, Lun, Sa-och, Rode, Khe, Ro-orng, Spung, Laern, and Samre IPs groups.

<sup>45</sup> Rattanakiri, Mondulakiri, Kratie, Preah Vihear, Kampong Thom, Stung Treng, Oddor Meanchey, Kampong Cham, Pursat, Kampong Speu, Koh Kong, Kampong Saom, Battambang, Bantheay Meanchey and Siem Reap provinces

<sup>46</sup> National report on demography, socio-economic status of indigenous peoples in Cambodia.

*provinces Ratanakiri, Mondulakiri, Kratie, Stung Treng, Kampong Thom and Preah Vihear*<sup>47</sup>.”

IPs in Cambodia living conditions highly depends on customary access to and management of land and natural resources as well as biodiversity surrounding their community settlements. IPs retain connection to long-evolved cultures and patterns of living in local ecosystems, which have always been significantly unique for sustain traditional food systems that are biodiverse, nutritious, climate resilient and equitable, and anchored in sustainable livelihood practices as well as environmentally friendly and environment suitability. Indigenous Peoples’ farming, pastoralism, shifting cultivation, rotational agriculture, fishing, hunting and gathering have ensured the food sovereignty, health and well-being of indigenous communities over generations. These have also contributed to biodiversity conservation and sustainable development, benefiting the society as a whole.

Cambodia’s laws, regulations, and policies recognize and protect the land,<sup>48</sup> natural resources, and rights of indigenous communities. The article 31 of the Constitution guarantees the equal rights of all citizens of the nation without discrimination and other relevant legislation include: the land law 2001 (articles 23 to 28 and 265), the forestry law in 2002 (articles 39, 40 and 41), protected area law 2008 (articles 21 and 22), as well as others sub-degree and policies specifically on the rights of IPs to land registrations and access to the natural resources.

In practice, however, IPs have a relatively lower socio-economic status among the general population of the country, and they face challenges in terms of enforcement of laws and policies adopted in support to IPs. Some policies have limited the indigenous peoples’ rights in terms of access to land and resources. For instance, the Sub-Decree No. 83 on procedures of registration of land of indigenous communities adopted in 2009 only partially recognized customary practices of indigenous communities. The sub-decree recognized only five types of land including resident land, actual farmland, shifting cultivation land, burial sites and sacred forests while in practice IPs have more types of land.

Another significant issue faced by IPs is the rapid pace of economic development that led to an increasing demand for land by investors in the agro-industrial, mining and hydropower sectors. These developments not only restrict access to land and resources but also adversely impact indigenous livelihoods, way of life and culture.

The impact on natural resources and biodiversity is a potential threat to IPs livelihoods and traditional food systems are still not well understood, valued, recognized and supported. , and our traditional knowledge is fast disappearing

Historically, the indigenous peoples of Cambodia have not been included in any important agenda of the government laws and/or policy making. It might be because IP have been categorized as rural poor Khmer. However, after the intervention from the international community, countries which provided financial aid to the government after the national election in 1993 have raised the IP agenda as a key factor that needs to be addressed.

Per the Cambodia Socio-Economic Survey 2019/20, the percentage of the Khmer in the population is estimated at 95.4%. The second largest ethnic group in Cambodia is “Cham” (2.4%), Chinese (1.5%) and Vietnamese (0.2%). There are 24 groups, with the highest populations by far in Ratanakiri, Mondulakiri and Kratie provinces. They are estimated to number around 250,000 to 400, 000 individuals or around 3% of the population (IWGIA)

Cambodia adopted the UN Declaration on the Rights of Indigenous Peoples without reservation in 2007 and the Ministry for Rural Development approved the National Policy

<sup>47</sup> National report on demography, socio-economic status of indigenous peoples in Cambodia.

<sup>48</sup> Land territory is fundamental for IPs

on the Development of Indigenous Peoples (NPDIP, 2009). The NPDIP aims to promote the livelihoods of indigenous peoples and to improve their quality of life.

IFAD published a Country Technical Note on Indigenous Peoples' Issues in 2012 and noted: "The immediate challenge faced by indigenous communities in Cambodia is the loss of rights to land and natural resources. As a result, land alienation has contributed to loss of jobs, impoverished livelihoods and health, loss of opportunity to attend school, and loss of traditional and cultural practices. The poverty of indigenous communities is also related to indigenous peoples' lack of representation in decision-making and in formulating and enforcing policies and laws." (IFAD, 2012). In some instances, land alienation also have contributed to loss of cultural identity of the IPs

In connection to the lack of representation in decision-making, found that the process of reach the decision rarely see in practice, especially on the process of developing the policies/program/projects which lead to created a lot of problems to indigenous peoples over their land and natural resources especially their culture identity and socio-economic value. In addition, there is no standard process for the conduct of FPIC within IPs by the government. The form and process of FPIC generally follow frameworks and approaches designed by Development Partners and the government not IPs. Therefore, the most important part of the consent is to follow the indigenous community consent process as well as IFAD-FPIC principle in working with IPs on any kind of projects' intervention.

#### Persons with Disability (PwD)

According to the 2019 General Population Census, 4.9% of Cambodia's population aged five years and above experience some difficulty in performing basic functions. Persons with disabilities face multiple challenges such as inequality and discrimination in access to education, healthcare, employment, social protection, and justice, public transport and are particularly vulnerable to violence and other violations of their rights. Women and girls with disabilities face additional discrimination and barriers when accessing services compared to men with disabilities. They are also vulnerable to violence because of their gender and disabilities (UNDP)

Cambodia is a signatory member of the Convention on the Rights of Persons with Disabilities (CRPD) since 2012. In 2009, the National Assembly adopted the Law on the Protection and the Promotion of the Rights of Persons with Disabilities, aiming to protect and promote the rights of persons with disabilities within the Kingdom of Cambodia. The purposes of this law are: (i) to protect the rights and freedoms of persons with disabilities; (ii) to protect in the interests of persons with disabilities; (iii) to prevent, reduce and eliminate discrimination against persons with disabilities; and (iv) to rehabilitate physical, mentally, and vocationally in order to ensure that persons with disabilities are able to participate fully and equally in activities within society.

The Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY) has given priority to disability related work, as stated in the work platform of MoSVY, through the development of policies and other regulations to promote and extend the basic rights of people with disabilities.

The Disability Action Council<sup>49</sup> in collaboration with the Ministry of Social Affairs Veteran and Youth Rehabilitation have published the National Disability Strategic Plan 2019-2023.

The government has received support from the civil society and Development Partners into the implementation and formulation of regulations and policies. In particular, a

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<sup>49</sup> Disability Action Council is the national coordination and advisory mechanism on disability issues that was established in 2009. DAC promotes, coordinates and strengthens the capacity of DAC affiliated members to initiate, secure the rights and services necessary for disabled persons, thus enabling them to enjoy equal rights, obligations, opportunities and quality of life as others in the community.



consultative meeting on Amending the Law on the Protection and the Promotion of the Rights of Persons with Disabilities was organised in January 2021 with the support of the Australia-Cambodia Cooperation for Equitable Sustainable Services (ACCESS) Program, and in partnership with UNDP.

### **Nutrition**

Cambodia's nutrition profile indicates severe nutritional deficiencies, namely high rates of stunting in under five-year-old children and anemia in women of reproductive age. Key micronutrient deficiencies include iron-deficiency anemia, which affects 56 percent of children, and anemia not specific to iron-deficiency, which affects 44 percent of women of reproductive age<sup>50</sup>. Prevalence of undernourishment<sup>51</sup> decreased from 17% in 2004/2006 to 6.2% in 2019, but overall prevalence of food insecurity in the general population is still high: severe food insecurity affects 13.4% of the population and moderate food insecurity 44.8%. (State of food security and nutrition in the World, SOFI, 2021).

The diet of agricultural households is mainly composed of cereals (predominantly rice), vegetables, fish, meat, and—to a lesser extent—fruit, root crops, and legumes<sup>52</sup>. Stunting is negatively associated with dietary diversity. In particular, the consumption of animal-source foods was found to be a protective factor against stunting and underweight in children<sup>53</sup>. Fish is the primary source of protein for children. The consumption of pulses, an important source of both protein and micronutrients, is low. The main causes of food shortages in agricultural households include low levels of food production due to lack of capital and land area, and crop losses due to heavy rain, drought, or pests<sup>54</sup>. These factors often have negative implications for nutritional status, and might be further exacerbated by climate change.

There is also scope for IFAD interventions to focus on food safety at farm and Producers Organisation levels in particular when supporting post-harvest and processing operations. "Food safety is the absence, or safe, acceptable levels, of hazards in food that may harm the health of consumers. Food borne hazards can be microbiological, chemical or physical in nature and are often invisible to the plain eye; bacteria, viruses or pesticide residues are some examples." (FAO food safety website). The food products for which food safety challenges are most prominent are cereals and nuts susceptible to aflatoxin contamination, and high-value fresh products such as fresh fruit and vegetables, meat and dairy (IFAD, 2017).

At consumer level, food safety concerns influence dietary behaviors in low- and middle-income countries (LMICs) but despite food safety concerns, consumers could not always ensure that they consumed safe food; barriers were affordability, accessibility and appeal. Key concerns included fear of pesticides, fertilizers, hygiene in/around food outlets, unhygienic vendor practices and household storage/preparation methods (Liguor J. et al, 2021).

## **B. Environment and climate context, trends and implications**

In the statistics reports published by the Ministry of Planning, the country encompasses four distinct socio-geographic zones, as shown in figure 3 above: (i) the Tonle Sap zone

<sup>50</sup> International Food Policy Research Institute (2017). Climate change, gender and nutrition linkages: Research priorities in Cambodia.

<sup>51</sup> after [World Bank data](#)

<sup>52</sup> NIS-MAFF (National Institute of Statistics, Ministry of Planning, in collaboration with the Ministry of Agriculture, Forestry and Fisheries, Kingdom of Cambodia). 2015. Census of Agriculture in Cambodia 2013.

<sup>53</sup> Darapheak, C., T. Takano, M. Kizuki, K. Nakamura, and K. Seino. 2013. "Consumption of Animal Source Foods and Dietary Diversity Reduce Stunting in Children in Cambodia." *International Archives of Medicine* 6: 29.

<sup>54</sup> NIS-MAFF (National Institute of Statistics, Ministry of Planning, in collaboration with the Ministry of Agriculture, Forestry and Fisheries, Kingdom of Cambodia). 2015. Census of Agriculture in Cambodia 2013.

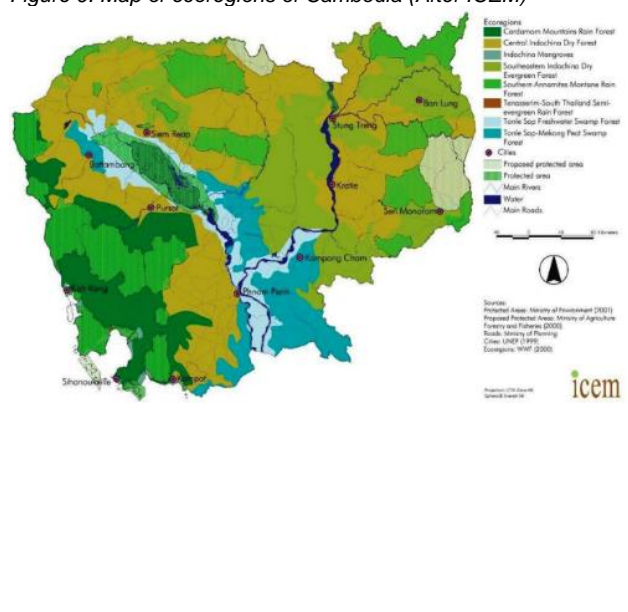
around the great lake that cover almost 10% of Cambodia's surface area during the peak of the wet season, (ii) the plain zone, corresponding to the lower part of the Mekong River trajectory across Cambodia and directly connected to the Mekong Delta in the south; (iii) the coastal zone along the shoreline of the Gulfe of Thailand and (iv) the plateau zone in the north-east plus Kampong Speu province, west of Phnom Penh.

**Landscapes and biodiversity:** Within the broad Indo-Malayan ecological region, Cambodia encompasses a rich diversity of landscapes, categorised in eight distinct eco-regions, three of which have conservation status assessed as critical/endangered. The links in the figure below provide detailed information on the characteristics of each eco-regions including their intrinsic biodiversity features<sup>55</sup>.

Figure 8: Cambodia ecoregions and status

Ecoregions	Link	Status
Indochina mangroves	<a href="#">IM1402</a>	Critical / Endangered
<b>Tropical and subtropical dry broadleaf forests</b>		
Central Indochina Dry Forest	<a href="#">IM0202</a>	Vulnerable *
Southeastern Indochina dry evergreen forest	<a href="#">IM0210</a>	Critical / Endangered
<b>Tropical and subtropical moist broadleaf forests</b>		
Cardamom Mountains rain forest	<a href="#">IM0106</a>	Relatively Stable / Intact *
Southern annamites montane rain forest	<a href="#">IM0152</a>	Vulnerable *
Tenasserim-South Thailand Semi evergreen rain forest	<a href="#">IM0163</a>	Relatively Stable / Intact *
Tonle Sap freshwater swamp forest	<a href="#">IM0164</a>	Vulnerable
Tonle Sap Mekong Peat swamp forest	<a href="#">IM0165</a>	Critical / Endangered

Figure 9: Map of ecoregions of Cambodia (After ICEM)



Note: Ecoregions noted with (\*) above are part of the "Global 200" list of ecoregions with biodiversity features assessed for their irreplaceability or distinctiveness. These features included species richness, endemic species, unusual higher taxa, unusual ecological or evolutionary phenomena, and the global rarity of habitats.

Cambodia has a total land area of 176,500 square kilometers, of which 41% is under protected area status. The 2008 Protected Areas Law (2008) defined eight categories of natural protected areas, for forest land, wetland and marine ecosystems. As late 2017, Cambodia had almost 50 protected areas, covering 7.5 million hectares. However, fragile forest habitats of Cambodia have been affected by deforestation, and three of the country's eight ecoregions are now considered as critical / endangered.

Current estimates of remaining natural forest cover vary considerably, but the official consensus is that about half of Cambodia's land area has some form of forest cover (MoP-NIS, Statistical Yearbook, 2021). The World Bank data show that forest cover declined from 60% in 2009 to less than 46% in 2020.

Hayward, D. and Diepart J.-C. (2021). identified three key drivers of deforestation: (i) large-scale acquisition of land for agro-industrial development, (ii) Agrarian expansion by smallholder farmers and (iii) illegal logging. The study estimates that large-scale agro-industrial plantations cover 831,300 ha, equivalent to about 31% of the deforestation that occurred between 2001 and 2019.

<sup>55</sup> Cambodia is one of the most biodiverse countries in Southeast Asia, with as many as 8,260 plant species (10% of which may be endemic) along with more than 250 species of amphibian and reptile, 874 fish species and over 500 bird species (<https://www.fauna-flora.org/countries/cambodia/>)

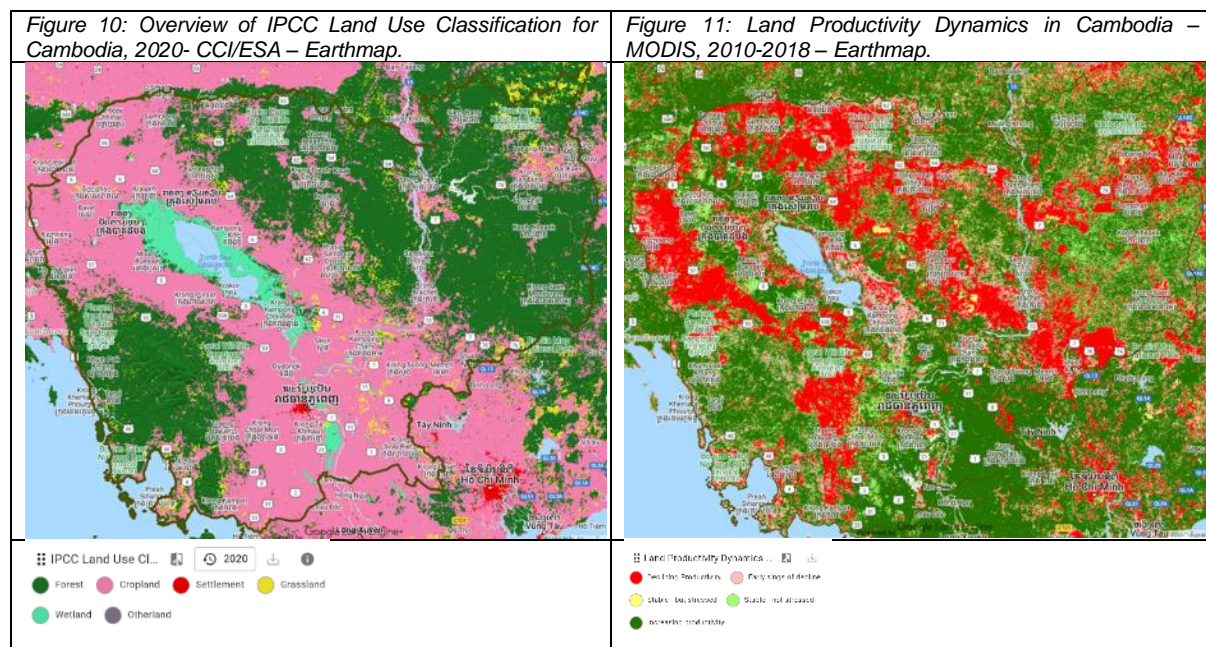
The study also links smallholder's agrarian expansion to deforestation, due to internal migratory movements between rural areas, in the context of on-going transition from subsistence farming to commercial agriculture.

### Land use and land degradation

Cambodia has a total land area of 176,500 square kilometers, out of which 31.5% is agricultural land. Figure 10 below provides an overview of the land use map for Cambodia in 2020. Detailed maps can be accessed at <https://earthmap.org/>

Soils of Cambodia belong to two main texture classes: Clay-loam in the low-lying areas of the Tonle Sap and Mekong delta zones, and sandy clay loam (SaCILo, as per USDA classification) on sloping land of higher grounds in the plateau/mountain zone, where siliceous sedimentary formations occur.

These sandy soils are of low fertility and are also the most prevalent in agricultural lands. When not under vegetation cover, these soils are also particularly susceptible to erosion and land degradation. In respect to soil erosion, Cambodia has about 4.45 million ha of land under highly erodible class. The map in Figure 11 below show Land Productivity Dynamics, which is a representation of land productivity trends that have persisted between 2001 and 2018. These trends (decline, stress, stability and gain of productivity) are generated through the interaction of three NDVI-based indicators (Steadiness, Initial standing biomass, and Standing biomass at change).



The drivers of land degradation in Cambodia have been attributed mainly to deforestation, expanding agricultural lands, climate change, pest and diseases, unsustainable land management, and infrastructure development (MAFF, 2018)<sup>56</sup>

In the framework of the United Nations Convention to Combat Desertification (UNCCD), the government has determined Land Degradation Neutrality Targets to 2030 as follow: (i) By 2030, forest cover will be increased to 47% of the total land area (The most recent baseline figure for forest cover is 82,198 sq. km equaling 45.26% of total land cover, as of 2016). This will require an additional gain in forest cover area of about 3,157 sq. km. (ii) By 2030, increase in agricultural growth by 5% per annum as compared to 3% in 2016 (ASDP 2014- 2018), (iii) By 2030, soil organic carbon (SOC) stock in forest and

<sup>56</sup> Land Degradation Neutrality Targets, MAFF, January 2018

cropland will be increased by 1.2% per year as compared to 2015, and (iv) By 2030, ecosystems and their services are maintained and enhanced by establishing 23,500 sq. km of protected forest and 3,900 sq. km of production forest; and restoring at least 8% of degraded and depressed protected areas, conservation areas, agroecosystems and forest ecosystems including mangroves. The enhanced ecosystem services are particularly for women, elders and children in local communities and indigenous ethnic minority groups.

A set of ambitious measures have been defined to achieve the target of Land Degradation Neutrality by 2030, including forest protection and reforestation, restoration of degraded and deforested landscapes in Kampong Thom, Preah Vihear and Siem Reap provinces<sup>57</sup>, reduction of forest land conversion by cessation of economic land concession program, governance and law enforcement, increased productivity of cropland by applying good agriculture and animal husbandry production standards (GAP and GAHP), application of sustainable agricultural practices (Conservation agriculture, organic farming) to increase soil organic matter content to 4% of cropland per year (Rice, vegetables, fruit trees), among other measures (MAFF, 2018)

The Integrated farming systems promoted under the SUCRA component of ASPIRE in collaboration with the Center for Agriculture and Environment studies (CAES) and the Center for Development and Environment of the University of Bern have also proven resilient in the context of the pandemic and migrants moving back to rural areas. The analytical framework design to measure Integrated Farming Systems benefits on the long run is also of particular interest to build evidence for further dissemination of integrated farming systems and sustainable agriculture practices.

#### Agricultural Soils:

Agricultural soils in Cambodia are generally assessed as having low chemical fertility. Analysis of soil sample in the national database showed that all types of soils low pH (ranging from 4.6 to 5.4), low to very low Cation Exchange Capacity and very low organic Carbon content (ranging from 0.25 to 1.17%). In addition, conventional rice cultivation destroys any structure that they have.

As the price inorganic fertilizers have dramatically increased in the last years, their application remains low and in most cases below levels required to compensate for the large amounts of nutrient elements are removed from the soil in crop harvests. Without regular reconstitution of nutrients, soil degradation can only worsen and on the long run productivity plateaus and declines. Farmers have been encouraged to use animal manure but, in most experiments, the rates of manure application used (generally around 5 t/ha) are far higher than a farmer could access (estimated to be less than 1 ton/ha). (Blair and Blair, 2014)

Potential pathways to build and maintain soil fertility are to shift from monocropping (or rice in paddy for example) and promote more diversified crop rotations and introduce relay crops, cover crops, and other form of crop association. This has been mentioned repeatedly by buyers of agricultural products, in particular in organic value chains where inorganic fertilisers are prohibited. Other options include soil conservation techniques (zero tilling or minimal soil preparation) to limit soil disturbance and promote soil microorganisms. Other options include use of bio slurry from biodigesters where available, and innovative soil carbon sequestration options that have multiple benefits on soils structure, microbiological activity, water retention capacity. In turn this soil management approach has proven positive impacts on plant health that ensure higher tolerance to pests and diseases.

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<sup>57</sup> Approaches include implementing Restoration Opportunities Assessment Methodology (ROAM) and Forest Landscape Restoration, as well as assisted natural regeneration

Another emerging issue in agricultural soil management is linked to the intensification of vegetable production under nethouses. With up to 9 production cycles a year, nutrient depletion of soils under nethouse is a growing concern. This issue has been confirmed by Agricultural Cooperative and lead farmers engaged in this activity. Representatives of the union of vegetable production Agricultural Cooperatives in Battambang are actively promoting a fewer production cycles per year to allow for a short fallow period between each harvest. On-farm production of compost from crop residues and animal waste is also actively promoted and has been observed as a common practice during field visits.

Agricultural intensification is also associated with increased use of equipment made of plastic for greenhouses, plastic sheets for mulching and soil solarization, drip lines and other “water saving irrigation” equipment, protective fruit bagging on mango, banana trees, agro-chemical packages, vegetable and fruit retail packages, etc. In absence of adequate handling and disposal practices, plastics may end up in the soils and negatively affect the soil microbiologic activity.

#### Land tenure:

The Land Law recognizes private, state and collective ownership divided into the following sub-categories:

State land accounts for about 75-80 % of Cambodia’s total land area. It is divided into two subcategories: (i) State public land can be leased for up to 15 years but neither sold nor granted as economic or social land concessions and (ii) State private land that can be sold or leased, including long-term leases and land concessions for agribusinesses.

Collective property such as (i) Monastery property, (ii) Indigenous property covers land where ethnic minority communities have established their residences and where they carry out traditional agriculture. Unregistered land held in collective land ownership by indigenous communities is considered as collective property on state public land.

Private land: Private ownership consists of individual ownership, undivided ownership, divisible co-ownership and joint ownership. Only natural persons or legal entities of Khmer nationality have the right to own land.

Generally Low-income households (such as smallholder farmers) possess only soft titles that are not registered at the Land Office. In these cases, households are protected under possession rights (paukeas) instead of the stronger legal category of ownership rights (kamaset).

For farmers in the fertile lowlands of the Tonle Sap and Mekong Plain zones, private land ownership rights have formed the foundation of rural livelihoods post-conflict. On the other hand, the plateau and mountain zones as well as border areas have been subject to land acquisitions for cash crop production and extractive industries.

Land registration and titling has been an on-going process, but tenure insecurity remains high, particularly among the poor, women, youth, and indigenous groups. In rural areas, landlessness affects at least 20% of rural households<sup>58</sup> and another 40% of households own less than 0.5 hectares.

Water resources: About 70% of the annual water resources are water inflow from upstream countries, mostly through the Mekong River. About 86% of Cambodian territory is located within the Mekong River Basin that include the Mekong Mainstream, the Bassac river, the Tonle Sap River and associated Great Lake. There are five districts river basins forming the water landscape of the country: (i) the Tonle Sap covering about 45% of the country surface area, (ii) the Upper Mekong from the Lao PDR border in the North to

<sup>58</sup> [https://www2.ohchr.org/english/bodies/cescr/docs/ngos/CHRE\\_Cambodia\\_CESCR42.pdf](https://www2.ohchr.org/english/bodies/cescr/docs/ngos/CHRE_Cambodia_CESCR42.pdf)

downstream of Kratie (iii) the Sekong, Se San and Sre Pok rivers in the northeast corner, (iv) the Mekong delta encompassing the Mekong River downstream of Kratie to the Vietnamese border in the Southeast. The flood plain is subject to backwater effects during the wet season and sea tidal effects in dry season and (v) the coastal basin in the southwest, bordering the gulf of Thailand and the cardamom mountain massif.

Figure 12: Main River basin groups of Cambodia



Variations in water availability are by nature highly seasonal in Cambodia, due to the rainfall distribution and fluctuations of river discharges in the Mekong basin. This annual pattern typically features floods, typhoon and droughts and poses challenges in terms of water management to fulfill the ever-increasing water demand of various end users: Agriculture accounts for 96% of all water use, domestic rural use 1%, and industry, domestic urban, and aquaculture use less than 1%. Water quality in the Lower Mekong Basin is regularly monitored by the River Mekong Committee<sup>59</sup> and has been consistently assessed as of good or very good for the protection of both human health and aquatic life.

It is estimated that only about 2% of the total surface water volume is currently used, but water shortages regularly occur (frequently in dry season in the Tonle Sap river basin), due to lack of water storage and constraints in access to water. Water shortage directly affect crops, livestock, fisheries, and domestic use but also ecosystems sustainability. It is expected that the current water management challenges will be further compounded by the effect of climate change (see section below). To address these challenges, the Government, through the Ministry of Water Resources and Meteorology has defined a National Water Resources Management and Sustainable Irrigation Road Map and Investment Program 2019–2033. It has identified the water management constraints as: (i) lack of water storage to support all water user needs including agriculture, urban, and the environment; (ii) minimal water resources information to support evidence based decision-making; (iii) lack of integrated water resources management and water allocation plans at river basin levels; and (iv) irrigation schemes that lack modern facilities to support efficient water delivery and higher agriculture production including diversification into high value crops.

There is tremendous potential to improve irrigated agriculture and production: There are about 2,500 irrigation schemes nationwide, serving a cumulated command area of about 1.2 million hectares, which represents only 22% of all arable land. In more than 50% of the irrigation schemes, only one crop cycle can be achieved. The schemes located in the Tonle Sap River Basin represent 60% of the country's irrigated areas but the majority do not have access to reliable, year-round water sources (ADB brief 171, 2021)

<sup>59</sup> <http://interactive.mrcmekong.org/sobr-2018-findings/environmental-dimension/>

The road map and investment program to 2033 aim at establishing system-wide approach to water resources management and irrigation development, where irrigation infrastructure development is part of more effective sustainable water resources management and contributes to increased agricultural productivity and profitability by enabling response to agricultural needs such as crop diversification.

The recent Surface Water Resources Assessment study conducted by ADB in 2021, concluded that (i) Modernization of irrigation schemes that allow more efficient water use can significantly reduce the annual irrigation water shortage by 8% to 45% in some schemes (ii) Doubling of crop intensities from slightly higher than 100% to around 200% without changing the present paddy-rice-dominant cropping pattern will mechanically increase water demand and exacerbate water shortage for crops and all other usages (iii) crop diversification in dry season (70% paddy and 30% vegetables) can reduce water demand by would result in a reduction of water demand by 8% and irrigation water shortage by 15% in the Pursat-Sangker river basin, for example. A full conversion to diversified crops in dry season would translate into a reduction in water demand by 32% and water shortage by 58%.

The development of diversified cropping patterns in irrigated paddy land has long been promoted by line agencies with support from development partners with arguably limited success. The irrigation systems are primarily designed for inundated rice production. Tertiary and on-farm water distribution and drainage networks as well as water regulation structures are inexistant or inadequate to match water requirements of non-rice crops. In the framework of participatory irrigation management and development, on the other hand, the Farmers Water Users Communities (FWUC) in charge of managing irrigation systems have generally received basic training on irrigation systems Operation and maintenance aspects but they generally have low business and financial literacy. Crop diversification warrants strong producers organisations that are able to engage with buyers to ensure reliable and remunerative market access for agricultural products other than paddy rice.

Other findings of the study included the need to increase water storage capacity in the Tonle Sap River basin to support further expansion of irrigated areas, while in the Mekong Delta River basin, improvements in drainage and flood protection of irrigated have the potential to boost total crop production in the area by enabling another crop cycle in the early wet season. The study also highlighted that investments in irrigation and water resource development will likely impact environmental flows.

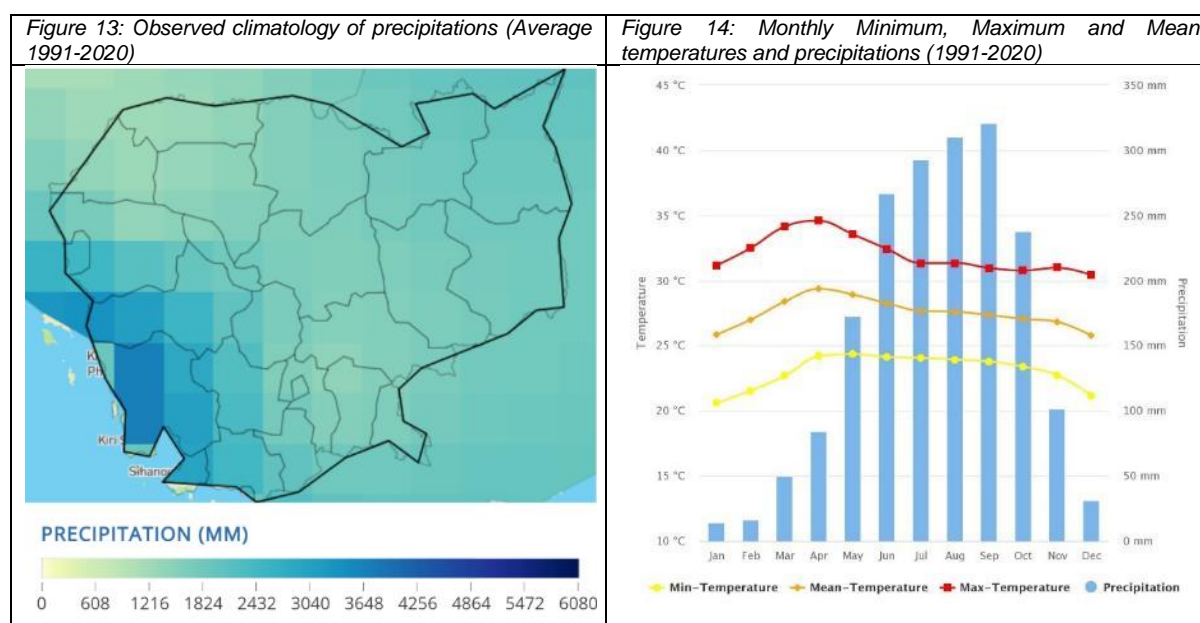
Regarding water rights, the article 11 of the Law on Water Resources (2009) stipulates that "Every person has the right to use water resources for his/her vital human need including drinking, washing, bathing and other domestic purposes including watering for animal husbandry, fishing and the irrigation of domestic gardens and orchards, in a manner that will not affect other legal right of others in amount not exceeding that necessary to. The fore-mentioned uses are not subject to the licensing."

Irrigation with groundwater is on the rise in Cambodia and may outpace increases in access to surface water sources. installation of motorized-pump irrigation wells has already increased at a rate of around 20% per year over the period 1996-2005 (IDE, 2005). Satellite-based analysis of land-cover change indicates that the area irrigated with groundwater is growing at a similarly high rate. This unplanned growth may lead to adverse effects that include water table decline, making groundwater more difficult to access and costlier to lift, land subsidence, and potential exacerbation of naturally occurring arsenic contamination (Winkel et al., 2011, Erban et al.,2013).

### Climate:

The climate in Cambodia is affected by two major weather systems: the South Asian summer monsoon circulation and the Westerly Jet circulation. Under these two weather systems, the climate of Cambodia has two distinct seasons: a monsoon-driven rainy season from May to October accounting for up to 90% of annual precipitation, and a dry season from November to April, with cooler temperatures, particularly between November and January.

The dominant sub-climate types after the Köppen–Geiger climate classification system are: (i) Tropical savanna climate with dry-winter characteristics (Aw) over most of the country and (ii) tropical monsoon climate (Am) over a wide band along the coast of the Gulf of Thailand and in the mountainous North-Eastern corner of the country bordering Lao PDR and Vietnam.



**Precipitation:** The annual average rainfall is typically 1,400-2,000 mm and varies significantly across the country geographic zones. Average annual rainfall can be as low as 1,400 mm in the central lowlands and as high as 4,000 mm near the Cardamom mountains and nearby coastal areas in the southwest. The eastern plains receive approximately 2,000 to 2,600 mm of rainfall annually and may exceed those amounts in the mountainous areas in the Northeast. Broadly, precipitations are higher in the coastal and highland areas and lower in the inland zones of the Tonle Sap and the Mekong plain and delta.

Patterns of precipitation remain influenced by the complex relationship between the dominant regional climate regimes and The El Niño-Southern Oscillation, that typically generates warmer than average and drought conditions in the dry season at irregular intervals of 5 to 8 years. La Niña events bring cooler than average conditions.

**Temperatures:** Temperatures remain between 25-27°C throughout most of the year and can rise over 32°C in March-April before the onset of the westerly monsoon. Despite relatively moderate altitude variations across the country, average temperatures are relatively uniform.

### Climate historical trends

Temperatures have increased at an approximate rate of 0.18°C per decade since the 1960s. Temperature increase has been more marked during the country's dry season than during



the rainy season. The number of 'hot days' in the country has increased over the last century, by as much as 46 days per year. No significant change in annual rainfall or extreme events have been observed over the last century

#### Climate futures<sup>60</sup>:

The four Representative Concentration Pathways (i.e., RCP2.6, RCP4.5, RCP6.0, and RCP8.5) models indicate a trend of continued, consistent warming that varies by emissions scenario.

Climate projections indicate that the **monthly temperature** variable for 2040-2059 under the RCP 8.5 Scenario is higher than 1 degree compared to the baseline mean temperature.

For **precipitations**, considerable uncertainty surrounds projections of local long-term future precipitation trends in Cambodia. These uncertainties are linked with the limited number of downscaled studies that assess precipitation changes as well as the unpredictable nature of the El Nino Southern Oscillation. However, an increase in precipitation is expected for seasonal rainfall between June and August in the northwest regions of the country, but the northeast of the country should expect a decrease in annual average precipitation. Projected trends also do show a likely increase in the frequency and intensity of heavy rainfall events as well as an increase in the amount of rainfall received during these events ([Climate Risk Country Profile: Cambodia \(2021\)](#): The World Bank Group and Asian Development Bank)

Figure 15: Projected Mean temperature for 2040-2059 under SSP5-8.5 multi-model ensemble

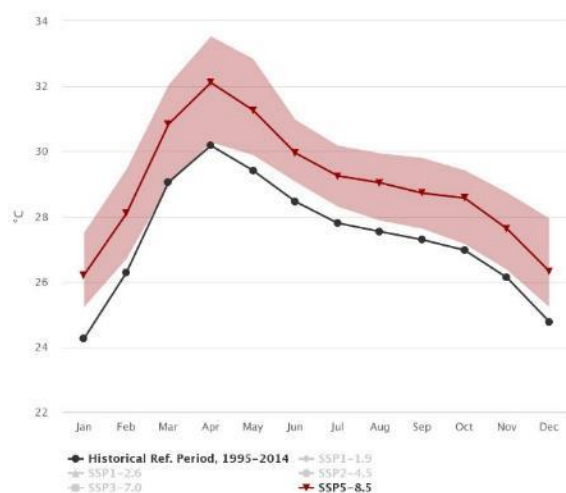
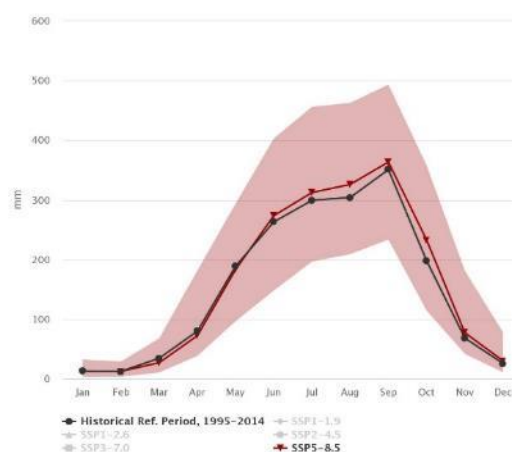


Figure 16: Projected precipitations for 2040-2059 under SSP5-8.5 multi-model ensemble



Source: Climate change climate portal (<https://climateknowledgeportal.worldbank.org/>)

**Heatwaves:** the incidence of permanent (chronic) heat stress is likely to increase significantly in Cambodia under all emissions pathways, captured as the prevalence of days with Heat Index >35°C, this represents the combination of temperature and humidity to produce conditions dangerous for human health

#### **Trends in extreme events:**

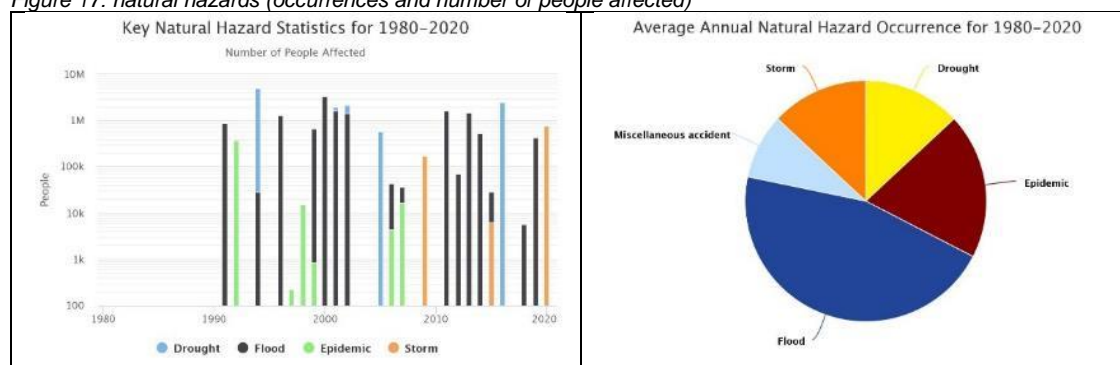
Cambodia is one of the more disaster-prone countries in Southeast Asia, affected by floods and droughts on a seasonal basis. During the 20-year period from 1987 to 2007, a succession of droughts and floods resulted in significant loss of life and considerable economic loss.

**Floods:** Most of the precipitations are concentrated over a few months during the wet season and as result, low lying areas of the Tonle Sap and Mekong plain zones are flooded,

<sup>60</sup> <https://climateknowledgeportal.worldbank.org/country/cambodia/climate-data-projections>.

more or less severely, every year. With more than 80% of the population living in these areas, flood damages are generally significant in Kandal, Kampong Cham, Kratie, Prey Veng, Stung Treng, Svay Rieng, and Takeo. Flash floods in tributaries around the Tonle Sap Lake affect other provinces.

Figure 17: natural hazards (occurrences and number of people affected)



Source: Climate Change resource portal

Droughts: Coupled with poor management, access, and storage of existing water resources, delays or early ending of the monsoon rains and erratic rainfall have contributed to droughts in Cambodia, especially in Svay Rieng province, which is one of the most drought-prone provinces in the country.

Sea Level Rise: Rising sea levels could pose a significant threat to marine coastal areas, which already suffer from storm surges, high tides, beach erosion and seawater intrusion. Low-lying areas, including settlements, beach resorts; seaports, coastal fisheries, and mangrove forests could all be affected.

### Climate risks and vulnerability

Cambodia has high climate vulnerability and exposure to climate shocks. It is ranked 151st out of 181 countries in the 2020 [ND-GAIN](#) Index<sup>61</sup>.

The [World Risk Index](#) of 15.8% indicates very high risk of disaster in consequence of extreme natural events, with an exposure index of 27% and a vulnerability index of 59%.

Identified hazards are assessed as high across the whole country for river floods and coastal floors, landslides, cyclone, extreme heat, wildfire. Risks related to earthquake, tsunami and water scarcity are assessed as low. Under the foreseen climate change impacts, there is medium confidence in more frequent and intense heavy precipitation days and an increase in the number of extreme rainfall events. The present hazard level may increase in the future because of climate change. ([Think Hazard report](#) for Cambodia)

## III. Part 2 -Institutions and legal framework

### A. Institutions

The most important institutions that have potential to help achieve IFAD's mainstreaming agenda are the Ministries, their technical departments and line agencies at subnational levels, including: MAFF, the Ministry of Rural Development (MRD, implementing the

<sup>61</sup> The ND-GAIN Index ranks 181 countries using a score which calculates a country's vulnerability to climate change and other global challenges as well as their readiness to improve resilience.

SAAMBAT project), the Ministry of Industry and Commerce (MoIC, implementing the AIMS project) and the Ministry of Environment

At subnational level, PDAFF (provincial department of agriculture, fisheries and forestry) are the main public stakeholders in charge of delivering services to farmers through the five national subprogrammes (crops, livestock, fisheries, forestry and capacity building). The PDAFF have developed 5-year Provincial Agriculture Strategic Development Plan (PASDP) that define priorities for the agriculture sector and guide investments through the programme budgeting mechanism.

Under the recent public administration reform, the District Agriculture Office have been dissolved, but the District Administration employ agriculture staff, although it is unclear what mandate and roles they will have in rural service delivery.

**Private sector entities** have an increasingly important role in mainstreaming sustainability and social inclusiveness in the agricultural sector. Private companies are a driving force being the on-going transition from subsistence agriculture to export oriented commercial agriculture. By complying with import countries requirements for sustainability, transparency and sustainability of agricultural products supply chains, private companies directly promote higher production and post harvest standards (GAP and Organic standards). Several leading private companies<sup>62</sup> in Cambodia are setting the example in pursuing an inclusive and sustainable agenda when engaging in contract farming with Producers Organisations.

These companies all face difficulties in ensuring a reliable and consistent supply of raw agricultural products from small individual producers and have expressed interest in interventions aiming at assisting smallholders and informal producer organisations to structure themselves in Agricultural Cooperatives and Union of Agricultural Cooperatives. They have also expressed concern in ensuring adequate seed systems, maintaining and improving soil fertility through crop rotation and adequate crop calendars, managing the impacts of pests and diseases outbreaks, strengthening certification systems (including Internal Control Systems), and building the management capacity of producers' organisations. All these areas of concern present high potential for intervention by current and up-coming projects under the current COSOP.

**Information and Communication technologies (ICT)** are also becoming increasingly important in linking farmers to market, facilitate access to information and inputs, receive tailored technical advice, or record farm operations and sales, etc. These app follow various logics depending on whether they are provided by private actors (BRONX in the case of the CHAMKA app), government agencies (the Techo Startup Center in the case of the Khmer Agriculture Suite) or NGO (CordAid/ICCO in the case of the Angkor Salad app). Further attention is required on inclusiveness of these ICT apps and ensure that they serve the purpose and need of farmers, including women, youth, and marginal groups (IP, PwD). The MAFF is considering the formulation of a policy on ICT in agriculture and this will be instrumental in protecting end users data, ensuring adequate feed back loops are embedded and that the services provided do not encourage unsustainable agricultural practices.

**Academia and research:** The ASPIRE programme has actively supported curriculum development at the Royal University of Agriculture for bachelor and master's level students, and the Prek Leap National Institute of Agriculture (for in-service training of Community Extension Workers and students). In the context of the COVID-19 recovery and the current Government economic agenda, there is little scope to further invest loan resources directly into academia and research activities. Linkages with other development

<sup>62</sup> AMRU rice and Signature of Asia in organic rice production for export, Natural Agriculture Village and REMIC in safe vegetable production for the domestic market), SELA in the premium pepper market for export, MISOTA and in mango processing, etc

interventions have been identified, including, among others, the on-going [TAP-AIS](#) (Agricultural Innovation System) initiative implemented by FAO with the Department of Extension for Agriculture, Fisheries and Forestry, the Cambodia Agriculture Research Development Institute and other stakeholders.

Linkages with on-going or recently completed research interventions could benefit the country programme as a whole, in particular in the field of sustainable agriculture practices as demonstrated by ASPIRE under SUCRA in collaboration with the Center for Agriculture and Environment studies (CAES) and the Center for Development and Environment of the University of Bern. The analytical framework design to measure Integrated Farming Systems benefits on the long run is also of particular interest.

**Civil society and non-governmental organisations (CSOs/NGOs)** have traditionally been key implementation partners in the IFAD programme in Cambodia. They are experienced, qualified and well positioned to provide smallholders and rural / producers organisations with support services in organisational management, income generation, health, gender and women's issues, economic integration of youth, inclusion of marginalised groups such as Indigenous people, Persons with Disability, LGBTIQ, etc.

The local NGO sector is vibrant but, according to the United Nations Development Programme (UNDP), has relatively weak grassroots foundations. The CSO/NGO sector include large international NGOs, local NGO and community-based organisations (CBOs). Agriculture, health, and education are the top three sectors in which local and international NGOs implement programs. Most of NGO disbursements are used to implement public health programs (ADB, 2011).

The key law overseeing the civil society sector is the Law on Associations and Non-governmental Organisations (LANGO), implemented since 2015 under the responsibility of the Ministry of Interior. Coordination between government programmes, donors and CSO / NGO intervention is facilitated through meetings of the Cambodia Development Cooperation Forum (CDCF), the Cooperation Committee for Cambodia (CCC) and the NGO Forum on Cambodia.

CSO / NGO operate in a challenging environment in Cambodia and the COVID-19 pandemic has further affected their capacity to deliver services at grass root level, especially in remote areas. In addition, the amount of funding from foreign donors to civil society is being radically reduced as resources are being allocated to economic recovery.

**Producers' organisations:** Informal agriculture producers organisations such as business clusters supported by ASPIRE and AIMS, IGRF (formed under PADEE) and SLGs under the TSSD project are currently supported to further structure their organisational set-up and register in formal outfits, such as Agricultural Cooperatives, Union of Cooperatives, Farmers Water User Communities (FWUC), and potentially rural MSMEs or microfinance institutions. Currently, there are more than 1200 agricultural cooperatives registered in Cambodia, with more than 155,000 members. There are also 2584 Business clusters supported by ASPIRE and AIMS, with a total membership of more than 88,000 smallholders. A recent assessment suggests that around 25% of these established business clusters have acquired skills and experience in organising commercial production and engage with private stakeholders to access reliable and remunerative markets extension services, finance, input and equipment supply, etc. As a second tier, another half of the business clusters (some established more recently) have gained medium capacity and are on the path to become mature market-ready producers organisations. At national level, several umbrella farmers' organisations are engaging in policy dialogue with public agencies and facilitate networking among Producers Organisations, and with civil society, private sector entities, development partners and other stakeholders: The SMILE Khmer vegetable Network, supported by GrowAsia, the Farmer and Nature Net ([FNN](#)),

Cambodian Farmers Federation Association of Agricultural Producers ([CFAP](#)), among others.

**Last mile service delivery:** Community-based mechanisms to deliver last-mile services to smallholders are a critical element in achieving IFAD strategic objectives, while ensuring sustainability and inclusiveness. Under ASPIRE, the community extension workers and lead farmers have been instrumental in linking public extension services, private service providers and smallholders' farmers engaged in subsistence and commercial agriculture as members of business clusters. These front-line extension workers have been intensively supported by ASPIRE (including paid salary in the case of CEWs) but identified sustainability pathways have demonstrated that income streams can be derived through commercial input production in the case of lead farmers (selling vaccinated chicks for example), or through brokering of ICT services, input supply and market access in the case of CEWs.

Under forthcoming projects and programme, there is scope to consolidate these models of service delivery to the last mile. In particular, continuous training and coaching could ensure sustainability by strengthening the agripreneur approach such as lead farmers supported by ASPIRE. Regular evaluation of their capacity and need for support and networking could further strengthen their role in delivering service. Lead farmers as last mile extension service providers could also benefit from official recognition as part of the national extension system.

## B. Policy and regulatory frameworks

The Royal Government of Cambodia (RGC) has been developing the National Strategic Development Plan (NSDP) 2019-2030 which is the backbone underpinning national strategies and initiatives to attain the targets set in the Cambodian Sustainable Development Goals Framework 2016-2030.

The NSDP in turn, is informed by two further strategic processes: (i) the Rectangular Strategy (RS), now in its fourth Phase, for socioeconomic dimensions of Government's agenda towards growth, employment, equity and efficiency and (ii) the Cambodia's long-term plan: Vision 2030, which sets a path to graduation to upper middle-income status, and Vision 2050, which targets attainment of high-income status.

The COSOP directly contributes to the Development Goal of RGC's Agriculture Sector Master Plan 2030, "To increase agricultural growth with high competitiveness and inclusivity by providing high quality products which result in food safety and nutrition by taking into account sustainable land, forestry and fisheries resource management". The goal level indicator is measured in terms of increase in Agriculture Labour Productivity.

The COSOP goal is also aligned on Cambodia UNDAF Outcome 3: By 2023, Women and men in Cambodia, in particular the marginalized and vulnerable, live in a safer, healthier, more secure and ecologically balanced environment with improved livelihoods, and are resilient to natural and climate change related trends and shocks.

**In the agriculture sector**, two recent strategic documents set the framework and priorities, namely the Agriculture Sector Development Plan (ASDP) 2019-2023 and the Agriculture Sector Master Plan, both formulated with support of the ASPIRE programme.

**The recent national Roadmap for Food Systems** for Sustainable Development – 2030, has four strategic priorities all relevant to IFAD priority areas: (i) healthy diets for all; (ii) empowerment of youth, women and the vulnerable; (iii) resilient rural livelihoods and resilient food systems; and (iv) governance for a more inclusive food system

**Climate change policies:** The Royal Government of Cambodia (RGC) is committed to combating climate change and accelerating the transition to a climate-resilient, low-carbon sustainable mode of development. Cambodia is a signatory country of United Nations Framework Convention on Climate Change (UNFCCC) since 1996. In 2016, Cambodia has also ratified the Paris Agreement by which the country submitted an ambitious Intended Nationally Determined Contribution (NDC). In 2020, Cambodia has submitted an updated National Determined Contribution to the UNFCCC

In its Second National Communication to the UNFCCC, the Royal Government of Cambodia has identified agriculture as one of the most vulnerable sectors along with water resources, forestry, coastal zones, and human health.

The Cambodia Climate Change Strategic Plan 2014 – 2023 vision is “Cambodia develops towards a green, low-carbon, climate-resilient, equitable, sustainable and knowledge-based society”. It aims at creating a national framework for engaging the public, private sector, civil society organizations and development partners in a participatory process for responding to climate change to support sustainable development, by pursuing four main goals :

1. Reducing vulnerability to climate change impacts of people, in particular the most vulnerable, and critical systems (natural and societal);
2. Shifting towards a green development path by promoting low-carbon development and technologies;
3. Promoting public awareness and participation in climate change response actions

**Mitigation contributions:** NDC scenarios for energy generation, transport, waste, industry, agriculture, and the building sectors were modelled using PROSPECT+, while NDC scenarios for the Forest and Land Use sector were developed using the EX-ACT tool.

Figure 18: Selected NDC priorities for mitigation and alignment with COSOP objectives

<b>NDC priorities for mitigation</b>	<b>Lead Ministry</b>	<b>IFAD Strategic objectives</b>
Bio-digesters construction	MAFF	SO3: S-RET / CREA
Increasing the effectiveness and sustainability of agricultural land management techniques (Conservation Agriculture)	MAFF	SO1 ASPIRE
Organic input agriculture and bio-slurry; and deep placement fertilizer technology	MAFF	SO1
Promote manure management through compost making process to reduce carbon emission	MAFF	SO1

#### Adaptation contribution:

Cambodia is considered one of the most vulnerable countries to the impacts of climate change. The country is particularly vulnerable to floods, droughts, windstorms, and seawater intrusion. Climate change may reduce the country’s annual average GDP growth by 6.6% and absolute GDP by 0.4% in 2020, by 2.5% in 2030, and up to 9.8% in 2050.

Accordingly, Cambodia has begun working to develop a National Adaptation Plan (NAP) based on the National Adaptation Programme of Actions (NAPA, 2006).

Figure 19: Summary of NDC priorities for adaptation and alignment with COSOP

<b>NDC priorities for adaptation</b>	<b>Lead Ministry</b>	<b>IFAD Strategic objectives</b>
Development of Rice crops for increase production, improved quality-safety; harvesting and post harvesting technique and agro-business enhancement	MAFF	SO1 /SO2
Development of Horticulture and other food crops for increase production, improved quality-safety; harvesting and post harvesting technique and agro-business enhancement	MAFF	SO1 / SO2
Development of Industry crops for increase in production, improved quality-safety; harvesting and post harvesting technique and agro-business enhancement	MAFF	SO1 /SO2

Improvement of support services and capacity building to crop production resilient to climate change by promoting research, trials and up-scaling climate-smart farming systems that increase resilience to CC and extreme weather events	MAFF	SO3
Building climate change resilience on cassava production and processing	MAFF	SO1 / SO2
Research for the development and enhancement of agricultural productivity, quality, and transfer through strengthening of crop variety conservation and new crop variety release responding to the impacts of climate change	MAFF	SO3
Development of new technologies and increased yields by using new crop varieties which adapt to climate change	MAFF	SO3
Development of rubber clone varieties suitable for AEZ and resilient to climate change	MAFF	Not covered
Enhancing institutional and capacity development on climate change impact, vulnerability assessment, adaption measures and mitigation related to rubber sector	MAFF	Not covered
Improvement of animal breeding technology in Cambodia through AI which can adapt to climate change	MAFF	Not covered
Promotion of research capacities on animal genetic, animal breeding, and animal feed is strengthened to adapt to climate change	MAFF	Not covered
Strengthening capacities for risk prevention and reduction, effective emergency preparedness and response at all levels; enhancing livestock and disease-related early warning system, and integrating disaster risk reduction and climate change adaptation measures into recovery and rehabilitation initiatives in the livestock sector	MAFF	SO1
Establish nationally standardized best-practice systems for irrigation Water resources	MOWRAM	SO2 CAISAR

The updated NDC also include detailed measures for cross-cutting dimensions.

#### NDC priorities for Gender mainstreaming:

In mitigation measures, there is high potential to contribute to gender equality through increasing energy access in rural areas, by diversifying household and community energy generation sources. For example, by reducing the reliance on biomass as an energy source. Gender equality can be encouraged in mitigation actions such as through eco-payments.

In adaptation measures, NDC priorities included: increase women's income generation while decreasing their work burden by improving agricultural practices and access to technology, as well as fostering women's collective working groups. In terms of infrastructure, particularly in climate proofing of buildings and roads, opportunities for women to contribute more prominently to restoration and construction are needed, in order to increase their access to income and livelihoods

Some key priority actions under MOWA responsibility are aligned on IFAD Strategic objectives

- Gender: Enhance coordination and implementing accountability mechanisms to reduce climate change vulnerabilities of disadvantaged women and other marginalized groups such as ethnic minority women and men, People with Disabilities (PWD), youth, and the elderly (MOWA), aligned on IFAD SO3
- Market supply chain of rural women entrepreneurs resilient to climate change (MOWA), aligned on IFAD SO2

NDC priorities for Youth: the NDC identifies potential areas for youth involvement such as inputs in construction design, promoting and sharing knowledge of Early Warning Systems (EWS) with their communities, enhancing their role in awareness-raising campaigns such as water conservation. Youth also play a key role in the tourism sector, from working in eco-tourism to promoting local organic products. Youth are also a target of higher education abroad programmes, especially in the water resources sector.

NDC priorities for Indigenous people: During the NDC implementation and particularly for mitigation measures in the FOLU, the RGC will seek to promote the rights of indigenous peoples, specifically concerning land ownership. Respect for the traditional knowledge held

by indigenous peoples is integral to an understanding of traditional livelihoods and of culture and is, therefore, an essential component of safeguarding these rights

**Impacts and priorities for adaptation and resilience:**

Cambodia's vulnerability is characterised by frequent floods and irregular rainfall, coupled with an agrarian based economy, limited human and financial resources, insufficient physical infrastructure, and limited access to technologies. Socio-economic status, location, access to resources and technologies all influence Cambodian's ability to manage climate impacts. Different social groups experience climate vulnerability differently, and women, children, the disabled, the elderly and other socially marginalised groups are often hit harder.

The identified strategic interventions for climate change mitigation in the agriculture sector are: (i) Less methane-intensive rice cultivars, (ii) Direct seeding practices, (iii) Alternate wetting and drying practices, (iv) Promotion of organic fertilizer and deep fertilizer technology, (v) Feed additives for cattle, (vi) Improved fodder management, (vii) Introduction of composting technology, among others.

**Other key policy and strategic documents are summarised below:**

- Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023
- The Agricultural Development Policy (draft) defines strategies to increase productivity and growth, and to facilitate the transition to modern, sustainable food systems. It defines four main areas and thematic policies for intervention, namely (i) Modernizing and commercializing the agricultural value chain; (ii) Public and private investments in the agriculture sector; (iii) Growing sustainably and increasing resilience to climate change; and (iv) Institutional reforms and cross-cutting issues
- Renewable Energy policy which was endorsed by TWG-CCAFF in 2021
- Strategic Development Plan for Cambodian Agro-Industries 2019-2030
- Cambodia Digital Economy and Society Policy Framework 2021 – 2035
- Five-year strategic plan for strengthening gender mainstreaming and women's empowerment (Neary Rattanak V, 2019-2023)
- National Policy on Youth Development (2011)
- National Plan of Action on Worst Forms of Child Labour (2016–2025)
- National Policy on the Development of Indigenous Peoples (2009)
- Law on the Protection and the Promotion of the Rights of People with Disabilities (2009)
- Second National Strategy for Food Security and Nutrition (2019-2023)
- Social Protection Policy Framework (2016-2025)

Upcoming regulations and policies that are directly relevant to the COSOP formulation and implementation but still under formulation or approval by the Parliament are:

- The revised Policy for agricultural extension in Cambodia (PAEC, upcoming)
- Agro Industry Park policy currently conducted by SNEC and jointly supported by IFAD and the DFAT-funded CAVAC project.
- the Contract farming law,
- the phytosanitary and plant quarantine law (aka SPS law)
- the policy on ICT in the agriculture sector and digital extension





cycle. The new WFP country strategy is to be approved in Nov 2023, and implementation will start in 2024. WFP will continue to support social protection and assistance, building CC resilience, invest in evidence generation around nutrition. The School feeding programme is becoming a national programme, products should come from within the country, focusing on the Tonle Sap zone.

## **IV. Part 3 - Strategic recommendations**

### **A. Lessons learned**

The recent COSOP result review identified the following lessons

- Smallholder farmers can successfully compete in the market, but key criteria for success include access to finance so they can adopt productivity-enhancing technology, cooperation to achieve scale and market power, effective knowledge and value chain networks and demand-led learning.
- Agriculture extension based on transfer of technology is less valuable to smallholder farmers than a broad-based "extension plus" approach supporting production, post-harvest and marketing according to the specific needs of each farmer group.
- Smallholders increasingly have access to smartphones and are eager to adopt appropriately designed mobile applications to support their farming, possible thank to the growing smartphone usage and internet coverage in rural areas. Users' uptake of a wide range of services (technical advice, input supply, e-market, farmers' diary, etc.) has significantly increased in the last two years. Moving forward, a framework for ICT in the agriculture sector is needed to ensure the quality and neutrality of services provided through apps, and to address potential issues related to users' data protection.
- Nevertheless, in Cambodia as in many other countries, structural transformation will lead to much of the current agriculture workforce, including many in IFAD's core target group, gradually transitioning from agriculture-based to non-agricultural livelihoods. IFAD will need to develop differentiated strategies to serve the needs of households on this pathway.
- A programmatic approach coordinating the different interventions from IFAD projects, other DPs and Government, can lead to enhanced effectiveness, not least by leveraging IFAD agriculture and rural development expertise with funding from partner IFIs.
- Where possible, the programmatic approach should include aligning with Government planning and budgeting systems (as in the Programme Budgets of the PDAFFs).

In addition, valuable lessons have been learned at project level, in particular by AIMS and ASPIRE in terms of supporting transition towards farming as a business and commercial agriculture for the domestic market. In most of the case the projects interventions in support to market linkages were limited to involving local buyers into Multi-Stakeholder Platforms, along with other value chain actors and service providers. In the forthcoming stage of the COSOP, there are opportunities to support farmers organisations reach a critical size and access export markets, in particular for premium products such as speciality rice, pepper, cashew nuts, etc.

In line with rapid changes in rural areas, targeting approaches of IFAD-supported projects in Cambodia have become more flexible and diversified to include slightly better-off farmers and other value chain agents (beyond farming). Support has been given to those who may be above the poverty line but are vulnerable to shocks, in addition to those below the poverty line. Moreover, the Ministry of Women's Affairs (MOWA) and its provincial departments (PDoWAs) have served as an efficient implementing partner for project

financed gender activities. Support to and partnerships indigenous peoples' organizations has been successful in the past and should be continued and strengthened.

Business literacy and access to finance has remained a key constraint for farmers to invest in "farming as a business". The recent strengthening of the Agriculture and Rural Development Bank (ARDB) and launch of the SME Bank and Credit Guarantee Corporation of Cambodia (CGCC) are positive developments.

## **B. Strategic orientation**

The strategic orientation set by the Government of Cambodia and MEF is to respond to market signals to inform and guide investments in support of agricultural production for both import substitution on the domestic market and access premium export markets. This orientation implies that interventions need to be precisely targeted towards areas with potential for transformative impacts in the supply chain of key selected agricultural commodities.

Outreach targets in terms of number of provinces and rural households receiving services from projects are to be wisely dimensioned, and support is to focus on key stakeholders such as Agricultural Cooperatives and lead farmers that have proven ability to drive individual smallholders to benefit market opportunities. In that respect it is essential to develop market intelligence and ensure that market signals are effectively disseminated to the level of producers' organisations (POs). Project interventions priorities are to focus on supporting POs in building their decision-making processes, enhancing their planning and investment capacities and monitoring functions (including traceability and certification schemes) to quickly adapt and respond to evolving market demands. (Communication by HE VannDy)

This section outlines the COSOP alignment with government priorities with regards to the mainstreaming areas, specifically which national strategies COSOP results can contribute to and how. Strategies to be reviewed include the United Nations Development Assistance Framework (UNDAF), Sustainable Development Goals (SDGs), National Determined Contributions (NDCs) as well as overall and sector specific government strategies on gender, youth, nutrition, indigenous peoples and/or environment and climate.

## **C. Strategic actions**

### Strategic actions at programme level

Streamline Environmental, Social and Climate management framework across projects and interventions to facilitate monitoring of risks, impacts and implementation of mitigation measures and promote cross-learning

Consolidate the programmatic approach across the IFAD funded projects and programme. Ensure continuity and transition between ASPIRE and ASPIRE -AT in synergy with AIMS and SAAMBAT teams.

Mobilise water interventions by coordinating with projects operating under MoWRAM (CAISAR, WAT4CAM, etc)

Work in close synergies with other programmes, for example NURTURE (in vegetable value chains), DFAT project (complementarity with studies, assessments, and capacity building) and CASDP projects (in diversified commodities)

Engage with line agencies at subnational level through performance-based or target-based agreements to ensure efficiency of resources and accountability and promote public reform / decentralisation.

Strategic actions at market system level:

Promote the emergence of reliable and competent social (inclusive) enterprises specialising in processing and packaging of premium certified products / commodities for export markets.

Enhance visibility of premium certified Cambodian products on the international markets through participation in trade fairs and other events and forum (including on-line)

Promote urban customers awareness on the various certification schemes for vegetables, in view of building consumers' trust and support the domestic demand for safe vegetables commanding a price premium.

Support MSME in business development, certification schemes (GMP, HACCP, ISO, social responsibility etc.) access to finance, contract farming arrangement with POs, and market development.

The projects interventions are also to ensure that financial intermediaries have environmental and social policies and an associated environmental and social management system (ESMS) in place, as well as grievance redress mechanisms in place.

Strategic actions at POs level:

1. The focus is on strengthening of inclusive producer organisations for market participation (AIMS, ASPIRE-AT, TSSD) through:
  - Support the graduation of existing informal Producers' organisations into registered entities (AC, Union of AC,
  - Support existing and newly established AC and Union of AC to become mature and credible business partners in the agricultural value chains
  - Support AC to produce for the market and ensure reliability of supply, consistent quality and certification schemes where relevant (GAP, OA, etc).
  - Promote food safety in relation with nutrition outcomes
  - Support AC to provide support to their members to adopt sustainable production practices including: crop rotation, soil conservation measures, water saving technologies and water storage solution, renewable engines in production, post-harvest and processing stages, animal health and biosafety, safe handling and disposal of plastic and chemicals
  - Support AC to develop transparent and efficient management systems that promote participation and inclusiveness
2. Enhance sustainability of investments in infrastructures by applying high design and construction standard, and climate proofing measures
3. Promote the development of ICT solutions for business management and administration, market access, dissemination of knowledge, end users feedback loops and certification schemes (farm records for GAP for example)
4. Ensure greater inclusiveness and genuine participation of women, youth, IP, PwD and other marginal groups in decision making (women and youth in leadership position in Producers organisations for instance)

**Targeting strategy**

Geographic targeting: Rather than adopting criteria for selection of provinces, a flexible targeting approach should be adopted to ensure that outreach is in adequation with the geographic extend of each selected value chain. Th example of ASPIRE that has a nationwide intervention area combined with a decentralised implementation mechanism

has allowed to target areas with the most potential for agricultural development in line with the provincial agriculture development strategic plans.

### Target groups

Poverty remains the core focus of the IFAD mandate. As Cambodia is transitioning toward upper-middle income country, the targeting strategy of the COSOP takes in account poverty trends and projections for the timeframe of the COSOP. It is expected that the proportion of poor households (ID card holders) will progressively decrease as households having received support from previous projects / phases have graduation from ID poor status. However these households are considered near poor and can revert back into poverty when impacted by negative events and shocks (pandemic, climate extremes, pests and diseases outbreaks, etc.)

The other key target groups are women, youth, indigenous people and persons with disability. The projects are to adopt mechanisms and measures to ensure the interventions are inclusive and allow participation of marginal groups.

**The core target group of the COSOP is the Producers Organisations and their members** including women, youth, IP and PwD. The PO members identified at this stage are:

- 88,000 rural households' members of 2400 business clusters supported by ASPIRE and
- 158,000 rural households' members of 1217 registered AC

Table 4: Producers' organisations (target groups)

PO	Nb of POs	Total	Female	% women
Business clusters	2484	88,036	34,883	40%
Agricultural cooperatives	1217	155,859	98,900	63%
<b>Total</b>	<b>3701</b>	<b>243,895</b>	<b>133,783</b>	<b>55%</b>

These producers organisations are either informal (business clusters, IGRF ,etc.) or formal (existing or newly established AC and Union of AC). Some of them are already supported by IFAD funded projects.

The COSOP aims at further supporting PO and their members to structure themselves and graduate towards mature organisations, capable of developing trust-based relationships with business partners and other institutional stakeholders.

Members of POs are generally smallholder farmers. Adopt a flexible multicriteria definition of smallholders such as the one used by the the National institute of Statistics of the Ministry of Planning:

Ministry of Planning defines Smallholders as "Small-scale holders are defined using a combination of two criteria, namely the physical size of the food producer, as expressed by the amount of operated land and number of livestock heads in production, and the economic size of the food producer, as expressed by its revenues. They are identified as the producers at the intersection of the bottom 40% of the distribution of farm physical size and the bottom 40% of the distribution of holding's economic size".

The targeting strategy should ensure that the projects' interventions do not generate impact for project beneficiaries and / or other rural people in the projects' areas. In particular the targeting strategy should systematically exclude:

- protected areas and wetland that are important for ecosystem services and migratory species,
- areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage
- sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)

- landscapes and natural features with cultural significance

## D. Monitoring (and KM)

The CPSE conducted in 2017 found that M&E was a weak area in the country programme, though improving. Since that time the country portfolio has made strong efforts to strengthen M&E capacity through a combination of household impact surveys and comprehensive project MIS. ASPIRE's MIS system has been recognized as best practice in the region and has been adopted by AIMS and SAAMBAT. IFAD core indicators are systematically used in project logframes and standard guidance on measuring these indicators is applied. Knowledge is systematically shared through project websites. Under the COSOP 2022-27, M&E capacity will be further strengthened, for example ASPIRE-AT will use upgraded M&E and MIS tools of ASPIRE. IFAD Country Office and the Mekong MCO based in Hanoi provide ongoing implementation support while supervision is conducted with strong participation from PDT members, national consultants and a core group of international consultants with strong country knowledge and expertise.

Monitoring of outreach at project and programme level can be build on the existing detailed MIS databases maintained by project teams. In the coming years, the database of members of Business Clusters and Agricultural Cooperatives (AC) could be maintained at AC level to be used as a management tool by the AC administrative committee as well as by the project team to monitor outreach indicators in the result framework.

ASPIRE has developed innovative M&E systems and users feed back loops that directly inform the project interventions to reach the intended targets a set out in the ASPIRE Logical Framework:

- Programme budgeting performance measurement system, collected by CEW and directly feeding into the ASPIRE MIS system
- ICT4D: farmers' diary function included in CHAMKA app
- Social media groups allow for real-time interaction with representatives of beneficiaries and front-line extension workers on the ground

Such ICT based monitoring functions could be mainstreamed throughout the new interventions in the framework of the COSOP and provide real time data to inform the result framework indicators with disaggregation across mainstreaming dimensions: gender, youth, indigenous peoples, PwD and covering aspects related to nutrition and environment and climate.

Mapping as monitoring tools are already developed under ASPIRE and AIMS projects. Maps of business clusters is available on-line [here](#). Map of the agricultural cooperatives nationwide is also maintained by GDA [here](#).

It is suggested to streamline the use of the IFAD household resilience scorecard (for adaptation monitoring) and EX-ACT tool carbon balance measurement tool (for mitigation monitoring)

Stakeholders' consultation plan and Free Prior Informed Consent (FPIC) and grievance procedures are also to be mainstreamed new interventions in the framework of the COSOP. In particular, these measures can ensure that concerns and opinions of women, youth, poor people and marginal groups (IP and PwD) are properly recorded, analysed and addressed.

Knowledge management functions across projects and programmes could also be harmonized to build on lessons learned and disseminate good practices. There are valuable example of KM activities supported under ASPIRE that could be replicated in forthcoming

projects. Such KM function have proved useful to generate evidence for policy studies and formulation of national policies and strategies.

Access to Information is key to enhance economic empowerment and adaptation capacities. The projects and programmes can continue the dissemination of information through apps and the extension portal maintained at MAFF, and link project beneficiaries with Climate information services and early warning systems.

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## **COSOP preparation process**

102. COSOP 2022-27 has been prepared through a consultative process with GoKC, development partners, private sector and civil society agencies.

103. Key preparatory studies included preparation of the SECAP Background Study (Appendix IV). Additional background research was undertaken by Ms. Vini Pathak of University of California at Berkely under a capstone studies programme.

104. An in-country mission was conducted from 14<sup>th</sup> February 2022 until 19<sup>th</sup> March 2022. The mission was a joint mission for design of COSOP 2022-27 and ASPIRE-AT and also benefited from participation of the team designing CREA. A formal kick-off meeting chaired by MEF and with stakeholders participating was conducted on 28<sup>th</sup> March 2022.

105. The mission undertook field visits in five provinces, engaging in discussions with farmer groups and agriculture cooperatives, Unions of Agriculture Cooperatives, private agri-businesses and Provincial Departments of Agriculture Forestry and Fisheries (PDAFF).

106. In Phnom Penh and through remote meetings, the mission conducted discussions with Ministries and departments, development partners, UN agencies, NGOs and farmer representative organisations.

107. The outline COSOP was presented in a pre-wrap up meeting with MEF on a 17<sup>th</sup> March 2022 and in a formal wrap up on 18<sup>th</sup> March 2022. Participants in the formal wrap-up included concerned GoKC agencies, DPs, UN agencies and civil society organisations.

108. An Aide Memoire outlining mission agreements on design of the COSOP was prepared and was signed by MEF on behalf of GoKC on...

109. The COSOP was presented to a meeting of the UN Country Team in Cambodia on morning 5<sup>th</sup> April 2022 and was presented to a meeting of the Technical Working Group on Agriculture and Water on afternoon 5<sup>th</sup> April 2022.

110. A revised COSOP document, reflecting feedback received as well as IFAD internal review, were presented to a stakeholder workshop on kick off meeting at final design in late May 2022.

## Agreement at completion point

### Kingdom of Cambodia Country Strategy and Programme Evaluation Agreement at Completion Point

#### A. Introduction

1. This is the first country strategy and programme evaluation (CSPE) in the Kingdom of Cambodia by the Independent Office of Evaluation of IFAD (IOE). The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD-financed country strategy and programme; and (ii) generate findings and recommendations for the future partnership between IFAD and the Royal Government of Cambodia (RGC) for enhanced development effectiveness and rural poverty eradication.
2. The CSPE reviewed the evolution of the strategy, results and performance of the partnership between IFAD and the Royal Government of Cambodia since the Fund started operations in 1997, but with a focus on the period 2007-2017 particularly for the investment portfolio. The CSPE covers the investment portfolio (seven projects that were approved between 2000 and 2016), non-lending activities (knowledge management, partnership-building and policy dialogue, including grants), as well as country programme strategy and management.
3. This agreement at completion point (ACP) contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government. The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and will be submitted to the IFAD Executive Board as an annex to the new country strategic opportunities programme for the Kingdom of Cambodia. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

#### B. Recommendations and proposed follow-up actions

4. **Recommendation 1: Develop and operationalize a two-pronged strategy for the portfolio** with support to: (i) agricultural commercialization with a focus on relatively advanced smallholders; and (ii) coping strategies of poor households. This is largely in line with the orientation of the 2013 COSOP, which recognized the need for "distinct development pathways and intervention modalities ... for the food-insecure, the rural poor at the subsistence level, and vulnerable rural households just above the poverty line". It is important to develop and operationalize tailored strategies in light of the profiles of the target group and specific contexts, e.g. agricultural potential and market opportunities in specific geographical areas.
5. For the first category, support for primary production may need to be more specialized and of higher technical quality than that provided to date in the projects, and also shaped by buyers' priorities. While group-based training may be relevant for some subjects, individual technical advice may also be needed. Advisory services should also be complemented by support for access to means of production including appropriate labour-saving technologies (including mechanization), as well as market infrastructure. Strengthening of farmer groups/organizations to facilitate marketing will be an important element. While a value chain approach may be pursued, it should be flexible and dynamic in order to exploit changing market opportunities, rather than being of a long-term bureaucratic planning nature.

6. Support to coping strategies of poor households may cover productive activities such as feasible non-land-based activities and simple labour-saving tools, or providing safe drinking water facilities nearby or a good village access road. For many of these poor households, emphasis may be on income-generating agricultural activities that are *complementary* to non-agricultural or off-farm activities. For young people from poor households who have decided to leave the village, the IFAD-Government partnership could explore ways to help them earn better incomes, possibly including vocational training or advice on contracts, and on how to invest their surplus income in the form of remittances back in the village.
7. This two-pronged strategy should not be pursued by separating households into different groups, as was the case in earlier projects, but rather by defining different flexible support menus, which would also need to be tailored to the contexts in different geographic locations.

**Proposed Follow-up:** *Agreed. IFAD and the Government will adopt inclusive productivity improvement and upscaling smallholder commercialization and market linkages in a more strategic and programmatic approach going forward with clear objectives to cater to the varied contexts of the target population. This will be done in current and future projects, while being cognizant of the fact that implementing a two-pronged strategy will lead to more challenging project designs with implications on the size, duration, structure of costs, managerial capabilities to be installed and level of technical assistance required, in particular.*

*At the country programme level, in order to align with the timelines and priorities of the Government's next National Strategic Development Plan (NSDP 2019-2023), the current COSOP will be extended and updated in the interim taking on board the recommendations made through the evaluation and the RGC strategic shift towards greater focus on commercialization and provision of enabling market infrastructure. The new COSOP will be informed by a COSOP completion review, learning from CSPE, this RGC shift in focus and aligned with the new NSDP.*

- *The preparation of a new project concept note between RGC and IFAD will provide an opportunity to reflect on and elaborate the two pronged strategy building on the demand-driven, pluralist service provision approach initiated in ASPIRE. Other opportunities for support such as contract farming mechanisms, local market infrastructure (e.g. small irrigation schemes, local market infrastructure, roads, etc.), small and medium enterprise development will also be explored and accommodated.*
- *COSOP monitoring system online will be strengthened and produce annual note on country programme progress. Annual portfolio review workshop (AcPOR) and tripartite quarterly meetings between MEF, IFAD country office and project teams will be strengthened.*
- *IFAD participation to national think tanks (i.e. policy makers and project implementers) and thematic working groups will be strengthened.*

*At the project level, in order to improve the performance (delivery, disbursement and quality outputs) of the current portfolio, each project under portfolio will reinforce the two-pronged strategy to upscale agricultural commercialization of advanced smallholders and support to resilience of poor households. For the ongoing projects:*

- *ASPIRE and SRET will prioritise their interventions through the revision of the Agriculture Strategic Development Plan (ASDP) and Provincial Agriculture Strategic Development Plan (PASDP), including a refined integrated provincial zoning of (i) areas with favourable market conditions for agricultural*

*commercialization of advanced smallholders and (ii) areas with potential to promote integrated farming system as a coping strategy of poor households.*

- *TSSD additional financing will help LIG members to better respond to markets through Market Improvement Groups (MIGs) and promote LIG Associations in favour of poor households.*
- *AIMS will help Farmer Organizations and groups to better response to markets and at the same time bring poor households to be part of the organization*

*Responsible partners: all projects/programmes, line agencies (MEF; MAFF, MoWA; MOC, etc.) and IFAD*

*Timeline: 2018 onward. COSOP will be updated and extended taking on board the CSPE recommendations, in the interim, in order to align the new COSOP with the Government's upcoming NSDP*

8. **Recommendation 2: Balance investment in human capital and rural organizations supported by strategic partners, with tangible items.** The investment in "soft" aspects such as skills development, human capital and organizational strengthening continues to be critical, and should be balanced with investment in tangible items such as infrastructure, post-harvest facilities, and access to finance that could enable beneficiaries to put the skills and knowledge acquired into practice. Investment in human capital could cover not only productive skills but also broader subjects such as gender issues (as has been done), nutrition, adult literacy, and information on relevant laws and regulations. At the same time, it should be recognized that a long-term perspective is needed for investment in human and social capital and empowerment. This is particularly relevant in Cambodia, given its history, and calls for caution against making an investment decision based only on traditional economic rates of returns.
9. In supporting the formation and strengthening of organizations of the target population (e.g. farmer groups), careful consideration should be given to the main purposes and roles of different types of organizations with different member profiles, and a realistic exit strategy should be built into the design.
10. To ensure quality support specifically for "soft" aspects and innovations, given limited capacity in the public sector, IFAD and the Government should seek opportunities for strategic partnerships with experienced institutions that could provide crucial technical assistance and could support the Government, with IFAD co-financing or financing.

**Proposed Follow-up:** *Agreed. In line with Government development strategy and Debt sustainability Strategy, IFAD and the Government will balance soft and hard investments in IFAD funded projects. Investments in hard elements and market infrastructure will be coupled with soft investments in building partnerships with private sector, service providers and technical assistance to improve the capacity of the small holder farmers for better linkage with market and sustain post-project investments.*

- *The portfolio will improve its targeting strategy by working with all groups of farmers from the poverty scale (below and above national poverty line) and adapt activities to small and medium farmers in that scope with the central focus on sustainability of livelihoods.*
- *On hard investments, IFAD and the Government will work towards IFAD operations investing more in rural infrastructure including in the field of irrigation, market infrastructure which includes road to market, village markets and production linked market facility, rural energy and microfinance.*

- *On soft investments, in addition to the soft components of the ongoing portfolio, as part of the partnership strategy of each project through service providers, partners will be identified to provide support during project implementation towards strengthening the human capital aspects. Technical assistance will also be sought from the academe, research institutions, as well as experienced partners to promote innovation in existing projects SRET, ASPIRE, AIMS, TSSD as demonstrated by PADEE. The key focus will be coupling skills development with provisions for enabling the application of the acquired skills to improve and sustain livelihoods.*

*Responsible partners: MEF and all projects/programme*

*Timeline: 2018 onward*

11. **Recommendation 3: Pursue more strategic planning and use of grants and investment financing to deepen partnerships with farmer organizations/associations.** Support to and partnerships with farmer associations/organizations and indigenous peoples' organizations should be continued and strengthened. So far, the corporate initiatives and regional grants have facilitated linkages between these institutions at national level and the country programme. There is a need for more strategic planning and use of IFAD financing, both grants and within the framework of investment projects, to work with these organizations of different types and at different levels. Enhancing partnerships and strengthening their capacity can contribute to: (i) empowerment of these organizations and their members; (ii) better country programming and project design reflecting the priorities of the target group; (iii) relevant inputs to supervision and implementation support; and (iv) influence on policy engagement through partner organizations that represent their members and IFAD's target group.

**Proposed Follow-up:** *Agreed. Each project under the portfolio will further engage and deepened partnership with existing Farmer Organizations (FOs), Cooperatives/Advance Smallholder Groups and their national federations representing smallholders, Indigenous Peoples' Organizations (IPOs) and their network and youth/women organisations. For the current portfolio:*

- *ASPIRE/SRET: (i) will further bring FO, Cooperatives/Advance Smallholder Groups and IPO representatives to engage with all policy discussion forum; (ii) will further help them to fully engage with Extension Hub; (iii) will engage farmers (for farmer-to-farmer (F2F) training), as well as FOs and IPOs and Cooperatives/Advance Smallholders Group to implement GESS (Grant for Extension Service for Smallholders) under Instrument #3 (Support to Agricultural Cooperatives and other farmers' organisations/federations representing smallholders).*
- *TSSD AF: will further strengthen the LIG national association and connect them to the existing Farmer Organization Network.*
- *AIMS: is partnering with National Farmers' Organization Federations Forum (NF3) and others and will extend their scope of work help their members to engage better with the market.*

*Support of regional grant MTCP2 in support to smallholder farmer organisations co-financed by IFAD, Swiss Agency for Development and Cooperation (SDC) and European Union (EU) will be continued and where possible, beneficiary targets modified to address the RGC strategic thrust for commercialization and sustainability of livelihoods aspects. With regard to the new project, and building on the progress of AIMS, IFAD and the Government will explore the possibility to engage with agro-industry and agribusinesses as a way to involve farmers organisations in value chain development and organisation. Learning from the*

*strengthened partnerships with smallholder farmers organizations will be embedded into future designs of projects and the country programme.*

*Responsible partners: all projects/programmes, line agencies (MEF; MAFF, MOWA; MOC etc.) and IFAD*

*Timeline: 2018 onward*

12. **Recommendation 4: Explore options for supporting regulatory services in agriculture in future pipeline development.** It is likely that the various value chain platforms to be established under AIMS will point to a lack of regulatory services - such as phytosanitary and veterinary control, standard and quality control, certification, and food safety issues - as a constraint, and some ad hoc regulatory services may be financed. Given the low starting point, a more systemic and programmatic approach will be required, which in turn assumes mobilizing financing from various sources.

**Proposed Follow-up:** *IFAD and the Government agree with the recommendation to strengthen regulatory services, especially in what concerns the implementation of the existing regulatory framework as compared to the creation of new regulations.*

- *Under the framework on technical working groups (coordinated by Government and DPs), Sub-Working Groups will include members from all IFAD supported project to develop and implement an action plan to support phytosanitary and veterinary control, standard and quality control, certification, and food safety as well as nutrition. The activities will be co-funded by all projects in partnership with other development partners.*
- *ASPIRE will continue developing extension services and more specialised advisory support like phytosanitary, and veterinary services with the Ministry of Agriculture.*
- *AIMS will strengthen food safety and standards with the Ministry of Commerce.*

*Responsible partners: all projects/programmes, line agencies (MEF; MAFF, MOWA; MOC etc.) and IFAD*

*Timeline: 2018 onward. Action plan to be developed under the Technical Working Groups.*

13. **Recommendation 5: IFAD to work with the Government to strategize and facilitate mobilization of other partners to invest in smallholder agriculture.** In addition to potential support to regulatory services (Recommendation 4), ASPIRE and AIMS could serve as a platform to bring in other partners for two important areas: agricultural extension; and pro-poor agricultural value chain development. IFAD's financing and role should help leverage other partners and resources.

**Proposed Follow-up:** *IFAD and the Government agree with the recommendation to increase rural development partnerships in the country.*

- *All IFAD funded projects will mobilize more private sector investment in support of commercialization of small holder agriculture through the VC Innovation Fund (AIMS), PPP instrument (ASPIRE), and Market Infrastructure (TSSD). The projects will support the creation of an enabling environment for the engagement of the private sector.*
- *ASPIRE and AIMS will mobilize more development partners (DPs) to support Extension Services, Programme Budgeting and Markets.*
- *More partnerships MoUs at the corporate and project level with DPs will be materialized by ongoing IFAD funded projects. At the country programme*

level, after USAID signed a MOU with IFAD in 2017, European Union, Agence Française de Développement, World Bank and others will be approached to that effect.

- All IFAD funded projects will ensure improved coordination including through thematic working groups.
- IFAD will increase its participation in national think tanks and thematic working groups to ensure greater visibility for smallholder agriculture in the country with the aim at strengthening partnerships and mobilizing greater financing.

Responsible partners: all projects/programmes, line agencies (MEF; MAFF, MOWA; MOC etc.) and IFAD

Timeline: 2018 onward

**Signed by:**

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H.E. Vongsey Vissoth  
Secretary of State  
Ministry of Economy and Finance  
Royal Government of Cambodia

Date: 05 MAR 2018

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Mr. Perin Saint Ange  
Associate Vice-President, Programme Management Department  
International Fund for Agricultural Development

Date: 05 MAR 2018

## Strategic partnerships

<i>Partnering objectives</i>	<i>Partners/networks/platforms</i>	<i>Partnership results and outcomes</i>	<i>Justification for partnership</i>	<i>Monitoring and reporting (to be completed for CRR and CCR)</i>
<b>Programme Coordination and Implementation</b>	MEF	Leadership and coordination of COSOP	GoKC lead strategic partner of IFAD	COSOP results
	MAFF	Project implementation	Lead technical agency in agriculture sector	Project M&E
	MEF, MoC, NCDD-S, MoWRAM, MoWA	Project implementation	Implementing responsibilities according to specific mandates	Project M&E
<b>Engaging in policy and influencing development agendas</b>	TWG on AW	Improved synergy of support on the investment agriculture sector	MAFF, MoWRAM and all DPs are actively engaging with the technical working group.	Progress against Join Monitoring Indicator.
	MAFF	Improved the Cambodia Extension Policy and adoption of the Agriculture Development Policy.	These are the policies to support the Cambodia 2030 vision to become middle upper country and a central part of the National Covid Economic Recovery Strategy of the Royal Government of Cambodia.	COSOP progress against the ASDP indicator.
	SNEC	Improve the support for investment on Agriculture VC financing.	SNEC is a policy thinktank in providing high-level policy advice to the leadership of Royal Government of Cambodia (GOKC) and through the recently established Analytic Unit for the Agriculture Sector (AUAS), conducts a set of broad and specific policy studies to inform policy planning and decision-making process for inclusive and sustainable agriculture development and to formulate evidence-based policy recommendations.	Policy study on the Agriculture VC financing.
	Grow Asia	Policy Dialogue on agribusiness strategies	Grow Asia is a multi-stakeholder platform that builds field-, national- and regional-level partnerships to broker market-driven solutions that cultivate inclusive, resilient and sustainable food systems in Southeast Asia. Grow Asia implements SEEDs jointly with IFAD and is a potential partner for collaboration on policy issues	Dialogue reports and policy products
	Farmer Networks (FNN, CFAP, Asian Farmers' Association)	Policy dialogue on support to smallholder farmers.	IFAD has long-standing relationships with CFAP and FNN in Cambodia. FNN is a member of AFN	Dialogue reports and policy products
	<b>Leveraging Co-financing</b>	Ministry of Economy and Finance	Leverage co-financing from government, other IFI and DPs.	Key partners and IFAD direct counterpart.
ADB, EIB, EU		Co-finance ongoing / proposed projects (TSSD, SAAMBAT, ASPIRE-AT)	Leverage IFAD technical strengths through co-financing	Number of key partners IFI and co-financing share status.
AC/UAC		Leverage co-financing from the beneficiary	AC has good linkages with its member and respect from Government.	Farmer investment in IFAD supported project activity.



	SME	Leverage co-financing to invest in Agriculture Sector.	Key partners in Agriculture VC	SME investment in IFAD supported project activity.
<b>Enabling coordinated country-led processes</b>	TWG on AW	Improved synergy of support on the investment agriculture sector	MAFF, MoWRAM and all DPs are actively engaging with the technical working group.	Progress against Joint Monitoring Indicator.
	RBA	Collaborative initiative on nutrition	In the framework of the Second National Strategy for Food Security and Nutrition 2019-2023, the RBAs have agreed to work on agriculture and nutrition.	Join programme to be developed
	UNCT	Improved UNDAF monitoring	In collaboration with Government, major effort to improve data collection for indicators that will support results monitoring for IFAD projects	UNCT minutes and reports
<b>Developing and brokering knowledge and innovation (including SSTC)</b>	Swiss Agency for Development and Cooperation (SDC)	Develop innovative financing model with private sector	CHAIN funded by SDC showing good results in horticulture sector and could be expanded to IFAD project areas	Relevant project reporting
	SSTC and Knowledge Centre, Beijing	Support SSTC particularly for agriculture trade policy	China is key market for Cambodian agriculture produce	Project reporting in ASPIRE-AT
<b>Strengthening private sector engagement</b>	Private Sector Coordination Platform to be developed under ASPIRE AT	Understanding of key policy issues impacting smallholder commercialization and advocates for change.	Government give high priority to the private sector engagement platform and will be developed under ASPIRE AT	ASPIRE-AT reporting
<b>Enhancing visibility</b>	TWG on AW	IFAD co-chairs group and ensures IFAD work is understood and profiled	All key development partners participate, along with Government	TGW-AW meeting minutes

## South-South and Triangular Cooperation strategy

1. IFAD recognizes South-South and Triangular Cooperation (SSTC) as an important instrument for delivery on its mandate of increasing agriculture production and productivity, food security, nutrition and incomes of poor people living in remote rural areas in developing countries. IFAD's Strategic Framework 2016-2025 emphasizes the need to expand SSTC in terms of both knowledge-based cooperation and investment promotion, as an integral part of its business model and of its country programming process. Accordingly, SSTC is embedded into this COSOP as a means to tap into the experiences or resources from other countries, as well as an opportunity for Cambodia to share experiences and resources with others. SSTC will be an instrument for exchange of knowledge, skills, resources and technical know-how on smallholder agriculture and rural development, as well as a means for promoting investments and financial flows to promote development in Cambodia.
2. Cambodia graduated to Lower Middle Income Country status in 2015 and it aspires to attain upper middle-income status by 2030. The aspiration for the agriculture sector is to transform the sector into a modern, competitive, inclusive, climate-resilient and sustainable industry that will increase farmers' income, prosperity and well-being. Accordingly, SSTC activities that support this objective need to be promoted.
3. Engagement in SSTC will also support recovery from negative impacts of COVID-19 on agriculture in Cambodia which include: (i) disrupted agricultural supply chains, (ii) curbed food consumption behaviour of poor and vulnerable groups, (iii) temporary unemployment and loss of income sources, (iv) farmers' market access for procuring raw materials and hiring labourers, (v) low prices of forced sales of agri-products mainly at farmgate.
4. **Trade facilitation** is a key issue for agriculture exports in Cambodia. New export markets for Cambodia are opening as a result of GoKC's negotiation of trade agreements. Such trade agreements have created opportunities for future export growth. Cambodia's agriculture products are recognized as high quality by international markets. Cambodia may be better placed to compete for premium markets rather than where price is the main consideration. With expansion of export markets, there is an opportunity to improve certification system.
5. **ICT4D** is another key opportunity for investment promotion and technical exchange. Cambodia has had cooperation with the Republic of Korea in this area. The E-Project for Agricultural Development and Economic Empowerment (E-PADEE) was implemented with funding from the Republic of Korea in 2013-2016 under the broader framework of IFAD's Project for Agricultural Development and Economic Empowerment (PADEE).
6. Further collaboration with Republic of Korea has resulted to the development of the digital Chamka App under the grant project "ICT Services for Smallholder Value Chains in Cambodia". The project, managed by the ASPIRE programme, targeted smallholder and business clusters supported by ASPIRE and AIMS, concluded on 30 June 2021. Assessment conducted by the independent evaluator, SwissContact, found that most of the smallholder farmers reported that "the Chamka app was useful to improve their knowledge, to receive market information, and find support through the experts using chat messaging service."

7. Digital technology remains an important area for SSTC in Cambodia building on the previous successful pilots.
8. At the **policy level**, Cambodia is part of the Sub-regional grant: *Network for Agriculture and Rural Development Think-Tanks for Countries in Mekong Sub-region (NARDT)*. The overall goal is to improve quality of policy formulation and impacts of policy implementation in agriculture and rural development sector through the promotion of information sharing, experience exchange, joint research and institutional capacity strengthening for the policy think-tanks, networks and dialogues in Cambodia, Laos, Myanmar and Vietnam.
9. On **renewable energy**, the S-RET project has supported smallholder farmers to adopt affordable renewable energy technologies such as solar water pumps, efficient cooking stoves and bio-digesters, as well as increase their knowledge of renewable energy technologies for agricultural production, processing and/or post-harvest handling. Thus generating climate benefits and improve the climate resilience of smallholders. The S-RET project has been implemented in Cambodia under the title: *Building Adaptive Capacity Through The Scaling Up Of Renewable Energy Technologies In Rural Cambodia (2016-2022)*, funded by Global Environment Facility (GEF).
10. There is potential for linkages between Commercializing Renewable Energy for Adoption in Rural Cambodia (CREA) and Climate Smart Agricultural Transformation (CSAT) in Vietnam. The CSAT project will be implemented in the Mekong Delta – Tra Vinh and Ben Tre provinces and will scale out good practices of AMD, which includes promoting, RET with a focus on adaptation. Collaboration is foreseen in key areas, such as, knowledge and technology transfer with key institutions.
11. Through the China-IFAD South-South and Triangular Cooperation Facility a grant proposal has been submitted under the title: *Support to the Export-Led Agricultural Sector in Cambodia (SELAS)*. The proposal will be implemented under ASPIRE – AT and will focus on the 3 strategic priorities namely: i) promoting innovations in strengthening the productive, managerial, financial and marketing capacities of rural people ii) Pilot inclusive production and business models that generate higher incomes, and iii) Promote investments and trade. The themes to be covered are i) Facilitating access to markets in conditions of specific barriers in a given context; ii) Building trade capacities to enable smallholder producers to meet quality and sanitary standards of overseas markets.
12. On **strengthening of Farmer Organizations**, Cambodia is part of on-going FO grants including Asian Pacific Farmers' Programme (APFP) and Farmers Organizations in Asia (FO4A).
13. SSTC activities embedded in the country programming of IFAD operations in Cambodia will provide continues improvement of the portfolio. This will include improving the efficiency and effectiveness of IFADs operating model in Cambodia through the programme approach. Through lending and non-lending activities, the SSTC activities will build on previous and on-going collaborations while promoting new approaches and innovations.

## Country at a glance

### Country Portfolio Summary

Region	Asia & the Pacific	<b>Member of Country Groups :</b>	
Country	Cambodia	Least Developed country	Yes
Current Financing Terms	Blend	Low-income, food deficit	Yes
Ranking all Countries	21	HIPC DI Eligible	Yes
Ranking within region	8		

Country Indicator	Value	Year	Source
Agriculture, value added (% of GDP)	23.38	2017	World Bank
GNI per capita, Atlas method (current US\$)	1,230.00	2017	World Bank
Human development index (HDI) value	0.58	2017	UNDP
Population, total	16,005,373.00	2017	World Bank
Rural population	12,327,338.00	2017	World Bank

#### Key Dates

Last RB-COSOP Approved AVP/PMD	
First Project Approved	11 Sep 1996
Last Project Approved	12 Sep 2019

#### IFAD Interventions

	<u>Number of Projects</u>	<u>IFAD Approved USD ('000)</u>
Available for Disbursement	4	167,420
Financial Closure	6	88,748
<b>Total IFAD commitment</b>	<b>10</b>	<b>256,168</b>

#### IFAD Interventions Summary

Project Number	Financing Instrument ID	Currency	Approved Amount	Disbursed	Loan/Grant Status	Project Status	Board Approval	Cooperating Institution
1100000517	1000002313	XDR	3,300,000	94%	Closed	Closed	11 Sep 1996	WB
1100001106	1000002413	XDR	6,350,000	94%	Closed	Closed	08 Sep 1999	UNOPS
1100001175	1000002455	XDR	7,850,000	93%	Closed	Closed	07 Dec 2000	IFAD
1100001261	1000002535	XDR	10,850,000	97%	Closed	Closed	18 Dec 2003	IFAD
1100001350	1000002819	XDR	6,400,000	100%	Closed	Closed	18 Apr 2007	IFAD
1100001350	1000004136	XDR	850,000	82%	Closed	Closed	13 Dec 2011	IFAD
1100001350	1000004137	XDR	850,000	82%	Closed	Closed	13 Dec 2011	IFAD
1100001464	1000003593	XDR	4,250,000	100%	Closed	Disbursable	17 Dec 2009	ADB
1100001464	1000003592	XDR	4,250,000	100%	Closed	Disbursable	17 Dec 2009	ADB
1100001464	2000002168	USD	10,000,000	39%	Disbursable	Disbursable	17 Dec 2017	ADB
1100001559	1000004241	XDR	11,300,000	100%	Closed	Closed	03 Apr 2012	IFAD
1100001559	1000004239	XDR	11,300,000	99%	Closed	Closed	03 Apr 2012	IFAD
1100001559	2000001394	XDR	2,100,000	78%	Closed	Closed	28 Nov 2015	IFAD
1100001703	2000000744	XDR	17,700,000	97%	Disbursable	Disbursable	16 Dec 2014	IFAD
1100001703	2000000743	XDR	10,150,000	99%	Disbursable	Disbursable	16 Dec 2014	IFAD
1100001703	2000002531	USD	200,000	100%	Disbursable	Disbursable	08 Sep 2018	IFAD
1100001703	2000002532	USD	12,060,000	99%	Disbursable	Disbursable	08 Sep 2018	IFAD
2000001268	2000001751	USD	36,300,000	53%	Disbursable	Disbursable	14 Dec 2016	IFAD
2000002278	2000003102	USD	53,186,000	6%	Disbursable	Disbursable	12 Sep 2019	IFAD
2000002278	2000003101	USD	1,200,000	9%	Disbursable	Disbursable	12 Sep 2019	IFAD

#### Projects in Pipeline

<u>Current Phase</u>	<u>Number of Projects</u>	<u>IFAD Proposed Financing USD ('000)</u>
Pending	2	52,909
<b>Total</b>	<b>2</b>	<b>52,909</b>

## Financial management issues summary



COUNTRY	Cambodia	COSOP	Programme: <i>Insert Project Acronym</i>
<b>A. COUNTRY PORTFOLIO PERFORMANCE</b>			
<b>Country – FM KPIs:</b>			
<i>FM Inherent Risk:</i>	<b>High</b>	<a href="#">TI index</a> slightly improves, in 2021 the score is 23/100, 2 points increase in comparison to 2020 and is ranked 157/180 (160/180 in 2020 and 162/180 in 2019) however Cambodia is still within 27 countries with lowest scores. <a href="#">2019 RSP rating</a> is 3.8 which is within the average of Asia Pacific, specifically the indicator for Rural Governance, Transparency and Public Administration is 2.3 which is still below the average of this indicator of Asia Pacific region.	
<i>Country Disbursement Ratio (rolling-year)</i>	9.50%		
<i>Outstanding Ineligible Expenditure</i>	NIL		
<i>Outstanding Advances (Projects in Expired Status)</i>	28,518 USD (refund letter sent to Gov in Mar 22, payment is expected in the same month)		
<i>Applicable PBAS cycle:</i>	IFAD12		
<i>PBAS Available allocation:</i>	-38,909,025		
<p><b>PEFA (2015)</b>, The Royal Government of Cambodia (GOKC) has embarked on an ambitious Public Financial Management Reform Program (PFMRP) since 2004. The previous PEFA assessment, published in 2010, identified important strengths in the robust budget preparation process, improved in-year predictability of funding of the budget and the gradual expansion of the Treasury Single Account. However, it also identified challenges to further maintain and strengthen the credibility of the budget. 2015 PEFA indicates following highlights: Overall, the government systems show strong performance (scores of A and B) on aggregate budget outturns for both revenue and expenditure (PI-1 and PI-3), on transparency in inter-governmental fiscal relations (PI-8) and in orderliness and participation across government in the annual budget formulation process (PI-11). Most of the PFM functions reflected in the remaining government performance indicators show significant weaknesses (score C and D), although sub-systems represented by individual indicator dimensions indicate strengths in many narrower, functional areas (in 15 of the remaining 24 government indicators). In general, the donor practice indicators indicate significant weaknesses i.e. low levels of support to or trust in the functioning of government systems from development partners.</p> <p><b>ROSC (2021)</b>. Through the significant efforts of the Ministry of Economy and Finance (MEF) and regulators, the country's institutional accounting system, almost non-existent in 2007, is established. Operational and regulatory processes are being established and bedded down. International standards such as IFRS2, the IFRS for SMEs3, and International Standards on Auditing4 (ISA) have been adopted full. Enforcement processes are being established for the economic sectors which have significant public interest: banks and financial institutions, insurance companies, entities with stocks or bonds listed on the CSX, and MFIs. Accounting and auditing standard setting and audit oversight bodies have been established. Corporate governance concepts have been introduced. Sector regulators such as NBC, the Supervision Division of the Insurance and Pension Department of the General Department of Financial Industry of MEF (ISD), and SERC have provided guidance on financial reporting and auditing and have monitored the periodical reporting.</p>			

ROSC indicates challenges and finding in following areas: i) Financial transparency and adequate financial disclosures should be required and enforced for wholly owned SOEs; ii) Audit Quality Monitoring Committee (AQMC) faces budget challenges to ensure independent experienced qualified reviewers can be hired and retained; ii) Recent surveys by international organizations revealed Cambodia still has a serious shortage of public accountants in terms of both quantity and quality. Iv) Public disclosure of annual financial statements by several banks, MFIs, and insurers is still not fully compliant or timely.

**Debt sustainability**, according to IMF 2021 Article iv consultation: The public finances have been stressed, but debt risks remain low overall. 2020 saw a fiscal deficit, after a surplus in 2019. During the next decade. Overall, Cambodia remains at low risk of external and overall debt distress. Under the baseline scenario, external debt remains well below thresholds. In line with a wider fiscal deficit over the medium term, external debt is projected to gradually rise from 36 percent of GDP in 2021 to 38.1 percent of GDP in 2028, before stabilizing at around 37 percent of GDP in early 2030s.

**Debt restructuring:** There is no debt restructure for Cambodia.

Corporate Disbursement Ratio Methodology considers ASAP, AFD, IFAD, KFW and SPA financing sources only.

<b>CURRENT LENDING TERMS</b>	Blend
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## B. PORTFOLIO, FM RISK & PERFORMANCE

### Existing Portfolio:

Project	Financing instrument	FLX Status <sup>(2)</sup>	Lending Terms	Currency	Amount (million)	% Disbursed	Completion date
TSPRSDP	200000216800	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	10	38.89	28/02/2023
ASPIRE	200000074300	DSBL	ASAP GRANTS	XDR	10.15	99.01	31/12/2022
ASPIRE	200000074400	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	17.7	96.81	31/12/2022
ASPIRE	200000253100	DSBL	LOAN COMPONENT GRANTS	USD	0.2	100	31/12/2022
ASPIRE	200000253200	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	12.06	89.88	31/12/2022
ASPIRE	200000348500	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.54	83.64	29/06/2022
ASPIRE	200000375300	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.63	90	29/06/2022
AIMS	200000175100	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	36.3	42.2	30/03/2023
S-RET	200000156300	DSBL	ECD GRANTS	USD	4.6	100	31/12/2021

SAAMBAT	200000310100	DSBL	LOAN COMPONENT GRANTS	USD	1.2	9.17	29/09/2025	
SAAMBAT	200000310200	DSBL	HIGHLY CONCESSIONAL BY CURRENCY	USD	53.19	5.65	29/09/2025	
ICT Value Chains in Cambodia	200000236000	EXPD	SUPPLEMENTARY FUNDS GRANTS	USD	0.5	100	29/06/2021	

Project	Project FM risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
TSPRSDP	Moderate	Moderately Satisfactory	Mod. satisfactory	Unsatisfactory	Satisfactory
ASPIRE	Low	Satisfactory	Satisfactory	Satisfactory	Satisfactory
AIMS	Low	Moderately Satisfactory	Satisfactory	Moderately Unsatisfactory	Satisfactory
S-RET	Low	Satisfactory	Satisfactory	0	0
SAAMBAT	Moderate	Moderately Satisfactory	Satisfactory	Unsatisfactory	Satisfactory
ICT Value Chains in Cambodia	Moderate	Satisfactory	Satisfactory	Satisfactory	Not Specified

Despite the weakness in PFM, FM of IFAD portfolio is moderately satisfactory in overall with the adaptation of country PFM with the absent of government treasury, state audit on donor funded project. Instead there are separate project designated fund flow, financial software and reporting and private external auditing in place to ensure the project's FM functioning. Project PMUs are managed by LPA/IA key staff with contracted supporting staff and advisers at the national level and government staff at provincial level, this mechanism is expected to continue in the future for IFAD funded projects.

Currently, there is no ineligible expenditure. IFAD projects audited by independent external auditor appointed by MEF with very good performance score, internal audit carried out by line ministry for ensuring the compliance with Government Standard Operating Procedures (SOP) and IFAD covenants.

Current portfolio is well performing with some identified weaknesses:

- Disbursement rate: TSPRSDP (under CI administration), SAAMBAT, AIMS are slow in disbursement which derived from the slow formation of project PMU and recruitment of staff, complex organizational structure (2 Implementing agencies for AIMS and SAAMBAT) and severe the impact of C-19 Pandemic.

#### Risk mitigations:

- Strengthening the current project's model with focus on capacity building to provincial government staff.
- Utilizing the centralized FMIS to enhance FM of IFAD funded project (online, web-based software), training to all finance staff.
- Ensure the effective roles, extensiveness and timeliness of external and internal audit on IFAD funded project.
- Capacity building to provincial, municipal staff on IFAD procurement and anti-corruption policies.

**Prepared by: Le Chi Dung**

#### Instructions:

- *The completed FMFM Issues Summary should not exceed two pages.*
- *FMFM Issues Summaries must be submitted for quality review and clearance prior to submission.*
- *Notes in italic are provided to facilitate FM inputs and should be deleted before submission.*

## IFAD procurement risk matrix

<b>Division</b>		APR						
<b>Country</b>		Cambodia						
<b>Project</b>		Country Strategic Opportunities Programme (COSOP) 2022-2027						
<b>Date</b>		Mar-22					<b>NET RISK RATING</b>	
#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks		Recommendation /Mitigation	Rating	
A	COUNTRY RISK ASSESSMENT	2.00					2.30	
1	Legal and Regulatory Framework	1.80					2.40	



#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating
a	Country procurement law, regulations and manual exist	3	3 they all exist, 2 only two exist, 1 only one exist or none	<ul style="list-style-type: none"> <li>- Procurement Law 2012;</li> <li>- Implementing Rules and Regulations Governing Procurement, 2010;</li> <li>- Standard Operating Procedures for All Externally Financed Programs/Projects in Cambodia (the Updated version under sub-Decree 181 ANK/BK updated 02December 2019) including (i) Standard Operating Procedures on Project Management for All Externally Financed Projects/Programs in Cambodia; (ii) Standard Operating Procedures on Financial Management for All Externally Financed Projects/Programs in Cambodia; and (iii) Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia.</li> <li>- Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia (the Updated version under sub-D10Decree 181 ANK/BK updated 02December 2019) including (i) Volume I - rules and regulations governing procurement operations and procurement arrangements and procedures; (ii) Volume II - Standard National Procurement/ Bidding Documents (SPD/ SBD) for procurement of goods and works; and (iii) Volum III - Standard International Competitive Bidding Documents (goods, works), Sample RFP, Templates of contract negotiation for consulting services, and Sample contracts of Invididual consulting services;</li> <li>- (Procurement Manual for Consulting Service, MEF, 2010)</li> </ul>		3
b	Existence of Standard Bidding Documents for Goods, Works and Services	3	3 all exist, 2 only for NCB & ICB, none for Shopping, 1 none exists	Available of standard bidding documents/RFQ for goods, works and consulting services.		3

#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating
c	Procurement Monitoring	1	Use PEFA Framework, see worksheet for details	PEFA for Cambodia, 2021: D - "The GDPP maintains records with data on what have been procured, value of the procurement and who has been awarded the contract for all contracts above thresholds but cannot evidence the materiality of these contracts against the total procurement methods for goods, services and works as there is no integrated system to monitor procurement values and records." It is noted that only public procurement, NOT procurement under donor funded projects/programs were assessed in the PEFA 2021.	Using NOTUS and ICP Contract Monitoring Tool for monitoring project procurement activities.	2
d	Procurement Methods	1	Use PEFA Framework, see worksheet for details: Use of competitive procurement methods	PEFA for Cambodia, 2021: D - "The value of total contracts awarded using competitive methods is less than 60% of the total value of awarded contracts in 2019." It is noted that only public procurement, NOT procurement under donor funded projects/programs were assessed in the PEFA 2021.	Prior review the procurement plan for approval and conduct ex-post reviews to ensure that procurement methods are applied in compliance with the regulations.	2
e	Public access to procurement information	1	Use PEFA Framework, see worksheet for details: Public access to complete, reliable and timely procurement information	PEFA for Cambodia, 2021: D - "Only three of six elements of public procurement information are made available to the public in a complete, reliable and timely manner and the materiality of the procurement operations involved cannot be confirmed." It is noted that only public procurement, NOT procurement under donor funded projects/programs were assessed in the PEFA 2021.	Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites.	2
#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating

2	Accountability and Transparency	2.20				2.20
#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating
a	Procurement Complaints Management	3	Use PEFA Framework, see worksheet for details: Existence of an independent administrative procurement complaints system	PEFA for Cambodia, 2021: A - "The criterion (1) is met and other 5 criteria are met." Articles 62 and 63, Chapter 10 on the Law on Public Procurement promulgated by the Royal Decree no. NS/RKM/0112/004, dated 14 January 2012, define the settlement of conflicts and complaints but do not establish an independent institution to review procurement complaints. Recently, the RGC has adopted the Sub-decree no.21 ANKr.BK, dated 21 February 2018, on Rules and Procedures for Complaints and Mechanism of Complaint Resolution. A Committee of Public Procurement Arbitration has been committee established as an independent composed of the Minister of Economy and Finance as a chairman, Secretary of State of Economy and Finance as a vice chairman, Director General of GDPP as a permanent member, and director general of the GDICDM, and Head of the Legal Council Secretariat as members. The GDPP is acting as a technical adviser to the Committee and provides recommendations but the ultimate decision is made above GDPP.		3
b	Country Corruption Perception Index score	1	The score is published on Transparency.org. 0 to 29 = 1, 30 to 60 = 2, 61 to 100 = 3	The CPI score 23/100 (raking 157/180 countries) for 2021; 21/100 (ranking 160/180 countries) for 2020; 20/100 (ranking 162/180) for 2019; 20/100 (raking	Corruption can be eliminated by reducing red tape	1

				<p>161/180 countries) for 2018 as assessed by Transparency.org. CPI source data captures the following aspects of corruption, based on the specific question wording used to collect the data: Bribery; Diversion of public funds; Prevalence of officials using public office for private gain without facing consequences; Ability of governments to contain corruption and enforce effective integrity mechanisms in the public sector; Red tape and excessive bureaucratic burden which may increase opportunities for corruption; Meritocratic versus nepotistic appointments in the civil service; Effective criminal prosecution for corrupt officials; Adequate laws on financial disclosure and conflict of interest prevention for public officials; Legal protection for whistleblowers, journalists, investigators when they are reporting cases of bribery and corruption; State capture by narrow vested interests; Access of civil society to information on public affairs.</p>	<p>and excessive bureaucratic burden; Avoiding nepotistic appointments in the civil service; Strengthening effective criminal prosecution for corruption officials; Enforcing legal protection for whistleblowers; and Ensure easy access of civil society to information on public affairs.</p>	
#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating

c	2-tiered system to handle complaints	3	3 as stated, 2 only a single level system, 1 no system	<p>- Articles 62 and 63, Chapter 10 on the Law on Procurement promulgated by the Royal Decree No. NS/RKM/0112/004, dated 14 January 2012, define the settlement of conflicts and complaints but do not establish an independent institution to review procurement complaints. In case of a dispute, the settlement of the appeal/complaint is addressed by the concerned entity involved in procurement. In case of unsatisfactory resolution of the complaint and if no agreement is arrived at, the case can be referred to MEF, the administrative authority controlling the procurement agency. Complainants who are not satisfied with the decision made by MEF may appeal to the competent court of law. However, no separate independent procurement complaints mechanism exists and no complaints are made.</p> <p>- Recently, the RGC has adopted the Sub-decree no.21 ANKr.BK, dated 21 February 2018, on Rules and Procedures for Complaints and Mechanism of Complaint Resolution. A Committee of Public Procurement Arbitration has been committee established as an independent composed of the Minister of Economy and Finance as a chairman, Secretary of State of Economy and Finance as a vice chairman, Director General of GDPP as a permanent member, and director general of the GDICDM, and Head of the Legal Council Secretariat as members. The GDPP is acting as a technical adviser to the Committee and provides recommendations but the ultimate decision is made above GDPP (PEFA 2021).</p>		3
#	Description of Risk Feature	Rating	Assessment Basis	Assessments/Remarks	Recommendation /Mitigation	Rating

d	Existence of a debarment system	2	3 full existence, 2 existence of complaints body that is the authority, 1 does not exist	A debarment system exist but not fully enforced (Articles 66 and 67, Chapter 12 on the Law on Procurement promulgated by the Royal Decree No. NS/RKM/0112/004, dated 14 January 2012).	Conduct prior and ex-post reviews to strengthen enforcement of the debarment system.	2
e	Existence of an independent and competent local authority responsible for investigating corruption allegations	2	3 existence of independent Anti-Corruption agency, 2 existence of an office within a government ministry/agency that carries out some/all of these functions, 1 does not exist	<ul style="list-style-type: none"> <li>- Existence of the National Council Against Corruption (11 members) and the Anti Corruption Unit (ACU) and ACU branches at provinces responsible for investigating corruption allegations (the anti-corruption law No. NS/RKM/0410/004, April 2010).</li> <li>- The ACU participates and observes public procurement process to ensure transparency (PEFA 2021).</li> </ul>	Strengthening effective criminal prosecution for corruption officials; Enforcing legal protection for whistleblowers	2

Risk Rating System

3	<b>L: Low Risk</b>
2	<b>M: Medium Risk</b>
1	<b>H: High Risk</b>

Updated Risk Rating System (June 2020)

<b>Low: 2.5 - 3.0</b>
<b>Moderate: 2.0 - 2.49</b>
<b>Substantial: 1.5 - 1.99</b>
<b>High: 1.0 - 1.49</b>

## PEFA Framework

2011 Framework: Procurement assessed under **P1-19**

2011 Framework: Procurement assessed under **P1-24**

2011 Framework	2016 Framework
Transparency, Comprehensiveness and Competition in the legal and regulatory framework	Procurement Monitoring
Use of competitive procurement methods	Procurement Methods
Public access to complete, reliable and timely procurement information	Public access to procurement information
Existence of an independent administrative procurement complaints system	Procurement Complaints Management

### Procedure

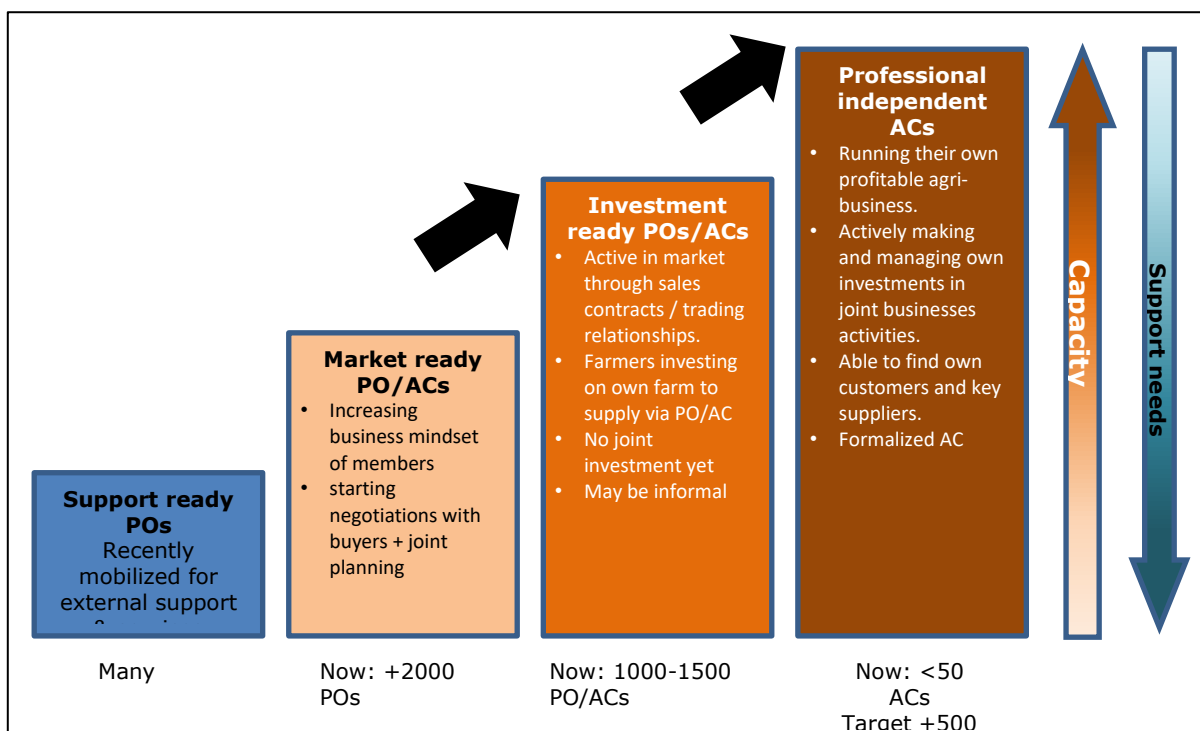
- 1 Open [www.pefa.org](http://www.pefa.org)
- 2 Scroll down and search by country
- 3 Choose whole country, not regions within a country
- 4 Choose latest report. Download entire report
- 5 Examine Pillar PI-19 or PI-24 (depending on Framework used) to see assessment
- 6 Summary information from section of report should be in **Remarks** of the Matrix
- 7 Score as follows:

PEFA	IFAD Matrix
A	3
B	3
C	2
D	1

## Diagram of producer organization capacity-building steps

More than 1,400 smallholder producer organizations (POs) mobilised by ASPIRE and AIMS have active contracts with buyers. POs help smallholders transition to farming as a business and link with buyers. POs can be mobilized but need support through a graduation process, illustrated in **Erreur ! Source du renvoi introuvable.** Each stage typically requires 1-2 years. Only a few POs have completed this transition after receiving sustained technical and financial support.

Figure 21: Graduation of POs/ACs to be reliable market actors



This shows that tailored capacity building support using a graduation model and involving PO's apex bodies is required. Systemic change requires use of a holistic approach focusing on: (i) social capital; (ii) production and productivity; and (iii) PO's access to sustainable markets (domestic urban and export). It implies a blend of tailor-made interventions to improve the technical, management and entrepreneurship skills of the smallholders and their apex POs/ACs so that they can borrow, invest in value addition, engage actively with key off-takers, and become recognized business entities within selected pro-poor value chains<sup>63</sup>.

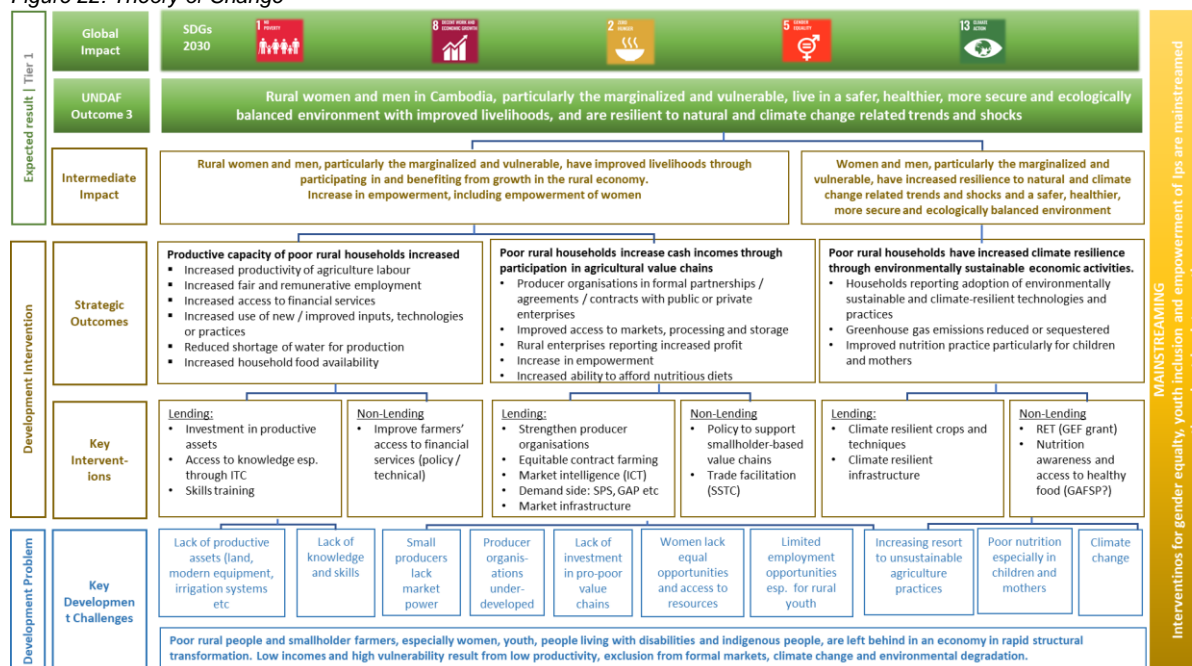
<sup>63</sup> More specifically, the new Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT) currently under design foresees in its exit strategy that "By the end of the project, producer organisations (ACs and Unions of ACs) should be registered as legal entities, have adequate business management capacity and have secure partnerships with agri-businesses and attract credit and investment from financial organizations."



# Theory of change

**Theory of Change (Erreur ! Source du renvoi introuvable.):** Productive capacity increase will be driven by improving rural people’s access to productive assets and skills. Aggregation in ACs linked to value chains with growth potential will enable rural people to obtain increased, sustainable incomes from market-led farming and from decent, remunerative employment. Mainstreaming climate and environmental concerns will increase sustainability and reduce vulnerability to shocks. The three SO will combine to promote inclusive and sustainable rural transformation in Cambodia while contributing substantially to achievement of SDG1 (poverty) and SDG2 (hunger).

Figure 22: Theory of Change



## Risk management matrix

Table 2  
Risks and mitigation measures (Full Version)

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
<i>Political/governance</i> COSOP implementation due to political instability	L	n/a (Cambodia is politically stable)
<i>Macroeconomic</i> Risk of external macro-economic shocks including from trade recession and / or increased prices resulting from Ukraine conflict	M	Macro-economic impacts of world events including Ukraine conflict to be monitored and taken into consideration in project design and in evolution of project implementation strategy.
<i>Sector strategies and policies</i> Major change of policy direction results in COSOP not aligned with national priorities	L	MTR will review alignment with new GoKC policy cycle 2023-27. However, COSOP is well aligned with GoKC policy framework and no major changes of direction are anticipated
<i>Institutional capacity</i> Implementing partners lack sufficient capacity to deliver projects and outputs effectively	M	Project delivery through established partners that have demonstrated implementation capacity Increasing use of private sector services where appropriate Capacity building focused on ACs / POs
<i>Portfolio</i> Slow disbursement is an identified risk based on past project performance	M	Action plan to accelerate project start-up e.g. ASPIRE-AT based on lessons learned from past projects Project delivery through a Programmatic Approach with regular implementation support and supervision mission.
<i>Fiduciary – financial management*</i> Risks arising from low financial management capacity and / or insufficiently robust transparency and accountability mechanisms.	M	<ul style="list-style-type: none"> <li>• Strengthening the current project's model with focus on capacity building to provincial government staff.</li> <li>• Utilizing the centralized FMIS to enhance FM of IFAD funded project (online, web-based software), training to all finance staff.</li> <li>• Ensure the effective roles, extensiveness and timeliness of external and internal audit on IFAD funded project.</li> <li>• Capacity building to provincial, municipal staff on IFAD procurement and anti-corruption policies.</li> </ul>
<i>Fiduciary– procurement**</i> Risk of losses due to low procurement capacity and / or mis-procurement.	M	<p>Carry out coaching, on-the-job trainings and refresher trainings on procurement (IFAD project procurement guidelines and manual, ICP, NOTUS, and Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia). Organize procurement trainings such as The Capacity Building for IFAD's Project Procurement Investment Portfolio (IFAD's BUILD PROC grant, 2021-2023) for project procurement staff. The Secretariat monitor and update regularly implementation progress of the procurement plan with both planned and actual data.</p> <p>Effectively reinforce IFAD's prohibitive practices policies through positive outreach activities (including standard training and capacity development initiatives. Ensure post and prior review measure to mitigate risk of prohibitive practices by applying IFAD Standard Bidding Document, which include bidders and contracted service provider self-declaration on prohibitive practices. Seek updates and re-affirmation of commitments by government to nominate individuals as reporting channels for prohibitive practices in line IFAD Anticorruption Policies and Safeguard Policies.</p> <p>The application of IFAD SDB would also ensure all procurement and contract are subject to IFAD Policies including IFADs integrity due diligence screening and sanctions.</p>
<i>Environment and social</i> Risk of elite capture / misallocation of project resources reducing the pro-poor impact of the COSOP Risk of negative social impacts of project activities including on Indigenous Peoples Risk of incentivizing non-sustainable or environmentally harmful agriculture practices (deforestation, inappropriate chemical use etc).	M	<p>Comprehensive ESMP including selection criteria for inclusiveness and sustainability, social and environmental risk assessment to be prepared for new projects</p> <p>FPIC and Grievance Redress Mechanisms (GRM) to be mainstreamed in new projects</p> <p>Projects to assess existing GRM and build upon them</p> <p>Ensure FPIC is applied in all project interventions targeting or potentially affecting indigenous minority groups</p>

<i>Climate</i> Risk to farm production and project-supported investments due to climate-related natural disaster	H	Identify and address climate risks at downscaled geographic levels or for each physical intervention Support strengthening of capacity for risk prevention and reduction (NDC priority)
Other COSOP-specific risks		
GoKC's debt management framework may exclude use of loan resources for "soft" investments and some IFAD priority issues (e.g. nutrition interventions).	M	<ul style="list-style-type: none"> <li>• Ensure clarity at design phase on which investments are acceptable for loan financing.</li> <li>• Increased use of GoKC funds for recurrent cost items.</li> <li>• Mobilise grants for high-priority purposes that fall outside the guidelines for loan financing.</li> </ul>
Slow project start-up undermines credibility of the COSOP and IFAD's reputation with GoKC	M	(1) Use of established implementing units (ASPIRE Secretariat). (2) Strengthen planning of inception phase. (3) Early start to procurement of TA.
Overall	M	