

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Main report and annexes**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department





## Abbreviations and Acronyms

<b>3R</b>	Recovery, Reform and Resilience
<b>AC</b>	Agricultural Cooperative
<b>ADB</b>	Asian Development Bank
<b>ADP</b>	Agriculture Development Policy 2030
<b>AfD</b>	Agence Française du Développement
<b>AIMS</b>	Accelerating Inclusive Markets for Smallholders
<b>ARDB</b>	Agriculture and Rural Development Bank
<b>ASDP</b>	Agricultural Strategic Development Plan
<b>ASMP</b>	Agriculture Sector Master Plan 2030
<b>ASPIRE</b>	Agriculture Services Programme for Innovation, Resilience and Extension
<b>AWPB</b>	Annual Work Plan and Budget
<b>BC</b>	Business Clusters
<b>CamGAP</b>	Cambodian Good Agriculture Practice
<b>CARD</b>	Council for Agriculture and Rural Development
<b>CCGC</b>	Cambodia Credit Guarantee Corporation
<b>CoE</b>	Centre of Excellence
<b>CF</b>	Cooperative Facilitators
<b>CFAP</b>	Cambodia Farmer Federation Association of Agriculture Producers
<b>COE</b>	Center of Excellence
<b>COSOP</b>	Cambodia Strategic Opportunities Programme
<b>COVID-19</b>	Corona Virus Disease 2019
<b>CSPE</b>	Country Strategic Programme Evaluation
<b>DAF</b>	Department for Accounting and Finance
<b>DACP</b>	Department of Agricultural Cooperatives Promotion
<b>DPPSP</b>	Department for Plant Protection, Sanitary and Phyto-Sanitary (DPPSP)
<b>EFA</b>	Economic and Financial Analysis
<b>EIB</b>	European Investment Bank
<b>EIRR</b>	Economic Internal Rate of Return
<b>ENPV</b>	Economic Net Present Value
<b>ESCMF</b>	Environmental, Social and Climate Management Framework
<b>EU</b>	European Union
<b>FA</b>	Financing Agreement
<b>FM</b>	Financial Management
<b>FMFCL</b>	Financial Management and Financial Control Arrangements Letter
<b>FMM</b>	Financial Management Manual
<b>FMU</b>	Financial Management Unit
<b>FNN</b>	Farmer and Nature Net
<b>FPIC</b>	Free, Prior, Informed Consent
<b>GAP</b>	Good Agricultural Practices
<b>GDA</b>	MAFF's General Directorate of Agriculture
<b>GDP</b>	Gross Domestic Product
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>GoKC</b>	Government of the Kingdom of Cambodia
<b>HDI</b>	Human Development Index
<b>ICP</b>	IFAD Client Portal
<b>ICT</b>	Information and Communication Technology
<b>ID-Poor</b>	Identification of Poor Households

<b>IFAD</b>	International Fund for Agriculture Development
<b>IFPRI</b>	International Food Policy Research Institute
<b>IFR</b>	Interim Financial Report
<b>IP</b>	Indigenous People
<b>IPP</b>	Indigenous People's Plan
<b>IRR</b>	Internal Rate of Return
<b>KfW</b>	Kreditanstalt für Wiederaufbau
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MAFF</b>	Ministry of Agriculture, Forestry and Fisheries
<b>MEF</b>	Ministry of Economy and Finance
<b>MIH</b>	Ministry of Industry and Handicrafts
<b>MIS</b>	Management Information System
<b>MoC</b>	Ministry of Commerce
<b>Mol</b>	Ministry of Interior
<b>MoWA</b>	The Ministry of Women Affairs
<b>MoWRAM</b>	Ministry of Water Resources and Meteorology
<b>MRD</b>	Ministry of Rural Development
<b>NCDD-S</b>	National Committee for Sub-National Democratic Development - Secretariat
<b>NDC</b>	Nationally Determined Contribution
<b>NIS</b>	National Institute of Statistics
<b>PBAS</b>	Performance Based Allocation System
<b>PDAFF</b>	Provincial Departments of Agriculture, Forestry and Fisheries
<b>PFI</b>	Partner Financial Institution
<b>PFM</b>	Public Financial Management
<b>PIM</b>	Programme Implementation Manual
<b>PO</b>	Producer Organisation
<b>RET</b>	Renewable Energy Technology
<b>RoI</b>	Return on Investment
<b>RS</b>	Rectangular Strategy
<b>SAMBAAT</b>	Sustainable Assets for Agriculture Markets, Business and Trade Project
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SDG</b>	Sustainable Development Goal
<b>SME</b>	Small and Medium Enterprises
<b>SO</b>	Strategic Objective
<b>SOE</b>	Statement of Expenditure
<b>SOP</b>	Standard Operating Procedures
<b>SPS</b>	Sanitary and Phyto-Sanitary
<b>TOR</b>	Terms of Reference
<b>TWG-AW</b>	Technical Working Group on Agriculture and Water
<b>UAC</b>	Union of Agriculture Cooperatives
<b>USAID</b>	United States Agency for International Development
<b>VC</b>	Value Chain

## In line with IFAD mainstreaming commitments, the project has been validated as:

Gender Transformative  Youth Sensitive  Nutrition Sensitive  Persons with Disabilities  Indigenous Peoples   
Climate Finance  Adaptive Capacity

## Executive Summary

### Background and Rationale

After a long period of sustained economic growth and poverty reduction, Cambodia has suffered significant economic impacts from the COVID-19 pandemic. Poverty headcount increased from around 10% to 17.8%. Cambodia faces new challenges from increasing prices of food, fuel and fertilisers and reduced global economic activity as consequences of the Ukraine conflict. Rural Cambodians remain at risk of being left behind by structural transformation of the economy, vulnerable to falling back into poverty and at severe from climate change.

Agriculture contributed 22% of national GDP and 35% of employment in 2020. Productivity of land is low and labour productivity lags behind the non-farm sectors. Only about 10% of crop land is fully irrigated

Cambodia has 1.7 million farm households, of whom about 75% are defined as smallholders. Most of these live on less than 150% of the national poverty line. Most farmers supplement farm income with wage labour. About 23% of rural households are landless.

Cambodia produces a substantial surplus of rice for export. Other important export commodities include rubber, cassava and various tree crops. However, exports are primarily of raw materials. Cambodia imports large amounts of fruit and vegetables.

Barriers to increasing productivity of smallholder farming include access to credit, technique, market intelligence and key inputs. Access to water is another key constraint. The best Agriculture Cooperatives (ACs) are increasingly successful at assisting farmers to overcome these challenges, but the majority of producer organisations (POs) are not yet at this level. Value chain processors face high costs in areas such as logistics, energy and cost of credit compared to neighbouring countries.

The Government of the Kingdom of Cambodia (GoKC) has prepared its Agriculture Development Policy 2030 (ADP) in the context of its post-COVID recovery strategy. The ADP prioritises a more commercial and export-orientated agriculture sector contributing to inclusive growth and seeks to take advantage of recent success in negotiating trade access for Cambodian produce to China and other markets.

**Women** face obstacles to their economic empowerment, including (i) the amount of time and responsibility for unpaid domestic and care work, (ii) low levels of literacy and education, and (iii) a lack of access to resources necessary for economic empowerment<sup>[1]</sup>. **Rural youth** face difficulties in accessing land, which also limits access to credit, as financial institutions generally require land as collateral and a high proportion migrate to urban areas in search of work. **Indigenous People (IP)** make up about 1.5% of Cambodia's population and suffer disadvantages in access to health, education and other services. 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>[2]</sup>.

The proposed ASPIRE-AT builds on IFAD's successful models of support to pro-poor agriculture development in Cambodia and elsewhere, including the ASPIRE programme which ends in 2022. The proposal also builds on established partnerships including with Ministry of Agriculture, Forestry and Fisheries (MAFF) for implementation and with European Investment Bank (EIB) as a financing partner.

### Project Results

The **Project Development Objective (PDO)** is Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers. This will be achieved through three Outcomes: (1) Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains; (2) PO's partnerships with agribusinesses have been enhanced and their market access improved; and (3) Smallholders have been organised and coordinated in ACs and other POs, and have been enabled to produce in response to market requirements for type, volume and quality standards.

### Target Areas and Beneficiaries

The target beneficiaries of ASPIRE-AT will be (i) 100,000 smallholder farm households who are either poor or near-poor and vulnerable to falling into poverty due to climate, market or other shocks but who have productive potential and can take advantage of market opportunities; and (ii) 25,000 landless or land-poor households ready to take advantage of employment opportunities. Both groups will be reached through support to about 500 POs and to small and medium-sized agricultural enterprises. About 50% of beneficiaries will be women and 20% will be youth. In line with Cambodia's population, 1.5% will be IPs.

Targeting strategy will be based on selection of pro-poor value chains that are prioritised in the ADP and are suitable for smallholder production, with potential to increase productivity through modest capital investment and involving intensive, unskilled labour inputs; or value chains involving large numbers of women, youth and IPs as producers or processors. The initial target value chains will be native chicken, cassava, cashew, fresh fruits and processed fruits.

ASPIRE-AT will be national in scope but will focus on selected Pro-Poor Value Chain areas selected according to (1) potential for development of the pro-poor value chains; (2) access to markets; (3) presence of Business Clusters (BCs<sup>[3]</sup>) supported by ASPIRE and the AIMS project with relevant production activities; (4) Economic Poles targeted by SAAMBAT; (5) density and intensity of rural

poverty, food insecurity and malnutrition; (6) presence of IPs; (7) incidence of environmental degradation and climate vulnerability; and (8) complementarity with the intervention areas of other development partners. Five Pro-Poor Value Chain areas will be selected in Year 1, with an additional 11 areas to be selected in Years 2 and 3.

## Components

**Component 1: Productive and Resilient Assets for Producer Organisations** will finance investments that are identified in the business plans of POs that have achieved a required level of capacity. Under sub-component 1.1, GoKC's Agriculture and Rural Development Bank (ARDB) will provide financing packages combining loans and grants to POs and to individual farmer members of POs. Grants will be held in escrow accounts and will be released once loans are repaid. Therefore, the grant will act as a partial guarantee to ARDB and will reduce the need for other collateral.

Existing POs and POs newly formed with ASPIRE-AT support will be eligible for investment financing once they achieve a "graduated PO" status based on scorecard criteria including: (i) measures of business and administrative capacity, (ii) strong partnership with private sector, and (iii) strong governance and social inclusivity and social and environmental risk management.

**Eligible investments by smallholders** must be (1) type identified in the PO Business Plan; (2) related to production of a targeted value chain commodity; (3) physical assets with useful life longer than 1 year; (4) not in a social and environmental negative list; and (5) not for land purchase. Smallholder farmer members of graduated POs will be eligible for grant finance up to 25% of the financing package, or 35% for farmers who are women, IPs, youth or persons with disabilities. In any case, the maximum grant amount for one farmer over the project life will be USD 1,000.

Eligible Investments by graduated POs must be (1) identified in the PO Business Plan; (2) related to enterprises or cash-generating activities in a target value chain; (3) contributing to a partnership with identified private sector partners; (4) physical assets with useful life longer than 1 year; (5) not included in social and environmental negative list; and (6) not be for land purchases. The maximum grant element will be 40% of the financing package subject to a maximum of USD 150 per benefitting smallholder farmer over the project life.

Under sub-component 1.2, the project will finance physical infrastructure assets that will be owned, operated and maintained by the PO that are important for achieving competitiveness and sustainability but which cannot easily generate revenue. These investments will only be available for POs that have not received similar project support in the past. Examples of eligible investments include: (1) access roads; (2) loading areas; (3) collection and handling facilities; (4) water distribution infrastructure (e.g. linking public irrigation canals to farms) and (5) multi-purpose buildings for the PO.

**Component 2: Business Partnership and Market Access** will support public and private investment to increase the number and competitiveness of agri-businesses operating in priority value chains and the associated enabling public goods and services to support competitive export growth.

**Sub-Component 2.1** will provide investment-oriented technical support to about 40 agri-businesses to plan and deliver successful upgrading investments in the target value chains. Technical support will include market exposure and trade promotion, bespoke technical investment advice and facilitation of links to centres of industry-leading international knowledge. Participating businesses will be facilitated to establish trading links with farmers and POs supported by the project.

About 15 agri-businesses will receive financing for investments in the range of USD 0.5 million – USD 5 million from a line of credit through the government's SME Bank, supported by credit guarantees from the Cambodia Credit Guarantee Corporation (CCGC).

**Sub-component 2.2** will upgrade critical public services and associated infrastructure to enable competitive export growth, with a focus on export-oriented plant health and quarantine services. Investments will include upgrading of physical infrastructure and equipment as well as capacity strengthening of the institutions and staff. Approval of investments will be subject to feasibility studies demonstrating compliance with criteria for effectiveness, viability and sustainability. Provisionally, the project will finance a Post Harvest Reference Centre; Export Quarantine Inspection Offices (up to 5); a Plant Health Reference Laboratory and Plant Health Research Stations (up to 3).

The sub-component will also support a review of policies and regulations affecting the priority sectors and proposals for adjustment to strengthen competitiveness.

**Component 3: Aggregating Farmers and Integrating them in Value Chains** will support existing POs to achieve the scale and institutional capacity required to provide effective services to their members, be attractive partners for agri-business and to qualify for investment financing under Component 1. Candidate POs will be active in the target value chains in the Pro-Poor Value Chain areas and will include existing ACs as well as the BCs supported by AIMS and ASPIRE and other informal POs. Provincial Departments of Agriculture, Forestry and Fisheries (PDAFFs) will identify the POs and conduct the formal registration process. By the end of the project it is anticipated that there will be approximately 500 participating "graduated POs" of which about 300 will be newly registered. There will also be about 35 Unions of Agriculture Cooperatives (UAC).

**Qualified service providers** will be recruited to build the capacity of POs. Capacity development will include governance, women's representation, recruitment and training of staff, adoption of a suitable Management Information System (MIS), business model development and planning, digital literacy and adoption of digital services and environmental, social and climate risk management. Service Providers will assist the PO to develop a Business Plan which will be endorsed by PDAFF and by the project. Service Providers will then assist the PO to prepare financing proposals for PO and individual farmer investments to ARDB under Component 1.

Newly registered POs will receive capacity building and business planning support in the first year of engagement followed by support to implementation of the investment plan in the second year and coaching support for two further years, so the length of engagement

with the PO will be four years in total, after which it is expected that the PO will be fully self-sustaining. Existing registered POs will receive service provider support for two years.

**Sub-Component 3.2** will finance the establishment of Centres of Excellence for development, promotion and demonstration of improved production and post-harvest techniques with an emphasis on climate-smart agriculture. Centres of Excellence will be implemented in partnership with private sector suppliers of technology. The Centres of Excellence will be linked to the POs and farmers through a network of Lead Farmers.

### **Alignment, ownership and partnerships**

ASPIRE-AT will contribute to achievement of Sustainable Development Goals (SDG) including SDG-1 (no poverty), SDG-2 (zero hunger), SDG-5 (gender equality), SDG-8 (inclusive and sustainable growth and decent employment) and SDG-13 (climate action). ASPIRE-AT is strongly aligned with GoKC's policy agenda for the agriculture sector, particularly through the ADP. ASPIRE-AT is aligned with IFAD's policies and corporate priorities. In particular, ASPIRE-AT is designed as gender transformative and climate-focused.

ASPIRE-AT will build on IFAD's existing strong partnerships with agencies of GoKC including MAFF and SME Bank and will initiate a new partnership with ARDB. ASPIRE-AT will continue the financing partnership with EIB and potentially with EU that is initiated by SAAMBAT. ASPIRE-AT will work in partnership with sector agencies, agri-businesses and with Cambodian farmer organisations, notably the longstanding IFAD programme partners Farmer and Nature Net (FNN) and Cambodia Farmer Federation Association of Agricultural Producers (CFAP).

### **Costs, benefits and financing**

The total project cost inclusive of taxes, duties and 15% price and physical contingencies amounts to USD 194.0 million over a seven-year implementation period.

The IFAD loan funds from PBAS will finance USD 33.9 million (17% of the total budget) and IFAD BRAM will finance USD 14.0 million (7.2%); GoKC will provide USD 19.2 million (10%); EIB will contribute USD 60.6 million (31%); SSTC Grant will provide USD 0.3 million (0.2%); Partner Financial Institutions, USD 42.9 million (22%); beneficiary contribution, USD 1.1 million (0.5%); and SME contribution, USD 2.2 million (1%); and there is a funding gap of USD 20.0 million (10%).

The Economic Internal Rate of Return (EIRR) of the project is estimated as 32% (base case). Sensitivity analysis shows that this could fall to 17% in a most-severe-case scenario, still above the opportunity cost of capital in Cambodia.

### **Risks**

ASPIRE-AT is considered a low-risk project overall while some moderate risks are identified in the Integrated Risk Framework based on the operating environment and past experience in Cambodia. **Country context** risks are generally low, subject to some uncertainties about the global economic impact of the Ukraine conflict and other events. The **project scope** entails some risks that are mitigated by design features; these relate to the potential for smallholders to compete in the market, risks associated with the design of financing instruments for farmers, POs and agri-businesses, and the risk that public sector investments may be proposed without adequate assurance of viability and sustainability. Country inherent **financial management risk** is high but mitigated by use of well-established financial management procedures and capacity. **Procurement** risk is moderate.

### **Environment, Social and Climate Change**

The proposed environmental and social risk category for ASPIRE-AT is **moderate**. An Environmental, Social and Climate Management Framework (ESCMF) has been prepared with an Environmental, Social and Climate Management Plan (ESCMP), Cultural Heritage Plan, Indigenous People's Plan and Free, Prior and Informed Consent Implementation Plan. The project will not require involuntary land acquisition. The project will enforce a zero deforestation policy.

The climate risk category of ASPIRE-AT is **substantial**. An in-depth climate risk analysis has been prepared. The screening checklist provided in ESCMF will guide project to include adequate adaptation and mitigation measures while working in climate vulnerable areas.

### **Implementation Arrangements**

MAFF will be the Project Executing Agency and will assign project management responsibilities to the existing ASPIRE Secretariat, thus making use of established capacity, ensuring continuity and facilitating implementation of the project readiness action plan. ASPIRE Secretariat will be assisted by a core team of technical advisers.

MAFF-General Directorate of Agriculture (MAFF-GDA) will be responsible for technical guidance in key areas including (1) formation and capacity building of ACs and UACs; (2) registration of UACs; (3) selection, design and implementation of public service investments; (4) development and approval of technical protocols for crop production; (5) development of relevant policy and regulation, particularly to expand trade and market access in target value chains; (6) coordination of the project ICT strategy; and (7) management of Centres of Excellence.

PDAFFs will (1) conduct mapping of pro-poor value chains and producer organisations; (2) conduct formation and registration of Agriculture Cooperatives; (3) manage and coordinate networks of Lead Farmers including identifying training needs; (4) cooperate with regional service providers for business development services to graduated POs; (5) project planning, monitoring and reporting at Provincial level.

ARDB and SME Bank will be project implementing agencies and will manage the lines of credit and (for ARDB) matching grant

finance, screen and conduct due diligence on investment proposals, finance investments and report on results to the project. Loan repayments will be used to re-finance the credit schemes.

ASPIRE Secretariat will be responsible for **Financial Management** of the project using systems and procedures established under ASPIRE and consistent with GoKC's Standard Operating Procedures (SOP) for externally financed projects/programmes. ASPIRE Secretariat will operate one project account for IFAD loan proceeds and one project account for IFAD grant proceeds. ARDB and SME Bank will also operate project accounts.

ASPIRE Secretariat will be responsible for project **procurement** using IFAD funds and will follow the SOP to the extent such are consistent with the IFAD Project Procurement Guidelines. PO's will conduct a simple community procurement process to identify preferred suppliers for investments financed through ARDB. Agri-businesses will be responsible for procurement of items financed by credit through SME Bank.

### **Monitoring and Evaluation (M&E) and Communications**

M&E of ASPIRE-AT will be based on (1) an Outcome Survey conducted at household level, with baseline, mid-term and endline measurement; and (2) a Management Information System (MIS) based on a upgrade of the existing ASPIRE MIS which can capture information on production and sales at farm level.

All implementing agencies will be responsible to provide data to update the ASPIRE-AT MIS which will track data at the following levels: (1) individual farmers; (2) POs; (3) agri-businesses; (4) PDAFFs; and (5) other agencies with implementing responsibilities.

A **Communications Plan** for the project will be developed and implemented by ASPIRE Secretariat in coordination with IFAD communications specialists. Knowledge sharing will be primarily through digital means. The project will establish and regularly update a web-site and will develop a range of web-based knowledge products including blogs, policy and technical briefs and video segments. ASPIRE Secretariat will also reach out to stakeholders through mobile applications.

### **Implementation Plan**

The **planned implementation period** of ASPIRE-AT is seven years from January 2023 to December 2029.

A Project Readiness Action Plan has been prepared and be implemented in the period July to December 2022 by ASPIRE Secretariat with available resources of the ASPIRE Programme and with technical support from IFAD. The purpose of the Project Readiness Action Plan is to ensure that all conditions are in place so that key activities of ASPIRE-AT can be initiated during Year 1 of project implementation.

A Project Implementation Manual (PIM) has been prepared and includes Terms of Reference (TORs) for key service providers. GoKC will be encouraged to initiate the procurement process for these service providers in advance of project effectiveness, thus avoiding the long delays that have affected ongoing projects (e.g. SAAMBAT) due to the time required to agree TORs and contract service providers. Some resources of ongoing ASPIRE may be used to support this readiness activity for ASPIRE-AT.

ASPIRE-AT implementation will be supervised jointly by GoKC, IFAD and EIB. There will be one supervision mission and one implementation support mission per year, with a Mid-Term Review planned for early 2026.

## **1. Context**

### **A. National context and rationale for IFAD involvement**

#### **a. National Context**

1. **Political, social and economic:** Cambodia has achieved rapid economic growth and poverty reduction during the 21st century based on political stability, investment in infrastructure and openness to trade underpinning economic growth. Real GDP growth averaged around 7.5% per annum from 2001 to 2019 while the proportion of households living below the national poverty line fell from over 60% to below 10%. In 2015 Cambodia graduated to Lower Middle Income Country status. Cambodia's HDI value for 2019 is 0.594— which puts the country in the medium human development category—positioning it at 144 out of 189 countries and territories<sup>[4]</sup>.
2. Despite the impressive reduction in the poverty headcount, a high proportion of rural Cambodians live only somewhat above the poverty line and are vulnerable to falling back into poverty. While the poverty rate is only 4.2% in Phnom Penh and 12.6% in other urban areas, it reaches 22.8% in rural areas<sup>[5]</sup>.
3. Cambodia managed the **COVID-19** pandemic well, with around 3,000 deaths reported. About 81% of the population is vaccinated. The Government of the Kingdom of Cambodia (GoKC) has lifted most restrictions on travel and activities. However, the pandemic led to a near halt in international tourism arrivals and heavily impacted domestic retail services. Many migrant workers lost employment and returned to Cambodia during 2020, resulting in increased unemployment and reduced incomes from remittances. GDP growth was 2.2% in 2021 and is projected at 4.5% in 2022<sup>[6]</sup>. Poverty headcount increased to 17.8% and to 22.8% in rural areas<sup>[7]</sup> as a result of the pandemic. The government released social transfers, as support for ID-Poor households through the national COVID-19 cash transfer emergency programmes for the most-affected families.

4. As it emerges from the COVID crisis, Cambodia faces new macro-economic challenges due to the interrelated risks of global trade recession and the impact on commodity prices of the war in Ukraine. As an open, trading economy with total exports equal to 61% of GDP in 2020, Cambodia is vulnerable to a slowdown in global demand. Cambodia's energy use depends mainly on imports (the main exceptions are hydro-electricity and solar electricity) and is already experiencing inflationary pressures, for example in the price of transport fuels. The agriculture sector is likely to experience significant impacts from increasing fuel costs and also from rising fertiliser costs, leading potentially to decreased fertilizer use and productivity. The Ukraine crisis has also led to increasing costs of foodstuffs, including grains and cooking oil. It is possible that as a rice exporter Cambodia could indirectly benefit from increased grain prices; conversely, costs of imported food will rise and demand for some export crops might be reduced. Recent economic analysis from IFPRI<sup>[8]</sup> foresees an increase in inequality in Cambodia and greater poverty, particularly in rural areas. Finally, the cost of a healthy diet increases for Cambodian households, thereby affecting food security and nutrition.
5. Cambodia's **population** was estimated at 16.7 million in 2020, with 76% living in rural areas. The population is relatively young, with a median age of 25. Education and skills levels in the workforce remain low but Cambodia has achieved almost universal primary school enrollment and increasing attendance at secondary level, with female and male enrollment rates similar.
6. Cambodia's **agriculture sector** has declined in importance compared to manufacturing and services, with agriculture share of GDP falling from 34% in 2000 to 22% in 2020. The resulting structural transformation has seen large numbers of workers moving from farm to non-farm jobs, but agriculture still provides about 35% of employment. 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.
7. Cambodia has 1.7 million farm households (6.8 million people) and 75% of these are defined<sup>[9]</sup> 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 have ownership rights under the Land Law of 2001. Despite ongoing efforts to issue formal land titles, most agricultural land is held under informally issued "soft" titles which are traded and used as collateral for loans. Most smallholders supplement agriculture with nonfarm income sources such as wage labour, often on larger commercial farms. About 23% of rural households are landless and a further 15% own less than 0.5ha; these households depend mainly on wage labour.
8. Cambodia produces a substantial surplus of rice for export. Other important export commodities include rubber, cassava and various tree crops. However, exports are primarily of raw materials, with Vietnam in particular importing large amounts of Cambodian produce for processing and onward sales.
9. About 30% of fruit and vegetables are imported from neighbouring countries. 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 traceability systems is important for growth in this sector. However, the Cambodian Good Agriculture Practice (CamGAP) certification scheme needs increased capacity and a decentralized implementation structure to make it accessible for small farmers.
10. Cambodia's agriculture sector has proved resilient during the COVID pandemic. Agriculture sector growth, particularly based on increasing exports through formal channels and taking advantage of recent trade agreements, is a key element of GoKC's strategy for post-pandemic recovery. However, there are still significant barriers to overcome, particularly in value chains (VCs) based on smallholder production, to achieve the scale and consistent quality of produce meeting the needs of export and domestic markets.
11. 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.
12. Cambodia has an increasing number of **Agriculture Cooperatives** (AC), some of which are aggregating as Unions (UAC). The best of these function well, providing effective services to their members, aggregating and coordinating production and helping agribusinesses communicate with farmers and negotiate purchasing contracts at scale. These ACs have benefited from quality capacity building assistance provided through a number of (non-IFAD funded) projects – such assistance is thus demonstrated as a highly cost-effective investment. There is however 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 enhancement of productivity as well as in logistics, transport, storage, that are key to reduce post-harvest losses.
13. 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 recurrent problem. Exporters need improved access to markets, for example transit agreements allowing produce to be exported via ports in Vietnam or Thailand. Sanitary and Phyto-Sanitary (SPS) certification needed for some value chains are lacking. The most successful processors for export markets are overcoming these challenges, but others are operating well below capacity and potential new investors are cautious. Many of local agri-SME lack experience in exporting procedures and / or 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.
14. Cambodia produces some high quality products (e.g. fragrant rice, cashews) and exporters report a positive perception of Cambodian produce<sup>[10]</sup>. Given the high quality of Cambodian produce but 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, but this implies that quality requirements will be more stringent.

15. 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 is in good condition<sup>[11]</sup>. Effective financing and implementation of operation and maintenance remains an issue. Partly for this reason, farm-to-market transport costs are significantly higher than in neighbouring countries<sup>[12]</sup>.
16. GoKC has high ambitions to develop a modern **digital technology** sector. Cambodia has strengths in this area with one of the highest mobile and 4G coverage rates in the world and an emerging software sector. IFAD has successfully supported development of one mobile application for smallholders (**Chamka**) and is supporting development of an ambitious Khmer Agriculture Suite through the SAAMBAT project<sup>[13]</sup>. Scaling-up and integrating digital solutions developed/supported under the other IFAD supported projects have potential to improve agriculture input and product markets and access to credit and is also strongly aligned with IFAD's priority on youth.
17. **Policy Framework:** The overarching strategy of GoKC is defined in its Rectangular Strategy (RS) for Growth, Employment, Equity and Efficiency, currently 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. The **National Strategic Development Plan (NSDP) 2019-23** and the Agriculture Sector Development Plan (ASDP) 2019-23 add detail and monitoring targets to the goals set by the RS-IV for the current government mandate.
18. GoKC has recently finalized two key strategic policy documents for the agriculture sector, the **Agriculture Development Policy (ADP)** and the **Agriculture Sector Master Plan 2030**. The ADP reflects the concerns of the GoKC's post-COVID strategy for **Recovery, Reform and Resilience (3R)** to develop a more commercial and export-oriented sector as a contribution to inclusive growth. The ADP defines four key themes: (i) Modernizing and commercializing the agricultural value chains; (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.
19. The **Policy on Agriculture Extension in Cambodia** was recently updated with support from IFAD through the ASPIRE programme and commits Cambodia to developing a pluralistic extension service that engages both public, private sector and cooperatives in providing extension advisory services.
20. A **Roadmap for Food Systems for Sustainable Development 2030**<sup>[14]</sup> was adopted by Council for Agriculture and Rural Development (CARD) and the TWG-AW in 2021 with four specific priorities: (i) Healthy diets for all; (ii) Empowerment of youth, women and the vulnerable; (iii) resilient livelihoods and resilient food systems; and (iv) governance for a more inclusive food system. The Roadmap is aimed at improving the access to healthy diets and safe food, with an initial focus on women and children, to break the intergenerational cycle of malnutrition and address the nutrition transition.
21. **Digital Technology Policy:** The Cambodia Digital Economy and Society Policy Framework 2021 – 2035 emphasizes the use of digital platforms in production and value chains of agriculture.<sup>[15]</sup> MAFF developed a Digitalisation Strategy Paper, focused on increasing institutional capacity for digital technology, in 2022, and is currently preparing a sector-wide Cambodia e-Agriculture Strategy which aligns with the ADP.
22. Cambodia's **Nationally Determined Contribution (NDC)** to the UNFCCC<sup>[16]</sup> and **Climate Change Strategic Plan 2014-23** defines the framework for Cambodia's climate change response and describes the following adaptation actions for the agriculture sector: (i) scaling-up of climate-resilient agriculture systems including the introduction of climate resilient and ecologically appropriate crop varieties, (ii) community based actions to restore and maintain critical environmental services affected by climate change, (iii) strengthening of early warning and climate information systems and dissemination, and (iv) strengthening of capability to undertake climate risks and vulnerability assessments and cross-sectoral planning.
23. 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) and is finalising a national **Gender Equality Policy**. In 2011, the Cambodian Government developed the **National Policy on Youth Development**. The Government's commitment to ensuring food and nutrition security is expressed in RS-IV. Cambodia's Roadmap for Food Systems for Sustainable Development by 2030 are adopted by the Council for Agricultural and Rural Development (CARD) in late 2021. In 2019, the GoKC 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.
24. 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 MoWA promoting gender equity and women's economic empowerment.
25. Cross-Ministerial coordination is provided through the Council for Agriculture and Rural Development (CARD) and through the TWG-AW.
26. Ministries are represented at national level and through Provincial Departments. Under the decentralisation programme overseen by Ministry of Interior (Mol) 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.
27. AC and other types of producer organisation (PO) are increasingly important at the grassroots level. ACs are regulated by MAFF under the Law on Agriculture Cooperatives of 2013. Higher level bodies include UAC and national farmer representative bodies

including Farmer and Nature Net (FNN) and Cambodia Farmer Federation Association of Agriculture Producers (CFAP).

## b. Special aspects relating to IFAD's corporate mainstreaming priorities

28. With a **Gender Inequality Index** of 0.474, Cambodia was ranked 117 over 162 countries in 2019<sup>[17]</sup>. There are a number of obstacles to women's economic empowerment in Cambodia, including (i) the amount of time and responsibility for unpaid domestic and care work, (ii) low levels of literacy and education, and (iii) a lack of access to resources necessary for economic empowerment<sup>[18]</sup>. Women have higher participation in agriculture than men but receive lower benefits and have lower access to land, extension services, financial services, markets, and technology. In principle, land is held jointly by husband and wife, while women often take responsibility for household cash management and predominate in small enterprises including agricultural trading and marketing. 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<sup>[19]</sup>.
29. **Youth** are defined in Cambodia as people aged 15-30<sup>[20]</sup>. Despite only 6.4% of youth neither in employment nor in education or training in 2014, the quality and stability of employment remain concerns<sup>[21]</sup>. Rural youth face difficulties in accessing land, which also limits access to credit, as financial institutions generally require land as collateral and a high proportion migrate to urban areas in search of work.
30. **Indigenous Peoples (IPs)** make up about 1.5% of Cambodia's population, or 250,000 people, mainly in the upland northeast of the country<sup>[22]</sup>. While poverty incidence among ethnic minorities is not significantly higher than among the ethnic majority, they suffer disadvantages in access to health, education and other services. IP communities engage in cassava, cashew and coffee value chains.
31. 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>[23]</sup>. Women living with disabilities also face considerable domestic violence and limited access to services<sup>[24]</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. The vast majority of them are self-employed or unpaid family workers.
32. **Nutrition**: In line with economic growth and increasing food production, the proportion of Cambodians who are undernourished fell from about 40% in 1990 to about 15% in 2012. Total Dietary Energy Supply (DES) increased 31% in the same period<sup>[25]</sup>. However, Cambodia continues to face nutrition challenges, with 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% of children, and anemia not specific to iron-deficiency, which affects 44% of women of reproductive age<sup>[26]</sup>. Severe food insecurity affects 13.4% of the population and moderate food insecurity 44.8%; these figures may worsen with increased food and energy prices<sup>[27]</sup>. While a number of activities will contribute to improving the nutrition situation, ASPIRE-AT does not aim to be nutrition-sensitive. IFAD is taking part of the policy dialogue on Food Systems through the IFAD supported projects and 50x2030 initiative. Under track 3 of this policy dialogue, the technology adaptation and extension under ASPIRE AT and commercialization efforts contribute substantially and at scale through efforts to diversify production, reduce exposure to risk and adapt to climate change. Agro-ecological transitions are a game changer for this track. ASPIRE AT reflects the efforts to empower the youth, women and the vulnerable provide greater access to markets and livelihood support across the agricultural sector. These include the effort to diversify production making a strong contribution to healthy diets for all Cambodians. It also includes consumption of own produce and the availability of diverse produce in markets. The 2nd NSFSN 2019-2023, ASPIRE AT will help develop production capabilities, diversifying production, providing resilience to climate change, developing value chains and value adding opportunities and improving access to markets across all provinces and at the national level. These actions provide the foundations for food security through increased availability and quality of more diverse produce, greater access to food improved livelihoods for smallholders, more stable access to food and a more sustainable production system. ASPIRE AT investments will help drive improvements in food security and income for the agricultural sector and along the value chain supporting the Joint Priority Actions under the NSFSN 2019-2023 for Value chain development, food safety and fortification and Disaster resilience and climate change.
33. Cambodia is highly vulnerable to **climate change and disaster risks**. It is ranked 151st out of 181 countries in the 2020 ND-GAIN Index and is the 12th most disaster-prone country among 172 countries for 1999-2018. Annual economic losses resulting from natural disasters in the country were estimated at 0.7% of GDP. 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%. Approximately 80% of the country is within the Mekong River and Tonle Sap basins, making it especially vulnerable to floods, storms, and droughts. Identified hazards are assessed as high across the whole country for river floods and coastal floods, cyclone, extreme heat, and wildfire. Climate change will result in more frequent and intense heavy precipitation days and an increase in the number of extreme rainfall events (medium confidence), leading to increased flooding. Temperatures will rise by 0.7°C-2.7°C by 2060.

## c. Rationale for IFAD involvement

34. Agriculture based on smallholder production is the basis of Cambodia's rural economy and remains essential for employment and household incomes for the rural people. Agriculture can 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, lack of modern techniques, lack of productive infrastructure and inadequate adaptation to climate risks, 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

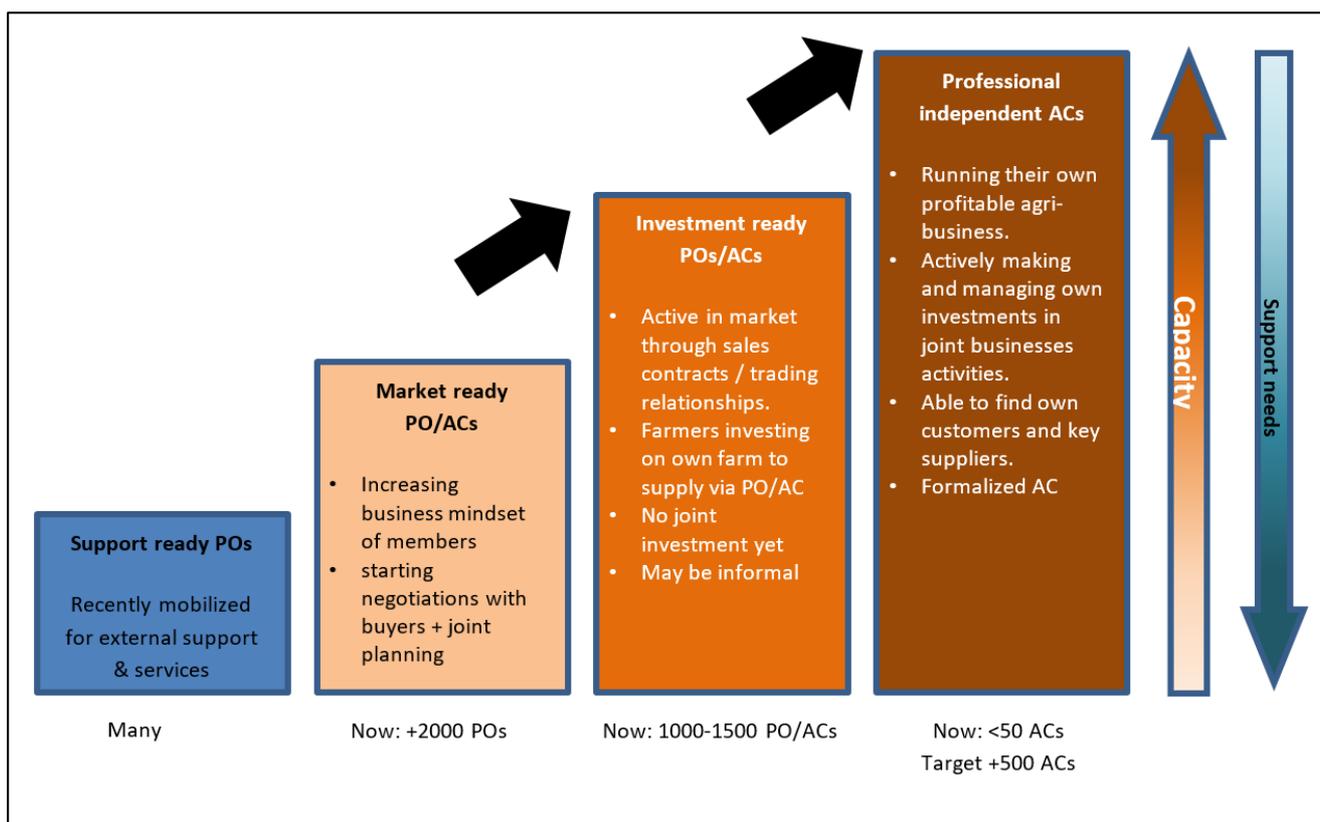
increasing national prosperity.

35. There are important barriers to overcome so that smallholders can increase their share of market value and produce efficiently for well-developed value chains serving export and domestic markets. Strong POs are needed to aggregate small farmers to produce at scale, access services, create value addition, and become attractive partners for agri-businesses. To realize this potential, strengthening of PO must be complemented by investments at both farm level and in PO-owned enterprises and facilities. Productive and climate-smart investments can be financed by farmers and the private sector, but access to investment credit on suitable terms (price, collateral requirements, delivery and tenor) is a barrier at present. Existing successful POs have benefited from investment in productive infrastructure but new POs will need investment to reach the same level. There are also technical challenges to overcome, for example, introduction of climate-smart techniques, and the need to create a disease-free supply chain for cassava planting material[28]. 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.
36. POs are not automatically pro-poor; inevitably, farmers with more land and resources will have a significant voice in their governance. IFAD engagement can assist in ensuring that POs become more inclusive. This may include arrangements to ensure that poorer farmers, women, indigenous minorities and persons with disabilities have a voice in governance of POs and are able to access the benefits of IFAD support.
37. IFAD, through its partnership with GoKC, has developed acknowledged expertise in supporting small farmers to form inclusive POs, access improved sustainable and resilient technology and form partnerships with private businesses. Under ASPIRE and the AIMS project, this has resulted in about 4,400 Business Clusters (BC)[29]with 165,000 smallholders. About half the BC have written contracts with agri-business partners. Accumulated sales of these BC are estimated at USD 223 million to date. The estimated return on every USD 1 invested through ASPIRE is USD 23. In addition, these projects have identified sustainable and resilient agricultural practices and built capacities of community extension workers and entrepreneurs to support farmers' access to inputs and markets and adopt improved practices. Partnership with European Investment Bank (EIB) opens the opportunity to build on this approach by aggregating the BC into formal AC and UAC, developing sustainable models of financing for the necessary investments (including infrastructure) and strengthening the value chains and investment in the enabling environment. Pursuing this opportunity contributes to GoKC's objective of inclusive growth in the agriculture sector and increasing sustainable incomes for IFAD's core target group of smallholder farmers and rural workers. Financing through GoKC's public sector banks brings IFAD's global expertise in inclusive financial services for smallholders and Agri-SMEs to complement the strengths of the existing country programme. The programmatic approach developed within the IFAD Cambodia portfolio will assist in coordinating and maximising synergies between projects as well as leveraging complementary financing.

## **B. Lessons learned**

38. The ASPIRE AT design is built on the following key country programme lessons:
39. Structural transformation of the economy has been accompanied by increasingly market-oriented agriculture. The COSOP 2022-27 highlights lessons learned from IFAD's country programme including the potential for smallholders to successfully compete in the market given appropriate support which includes market-led "extension plus" services, increasing use of mobile applications and a programmatic approach to integrate capacity building with "hard" investments. The Country Strategic Programme Evaluation (CSPE) of 2018 highlighted the need for tailored strategies to support agricultural commercialisation of relatively advanced smallholders and to support the coping strategies of poor households. Accordingly, ASPIRE-AT has a strong focus on strengthening capacities of POs.
40. IFAD's experience helping smallholders transition to farming as a business highlights the importance of smallholder POs particularly in linking farmers with buyers. More than 1,400 POs mobilised by ASPIRE and AIMS have active contracts with buyers. Lessons from IFAD's Independent Office of Evaluation on value chain programs show that sufficient duration of training of PO is key for them to reach required maturity and sustainability levels. Figure 1 illustrates this graduation process in stages, each typically needing 1-2 years with appropriate support. Only a few POs have completed this transition after receiving sustained technical and financial support.

Figure 1: Graduation of POs/ACs to be reliable market actors



41. This shows that tailored capacity building support involving PO's apex bodies is required. Systemic change requires use of a holistic approach focusing on: (i) social capital and inclusive governance; (ii) production and productivity; and (iii) PO's access to sustainable markets (domestic urban and export) and (iv) viable business model (revenue streams vs costs) and quality financial management. 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>[30]</sup>. As suggested in PMI toolkit on producer organizations and lessons from several projects, developing and monitoring adapted score cards during the project implementation can help track progress and target required support.
42. Devolved planning and delivery of key agriculture sectors public services has proved effective and responsive. A recent Grow Asia study shows that successful inclusive value chain models rely on quality investment in profitable farming practices<sup>[31]</sup>. In addition, fostering alignment between government advisory services and Good Agricultural Practices (GAP) or standards emerging from value chain platforms can help sustain and scale good practices<sup>[32]</sup>. Lead farmers, commune extension workers and business skills facilitators have all been important agents of change in communities and have started developing various entrepreneurial revenue streams including fee based advisory services but also embedding extension in production and sales of input (chicks, compost, bio inputs etc.) or remuneration from public and private actors (Chamkadigital services, local government etc.). However, government agencies have taken time to acquire the skills, working modalities and responsiveness to effectively enable inclusive market-driven growth, supporting farmers to navigate this transition and brokering new successful relationships with buyers and service providers in the market.
43. Growing prevalence of smartphones in all communities has triggered a range of new digital services being offered – from agricultural advisory and market services to digital financial services and many more. Many digital services are relatively new but indicate the growing opportunity for digital services to transform services delivery to the sector and the way supply chains operate. Chamka app that was developed through the Korean Supplementary Funds under ASPIRE (Phase 1) has been successfully rolled out to more than 50,000 farmer households who access both the extension advisory and the input services through the app. The business clusters and community extension workers, tie-up with input suppliers as well as extensive awareness has been useful for rollout of the app to support the farmers. Similar models will be used for technology solutions that are piloted under SAAMBAT
44. To support scalable value chain investment, it is key to develop partnerships with financial institutions and adapt solutions to value chain economic needs<sup>[33]</sup>. The Cambodian agricultural finance market is at a relatively early stage of development. Other than short term collateral-based loans, the range and accessibility of suitable products in the market remains limited and collateral requirements restrict ability to invest, especially for higher value products and higher productivity production systems that require longer term investment on-farm and among the POs and agribusinesses along the supply chain, likely to exceed the available collateral. POs participating in secure markets, ideally with written contracts, by nature present a lower risk to creditors and will be able to take advantage of financial products, which have a more nuanced approach to risk. The ongoing strengthening of the Agriculture and Rural Development Bank (ARDB) and launch of the SME Bank and Credit Guarantee Corporation of Cambodia are positive developments to be leveraged.
45. Geographical targeting strategies typically focus on less-developed or food insecure regions or districts. This can be problematic

for value chain projects, as value chains are not bound by administrative borders. The 2019 Independent Evaluation of IFAD's engagement in pro-poor value chain development found that it is a sensible strategy to use a cluster approach, grouping poor areas with wealthier ones offering comparative advantages in markets, in combination with strategies to identify poor producers. Pro-poor inclusion depends on i) selection of value chain and agricultural practices more conducive for specific targets (e.g. cassava with resource poor farmers, poultry with women participants, value chains with fewer capital intensive agricultural innovations etc.); ii) providing pro-poor incentives while also enforcing pro-poor requirements along financial and value chain partnership and screening of underlying business proposals and farming practices; iii) mobilization of farmers in inclusive PO that can negotiate effectively with other actors and create value for members through functional upgrading (e.g. through processing, and reducing the role of intermediaries); iv) investments in enabling environment.

46. Many of the poorest in rural areas depend on non-farm wage labour. Structural transformation will lead to much of this IFAD target group gradually transitioning from agriculture-based to non-agricultural livelihoods. Project design should recognise this and place greater weight on creation of decent rural employment as an objective alongside improvements to farm-based livelihoods.

## 2. Project Description

### C. Project objectives, geographic area of intervention and target groups

#### a. Goal and Objectives

47. The **Project Goal** is *Rural poverty and vulnerability has decreased and climate resilience of Cambodian rural households has increased through inclusive and environmentally sustainable growth in the agriculture sector*. The **Project Development Objective** (PDO) is *Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers*.
48. The Project addresses the three Strategic Objectives (SO) of the COSOP 2022-27 which themselves are closely aligned with IFAD's global Strategic Framework. By supporting productive investments of smallholders and producer organisations and by stimulating private investment in production, post-harvest and processing, the project will increase the productive capacity of poor Cambodian rural households (SO 1). By strengthening pro-poor value chains and assisting small farmers to organize in formal producer organisations to partner with value chain businesses, the project will assist poor rural households to increase their incomes through participation in remunerative agriculture value chains (SO 2). By supporting the development and adoption of climate-smart and environmentally sustainable agriculture techniques, the project will strengthen the environmental sustainability and climate resilience of poor rural people's economic activities (SO 3).
49. Progress towards the Project Goal will be measured by national indicators on poverty headcount (targeting reduction from 17% to 10%), and achievement of the ADP target of 3% annual growth in value added in the agriculture sector. Key indicators for the PDO will be the number of rural households with income increased by at least 20% (target, 50,000 households) and the mandatory indicators *Number of households satisfied with project supported services* (target 75%) and *Number of households reporting that they can influence decision-making of local authorities and project-supported service providers* (25% increase over baseline). All indicators including mandatory multipliers are presented in Annex 1.

#### b. Targeting

50. The targeting strategy builds on ASPIRE and AIMS experience creating inclusive POs benefitting from market growth opportunities as well as the Operational guidelines on IFAD's engagement in pro-poor value chain development.
51. The basis of targeting will be selection of pro-poor value chains to form a portfolio of high market potential products favouring priority target groups (e.g. Women: chicken; land-poor: chicken, vegetables; indigenous communities: cassava, tree fruits). Overall, commodities suitable for smallholder production, with potential to increase productivity through modest capital investment and involving intensive, unskilled labour inputs; or value chains involving large numbers of women, youth and IPs as producers or processors will be prioritised.
52. The project will use graduation processes to harness market forces to grow PO membership to be inclusive of motivated poor individuals in each community – helping POs achieve scale to attract more buyers and better terms of trade. These will be enabled through promoting affordable and accessible investment pathways so many smallholders can make affordable initial investments and, with reinvestment of profits, generate increasingly higher net incomes.
53. Direct targeting measures will be specifically used to increase women's leadership in POs and promote women and youth into higher status opportunities created by the project e.g. as business skill facilitators, local service provider and entrepreneurs serving their community. Participatory monitoring of targeting effectiveness will be conducted regularly building on successful management information system (MIS) developed for ASPIRE and AIMS, with beneficiary-led data collection capturing gender, age, ethnic/social groups<sup>[34]</sup>.
54. ASPIRE-AT will reach out to about 125,000 rural households (corresponding to 500,000 people) who are within the target group of the COSOP 2022-27, that is, poor and vulnerable rural Cambodians whose income is less than 150% of the national poverty line. It will target two direct beneficiary groups: (i) smallholder farmers who are either poor or near-poor and vulnerable to falling into poverty due to climate, market or other shocks but who have productive potential and can take advantage of market opportunities; (ii) landless or land-poor households ready to take advantage of employment opportunities. Both groups will be reached through support to POs which will include ACs, UACs and other types of PO such as Farmer Associations and farmer-

owned enterprises; and to small and medium-sized agricultural enterprises. Targeted benefits (e.g. loans and grants to farmers and POs) will be subject to eligibility screening criteria to ensure their pro-poor effects, with disadvantaged groups benefiting from priority access and conditions. About 50% of beneficiaries will be women and 20% will be youth. In line with Cambodia's population, 1.5% will be IPs.

55. ASPIRE-AT will focus on smallholders who are already members of POs including existing ACs as well as approximately 2,000 of the BCs established by ASPIRE, AIMS and other projects. Combining support to existing ACs, aggregation and formalisation of the BCs and recruitment of new members through a graduation process as indicated in the figure 1 is expected to result in a total of about 500 high-capacity ACs, some of which will be further aggregated in about 35 UACs. The project will support them to make their membership more inclusive, for example in terms of women, youth, ID-poor, IPs and persons with disabilities.
56. The project will mainstream gender equality and women's empowerment and aims to achieve gender transformative outcomes. Women will be enabled to participate in and benefit from profitable economic activities, as PO members and as entrepreneurs. Elements of the Gender Action Learning System ("GALS-lite") will be integrated in the business skills training foreseen for POs. Women's voices will be strengthened (e.g. in POs) and efforts will be made to reduce their workload (e.g. through the promotion of labour- and time-saving technologies). ASPIRE-AT will build on the positive experiences of previous projects<sup>[35]</sup> to address deep-rooted social and gender norms and attitudes by engaging men and exploring close collaboration with the Ministry of Women's Affairs. Through working with POs and rural enterprises, the project will create opportunities for rural youth, including by supporting adoption of ICT to improve efficiency in farm work, and facilitate access to markets, information and business opportunities. To ensure the inclusion of IPs, their engagement in specific value chains (e.g. cassava and cashew) will be one of the selection criteria. The principles of Free, Prior, Informed Consent (FPIC) will be applied and their organisations will be strengthened. Successful female, young and IP producers and entrepreneurs will be promoted as role models. While persons with disabilities are not a specific target group of ASPIRE-AT, specific efforts will be made to also reach out to them (e.g. collaborating with organisations of persons with disabilities, promoting their inclusion in POs and raising awareness on disability inclusion). An initial project-specific social inclusion strategy is included in the PIM and will be updated at start-up.
57. All households in the ASPIRE AT target group are potentially vulnerable to the effects of climate change. The criteria for area selection includes the climate impact considerations (see session D. "Geographical Scope" below). The project will contribute to Cambodia's climate change response by supporting efficient, climate smart and resilient production techniques including low-carbon technologies and building adaptive capacity of smallholder farmers through training.
58. By supporting good agriculture practices, quality assurance and origin tracing, the project will increase the supply of safe and nutritious food, build the resilience of smallholder famers and reduce environmentally unsustainable practices such as misuse of agriculture chemicals and illegal deforestation.

### c. Selection of Pro-Poor Value Chains

59. Value chain selection is based on the GoKC priorities set out in the ADP and the prioritization criteria defined in the new operational guidelines on IFAD's engagement in pro-poor value chain development<sup>[36]</sup>, that focus on: (i) growth potential, (ii) inclusive and sustainable development potential and (iii) enabling environment responsiveness.
60. Based on these criteria and building on the achievement of ASPIRE and AIMS projects, selected value chains are: (i) vegetables, both leafy and non-leafy species including chilli, (ii) native chicken (ii) cassava, both for multiplication of clean, disease-free planting material and cassava root tuber production, (iii) cashew nuts, (iv) fresh fruits including longan, mango, etc; and (v) processed fruits (e.g. dried mango etc.). Developing these value chains will contribute directly to the double objective of import substitution and export of quality products to the EU and other remunerative markets.

Value Chain	Economic impact	Typical investments
Vegetable	Import substitution	Greenhouse, water management, post-harvest handling.
Backyard chicken	Import substitution	Production facilities, slaughter and packing
Cassava	Export	Disease free planting material Organic cassava Improved soil management
Cashew	Export	Post-harvest and processing
Fresh fruit	Export	Post-harvest, treatment, packing etc

Processed fruit	Export	Processing
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61. Further studies of these value chains will be conducted under the Project Readiness Action Plan and early implementation to confirm: (i) demand in export and/or domestic markets for these specific products, (ii) interest from traders to increase their sourcing from smallholders' POs (iii) genuine willingness of smallholders (including women and youth) to join formally registered POs and to expand and improve their production to a commercial basis; (iv) Opportunities for competitive, profitable and sustainable small-scale production via affordable investment pathways accessible to target groups, (v) Commodities and smallholder-based production systems can be inclusive, viable, sustainable and competitive under current and future agro-climatic conditions, by investing in climate smart practices, sustainable intensification and conservation agriculture models. In the context of the post COVID-19 pandemic economic recovery, climate change and international markets volatility due to the on-going conflict in Ukraine, further analysis of the opportunities and risks for interventions in each of these commodities is a prerequisite.
62. Additional value chains may be selected based on the following criteria: (1) strong potential for exports or import substitution; (2) selected from amongst the 15 priority crops identified in the ADP; (3) high proportion of smallholder producers; (4) strong potential to generate employment, particularly for women and youth; (4) zero deforestation. In order to align with institutional priorities of EIB and EU, and because the rice value chain is very heavily supported by other development assistance projects, ASPIRE-AT will not directly target the rice value chain.

#### d. Geographical Scope

63. ASPIRE-AT will be national in scope, meaning that in principle, eligible beneficiaries organised in producer organisations in the targeted pro-poor value chains can qualify for support. Geographic targeting will be required primarily for intensive support to capacity development of POs under Component 3 and will be based on the areas where production of the target commodities is located. This geographic targeting of activities will follow IFAD best practice guidelines for pro-poor value chain development i.e. to use a cluster approach, potentially grouping poorer areas with wealthier ones; to select value chains on the basis of the likely benefits to poorer producers; and to allow for inclusion of rural populations with different levels of poverty<sup>[37]</sup>. Within this approach, support will specifically target and prioritise poorer households as described under Component 1. To maximise efficiency and impact, areas representing clusters of production activities in the target value chains will be prioritised for capacity building support for producer organisations. In selecting these Pro-Poor Value Chain Areas, the following criteria will be considered: (1) Potential for development of the pro-poor value chains; (2) access to markets; (3) presence of ASPIRE and AIMS Business Clusters with relevant production activities; (4) Economic Poles targeted by SAAMBAT; (5) density and intensity of rural poverty, food insecurity and malnutrition; (6) presence of IPs; (7) incidence of environmental degradation and climate vulnerability; and (8) complementarity with the intervention areas of other development partners (identifying under-served areas as priority for ASPIRE-AT).
64. In the first year of project implementation, five Pro-Poor Value Chain Areas will be targeted and will include a substantial number of existing POs that can move to investment-ready status quickly. Initial assessment is that these Pro-Poor Value Chain Areas are likely to be in the following provinces: Battambang (all value chains except cashew); Kandal (vegetable and native chicken); Preah Vihear (cashew and cassava); Siem Reap (vegetable and native chicken) and Takeo (vegetable and native chicken). Pro-Poor Value Chain Areas may include parts of more than one Province. This selection will be confirmed through the mapping study to be conducted under the Readiness Action Plan (see above). A further 11 Pro-Poor Value Chain Areas will be added in Year 2 and Year 3 of the project. Selection of a Pro-Poor Value Chain Area will be subject to a plan demonstrating potential to achieve outreach to a minimum of 5,000 smallholders within two years. PDAFFs may propose Pro-Poor Value Chain Areas individually or through cooperation with a neighbouring Province.

## D. Components/outcomes and activities

### a. Overview

65. ASPIRE-AT has three interlinked components: **Component 1** will support investments in productive assets for the ACs and other POs to improve their production/post-harvest/logistics capacities to meet both export and domestic market demand. **Component 2** will support the enabling environment to incentivize the private sector to access markets and catalyse their business investments. **Component 3** will support technical assistance to nurture, aggregate/graduate existing groups, including the BCs supported by ASPIRE and AIMS, into registered ACs to engage with the private sector in remunerative market opportunities facilitated under component 1 and 2. The assignment of activities and outputs to components is provisional and may be revised at final design.

### b. Component 1: Productive and Resilient Assets for Producer Organisations

66. The **outcome** of Component 1 will be *Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains.*
67. **Rationale:** To compete and profit from the growing number of market opportunities in high value and export markets, smallholders need to collaborate with other like-minded smallholders in POs to be efficient and reliable partners to agri-businesses along the supply chains. They must be able to competitively produce the products required by their business customers in the quantities and quality demanded and do so reliably and on time. This requires coordination and business planning (as supported under Component 3). It also requires investments in technologies, equipment and facilities on-farm and in the POs that create the foundation for competitiveness against international competitors - whether against imports in the domestic market or in export markets. Therefore, Component 1 will finance investments by POs and their members in durable assets related to production, handling, processing and marketing of commodities in the targeted value chains.

68. Most Component 1 investments will be in income-generating assets suitable for loan financing for which POs and their members experience difficulty in accessing suitable financial products. Project interventions in sub-component 1.1 are designed to provide suitable financial products in the short term but also contribute to increasing access of the beneficiaries to commercial loan financing in the long term. Example of eligible investments include: i) for POs: collection centres, packing/grading facilities and equipment, logistics and cold storage equipment, private irrigation/water management systems, digital-based precision technologies, renewable energy technologies (RET), and ii) for smallholders: net houses, machinery, in-field water management structure and equipment, RETs, chick hatchery incubators and facilities, farm drainage, and orchard development. Such investments will also better enable smallholders and POs to meet products standards, including food safety, required by the market. Investments by POs in joint ventures with agri-business partners will also be eligible.
69. Selection of all investments will be informed by a climate risk and vulnerability analysis, integration of adaptation measures into their design specifications and promotion of climate resilient practices and technologies. Accessibility issues for persons with disabilities will also be taken into consideration. Proposals from women, youth and IPs, and investments in time and labour-saving technologies will be prioritised.
70. In addition to income generating investments, many POs lack access to public or community infrastructure of types that do not readily generate cash income – needs include access roads to their sites, hard standings and loading areas for large trucks. This is especially important for those POs dealing with large volumes of produce. Well-established POs have existing infrastructure for administrative offices, meeting premises and basic logistical functions – often as a result of previous grant funding – but newly established POs lack these necessary facilities. These needs will be addressed under sub-component 1.2.
71. To be eligible for investment support under Component 1, ACs and other types of PO will have to achieve a set of graduation criteria including: (i) measures of business and administrative capacity, (ii) strong partnership with private sector, and (iii) strong governance and social inclusivity and social and environmental risk management. ACs and other types of PO achieving these criteria are referred to as “graduated PO” below. A scorecard system will be used to track progress to achievement of graduated PO status.
72. Each graduated PO, in consultation with its members will develop a Business Plan identifying the eligible investments to be financed, including investments by PO members, by the PO and investments in enabling market infrastructure. Business Plans will be subject to project approval according to pass/fail and prioritisation criteria including (1) commercial, financial and technical viability; (2) investment readiness and management capacity of the POs; (3) strength of partnership arrangements including technical support from agri-business partners to farmers and POs; (4) social inclusiveness (benefits to poor households, opportunities for women and for youth etc.); and (5) environmental, climate and social risks (including accessibility).
73. Some existing POs already meet the eligibility criteria and have adequate Business Plans. These are likely to be the first POs eligible for Component 1 financing in Year 1 of the project. Additional POs will be formed and / or strengthened to the required level and assisted to prepare Business Plans under Component 3 (see below).
74. **Sub-component 1.1: Investment in productive and resilient assets of POs and smallholders.** The project will work with ARDB to provide financial support to qualifying POs and smallholders with eligible investment proposals through the integration of credit line and results-based grants.
75. The **financing instrument** will be a blend of loan and grant finance. The grant element will be implemented through a ‘compensating balance’ mechanism in which the grant will be deposited in a unique escrow account by ARDB and released to the graduated PO or smallholder once the primary loan is fully repaid. If the borrower defaults on its loan, this deposit will be retained by ARDB to offset its losses. In this arrangement the “blocked grant” acts as a partial guarantee to ARDB, reduces collateral requirements, offers an additional incentive for client repayment, potentially leverages additional non-project financing and encourages the accumulation of additional financial resources by the borrower that, in turn, help facilitate future investment and loans. This arrangement reduces the possibility of moral hazard often seen in state sponsored guarantee systems, will be simpler and more cost-effective to administer than a conventional matching grants scheme, may act as a bridge to non-subsidised financing and does not require a separate grant appraisal. There is a strong synergy with the Non-Sovereign Operations (NSO) loan to AMK which, as a commercial financial institution, for which farmers and POs completing the scheme will become more attractive clients.
76. ARDB have indicated that the blocked grant could be accepted as collateral for loan finance up to two times the grant amount (USD 1 of blocked grant collateralises USD 2 of loan). In addition, assets purchased with the loan are accepted as collateral up to 50% of the asset book value. Therefore, a blocked grant of 25% of the loan amount, together with the asset, would be sufficient collateral for 100% of the asset cost. A blocked grant of 35% would be adequate to collateralise up to 120% of the asset cost, allowing the possibility to finance a working capital loan from ARDB resources in addition (see below).
77. **Eligible investments by smallholders** must be (1) of a type identified in the graduated PO’s Business Plan; (2) related to production of the targeted value chain commodity or to value chain enterprises of individual farmers; (3) financing for investment cost of physical assets with useful life longer than 1 year; (4) not included in a negative list based on social and environmental safeguards and (5) not for land purchase. Loans for working capital will not be financed from the project line of credit but may be financed from ARDB resources using the blocked grant and asset as collateral. Alternatively, farmers requiring working capital may be assisted to apply for loan financing from other financial institutions.
78. Eligible farmers will be members of the graduated PO, engaged or intending to engage in a target value chain, and will be smallholder farmers within the definition applied by the Agriculture Census of Cambodia. These farmers will be eligible for a blended loan and grant financing package (see above) with maximum 25% grant element. For farmers meeting specific project priority criteria (women and young farmers, farmers with ID-Poor card, farmers with disabilities, IPs) the maximum grant element will be 35% of the financing package. Specific types of “green” investment, for example the RET technologies promoted by CREA, will also be eligible for 35% grant financing based on a “green list” to be included in the PIM and therefore approved by

IFAD and EIB. In all cases, the maximum grant amount available to an individual farmer over the project life will be USD 1,000.00[38].

79. Members of graduated POs who do not qualify (because they are not smallholders) or who want to borrow amounts in excess of the amount that can be financed from ASPIRE-AT funds, may nevertheless be assisted by the service provider hired under Component 3 to prepare loan applications for non-ASPIRE-AT financed loans from ARDB and / or loans from other financial institutions, thus integrating ASPIRE-AT smallholders into the commercial finance system.
80. **Eligible Investments by graduated POs** must be (1) identified in the graduated PO's Business Plan; (2) related to enterprises or cash-generating activities of the graduated POs in the targeted value chains; (3) contribute to a partnership with one or more identified private sector partners of the graduated PO; (4) physical assets with useful life longer than 1 year; (5) not included in a negative list based on social and environmental safeguards and (6) not be for land purchases. POs may include items such as computers and software for PO administrative and management purposes in the investment package, provided that overall financial viability is maintained. Loans for working capital will not be financed from the project line of credit but may be financed from ARDB resources using the blocked grant and asset as collateral. Alternatively, graduated POs requiring working capital may be assisted to apply for loan financing from other financial institutions.
81. ASPIRE-AT financing for investment by graduated POs will be through a blend of loans and grants (see above). The maximum available grant element will be determined by the number of smallholder farmers (within the definition applied by the Agriculture Census of Cambodia) members of the graduated PO who are expected to benefit from the investment, based on a maximum grant amount of USD 150 per benefiting smallholder over the project life and maximum 40% of the loan plus grant package[39].
82. **ARDB will conduct screening and due diligence** of loan applications by checking and, where necessary, verifying information submitted on the loan application form. Screening criteria will include (1) economic and financial viability of the investment; (2) eligibility of the investment based on project criteria; (3) eligibility of the borrower based on project criteria; and (4) compliance with environmental and social safeguards. The necessity to screen against project criteria will result in additional costs to ARDB above the cost of normal due diligence procedures. These additional costs will initially be supported by the project, with the option to move to a system in which the screening costs are recovered from the borrower once project systems are well established (e.g. at MTR).
83. Graduated POs will be responsible to conduct a simple **community procurement process**, to be defined in the PIM, to identify preferred suppliers for goods and works for PO investments and for individual farmer investments. Graduated POs and farmers will submit purchase orders to ARDB which will transfer the funds directly to the supplier in most instances. Individual farmers will have the option to identify an alternative supplier based on at least equivalent value for money.
84. One **technical adviser** will be recruited by ARDB and paid from project funds for the duration of the project. The roles of the technical adviser will be to (1) coordinate and support ARDB implementation, monitoring and reporting of project activities with a particular focus on loan portfolio M&E; and (2) to assist ARDB to strengthen its understanding of the target value chains. Additional resources for short-term technical assistance will be available if needed. Ultimately this may lead to development of value-chain financing products collateralised by cash-flows rather than assets.
85. **Sub-component 1.2: Enabling market infrastructure for Producer Organisations** will finance physical infrastructure assets that will be owned, operated and maintained by the POs that are important for achieving competitiveness and sustainability but which cannot easily generate revenue and the costs of which cannot otherwise be met by the PO.
86. Financing under sub-component 1.2 will only be available to POs that have not benefited from grant-financed infrastructure investments previously. Therefore, the beneficiary POs will primarily be POs formed by aggregation and graduation of Business Clusters under Component 3.
87. **Eligible investments** must be (1) identified in the graduated PO's Business Plan; (2) related to production, handling, processing, storage or marketing of commodities in the targeted value chains; (3) buildings and / or fixed physical infrastructure only (not electrical or mechanical equipment except as part of a building); not cash-generating (although buildings to house cash-generating enterprises financed under Sub-Component 1.1 can qualify); (4) not included in a negative list based on social and environmental safeguards; (5) not for land purchases; and (6) supported by a clear commitment of funds for operation and maintenance by the graduated PO. Land required for the infrastructure will be considered as a contribution-in-kind by the graduated POs. Examples of eligible investments include: (1) access roads; (2) loading areas; (3) collection and handling facilities; (4) water distribution infrastructure (e.g. linking public irrigation canals to farms) and (5) multi-purpose buildings for the PO. For some investments, the PO will be required to finance complementary expenditures (e.g. mechanical equipment) using loans under Sub-Component 1.1.
88. The maximum amount of financing to each graduated PO will be calculated based on the number of smallholder farmers (within the definition applied by the Agriculture Census of Cambodia) members of the graduated PO who are expected to benefit from the investment, with a maximum amount of USD 400[40] per benefiting smallholder.
89. Graduated POs will submit applications to ASPIRE Secretariat through PDAFF. ASPIRE Secretariat will conduct a feasibility assessment, prepare design, cost estimate and tender documents, and will tender for construction of the infrastructure through the project procurement plan.
90. **Expected Results:** Component 1 is expected to benefit around 100,000 distinct smallholder households, including:
  - Sub-Component 1.1. will finance loans and grants to around 300 POs with 60,000 members, plus direct investments by around 10,000 smallholders. It is assumed that about 60% of the smallholder borrowers will also be beneficiaries of PO investments.

- Sub-Component 1.2 will finance around 300 infrastructure installations linked to POs/ACs or UACs with around 60,000 members, of which 40% are assumed to also have PO-level financing under Component 1.1 and 60% (36,000 households) are additional to Component 1.1.
- Key performance indicators will include increased returns to farm labour, creation of wage employment and profitability of POs.

### c. Component 2: Business Partnership and Market Access

91. The **outcome** of Component 2 will be *Business Partnerships and investments in trade infrastructure have increased market access and rural employment*. The component will support public and private investment to increase the number and competitiveness of agri-businesses operating in priority value chains and the associated enabling public goods and services to support competitive export growth.
92. **Rationale:** 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.
93. **Sub-Component 2.1 Strengthening private investment for agricultural market and trade development** will facilitate private investment in modern agribusinesses to increase export trade and import substitution in priority products as well as investment in associated service businesses. The sub-component has two major elements: i) Investment-oriented technical support to agri-businesses to plan and deliver successful upgrading investments for their businesses, ii) Agri-business investment financing via a wholesale line of credit to SME Bank to provide access to affordable investment finance in collaboration with the existing credit guarantee schemes of Cambodia Credit Guarantee Corporation (CCGC) to reduce collateral requirements for investors. It is noted that it is not currently envisaged to provide investment grants to businesses.
94. Supported businesses must meet eligibility criteria including: i) actively seeking to expand their business activities in one of the priority value chains, ii) have a proven business track record in the priority VC or a comparable business, iii) committed to increase sourcing of products from smallholders and POs in the provinces in which the programme is supporting such VCs, iv) willing to share costs of technical support (if such support required from the programme), v) legally registered to conduct the planned business activities. Priority will be given to those businesses in each priority value chain that can credibly demonstrate i) the greatest potential impact, measured as the greatest increase in revenue to smallholders and / or increase in employment opportunities for rural people resulting from their planned investments per USD 1 of project support required ii) greatest impact on priority groups including women, youth, ethnic minorities and the disabled, and iii) those introducing innovative technologies or business practices, especially addressing climate change related mitigation or adaptation issues. During the implementation, there will be a mapping exercise and awareness raising to mobilize the SME to participate in the project.
95. Investment-oriented technical support to agri-businesses is expected to work with around 40 growth-oriented agri-businesses and will be provided on a cost sharing basis with the participating agri-businesses. Within priority value chains, such technical support will include:
- Market exposure and trade promotion to meet potential customers in target international markets and understand the specific market requirements, dynamics and competition.
  - Bespoke technical investment advice to businesses on issues including specific modern technologies and equipment, operational processes, supplier management systems, business planning and cash flow management, product standards and certification requirements and compliance for market access (including sanitary and phyto-sanitary, MRL, food safety).
  - Facilitation of links to centres of industry-leading international knowledge and expertise, including through knowledge exchange visits, training and technical support for groups of agri-businesses in each priority value chain. The objective is to establish systematic linkages at the industry level to recognized leading centres of expertise that can support industry competitiveness now and into the future.
96. Participating businesses will also be actively supported to establish improved trading relationships with networks of producers and POs, including those supported by ASPIRE-AT and other similar collaborating programmes (e.g. AIMS) in coordination with Component 3.
97. Agribusiness investment financing will be provided via a wholesale line of credit to SME Bank for on-lending to partner financial institutions. The line of credit will focus on medium term capital investment loans, equipment leasing and other financing for investments in the range of USD 0.5 million – USD 5 million for expansion or upgrading of existing businesses and start-ups of the SME who met the criteria indicated in the para 139. The line of credit will complement SME Bank's existing SME loan co-financing which has up to USD 1.0 million loan size (including a 50% co-finance by SME Bank). Individual loan appraisal shall be by the retail partner financial institutions of SME Bank, as is currently practiced. Execution of the business investments, including procurement, will be by the agri-business themselves.
98. Collateral requirements for supported agribusinesses are anticipated to be substantially reduced through access of the PFIs to the existing CCGC Co-financing Guarantee Scheme (SME bank Model) and Women Entrepreneurs Guarantee Scheme which provide up to 80% loan guarantees and hence substantially reduce any remaining guarantee requirements on the investors. As such, the programme does not envisage additional measures to further reduce guarantee requirements on investors.
99. Implementation of investment-oriented technical support will be led by a small team of experienced agri-business investment and trade development specialists contracted by the Secretariat. Bespoke technical investment advice will require specialist industry specific expertise for each value chain and will be contracted in as required to compliment the expertise of the team in the Secretariat. This agri-business investment team will collaborate with other institutions active in similar areas including Khmer Enterprise, EuroCham and others to identify potential participating business and delivery complementary support.

100. Implementation of the line of credit will be by SME Bank, supervised on behalf of the programme by ASPIRE Secretariat who will recruit one finance and investment specialist. The investment specialist will coordinate the relationship with SME Bank, CCGC and other collaborating financial institutions under the SME Bank wholesale scheme. This specialist will also coordinate the relationship with ARDB under the arrangements in Component 1.
101. Project will provide the support to build the capacity of the SME bank and its PFI partners on the screening process of environmental, social and climate following IFAD SECAP guideline for subprojects.
102. **Sub-Component 2.2 Strengthening the enabling environment for competitive agricultural value chains and trade** will upgrade critical public services and associated infrastructure to enable competitive export growth, with a focus on export-oriented plant health and quarantine services. Investments will include upgrading of physical infrastructure and equipment as well as capacity strengthening of the institutions and staff required to operate the upgraded services. The sub-component will also support a review of policies and regulations affecting the priority sectors and proposals for adjustment to strengthen competitiveness. This policy review will include a clear gender focus.
103. Supported public services and infrastructure will meet the following criteria which will be assessed in a feasibility study conducted by expert consultants. Compliance with these criteria will be required for approval of EIB financing which will be required for each investment (sub-project) under EIB's framework loan operating modality:
- Demonstrable link to enabling inclusive export growth in priority value chains, in one of the following aspects: i) establishing or maintaining market access, ii) delivery efficient export sanitary/phyto-sanitary and quarantine service, iii) sustaining competitiveness within agreed market access frameworks via identification/promotion of current best practice for plant health and post-harvest management. This will include demonstrating high levels of confirmed interest from farmers and/or firms for the planned upgraded service.
  - Institutional management plan in place covering, a) financing plan, showing expected costs and sources of financing for the ongoing operation and maintenance or all related infrastructure and services, b) human resource plan for the ongoing delivery of the planned service in response to industry needs; and c) operational plan, setting out main required systems and process that will be used in the operation of the planned infrastructure or services.
  - Economic viability. Sub-projects need to demonstrate they are economically sound and viable.
104. Based on an initial assessment against the above criteria, priority public services and infrastructure to be supported with investment in infrastructure and capacity strengthening include:
- **Post-Harvest Reference Centre (x1)** to support export protocol negotiation for priority products and to conduct scientific trials for optimal post-harvest handling and treatment. Project support is expected to also cover technical assistance in negotiation of competitive export protocols and agreements with partner countries to create opportunities. Funding for such TA may include support from the China-IFAD South-South and Triangular Cooperation Facility for negotiation of trade protocols for priority commodities for the China market and elsewhere; Post-Harvest Reference Centre is a single national facility that will provide the technical and scientific evidence to support negotiation of improved SPS protocols for market access into various markets, for example China, EU, USA, Japan, Korea, Australia etc. The Centre will cover all priority export products at any given point in time. These include the priority products already identified for initial ASPIRE-AT support. The equipment and facilities required are common across many products, including for the identification of pest lists and conducting the necessary treatments trials to provide evidence of the efficacy of proposed treatments or control measures for the identified pests of concern.
  - **Export Quarantine Inspection Offices (up to 5)** to deliver mandatory pre-export quarantine inspection and related services to exporters. Support to include development of suitable ICT tools to enable efficient operation of such services, including development of an "e-phyto" system for issuance of secure digital phytosanitary certificates inline with the guidelines of the International Plant Protection Convention. The implementation of the digital solution will be directly managed by MAFF's General Directorate of Agriculture (GDA). Export Quarantine Inspection Offices are a network of five small offices distributed around the country to provide national coverage for the national quarantine inspection service. Inspectors from the service predominantly conduct inspection visits on-site in the export businesses in the regions they cover. They serve all exporters requiring pre-export quarantine inspection/certificates, including those commodities supported by ASPIRE-AT as well as other products. The new Inspection Offices will provide a stronger regional basis for the Inspection Service to operate from so they can provide more responsive and efficient service to all exporters. The location of the five offices is expected to reflect the location of various production centres around the country, enabling inspectors to be within 2-3 hours travel of almost all exporters. The production zones for various export crops and locations of a majority of current exporters is already well documented and hence the location of the Offices can be readily determined and not subject to ASPIRE-AT selection of specific cluster that it will support as all supported clusters and businesses will be within the service area of one of the new Offices.
  - **Plant Health Reference Laboratory (x1)** to support producers and exporters in the priority VC to maintain competitiveness while complying with SPS/market access requirements. The Reference Lab specifically provides rapid and accurate diagnosis of pests and diseases, recording and maintaining data on pest occurrences, and detecting and tracking new and invasive pests. It will also be primary point of connection to identify relevant "best in class" international knowledge of suitable pest and disease management approaches for priority products and work with research stations to guide the testing and adaption of these to Cambodia industry needs such as bio-control of pests in fruit/nut orchards. Plant Health Reference Laboratory is a single national-level facility that will serve all priority export crops, including those supported by ASPIRE-AT. It will be a sister institution for the Post-Harvest Centre above, focusing on plant health. It will provide rapid and accurate diagnosis of pests and diseases, recording and maintaining data on pest occurrences, and detecting and tracking new and invasive pests as well as pest management and control practices for pests of concern. The equipment and facilities required in the lab are common across many products. As such establishment of the lab is not dependent on ASPIRE-AT's selection of specific cluster, as the value chains they are part of have already been identified and will be served by the lab.
  - **Plant Health Research Stations (up to 3)** will work closely with the Plant Health Reference Lab focusing on specific priority

value chains (e.g. fruit, nuts) to support industry competitiveness of priority crops. They will be regional and focus on priority commodities relevant to their region not already served by other plant health research. Initial focus includes fruit/nut tree crops and horticulture where there are known gaps, such as low-chemical pest control in cashew/fruit orchards using biological agents. Plant Health Research Station. The intention of MAFF is that each of the three stations is located in a different agro-ecological zone and focuses on the crops of greatest relevance to that zone. For example, one would be located in an upland area covering upland field crops as well as tree crops suited to those conditions (e.g. cashew). As priority export crops, all products priorities by ASPIRE-AT will be covered by one or more of the research stations. The stations will then identify and document emerging plant health issues and good management practices that will be disseminated to growers through multiple channels – including via PDAFs and on to public and pluralistic extension services in each province as well as national extension centre of MAFF. As such, the establishment of the stations does not appear to be dependent on the selection of specific production clusters.

105. For financial sustainability, it is noted that service fee income generated by current related services such as export inspection service reached USD 1.8 million in 2021 (vs 2020: USD 1.1 million) of which 68% can be retained by MAFF under Inter-Ministerial Proclamation No. 836 SHV (2019) and the Law on Plant Protection and Quarantine. Such fee income increases with export growth, which should enable to sustain the operation of the facility in the para 148 and the upgraded services to be further expanded to meet demand without increasing cost to public sector budgets.
106. Implementation arrangements will include technical leadership of the sub-component by the Department for Plant Protection, Sanitary and Phyto-sanitary (DPPSP) of GDA with procurement managed by the ASPIRE-AT Secretariat.
107. **Expected Results:** Investment oriented technical support is expected to benefit around 40 agri-businesses across at least five value chains.
108. Financing for investment by agri-business is expected to benefit around 15 businesses with around 30,000 smallholders in their supply networks ultimately benefiting from greater demand and access to premium and high value markets.
109. The investments in upgrading the public services for export and trade facilitation will benefit all current and future smallholders and agri-businesses serving export markets.
110. Key performance indicators will be: i) increased value of products purchased by supported agri-businesses from POs in the focus locations of the project ii) increased value and range of exports, iii) successful repayment of investment loans iv) client satisfaction level with supported public services v) number and quality of market access agreements supported and successfully concluded.

#### **d. Component 3: Aggregating Farmers and integrate them into Value Chains**

111. The **Outcome** of Component 3 will be *Increased capacity of producer organisations has enabled smallholders to meet market requirements for quality and scale*. Component 3 will support POs to organise themselves to improve their business relationships with value chains actors.
112. **Rationale:** 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. Resilient farming businesses need support to mitigate 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.
113. By organizing in **POs**, smallholders are able to achieve scale, share some risks, access services suitable for their needs and strengthen their voice in negotiation of contracts and terms of trade with agri-business partners. Well designed POs can ensure social inclusion and may especially benefit to poorer households that are not able to produce effectively for the market alone. ASPIRE-AT will build on the achievements of AIMS and ASPIRE to assist the BC to graduate to the next level by formalising as ACs or other types of PO with legal entity status and larger scale, able to provide a wider range of services and to become attractive partners to larger agri-businesses.
114. Component 3 will support the aggregation role of POs, either formal or informal economic entities. In the case of vegetables for example, POs 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 POs at the aggregation level can also help ensure consistent quality of produce 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 (e.g. GAP) or through a trust-based relation between buyers and the PO. Component 3 will build the capacity of smallholders and their POs to be take full benefit of Components 1 and 2.
115. Building on existing formal and informal POs, such as the 4,400 business clusters (BC) with total 165,000 members supported by ASPIRE and AIMS, interventions under component 3 are expected to result in around 500 formally registered POs able to fulfil critical functions such as sustainable production and aggregation of safe, quality agricultural products, post-harvest, and/or processing. Total membership of these POs will be about 100,000. About 300 of these POs will be newly registered ACs based on the BCs. This component also aims at strengthening POs capacity to deliver services to their members including technical advice for improved production, certification, financial and business literacy, as well as access to finance and reliable and remunerative markets.
116. ACs will have the option to combine as UAC based on specific commodities. UAC formation and strengthening will be supported, conditional on clear needs, rationale and sustainability pathway that emerge from the ACs themselves. The 12 existing UAC can receive support from Component 3 where this is expected to lead to a significant investment under Component 1. It is envisaged

that there could be 35 functional UAC at the end of ASPIRE-AT, with on average 25 AC per UAC. These UAC, supported by the entrepreneur advisers, will have a role in brokering business support services to ACs and their members.

117. **Sub-Component 3.1 Structure and Capacity of Producer Organisations** will assist POs to structure themselves in formal organisations and to increase their capacity in the following key functions:
- Business management and planning (including preparing business plans for support under Component 1), commercial negotiations and relationship management, investment and financial planning, operational management, contract fulfilment and brand development;
  - Engage in business relationships with agri-businesses (buyers, traders, processors, exporters) that will be supported under component 2;
  - Aggregation of agricultural products that are: safe (including traceability in key value chains such as vegetables and others based on agribusiness partner needs), and fulfil market demand in quality and quantity;
  - Provide services to their members, including technical advice and farm business management;
  - Add value to agricultural products through post-harvest, processing, packaging and storage facilities.
  - Sell products on domestic market and to agri-business supplying export markets;
  - Adopt and promote to their members new technologies including ICT enabled services, especially those supported under other ongoing/completed IFAD projects;
  - Develop/customise and promote the use of MIS for administrative and financial management of /POs;
  - Strengthen women's voice and leadership within the POs, including meeting quotas for women's representation, awareness raising and leadership skills training for women and incorporating elements of the Gender Action Learning System ("GALS-lite") in the business skills trainings;
  - Strengthen administration, governance, inclusiveness (especially in terms of ID-Poor, women, youth and people from IPs), and Social, Environmental and Climate risk management.
118. Formalisation of POs will be facilitated by Provincial Departments of Agriculture, Forestry and Fisheries (PDAFFs). In most cases, this will mean registration of the PO as an Agricultural Cooperative (AC) which is the mandated responsibility of the PDAFF.
119. Capacity development activities will be implemented by specialised service providers with a track record in support to POs. These service providers will be contracted by ASPIRE Secretariat but will work in close cooperation with PDAFFs in the Pro-Poor Value Chain Areas they are assigned responsibility for. One service provider will be recruited early in the project with the dual role of (1) supporting capacity development of POs in the initial five Pro-Poor Value Chain Areas in Year 1; and (2) further developing procedures and working methods as a basis for recruiting up to four additional service providers based either on cluster areas or on specific value chains, from Year 2 onwards.
120. Support to POs will scale down with the aim that graduated PO should be self-sustaining by the end of the project.
121. The first step in implementation of Sub-Component 3.1 will be identification of Pro-Poor Value Chain Areas based on mapping of existing ACs and POs (including BCs supported by ASPIRE and AIMS) active in the target value chains. Mapping of BCs will be conducted under the Readiness Action Plan with support from ASPIRE. Data on registered ACs will be obtained from the study recently completed by Centre for Policy Studies (CPS). Mapping will be updated later if needed (e.g. if more value chains are added). Parameters to be mapped will include:
- Relevant value chain activities of each PO;
  - Registration status of PO;
  - Membership data (total membership; number of members who are smallholders; number of women and youth members, number of ID-Poor, IP and persons with disabilities members etc);
  - For small or informal PO, voluntary willingness of members to become members of a formally registered AC (or other type) with minimum 200 members;
  - Marketing arrangements of the PO (e.g. contract farming, informal agreements);
  - Governance arrangements, including representation of women and other target groups;
  - Willingness to upgrade governance if needed, including adopting gender-transformative principles.
122. Based on the mapping, the project will prepare a Pro-Poor Value Chain Area work plan identifying number of PO to be supported, number of new AC to be formed based on the existing PO; number of existing AC to be strengthened; priority technical approach. Pro-Poor Value Chain Area work plans will also identify additional targeting parameters: (1) Economic Poles supported by SAAMBAT; (2) Density and intensity of rural poverty, food insecurity and malnutrition, based on available national data sets; (3) incidence of environmental degradation and climate vulnerability, based on available national data sets; and (4) complementarity with the intervention areas of other development partners. Geographic targeting of ASPIRE-AT interventions will be finalised by ASPIRE Secretariat based on prioritisation of these work plans.
123. The second step in the process will be initial baseline assessment (maturity score card system along targeted performance for "graduated PO" as well as identification of main challenges and opportunities in terms of agricultural activities) and registration of AC (and, potentially, other types of PO). PDAFFs will conduct AC registration and basic training in AC law, regulation and governance, under an output-based contract with ASPIRE Secretariat. GDA - Department of Agricultural Cooperatives Promotion (DACP) will provide backstopping support. DACP will also be responsible for formal registration of UAC, beginning in Year 2 of the project (in Year 1, the project will work with existing UAC but will not form new UAC).
124. Following registration and initial maturity assessment of the POs, the Service Providers will provide a tailored package of capacity development support to enable the POs to achieve graduation status and prepare business plans eligible for investment under Component 1. Existing AC may be at or near this status already (and may have existing business plans) while newly formed AC are likely to need a more extensive package of support. Capacity development packages will address the following areas:

- Governance functions (membership, committees, bylaws etc);
- Women's representation, including leadership skills training for women leaders;
- Recruitment and training of key staff;
- Identify suitable MIS that can be customised (Existing Agritech/Fintech solutions) and provide support towards deployment and maintenance procedures enabling record keeping, business management, accounting, internal audits and potentially e-payments etc.;
- Preparation of overall business models (what is PO value proposition and services, which revenue streams, which main cost and tentative viability). Specific business plans will then be developed through a participatory process with particular regard to the needs of poorer PO members, women, youth, IPs and people living with disabilities;
- Digital literacy and awareness of a "menu" of digital services available to the PO and its members and facilitate onboarding of solution providers especially around improved production, farm record keeping, climate smart technologies, marketing and logistics, digital financial services among others; such digital services may also include simple digital tools to facilitate cooperative relationship with members, including participatory planning and feedback system, members registry with baseline data facilitating targeting and contact, WhatsApp group communication system etc; and
- Environmental, social and climate risk management.

125. The next step will be finalisation of the Business Plan and submission to ASPIRE Secretariat for approval (triggering eligibility to apply for financing under Component 1). Business plans will include the following:

- Priority value chain activities to be supported;
- Market opportunities, including identification of partnerships with value chain agribusinesses and branding;
- Technical assistance needs, and source of assistance;
- Priority types of investment by farmers, with estimated number and cost;
- Proposed income-generating investments by POs, with estimated cost;
- Need for enabling market infrastructure, with estimated cost and sustainable O&M mechanisms;
- Digital services that improve efficiency, effectiveness and transparency of proposed operations;
- Total number of PO members benefiting from implementation of the Business Plan, with number of smallholders, women, IPs, youth and persons with disabilities;
- Measures for economic empowerment of women and creating opportunities for youth;
- Estimated employment generated by implementation of the Business Plan;
- Environment, climate and social risk management.

126. On submission of the Business Plan, ASPIRE Secretariat will verify that the PO has achieved graduation status and that the Business Plan is eligible for financing (subject to screening and due diligence checks by ARDB).

127. The service provider will assist the PO to prepare a financing proposal (including separate financing requests for the PO and for each farmer wishing to borrow to invest) and submit the proposal to ARDB.

128. The service providers will provide further management coaching to the PO implementation of the Business Plan. The role of the service providers will also include: (i) assistance to the PO and individual members to procure equipment in line and compliance with the investment plan, (ii) monitoring of the Business Plan by the POs and individual members, (iii) Facilitation of the marketing arrangements, (iv) assistance to the PO and individual members in managing the social, environmental and climate impacts in line with the ESCMP.

129. It is envisaged that for a newly registered AC, the service provider will provide capacity building and business planning support in the first year of engagement followed by support to implementation of the Business Plan in the second year. The service provider will continue to provide coaching support for two further years, so the length of engagement with the PO will be four years in total, after which it is expected that the PO will be fully self-sustaining. For an existing registered AC, engagement of the service provider would be for a two-year period.

130. Sub-Component 3.1 will support one Agronomy and Post-Harvest specialist, one Producer Organisation specialist and a fund for short-term technical inputs under management of ASPIRE Secretariat.

131. Sub-Component 3.1 will also support Cooperative Facilitators (CF) in newly-formed ACs. The CFs will be recruited by the ACs with priority for young people with good administrative, numeracy and computer skills. In the first year of employment the CFs will be trained by the service providers and will be paid a small salary from the project. The AC will pay 50% of the CF salary in the second year and 100% from year 3 onward.

132. A pilot of customised MIS and accounting software for ACs will be conducted with up to 10 ACs that can demonstrate sufficient capacity to make use of this service. ARDB will be consulted on the selection and customisation of the solution. Based on the success of this pilot, further AC will be encouraged to include the deployment of the software in their loan financing proposals under Sub-Component 1.1. Service costs of the software (including licence renewal and salaries of operators) will be the responsibility of the AC.

133. **Sub-component 3.2 Technical Advice and Centers of Excellence** will support establishment of Centers of Excellence (CoE) for development and dissemination of improved agriculture techniques prioritized in key value chains partnership and activities supported along component 1 and 2, including to respond to identified standards/GAP, specific quality requirements identified by the value chain partners and key climate risks and environmental issues. The purpose of CoE is development, promotion and demonstration of improved production and post-harvest technologies which may include (1) improved, pest and disease tolerant and climate resilient cultivars responding as well to market requirements; (2) modern, environmental friendly and climate resilient production techniques including Climate Smart Agriculture, integrated cropping systems etc.; (3) Integrated pest and disease control techniques to manage such threats while mitigating environmental and health risks ; (4) enhanced crop planning and crop calendars adapted to evolving climates; (5) integrated soil fertility management including use of bio-inputs and valorization of

animal waste; (6) farm machinery, including innovative energy-efficient models and women friendly/ drudgery reducing machinery; (7) energy and water saving techniques; (8) post-harvest, processing and storage techniques; (9) early warning systems; and (10) renewable energy technologies (RET). CoE should demonstrate a wide range of products adapted to targeted beneficiaries (so looking at farmers scale and investment capacities, cost-benefit etc.) and value chain requirements. It shall become a “neutral platform” to guide farmers’ investment choices and offer bankable options that can be financed by banks (including through on farm investments in component 1). Female and young role models and those coming from ethnic minorities will be promoted and if need be, specific models may emerge for them.

134. Criteria for investment in CoE will include (1) well defined expected results in terms of adoption of new technology by Cambodian farmers; (2) institutional plan including secured funding for operation and maintenance of the Centre; and (3) buy-in from several private sector partners willing to co-invest, to demonstrate their products and to participate in operation of the Centre; and (4) Climate resilience and environmental sustainability alongside SECAP safeguards / ESMP.
135. It is envisaged that a pilot CoE will be developed at an existing site operated by GDA, with the Agriculture Research Station at Banteay Daek in Kandal Province and the Conservation Agriculture Research for Development Center (CARDEC) at Bos Khnor in Kampong Cham having been identified as candidates. Based on a successful pilot, CoE could be established at sub-national level, most likely through partnerships between PDAFFs, UAC and the private sector.
136. The CoE will also enable private providers of RET supported by GEF-funded CREA to demonstrate and promote their technologies/ products in the center of excellence for farmers to try and purchase. Where possible, financial products will be available for each of the RET technologies demonstrated to facilitate their uptake by POs’ members.
137. Sub-Component 3.2 will link the CoE to lead farmers who act as input suppliers and last-mile service providers and will be technical focal points for the AC/PO. Female, young and lead farmers from ethnic minorities will be prioritised. Adoption and results of various agricultural innovations and practices will be carefully monitored and evaluated together with the partners through relevant digital monitoring tools. Best innovations will be documented in in videos and practical replication technical guidelines. It is expected that this will also inform standards / good agricultural practices
138. **Expected Results:** By the end of the project there will be around 100,000 smallholder farmers enrolled in around 500 graduated POs in the target value chains, with some of the ACs being further aggregated in UACs. Graduated POs will be self-sustaining, profitable and able to mobilise investment finance from private and State financial service providers. The Graduated POs will be inclusive, supportive of women’s economic empowerment and will generate employment opportunities for land-poor rural households. Graduated POs will support adoption of environmentally sustainable and climate-resilient technologies and practices.

## E. Theory of Change

139. A **Theory of Change** is presented graphically as Annex 2. The development problem, summarised from Section A, is that smallholder farmers, the rural poor and disadvantaged groups (such as women, youth and IPs) risk being left behind by Cambodia’s transition to a market economy and unable to adapt to climate change. Small farmers lack scale, productive assets and knowledge needed to produce efficiently for the market and are not attractive partners for value chain businesses. Underdeveloped value chains do not create enough decent jobs for land-poor households. The weak competitiveness of Cambodian produce in export markets and key domestic markets and the low number of profitable agribusiness result in insufficient investment in smallholder-based value chains. Women farmers and rural workers suffer additional disadvantages as a result of gender norms, including excessive workload, lack of voice in decision-making and lack of access to and / or control over resources. Climate-related losses reduce resources and increase risks of investments, further increasing the challenge of adaptation.
140. ASPIRE-AT will select pro-poor value chains based on the expected opportunities for the project target beneficiaries (including smallholders and rural workers, and considering participation of women, youth and IPs) as well as confirmed market demand and buyer interest. It will address market failures and gaps in service provision at all levels of the value chain, but with the key focus being on assisting smallholder farmers to organise, aggregate and invest through highly effective POs and increase their climate resilience and adaptive capacity.
141. The key mechanism for raising the productivity of smallholder farmers and stimulating investment in value chains, leading to increased incomes, employment generation and increased climate resilience, will be investments in productive assets under Component 1 of the project supported by soft investments in improved and climate resilient agricultural practices. These investments will potentially be at farm level, in PO-owned enterprises or in market infrastructure and will be available to POs that have reached threshold levels of business capacity, partnership with agri-business and inclusivity criteria, and provide a positive return to capital. Financing of investments will be designed to empower women and create opportunities for youth. All investments will be climate-proofed and informed by climate smart principles.
142. Component 2 will assist in catalyzing development of strong private sector agri-businesses and the enabling environment that is a necessary complement to investments at the producer and PO level. Component 2 will increase the market size by expanding export opportunities, support the services that are needed to meet export and domestic market requirements, and assist in rolling out ICT-based services for farmers, POs and agri-businesses. Specific measures will increase opportunities for women and young entrepreneurs. Investments that enhance climate resilience and result in adoption of climate-smart practices will be prioritised.
143. Component 3 will support farmers, particularly those already developing their skills in business clusters AIMS and ASPIRE, to aggregate and form high-capacity POs, so increasing the pool of “graduated POs” able to finance and manage investments (Component 1) and be attractive partners for agri-business (Component 2). In building capacity of POs, the project will address

gender norms and integrate measures to increase empowerment of women and will mainstream climate adaptation. Capacity building will be complemented by specific investments in climate-smart technology, while the social capital formed in the POs will enhance adaptive capacity.

144. The change pathway assumes continued growth and structural transformation of Cambodia’s economy and potential to increase competitiveness of Cambodian produce, particularly in premium markets where price is not the overriding factor. It is assumed that farmers, POs and enterprises are willing to take investment risks to take advantage of the emerging opportunities given access to appropriate financing and sufficient support. Climate-related risks will be mitigated by project support to adaptation through the Centres of Excellence and through climate advisory services. It is also assumed that farmers understand the potential benefits of organising in POs and are willing to invest the social effort required. It is assumed that investment in public-private-cooperative partnership and improved practices along the agriculture value chains results in a diversified, productive and climate resilient rural economy with decent job opportunities.

145. Key distributional assumptions are that, by focusing on value chains with potential for smallholder production, a high proportion of poorer and more vulnerable farmers can benefit. Working through POs will create opportunities to structure interventions so that disadvantaged sections of the community, including women, youth and people from ethnic minorities, can benefit and discriminatory social norms are addressed. Increased employment opportunities will inherently benefit people who are dependent on wage income, which includes the poorest sections of rural society. Increased productivity and household incomes will further enhance capacity for climate adaptation.

146. The combined effect of the three components will be to ensure an inclusive, climate-adaptive and sustainable transition path for Cambodia’s agriculture sector and rural society.

## F. Alignment, ownership and partnerships

### a. Alignment with SDGs

147. ASPIRE-AT contributes to achievement of the SDG Outcomes identified in the COSOP 2022-27 Results Framework. The Project Goal aligns with of SDG-1 (no poverty) by enabling poor households, and households that are vulnerable to falling back into poverty, to gain secure, sustainable and climate-resilient incomes through market-linked smallholder farming and through decent wage employment. In particular, ASPIRE-AT contributes to SDG 1.2 (reduce poverty by at least half) and SDG 1.5 (build the resilience of the poor and vulnerable). ASPIRE-AT will also contribute to SDG-2 (zero hunger), specifically SDG-2.3 (double the agriculture productivity and incomes of small-scale food producers).

148. ASPIRE-AT will mainstream support for gender equality (SDG 5) and will contribute to SDG-8 (inclusive and sustainable economic growth, employment and decent work for all). ASPIRE-AT will contribute to climate action (SDG-13) strengthening resilience and adaptive capacity to climate related disaster (SDG 13.1).

### b. Alignment with national priorities

149. ASPIRE-AT aligns strongly with GoKC’s policy for the agriculture sector as outlined in Section A. In particular, GoKC has indicated that design of ASPIRE-AT should align closely with the 3R strategy and with the ADP; and should contribute to inclusive economic growth in the agriculture sector through increased exports of high-value commodities, as well as substituting for import in important domestic value chains, particularly horticulture.

150. Therefore, ASPIRE-AT will contribute to the four thematic areas of the ADP (i) Modernizing and commercializing the agriculture 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. Alignment with specific strategies of the ADP is illustrated in Table 3.

Theme	Strategy	ASPIRE-AT Alignment
1. Modernising and commercializing the agriculture value chain	(1) & (3): Increase productivity and value addition of crop and livestock value chains	C1, C2, C3
	(5): Smart technology in value chains	Centres of Excellence C3
	(6): Digitisation and e-agriculture	ICT C3
	(7): Increase market access for small and medium farmers	C1, C2, C3

2. Public and private investments in the agriculture sector	(3): Promote agricultural investment, credit and agri-business facilitation	C1 and C2
	(4): Agriculture sector finance	C1 and C2, working with ARDB, SME Bank, AMK and others
3. Growing sustainably and increasing resilience to climate change	(3): Promote agricultural land resource management	C3
	(4): Strengthen climate resilience	C3
	(5): Sustainable food system	C2 Certification
4. Institutional reforms and cross-cutting issues	(5) COVID-19 recovery and pandemic response strategy	C1, C2, C3
	(6) Gender mainstreaming in value chain	C1, C2, C3
	(7) Trade facilitation	C2

151. In addition, ASPIRE-AT supports the specific priorities identified in Cambodia's Roadmap for Food Systems for Sustainable Development 2030 (Healthy Diets for All; Empowerment of youth, women and the vulnerable; Resilient livelihoods and resilient food systems; and Governance for a more inclusive food system).

#### c. Alignment with IFAD policies and corporate priorities

152. The alignment of ASPIRE-AT with IFAD policies and corporate priorities has been described in Section C above. ASPIRE-AT contributes to the Strategic Objectives (SO) of the COSOP 2022-27 which are closely aligned with IFAD's global SO. ASPIRE-AT supports development of pro-poor value chains using IFAD's value chain targeting strategy designed to ensure benefits reach the poor, based on IFAD's worldwide experience and lessons learned in this area. ASPIRE-AT addresses IFAD key cross-cutting concerns with gender equality, employment opportunities for rural youth, climate change adaptation and use of ICT in pro-poor agriculture value chains.

#### d. Country ownership

153. Design of ASPIRE-AT was initiated based on a request from GoKC following the observed success of ongoing Cambodia country portfolio projects, most particularly ASPIRE but also AIMS. Component 1 design responds to the request from MEF for a higher proportion of IFAD finance to be used for creation of durable economic assets. Component 2 reflects specific requests from MAFF for assistance in developing export trade infrastructure. The value of Component 3, building on the decentralised, pluralistic extension-plus model of ASPIRE, was strongly emphasized by MAFF representatives during the mission wrap-up meeting.

154. ASPIRE-AT will be a high profile project, reflecting the overall project size which is large for an agriculture sector project in Cambodia, and the involvement of EIB and EU as financing partners together with IFAD. As such, MEF have been strongly involved in the development of the design and will provide strategic direction and oversight. MAFF contributed in detail to the work of the design mission and indicated their strong commitment to the project, as was affirmed in a meeting with the Minister. The project concept has been presented and discussed in the TWG-AW to enhance the design and ensure buy-in from GoKC and its development partners. MAFF-GDA will play a leading role in technical direction, while project management will be assigned to ASPIRE Secretariat which has demonstrated leadership and commitment in delivery of ASPIRE.

#### e. Harmonization and partnerships

155. A large number of stakeholders are engaged in agriculture sector development, rural finance and / or the pro-poor value chains targeted by ASPIRE-AT. Some of these have direct roles in project implementation while others are potential partners for coordination, strategy and policy development. A Stakeholder Analysis is presented as Annex 11.

156. ASPIRE-AT will continue IFAD's long-standing partnership with MAFF, which has delivered six major projects in the IFAD portfolio since 2001. ASPIRE-AT will benefit from continuity with ASPIRE, while adopting a significantly changed approach focused on priority value chains, as directed by GoKC.

157. Delivery of ASPIRE-AT will require partnership with ARDB (which has previously partnered with IFAD on AIMS) and with SME Bank which has not previously been engaged in IFAD projects. Dialogue and informal or semi-formal partnerships with agri-businesses have been developed under ASPIRE and AIMS; ASPIRE-AT will build on this to establish more formal partnership arrangements including with agritech and fintech providers.

158. IFAD has an existing partnership with the private AMK financial institution which benefits from an IFAD NSO loan which is designed to improve the eco-system for rural finance in Cambodia. The NSO loan will remain operationally separate from ASPIRE-AT but will assist in creating the conditions needed for farmers, POs and SMEs to graduate from project financing to borrowing in the commercial market based on capacity developed by the project. Separately, AMK intermediates credit from the wholesale lending mechanism of SME Bank which will be used by ASPIRE-AT, therefore AMK is expected to be in a position to access ASPIRE-AT financing through this route.
159. Financing of ASPIRE-AT will be through a partnership with EIB and EU as well as GoKC; this is the same partnership financing the ongoing SAAMBAT project, which is working well, and so ASPIRE-AT represents a deepening of this important relationship.
160. ASPIRE-AT will continue and strengthen the partnership of IFAD with the Rome-Based Agencies FAO and WFP in Cambodia. IFAD and FAO partner for sector policy development through their roles as co-facilitators of the TWG-AW. In ASPIRE-AT, FAO will coordinate closely through its PEARL project which will also adopt a producer organisation financing approach. WFP has developed expertise and resources in market price information systems which will extend benefits to ASPIRE-AT POs and farmers.
161. As emphasized by GoKC during the mission wrap-up, ASPIRE-AT will harmonise its approach to support to ACs and SMEs, particularly credit and grant financing, with the approaches used by other major financing agencies in this sector which include World Bank and ADB. Other agencies active in the field and with potential for partnership include AfD, USAID (which has a partnership MOU with IFAD Cambodia), KfW, GIZ and SDC.
162. IFAD has a long-standing partnership with two Cambodian farmer organisation representative agencies: Farmer and Nature Net (FNN) and Cambodia Farmer Federation Association of Agricultural Producers (CFAP). The support to producer organisations under ASPIRE-AT will benefit from this partnership. FNN and CFAP will participate in policy engagement around ASPIRE-AT, including activities financed by the sector policy development facility financed by IFAD grant within SAAMBAT.

#### **f. Synergies with IFAD Country Projects**

163. IFAD's country programme in Cambodia as defined by the COSOP takes a programmatic approach and emphasises synergies between projects within the programme. Attention has been drawn to these synergies in the component descriptions. ASPIRE-AT builds directly on the achievements of ASPIRE (ending in 2022) as well as AIMS which will continue in parallel with ASPIRE-AT until 2025, particularly through aggregating the established grassroots Business Clusters into more formal producer organisations. ASPIRE-AT will benefit from investments by SAAMBAT in value chain infrastructure (roads, markets etc.) and in development of digital services for the agriculture sector (Khmer Agriculture Suite). ASPIRE-AT will create opportunities to promote and scale out renewable energy technologies which will be supported through CRIA. There are significant synergies, though not an operational connection, between ASPIRE-AT and the NSO loan to AMK. IFAD's irrigation sector intervention, CAISAR, is likely to create further opportunities for synergies with ASPIRE-AT, for example by investing in public irrigation infrastructure which will supply the privately owned water management and distribution equipment invested in by ASPIRE-AT farmers and POs.

### **G. Costs, benefits and financing**

#### **a. Project costs**

164. The total project cost inclusive of taxes and duties amounts to USD 194.0 million over a seven-year implementation period. All costs are estimated based on currently prevailing prices in Cambodia. Project costs by component are presented in Table 4. Project costs by components including 15% price and physical contingencies are: USD 83.7 million for Component 1, (43 percent of project costs) and USD 76.7 million for Component 2 (39 percent of project costs); USD 23.5 million for Component 3 (12 percent of project costs); and USD 10.1 million for Project management (5 percent of project cost).
165. The IFAD loan funds from PBAS will finance USD 33.9 million<sup>[41]</sup> and IFAD BRAM will finance USD 14.0 million; the Government of Cambodia will provide USD 19.2 million; European Investment Bank (EIB) will contribute USD 60.6 million; SSTC Grant will provide USD 0.3 million; Partner Financial Institutions, USD 42.9 million; beneficiary contribution, USD 1.1 million; and SME contribution, USD 2.2 million; and there is a funding gap of USD 20.0 million (10%). The total recurrent cost takes 5.3% of the total project cost.

Table 4: Financing Plan by Component and Financier (000's USD)

	The Government	IFAD PBAS	IFAD BRAM	EIB	GAP	SSTC Grant	Partner Financial Institution	Beneficiary Contribution	SME Contribution	Total	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	%
<b>A. Productive and Resilient Assets for Producer Organizations</b>											
Investment in productive and resilient assets of POs and smallholders	239	10,763	-	15,752	8,820	-	19,526	1,050	-	56,151	28.9
Enabling market infrastructure for Producer Organizations	3,283	-	-	25,366	-	-	-	-	-	28,649	14.8
<b>Subtotal</b>	<b>3,522</b>	<b>10,763</b>	<b>-</b>	<b>41,118</b>	<b>8,820</b>	<b>-</b>	<b>19,526</b>	<b>1,050</b>	<b>-</b>	<b>84,800</b>	<b>43.7</b>
<b>B. Business Partnership and Market Access</b>											
Strengthening private investment for agricultural market and trade development	790	3,994	13,291	-	7,682	100	23,404	-	2,164	51,425	26.5
Strengthening the enabling environment for competitive agricultural value chains and trade	3,543	890	-	19,441	-	100	-	-	-	23,974	12.4
<b>Subtotal</b>	<b>4,334</b>	<b>4,884</b>	<b>13,291</b>	<b>19,441</b>	<b>7,682</b>	<b>200</b>	<b>23,404</b>	<b>-</b>	<b>2,164</b>	<b>75,399</b>	<b>38.9</b>
<b>C. Aggregating Farmers and Integrating them in Value Chains</b>											
Structure and Capacity of Producer Organizations	3,890	11,283	-	-	3,501	-	-	-	-	18,673	9.6
Technical Advice and Centers of Excellence	2,701	2,082	-	-	-	-	-	-	-	4,782	2.5
<b>Subtotal</b>	<b>6,591</b>	<b>13,364</b>	<b>-</b>	<b>-</b>	<b>3,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,455</b>	<b>12.1</b>
<b>D. Management, monitoring and evaluation</b>											
Project staff - Recruitment	1,767	-	-	-	-	-	-	-	-	1,767	0.9
Project staff - POC	1,034	-	-	-	-	-	-	-	-	1,034	0.5
Project Operations	1,905	4,846	709	-	-	100	-	-	-	7,560	3.9
<b>Subtotal</b>	<b>4,706</b>	<b>4,846</b>	<b>709</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,361</b>	<b>5.3</b>
<b>Total PROJECT COSTS</b>	<b>19,152</b>	<b>33,857</b>	<b>14,000</b>	<b>60,559</b>	<b>20,003</b>	<b>300</b>	<b>42,930</b>	<b>1,050</b>	<b>2,164</b>	<b>194,015</b>	<b>100.0</b>

Table 5: Financing Plan by Expenditure Categories and Financier (000's USD)

	The Government	IFAD PBAS	IFAD BRAM	EIB	GAP	SSTC Grant	Partner Financial Institution	Beneficiary Contribution	SME Contribution	Total	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	%
<b>A. Works</b>	4,084	-	-	32,576	-	-	-	-	-	36,659	18.9
<b>B. Training, Capacity Building and Workshop</b>											
1. Training and capacity building	3,752	11,638	-	633	3,501	-	-	-	-	19,524	10.1
2. Workshops	261	-	-	-	-	-	-	-	-	261	0.1
<b>Subtotal</b>	<b>4,014</b>	<b>11,638</b>	<b>-</b>	<b>633</b>	<b>3,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,785</b>	<b>10.2</b>
<b>C. Equipment, Material and Vehicle</b>											
1. Vehicles	19	159	-	20	-	-	-	-	-	198	0.1
2. Equipment & Material	2,716	-	-	6,888	-	-	-	-	-	9,604	4.9
<b>Subtotal</b>	<b>2,735</b>	<b>159</b>	<b>-</b>	<b>6,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,802</b>	<b>5.1</b>
<b>D. Goods, Services, Inputs and Consultancies</b>											
1. Goods, Services and Inputs	1,607	3,353	-	1,515	-	-	-	-	-	6,475	3.3
2. TA: Consultancies (Int.)	444	3,096	-	900	-	300	-	-	-	4,740	2.4
3. TA: Consultancies (Nat.)	958	5,113	1,237	2,275	-	-	-	-	-	9,583	4.9
<b>Subtotal</b>	<b>3,009</b>	<b>11,562</b>	<b>1,237</b>	<b>4,690</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,798</b>	<b>10.7</b>
<b>E. Credit and Guarantee Funds</b>											
1. Credit	-	10,498	12,763	-	7,682	-	42,930	1,050	2,164	77,087	39.7
2. Grants	-	-	-	15,752	8,820	-	-	-	-	24,572	12.7
<b>Subtotal</b>	<b>-</b>	<b>10,498</b>	<b>12,763</b>	<b>15,752</b>	<b>16,502</b>	<b>-</b>	<b>42,930</b>	<b>1,050</b>	<b>2,164</b>	<b>101,659</b>	<b>52.4</b>
<b>F. Operating costs</b>											
1. Salaries & allowance	3,428	-	-	-	-	-	-	-	-	3,428	1.8
2. Operating costs	1,883	-	-	-	-	-	-	-	-	1,883	1.0
<b>Subtotal</b>	<b>5,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,311</b>	<b>2.7</b>
<b>Total PROJECT COSTS</b>	<b>19,152</b>	<b>33,857</b>	<b>14,000</b>	<b>60,559</b>	<b>20,003</b>	<b>300</b>	<b>42,930</b>	<b>1,050</b>	<b>2,164</b>	<b>194,015</b>	<b>100.0</b>

166. The project component cost distributed by the project period is presented in Table 5. The 1<sup>st</sup> year takes 5% of the budget and the 7<sup>th</sup> year, 10% of the budget. By mid-term of the project in 2026 the budget has the allocation of 65% of the total project cost.

Table 6: Project Costs by Component and Year (000's USD).

	Totals Including Contingencies							Total
	2023	2024	2025	2026	2027	2028	2029	
<b>A. Productive and Resilient Assets for Producer Organizations</b>								
Investment in productive and resilient assets of POs and smallholders	3,626	6,006	7,223	8,980	7,745	7,089	15,483	56,151
Enabling market infrastructure for Producer Organizations	-	5,437	8,493	8,758	5,961	-	-	28,649
<b>Subtotal</b>	<b>3,626</b>	<b>11,443</b>	<b>15,716</b>	<b>17,737</b>	<b>13,706</b>	<b>7,089</b>	<b>15,483</b>	<b>84,800</b>
<b>B. Business Partnership and Market Access</b>								
Strengthening private investment for agricultural market and trade development	1,801	6,033	9,084	13,182	11,356	7,177	2,792	51,425
Strengthening the enabling environment for competitive agricultural value chains and trade	656	20,241	1,618	892	567	-	-	23,974
<b>Subtotal</b>	<b>2,457</b>	<b>26,274</b>	<b>10,702</b>	<b>14,074</b>	<b>11,923</b>	<b>7,177</b>	<b>2,792</b>	<b>75,399</b>
<b>C. Aggregating Farmers and Integrating them in Value Chains</b>								
Structure and Capacity of Producer Organizations	1,654	4,436	4,920	4,138	2,168	1,061	297	18,673
Technical Advice and Centers of Excellence	717	1,169	884	978	661	303	70	4,782
<b>Subtotal</b>	<b>2,371</b>	<b>5,604</b>	<b>5,804</b>	<b>5,116</b>	<b>2,829</b>	<b>1,364</b>	<b>367</b>	<b>23,455</b>
<b>D. Management, monitoring and evaluation</b>								
Project staff - Recruitment	224	233	242	252	262	272	283	1,767
Project staff - POC	100	104	153	159	166	172	179	1,034
Project Operations	1,028	884	1,048	1,085	1,152	1,161	1,202	7,560
<b>Subtotal</b>	<b>1,352</b>	<b>1,221</b>	<b>1,444</b>	<b>1,496</b>	<b>1,579</b>	<b>1,606</b>	<b>1,664</b>	<b>10,361</b>
<b>Total PROJECT COSTS</b>	<b>9,806</b>	<b>44,542</b>	<b>33,665</b>	<b>38,423</b>	<b>30,038</b>	<b>17,236</b>	<b>20,307</b>	<b>194,015</b>

167. Funding for implementation of the ESCMF is included in the project budgets. The estimated costs are indicated in table 7. Costs associated with the time of Project Management Unit Staff, including a Project Safeguards Officer, coordinating the implementation of this ESCMF are not shown. Further detail is found in the budget of the Project Document.

Table 7: Tentative Breakdown of project level costs for ESCMF implementation

Item	Approximate Budget Cost (USD)
Social, Climate and Environment Specialist	Mainstreamed in design report
RADB safeguard Specialist	Mainstreamed in design report
SME Safeguard process	45,000
External hire for safeguard preparation*	150,000
Travel expenses for consultations*	25,000
Capacity building/training expenses	40,000
Audio-visual & print production expenses	10,000
<b>Total:</b>	<b>270,000</b>

\*Required if the project needs to prepare safeguard reports through service providers.

168. As per the IFAD mainstreaming tracking template, the total amount of IFAD climate finance for this project is preliminarily calculated as USD 13 million or 27% of IFAD total project cost. Under the subcomponent 1.1, 35% of the loan financing to smallholders and POs (36.2% of subcomponent) is counted as climate financing. Based in the climate adaptation priority; 35% of the credit flow in subcomponent 2.2 (21.2% of subcomponent) and 50% of the support to new and old POs under subcomponent 3.1 (41.2% of the subcomponent) are primarily calculated as climate financing.

#### b. Project financing/co-financing strategy and plan

169. **IFAD financing terms:** IFAD shall provide USD 22.7 million on Highly Concessional terms, USD 11.2 million on Blend Lending Terms from PBAS12, USD 14.0 million on Normal Lending Terms from BRAM. The details of lending terms can be found in below link: <https://www.ifad.org/en/financial-products-and-terms>.

170. IFAD is a leading agency in development assistance for the agriculture sector in Cambodia. The core start-up activities and critical investments such as providing productive and resilient assets for Producer Organisations and initiating business partnership and market access implemented mainly in the 1st and the 2nd years of the project are financed with IFAD PBAS resources. The EIB, as the main co-financier will start providing funds from the first year onwards supporting start-up activities to proceed further and to elevate to business undertaking. The Government co-finance has been committed as the second co-

financiers to finance all the project management activities including monitoring and evaluation and staff cost. With a financing gap of USD 20 million, the project opens opportunity for IFAD and the Government of Cambodia to include additional resources to already programmed and budgeted activities.

171. The project will have significant amounts as annual disbursement targets, particularly in the second year of the project. Experience from ASPIRE I in Cambodia shows the ability of projects to commit and allocate the annual amounts. However, IFAD and the government will need to pay required attention to planning and strategizing the disbursement strategies from the 1st year of the project as the largest amount of disbursement, almost 30% of the project budget, is expected in the second year of the project.

### c. Disbursement

172. Except where explicitly stated otherwise, the following paragraphs relate to disbursement of IFAD funds only.

173. The withdrawal and use of IFAD funds for ASPIRE-AT will be governed by the IFAD's Project Financial Management & Financial Control Handbook and Financing Agreement (FA) between IFAD and the GoKC. The procedures of disbursement, financial reporting and maintenance of appropriate project records will be described in detail in the Project Financial Management and Financial Control Arrangements Letter (FMFCL) subsequently after signing the FA. Three standard disbursement procedures are available for IFAD financing:

- Advance withdrawal
- Direct payment
- Reimbursement

174. **Designation letter for authorised signatory:** Before disbursement can begin, IFAD must receive, a duly completed Authorised User(s) Letter, from [the designated representative or a sufficiently senior delegated official], designating the name(s) of official(s) authorised to approve Withdrawal Application(s) and Interim Financial Reports (IFR).

175. The designated delegated officials will be authorised to undertake actions in the IFAD's systems including the IFAD Client Portal (ICP) commensurate to the respectively assigned roles, which shall include the electronic submission of documentation through the ICP. Electronic submission of documentation must be performed in accordance with the Terms and Conditions as included in FMFCL.

176. **Interim Financial Reports (IFR):** IFRs are required both for reporting and disbursement purposes. IFRs for reporting purposes must be submitted in accordance with the frequency and submission deadlines detailed in the Project Financial Management and Financial Control Arrangements Letter. When submitted as a component of Withdrawal Applications, IFRs must be submitted in a form and quality acceptable to IFAD.

177. **Expenditure thresholds and supporting documentation.** Each Withdrawal Application shall be submitted to IFAD in accordance with the requirements set out in FMFCL. Where deemed applicable by IFAD, expenditure thresholds (also referred to as statement of expenditure thresholds or SOEs) may be determined at financing instrument, expense category and/or contract levels. Expenditure items or contracts that exceed the expenditure threshold/s, where applicable, must be accompanied by copies of relevant supporting documentation.

178. **Designated Accounts and Project Accounts:** Ministry of Economy and Finance (MEF) and the ASPIRE-AT Secretariat (MAFF) shall open and maintain in the National Bank of Cambodia the following Bank Accounts: (i) One Designated Account in USD to receive the IFAD Loans proceeds.

179. MEF shall authorize the opening of the following USD Project Accounts for the IFAD Loan proceeds: One Project Accounts at the ASPIRE Secretariat for IFAD loan; One Project Account for GoKC contribution; and two accounts at the ARDB and SME banks respectively, to receive funds from the Designated Account(s) for Credit Line activities.

180. Fund flow from other financiers will flow to a separate DA/PA and be managed by the PMU.

181. **Retroactive financing:** To facilitate the transition and continuity from ASPIRE to ASPIRE- AT, retroactive financing may be applicable to project. Provisions for retroactive financing are included in Section E of the FA. To be eligible for retroactive financing, expenditures shall meet the criteria of reasonable cost of goods, works and services required for the project and shall be procured in conformity with IFAD's Procurement Guidelines.

182. Maximum amount that may be withdrawn for retroactive financing may be a specific amount for each category or a global amount for two or more categories, preferably expressed in the loan denomination currency. This amount should normally not exceed 10% of the financing. Expenditures will only be eligible for retroactive financing and thus reimbursed to the Borrower/Recipient after entry into force of the FA and satisfactory compliance with any conditions precedent to first withdrawal. The date after which expenditures become eligible for retroactive financing should not be earlier than the project design date. Since the legal documents specify that expenditures after this date are eligible, it is preferable to choose the last day of a month as the 'deadline' date, particularly in cases where claims will be submitted on the basis of IFR.

### d. Summary of benefits and economic analysis

183. The ASPIRE-AT project will directly reach an estimated 125,000 households. Out of these, 100,000 will be households who have land, will become members of 500 graduated POs and will increase their farm incomes. An additional 25,000 households will

benefit from increased employment opportunities. In addition, 500 POs and 17 SMEs will also be supported. The EFA has included 100,000 farmer producers who are members of POs and in addition 265 typical enterprises managed by the POs and benefiting from project assistance, and 17 SMEs benefiting from project assistance. The financial benefits of the project are derived from addressing market failures and gaps in service provision at all levels of the value chain that would assist smallholder farmers to organise, aggregate and invest through highly effective producer organisations; financing investments in productive assets; catalyzing development of strong private sector agri-businesses; and contributing to increase market sizes by expanding export opportunities. The priority value chain that the project is supporting include vegetables, cassava, cashew, fruits and poultry. The discount rate of 6% was used for the computation of financial profitability indicators which is the current lending rate according to the National Bank of Cambodia, January 2022.

184. Table 8 summarises the financial profitability of the farm enterprises of smallholder beneficiaries, enterprises managed by POs, and SMEs. All enterprises are financially viable. The annual net return at full development (FD) was used to assess the contribution of these enterprises in alleviating poverty. The farm model analysis, which is presented in Annex 4, indicated that all models with combinations of these crops would generate an annual net income that is higher than the poverty level of USD 4,434 per household per year.

185. The PO managed enterprises and all SMEs have a substantial level of net present values (6% financial discount rate for 20-year period), incremental annual net revenues, positive return on investments (ROI) and encouraging financial internal rate of returns (IRR).

Table 8: Results of the financial analysis of the typical enterprises representing each value chain

Gross Margin Models	Total Nb Enterprises	WP (USD/ha)			Profitability (Incremental analysis)					
		Net Present Value	Increment	Annual Net Revenue (at FD)	ROI	Return to Labour (USD/md)	IRR	B/C Ratio	Labour use (md/yr)	Credit Need (USD)
<b>Farm based enterprises</b>										
Cassava regular	6,697	398	218	512	58%	16	26%	1.12	110	259
Organic Cassava - Elite PM	25,470	729	1,074	842	135%	21	37%	1.28	19	386
Irrigated vegetable	22,768	28,865	9,163	2,989	91%	95	28%	3.14	21	2,028
Fruit: orchard development	16,000	49,323	30,109	4,347	70%	41	33%	2.08	126	2,191
Fruit: orchard development with credit	1,765	35,681	35,439	5,591	101%	55	69%	1.75	2463	1,425
Cashew: Orchard development / replanting	18,000	6,421	4,003	807	260%	14	31%	2.42	35	0
Chicken - Hatchery (traditional breed): New	300	11,303	11,303	1,860	31%	28	41%	1.20	75	1,900
Native chicken - back-yard poultry	9,000	240	684	102	26%	7	62%	1.13	12	
<b>Total: Farm based enterprises</b>	<b>100,000</b>									
<b>Acs / PO level enterprises</b>										
Vegetables: ACs set-up simple collection/grading centres	200	59,565	6,727	7,735	28%	28	26%	1.43	360	13,794
Fruit: ACs set-up simple collection/grading centres	15	117,539	117,539	16,681	85%	355	31%	1.31	48	12,090
Chicken - traditional breed	50	250,334	250,334	49,050	20%	61	16%	1.41	902	147,887
<b>SMEs</b>										
Vegetables: Improved packhouses with cold storage	5	440,187	15,357	52,212	42%	10	11%	1.04	17550	22,816
Cashew: Export processing business	11	3,977,650	458,547	459,801	83%	446	59%	1.09	1045	414,551
Chicken: Larger, professional poultry slaughterhouse	1	15,365,363	1,841,826	1,865,586	83%	292	49%	2.08	6600	1,373,984

186. The EFA analysis estimated that the enterprises included in the analysis contribute in generating an incremental total employment of 29,934 persons. Also, according to the EFA, there is a demand of USD 110 million of loan to finance these enterprises including farm activities.

187. The EFA estimated the capacity of the farm models and all other enterprise models to repay the loans that the entrepreneurs including smallholder farmers would wish to acquire. The estimation shows that almost all the models have a positive cash flow from 2nd year onwards to support the livelihood or ensuring adequate profit in the case of POs after repayment of capital and the interest of credit. The terms of the credit were assumed as 6% annual interest and 1-2 years repayment period. Other family income sources such as wage labour etc have not been used for this analysis.

188. The project beneficiaries typically maintain mix cropping systems. In order to demonstrate the impact of project assistance in improving crops on the whole farm, a series of farm model analyses were carried out, which was based on the cluster approach that the project is adopting to support value chains. On that basis as well as the type of crops representing main value chains, 8 farm models were derived. The estimation shows that all farm models will have annual net income at full development that is above the poverty line. Annex 4 presents the details results of the analysis for all 8 farm models.

189. The economic analysis of the whole project was carried out after taking required adjustments to the cash flows. The financial prices of tradable, locally traded and non-tradable (commodities with near perfect competition) inputs and outputs of all enterprise models were converted to economic prices using appropriate conversion factors (standard conversion factor of 1.1, derived using border transactions, for tradable goods; 1 for locally traded goods and shadow wage rate factor of 0.91 for all wages). The SCF was computed taking the ratio between Official Exchange Rate (OER)[\[42\]](#) and Estimated Shadow Exchange Rate (SER)[\[43\]](#)

[SCF=ER/SER]. EFA excel sheets presents details. For the economic analysis, the economic investment cost of the project is based on the project cost net of financing for loans and grants during the 7-year implementation period generated by COSTAB programme. It deducts the amounts payable for taxes and provisions for price contingencies from the financial costs.

190. The Economic Internal Rate of Return (EIRR) is 32% and the economic benefit cost ratio is 1.46 with the economic discount rate of 1.4%, which is Scheduled Banks Weighted Fixed Deposit Rate (National Bank of Cambodia, Jan 2022). The project earns an Economic Net Present Value (ENPV) of USD 948 million (Riels 3,833 billion) for the 20-year period with 1.4% discount rate. Table 8 presents the results together with the results of the sensitivity analyses.

191. The risk factors that have been identified in the project Integrated Risk Matrix were used as the basis to rationalise the sensitivity scenarios, presents the risk factors considered and the results of the sensitivity analyses. The project generates EIRRs that are higher than the opportunity cost of capital under all sensitivity scenarios. The analyses indicate therefore that the enterprise models and the overall ASPIRE-AT project are both financially and economically justifiable even under the adverse risky environments. The EFA, however, shows that the highest drop in EIRR is seen in the scenario of 20% benefits decrease. This alarms the project to monitor for cost escalations and keep adequate controls to maintain the cost as estimated.

Table 9: Results of the Economic Analysis and the Sensitivity Analyses

Sensitivity Analyses	EIRR	B/C Ratio	NPV (USD mn)	NPV (Riels Billion)	Risk Factor
Base Case	32%	1.42	525	2,125	
With Funding Gap risk	28%	1.38	347	1,404	Only 66% of the Grant dependent enterprises are included as 34% of grants would be financed by the Funding Gap
All cost increase by 10%	26%	1.29	399	1,614	Public sector investments financed by the project not sustainable because of lack of institutional plans
All cost increase by 20%	20%	1.18	273	1,104	
All benefits decrease by 10%	25%	1.27	347	1,402	Agriculture sector severely impacted by macroeconomic instability
All benefits decrease by 20%	17%	1.13	168	679	Project vulnerability to environmental conditions
Cost increase by 10% and benefits decrease by 10%	19%	1.16	220	892	Financing instruments are not attractive for partner financial institutions to deliver
1 year delay in getting benefits	19%	1.34	344	1,390	Private agribusiness unwilling to invest because of governance concerns

#### e. Exit Strategy and Sustainability

192. The sustainability of benefits is assured through careful appraisal of investments including committed funding for operation and maintenance of both public and private assets. The project strategy is to build the capacity of the farmer organizations, financial institutions, and the brokering the business partnerships between key actors in the value chains. This strategy will ensure the sustainability of activities after the project ends.

193. ASPIRE-AT interventions are expected to result in a self-sustaining eco-system including capable market-linked smallholder farmers and producer organisations partnering with agri-businesses with the market knowledge and technical skills to take advantage of expanding opportunities in export and domestic value chains, financed by public and private financial institutions offering appropriate products and an environment including efficient public services with adequate operating budgets. Annex 10 describes the pathway to achieving these sustainability conditions.

194. Benefits to the key target groups of market linked smallholders and rural workers will be sustained based on inclusive growth of the agriculture economy. Smallholders, producer organisations (POs) and agri-business will have increased incentive and ability to invest, further increasing employment. Climate change and environmental degradation are potential threats to sustainability and these issues will be mainstreamed in the selection and design of project investments and prioritization of value chains so as to achieve resilience and environmental sustainability. In addition, dedicated investments are foreseen in component 3 to support

identification and dissemination of more climate resilient practices, adoption of quality environmental safeguards and adopt relevant climate advisory.

195. By the end of the project, producer organisations (ACs and UACs) 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. The POs will benefit from the extensive mobilisation and business development work carried out under AIMS and ASPIRE. These organisations should no longer need capacity building support from the public sector, although PDAFFs are expected to maintain a residual coordinating role. To achieve this, capacity building support to POs will be structured in a series of milestones monitored through a scorecard. The project will reduce supporting costs for each successive milestone achieved. Achieving the milestones will enable PO to access investment and partnership opportunities of components 1 and 2, thereby generating additional revenues to cover their own running costs and staffing. It is also expected that banks and value chain partners will see the benefits and decreased costs engaged in working with organized and mature PO and therefore be motivated to also continue working and incentivizing such PO[44]. with reducing costs for each successive milestone achieved. PDAFFs will deliver support through output-based contracts specifying the number of POs completing each step. Overall costs for this capacity building effort will be highest in the first year of the project and will decline to near zero in the final year.
196. The financing model of ASPIRE-AT emphasizes sustainability as most investment finance will be in the form of loans, and grants will be delivered through partner financial institutions (PFI) which will be responsible to screen the viability of proposed investments. Project interventions will demonstrate the viability for the private sector of offering finance for farmers and POs with appropriate (non-land) collateral, will buy down credit risk and will directly build the capacity of the PFIs. Each borrower will be entitled to only one round of grant finance so it is expected that financing will increasingly be on commercial terms in the later stage of the project. Digital solutions will support development of production, cash flow and credit history for smallholders and POs supporting bankable investment plans.
197. The enterprises supported by ASPIRE-AT (including enterprises of the PO as well as private agri-businesses) should be self-sustaining by the end of the project with the ability to mobilise capital and allocate to remunerative investments based on market opportunities. This will be achieved through experience and also through specialist advice and business support services provided by the project.
198. Public services supported by the project, including physical facilities such as laboratories, centres of excellence, etc, but also “soft” services such as GAP certification, ICT for smallholder value chains etc, should be self-sustaining by the end of the project. Cases will differ in detail, but the general principle will be maintained that a clear path to sustainability, including sufficient investments in institutional capacities and an income stream to cover operational costs, must be demonstrated before approval of the project investment.
199. Project support to the enabling environment including trade negotiations will lead to expanded market opportunities by the end of the project. Demonstration of successful models and improved access to finance should facilitate further market entrants, including producer organisations as well as agri-businesses, to finance and execute growth-boosting investments without project support.
200. The sustainability of Centres of Excellence and other facilities: The facilities will be subject to full feasibility and design studies for each facility which will be a requirement for final approval of funding under the EIB framework loan modality (provisional inclusion of these facilities does not represent approval of financing, under this modality). Therefore, full frameworks for establishing and verifying sustainability of these facilities will be determined before financing approval.

### 3. Risks

#### H. Project risks and mitigation measures

201. **ASPIRE AT is considered a low risk project overall.** As shown in the Integrated Project Risk Matrix (Annex 4), some risks are assessed as moderate, mainly based on IFAD experience of previous projects in Cambodia.
202. **Country context risks** are generally low. Cambodia has a stable political environment and no major or sudden changes of policy direction affecting the project are foreseen. Likewise, the security environment is good and is not expected to change. Cambodia has enjoyed a generally favourable macro-economic environment but as an open, trading economy, is potentially vulnerable to unfavourable events internationally. Cambodia’s governance and economic regulatory environment are not strong but the project design is based on models that have demonstrated success in the current environment.
203. However, a resurgence of COVID-19 could affect the project through domestic economic impacts or through impacts on export markets. International economic recession might reduce potential market size for some export commodities. The current Ukraine crisis is expected to increase prices of energy and fertiliser, which might affect Cambodia’s terms of trade and the profitability of some value chains. These costs might be offset by food price increases, but this would be felt differently in different value chains. The project will partially mitigate trade-related macro risks by focusing also on domestic value chains which are likely to be less severely affected.
204. The risk that there may be insufficient scope for smallholders to compete in the market is assessed as a medium risk, mitigated to low residual risk by careful selection of appropriate value chains.
205. The proposed financing instrument for farmer, PO and agri-business investments, comprising a blend of loans and grants, is

recognised as carrying some risk, if it proves insufficiently attractive to PFIs or to borrowers. Both these risks are assessed as medium without mitigation. The risks are mitigated by basing the design on existing models, building in features to reduce risk to the PFIs and to increase attractiveness to borrowers, and through discussion with potential PFIs.

206. There is a high inherent risk that some public sector investments may be proposed for project funding without adequate assurance of their viability and / or without adequate institutional plans and assured operational budgets required for sustainability. This risk will be reduced to medium by ensuring that favourable feasibility studies and fully developed institutional plans, with identified operating budgets, are a requirement before investments are approved.
207. The most significant project specific risks, which will require mitigation measures, relate to sustainability of the public sector investments financed by the project due to the lack of institutional plans and / or operating budgets. To mitigate this risk, the design establishes criteria for approval of investments. All major public sector investments will be subject to detailed feasibility study and preparation of an institutional plan.
208. As described above, country projects have suffered implementation delays and insufficient management focus on strategic results. This risk will be addressed through clear forward-planning arrangements based on the Annual Work-Plan and Budget (AWPB), use of clear and adequate timelines for recruitment and procurement procedures, and appointment of advisers with strong management capacity and a relationship of trust with project management. IFAD will work proactively with project management to prevent problems arising.
209. The project is complex and there is a risk of failure if project management capacity is insufficient (medium risk). This risk is mitigated to low by use of the proven capacity established in the ASPIRE Secretariat. M&E systems will likewise be based on proven operational models.
210. **Procurement risk is assessed as Moderate.** The main project procurement risks include (i) There is no integrated system to monitor procurement values and records at the General Department of Public Procurement (PEFA 2021); (ii) The Corruption Perceptions Index (CPI) for 2021 remains below 30 (score at 23/100, ranked 157th out of 180 countries); (iii) Limited capacity and experience to conduct procurement activities at sub-national levels; and (iv) Procurement processes (planning, bidding, contract award and contract implementation) are often delayed.
211. **Financial management (FM) risk:** The Royal Government of Cambodia (RGC) has embarked on an ambitious Public Financial Management Reform Program since 2004. The ASPIRE FM inherent risk is moderate based on use of the Standard Operating Procedures (SOP) for externally financed projects/programmes in Cambodia, issued by MEF. The SOP are separated from the functioning of the government treasury and state audit systems. At the project level, the FM risk is moderate. ASPIRE AT replicates the success of ASPIRE. MAFF will continue to be the Executing Agency and the operation is assigned to the Secretariat, this model overcomes the weakness in public financial management, balances the control of Executing Agency and utilizes the expertise of contracted staff and advisers. ASPIRE AT will provide lines credit to ARDB and SME Banks, the Secretariat will coordinate to ensure these funding are consolidated in IFR, financial report and financial audit.

## I. Environment and Social category

212. The proposed environmental and social category for ASPIRE-AT is **moderate**, based on the SECAP screening tool. ASPIRE AT will have zero forest encroachment and deforestation strategy, the Project will not impact on any sensitive areas or result in loss of natural habitat and biodiversity. Considering the possibility to work in cultural heritage areas, a cultural heritage management plan has been developed and will be implemented to avoid any negative impacts. The Project design has directed at environmentally sound and sustainable agriculture and poultry: a) chemical inputs will be regulated, project will encourage to produce and use locally made bio inputs; farmers will be motivated to apply integrated pest management, b) renewable energy technology will be promoted as part of the value chain and support market development activities, c) intercropping will be promoted to maintain soil health and minimize the damage of disease and pest outbreak, d) crop rotation will be encouraged where applicable, e) efficient water use technologies will be promoted to reduce water stress, f) minimize waste from agriculture, poultry, processing and market centers, and as far as possible these will be recycled for manure production, and g) support good agriculture practices.
213. The Project has planned to support small-scale climate proofed infrastructure with no further harm on environment. There will be no investment from the project side on the infrastructures that demands private land acquisition or resettlement of project affected people. An Environmental, Social, and Climate Management Framework (ESCMF) has been included in the design, which contains a preliminary Environmental, Social, and Climate Management Plan (ESCMP). The ESCMF establishes procedures for the environmental and social assessment of sub-projects, and provides guidelines in the preparation of site-specific ESCMPs for these sub-projects.
214. The project has a strong focus on social inclusion with targets for the inclusion of women, youth IPs. The design has included Indigenous People Plan to maximize their participation and benefit from the project and minimize potential negative impacts from the project. The project interventions will be implemented with explicit free, prior and informed consent of local communities.

## J. Climate Risk classification

215. As per the SECAP screening tool, the climate risk category of the project is determined as substantial. Following are the key themes and steps followed to assess climate risks: (i) Hazard identification: As per the ThinkHazard report, the project intervention area is likely to experience river flood, urban flood, landslides, cyclones, extreme heat and wildfires. Likewise, foreseen future climate scenario predicts changes in temperature, climate variability and alterations in intensity and frequency of extreme events. (ii) Exposure Assessment: The project targets agricultural systems, ecosystems or livelihoods that are exposed to weather-related hazards. Crop production is frequently affected by rainfall variability, prolonged droughts, changes in

temperature or pests and diseases. (iii)Sensitivity: The human development score is above 5 (score of 6.3) and the Multidimensional Poverty Index is above 5 (score of 8.3); both aspects trigger a positive response in the screening tool. (iv) Adaptation capacity and climate resilience: Cambodia still lack disaster coping capacity (DDR score of 6.8 as per the INFORM) and climate and weather information services are not effectively being delivered to farmers, rural dwellers, and end users. However, the country has an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs. To some extent, the government or other institutions (including projects and CSO/NGOs) support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events. Farmers still face difficulties in access adequate financial credit and loans that are tailored to their needs.

216. An in-depth climate risk analysis indicates project targeted farmers are mostly dependent on rainfall for major crops. The Project will help to update community level seasonal crop calendar following the recent precipitation trend and collaboration will be made to disseminate early climate information. ASPIRE AT will promote climate smart agriculture practices. The screening checklist provided in ESCMF will guide project to include adequate adaptation and mitigation measures while working in climate vulnerable areas.

## 4. Implementation

### K. Organizational Framework

#### a. Project management and coordination

217. ASPIRE-AT will be overseen by a Joint Country Programme Steering Committee chaired by MEF and also responsible for oversight of the current ASPIRE, AIMS and SAAMBAT. Following this established practice, the Joint Country Programme Steering Committee will set the policy and technical direction of the project, ensure alignment with GoKC policy and with interventions financed by other donors, and facilitate synergies between IFAD portfolio projects following the Programme Based Approach.
218. The **Project Executing Agency** will be MAFF which will assign project management responsibilities to the existing ASPIRE Secretariat, thus making use of established capacity, ensuring continuity and facilitating implementation of the project readiness action plan.
219. **ASPIRE Secretariat** responsibilities will include (1) project planning and reporting; (2) project financial management and procurement; (3) monitoring and evaluation; (4) social, environment and climate change risk management; (5) guide implementation of the Gender Transformative Approach; and (5) mainstream adoption of digital technology in all components.
220. ASPIRE Secretariat will recruit and manage a core team of project technical advisers comprising Chief Technical Adviser; Deputy Chief Technical Adviser; Gender and Social Inclusion Specialist; Social, Environment and Climate Change Specialist, M&E and Planning Specialist, ICT Specialist, Finance and Accountant Specialist and Procurement Specialist.
221. **MAFF-GDA** will be responsible for technical guidance of the project in key areas including (1) formation and capacity building of ACs and UACs in compliance with the Law on Agriculture Cooperatives; (2) registration of UACs; (3) selection, design and implementation of public service investments under Component 2.2; (4) development and approval of technical protocols for crop production; (5) development of relevant policy and regulation, particularly to expand trade and market access in target value chains; (6) coordination of the project ICT strategy; and (7) management of Centres of Excellence established / upgraded under Sub-Component 3.2.
222. **ARDB will be an Implementing Agency.** ARDB will finance investments in Sub-Component 1.1 through (1) management of project funds to finance loans and grants to eligible farmers and graduated POs; (2) screening of investment proposals; (3) financing loans and grants to eligible farmers and graduated POs; (4) reporting to ASPIRE Secretariat. ARDB will sign a sub-agreement with MEF to specify the loan terms and condition, financial management and reporting obligations.
223. **SME Bank will be an Implementing Agency.** SME Bank will finance investments in Sub-Component 2.1 through (1) management of project funds to finance loans and credit guarantees in partnership with CGCC; (2) screening of investment proposals; (3) financing of loans backed by credit guarantees in partnership with CGCC; and (4) reporting to ASPIRE Secretariat. SME Bank will sign a sub-agreement with MEF to specify the loan terms and condition, financial management and reporting obligations.
224. **Provincial Departments of Agriculture, Forestry and Fisheries (PDAFF)** will (1) conduct mapping of pro-poor value chains and producer organisations; (2) conduct formation and registration of Agriculture Cooperatives; (3) manage and coordinate networks of Lead Farmers including identifying training needs; (4) cooperate with regional service providers for business development services to graduated POs; (5) project planning, monitoring and reporting at Provincial level.
225. **Graduated POs** (ACs, UACs and other types of formal producer organisation) will (1) ensure compliance with good governance and inclusivity criteria; (2) prepare business plans; (3) develop partnerships with agri-businesses; (4) prepare applications for investment financing under Component 1; (5) counter-sign and monitor implementation of farmer loan and grant agreements; (6) directly implement PO loan and grant agreements; (7) conduct community procurement to identify preferred suppliers for farmer and PO investments; (8) monitor implementation of enabling infrastructure investments; (9) operate enterprises and cash-generating activities; (10) operate and maintain enabling infrastructure; and (11) report on activities, outputs and outcomes via

the project MIS.

226. **AC Business Development Service Providers** will be recruited by the project based on proven track record and expertise in working with POs, in specific value chains and specific geographic areas. It is envisaged that between 3 – 5 service providers will be recruited according to TORs to be included in the PIM, with one service provider recruited in Year 1 responsible for developing procedures and training curricular, and the remainder service providers recruited in Year 2. The roles of these service providers will include (1) strengthening governance and inclusiveness of the POs, with particular regard to promoting women's voice and leadership roles; (2) strengthening administrative and financial management capacity of the POs; (3) facilitating partnerships with between POs and agri-businesses; (4) supporting preparation of PO Business Plans through a participatory process with PO members and in consultation with private sector partners; (5) supporting preparation of investment proposals for Component 1 financing; and (6) an ongoing coaching and backstopping role during implementation of the Business Plan.

#### **b. Financial Management, Procurement and Governance**

227. Following the successful FM performance of existing ASPIRE, the Design Mission has assessed options for financial management in considerable details and has proposed the arrangements outlined below. It is agreed that MEF, while broadly in agreement with the principles, may review these arrangements with the aim of ensuring coordination and accountability and may propose alternatives. The proposed fund flows are illustrated in the following diagram.

228. ASPIRE AT Secretariat and the Implementing Agencies shall apply the updated SOP and the Financial Management Manual and Procurement Manual from ASPIRE, on the condition that these procedures are adequately adapted to fulfil the specific financial management requirements of ASPIRE-AT while taking into consideration local circumstances and capacities in respect of the implementation of ASPIRE AT activities at subnational level. ARDB and SME bank shall apply existing FM systems to carry out sub-component activities and are subject to financial reporting, auditing and financial management conditions under the sub-agreement with MEF. ARDB and SME Bank shall submit financial reports and audit report to MEF, ASPIRE AT Secretariat in accordance to procedures in ASPIRE AT's Project Implementation Manual and Finance Manual

229. **Staffing:** The Finance Management Unit (FMU) staff of ASPIRE Secretariat will be expected to stay with ASPIRE AT, FMU shall carry out all financial management tasks of the Project, and shall perform its duties in close cooperation with the Department of Accounting and Finance (DAF) of MAFF; the PMU shall be staffed by sufficient number of officers (experienced staff with ASPIRE are preferred); the officers shall be seconded from DAF and/or hired from outside MAFF. ARDB and SME Bank shall use existing FM staff for managing the line of credit activities.

230. **Internal control:** Procedures and record maintenance at all levels have to be significantly strengthened by addressing the issues of non-availability of skilled finance staff, setting up of internal controls, setting up of effective monitoring and review, introduction of accounting software, preparation of a detailed section in the PIM on Financial Management with guidance notes.

231. For the assurance of internal control and alignment with SOP, Internal Audit will be conducted by the Department of Internal Audit (MAFF). The internal audit report will be shared with ASPIRE-AT Secretariat.

232. ASPIRE internal control is designed to ensure the compliance with SOP and PIM, transparency, segregation of duty and safeguard of project assets. Seconded Finance Officer from MAFF will be assigned to oversee and review the financial transactions, reporting.

233. ARDB and SME Bank shall employ the existing internal control system and shall provide the internal audit report to ASPIRE AT Secretariat and MEF.

234. **Accounting systems, policies, procedures and financial reporting:** ASPIRE-AT FM system shall employ the current structure, policy and system of existing ASPIRE and continue to enhance to fulfil the design and activities of ASPIRE-AT. Cash Basis accounting is applied through SAGE 50 Accounting System which is followed to RGC Accounting Standard stated in FMM.

235. Each implementing agency will submit Monthly Financial Progress Reports to the ASPIRE AT Secretariat electronically. ASPIRE AT Secretariat will consolidate data received and will be the entry contact point with IFAD. ASPIRE Secretariat will prepare AWPB, IFR, annual consolidated financial statements including data provided by all other implementing agencies. ASPIRE-AT Secretariat and the Implementing Agencies shall apply cash basis accounting principles in accordance with the updated SOP.

236. ASPIRE AT shall continue to use the current accounting software from phase 1 with customizations to tailor the need of FM of ASPIRE AT, the software can fit the IFAD IFR reporting requirements and shall be able to report different source of financings that use in the pool of Designated Account.

237. ARDB and SME Bank shall use existing FM staff and system for managing the Line of Credit activities and providing the financial reports in the format as required by IFAD and ASPIRE Secretariat. Financial reporting requirements shall be outlined in the sub-agreement between MEF and the banks.

238. **External Audit.** The annual financial statements for the Project shall be subject to annual audit by an external auditor to be appointed by MEF. The audit shall have to be performed with due diligence, in particular in respect of the effectiveness of the project internal control system, and the accuracy and completeness of the financial statements according to the TOR acceptable to IFAD. Project accounts at ARDB and SME Bank will be audited to ensure the completeness of financial reporting and control, conditions of the audit will be included in the Agreement between ASPIRE AT and ARDB/SME Banks.

239. Public procurement in Cambodia has been governed by the Law on Public Procurement (2012), and the Implementing Rules and Regulations Governing Public Procurement. For donor-funded projects, the Standard Operating Procedures on Procurement for

All Externally Financed Projects and Programs (SOP) was promulgated in February 2007 and subsequently amended in 2012 and 2019<sup>[45]</sup>. The SOP 2019 on procurement contains a comprehensive procurement manual 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) Volume III - Standard International Competitive Bidding Documents (goods, works), Sample RFP, Templates of contract negotiation for consulting services, and Sample contracts of Individual consulting services. The revised SOP document took into consideration the revised procurement policies of donors (ADB and the World Bank).

240. The MEF, through the General Department of Public Procurement (GDPP) is responsible for administration of the Law on Public Procurement. The GDPP oversees the activities for domestically financed procurement. The General Department for International Cooperation and Debt Management (GDICDM) oversees the externally financed procurement and is actively involved in the preparation of the SOP and its associated manuals, standard procurement documents, in addition to participation in various procurement committees and maintaining oversight. 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. The GDPP is acting as a technical adviser to the Committee and provides recommendations but the ultimate decision is made above GDPP<sup>[46]</sup>.

241. Currently, there is no system of e-procurement in the government. However, all Ministries and MEF do post the procurement plan, advertisements and contract award details. The Government is planning to adopt e-procurement in the near future<sup>[47]</sup>. It is envisaged that e-Procurement in Cambodia will be implemented in a phased manner under the Budget System Reform Strategy 2018-2025.

242. **Procurement risk assessment** for ASPIRE AT shows that national procurement system risk (Part A) is moderate, and the overall procurement risk (Part A and Part B) is moderate (see *Annex 9*) on Procurement Risk Matrix of ASPIRE AT). The inherent procurement risk rating is moderate. The main project procurement risks include (i) There is no integrated system to monitor procurement values and records at the General Department of Public Procurement<sup>[48][49]</sup>; (ii) The Corruption Perceptions Index (CPI) for 2021 remains below 30 (score at 23/100, ranked 157th out of 180 countries); (iii) Limited capacity and experience to conduct procurement activities at sub-national levels; and (iv) Procurement processes (planning, bidding, contract award and contract implementation) are often delayed.

243. Several mitigation measures for project procurement risks are: (i) Using IFAD's web-based procurement management and tracking system (that currently is NOTUS and will be upgraded to a new system from 2023) and ICP Contract Monitoring Tool for monitoring project procurement activities; (ii) Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites; (iii) Request bidders and contractors signing the Self-Certification Forms on anticorruption, sexual harassment, sexual exploitation and abuse as a part of bids/proposals and contract documents; (iv) Conduct prior and ex-post reviews to strengthen enforcement of the debarment system; (v) Retain competent ASPIRE procurement staff and specialist; (vi) Carry out coaching, on-the-job trainings and refresher trainings on procurement (IFAD project procurement guidelines and manual, ICP, No Objection Tracking Utility System (NOTUS), Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia, BUILDPRO procurement training program, etc.); (vii) Launch recruitment processes of staff and key service providers, timed so that key staff and key service providers will be contracted in time after the project effectiveness date; and (viii) The ASPIRE Secretariat monitor and update regularly implementation progress of the procurement plan with both planned and actual data.

244. **Applicable regulations and Procurement Arrangements.** Procurement using IFAD funds will follow the SOP to the extent such are consistent with the IFAD Project Procurement Guidelines. ASPIRE-AT Secretariat will be directly responsible for project procurement activities, except for activities under Sub-component 1.1 and 2.1.2 using IFAD financing via ARDB and SME Bank which will be responsible by the borrowers (POs, smallholders and agri-businesses). There will be Subsidiary Financing Agreements between MEF and ARDB/SME Bank to manage the wholesale lines of credit and compensate deposited grant financed by ASPIRE AT under Sub-components 1.1. and 1.2. Procurement using EIB funds will comply with EIB's Guide to Procurement.

245. The project shall retain competent ASPIRE procurement staff and specialists to continue their jobs for ASPIRE-AT. A new procurement staff might be recruited for procurement activities using EIB's financing.

246. The initial 18-month Procurement Plan, and subsequently the annual procurement plans in consistence with the AWPBs shall be prepared and obtain IFAD no objection before proceeding with procurement activities. Similar goods or works should be bulked to sizable packages for procurement when taking into account implementation capacities of potential suppliers/ contractors. IFAD procurement plan template<sup>[50]</sup> will be used for preparation and monitoring implementation progress of project procurement plans. The first 18-month procurement plan and subsequently annual procurement plan must include as a minimum: (i) A brief description of each procurement activity to be undertaken during the period; (ii) The estimate value of each procurement activity; (iii) The method of procurement or selection to be adopted for each procurement activity; and (iv) An indication as to whether IFAD shall carry out prior or post review in respect of every procurement activity.

247. **Procurement methods.** The following procurement methods are proposed be used:

248. Works and works-related Non-Consulting Services

- International Competitive Bidding (ICB): is mandatory for contracts estimated to cost USD3,000,000 or more;
- National Competitive Bidding (NCB): might be applied to contracts estimated to cost less than USD3,000,000 and more than USD100,000;
- Shopping: might be applied to contracts estimated to cost USD100,000 or less; and
- Direct Contracting: applies to the indicated contracts in the Procurement Plan, and all direct contracts to cost more than

USD5,000 shall be subject to IFAD's prior review and no objection.

#### 249. Goods and goods-related Non-Consulting Services

- International Competitive Bidding (ICB): is mandatory for contracts estimated to cost USD 2,000,000 or more;
- National Competitive Bidding (NCB): might be applied to contracts estimated to cost less than USD 2,000,000 and more than USD100,000;
- Shopping: might be applied to contracts estimated to cost USD100,000 or less; and
- Direct Contracting: applies to the indicated contracts in the Procurement Plan, and all direct contracts to cost more than USD5,000 shall be subject to IFAD's prior review and no objection.

#### 250. Consulting Services and related Non-Consulting Services

- Quality and Cost Based Selection (QCBS): is mandatory for contracts with firms estimated to cost USD200,000 or more;
- Quality Cost Based Selection (QCBS), Fixed Budget Selection (FBS) or Least Cost Selection (LCS): might be applied to contracts with firms estimated to cost less than USD200,000;
- Consultants Qualification Selection (CQS): might be applied to contracts with firms estimated to cost below USD65,000;
- Individual Consultants Selection (ICS): applies to contracts with individuals regardless of the value;
- Sole/Single Source Selection (SSS): applies to the indicated contracts (with firms or individuals) in the Procurement Plan, and all SSS contracts to cost more than USD5,000 shall be subject to IFAD's prior review and no objection.

251. **Prior review requirements.** In accordance with IFAD's Project Procurement Guidelines and IFAD's Procurement Handbook, the following are proposed to be subject to IFAD's prior review and no objection:

- Procurement Plans submitted as part of AWPB and any subsequent upgrade of these plans;
- Award of any contract for goods and goods-related non-consulting services estimated to cost USD 150,000 or more;
- Award of any contract for works and works-related non-consulting services estimated to cost USD 200,000 or more;
- Award of any contract for consulting services and related non-consulting services and/or Memorandums of Understanding/Agreement estimated to cost USD 100,000 or more;
- Award of any contract for an Individual Consultant estimated to cost USD25,000 or more;
- Award of any Direct Contracting or Sole/Single Source Selection to cost more than USD 5,000. A sufficiently detailed justification shall be submitted to IFAD and shall include the rationale for the choice of direct contracting/single source selection and the basis for recommending a particular contractor/service provider;

252. The aforementioned thresholds may be modified by IFAD during the course of Project implementation.

253. Requests for IFAD prior review and no objection, should be routed through IFAD's web-based procurement management and tracking system, that currently is NOTUS and will be upgraded into a new end-to-end system in 2023. Data and information of all contracts including Memorandum of Agreements must be listed and updated regularly in the IFAD Client Portal - Contract Monitoring Tool (ICP-CMT).

254. **Governance and Anti-corruption measures.** Project staff, beneficiaries, and all bidders, suppliers, contractors and consultants under IFAD-financed contracts are expected to observe the highest standard of ethics and integrity during the procurement and execution of project activities. IFAD will not finance expenditures for goods, works or consulting services that have not been procured in accordance with IFAD Project Procurement Guideline and the Financing Agreement. In such cases, IFAD may, in addition, take other remedial action under the financing agreement, including cancellation of the amount in question from the loan account by declaring it ineligible. Even if the contract was awarded following IFAD's "no objection" statement, IFAD may still declare mis-procurement if it concludes that this statement was issued on the basis of incomplete, inaccurate or misleading information furnished by the Borrower/Recipient.

255. The Policy on Preventing Fraud and Corruption has been integrated into IFAD's legal framework (Project Procurement Guidelines<sup>[51]</sup>, General Conditions for Agricultural Development Financing<sup>[52]</sup>, IFAD's Code of Conduct<sup>[53]</sup>) and applies to all recipients of IFAD financing. In line with this, the implementing agencies will ensure that all project activities are implemented within a transparency framework. This framework will include measures to ensure that procurement activities are carried out in accordance with IFAD project procurement guidelines and the project implementation manual. Measures that form part of the framework for transparency include:

- Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites;
- Annexes on Additional Provisions and Self-Certification Form to be included in bidding document/RFP and contract documents;
- Bidders and contractors signing the Self-Certification Forms on anticorruption, sexual harassment, sexual exploitation and abuse as a part of bids/proposals and contract documents;
- Debriefing and Protest procedures for all procurement activities based on the procedures laid down in the IFAD Procurement Handbook including the requirements to issue a Notice of Intent to Award and of a standstill period.
- Conduct prior and ex-post reviews to strengthen enforcement of the debarment system;
- IFAD's direct supervision to address fiduciary compliance;
- Involvement of Project stakeholders (and especially farmers and their organisations) in planning, implementation and M&E of project activities.

## L. Planning, M&E, Learning, KM and Communication

### a. Planning, M&E, Learning, Knowledge Management and Communication

256. The AWPB will be prepared by ASPIRE Secretariat based on submissions from participating producer organisations and agri-businesses, PDAFFs, GDA and PFIs.
257. AWPBs will reflect targets set in the project logframe and annually updated to reflect the progress of supported producer organisations to become legal entities with business management capacity, agri-business partnerships and investment readiness. Therefore, planning will begin with the POs, with information verified and aggregated by PDAFF. Implementation plans for Sub-Component 2.1 will be prepared directly by ASPIRE Secretariat with assistance of service providers. Plans for public investments under Sub-Component 2.2 will be based on submissions by GDA.
258. Following established procedure, AWPB will be reviewed by MAFF management and submitted to MEF for approval.
259. It is expected that all or part of the EIB financing for ASPIRE-AT will be under EIB's Framework Loan modality. Proposed expenditures of EIB funds will be reflected in the AWPB for completeness; however, EIB will not issue NOL on the AWPB and instead will review and approve eligible investments submitted in the form of Sub-Project Fiches.
260. ASPIRE Secretariat will prepare six-month and annual **Project Progress Reports** including updated logframe indicators, based on MIS data and direct reporting from PDAFFs and other agencies.
261. ASPIRE Secretariat will regularly conduct qualitative assessments of project progress, identify challenges and bottlenecks as well as notable success stories, and document lessons learned which will be used to strengthen the further implementation of the project.
262. A **Communications Plan** for the project will be developed and implemented by ASPIRE Secretariat in coordination with IFAD communications specialists. Knowledge sharing will be primarily through digital means (avoiding expenditures on hard-copy publications). The project will establish and regularly update a web-site and will develop a range of web-based knowledge products including blogs, policy and technical briefs and video segments. ASPIRE Secretariat will also reach out to stakeholders including individual farmers by making use of mobile applications to communicate simple messages and to invite feedback. Due regard will be paid to appropriate acknowledgement of IFAD financing and support to the project and also to the need to protect IFAD from reputational risk.
263. An outline **Monitoring and Evaluation Plan** for ASPIRE-AT is presented in the PIM (Annex 8). Data collection will be based on two key instruments, an Outcome Survey and a Management Information System based on the one already operational in ASPIRE.
264. The Outcome Survey will follow IFAD guidelines for measurement of Core Indicators which include IFAD's Empowerment Indicator. The survey will be based on a panel sample of household members of households enrolled POs at the time when project support to each PO begins. The Outcome Survey will also draw a separate sample of ID-Poor households living in the same area as the sampled PO members. The sample will include representative numbers of women and youth and will include a sufficiently large sub-sample of IP households for valid conclusions to be drawn. The Outcome Survey will be conducted at base-line, mid-term and end-line in compliance with the COI Measurement Guidelines.
265. The ASPIRE MIS includes individual farmer profiles and data on crops, revenues and expenditures updated annually. In ASPIRE-AT the MIS will also capture information at the level of POs and enterprises. Data will be regularly uploaded to the MIS by Community Facilitators in line with current ASPIRE practice. POs benefiting from project financing will be required to submit regular progress reports structured to facilitate monitoring of output indicators in the ASPIRE-AT logframe. Similar reporting requirements will apply to supported enterprises (some anonymization may be needed for business confidentiality purposes). Data will also be collected from the PFIs. Total outreach and output-level logframe indicators will be updated twice annually based on these data sources.

## **b. Innovation and scaling up**

266. Innovative features of the project will include (1) the investment financing model with a blend of loans and grants disbursed through the PFIs; (2) technical packages to be developed and promoted through the POs for investment support – these may include, inter alia, climate-smart agriculture techniques, disease free seed production and protocols for production of premium varieties; and (3) the sustainability pathway by which POs will become independent of project support. All these features will be capable of scaling up based on demonstrated and documented success.

## **M. Project Target Group Engagement and Feedback, and Grievance Redress**

### **a. Project Target Group Engagement and Feedback.**

267. The purpose of the engagement and feedback mechanisms is to allow the target groups and their organizations to participate in a meaningful and continuous way in the planning, monitoring, implementation and evaluation of project interventions.
268. Target group engagement and feedback processes will be centred on the supported POs and their members. Core elements embedded in the design to ensure target group priorities drive project investments, ensure regular feedback and lead to adjustment of interventions where necessary include:
- **PO capacity building** so they graduate to become independent self-managing organizations engaged in the market and local development processes. This includes building their capacity to establish and manage networks and relationships, engage in local policy and decision-making processes to represent their interests (e.g. with Commune Council, local value chain

coordination groups such as multi-stakeholder platforms). Specialist Service Providers will deliver tailored packages of capacity development support to enable the POs to achieve graduation status and prepare business plans eligible for investment under Component 1;

- POs and their members will determine for themselves their priorities for investment support from the project, with technical assistance from the Specialist Service Providers through the bespoke capacity building and business planning process above;
- **Establishing good governance** within POs to ensure the POs represent the interests of their members, including capacity building of all members on good practices and tools for PO operation and governance to enhance confidence and transparency within the PO;
- Ensure POs are **inclusive in their membership**, so that voices and interests of marginalized groups are represented. While the project will primarily work with existing POs, such as those supported by ASPIRE and AIMS, the capacity strengthening process will also involve mobilization of additional group members from those interested but initially excluded from existing groups where opportunities exist to do so. This will be based on communication with existing members to highlight the advantages to the group of being larger and more dynamic and, therefore, able to maintain stronger relationship with buyers. Thus, it is in the interest of existing members to increase the size and inclusiveness of groups;
- **Cluster-level feedback** across networks of POs: The project will build on the cluster development process initiated by ASPIRE and AIMS. These will involve periodic meetings between networks of POs and businesses involved in the supported VCs in an area, typically at the district or province cluster level. These multi-stakeholder industry meetings provide an important regular mechanism for the priorities and feedback from POs to influence project priorities and also the agenda of other support agencies and government authorities that will also participate in these open events. Building the capacity of POs to be able to effectively participate in these meetings and process is an important part of ensuring effective feedback and advocacy of the interests of the POs and their members;
- **Results-based contracts** with service providers: Contract with specialist service providers supporting POs will include key performance measures linked to payments, including i) capacity outcomes and ii) PO satisfaction with the services provided.

269. Data, quantitative and qualitative, related to beneficiary engagement and feedback will be collected and analysed at three levels:

- **Individual beneficiary level.** The project MIS, as highlighted above, will capture individual farmer profiles and data on crops, revenues and expenditures updated annually on all members of POs. This provides a data rich environment to assess what is working and what is not for different groups or individuals. The farmer diaries and other tools will be adapted to allow individuals to provide feedback to the project on their emerging priorities and on the services received from the project to date. In addition, the project will use periodic household surveys that include satisfaction and IFAD empowerment indicators.
- **PO-level feedback** will be integrated into the regular tracking and backstopping process for PO capacity strengthen by the contracted Specialist Service Providers (Component 3). This is expected to include the use of standardized capacity assessment tools to be used by the POs themselves as part of the tailored capacity building package provided to each PO. These will be monitored annually by the Secretariat including feedback from the PO on the services received as part of the results—based contract of the Specialist Service Providers.
- **Cluster-level:** Emerging priorities and feedback from networks of POs at the cluster level will be captured and reflected from the periodic cluster meetings between networks of POs and business and documented in regularly updated cluster development plans.

#### **b. Grievance redress.**

270. The Project will establish an accessible and transparent process for those affected by the Project to make complaints, report wrongdoing, or seek redress in compliance with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and IFAD's Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse (SEA) 2018 and IFAD's Social, Environmental and Climate Assessment Procedures (SECAP) 2021.

271. The project will establish confidential reporting mechanisms using dedicated accounts on social media, email, and a telephone hotline for reporting complaints. Existence and details of these reporting channels will be widely publicly promoted via Project communication materials and platforms and communicated directly to POs and their members through the capacity building processes.

272. The Project will document and establish an independent process for reviewing and handling complaints received consistent with government regulations and IFAD policies. The Project will, as a minimum, produce 6 monthly reports on complaints and grievance redress included in their regular progress report. This will, as a minimum, include the number and types of complaints received, progress in dealing with each complaint and resulting resolution and actions taken.

273. A detailed description of the project-level Grievance Redress Mechanism (GRM) is included in the project's ESCMF. In addition to that, affected people may also access IFAD's Complaints Procedure<sup>[54]</sup> which ensures that appropriate mechanisms are in place to allow individuals and communities to contact IFAD directly and file a complaint if they believe they are or might be adversely affected by an IFAD-funded project/programme not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP. The project-level GRM and IFAD's Complaints Procedure shall be fully explained to stakeholders during the project start-up and to beneficiaries during the awareness building on project activities.

274. All contracts for Project personnel, contractors, service providers and third parties receiving Project funding must include: i) provisions prohibiting acts of sexual harassment or SEA; ii) provisions to establish the obligation to immediately report to MAFF and competent national authorities, on incidents of harassment and/or SEA in connection with the actions and activities established in the contract; iii) provisions to allow contract termination based on proven acts of sexual harassment and/or SEA.

## **N. Implementation plans**

#### **a. Supervision, Mid-term Review and Completion plans.**

275. A Project Readiness Action Plan has been prepared and agreed with GoKC. The Readiness Action Plan will be implemented in the period July to December 2022 by ASPIRE Secretariat with available resources of the ASPIRE Programme and with technical support from IFAD.

276. The purpose of the Project Readiness Action Plan is to ensure that all conditions are in place so that key activities of ASPIRE-AT, notably investments under Component 1 and capacity development of POs under Component 3, can be initiated during Year 1 of project implementation. Lessons learned from the relatively slow start-up of SAAMBAT and other projects have been reflected in the Project Readiness Action Plan.

277. Key actions under the Project Readiness Action Plan include (1) Preparation of Value Chain Profiles for target value chains; (2) mapping of target value chains and existing Business Clusters, with identification of priority BCs to be aggregated and strengthened to become graduated POs in Year 1 of the project; (3) identification of existing POs meeting qualifying criteria, and preparation of investment plans for financing in Year 1; (4) Preparation of the Project Implementation Manual (PIM) including agreeing detailed design of financing instruments and associated screening criteria with ARDB and SME Bank, TORs of advisers and service providers, design of the Impact Survey etc.; (5) Preparation of the Gender Action Plan; (6) Preparation of the ICT Strategy; (7) Preparation of the ESMF; (8) Upgrade ASPIRE MIS to meet needs of ASPIRE-AT; (9) launch recruitment processes of staff and service providers, timed so that key staff will be contracted in the first month of project effectiveness and key service providers will be on-board not later than three months after project effectiveness.

278. A Project Implementation Manual (PIM) is included as Annex 8 mission and includes Terms of Reference (TORs) for key service providers. GoKC will be encouraged to initiate the procurement process for these service providers in advance of project effectiveness, thus avoiding the long delays that have affected ongoing projects (e.g. SAAMBAT) due to the time required to agree TORs and contract service providers. Some resources of ongoing ASPIRE may be used to support this readiness activity for ASPIRE-AT.

#### **Supervision, Mid-term Review and Completion plans.**

279. Project supervision, Mid-Term Review (MTR) and Completion Reviews will be conducted jointly by GoKC, IFAD and EIB. IFAD will take the lead in preparing supervision and review reports.

280. One Implementation Support Mission will be conducted each year during project implementation (seven missions in total), with the first mission to take place not more than three months after the project becomes effective.

281. One Supervision Mission will be conducted each year during project implementation (seven missions in total) with the first mission planned for the final quarter of 2023.

282. The project MTR mission is provisionally planned for early 2026. As an alternative, MTR could replace the Supervision Mission in late 2025, but in this case it would be early to assess the outcomes of the project investments.

283. One Completion Review mission will be conducted in late 2029 or early 2030.

#### **Footnotes**

[1] Asian Development Bank (2015). Promoting women's economic empowerment in Cambodia.

[2] National Institute of Statistics, Directorate General for Health and ICF International. 2015. Cambodia Demographic and Health Survey 2014.

[3] BCs bring together informal groupings of smallholder producers with local value chain actors. There are currently about 4,000 BCs supported by ASPIRE and AIMS.

[4] UNDP [Human Development Report](#) 2020

[5] <https://www.worldbank.org/en/country/cambodia/overview#1>

[6] World Bank Cambodia Country Economic Update, December 2021

[7] Cambodia Socio-Economic Survey 2019-20 (Ministry of Planning, 2021).

[8] IFPRI, 2022, COUNTRY BRIEF 16 Cambodia: Impacts of the Ukraine and Global Crises on Poverty and Food Security <https://doi.org/10.2499/p15738coll2.135964>

[9] NIS defines small-scale landholders as the producers at the intersection of the bottom 40% of farm physical size (land, livestock) and the bottom 40% of the distribution of economic size (revenues). Under this definition, "smallholders" constitute almost 75% of all farmers in Cambodia

[10] Based on discussions with exporting companies during design mission. Specific examples are "best rice" award-winning Cambodian fragrant rice; Cambodian cashews etc.

- [11] Agriculture Sector Master Plan (ASMP) 2030
- [12] ADB (2021) Cambodia Agriculture, Natural Resources and Rural Development Sector Assessment, Strategy and Road Map
- [13] SAMBAAT: Sustainable Assets for Agriculture Markets, Business and Trade Project
- [14] [https://summitdialogues.org/wp-content/uploads/2021/09/FS-Roadmap\\_Cambodia\\_Final-for-submission-1.pdf](https://summitdialogues.org/wp-content/uploads/2021/09/FS-Roadmap_Cambodia_Final-for-submission-1.pdf)
- [15] <https://mef.gov.kh/download-counter?post=7116>
- [16] UNFCCC: United Nations Framework Convention on Climate Change
- [17] <https://hdr.undp.org/>
- [18] Asian Development Bank (2015). Promoting women's economic empowerment in Cambodia.
- [19] UN Women. Cambodia – Country Fact Sheet <https://data.unwomen.org/country/cambodia>
- [20] Government of Cambodia (2011). National Policy on Youth Development.
- [21] OECD Development Centre (2017), “Youth Well-being Policy Review of Cambodia”, EU-OECD Youth Inclusion Project, Paris.
- [22] CIPA & AIPP (2019). Situation of Indigenous Peoples in Cambodia. Submission for the 3rd Cycle of Universal Periodic Review of Cambodia 32nd Session of the Human Rights Council January – February 2019, Astbury, J. and F. Walji. 2013. Triple Jeopardy: Gender-based Violence and Human Rights Violations Experienced by Women with Disabilities in Cambodia. Canberra, AusAID.
- [23] National Institute of Statistics, Directorate General for Health and ICF International. 2015. Cambodia Demographic and Health Survey 2014.
- [24] Swedish International Development Cooperation Agency. 2015. Disability Rights in Cambodia.
- [25] FAO Cambodia Food Security and Nutrition Profile [DI Profile - Cambodia 160914.xlsx \(fao.org\)](#)
- [26] International Food Policy Research Institute (2017). Climate change, gender and nutrition linkages: Research priorities in Cambodia.
- [27] IFPRI, 2022
- [28] AIMS: Accelerating Inclusive Markets for Smallholders
- [29] In AIMS and ASPIRE, a Business Cluster is an informal grouping of smallholder farmers together with local agribusinesses, extension workers etc.
- [30] 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 agribusinesses and attract credit and investment from financial organizations.”
- [31] Grow Asia, 2019, Inclusive Business Models: Lessons from Grow Asia's Experience; [http://exchange.growasia.org/system/files/Grow%20Asia%20x%20iBAN%20Knowledge%20Paper\\_FINAL\\_0.pdf](http://exchange.growasia.org/system/files/Grow%20Asia%20x%20iBAN%20Knowledge%20Paper_FINAL_0.pdf)
- [32] Grow Asia, 2019, pathways to scale. [http://exchange.growasia.org/system/files/Pre-read\\_Pathways%20to%20Scale\\_170509.pdf](http://exchange.growasia.org/system/files/Pre-read_Pathways%20to%20Scale_170509.pdf)
- [33] Grow Asia report on inclusive value chain business model, 2020: [http://exchange.growasia.org/system/files/Grow%20Asia%20x%20iBAN%20Knowledge%20Paper\\_FINAL\\_0.pdf](http://exchange.growasia.org/system/files/Grow%20Asia%20x%20iBAN%20Knowledge%20Paper_FINAL_0.pdf)
- [34] Targeting strategy is further discussed in Annex 5: SEACAP Review Note
- [35] See IOE's Country Programme Strategic Evaluation of Cambodia.
- [36] [https://www.ifad.org/documents/38714170/42266596/propoor\\_vc\\_guidelines.pdf/10bcbf35-36bc-a0a0-2d0b-f4a9bd3c5e5f?t=1616421969633](https://www.ifad.org/documents/38714170/42266596/propoor_vc_guidelines.pdf/10bcbf35-36bc-a0a0-2d0b-f4a9bd3c5e5f?t=1616421969633)
- [37] See IFAD Pro-Poor Value Chain Development
- [38] This would impose a limit on financing size between \$4,000 (25% grant) and \$5,000 (35% grant) with the latter perhaps representing a \$4,000 investment plus \$1,000 working capital.
- [39] For an AC with 200 smallholder members and assuming 30% grant financing, this would limit the total investment finance to \$100,000. For a large AC / UAC with 1000 smallholder members, financing limit would be \$500,000.
- [40] So an AC with 200 smallholder members (minimum size) can get \$60,000 which is quite a lot.
- [41] From the IFAD12 PBAS, US\$5.0 million were still available for Cambodia. This will be used for the new CAISAR project currently

under design, which would mobilize US\$180 million co-financing from AIIB and GCF.

[42] Official Exchange Rate (ER) June 2022] IMF rates: [www.google.com /search?q= imf+exchange +rate+of+cambodia&rlz=1, C1RUCY\\_enCA736CA736&oq = IMF+exchange+rate +of+cambo&aqs = chrome.1.69i57j33i160l2.16172j0j 7&sourceid=chrome&ie=UTF-8](https://www.google.com/search?q=imf+exchange+rate+of+cambodia&rlz=1,C1RUCY_enCA736CA736&oq=IMF+exchange+rate+of+cambo&aqs=chrome.1.69i57j33i160l2.16172j0j7&sourceid=chrome&ie=UTF-8)

[43] Computed:  $SER = \frac{[b+(b*c)] + [a-(a*d)]}{[b+a]}$  \*e: a = average export value; b = average import values; c = Import Tariff (the average Most Favored Nation tariff rate: MFN is the relevant rate); d = Export duties (export of all business items); and e = Official (or market) Exchange Rate.

[44] For instance, Olam calculated that they reduced their sourcing cost by 30% when working with cooperatives

[45] Sub-Decree 181 ANK/BK, 02 December 2019

[46] PEFA 2021.

[47] Cambodia Country and Sector/Agency Procurement Assessment, ADB 2019 (CSPA).

[48/49] PEFA 2021

[50] IFAD Procurement Plan Template can be accessible at <https://www.ifad.org/en/document-detail/asset/41917572>

[51]<https://www.ifad.org/web/guest/document-detail/asset/39438991>

[52]<https://www.ifad.org/web/guest/document-detail/asset/39500875>

[53]<https://www.ifad.org/web/guest/document-detail/asset/40186603>

[54]<https://www.ifad.org/en/accountability-and-complaints-procedures>.

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex 1: Logframe**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



**Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade**

**Logical Framework**

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Outreach</b>	1 Persons receiving services promoted or supported by the project				Project MIS	Annual	PMU	100,000 smallholder hh in POs and 25,000 landless or land-poor hh benefitting from employment opportunities
	Males	0	100000	250000				
	Females	0	100000	250000				
	Young	0	40000	100000				
	Not Young							
	Indigenous people	0	3000	7500				
	Non-Indigenous people							
	Total number of persons receiving services	0	200000	500000				
	1.a Corresponding number of households reached				Project MIS	Annual	PMU	
	Households	0	50000	125000				
	Corresponding number of households reached				Project MIS	Annual	PMU	
	Landless or land-poor – Households	0	10000	25000				
	1.b Estimated corresponding total number of households members				Project MIS	Annual	PMU	
	Household members	0	200000	500000				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Project Goal</b> Rural poverty and vulnerability has decreased and climate resilience of Cambodian rural households has increased through inclusive and environmentally sustainable growth in the agriculture sector.	Declining rural poverty rate				National poverty statistic (%)	Annual	National Institute of Statistics	Increased volume and / or value added will result in increased incomes for smallholders and employment opportunities for the rural poor, therefore contributing to reduced national poverty headcount based on inclusive growth.
	Poverty headcount	17	15	10				
	Agriculture value added growth of 3% per annum (ADP Policy Indicator 1)				National Accounts	Annual	National Institute of Statistics	
	Average growth of value added in agriculture sector	4	3	3				
<b>Development Objective</b> Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.	# of rural households with household income increased by at least 20%				Outcome survey	BL, MT, EL	Service provider	There are market opportunities to increase volumes and / or capture more value-added in pro-poor value chains.
	Number of households	0	20000	50000				
	Women-headed households	0	6000	7500				
	Total number of household members	0	27000	225000				
	IE.2.1 Individuals demonstrating an improvement in empowerment				Outcome Survey		Service Provider	
	Total persons	0	4	10				
	Total persons	0	10000	25000				
	Females	0	4	10				
	Females	0	5000	12500				
	Males	0	4	10				
	Males	0	5000	12500				
<b>Outcome</b> Stakeholders Feedback	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				Outcome survey	BL, MT, EL	Service provider	Responsive and accountable governance of ACs.
	Household members	0	100000	225000				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Indigenous households	0	350	750				
	Women-headed households	0	8500	18750				
	Households (%)	0	20	45				
	Households (number)	0	22500	50000				
	SF.2.1 Households satisfied with project-supported services				Outcome survey	BL, MT, EL	Service provider	
	Household members	0	126000	315000				
	Indigenous households	0	420	1050				
	Women-headed households	0	4200	10500				
	Households (%)	0	25	56				
	Households (number)	0	28000	70000				
<b>Outcome</b> Outcome 1 Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains.	# beneficiary households with labour productivity increasing in line with ADP target (8% p.a.)				Outcome survey	BL, MT, EL	Service provider	50% of supported households able to achieve this increase.
	Total number of household members	0	80000	200000				
	Number of households	0	20000	50000				
	Women-headed households	0	3000	7500				
	2.2.5 Rural producers' organizations reporting an increase in sales				MIS	Annual	PMU	
	Percentage of rural POs	0	35	90				
	Number of Rural POs	0	180	450				
	Rural POs with women in leadership position	0	180	450				
	Rural POs - crop	0	180	450				
	<b>Output</b> 1.1.1 Financial support provided to PO with bankable investment	Number of rural producers benefiting from loan-financed investments by AC / PO				MIS	Annual	
Rural producers benefiting		0	20000	50000				
Males		0	10000	25000				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	females	0	10000	25000				
	Indigenous People	0	300	750				
	Young	0	4000	10000				
<b>Output</b> 1.1.2 Financial support provided to smallholders with bankable investment proposals in productive and resilient assets	1.1.3 Rural producers accessing production inputs and/or technological packages				MIS	Annual	PMU	Farmers willing to accept risks of investing if suitable assistance and finance is provided
	Males	0	600	1500				
	Females	0	600	1500				
	Young	0	240	600				
	Indigenous people	0	10	25				
	Total rural producers	0	1200	3000				
<b>Output</b> 1.2 Enabling market infrastructure for Producer Organisations	# members of PO/AC with access to physical infrastructure assets provided by the project.				MIS	Annual	PMU	
	Total PO/AC members	0	16000	40000				
	Males	0	8000	20000				
	Females	0	8000	20000				
	Indigenous people	0	240	600				
	Young	0	1600	4000				
<b>Outcome</b> 2. PO's partnerships with agribusinesses have been enhanced and their market access improved	2.2.2 Supported rural enterprises reporting an increase in profit				MIS	Annual	PMU	Investments create equivalent of about 10,000 full-time jobs, with most roles being part time / seasonal.
	Number of enterprises	0	4	9				
	Percentage of enterprises	0	25	60				
	2.2.1 Persons with new jobs/employment opportunities				Outcome survey	BL, MT, EL	Service provider	
	Males	0	5000	12500				
	Females	0	5000	12500				
	Indigenous people	0	150	375				
	Young	0	2000	5000				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Total number of persons with new jobs/employment opportunities	0	10000	25000				
	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment				Outcome survey	BL, MT, EL	Service provider	
	Number	0	1	3				
<b>Output</b> 2.1.1. Private investments for agricultural market and trade development promoted and facilitated	2.1.1 Rural enterprises accessing business development services				MIS	Annual	PMU	Collaboration with existing institutions to identify participating businesses and deliver complementary support (e.g. Khmer Enterprise, EuroCham).
	Rural enterprises	0	6	15				
<b>Output</b> 2.1.2 Digital and financial technology service providers supported to develop and / or scale up use of digital applications.	Number of smallholder farmers using digital applications promoted by the project				MIS	Annual	PMU	Digital applications available for roll-out / scale up.
	Number of smallholder farmers	0	4000	10000				
	Males	0	2000	5000				
	Females	0	2000	5000				
	Indigenous People	0	60	150				
	Young	0	800	2000				
<b>Output</b> Output 2.1.3 Financial support provided for agribusinesses to invest in increased processing capacity	# rural enterprises accessing financial services				MIS	Annual	PMU	Retail financial institutions able to access existing credit guarantee schemes (Co-financing Guarantee Scheme of SME Bank and Women Entrepreneurs Guarantee Scheme.
	Enterprises	0	6	15				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output</b> 2.2.1 Strategic infrastructure for agriculture trade facilitation established (Post Harvest Reference Centres, Quarantine Inspection Offices, Plant Health Reference Laboratories etc.)	Number of facilities completed and operational with sustainable management and financing plans.				MIS	Annual	PMU	Sustainable business model for facilities identified
	Facilities	0	3	7				
<b>Output</b> Output 2.2.2 Review of policy and regulatory framework supported to strengthen competitiveness	Policy 1 Policy-relevant knowledge products completed				MIS	Annual	PMU	Govt willing to engage on policy dialogue -this will likely not happen in fact.
	Number	0	1	3				
<b>Outcome</b> 3. Smallholders have been organised and coordinated in Agriculture Cooperatives and other Producer Organisations, and have been enabled to produce in response to market requirements for type, volume and quality standards.	2.2.4 Supported rural producers' organizations providing new or improved services to their members				MIS	Annual	PMU	Consolidation and formalisation of POs leads to improved services Farmers understand the potential benefits of forming ACs / POs Enterprises willing to enter partnerships with ACs and UACs Resilient and sustainable production technologies can be market-competitive
	Number of POs	0	214	535				
	Total number of POs members	0	40000	100000				
	Males POs members	0	20000	50000				
	Females POs members	0	20000	50000				
	Young POs members	0	8000	20000				
	Indigenous POs members	0	600	1500				
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities				MIS	Annual	PMU	
	Number of POs	0	150	375				
	Percentage of POs	0	30	75				
	Women in leadership position	0	90	225				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				Outcome survey	BL, MT, EL	Service provider	
	Total number of household members	0	20000	50000				
	Households	0	4	10				
Women-headed households	0	500	1250					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Households	0	4440	11100				
<b>Output</b> 3.1 Producer organisations / Agriculture Cooperatives (AC) established and strengthened	2.1.3 Rural producers' organizations supported				MIS	Annual	PMU	POs will consist of 200 existing ACs with 40,000 members and 300 ACs or other type of registered PO with 60,000 members formed by aggregating Business Clusters supported by ASPIRE / AIMS.. About 1,000 BCs (of existing 4,400) will be aggregated, yielding about 40,000 members, with an additional 20,000 members recruited to the new structures. It is assumed that all these existing or successfully created entities will achieve graduation status by the end of the project. 35 higher-level Unions of Agriculture Cooperatives (existing or newly created) will be supported, their members are counted amongst the members of the POs.
	Total size of POs	0	40000	100000				
	Rural POs supported	0	214	535				
	Males	0	20000	50000				
	Females	0	20000	50000				
	Young	0	4000	10000				
	Indigenous people	0	600	1500				
	Rural POs supported that are headed by women	0	120	300				
	2.1.4 Supported rural producers that are members of a rural producers' organization				MIS	Annual	PMU	
	Total number of persons	0	40000	100000				
	Males	0	20000	50000				
	Females	0	20000	50000				
	Indigenous people	0	600	20000				
	Young	0	8000	1500				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output</b> 3.2.1 Centres of excellence and Lead Farmers established and supported for development and dissemination of improved agricultural, post-harvest and processing technologies	1.1.4 Persons trained in production practices and/or technologies				MIS	Annual	PMU	Suitable sites and sustainable business models for Centres of Excellence identified.
	Total number of persons trained by the project	0	8000	20000				
	Total number of attendances to training sessions	0	8000	20000				
	Men trained in crop	0	4000	10000				
	Women trained in crop	0	4000	10000				
	Young people trained in crop	0	1600	4000				
	Indigenous people trained in crop	0	120	300				
	Total persons trained in crop	0	8000	20000				
	Males trained at least once by the project	0	4000	10000				
	Females trained at least once by the project	0	4000	10000				

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex 2: Theory of change**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



**Annex 2: Theory of Change**



## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex 3: Project cost and financing: Detailed costs tables**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## Mainstreaming calculation

### Annex 3: Project cost and financing: Detailed costs tables

Cambodia																				
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)																				
Table 1. Productive and Resilient Assets for Producer Organisations																				
Detailed Costs																				
	Unit	Quantities									Unit Cost (US\$)	Totals Including Contingencies (US\$ '000)								
		2023	2024	2025	2026	2027	2028	2029	Total	2023		2024	2025	2026	2027	2028	2029	Total		
<b>I. Investment Costs</b>																				
<b>A. Investment in productive and resilient assets of POs and smallholders</b>																				
1. Loan Financing to Smallholders /a	% of loan	0.18	0.3	0.2	0.18	0.1	0.04	-	1	3,948,000	711	1,184	790	711	395	158	-	3,948		
2. Loan Financing to Smallholders Contribution from ARDB	% of loan	-	-	0.18	0.3	0.2	0.18	1	1.86	3,948,000	-	-	711	1,184	790	711	3,948	7,343		
3. Loan Financing to Smallholders contributed by beneficiary	% of loan	0.18	0.3	0.2	0.18	0.1	0.04	-	1	394,800	71	118	79	71	39	16	-	395		
4. Grant Financing to Smallholders /b	% of grant	0.06	0.1	0.12	0.15	0.18	0.19	0.2	1	5,922,000	355	592	711	888	1,066	1,125	1,184	5,922		
5. Grant Financing to Smallholders gap	% of grant	0.06	0.1	0.12	0.15	0.18	0.19	0.2	1	8,820,000	529	882	1,058	1,323	1,588	1,676	1,764	8,820		
6. Incremental cost of screening against project criteria: Loans and Grants to SH	% fees	0.005	0.004	0.003	0.002	0.002	0.002	0.002	0.02	3,948,000	20	16	12	8	8	8	8	79		
7. Loan Financing to Producer Organisations	% of loan	0.18	0.3	0.2	0.18	0.1	0.04	-	1	6,550,000	1,179	1,965	1,310	1,179	655	262	-	6,550		
8. Loan Financing to Producer Organisations contribution from ARDB	% of loan	-	-	0.18	0.3	0.2	0.18	1	1.86	6,550,000	-	-	1,179	1,965	1,310	1,179	6,550	12,183		
9. Loan Financing to Producer Organisations contribution from the POs	% of loan	0.18	0.3	0.2	0.18	0.1	0.04	-	1	655,000	118	197	131	118	66	26	-	655		
10. Grant Financing to Producer Organisations /c	% of grant	0.06	0.1	0.12	0.15	0.18	0.19	0.2	1	9,830,000	590	983	1,180	1,475	1,769	1,868	1,966	9,830		
11. Incremental cost of screening against project criteria: Loans and Grants to PO	% of fees	0.005	0.004	0.003	0.002	0.002	0.002	0.002	0.02	6,550,000	33	26	20	13	13	13	13	131		
12. Value Chain Financing Specialist /d	Person-Months	6	12	12	12	12	12	12	78	3,000	20	42	43	45	46	48	50	295		
<b>Subtotal</b>											3,626	6,006	7,223	8,980	7,745	7,089	15,483	56,151		
<b>B. Enabling market infrastructure for Producer Organisations</b>																				
1. Infrastructure Grant Finance for new Producer Organisations /e	PO	-	66	100	100	66	-	-	332	64,470	-	4,959	7,745	7,984	5,433	-	-	26,121		
2. Engineering services for feasibility study, design and construction supervision	PO	-	66	100	100	66	-	-	332	6,200	-	478	748	774	528	-	-	2,528		
<b>Subtotal</b>											-	5,437	8,493	8,758	5,961	-	-	28,649		
<b>Total</b>											3,626	11,443	15,716	17,737	13,706	7,089	15,483	84,800		

^a The amount of the loan provided by the project is gradually reducing and ending at the 6th year, but the refloes of loan repayments will be used to finance loans in the later part of the project.

^b Farmers are eligible for blended loan and grant finance with minimum 25% grant element. Farmers meeting specific project priority criteria may qualify for additional grant up to maximum 35% of the investment amount.

^c The maximum grant element for PO will be determined by the number of smallholder farmer members of the graduated PO who are expected to benefit from the investment

^d One full-time adviser to assist ARDB to analyse investments and move towards value chain financing

^e Community infrastructure for PO that have not benefitted from grant assistance previously. Funding for infra related to production, handling, processing or marketing of commodities in the targeted VC which include buildings, or fixed items

## Mainstreaming calculation

Cambodia																		
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)																		
Table 2.1. Strengthening private investment for agricultural market and trade development																		
<b>Detailed Costs</b>																		
	Unit	Quantities								Unit Cost (US\$)	Totals Including Contingencies (US\$ '000)							
		2023	2024	2025	2026	2027	2028	2029	Total		2023	2024	2025	2026	2027	2028	2029	Total
<b>I. Investment Costs</b>																		
<b>A. Strengthening private investment for agricultural market and trade development (Sub-Comp 2.1)</b>																		
<b>1. Investment-oriented technical support to agri-businesses /a</b>																		
VC mobilization and brokering (in-country)	Lump Sum	-	2	3	3	2	-	-	10	50,000	-	117	181	187	129	-	-	614
Export market research, exposure and trade promotion	Events	-	2	3	3	2	-	-	10	50,000	-	117	181	187	129	-	-	614
Specialist investment advice to businesses	Events	-	5	10	15	-	-	-	30	20,000	-	117	241	374	-	-	-	733
Links with international centres of expertise /b	Lump Sum	1	2	2	2	2	1	-	10	50,000	56	117	121	125	129	67	-	614
Technical assistant to promote export to China	Lump Sum	0.5	0.5	-	-	-	-	-	1	100,000	50	50	-	-	-	-	-	100
<b>Subtotal</b>											106	517	724	874	387	67	-	2,675
<b>2. Agri-business investment team</b>																		
International Agribusiness Investment Specialist /c	Person-Months	8	8	8	8	8	8	-	48	25,000	226	233	241	250	258	267	-	1,475
Snr National Agribusiness Investment Specialist	Person-Months	12	12	12	12	12	12	-	72	2,500	34	35	36	37	39	40	-	221
National Agribusiness Specialists	Person-Months	24	24	24	24	24	24	-	144	1,500	41	42	43	45	46	48	-	266
<b>Subtotal</b>											300	311	321	332	343	355	-	1,962
<b>3. Agribusiness investment financing</b>																		
Line of credit /d	Lump Sum	1	4	5	5	2	-	-	17	1,000,000	1,103	4,589	5,966	6,205	2,581	-	-	20,445
Line of credit contribution from SME Bank	Lump Sum	-	-	1	4	6	5	2	18	1,000,000	-	-	1,193	4,964	7,744	6,711	2,792	23,404
Line of credit contribution from SME	Lump Sum	1	4	6	5	2	-	-	18	100,000	110	459	716	620	258	-	-	2,164
Specialist TA to PFIs for VC financing	Lump Sum	1	1	1	1	-	-	-	4	102,350	116	119	124	128	-	-	-	486
<b>Subtotal</b>											1,329	5,168	7,999	11,917	10,583	6,711	2,792	46,499
<b>4. Vehicles and equipment</b>																		
Laptops	Each	4	-	-	4	-	-	-	8	1,000	5	-	-	5	-	-	-	10
Office equipment	Lump Sum	2	-	-	1	-	-	-	3	10,000	24	-	-	13	-	-	-	37
<b>Subtotal</b>											29	-	-	19	-	-	-	47
<b>Total Investment Costs</b>											1,765	5,995	9,044	13,141	11,314	7,133	2,792	51,184
<b>II. Recurrent Costs</b>																		
A. DSA for in-country travel /e	Days	240	240	240	240	240	240	-	1,440	35	9	10	10	10	11	11	-	61
B. Other operating costs	Lump Sum	1	1	1	1	1	1	-	6	25,000	27	28	29	31	32	33	-	180
<b>Total Recurrent Costs</b>											37	38	39	41	42	44	-	241
<b>Total</b>											1,801	6,033	9,084	13,182	11,356	7,177	2,792	51,425

/a The project is expected to work with about 40 growth-oriented agri-businesses and will be provided on a cost sharing basis with the participating agri-businesses.

/b Service provider will facilitate the activity

/c Short term intermittent position, 8 month per year, 2 international travels per year.

/d The line of credit will complement SME Bank's existing SME loan co-financing.

/e 5 days per specialist per month in field

## Mainstreaming calculation

Table 2.2. Strengthening the enabling environment for competitive agricultural		Quantities							Unit Cost	Totals Including Contingencies (US\$ '000)									
Detailed Costs		Unit	2023	2024	2025	2026	2027	2028	2029	Total	(US\$)	2023	2024	2025	2026	2027	2028	2029	Total
<b>I. Investment Costs</b>																			
<b>A. Strengthening the enabling environment for competitive agricultural value chains and trade (Sub-Comp 2.2)</b>																			
<b>1. Post Harvest Plant Quarantine Research Centre /a</b>																			
Building construction	Sites	-	1	-	-	-	-	-	-	1	1,370,000	-	1,597	-	-	-	-	-	1,597
Post-harvest scientific equipment and tools	Set	-	1	-	-	-	-	-	-	1	1,850,000	-	2,289	-	-	-	-	-	2,289
Laboratory chemicals and consumables	Set	-	1	1	-	-	-	-	-	2	50,000	-	62	64	-	-	-	-	126
Office equipment	Lump Sum	-	1	-	-	-	-	-	-	1	100,000	-	124	-	-	-	-	-	124
Training of staff for operation equipment & centre management	Lump Sum	-	1	1	-	-	-	-	-	2	100,000	-	117	121	-	-	-	-	237
<b>Subtotal</b>												-	4,188	185	-	-	-	-	4,373
<b>2. Regional Plant Quarantine Offices</b>																			
Building construction	Sites	-	5	-	-	-	-	-	-	5	540,000	-	2,997	-	-	-	-	-	2,997
Scientific and inspection equipment and tools	Set	-	5	-	-	-	-	-	-	5	210,000	-	1,181	-	-	-	-	-	1,181
Laboratory chemicals and consumables	Sites	-	5	5	-	-	-	-	-	10	20,000	-	112	116	-	-	-	-	228
Office equipment	Sites	-	5	-	-	-	-	-	-	5	50,000	-	281	-	-	-	-	-	281
Vehicle - pick-up	Unit	-	2	-	-	-	-	-	-	2	30,000	-	64	-	-	-	-	-	64
Motorcycles	Unit	-	10	-	-	-	-	-	-	10	2,000	-	22	-	-	-	-	-	22
E-Phyto system development for digital certificates	System	-	1	-	-	-	-	-	-	1	1,500,000	-	1,684	-	-	-	-	-	1,684
Training of staff for operation equipment & centre management	Lump Sum	-	1	1	-	-	-	-	-	2	100,000	-	112	116	-	-	-	-	228
<b>Subtotal</b>												-	6,455	232	-	-	-	-	6,687
<b>3. Plant Health Reference Lab and Facilities</b>																			
Building construction	Sites	-	1	-	-	-	-	-	-	1	2,550,000	-	2,972	-	-	-	-	-	2,972
Post-harvest scientific equipment and tools	Set	-	1	-	-	-	-	-	-	1	1,400,000	-	1,732	-	-	-	-	-	1,732
Laboratory chemicals and consumables	Set	-	1	1	-	-	-	-	-	2	100,000	-	124	128	-	-	-	-	252
Office equipment	Lump Sum	-	1	-	-	-	-	-	-	1	100,000	-	124	-	-	-	-	-	124
Training of staff for operating equipment & lab management	Lump Sum	-	1	1	-	-	-	-	-	2	100,000	-	117	121	-	-	-	-	237
<b>Subtotal</b>												-	5,069	249	-	-	-	-	5,318
<b>4. Plant Health Research Stations</b>																			
Infrastructure for stations	Sites	-	3	-	-	-	-	-	-	3	850,000	-	2,972	-	-	-	-	-	2,972
Tools and equipment	Set	-	3	-	-	-	-	-	-	3	100,000	-	371	-	-	-	-	-	371
Office equipment	Set	-	3	-	-	-	-	-	-	3	50,000	-	186	-	-	-	-	-	186
<b>Subtotal</b>												-	3,529	-	-	-	-	-	3,529
<b>5. Technical consultant service to design and supervise of the construction work and training the use of the facility</b>																			
	Lump Sum	-	1	1	1	-	-	-	-	3	287,115	-	322	333	345	-	-	-	1,000
<b>6. Improved Negotiation of Export Protocols</b>																			
Protocol negotiation preparation, completion and logistics /b	Lump Sum	1	1	1	1	1	-	-	-	5	123,400	139	144	149	154	159	-	-	746
International TA for improvement protocol negotiations	Person-Months	4	4	3	-	-	-	-	-	11	25,000	113	117	91	-	-	-	-	320
Technical Assistance to support protocol negotiation with China /c	Lump Sum	0.5	0.5	-	-	-	-	-	-	1	100,000	50	50	-	-	-	-	-	100
<b>Subtotal</b>												302	311	239	154	159	-	-	1,166
<b>7. Strengthening of plant health &amp; SPS policies and regulation for agricultural exports</b>																			
Review and strengthening of policies and regulations, vs international best practice	Lump Sum	1	1	1	1	1	-	-	-	5	100,000	113	117	121	125	129	-	-	604
<b>Total Investment Costs</b>												415	19,991	1,359	623	288	-	-	22,677
<b>II. Recurrent Costs</b>																			
<b>A. Staff</b>																			
1. Sub-Component Coordinator	Person-Months	12	12	12	12	12	-	-	-	60	300	4	4	4	4	5	-	-	22
2. Deputy Coordinator	Person-Months	24	24	24	24	24	-	-	-	120	250	7	7	7	7	8	-	-	36
3. Admin and Accountant Officers	Person-Months	24	24	24	24	24	-	-	-	120	200	5	6	6	6	6	-	-	29
4. Project Implementation Officers	Person-Months	180	180	180	180	180	-	-	-	900	200	40	41	43	45	46	-	-	215
<b>Subtotal</b>												56	58	60	63	65	-	-	301
<b>B. Operating costs</b>																			
1. Per diem for project officer implementation	Lump Sum	1,320	1,320	1,320	####	1,320	-	-	-	6,600	34	49	51	53	55	57	-	-	264
2. Transportation, fuel	month	12	12	12	12	12	-	-	-	60	5,000	66	68	71	73	76	-	-	354
3. Office Operating Expenses	month	12	12	12	12	12	-	-	-	60	3,000	39	41	42	44	46	-	-	212
4. Other driver allowance (2)	month	24	24	24	24	24	-	-	-	120	250	7	7	7	7	8	-	-	35
5. O&M Vehicles & Equipment	month	12	12	12	12	12	-	-	-	60	350	5	5	5	5	5	-	-	25
6. Laboratory expenses + cleaner (6 person)	month	72	72	72	72	72	-	-	-	360	250	20	20	21	22	23	-	-	106
<b>Subtotal</b>												185	192	199	206	214	-	-	996
<b>Total Recurrent Costs</b>												241	250	259	269	279	-	-	1,297
<b>Total</b>												656	20,241	1,618	892	567	-	-	23,974
/a This is to support producers and exporters in the priority VC to maintain competitiveness while complying with SPS/market access requirements.																			
/b Service provider will facilitate																			
/c Negotiation of competitive export protocols with China and provide input on design and operation of the planned Post-Harvest Reference Centre (x1) and other priority public services and infrastructure to support export protocol negotiation.																			

## Mainstreaming calculation

Cambodia																		
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade																		
Table 3. Aggregating Farmers and Integrating them in Value Chains																		
Detailed Costs																		
	Unit	Quantities							Unit Cost (US\$)	Totals Including Contingencies (US\$ '000)								
		2023	2024	2025	2026	2027	2028	2029		Total	2023	2024	2025	2026	2027	2028	2029	Total
<b>I. Investment Costs</b>																		
<b>A. Structure and Capacity of Producer Organisations</b>																		
<b>1. Capacity building of Newly Registered Producer by Service Provider</b>																		
Establishment of PO management functions	PO	50	100	100	50	-	-	-	300	7,500	423	876	905	468	-	-	-	2,672
Business planning and marketing arrangements	PO	50	100	100	50	-	-	-	300	5,000	282	584	603	312	-	-	-	1,781
Investment planning for comp. 1 support	PO	50	100	100	50	-	-	-	300	5,000	282	584	603	312	-	-	-	1,781
Support to implementation of investments	PO	-	50	100	100	50	50	-	300	7,500	-	438	905	936	484	-	-	2,763
Follow-up Coaching	PO	-	-	50	150	200	150	50	600	2,500	-	-	151	468	645	501	173	1,937
Marketing activity to promote PO and its VC	Lump Sum	-	0.2	0.2	0.2	0.2	0.2	-	1	2,000,000	-	400	400	400	400	400	-	2,000
<b>Subtotal</b>											988	2,881	3,568	2,896	1,529	901	173	12,935
<b>2. Support to Existing PO</b>																		
Capacity Building and Investment Planning	PO	50	50	50	50	-	-	-	200	7,500	423	438	453	468	-	-	-	1,782
Support to Investment Implementation and Follow-Up	PO	-	50	50	50	50	-	-	200	7,500	-	438	453	468	484	-	-	1,842
Support AC of AC- MIS accounting system.	Lump Sum	-	1	-	-	-	-	-	1	200,000	-	247	-	-	-	-	-	247
<b>Subtotal</b>											423	1,123	905	936	484	-	-	3,872
<b>3. PO's registration and follow-up (PDAFF)</b>																		
Cost of AC Registration PDAFF	PO	50	100	100	50	-	-	-	300	2,000	113	233	241	125	-	-	-	713
Follow-up support from GDA	PO	50	100	100	50	-	-	-	300	500	28	58	60	31	-	-	-	178
<b>Subtotal</b>											141	292	302	156	-	-	-	891
<b>4. Technical Assistance</b>																		
Agronomy and post-harvest technical specialist	Person-Months	12	12	12	12	12	12	12	84	2,500	34	35	36	37	39	40	41	263
Producer Organisation Specialist	Person-Months	12	12	12	12	12	12	12	84	2,500	34	35	36	37	39	40	41	263
Short-term technical expertise	Person-Months	6	12	12	12	12	12	6	72	5,000	34	70	72	75	77	80	41	450
<b>Subtotal</b>											102	140	145	150	155	160	124	976
<b>Subtotal</b>											1,654	4,436	4,920	4,138	2,168	1,061	297	18,673
<b>B. Technical Advice and Centres of Excellence /a</b>																		
1. Centre of Excellence under GDA	Facility	1	1	-	-	-	-	-	2	500,000	598	619	-	-	-	-	-	1,217
2. CoE (UAC) - capital investment	Facility	-	1	2	2	-	-	-	5	100,000	-	124	256	265	-	-	-	645
3. CoE (UAC) - operation start up and private companies	Facility	-	-	1	3	5	4	2	15	24,000	-	-	31	95	164	136	70	497
4. F2F extension led by Lead Farmers	PO	-	75	75	75	75	-	-	300	2,000	-	175	181	187	194	-	-	737
5. Producer Organisation Facilitator Staff	Person-Months	50	150	250	250	150	50	-	900	100	6	18	30	31	19	7	-	111
6. Technical coordination and oversight /b	Province	5	10	16	16	11	6	-	64	20,000	113	233	386	399	284	160	-	1,576
<b>Subtotal</b>											717	1,169	884	978	661	303	70	4,782
<b>Total</b>											2,371	5,604	5,804	5,116	2,829	1,364	367	23,455
/a The support is for upgrading one existing public research station in a Center of Excellence for development and dissemination of improved agriculture techniques																		
/b Considered as a service provision																		

# Mainstreaming calculation

Table 4. Management, monitoring and evaluation		Quantities								Unit Cost	Totals Including Contingencies (US\$ '000)								
Detailed Costs		Unit	2023	2024	2025	2026	2027	2028	2029	Total	(US\$)	2023	2024	2025	2026	2027	2028	2029	Total
<b>I. Investment Costs</b>																			
<b>A. Project Operations</b>																			
<b>1. Training, meetings and workshops</b>																			
	Start up workshop and other project management workshop and exchange visit	Lump Sum	4	4	4	4	4	4	4	28	5,000	22	23	24	25	26	27	28	174
	Joint Programme Review with IFAD Review Mission and COSOP activity	Lump Sum	1	1	1	1	1	1	1	7	10,000	11	11	12	12	13	13	14	87
	<b>Subtotal</b>											33	34	36	37	39	40	42	261
<b>2. Studies and Surveys /a</b>																			
	Adjustment of MIS ASPIRE and follow up support	Lump Sum	1	-	-	-	-	-	-	1	30,000	34	-	-	-	-	-	-	34
	Impact assessment (base line, ending and Impact)- Firm	Lump Sum	1	1	1	1	1	1	1	7	70,000	79	82	84	87	90	93	97	613
	Audit	Lump Sum	1	1	1	1	1	1	1	7	20,000	23	23	24	25	26	27	28	175
	<b>Subtotal</b>											136	105	109	112	116	120	124	822
	<b>Subtotal</b>											169	139	144	150	155	160	166	1,083
<b>B. Vehicles and equipment</b>																			
	Cars, 4w-Drive, station wagon (3 for ASPIRE SEC)	Each	3	-	-	-	-	-	-	3	35,000	112	-	-	-	-	-	-	112
	Computers (laptop or desktops with UPS and printer)	Each	15	-	-	-	15	-	-	30	1,100	20	-	-	-	23	-	-	42
	Office furniture (desk, tables, chairs, shelves, safe)	Each	1	-	-	-	1	-	-	2	5,000	6	-	-	-	7	-	-	13
	<b>Subtotal</b>											138	-	-	-	29	-	-	167
<b>C. Technical Assistance</b>																			
	1. International Team Leader	Person-Months	12	12	12	12	12	12	12	84	9,900	134	139	143	148	153	159	164	1,040
	2. Deputy Team Leader	Person-Months	12	12	12	12	12	12	12	84	3,200	43	45	46	48	50	51	53	336
	3. Gender and Social Inclusion Adviser	Person-Months	12	12	12	12	12	12	12	84	2,500	34	35	36	37	39	40	41	263
	4. Social, Environment and Climate Change Specialist	Person-Months	12	12	12	12	12	12	12	84	2,500	34	35	36	37	39	40	41	263
	5. Senior M&E and Planning Specialist- Team leader	Person-Months	12	12	12	12	12	12	12	84	2,700	37	38	39	40	42	43	45	284
	6. ICT Specialist	Person-Months	12	12	12	12	12	12	12	84	1,800	24	25	26	27	28	29	30	189
	7. Finance and Accountant Specialist- as team leader	Person-Months	12	12	12	12	12	12	12	84	2,500	34	35	36	37	39	40	41	263
	8. Procurement Specialist- a Team leader	Person-Months	12	12	12	12	12	12	12	84	2,500	34	35	36	37	39	40	41	263
	9. Provincial Management Adviser /b	Person-Months	96	96	192	192	192	192	192	1,152	1,600	173	179	371	383	396	410	424	2,338
	10. Technical Assistant for the managment of the SSTC grant	Lump Sum	0.5	0.5	-	-	-	-	-	1	100,000	50	50	-	-	-	-	-	100
	<b>Subtotal</b>											597	616	770	797	824	852	881	5,338
	<b>Total Investment Costs</b>											904	755	915	946	1,008	1,013	1,048	6,589
<b>II. Recurrent Costs</b>																			
<b>A. Project staff - Recruitment</b>																			
	1. M&E and Planning Staff /c	Person-Months	12	12	12	12	12	12	12	84	1,000	13	14	14	15	15	16	17	105
	2. KM & Communication Specialist (2 staff) /d	Person-Months	24	24	24	24	24	24	24	168	1,800	48	50	52	54	56	58	60	376
	3. Finance and Accountant Staff (3 staff) /e	Person-Months	36	36	36	36	36	36	36	252	1,500	60	62	64	67	70	72	75	471
	4. Cashier (2) /f	Person-Months	24	24	24	24	24	24	24	168	700	19	19	20	21	22	23	23	146
	5. Procurement Staff (2 staff) /g	Person-Months	24	24	24	24	24	24	24	168	900	24	25	26	27	28	29	30	188
	6. Administration Staff /h	Person-Months	24	24	24	24	24	24	24	168	800	21	22	23	24	25	26	27	167
	7. Support staff (1 cleaner)	Person-Months	12	12	12	12	12	12	12	84	300	4	4	4	4	5	5	5	31
	8. Driver (6 new cars and 3 existing car)	Person-Months	108	108	108	108	108	108	108	756	300	36	37	39	40	42	43	45	282
	<b>Subtotal</b>											224	233	242	252	262	272	283	1,767
<b>B. Project staff - POC</b>																			
	1. Programme Director	Person-Months	12	12	12	12	12	12	12	84	350	5	5	5	5	5	6	6	37
	2. Programme Manager	Person-Months	12	12	12	12	12	12	12	84	350	5	5	5	5	5	6	6	37
	3. MEF Team /i	Person-Months	48	48	48	48	48	48	48	336	250	13	14	14	15	15	16	17	105
	4. MIS Officer /j	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	5. Gender Promotion Officer /k	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	6. Safeguard Officer /l	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	7. M&E and Planning Officer /m	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	8. Financial and Accounting Officer /n	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	9. KM & Communication Officer /o	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	10. Procurement Officer /p	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	11. Administration Officer /q	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	12. Administration Officer /r	Person-Months	12	12	12	12	12	12	12	84	250	3	3	4	4	4	4	4	26
	13. Director at PDAFF: General management /s	Person-Months	96	96	180	180	180	180	180	1,092	150	16	17	32	34	35	36	38	207
	14. M&E and Planning Officer at PDAFF /t	Person-Months	96	96	180	180	180	180	180	1,092	150	16	17	32	34	35	36	38	207
	15. Agricultural Cooperative Officer at PDAFF /u	Person-Months	96	96	180	180	180	180	180	1,092	150	16	17	32	34	35	36	38	207
	<b>Subtotal</b>											100	104	153	159	166	172	179	1,034
<b>C. Travel and allowances</b>																			
	1. Travel Cost	Lump Sum	1	1	1	1	1	1	1	7	8,000	9	9	9	10	10	11	11	69
	2. DSA	Lump Sum	1	1	1	1	1	1	1	7	30,000	33	34	35	37	38	39	41	257
	<b>Subtotal</b>											42	43	45	46	48	50	52	326
<b>D. Operation &amp; Maintenance</b>																			
	1. Cars	Vehicles	12	12	12	12	12	12	12	84	4,200	55	57	59	62	64	66	69	432
	2. Office	Lump Sum	1	1	1	1	1	1	1	7	5,000	5	6	6	6	6	7	7	43
	3. Advertisement and O&M Office	Lump Sum	1	1	1	1	1	1	1	7	10,000	11	11	12	12	13	13	14	86
	4. Translating documents	Lump Sum	1	1	1	1	1	1	1	7	10,000	11	11	12	12	13	13	14	86
	<b>Subtotal</b>											83	86	89	92	95	99	103	646
	<b>Total Recurrent Costs</b>											448	465	529	549	571	593	617	3,772
	<b>Total</b>											1,352	1,221	1,444	1,496	1,579	1,606	1,664	10,361



## Mainstreaming calculation

	Sub-Component 1.1: Investment in productive and resilient assets of POs and smallholders	\$ 12,706.00	[Insert amount]	Yes	32.6%	\$ 4,142.16	[Select]	70.To be eligible for component 1 support .... (iii) strong governance and social inclusivity and social and environmental risk management. (PDR, page:9). 72.The project will work with GoKC's Agriculture and Rural Development Bank (ARDB) to provide financial support to qualifying POs and smallholders with eligible investment proposals through the integration of credit line and results-based grants. (PDR, page 9) 75. Eligible investments by smallholders must be ..... (4) not included in a negative list based on social and environmental safeguards. (PDR, page 10) <b>(35% of loan financing to smallholders and POs)</b>
	Sub-Component 1.2: Enabling market infrastructure for Producer Organisations	\$ -	[Insert amount]	[Select]	[Insert %]		[Select]	
	<b>Component 2: Business Partnership and Market Access</b>							
	Sub-Component 2.1: Strengthening private investment for agricultural market and trade development	\$ 18,571.00	[Insert amount]	Yes	21.2%	\$ 3,937.05	[Select]	92. .... Priority will be given to those businesses in each priority value chain that can credibly demonstrate .... ii) greatest impact on priority groups including women, youth, ethnic minorities and the disabled, and iii) those introducing innovative technologies or business practices, especially addressing climate change related mitigation or adaptation issues. (PDR, page: 12) <b>( 35% of line of credit based on the priority)</b>
	Sub-Component 2.2: Strengthening the enabling environment for competitive agricultural value chains and trade	\$ 2,713.00	[Insert amount]	[Select]	[Insert %]		[Select]	

Mainstreaming calculation

		<b>Component 3: Aggregating Farmers and integrate them into Value Chains</b>							
		Sub-Component 3.1: Structure and Capacity of Producer Organisations	\$ 10,688.00	[Insert amount]	Yes	42.1%	\$ 4,499.65	[Select]	115. Sub-Component 3.1 Structure and Capacity of Producer Organisations will provide assistance to POs to structure themselves in formal organisations and to increase their capacity in the following key functions: ....j. Strengthen administration, governance, inclusiveness (especially in terms of ID-Poor, women, youth and people form ethnic minorities), and Social, Environmental and Climate risk management. (PDR, page 16) (50% support to new and old POs)
		Sub-Component 3.2: Technical Advice and Centers of Excellence	\$ 3,322.00	[Insert amount]	[Select]	[Insert %]		[Select]	
		<b>IFAD Total Project costs without PMC</b>	<b>\$ 48,000.00</b>			<b>Sub-total</b>	<b>\$ 12,579</b>		

Phase 3	IFAD PMC counted as adaptation finance (pro rata)	Project management costs (PMC)	Total IFAD PMC (USD)	% Adaptation finance to be assigned to PMC	IFAD PMC counted as adaptation finance (USD)
		Component 5	\$ -	26%	\$ -

Phase 4	Total adaptation finance	Amount (USD)	\$ 13,000
		%	27%

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex 4: Economic and Financial Analysis**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## Annex 4: AND FINANCIAL ANALYSIS

### 1. Introduction and methodology

1. The design mission for the ASPIRE-AT project carried out the Economic and Financial Analysis (EFA) to assess the financial and economic viabilities of ASPIRE-AT. The ASPIRE-AT project will directly reach an estimated 125,000 households. Out of these, who have land and would increase their on-farm and livestock production would be 100,000 households, and employees of business enterprises that the project would support would be 25,000. The distribution of the beneficiaries by type of enterprises and by project years are presented in Table1.

2. **Methodology and Approach of EFA:** The representative gross margin (GM) models were developed based on the relevant information received from various sources. The sources of data (EFA excel sheets presents specific references that were used to derive GM models) include project documents of the Accelerating Inclusive Markets for Smallholders Project (AIMS), Cambodia including the Project Design Report and its EFA annex; CamAgriMarket app (mobile phone app); ASPIRE-I MIS system<sup>1</sup>; market data collection undertaken by the in-country team for the design mission and a number of reports and publications. Field data collection for building required gross margin models was not possible due to the timing of the design. A list of the prices of relevant inputs and outputs was obtained from the EFA of the ASPIRE-I project and these prices were converted to 2022 prices using the current exchange rate of Riels 4,054 to one USD. Other sources of information include National Bank of Cambodia, National Institute of Cambodia, and World Bank Commodity Forecast and various other reference source for required information to build EFA models<sup>2</sup>. The main types of data that were used for the FEA include (i) crop and livestock production data; (ii) market prices; (iii) capital and working capital expenditure of on-farm and off-farm micro-enterprise; (iv) cost of farm tools, machineries and livestock slaughter house equipment; (v) international prices for computing parity prices of tradable commodities; and (v) cost of fertiliser and other agro-chemicals.

3. Table1 summarises the number of enterprises by type and their phasing over the project period. Since there is a strong project attribution, as described below, in generating benefits, the phasing of the project beneficiaries was designed in parallel to the yearly distribution of the project budget. The percentage distributions of HHs and the budget are close to each other as shown in Table1 below.

*Table1: Distribution of beneficiaries by project years and by type of enterprises*

Type of Beneficiaries	Yr 2023	Yr 2024	Yr 2025	Yr 2026	Yr 2027	Yr 2028	Yr 2029	Total
Farmers	3,350	16,650	10,200	14,167	200	5,430	-	49,997
Farmers - Loan Financed	1,000	12,833	11,700	11,000	13,470	-	-	50,003
Farm based Models	4,350	29,483	21,900	25,167	13,670	5,430	-	100,000
ACs / POs	30	65	120	50	-	-	-	265
SMEs	-	3	6	8	-	-	-	17
Distribution HH	4%	30%	22%	25%	14%	5%	0%	100%
Budget Distribution	5%	23%	18%	20%	15%	9%	10%	100%

The EFA retained the targets for key performance indicators (KPIs) of the project that are presented in the project log frame.

Table 2 shows the relevant KPI indicators for the EFA. It is noteworthy that the first 3 indicators are sub-sets of the core indicator 2.1.4 and the EFA maintained this distribution.

<sup>1</sup> <http://aspire.avenasoft.com/monitoring/login>

<sup>2</sup> The list of the documents is presented as attachment 1 to this Annex.

*Table 2: Project Logframe indicators that were retained in the EFA*

Logframe Indicators						Nb HHs
Number of rural producers benefiting from loan-financed investments by AC / PO						50,000
Rural producers accessing production inputs and / or technological packages						3,000
Number of smallholder farmers benefiting from business development services directly or as PO members						50,000
Core 3.2.2 # Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices						50,000
Core 2.1.4 # of supported rural producers that are members of a rural producers' organisation.						100,000

4. The ASPIRE-AT project will generate multiple social, nutritional, financial, economic and institutional benefits. The beneficiaries of ASPIRE-AT represent the following value chain sectors: vegetables, poultry, cassava, cashew, fresh fruits and processed fruits. In order to represent these sectors and to capture the benefits of the ASPIRE-AT, several gross margin modes were included in the EFA. Table33 summarises the GM models that are farm-based models, and AC based modes and small and medium industry models. The project would also support production of elite cassava planting material under poly tunnel culture. This investment would be managed by the AC. Two types of cassava cultivations were modeled to capture the cultivations with elite, disease free planting material and regular material. The differentiated prices were used to capture the elite planting material production enterprise.

5. The assumptions used to build up the GM models were presented with details in the EFA excel sheets. Table44 presents a few of the key references that were used to build the GM models. The critical indicators of the GM models (yield level etc) were presented to the country team<sup>3</sup> who assisted to design mission to verify the indicators. The data provided by the team further validated and improved the WOP and the WP scenarios.

*Table3: Typical value chains supported by the project and the GM models represented the VCs*

Value Chain	Typical investments	GM Models used for the EFA
Vegetable	Greenhouse, water management, post-harvest handling.	Irrigated vegetable (farms), Vegetables: ACs set-up simple collection/grading centers, improved packhouses with cold storage
Backyard chicken	Production facilities, slaughter and packing	Chicken - Hatchery; back-yard poultry; Larger, professional slaughterhouse; small slaughterhouse;
Cassava	Disease free planting material Organic cassava Improved soil management	Cassava regular Organic Cassava with Elite PM
Cashew	Post-harvest and processing	Orchard development / replanting; Export processing business
Fresh fruit	Post-harvest, treatment, packing etc	Orchard development, ACs set-up simple collection/grading centers
Processed fruit	Processing	Export processing business

*Table4: Data sources used for the estimation of cost and benefits of the EFA*

GM Model	Data sources to build WOP situation	Data sources to build WP situation
Vegetable	Accelerating Inclusive Markets for Smallholders Project, Cambodia ASPIRE-1: Tracking the economic performance <sup>4</sup> . The Economic Performance Report of the website	Yield and Prices: Economic Performance Data 2021-2022; ASPIRE Project mange the website (EP-Data)

<sup>3</sup> Mr Mao Narith was very helpful and responded with appropriate information as well as sources of information for the EFA.

<sup>4</sup> <http://aspire.avenasoft.com/monitoring/login>

	provides the average size of cultivation of all crops and vegetable is one of them. Final Survey Report, of ASPIRE-I main impact assessment, December 2021 <sup>5</sup>	
Backyard chicken	Accelerating Inclusive Markets for Smallholders Project, Cambodia	EP-Data
Cassava	Accelerating Inclusive Markets for Smallholders Project, Cambodia	Analysis of the cassava yield variation at Cambodia Thailand border; Asian Journal of Agricultural and Environmental Safety, 2020 (1): 17–27; ISSN: 2575423, <a href="https://www.ajaes.org">https://www.ajaes.org</a>
Cashew	Cambodian Cashew Nut Value Chain Assessment Report, Version 4 / December 2019, Heks/Eper Cambodia;	EP-Data Cashew Production, Processing And Commercialization In Kampong Thom And Preah Vihear - Field Assessment Report, Cambodian Institute For Research And Rural Development (CIRD); Cambodia Partnership For Sustainable Agriculture (CPSA)
Fruit	Accelerating Inclusive Markets for Smallholders Project, Cambodia	<a href="https://www.agrifarming.in/longan-fruit-farming-and-cultivation-practices">https://www.agrifarming.in/longan-fruit-farming-and-cultivation-practices</a>

6. **Attribution:** The EFA methodology needs to identify a clear linkage between the beneficiaries and one or more project interventions to elicit benefits and corresponding costs. The project will contribute in generating quantifiable financial benefits to about 100,000 direct beneficiaries who are members of 500 ACs/POs, 265 ACs/POs managed enterprises and 17 SMEs that would be managed by the private individual (members of ACs) with project supported credit. The beneficiaries' investments are assisted by loans and grants with ASPIRE-AT financing and several other facilities. The EFA recognises the following as the main contributory factors to create incremental benefits of the enterprises that were selected for the analysis. These include:

- (a) Addressing market failures and gaps in service provision at all levels of the value chain, with a particular emphasis on assisting smallholder farmers to organise, aggregate and invest through highly effective producer organisations or Agricultural Cooperative (ACs) or Unions of ACs;
- (b) Financing investments in productive assets under Component 1 of the project, which would be potentially at farm level, in AC-owned enterprises or in market infrastructure level;
- (c) Catalyzing development of strong private sector agri-businesses and the enabling environment that would further support investments at the producer and AC level; and
- (d) Contributing to increase market sizes by expanding export opportunities, supporting services that are needed to meet export and domestic market requirements, and assisting in rolling out ICT-based services for farmers, ACs and agri-businesses.

7. These assistances would be available to the beneficiaries who would either expand the existing enterprises including farming or would improve the productivity of the crops and livestock, and several AC level enterprises and SMEs.

## 2. Project Cost, beneficiaries and assumptions

8. **Costs.** The estimated cost of the ASPIRE-AT, generated from COSTAB, was used as the project cost with the following adjustment. The ASPIRE-AT provided loans and grants was deducted from the project cost in the EFA since these would be provided to meet the production cost of the enterprise models including farm models. The production cost of all GM models is included in the computation of the gross margins. The ASPIRE-AT project

<sup>5</sup> Agriculture Services Program for Innovation, Resilience and Extension (ASPIRE), *ASPIRE Main Impact Assessment*, DELIVERABLE 13, FINAL SURVEY REPORT, December 2021

cost net of loans and grant provided by IFAD and other co-fanciers, thus forms the cost of the project (see EFA excel sheets for details).

9. **Beneficiaries.** 1 summarised the distribution of the direct beneficiary households, ACs and SMEs of ASPIRE-AT project by the enterprises and by the project years. The yearly distribution of the beneficiaries is presented in the EFA excel sheets.

10. **Gender.** The enterprises that ASPIRE-AT is supporting have adequate gender focus. Enterprises such as poultry, vegetable production, etc are operated predominantly by women.

11. The EFA was based on the following **general assumptions**:

- (a) The farm enterprises namely, vegetable, regular cassava, cashew and fruits included in the EFA are already in production and they would improve the productivity by establishing irrigation structures (for vegetable), better planting material (fruits and cassava), and replanting or rehabilitation (cashew and fruits). The AC level enterprises and SMEs are mostly new activities and they would start the operation as new enterprises. Both sets (farms and enterprises) would be able to access loans and also grants.
- (b) All benefits were estimated using 2022 prices. The incremental costs and benefits of the project supported enterprises will continue for a 20-year period which include the 7-year ASPIRE-AT project implementation period.
- (c) For all activities which used labour, a financial rural daily wage rate of USD 6 per person-day for unskilled labour and USD 7 per person-day for skilled labour who work in technology demanded enterprises such as packhouses, slaughter house etc, were used. These are the rates converted to 2022 prices in the project area. The same unskilled wage rate was used to value household family labour too because of the availability of wage labour opportunities in the project areas.
- (d) Each household could have more than one farm enterprise or income generating activities, for example vegetable in addition to poultry or cashew. The analysis, therefore used a combination of the farm enterprises in forming farm models. The EFA excel sheets presents the details of the farm models.

### 3. Financial Analysis

#### Enterprise Budgets

12. The financial profitability parameters of all GM models together with the number of enterprises and the typical cultivation sizes are presented in Table 15. The following specific assumptions were used in estimating the indicators:

- (a) The land size under each crop was used for farm modeling which is summarised under farm model analysis and in Table 15 The average size of the crops in the farms were obtained from Family Farming Knowledge Platform<sup>6</sup>, and the ASPIRE-I data platform and project information. The ASPIRE-I data platform has Economic Performance Report among many other reports and it records the average sizes of crops cultivated by the project beneficiaries. These average sizes were used as the WOP size of crops;
- (b) It is assumed that the size of the farms would remain unchanged, but the productivity improvements would be brought about by providing better management practices and better inputs (elite cassava planting material, credit to cover capital expenditure etc);
- (c) For all farm models, the cash flows were generated for 1 ha unit and thereafter the cash flows were scaled down to represent the cultivation sizes of the crops in the farm. The scaled down extents were used in the farm model analysis;

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<sup>6</sup> <https://www.fao.org/family-farming/data-sources/dataportrait/country-details/en/?cnt=KHM>

- (d) The discount rate of 6% was used for the computation of financial profitability indicators which is the current lending rate according to the National Bank of Cambodia, January 2022.
- (e) As mentioned above the project would provide grants and loans to eligible beneficiaries to meet capital and working capital expenditure. For the purpose of estimating the tentative demand for credit, it is assumed that the grant will finance 25% of the capital cost of all GM models when there is a negative cash flow. If there is still a negative balance, credit would be provided to meet the financing gap. The demand for credit is estimated in this manner.
- (f) The beneficiaries will use a portion of the production of crops such as vegetables, cassava, fruits, poultry and cashew for domestic consumption. However, the total production of all these products have been valued and included in the analysis.
- (g) Without Project (WOP) GM parameters were obtained from the reference sources listed in Table 44 above. The WP productivity levels were assumed to be of 8-15% higher than the WOP levels which is considered as feasible as per reference sources and the country team.
- (h) All the crop models and back-yard poultry model would use family labour for all operations and some hired labour for post-harvest processing activities. Such labour differentiation has been maintained in the GM models. All AC level enterprises and SMEs have both skilled and unskilled labour. Such labour was accounted for accordingly and valued at different wage rates that were presented above.
- (i) For the new SME enterprises and the AC managed enterprises, which are new, the WOP scenarios were assumed as the value of a proportion of labour, both skilled and unskilled, that is used in the enterprise. The logic is that this proportion of labour was employed elsewhere before the project, and the enterprise has replaced that labour income by employing them.

13. The net benefits, estimated as the net present value (NPV: at 6% financial DR and for 20-year period) and return on investment (ROI: net return divided by total investment cost) of all the models have increased with the help of ASPIRE-AT interventions (WP case). Table 15 summarises the results. The same parameters for off-farm enterprises are presented in the table. All models have positive indicator levels and the return to family labour which is higher than the current wage rate in the project area. Positive ROIs for all models indicate the financial worthiness of investing beneficiaries' assets and public funds in these models. Table 15 also presents the demand for credit for each enterprise per unit of activity. This was generated through the GM models' cost flows. The EFA excel sheets provides the details.

**Table 15: Financial profitability indicators of all GM models that were used in the EFA**

Gross Margin Models	Total Nb Enterprises	Average Size of the crop in the farm (ha)	WOP (USD/ha)	WP (USD/ha)			Profitability (Incremental analysis)					
			Net Present Value (6% DR, 20-Yrs)	Net Present Value	Increment	Annual Net Revenue (at FD)	ROI	Return to Labour (USD/md)	IRR	B/C Ratio	Labour use (md/yr)	Credit Need (USD)
<b>Farm based enterprises</b>												
Cassava regular	6,697	0.63	180	398	218	512	58%	16	26%	1.12	110	259
Organic Cassava - Elite PM	25,470	0.65	-344	729	1,074	842	135%	21	37%	1.28	19	386
Irrigated vegetable	22,768	0.5	19,702	28,865	9,163	2,989	91%	95	28%	3.14	21	2,028
Fruit: orchard development	16,000	0.8	19,213	49,323	30,109	4,347	70%	41	33%	2.08	126	2,191
Fruit: orchard development with credit	1,765	0.85	242	35,681	35,439	5,591	101%	55	69%	1.75	2463	1,425
Cashew: Orchard development / replanting	18,000	0.8	2,419	6,421	4,003	807	260%	14	31%	2.42	35	0
Chicken - Hatchery (traditional breed): New	300			11,303	11,303	1,860	31%	28	41%	1.20	75	1,900
Native chicken - back-yard poultry	9,000		-546	240	684	102	26%	7	62%	1.13	12	
<b>Total: Farm based enterprises</b>	<b>100,000</b>											
<b>AcS / PO level enterprises</b>												
Vegetables: ACs set-up simple collection/grading centres	200			59,565	6,727	7,735	28%	28	26%	1.43	360	13,794
Fruit: ACs set-up simple collection/grading centres	15			117,539	117,539	16,681	85%	355	31%	1.31	48	12,090
Chicken - traditional breed	50			250,334	250,334	49,050	20%	61	16%	1.41	902	147,887
<b>SMEs</b>												
Vegetables: Improved packhouses with cold storage	5			440,187	15,357	52,212	42%	10	11%	1.04	17550	22,816
Cashew: Export processing business	11			3,977,650	458,547	459,801	83%	446	59%	1.09	1045	414,551
Chicken: Larger, professional poultry slaughterhouse	1			15,365,363	1,841,826	1,865,586	83%	292	49%	2.08	6600	1,373,984

### A. Employment generation

14. Table 15 summarises the employment generation, by way of labour use, as a result of undertaking project supported farm and off-farm enterprises. The EFA excel sheet has the details of employment for each crop model for with and without situations. The incremental total employment creation is 29,934. The farm enterprises such as vegetable, poultry etc employ women labour as well and therefore the project provide opportunities for women. Most of the semi-skill and skill labour required for SMEs and AC based enterprises are provided by youth, thus there is opportunity for youth employment as well.

### B. Credit demand

15. Table 15 indicated the credit demand per unit of enterprise, which is estimated using the enterprise cash flow. The amount demanded was then populated using the number of beneficiaries of all the enterprises supported by the project. Table 26 presents the credit demand distributed by year and the EFA excel sheets has the details.

**Table 26: Credit demand of the enterprises estimated using the cash flows of the enterprises**

Gross Margin Models	Total Nb Enterprises	Credit Demand (USD 1000)						
		Yr 2023	Yr 2024	Yr 2025	Yr 2026	Yr 2027	Yr 2028	Yr 2029
<b>Farm based enterprises</b>								
Cassava regular	6,697							
Organic Cassava - Elite PM	25,470	0	386	1,544	2,702	5,200	0	0
Irrigated vegetable	22,768	0	2,028	20,422	15,619	8,114	0	0
Fruit: orchard development	16,000	0	13,144	8,763	13,144	0	0	0
Fruit: orchard development with credit	1,765	0	2,137	0	0	0	0	0
Cashew: Orchard development / replanting	18,000	0	0	0	0	0	0	0
Chicken - Hatchery (traditional breed): New	300	95	190	190	95	0	0	0
Native chicken - back-yard poultry	9,000							
<b>Total: Farm based enterprises</b>	<b>100,000</b>	<b>95</b>	<b>17,886</b>	<b>30,919</b>	<b>31,560</b>	<b>13,314</b>	<b>0</b>	<b>0</b>
<b>Acs / PO level enterprises</b>	-							
Vegetables: ACs set-up simple collection/grading centres	200	345	690	1,379	345	0	0	0
Fruit: ACs set-up simple collection/grading centres	15	0	60	60	60	0	0	0
Chicken - traditional breed	50	739	1,479	2,218	2,958	0	0	0
<b>Total: Acs / PO level enterprises</b>	<b>265</b>	<b>1,084</b>	<b>2,229</b>	<b>3,658</b>	<b>3,363</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SMEs</b>	-							
Vegetables: Improved packhouses with cold storage	5	0	23	46	46	0	0	0
Cashew: Export processing business	11	0	829	1,244	2,487	0	0	0
Chicken: Larger, professional poultry slaughterhouse	1	0	0	1,374	0	0	0	0
<b>Total: SMEs</b>	<b>17</b>	<b>-</b>	<b>852</b>	<b>2,663</b>	<b>2,533</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total Credit Demand (USD 1000)</b>	<b>110,157</b>	<b>1,179</b>	<b>20,967</b>	<b>37,240</b>	<b>37,456</b>	<b>13,314</b>	<b>0</b>	<b>0</b>

## R. Sustainability analysis.

16. The EFA estimated the capacity of the farm models and all other enterprise models to repay the loans that were estimated and also estimated the remaining cash flow to be used for livelihood. The details are in the EFA excel sheets. The estimation shows that almost all the models have a positive cash flow from 2<sup>nd</sup> year onwards to support the livelihood after repayment of capital and the interest of credit. The terms of the credit were assumed as 6% annual interest and 1-2 years repayment period. Other family income sources such as wage labour etc have not been used for this analysis.

## S. Farm model analysis

17. The project beneficiaries typically maintain mix cropping systems. In order to demonstrate the impact of project assistance in improving crops on the whole farm, a series of farm model analyses were carried out. The farm model analyses were based on the cluster approach that the project is adopting to support value chains. The project is focusing on the following provinces during its initial years: Battambang (all value chains except cashew can be supported); Kandal (vegetable and native chicken can be supported); Preah Vihear (cashew and cassava); Siem Reap (vegetable and native chicken) and Takeo (vegetable and native chicken). On that basis as well as the type of crops representing main value chains, 8 farm models were derived. In this analysis, the following assumption was maintained: although each farm of targeted 100,000 farmers would have several crops and livestock, one focused crop or livestock activity would get project benefits and productivity of that farm enterprise will be improved. The others enterprises in the farm will continue to have cash flows that are similar WOP condition of the farm. Although there would be variations, analysis retains the situation where one crop per farm is supported by the project. Table 7 presents the 8 farm models distributed in the provinces that were analysed (each model with the combination of crops are shown in different colours for quick identification). For example, the Farm Mode 1 in Battambang province has irrigated

vegetable as the focused crop which got project assistance, and in this typical farm there is fruit orchard (longan) and native chicken. For model 2, organic cassava with elite planting material is the focused crop and so on.

*Table7: Farm model structure in the provinces that were designed and estimated*

<b>Battambang</b>	<b>Kandal + Siem Reap + Takeo</b>	<b>Preah Vihear</b>
Irrigated vegetable Fruit: orchard development Native chicken - back-yard poultry	Irrigated vegetable Fruit: orchard development Native chicken - back-yard poultry	Cashew: Orchard development / replanting Organic Cassava - Elite PM
Organic Cassava - Elite PM Irrigated vegetable Cashew: Orchard development / replanting	Fruit: orchard development Irrigated vegetable	
	Fruit: orchard development with credit Irrigated vegetable	
	Chicken - Hatchery Irrigated vegetable	
	Native chicken - back-yard poultry Irrigated vegetable	

18. Brief description of the farm models: The average land size of all the crops to represent WOP situation in the models were obtained from the ASPIRE-I data platform , design report of ASPIRE-I and the Final Survey Report, of ASPIRE-I main impact assessment, December 2021 . The project will contribute to achieve increased income in (i) regular cassava with better marketing (model 1); (ii) organic cassava with better planting material and marketing (model 2); (iii) irrigate vegetables with same average land area as WOP, which was reported in ASPIRE-I project design report (Appendix 10, Financial and Economic Analysis) but better marketing (model 3) with sprinkler irrigation facilities; (iv) orchard development with marketing (model 4); (v) orchard development with project financial support (credit) and better marketing; (vi) chicken hatchery (model 6) as a new enterprise with credit support and marketing (model 6); (vii) native chicken with better marketing; and (viii) cashew cultivation as an orchard (model 8) with credit and better marketing. As the ASPIRE-I main impact assessment and the ASPIRE-I data platform indicate, nearly 80% of the farmers in the project area cultivate vegetables in their farm both for domestic consumption and sale. Therefore, vegetable has been included in the farm models, even without an incremental income, to estimate average farm income.

The total target for farm enterprises included in eight models is based on the log-frame Core indicator 2.1.4, i.e. # of supported rural producers that are members of a rural producers' organisation, which has the end-line target of 100,000 producers.

19. Table88 (A) and (B) presents the results of the farm model analysis. The cash flows were scaled down by the typical size of the farm to represent the cost and returns of the farm enterprises for the farmer. The annual net revenue at full development (FD) for each crop is presented in the last column of each table. The summation of the net revenues provides the farm income to the beneficiary. This income is compared with the poverty line computed for a 4.5-member family for 365 days [the national poverty line in Cambodia is riel 10,951 or is equivalent to USD2.7 in 2022 (market exchange rate) per person per day (World Bank)] which is presented in green under each table. Except in Model 7, the estimated annual income of the farm models is higher than the poverty line,

indicating that the project supported farm models are capable of alleviating poverty. As the end-line impact study of ASPIRE-I indicates (page 24), over 85% of the farmers in these areas earn about USD 2,595 on average from non-farm income. Such off-farm income is expected in various PO managed enterprises with the support of ASPIRE-II. As such the it is important to note that these farm models are only one source of income for the beneficiaries for their livelihood.

*Table8: (A) Results of the Farm model*

Battambang	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 1			Net Present Value	Net Present Value	Increment	
Cassava regular	6,697	0.63	180	398	218	512
Irrigated vegetable		0.25	9,851	9,851	0	3,366
Fruit: orchard development		0.4	9,607	9,607	0	2,550
Native chicken - back-yard poultry			-546	-546	0	102
<b>Total Model</b>	<b>6,697</b>	<b>1.28</b>	<b>19,092</b>	<b>19,310</b>	<b>218</b>	<b>6,530</b>
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>
Battambang	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 2			Net Present Value	Net Present Value	Increment	
Organic Cassava - Elate PM	25,470	0.65	-344	729	1,074	842
Irrigated vegetable		0.25	9,851	9,851	0	3,366
Cashew: Orchard development / replanting		0.4	1,209	1,209	0	180
<b>Total Model</b>	<b>25,470</b>	<b>1</b>	<b>10,716</b>	<b>11,790</b>	<b>1,074</b>	<b>4,388</b>
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>
Kandal + Siem Reap + Takeo	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 3			Net Present Value	Net Present Value	Increment	
Irrigated vegetable	22,768	0.5	19,702	28,865	9,163	2,989
Fruit: orchard development		0.4	9,607	9,607	-	2,550
Native chicken - back-yard poultry			-546	-546	-	102
<b>Total Model</b>	<b>22,768</b>		<b>28,763</b>	<b>37,926</b>	<b>9,163</b>	<b>5,641</b>
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>
Kandal + Siem Reap + Takeo	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 4			Net Present Value	Net Present Value	Increment	
Fruit: orchard development	16,000	0.8	19,213	49,323	30,109	4,347
Irrigated vegetable		0.25	9,851	9,851	-	3,366
<b>Total Model</b>	<b>16,000</b>		<b>29,064</b>	<b>59,174</b>	<b>30,109</b>	<b>7,713</b>
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>

*(B) Results of the Farm model... continue*

Kandal + Siem Reap + Takeo	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 5			Net Present Value	Net Present Value	Increment	
Fruit: orchard development with credit	1,765	0.85	242	35,681	35,439	5,591
Irrigated vegetable		0.25	9,851	9,851	0	3,366
<b>Total Model</b>	<b>1,765</b>		9,851	9,851	35,439	8,957
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>
Kandal + Siem Reap + Takeo	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 6			Net Present Value	Net Present Value	Increment	
Chicken - Hatchery (traditional breed): New	300	0	0	11,303	11,303	1,860
Irrigated vegetable		0.25	9,851	9,851	0	3,366
<b>Total Model</b>	<b>300</b>		9,851	9,851	11,303	5,226
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>
Kandal + Siem Reap + Takeo	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 7			Net Present Value	Net Present Value	Increment	
Native chicken - back-yard poultry	9,000	0	240	684	444	102
Irrigated vegetable		0.25	9,851	9,851	0	3,366
<b>Total Model</b>	<b>9,000</b>		9,851	9,851	444	3,468
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>
Preah Vihear	Total Nb Farmers in the farm model	Average Size of the crop in the farm (ha)	WOP (USD/Farm)	WP (USD/Farm)		Annual Net Revenue (at FD): USD/Farm
Model 8			Net Present Value	Net Present Value	Increment	
Cashew: Orchard development / replanting	18,000	0.8	2,419	6,421	4,003	6,578
Organic Cassava - Elate PM	-	0.325	-172	-172	0	1,296
<b>Total Model</b>	<b>18,000</b>		-172	-172	4,003	7,874
<b>PL (\$/HH/Yr)</b>						<b>4,435</b>

**T. Overall Financial Analysis**

20. The cashflows of all the enterprise models populated with appropriate targets over the 7-year ASPIRE-AT project period were aggregated to compute the total gross benefit flow of the ASPIRE-AT project. The total cost is comprised of (i) the ASPIRE-AT project cost, based on 2022 prices, net of all grants and loans provided; and (ii) the incremental cost of all enterprises. The incremental benefits of all enterprise's models provided the benefit flow. The EFA excel sheets presents the details. The Financial Internal Rate of Return (FIRR) is 31% with Net Present Value (NPV) of USD 617 million at 6% financial DR. The net benefit flow was discounted at 6% to ascertain the break-even point of the project cash flows. At the 7<sup>th</sup> year (2029), the project will be able to breakeven the total project investment and the beneficiaries' investment during the project period and start generating a positive net benefit flow.

#### 4. Economic analysis

21. The economic analysis was carried out by adjusting the cost and benefits flows that were used in the financial analysis of the ASPIRE-AT project to reflect economic values. In addition to the assumptions made in the financial analysis, the following assumptions were used in the economic analysis.

- (a) The economic investment cost is based on the project cost net of financing for loans and grants during the 7-year implementation period generated by COSTAB programme. It deducts the amounts payable for taxes and provisions for price contingencies from the financial costs.
- (b) The following procedure was used to convert all prices of farm, livestock production and micro-enterprises to economic prices:
  - (i) using border prices, import parity prices were estimated to value tradable goods (all fertilisers), the computation is presented in the EFA excel sheets;
  - (ii) for all non-tradable goods, standard conversion factor (SCF) of 0.91 was used to adjust the prices – the market distortion includes some degree of protection and over-valuation of Riels in terms of the dollar – the SCF was computed taking the ratio between Official Exchange Rate (OER)<sup>7</sup> and Estimated Shadow Exchange Rate (SER)<sup>8</sup> [ $SCF=ER/SER$ ]; EFA excel sheets presents details; and
  - (iii) VAT rate of 10% (Cambodian corporate taxes)<sup>9</sup> was used to remove the tax portion of the prices of the locally traded and tradable goods.
- (c) Shadow wage rate factor is assumed at 0.91, which is the SCF, to account some out-migration, seasonal labour shortages, and semi-urban labour demand. Labour is idle during some periods of the year indicating full employment point has not been reached.
- (d) The economic discount rate of 5.5%, which is Scheduled Banks Weighted Fixed Deposit Rate (National Bank of Cambodia, Jan 2022)<sup>10</sup>, was used to represent the Opportunity Cost of Capital.

22. After making the required adjustments to the cash flows of the financial analysis on the basis of the above assumptions, the economic analysis for the ASPIRE-AT was carried out. The Economic Internal Rate of Return (EIRR) is 30% and the economic benefit cost ratio is 1.42 with the economic discount rate of 5.5%. The project earns an Economic Net Present Value (ENPV) of USD 525 million (Riels 2,125 billion) for the 20-year period with 5.5% discount rate. Table 4 presents the results.

23. In addition to the quantified economic benefits, ASPIRE-AT project will generate economic multiplier effects across the rural economy. The enterprises that were expanded in scale or with enhanced productivity would demand for inputs which will create multiplier effects. In addition, some of these enterprises will be graduated to access credit from mainstream financial institutions with low interest rates but with collateral requirement which those enterprise will be able to provide. Such increase in the credit demand would further enhance the broad multiplier effects in the rural economy.

24. **Sensitivity analyses** were carried out to assess whether the project is economically robust in light of potential risks that could increase cost of production of enterprise, decrease benefits or delay in realising benefits. The risk factors that have been identified

<sup>7</sup> Official Exchange Rate (ER) June 2022] IMF rates:

[www.google.com/search?q=imf+exchange+rate+of+cambodia&rlz=1\\_C1RUCY\\_enCA736CA736&oq=IMF+exchange+rate+of+cambo&aqs=chrome.1.69i57j33i160l2.16172j0j7&sourceid=chrome&ie=UTF-8](http://www.google.com/search?q=imf+exchange+rate+of+cambodia&rlz=1_C1RUCY_enCA736CA736&oq=IMF+exchange+rate+of+cambo&aqs=chrome.1.69i57j33i160l2.16172j0j7&sourceid=chrome&ie=UTF-8)

<sup>8</sup> Computed:  $SER = \frac{[b+(b*c)] + [a-(a*d)]}{[b+a]}$ ; a = average export value; b = average import values; c = Import Tariff (the average Most Favored Nation

tariff rate; MFN is the relevant rate); d = Export duties (export of all business items); and e = Official (or market) Exchange Rate.

<sup>9</sup> [<https://taxsummaries.pwc.com/cambodia/corporate/other-taxes>]

<sup>10</sup> <https://www.chiefbank.com.kh/Products/FixedDeposit>

in the project Integrated Risk Matrix were used as the basis to rationalise the sensitivity scenarios.

25. Funding Gap analysis. Additionally, the impact of whether or not the project being able to fill the Funding Gap on the economic viability of the project is analysed as a sensitivity scenario. The project cost tables allocate 34% of the total grants provided to smallholders and to producer organizations to the Funding Gap. At the design stage there is no assurance that this Gap will be filled by a potential financier during the project period. This uncertainty therefore may affect the possibility of starting enterprises that are depending on the Grant, namely: (i) Irrigated vegetable; (ii) Fruit orchard development; (iii) Cashew: Orchard development / replanting; (iv) Chicken - Hatchery (traditional breed); (v) Vegetables: ACs set-up simple collection/grading centres; (vi) Fruit: ACs set-up simple collection/grading centres; and (vii) Cashew: Export processing business; and (viii) poultry breeders at PO level. Since 34% of the total Grants would depend on the Funding Gap, it is assumed that 66% of the number of these enterprises could start the operations and run business. In line with this assumption, the incremental benefit flows of these enterprises have been limited only to 66% of the number or enterprises and the EIRR of the project has been reassessed. The EIRR with the Funding Gap risk is 28% with and benefit cost ratio of 1.38 (see Table 9).
26. Table 39 presents the risk factors considered and the results of the sensitivity analyses. The project generates EIRRs that are higher than the opportunity cost of capital under all sensitivity scenarios, including the Funding Gap risk. The analyses indicate therefore that the enterprise models and the overall ASPIRE-AT project are both financially and economically justifiable even under the adverse risky environments. The EFA, however, shows that the highest drop in EIRR is seen in the scenario of 20% benefits decrease. This alarms the project to monitor for cost escalations and keep adequate controls to maintain the cost as estimated.

*Table 39: Results of the Economic Analysis and the Sensitivity analyses*

Sensitivity Analyses	EIRR	B/C Ratio	NPV (USD mn)	NPV (Reils Billion)	Risk Factor
Base Case	32%	1.42	9525	32,125	
With Funding Gap risk	28%	1.38	347	1,404	Only 66% of the Grant dependent enterprises are included as 34% of grants would be financed by the Funding Gap
All cost increase by 10%	26%	1.29	7399	31,614	Public sector investments financed by the project not sustainable because of lack of institutional plans
All cost increase by 20%	20%	1.18	5273	21,104	Agriculture sector severely impacted by macroeconomic instability
All benefits decrease by 10%	25%	1.27	6347	21,402	Project vulnerability to environmental conditions
All benefits decrease by 20%	17%	1.13	3168	1679	Financing instruments are not attractive for partner financial institutions to deliver
Cost increase by 10% and benefits decrease by 10%	19%	1.16	4220	1892	Private agribusiness unwilling to invest because of governance concerns
1 year delay in getting benefits	19%	1.34	7344	21,390	

27. **Switching value analysis.** This is considered as the percentage change in a variable required to reduce the economic net present value (ENPV) to 'zero' at a social

discount rate of 5.5%. The chosen variables for the analysis are: (i) total benefits flow; (ii) total cost flow; (iii) total number of project beneficiaries or producers, which is assumed at 100,000; (iv) PO managed vegetable collecting centers; (v) PO managed Fruit collection centres; (vi) PO managed improved pack houses with cold storage facilities; (vi) cashew export processing; and (vii) larger, professional poultry slaughterhouse. The number of farmer producers was gradually decreased to assess the switching values, keeping the number of PO managed enterprises unchanged and vis versa. The results of the switching value analyses are presented in *Table 4*.

28. The switching value of the total benefits is -30.6% (reduced) and total cost is +141.7% (increased), where the ENPV becomes zero. The results of the rest of the analyses are summarised in *Table 4*. The results indicate that the project becomes unviable when the farmer producer enterprises and PO managed enterprises drop by 30% of the current target. The results thus indicate that the project has the capacity to face even drastic drops in the outreach. However, the PO managed enterprises contributes more to the benefit flow of the project and thus it is important that the project takes required implementation steps to encourage such enterprises to commence and well operate.

*Table 4: Results of the Switching Value Analysis*

Scenario for switching value	% Change	ENPV (USD mn)
Total Benefits reduced	-30.6%	0
Total Cost increased	+141.7%	0
Nb Farm producers while POs managed enterprises are Constant	-70%	-1
Both Farm producers and POs managed enterprises are changing	-30% + (-30%)	-7

29. **Conclusion.** The EFA analyses indicate that the project is adequately viable in financial and economic terms and also has the capacity to face many risk factors while being viable. The project therefore is suitable for receiving public funds for investments.

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex 5: Social Environment and Climate Assessment (SECAP) Review Note**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



The SECAP Review note should build on the preliminary note mentioned above, draw on the results of the screening exercise and be informed by the issues raised during the design mission, the stakeholders interviews, publicly available tools and dataset, and environmental, social or climate-related studies that inform on the characteristics of the project location. The SECAP review note includes the revised ESMP and should be attached to the Project Design Report, integrated in Draft Project Implementation Manual (PIM) and COSTAB and shall be submitted to Design Review Meeting (DRM) or IRC (for NSOs).

## 1. Introduction

1. This Social, Environmental and Climate Assessment Procedures (SECAP) background contributes the formulation of the new Agriculture Services Program for Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT) project covered in the 12<sup>th</sup> IFAD's replenishment cycle 2022-2024. In this framework, a wide consultation process was undertaken, involving the Government of the Kingdom of Cambodia (GoKC) line agencies at central, provincial, district levels; civil society and non-governmental organisations, private sector entities including agri-businesses and service providers, and target groups including the Indigenous Peoples in potential target provinces. International organisations, development partners and projects teams (including the current IFAD funded ASPIRE[1], SAAMBAT[2] and AIMS[3] projects) closely collaborated in the SECAP notes preparation process.
2. The overall goal of the ASPIRE-AT project is that 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. The Project Development Objective of ASPIRE-AT is the inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.

## 2. Situational analysis and potential project impacts

3. ASPIRE-AT objective will be delivered through three main components / outcomes: Productive and Resilient Assets for Producer Organisations, Business Partnership and Market Access, and Aggregating Farmers and Integrated them into Value Chains. The potential selected value chains are the ones already widely supported by ASPIRE and AIMS with visible success (namely vegetable and native chicken, for the domestic market), production of clean disease-free cassava planting material, and export oriented perennial crops, most of which are already in production on a wide scale and do not require significant extension through new plantations (mango, longan, cashew nut, etc).

### 2.1 Socio-economic assessment

#### a. Overall poverty situation

4. Poverty in Cambodia is defined by the Ministry of Planning as people living with a daily earning under the poverty line threshold[4]. Under this definition, the poverty headcount 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).
5. 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).

#### b. Gender

6. 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.
7. 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.

Table 17 Gender Gap indicators for Cambodia (Global Gender Gap Report, 2021)

	Rank in 2006	Rank in 2019 (pre-pandemic)	Rank in 2021	Score 2021
<b>Global Gender Gap Index</b>	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

8. 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.
9. **Economic empowerment:** As 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> 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 worsened 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](#)).

10. **Workload of rural women and division of labour:** Women have a relatively high representation in agricultural households<sup>[5]</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>[6]</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 (mechanized at 98%) and harvesting (mechanized at 75% although machinery availability remains a constraint at peak season).
11. 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.
12. **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>[7]</sup>. It is estimated that less than 9% of women between 15 and 49 years of age own land, both alone and jointly<sup>[8]</sup>. Women have also relatively less access to productive services such as credit, markets, etc.
13. **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).
14. 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](#)).
15. At 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 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](#)).
16. **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)). In Cambodia, the share of women who have experienced intimate partner violence<sup>[9]</sup> 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.

### c. Youth

17. Youth are defined<sup>[10]</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>[11]</sup>. Young women are clearly disadvantaged compared to young men in the labour market.
18. 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.
19. 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.

### d. Indigenous peoples

20. In Cambodia, the 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>[12]</sup>
21. 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>[13]</sup> are located in 15 provinces<sup>[14]</sup> with the population of 183,831 or equal to 1.25% of the total population of Cambodia<sup>[15]</sup>. Among the 22 indigenous ethnic groups, there are six groups who have majority of indigenous population that over 10,000 people, these include Tampoun, 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 provinces Ratanakiri, Mondulakiri, Kratie, Stung Treng, Kampong Thom and Preah Vihear<sup>[16]</sup>." The details on IPs are presented in IP's plan, and Free, Prior and Informed Consent (FPIC) implementation plan.

### e. Marginalised groups

22. 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).

### f. Nutrition

23. Prevalence of undernourishment<sup>[17]</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%. Another preoccupying issue is the severe [prevalence of anemia](#) that affected more than 47% of women of reproductive age (age 15-49) in 2019 (State of food security and nutrition in the World, SOFI, 2021).

24. At consumer level, food safety concerns influence dietary behaviours 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).
25. 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).

## 2.2 Environment and climate context, trends and implications

### 26. Landscapes and biodiversity

27. 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>[18]</sup>.

28. Cambodia has a total land area of 176,500 km<sup>2</sup>, 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.

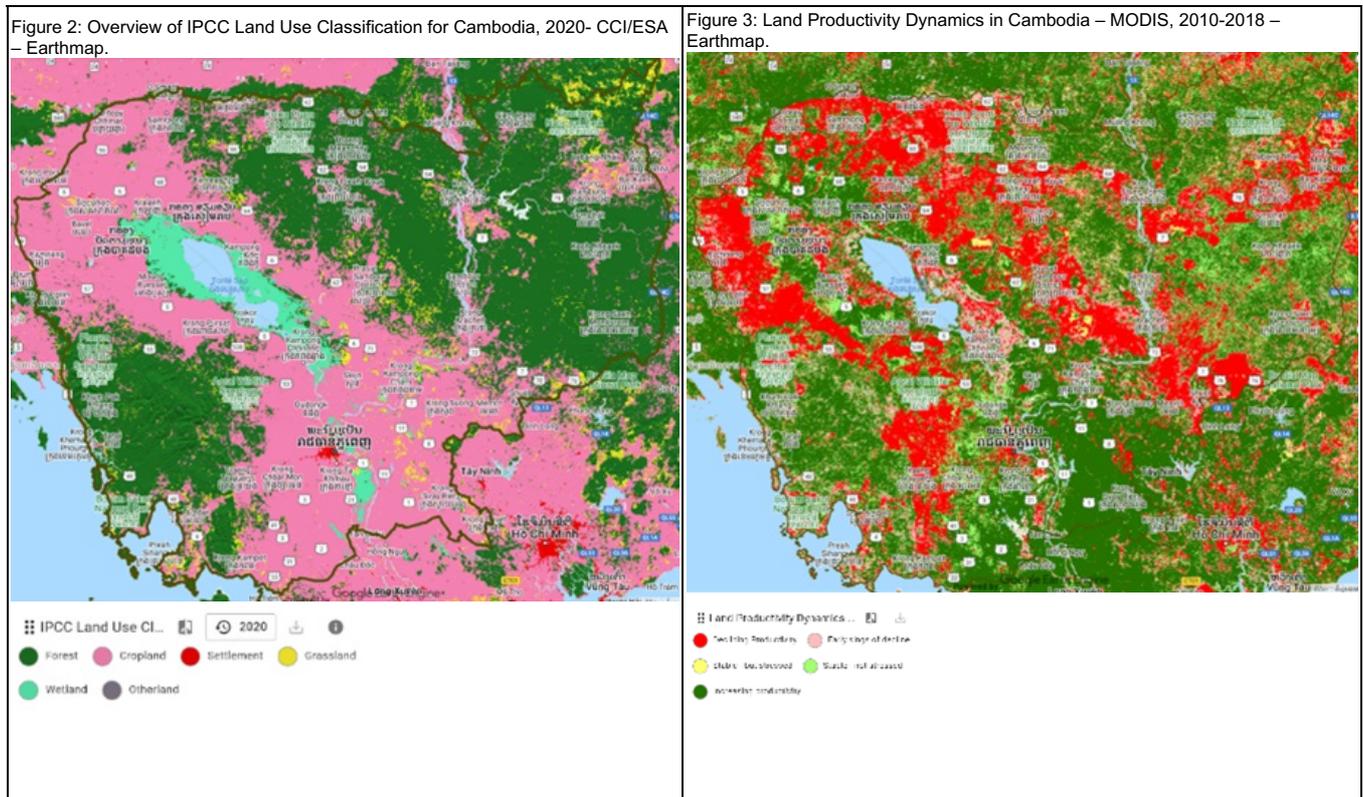
29. Current estimates of remaining natural forest cover vary considerably, but the official consensus is that about half of Cambodia's land area has some form of forest cover (MoP-NIS, Statistical Yearbook, 2021). The World Bank data show that forest cover declined from 60% in 2009 to less than 46% in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

### 30. Land use and land degradation

31. Cambodia's 31.5% of the total land area is agricultural land. The figures 1 and 2 below provide an overview of the land use map for Cambodia in 2020. Detailed maps can be accessed at [here](#).

32. 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 (SaClLo, as per USDA classification) on sloping land of higher grounds in the plateau/mountain zone, where siliceous sedimentary formations occur.

33. 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).



34. 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>[19]</sup>.
35. In the framework of the United Nations Convention to Combat Desertification (UNCCD), the government has determined Land Degradation Neutrality Targets to 2030. 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>[20]</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).

36. 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.

#### a. Environmental assessment

37. 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.
38. Potential pathways to build and maintain soil fertility are to shift from monocropping and promote more diversified crop rotations and introduce relay crops, cover crops, mix/inter crop and other form of crop association. Other options include soil conservation techniques (zero tilling or minimal soil preparation) to limit soil disturbance and promote soil microorganisms. Moreover, use of bio compost 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.
39. Another emerging issue in agricultural soil management is linked to the intensification of vegetable production under nethouses. With up 9 production cycles a year, nutrient depletion of soils under nethouse is a growing concern. Similarly, the use of hormones to produce mango three times a year is also affecting the soil health and local biodiversity.
40. Agricultural intensification and monocropping is also linked with pests and disease outbreaks affecting cassava, banana, mango, cashew nut as well as poultry production. Increased use of agrochemicals has direct adverse impact on rural households' health, and ecosystems (aquatic life, soil biodiversity, fauna and flora). The project will mitigate these risks by promoting sustainable production practices, promoting tolerant and resistant seed varieties, good agricultural practices, integrated pest management, mix/intercropping, organic agriculture and technologies that reduce pest infestation such as nethouses that protect vegetables from insect pests for instance.
41. 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.
42. 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. 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>[21]</sup> and has been consistently assessed as of good or very good for the protection of both human health and aquatic life.
43. 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.
44. 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).
45. ASPIRE-AT will not develop new irrigation schemes but will support farmers and their organisations in improving on-farm water management for vegetable production and orchards. These interventions will focus on water storage and water saving technologies including RET (solar pumps). They are expected to be small scale and geographically dispersed and will not result in significant incremental extraction of water over the baseline situation.

#### b. Climate trends and impacts

46. 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.
47. 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.
48. 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.
49. 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.
50. Cambodia's climate 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.
51. The detail analysis of climate historical trends, climate futures, trends in extreme events, climate risk and vulnerability are available in the ASPIRE AT's 'Climate Risk Analysis' report. The report has used IFAD's Climate Adaptation in Rural Development (CARD)<sup>[22]</sup> tool to assess the impact of climate change on project selected commodities.

#### c. Climate change mitigation

52. The detail climate risk analysis, ESCMP, and ESCMF (annexes) have identified major climate impacts to the project and potential impact on the climate from the

project. The documents have also detailed potential adaptation and mitigation measures. The project will follow the adaptation and mitigation measures and will include the monitoring indicators in project M&E framework.

### 2.3 Target group profiles

53. The key target group of the ASPIRE-AT are agricultural households and in particular the members of existing business clusters supported by ASPIRE and AIMS. About 50% of beneficiaries will be women, 20% will be youth and, in line with Cambodia's population, 1.5% will be Indigenous Peoples. 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.
54. 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 18 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%
Total nb of people in ag HH	<b>6,845,000</b>	<b>3,511,000</b>	<b>51%</b>

55. **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.
56. **Land tenure[23]** : 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.
57. In the Tonle Sap and Mekong Plain zones, agricultural landholdings have become increasingly fragmented and can no longer support rural households' livelihoods (figure 10 below). A recent study[24] 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 are an on-going trend, in the context of on-going transition from subsistence farming to commercial agriculture.

### 3. Institutional analysis

58. 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 SAAMBAT project), the Ministry of Industry and Commerce (MoIC, implementing the AIMS project) and the Ministry of Environment.
59. At subnational level, PDAFFs (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.
60. **Private sector entities** have an increasingly important role in mainstreaming sustainability and social inclusiveness in the agricultural sector. 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). 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.
61. **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.
62. **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. 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.
63. **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 producers organisations with support in organisational and governance aspects of Producers Organisations management, technical services for production and post-harvest and market access facilitation.

64. **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.
65. **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.
66. 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.

#### Policy and regulatory frameworks

67. The GoKC 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.
68. 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.
69. **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.
70. **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.
71. **Climate change policies:** The GoKC 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.
72. 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.
73. **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.

Table 19 Selected NDC priorities for mitigation and alignment with COSOP and projects

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

74. **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).

Table 20 Summary of NDC priorities for adaptation and alignment with COSOP and projects

NDC priorities for adaptation	Lead Ministry	IFAD Strategic objectives/Projects
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 ASPIRE AT

Development of Industry crops for increase in production, improved quality-safety; harvesting and post harvesting technique and agro-business enhancement	MAF F	SO1 /SO2 ASPIRE AT
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	MAF F	SO3 ASPIRE AT
Building climate change resilience on cassava production and processing	MAF F	SO1 / SO2 ASPIRE AT
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	MAF F	SO3
Development of new technologies and increased yields by using new crop varieties which adapt to climate change	MAF F	SO3
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	MAF F	SO1
Establish nationally standardized best-practice systems for irrigation Water resources	MOW RAM	SO2 CAISAR

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

76. NDC priorities for Gender mainstreaming:

77. 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.

78. 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

79. 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.

80. NDC priorities for Indigenous people: During the NDC implementation and particularly for mitigation measures in the FOLU, the GoKC 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

81. Impacts and priorities for adaptation and resilience:

82. 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.

83. **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

#### 4. Environmental and social category

84. The proposed environmental and social category for ASPIRE AT is moderate, based on the SECAP screening tool. ASPIRE AT will have zero forest encroachment and deforestation strategy and will not impact on any sensitive areas or result in loss of natural habitat and biodiversity. Considering the possibility to work in cultural heritage areas, a cultural heritage management plan has been developed and will be implemented to avoid any negative impacts. The Project design has directed at environmentally sound and sustainable agriculture and poultry: a) chemical inputs will be regulated, project will encourage to produce and use locally made bio inputs; farmers will be motivated to apply integrated pest management, b) renewable energy technology will be promoted as part of the value chain and support market development activities, c) intercropping will be promoted to maintain soil health and minimize the damage of disease and pest outbreak, d) crop rotation will be encouraged where applicable, e) efficient water use technologies will be promoted to reduce water stress, f) minimize waste from agriculture, poultry, processing and market centers, and as far as possible these will be recycled for manure production, and g) support good agriculture practices.

85. The Project has planned to support small-scale climate proofed infrastructure with no further harm on environment. There will be no investment from the project side on the infrastructures that demands private land acquisition or resettlement of project affected people. An Environmental, Social, and Climate Management Framework (ESCMF) has been included in the design, which contains a preliminary Environmental, Social, and Climate Management Plan (ESCMP). The ESCMF establishes procedures for the environmental and social assessment of sub-projects, and provides guidelines in the preparation of site-specific ESCMPs for these sub-projects.

86. The project has a strong focus on social inclusion with targets for the inclusion of women, youth and people from ethnic minorities. The design has included Indigenous People Plan to maximize their participation and benefit from the project and minimize potential negative impacts from the project. The project interventions will be implemented with explicit free, prior and informed consent of local communities.

## 5. Climate risk category

87. As per the SECAP screening tool, the climate risk category of the project is determined as substantial. Following are the key themes and steps followed to assess climate risks: (i) Hazard identification: As per the ThinkHazard report, the project intervention area is likely to experience river flood, urban flood, landslides, cyclones, extreme heat and wildfires. Likewise, foreseen future climate scenario predicts changes in temperature, climate variability and alterations in intensity and frequency of extreme events. (ii) Exposure Assessment: The project targets agricultural systems, ecosystems or livelihoods that are exposed to weather-related hazards. Crop production is frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases. (iii) Sensitivity: The human development score is above 5 (score of 6.3) and the Multidimensional Poverty Index is above 5 (score of 8.3); both aspects trigger a positive response in the screening tool. (iv) Adaptation capacity and climate resilience: Cambodia still lack disaster coping capacity (DDR score of 6.8 as per the INFORM) and climate and weather information services are not effectively being delivered to farmers, rural dwellers, and end users. However, the country has an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs. To some extent, the government or other institutions (including projects and CSO/NGOs) support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events. Farmers still face difficulties in access adequate financial credit and loans that are tailored to their needs.
88. An in-depth climate risk analysis indicates project targeted farmers are mostly depend on rainfall for major crops. The Project will help to update community level seasonal crop calendar following the recent precipitation trend and collaboration will be made to disseminate early climate information. ASPIRE AT will promote climate smart agriculture practices. The screening checklist provided in ESCMF will guide project to include adequate adaptation and mitigation measures while working in climate vulnerable areas.
89. The detail description of the preparedness, response and recovery, which are the three main phases of disaster risk management, are presented in the Climate Risk Report.

## 6. Recommendations for project design and implementation

90. The following points warrant further consultations with key stakeholders during the detail design stage to complete risk screening and to include adequate measures to manage these risks.
91. Targeting
92. The project has a nationwide outreach. However, as a general principle, the targeting strategy will identify and exclude areas that present risks in terms of negative impacts on the environment, including: habitats (forest, wetland, etc.) that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. National Park, Nature Conservancy, Indigenous Community Conserved Area, Indigenous collective land title (CLTs), community forestry (CF) ICCA, etc.). The project will follow the ESCMF to exclude critical areas and to avoid potential negative social and environmental impacts to subproject implementation areas.
93. The project will work with business clusters and other producers' organisations that are already supported by ASPIRE and AIMS. ASPIRE-AT will continue to involve rural communities, including IPs where relevant, at an early stage of the interventions and should seek Free Prior Informed Consent (FPIC) following the FPIC implementation plan. FPIC processes will allow IPs to determine and priorities their strategic aspiration/needs and to identify any sites of socio-economic and cultural importance for IPs (burial sites, cultural sites) and will systematically exclude these areas from project interventions.
94. IFAD Mainstreaming areas:
95. Gender mainstreaming as promoted under ASPIRE will be pursued under ASPIRE-AT to ensure that women voice with key focus on IPs women, labour conditions, and economic opportunities are promoted throughout the project interventions. The project will also address the risk of Gender based violence (including sexual exploitation and abuse) that has surged during the COVID pandemic.
96. Youth: Promotion of rural entrepreneurship for youth could be continued by supporting young lead farmers and promote agricultural production models that are attractive to young rural people (vegetable production under net-house, hydroponic technologies, RET) as well as processing units.
97. Indigenous peoples: there are additional elements to be clarified to complete risk screening. FPIC and grievance redress mechanisms are designed in coordination with IPs
98. Nutrition: food safety at production, post-harvest and processing stages and consumer awareness on food safety and certification schemes are key areas where the project has potential value addition in relation with nutrition.
99. Financial intermediaries and direct investments:
100. Investments into financial intermediaries and private sector companies are a key instrument for promoting sustainable financial markets and provide financial products and services to farming businesses and to the rural micro, small and medium-sized enterprise sector. ASPIRE-AT has identified the Agriculture and Rural Development Bank (ARDB) and the SME Bank as potential partners. The banks will conduct the screening and due diligence to assess the environmental and social policies and an associated environmental and social management system (ESMS) of these financial intermediaries.
101. Sustainable agriculture practices
102. The ASPIRE-AT will continue to promote sustainable agricultural practices across the board of the selected value chains: native chicken (biosafety measures), vegetable production under net-houses, orchards with potential for promoting agroforestry models. Inter/mix cropping will be encouraged. The use of chemical inputs will be regulated and the farmers/POs/ACs will be motivated to use bio-inputs.
103. The WOCAT database of Sustainable Land Management and adaptation options has been developed with IFAD support in Cambodia. These practices will be promoted through the extension channels in place: PDAFF, community extension workers, lead farmers, ICT, etc.
104. Available guidelines and tools will also be mobilised to provide sustainable production options to farmers and producers organisations: FAO Climate smart Agriculture source book, the IFAD Adaptation Framework Thematic Brief (Rainfed Crops + Adaptation Option database), Socio-economic benefits, nutritional outcomes and ecosystems services of Integrated Farming Systems promoted under the SUCRA component of the ASPIRE programme in collaboration with the Royal University of Agriculture and the CDE of the University of Bern, are being measured through a holistic analytical framework. This long-term transversal assessment tool will provide valuable lessons for further promoting integrated farming systems. Other assessment tools could also be considered: the IFAD Climate Adaptation in Rural Development (CARD) assessment tool, Tool for Agroecology Performance Evaluation, FAO Tool for Agroecology Performance Evaluation (TAPE), etc.
105. Climate adaptation and mitigation
106. The detail climate risk analysis, ESCMP, and ESCMF have identified major climate impacts to the project and potential impact on the climate from the project. The documents have also detailed potential adaptation and mitigation measures. The project will follow the adaptation and mitigation measures and will include the

monitoring indicators in project M&E framework.

## 7. Further studies needed

107. Following the suggestion of SECAP review note developed during the concept note phase, following reports/documents have been prepared: i) Environmental, Social, and Climate Management Framework (ESCMF); Detailed Climate Risk Analysis; Cultural Heritage Management Plan (CHMP); Indigenous People's Plan (IPP); and Free, Prior, and Informed Consent (FPIC) implementation plan. A brief ESCMP has been prepared and annexed in ESCMF. Having these, there is no further study required at the design stage.

## 8. Monitoring and evaluation

108. Monitoring of outreach at project and programme level can be built 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.

109. ASPIRE has developed innovative M&E systems and users feedback loops that directly inform the project interventions to reach the intended targets 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

110. 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 is already developed under ASPIRE and AIMS projects.
- Maps of business clusters is available on-line [here](#)

111. Map of the agricultural cooperatives nationwide is also maintained by GDA [here](#).

112. 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.

## 9. References

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- Climate Risk Profile: Cambodia (2021): The World Bank Group and Asian Development Bank. [link](#)
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- UNDP, The Next Frontier: Human Development and the Anthropocene Briefing note for countries on the 2020 Human Development Report, Cambodia, 2020
- UNICEF and WFP, COVID-19 socio-economic impact assessment, July 2021 ([link](#))

## ESCMF Matrix

113. Refer to the appendices for the following studies;

- The Environmental, Social And Climate Management Framework (ESCMF)
- Detailed Climate Risk Analysis
- Indigenous Peoples Plan (IPP)
- Free, Prior and Informed Consent Implementation Plan (FPIC)

## Footnotes

- [1] Agricultural Services Programme for Innovation, Resilience and Extension
- [2] Sustainable Assets for Agriculture Markets, Business and Trade
- [3] Accelerating Inclusive Markets for Smallholders
- [4] 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
- [5] Ministry of Planning – NIS, Cambodia Inter-Censal Agriculture Survey 2019
- [6] Ministry of Planning - Cambodia Socio-Economic Survey 2019/2020
- [7] Anne Hennings, 2021: <https://landportal.org/book/narratives/2021/cambodia>
- [8] 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.
- [9] 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.
- [10] 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.
- [11] Youth Well-being Policy Review of Cambodia, OECD 2017: <https://www.oecd.org/dev/inclusivesocietiesanddevelopment/Youth-well-being-policy-review-Cambodia.pdf>
- [12] Land law 2001 article 23 paragraph #1
- [13] The 24 IPs groups are, Tumpun, Jarai, Kreung, Prao, Kavet, Phnong, Kouy, Steang, Kraol, Mil, Kachak, Por, Khaonh, Chornng, Sui, Thmol, Lun, Sa-och, Rode, Khe, Ro-ong, Spung, Laern, and Samre IPs groups.
- [14] Rattanakiri, Mondulkiri, Kratie, Preah Vihear, Kampong Thom, Stung Treng, Oddor Meanchey, Kampong Cham, Pursat, Kampong Speu, Koh Kong, Kampong Saom, Battambang, Banteay Meanchey and Siem Reap provinces
- [15] National report on demography, socio-economic status of indigenous peoples in Cambodia.
- [16] National report on demography, socio-economic status of indigenous peoples in Cambodia.
- [17] after [World Bank data](#)
- [18] 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/>)
- [19] Land Degradation Neutrality Targets, MAFF, January 2018
- [20] Approaches include implementing Restoration Opportunities Assessment Methodology (ROAM) and Forest Landscape Restoration, as well as assisted natural regeneration
- [21] <http://interactive.mrcmekong.org/sobr-2018-findings/environmental-dimension/>
- [22] <https://www.ifad.org/en/web/knowledge/-/publication/climate-adaptation-in-rural-development-card-assessment-tool>
- [23] 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)
- [24] 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>

## Environmental and Social Safeguards Classification: Moderate

Environmental and Social Safeguards				
Biodiversity conservation	Yes/No	Likelihood	Consequence	Risk Rating
1.1 Could the project potentially involve or lead to conversion or degradation of biodiversity, habitats (including modified habitat, natural habitat and critical natural habitat) and/or ecosystems and ecosystem services?	No			Low
1.2 Could the project involve or potentially lead to activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.)?	No			Low
1.3 Could the project potentially involve or lead to an increase in the chance of human-wildlife encounters/conflict?	No			Low
1.4 Could the project potentially involve or lead to risks to endangered species (e.g. reduction, encroachment on habitat)?	No			Low
1.5 Could the project potentially involve or lead to impacts/risks to migratory wildlife?	No			Low
1.6 Could the project potentially involve or lead to introduction or utilization of any invasive alien species of flora and fauna, whether accidental or intentional?	No			Low
1.7 Could the project involve or lead to the handling or utilization of genetically modified organisms?	No			Low
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	No			Low
Resource Efficiency and Pollution Prevention	Yes/No	Likelihood	Consequence	Risk Rating
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Yes	Unlikely	Minor  Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	Low
2.2 Could the project involve or lead to primary not environmentally sustainable production of living natural resources? (Note: this includes the cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, plantation forestry, etc )	Yes	Possible	Minor  Project is partly dependent on production of living natural resources, but not enough to require serious environmental or social controls.	Moderate
2.3 Could the project involve or lead to engagement in areas of forestry, including the harvesting of natural forests, plantation development, and/or reforestation?	Yes	Highly unlikely	Negligible  The project will not involve engagement of forestry in any form	Low

Environmental and Social Safeguards				
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	No			Low
2.5 Could the project involve or lead to significant extraction, diversion or containment of surface or ground water (e.g. construction of dams, reservoirs, river basin developments, groundwater extraction)?	No			Low
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Yes	Likely	Minor The project only requires minimal amounts of fertilizer	Moderate
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Yes	Likely	Minor The project only requires minimal amounts of pesticide.	Moderate
2.8 Could the project be located in an area which is being, or has been, polluted by an external source (e.g. a mine, smelter, industry)?	No			Low
2.9 Could the project involve livestock – extensive and intensive systems and animal products (dairy, skins, meat, etc.)?	Yes	Likely	Minor The project involves livestock or fisheries, but not in extensive or intensive systems.	Moderate
<b>Cultural Heritage</b>	<b>Yes/No</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>
3.1 Could the project be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	Yes	Possible	Minor The project is thought to be close to an area that is considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage. The site has been comprehensively surveyed, and all tangible and intangible cultural heritage is well known.	Moderate

Environmental and Social Safeguards				
3.2 Could the project directly or indirectly affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?	Yes	Possible	Minor  Minor impact to indigenous population. No damage to/or loss of access to indigenous land, assets, resources, and/or cultural heritage.	Moderate
3.3 Could the project involve or lead to significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No			Low
3.4 Could the project involve or lead to adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No			Low
3.5 Could the project involve or lead to alterations to landscapes and natural features with cultural significance?	No			Low
3.6 Could the project involve or lead to utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No			Low
<b>indigenous peoples</b>	<b>Yes/No</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>
4.1 Could the project be sited in areas where indigenous peoples are present (including the project area of influence)?	Yes	Likely	Minor  The project is not sited in an area where indigenous people are present, but associated facilities may impact on indigenous people.	Moderate
4.2 Could the project result in activities located on lands and territories claimed by indigenous peoples?	No			Low
4.3 Could the project result in impacts on the rights of indigenous peoples or to the lands, territories and resources claimed by them?	No			Low
4.4 Could the project result in the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No			Low
4.5 Could the project lead to impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No			Low
<b>Labour and Working Conditions</b>	<b>Yes/No</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>
5.1 Could the project operate in sectors or value chains that are characterized by working conditions that do not meet national labour laws or international commitments? (Note: this may include discriminatory practices, high gender inequality and the lack of equal opportunities, denial of freedom of association and collective bargaining, labour migrants)	No			Low
5.2 Could the project use or operate in a value chain where there have been reports of forced labour? (Note: Risks of forced labour may be increased for projects located in remote places or where the status of migrant workers is uncertain)	No			Low

Environmental and Social Safeguards				
5.3 Could the project involve children (a) below the nationally-defined minimum employment age (usually 15 years old) or (b) above the nationally-defined minimum employment age but below the age of 18 in supported activities or in value chains?	No			Low
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Yes	Possible	Minor  The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be effective.	Moderate
<b>Community Health, Safety and Security</b>	<b>Yes/No</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>
6.1 Could the project be at risk from water-borne or other vector-borne diseases (e.g. temporary breeding habitats), and/or communicable and non-communicable diseases?	No			Low
6.2 Could the project lead to unintended negative impacts on nutrition?	No			Low
6.3 Is there a possibility of harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No			Low
6.4 Could the project involve or lead to the construction or rehabilitation of dams?	No			Low
6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	Yes	Possible	Minor  The project has only minor involvement with the transport, storage, and use and/or disposal of hazardous or dangerous materials, and regulation of hazardous materials is effective.	Moderate
6.6 Could the project lead to adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	Yes	Unlikely	Minor  The project will only have minor impacts on ecosystem services, and these can be mitigated through standard environmental management planning.	Low

Environmental and Social Safeguards				
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Yes	Possible	Minor Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.	Moderate
6.8 Could the project lead to increases in traffic or alteration in traffic flow?	Yes	Possible	Moderate Moderate changes to traffic volumes or alterations to traffic flow. Risk of injury or death is reduced by good design and implementation of safety protocols. New construction, rehabilitation or upgrade of rural roads, with Annual Average Daily Traffic (AADT) below 400	Moderate
6.9 Could the project lead to an influx of project workers?	No			Low
6.10 Could the project involve or lead to the engagement of security personnel to protect facilities and property or to support project activities?	No			Low
<b>Physical and economic resettlement</b>	<b>Yes/No</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>
7.1 Could the project result in temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No			Low
7.2 Could the project result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No			Low
7.3 Could the project present a risk of forced evictions?	No			Low
7.4 Could the project result in impacts on or changes to land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No			Low
<b>Financial intermediaries and direct investments</b>	<b>Yes/No</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	Yes	Possible	Minor The institution has an ESMS in place. Reports are not publicly available.	Moderate

Environmental and Social Safeguards				
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	Yes	Possible	Minor The institution employs an ES Officer, and employs field staff to implement the ESMS.	Moderate
8.3 Could the investment be granted to an institution that does not have an Exclusion List?	Yes	Possible	Minor The institution has an Exclusion List, but cannot verify the	Moderate
8.4 According to the institution's portfolio classification: Could the institution have potential high-risk projects in their portfolio?	No			Low
8.5 Is there evidence that the institution does not comply with the local legal framework?	No			Low
8.6 Does the institution provide a stable communication channel with stakeholders and local communities (e.g. a Grievance Redress Mechanism)?	Yes	Possible	Minor Communities and stakeholders can contact the institution and a process is in place for institutionalizing the communication channels (e.g. complaint-management system) and training staff accordingly.	Moderate
8.7 Does the organization provide auxiliary or capacity building support services.	Yes	Almost certain	Minor The institution offers basic training services to customers (directly or third party service providers to improve business and livelihood opportunities.	Moderate

## Climate Risk Classification: Substantial

<b>Step 1: Hazard identification</b>	
<b>What are the expected hazards in the project intervention area?</b>	<b>No, Yes, TBD</b>
River flood	Yes
Costal Flood	Yes
Urban Flood	Yes
Landslide	Yes
Cyclone	Yes
Water Scarcity (agricultural droughts and/or dry spells)	No
Extreme Heat	Yes
Wildfires	Yes
<b>Future climate scenarios foreseen (period 2040-2059) - Change in frequency and intensity</b>	<b>No, Yes, TBD</b>
Change in temperature (increase or decrease)	Yes
Change in rainfall (increase or decrease)	Yes
Climate variability (larger or smaller)	Yes
Intensity and frequency of extreme events (larger or smaller)	Yes
<b>Is the project expected to have an impact on climate?</b>	<b>No, Yes, TBD</b>
Is the project expected to be a significant emitter of greenhouse gases?	No
<b>Step 2: Exposure Assessment</b>	
<b>Is the project located in exposed areas to weather-related natural hazards?</b>	<b>No, Yes, TBD</b>
Low-lying areas (valleys, coastal zones, and small islands)	Yes
Very warm areas (subtropical)	Yes
Tropical areas (rainforests)	Yes
Arid and semi-arid areas (deserts)	No
Mountains zones and permafrost areas (tundra)	No
River banks	Yes
<b>Does the project target agricultural systems, ecosystems or livelihoods exposed to weather-related hazards?</b>	<b>No, Yes, TBD</b>
Is crop production frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases?	Yes
Is livestock productivity frequently affected by rainfall variability, prolonged droughts, changes in temperature or diseases?	Yes
Are fisheries frequently affected by ocean acidification, water salinity and changes in sea surface temperature due to ocean-atmospheric oscillations or climate change?	No
Is forest productivity frequently affected by wildfires, diseases, rainfall variability, prolonged droughts, or changes in temperature?	No
Is the biodiversity in the project area likely to be affected by changes in climate variables?	Yes
Is any stage of the agricultural value chain (production, storage, processing and marketing) exposed to climate related hazards?	Yes
Is any rural infrastructure likely to be affected by flooding, landslides, changes in temperatures, and extreme winds.	Yes
<b>Step 3: Sensitivity Assessment</b>	
<b>What are key sensitivities for the populations in the project's areas of intervention?</b>	<b>No, Yes, TBD</b>
Is conflict exacerbating the population's sensitivity to weather related hazards?	No
Is population displacement being exacerbated by climate change impacts?	No

Are diseases (e.g. COVID-19, malaria, cholera) increasing the population's vulnerability and affecting their capacity to address potential weather-related hazards?	No
Is the income of the target population predominately coming from agriculture?	No
Are social inequalities (e.g. based on gender, youth, indigenous persons and other marginalized groups) being exacerbated by climate change?	No
Is the Human Development Index (HDI) equal to or below 0.6?	Yes
Is the Multidimensional Poverty Index (MPI) equal to or above 0.1?	Yes
<b>Step 4: Adaptive capacity and climate resilience</b>	
<b>What are key adaptive capacities in the areas of project intervention?</b>	<b>No, Yes, TBD</b>
Is the country well ranked in the Disaster risk reduction progress score?	No
Are climate and weather information services (real-time weather data, seasonal forecasts etc.) effectively being delivered (through radio, TV, SMS, extension services etc.) to farmers, rural dwellers, and end users?	No
Does the project country have an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs?	Yes
Does the government or other institutions support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events?	Yes
Is the target community carrying out (using their own means) agricultural adaptation?	Yes
Does the target population have the economic means or support to adjust or adapt their activities in response to weather related shocks?	No
Do policies/mechanisms exist that make financial credit, loans, and agricultural insurance available?	No
Are rural infrastructures effectively delivering services to farmers and rural dwellers?	No

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex 6: First Annual Work Plan and Budget (AWPB)**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



**Annex 6: First Annual Work Plan and Budget (AWPB)**

Cambodia

Agriculture Services Programme for an Inclusive R

**Disbursement Accounts by Financiers****(US\$ '000)**

	The Government	IFAD PBAS	IFAD BRAM	EIB	GAP	SSTC Grant	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
A. Works	4,084	-	-	32,576	-	-	36,659
<b>B. Training, Capacity Building and Worksho</b>							-
1. Training and capacity building	3,752	11,638	-	633	3,501	-	19,524
2. Workshops	261	-	-	-	-	-	261
<b>Subtotal</b>	4,014	11,638	-	633	3,501	-	19,785
<b>C. Equipment, Material and Vehicle</b>							-
1. Vehicles	19	159	-	20	-	-	198
2. Equipment & Material	2,716	-	-	6,888	-	-	9,604
<b>Subtotal</b>	2,735	159	-	6,908	-	-	9,802
<b>D. Goods, Services, Inputs and Consultancies</b>							-
1. Goods, Services and Inputs	1,607	3,353	-	1,515	-	-	6,475
2. TA: Consultancies (Int.)	444	3,096	-	900	-	300	4,740
3. TA: Consultancies (Nat.)	958	5,113	1,237	2,275	-	-	9,583
<b>Subtotal</b>	3,009	11,562	1,237	4,690	-	300	20,798
<b>E. Credit and Guarantee Funds</b>							-
1. Credit	-	10,498	12,763	-	7,682	-	30,943
2. Grants	-	-	-	15,752	8,820	-	24,572
<b>Subtotal</b>	-	10,498	12,763	15,752	16,502	-	55,515
<b>F. Operating costs</b>							-
1. Salaries & allowance	3,428	-	-	-	-	-	3,428
2. Operating costs	1,883	-	-	-	-	-	1,883
<b>Subtotal</b>	5,311	-	-	-	-	-	5,311
<b>Total PROJECT COSTS</b>	19,152	33,857	14,000	60,559	20,003	300	147,871

Disbursement by Resource of Fund By Category	AWPB 2023	RGC	IFAD PBAS	IFAD BRAM	EIB	SSTC GRANT	GAP	SME Contribution	Partner Financial Institution	Beneficiary Contribution
Cat.I-Works	-	-	-	-	-	-	-	-	-	-
Cat.II- Training, Capacity Building and Workshop	1,305,000.00	157,500.00	771,400.00	-	-	-	376,100.00	-	-	-
Cat.III-Equipment, Material and Vehicle	650,500.00	555,758.50	94,741.50	-	-	-	-	-	-	-
Cat.IV-Goods, Services, Inputs and Consultancies	1,862,040.00	334,293.00	1,257,570.00	104,265.00	15,912.00	150,000.00	-	-	-	-
Cat.V. Credit and Guarantee Funds	4,652,924.00	-	2,513,940.00	-	945,120.00	-	904,900.00	100,000.00	-	188,964.00
Cat.VI. Operating costs	659,680.00	659,680.00	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>9,130,144.00</b>	<b>1,707,231.50</b>	<b>4,637,651.50</b>	<b>104,265.00</b>	<b>961,032.00</b>	<b>150,000.00</b>	<b>1,281,000.00</b>	<b>100,000.00</b>	<b>-</b>	<b>188,964.00</b>

Disbursement by Resource of Fund By Category	RGC					IFAD PBAS				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Cat.I-Works	-	-	-	-	-	-	-	-	-	-
Cat.II- Training, Capacity Building and Workshop	39,375.00	39,375.00	39,375.00	39,375.00	157,500.00	192,850.00	192,850.00	192,850.00	192,850.00	771,400.00
Cat.III-Equipment, Material and Vehicle	132,939.63	156,939.63	132,939.63	132,939.63	555,758.50	23,685.38	23,685.38	23,685.38	23,685.38	94,741.50
Cat.IV-Goods, Services, Inputs and Consultancies	90,587.67	89,564.17	84,564.17	69,577.00	334,293.00	338,130.00	338,130.00	293,130.00	288,180.00	1,257,570.00
Cat.V. Credit and Guarantee Funds	-	-	-	-	-	1,100,895.00	1,100,895.00	156,075.00	156,075.00	2,513,940.00
Cat.VI. Operating costs	164,920.00	164,920.00	164,920.00	164,920.00	659,680.00	-	-	-	-	-
<b>TOTAL</b>	<b>427,822.29</b>	<b>450,798.79</b>	<b>421,798.79</b>	<b>406,811.63</b>	<b>1,707,231.50</b>	<b>1,655,560.38</b>	<b>1,655,560.38</b>	<b>665,740.38</b>	<b>660,790.38</b>	<b>4,637,651.50</b>

Disbursement by Resource of Fund By Category	IFAD BRAM					EIB				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Cat.I-Works	-	-	-	-	-	-	-	-	-	-
Cat.II- Training, Capacity Building and Workshop	-	-	-	-	-	-	-	-	-	-
Cat.III-Equipment, Material and Vehicle	-	-	-	-	-	-	-	-	-	-
Cat.IV-Goods, Services, Inputs and Consultancies	40,896.00	31,684.50	31,684.50	-	104,265.00	3,978.00	3,978.00	3,978.00	3,978.00	15,912.00
Cat.V. Credit and Guarantee Funds	-	-	-	-	-	374,260.00	315,040.00	255,820.00	-	945,120.00
Cat.VI. Operating costs	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>40,896.00</b>	<b>31,684.50</b>	<b>31,684.50</b>	<b>-</b>	<b>104,265.00</b>	<b>378,238.00</b>	<b>319,018.00</b>	<b>259,798.00</b>	<b>3,978.00</b>	<b>961,032.00</b>

Disbursement by Resource of Fund By Category	SSTC GRAN					GAP				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Cat.I-Works	-	-	-	-	-	-	-	-	-	0
Cat.II- Training, Capacity Building and Workshop	-	-	-	-	-	94,025.00	94,025.00	94,025.00	94,025.00	376,100.00
Cat.III-Equipment, Material and Vehicle	-	-	-	-	-	-	-	-	-	-
Cat.IV-Goods, Services, Inputs and Consultancies	54,166.67	54,166.67	29,166.67	12,500.00	150,000.00	-	-	-	-	-
Cat.V. Credit and Guarantee Funds	-	-	-	-	-	358,525.00	358,525.00	93,925.00	93,925.00	904,900.00
Cat.VI. Operating costs	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>54,166.67</b>	<b>54,166.67</b>	<b>29,166.67</b>	<b>12,500.00</b>	<b>150,000.00</b>	<b>452,550.00</b>	<b>452,550.00</b>	<b>187,950.00</b>	<b>187,950.00</b>	<b>1,281,000.00</b>

ASPIRE AT  
Annex 6: First year AWPB

Cambodia													
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)													
Table 1. Productive and Resilient Assets for Producer Organisations													
Detailed Costs													
	Unit	Quantities					Total	Unit Cost (US\$)	Base Cost (US\$)				
		2023	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	Total
<b>I. Investment Costs</b>													
<b>A. Investment in productive and resilient assets of POs and smallholders</b>													
1. Loan Financing to Smallholders /a	% of loan	0.18	0.09	0.09			0.18	3,948,000	355,320.00	355,320.00	-	-	710,640.00
2. Loan Financing to Smallholders Contribution from ARDB	% of loan	-	-	-	-	-	-	3,948,000	-	-	-	-	-
3. Loan Financing to Smallholders contributed by beneficiary	% of loan	0.18	0.05	0.05	0.05	0.05	0.18	394,800	17,766.00	17,766.00	17,766.00	17,766.00	71,064.00
4. Grant Financing to Smallholders /b	% of grant	0.06	0.030	0.020	0.010		0.06	5,922,000	177,660.00	118,440.00	59,220.00	-	355,320.00
5. Grant Financing to Smallholders gap	% of grant	0.06	0.03	0.03			0.06	8,820,000	264,600.00	264,600.00	-	-	529,200.00
6. Incremental cost of screening against project criteria: Loans and Grants to SH	% fees	0.005	0.0013	0.0013	0.0013	0.0013	0.01	3,948,000	4,935.00	4,935.00	4,935.00	4,935.00	19,740.00
7. Loan Financing to Producer Organisations	% of loan	0.18	0.09	0.09			0.18	6,550,000	589,500.00	589,500.00	-	-	1,179,000.00
8. Loan Financing to Producer Organisations contribution from ARDB	% of loan	-	-	-	-	-	-	6,550,000	-	-	-	-	-
9. Loan Financing to Producer Organisations contribution from the POs	% of loan	0.18	0.05	0.05	0.05	0.05	0.18	655,000	29,475.00	29,475.00	29,475.00	29,475.00	117,900.00
10. Grant Financing to Producer Organisations /c	% of grant	0.06	0.020	0.020	0.020		0.06	9,830,000	196,600.00	196,600.00	196,600.00	-	589,800.00
11. Incremental cost of screening against project criteria: Loans and Grants to PO	% of fees	0.005	0.002	0.002	0.002		0.005	6,550,000	10,916.67	10,916.67	10,916.67	-	32,750.00
12. Value Chain Financing Specialist /d	Person-Months	6	1.50	1.50	1.50	1.50	6.00	3,000	4,500.00	4,500.00	4,500.00	4,500.00	18,000.00
<b>Subtotal</b>							-	-	1,651,272.67	1,592,052.67	323,412.67	56,676.00	3,623,414.00
<b>B. Enabling market infrastructure for Producer Organisations</b>													
1. Infrastructure Grant Finance for new Producer Organisations /e	PO	-					-	64,470	-	-	-	-	-
2. Engineering services for feasibility study, design and construction supervision	PO	-					-	6,200	-	-	-	-	-
<b>Subtotal</b>							-	-	-	-	-	-	-
<b>Total</b>									1,651,272.67	1,592,052.67	323,412.67	56,676.00	3,623,414.00

/a The amount of the loan provided by the project is gradually reducing and ending at the 6th year, but the reflows of loan repayments will be used to finance loans in the later part of the project.  
/b Farmers are eligible for blended loan and grant finance with minimum 25% grant element. Farmers meeting specific project priority criteria may qualify for additional grant up to maximum 35% of the investment amount.  
/c The maximum grant element for PO will be determined by the number of smallholder farmer members of the graduated PO who are expected to benefit from the investment  
/d One full-time adviser to assist ARDB to analyse investments and move towards value chain financing  
/e Community infrastructure for PO that have not benefitted from grant assistance previously. Funding for infra related to production, handling, processing or marketing of commodities in the targeted VC which include buildings, or fixed items

ASPIRE AT

Annex 6: First year AWPB

Cambodia													
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-Table 2.1. Strengthening private investment for agricultural market and trade development)													
Detailed Costs													
	Unit	Quantities						Unit Cost (US\$)	Base Cost (US\$)				
		2023	Q1	Q2	Q3	Q4	Total		Q1	Q2	Q3	Q4	Total
<b>I. Investment Costs</b>													
<b>A. Strengthening private investment for agricultural market and trade development (Sub-Comp 2.1)</b>													
<b>1. Investment-oriented technical support to agri-businesses /a</b>													
VC mobilization and brokering (in-country)	Lump Sum	-					-	50,000	-	-	-	-	-
Export market research, exposure and trade promotion	Events	-					-	50,000	-	-	-	-	-
Specialist investment advice to businesses	Events	-					-	20,000	-	-	-	-	-
Links with international centres of expertise /b	Lump Sum	1	0.25	0.25	0.25	0.25	1	50,000	12,500.00	12,500.00	12,500.00	12,500.00	50,000.00
Technical assistant to promote export to China	Lump Sum	0.5	0.25	0.25			1	100,000	25,000.00	25,000.00	-	-	50,000.00
<b>Subtotal</b>									<b>37,500.00</b>	<b>37,500.00</b>	<b>12,500.00</b>	<b>12,500.00</b>	<b>100,000.00</b>
<b>2. Agri-business investment team</b>													
International Agribusiness Investment Specialist /c	Person-Months	8	2.00	2.00	2.00	2.00	8	25,000	50,000.00	50,000.00	50,000.00	50,000.00	200,000.00
Snr National Agribusiness Investment Specialist	Person-Months	12	4.00	4.00	4.00		12	2,500	10,000.00	10,000.00	10,000.00	-	30,000.00
National Agribusiness Specialists	Person-Months	24	6.00	6.00	6.00	6.00	24	1,500	9,000.00	9,000.00	9,000.00	9,000.00	36,000.00
<b>Subtotal</b>									<b>69,000.00</b>	<b>69,000.00</b>	<b>69,000.00</b>	<b>59,000.00</b>	<b>266,000.00</b>
<b>3. Agribusiness investment financing</b>													
Line of credit /d	Lump Sum	1	0.25	0.25	0.25	0.25	1	1,000,000	250,000.00	250,000.00	250,000.00	250,000.00	1,000,000.00
Line of credit contribution from SME Bank	Lump Sum	-	-	-	-	-	-	1,000,000	-	-	-	-	-
Line of credit contribution from SME	Lump Sum	1	0.33	0.33	0.33		1	100,000	33,333.33	33,333.33	33,333.33	-	100,000.00
Specialist TA to PFIs for VC financing	Lump Sum	1	0.4000	0.3000	0.3000		1.0000	102,350	40,940.00	30,705.00	30,705.00	-	102,350.00
<b>Subtotal</b>									<b>324,273.33</b>	<b>314,038.33</b>	<b>314,038.33</b>	<b>250,000.00</b>	<b>1,202,350.00</b>
<b>4. Vehicles and equipment</b>													
Laptops	Each	4		4			4	1,000	-	4,000.00	-	-	4,000.00
Office equipment	Lump Sum	2		2			2	10,000	-	20,000.00	-	-	20,000.00
<b>Subtotal</b>									<b>-</b>	<b>24,000.00</b>	<b>-</b>	<b>-</b>	<b>24,000.00</b>
<b>Total Investment Costs</b>									<b>430,773.33</b>	<b>444,538.33</b>	<b>395,538.33</b>	<b>321,500.00</b>	<b>1,592,350.00</b>
<b>II. Recurrent Costs</b>													
A. DSA for in-country travel /e	Days	240	60.00	60.00	60.00	60.00	240	35	2,100.00	2,100.00	2,100.00	2,100.00	8,400.00
B. Other operating costs	Lump Sum	1	0.25	0.25	0.25	0.25	1	25,000	6,250.00	6,250.00	6,250.00	6,250.00	25,000.00
<b>Total Recurrent Costs</b>									<b>8,350.00</b>	<b>8,350.00</b>	<b>8,350.00</b>	<b>8,350.00</b>	<b>33,400.00</b>
<b>Total</b>									<b>439,123.33</b>	<b>452,888.33</b>	<b>403,888.33</b>	<b>329,850.00</b>	<b>1,625,750.00</b>
/a The project is expected to work with about 40 growth-oriented agri-businesses and will be provided on a cost sharing basis with the participating agri-businesses.													
/b Service provider will facilitate the activity													
/c Short term intermittent position, 8 month per year, 2 international travels per year.													
/d The line of credit will complement SME Bank's existing SME loan co-financing.													
/e 5 days per specialist per month in field													

ASPIRE AT

Annex 6: First year AWPB

Cambodia													
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural													
Table 2.2. Strengthening the enabling environment for competitive agricultural													
Detailed Costs													
	Unit	Quantities					Total	Unit Cost (US\$)	Base Cost (US\$)				Total
		2023							Q1	Q2	Q3	Q4	
<b>I. Investment Costs</b>													
<b>A. Strengthening the enabling environment for competitive agricultural value chains and trade (Sub-Comp 2.2)</b>													
<b>1. Post Harvest Plant Quarantine Research Centre /a</b>													
Building construction	Sites	-	-	-	-	-	-	1,370,000	-	-	-	-	-
Post-harvest scientific equipment and tools	Set	-	-	-	-	-	-	1,850,000	-	-	-	-	-
Laboratory chemicals and consumables	Set	-	-	-	-	-	-	50,000	-	-	-	-	-
Office equipment	Lump Sum	-	-	-	-	-	-	100,000	-	-	-	-	-
Training of staff for operation equipment & centre management	Lump Sum	-	-	-	-	-	-	100,000	-	-	-	-	-
<b>Subtotal</b>									-	-	-	-	-
<b>2. Regional Plant Quarantine Offices</b>													
Building construction	Sites	-	-	-	-	-	-	540,000	-	-	-	-	-
Scientific and inspection equipment and tools	Set	-	-	-	-	-	-	210,000	-	-	-	-	-
Laboratory chemicals and consumables	Sites	-	-	-	-	-	-	20,000	-	-	-	-	-
Office equipment	Sites	-	-	-	-	-	-	50,000	-	-	-	-	-
Vehicle - pick-up	Unit	-	-	-	-	-	-	30,000	-	-	-	-	-
Motorcycles	Unit	-	-	-	-	-	-	2,000	-	-	-	-	-
E-Phyto system development for digital certificates	System	-	-	-	-	-	-	1,500,000	-	-	-	-	-
Training of staff for operation equipment & centre management	Lump Sum	-	-	-	-	-	-	100,000	-	-	-	-	-
<b>Subtotal</b>									-	-	-	-	-
<b>3. Plant Health Reference Lab and Facilities</b>													
Building construction	Sites	-	-	-	-	-	-	2,550,000	-	-	-	-	-
Post-harvest scientific equipment and tools	Set	-	-	-	-	-	-	1,400,000	-	-	-	-	-
Laboratory chemicals and consumables	Set	-	-	-	-	-	-	100,000	-	-	-	-	-
Office equipment	Lump Sum	-	-	-	-	-	-	100,000	-	-	-	-	-
Training of staff for operating equipment & lab management	Lump Sum	-	-	-	-	-	-	100,000	-	-	-	-	-
<b>Subtotal</b>									-	-	-	-	-
<b>4. Plant Health Research Stations</b>													
Infrastructure for stations	Sites	-	-	-	-	-	-	850,000	-	-	-	-	-
Tools and equipment	Set	-	-	-	-	-	-	100,000	-	-	-	-	-
Office equipment	Set	-	-	-	-	-	-	50,000	-	-	-	-	-
<b>Subtotal</b>									-	-	-	-	-
<b>5. Technical consultant service to design and supervise of the construct</b>													
<b>6. Improved Negotiation of Export Protocols</b>													
Protocol negotiation preparation, completion and logistics /b	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	123,400	30,850.00	30,850.00	30,850.00	30,850.00	123,400.00
International TA for improvement protocol negotiations	Person-Months	4	2.00	2.00			4.00	25,000	50,000.00	50,000.00	-	-	100,000.00
Technical Assistance to support protocol negotiation with China /c	Lump Sum	0.5	0.13	0.13	0.13	0.13	0.50	100,000	12,500.00	12,500.00	12,500.00	12,500.00	50,000.00
<b>Subtotal</b>									93,350.00	93,350.00	43,350.00	43,350.00	273,400.00
<b>7. Strengthening of plant health &amp; SPS policies and regulation for agricultural exports</b>													
Review and strengthening of policies and regulations, vs international best practice	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	100,000	25,000.00	25,000.00	25,000.00	25,000.00	100,000.00
<b>Total Investment Costs</b>									118,350.00	118,350.00	68,350.00	68,350.00	373,400.00
<b>II. Recurrent Costs</b>													
<b>A. Staff</b>													
1. Sub-Component Coordinator	Person-Months	12	3.00	3.00	3.00	3.00	12.00	300	900.00	900.00	900.00	900.00	3,600.00
2. Deputy Coordinator	Person-Months	24	6.00	6.00	6.00	6.00	24.00	250	1,500.00	1,500.00	1,500.00	1,500.00	6,000.00
3. Admin and Accountant Officers	Person-Months	24	6.00	6.00	6.00	6.00	24.00	200	1,200.00	1,200.00	1,200.00	1,200.00	4,800.00
4. Project Implementation Officers	Person-Months	180	45.00	45.00	45.00	45.00	180.00	200	9,000.00	9,000.00	9,000.00	9,000.00	36,000.00
<b>Subtotal</b>									12,600.00	12,600.00	12,600.00	12,600.00	50,400.00
<b>B. Operating costs</b>													
1. Per diem for project officer implementation	Lump Sum	1,320	330.00	330.00	330.00	330.00	1,320.00	34	11,220.00	11,220.00	11,220.00	11,220.00	44,880.00
2. Transportation, fuel	month	12	3.00	3.00	3.00	3.00	12.00	5,000	15,000.00	15,000.00	15,000.00	15,000.00	60,000.00
3. Office Operating Expenses	month	12	3.00	3.00	3.00	3.00	12.00	3,000	9,000.00	9,000.00	9,000.00	9,000.00	36,000.00
4. Other driver allowance (2)	month	24	6.00	6.00	6.00	6.00	24.00	250	1,500.00	1,500.00	1,500.00	1,500.00	6,000.00
5. O&M Vehicles & Equipment	month	12	3.00	3.00	3.00	3.00	12.00	350	1,050.00	1,050.00	1,050.00	1,050.00	4,200.00
6. Laboratory expenses + cleaner (6 person)	month	72	18.00	18.00	18.00	18.00	72.00	250	4,500.00	4,500.00	4,500.00	4,500.00	18,000.00
<b>Subtotal</b>									42,270.00	42,270.00	42,270.00	42,270.00	169,080.00
<b>Total Recurrent Costs</b>									54,870.00	54,870.00	54,870.00	54,870.00	219,480.00
<b>Total</b>									173,220.00	173,220.00	123,220.00	123,220.00	592,880.00

/a This is to support producers and exporters in the priority VC to maintain competitiveness while complying with SPS/market access requirements.

/b Service provider will facilitate

/c Negotiation of competitive export protocols with China and provide input on design and operation of the planned Post-Harvest Reference Centre (x1) and other priority public services and infrastructure to support export protocol negotiation.

Cambodia													
Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Tr													
Table 3. Aggregating Farmers and Integrating them in Value Chains													
Detailed Costs													
	Unit	Quantities						Unit Cost (US\$)	Base Cost (US\$)				
		2023	Q1	Q2	Q3	Q4	Total		Q1	Q2	Q3	Q4	Total
<b>I. Investment Costs</b>													
<b>A. Structure and Capacity of Producer Organisations</b>													
<b>1. Capacity building of Newly Registered Producer by Service Provider</b>													
Establishment of PO management functions	PO	50	12.50	12.50	12.50	12.50	50.00	7,500	93,750.00	93,750.00	93,750.00	93,750.00	375,000.00
Business planning and marketing arrangements	PO	50	12.50	12.50	12.50	12.50	50.00	5,000	62,500.00	62,500.00	62,500.00	62,500.00	250,000.00
Investment planning for comp. 1 support	PO	50	12.50	12.50	12.50	12.50	50.00	5,000	62,500.00	62,500.00	62,500.00	62,500.00	250,000.00
Support to implementation of investments	PO	-	-	-	-	-	-	7,500	-	-	-	-	-
Follow-up Coaching	PO	-	-	-	-	-	-	2,500	-	-	-	-	-
Marketing activity to promote PO and its VC	Lump Sum	-	-	-	-	-	-	2,000,000	-	-	-	-	-
<b>Subtotal</b>									<b>218,750.00</b>	<b>218,750.00</b>	<b>218,750.00</b>	<b>218,750.00</b>	<b>875,000.00</b>
<b>2. Support to Existing PO</b>													
Capacity Building and Investment Planning	PO	50	12.50	12.50	12.50	12.50	50.00	7,500	93,750.00	93,750.00	93,750.00	93,750.00	375,000.00
Support to Investment Implementation and Follow-Up	PO	-	-	-	-	-	-	7,500	-	-	-	-	-
Support AC of AC- MIS accounting system.	Lump Sum	-	-	-	-	-	-	200,000	-	-	-	-	-
<b>Subtotal</b>									<b>93,750.00</b>	<b>93,750.00</b>	<b>93,750.00</b>	<b>93,750.00</b>	<b>375,000.00</b>
<b>3. PO's registration and follow-up (PDAFF)</b>													
Cost of AC Registration PDAFF	PO	50	12.50	12.50	12.50	12.50	50.00	2,000	25,000.00	25,000.00	25,000.00	25,000.00	100,000.00
Follow-up support from GDA	PO	50	12.50	12.50	12.50	12.50	50.00	500	6,250.00	6,250.00	6,250.00	6,250.00	25,000.00
<b>Subtotal</b>									<b>31,250.00</b>	<b>31,250.00</b>	<b>31,250.00</b>	<b>31,250.00</b>	<b>125,000.00</b>
<b>4. Technical Assistance</b>													
Agronomy and post-harvest technical specialist	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,500	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
Producer Organisation Specialist	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,500	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
Short-term technical expertise	Person-Months	6	1.50	1.50	1.50	1.50	6.00	5,000	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
<b>Subtotal</b>									<b>22,500.00</b>	<b>22,500.00</b>	<b>22,500.00</b>	<b>22,500.00</b>	<b>90,000.00</b>
<b>Subtotal</b>									<b>366,250.00</b>	<b>366,250.00</b>	<b>366,250.00</b>	<b>366,250.00</b>	<b>1,465,000.00</b>
<b>B. Technical Advice and Centres of Excellence /a</b>													
1. Centre of Excellence under GDA	Facility	1	0.25	0.25	0.25	0.25	1.00	500,000	125,000.00	125,000.00	125,000.00	125,000.00	500,000.00
2. CoE (UAC) - capital investment	Facility	-	-	-	-	-	-	100,000	-	-	-	-	-
3. CoE (UAC) - operation start up and private companies	Facility	-	-	-	-	-	-	24,000	-	-	-	-	-
4. F2F extension led by Lead Farmers	PO	-	-	-	-	-	-	2,000	-	-	-	-	-
5. Producer Organisation Facilitator Staff	Person-Months	50	12.50	12.50	12.50	12.50	50.00	100	1,250.00	1,250.00	1,250.00	1,250.00	5,000.00
6. Technical coordination and oversight /b	Province	5	1.25	1.25	1.25	1.25	5.00	20,000	25,000.00	25,000.00	25,000.00	25,000.00	100,000.00
<b>Subtotal</b>									<b>151,250.00</b>	<b>151,250.00</b>	<b>151,250.00</b>	<b>151,250.00</b>	<b>605,000.00</b>
<b>Total</b>									<b>517,500.00</b>	<b>517,500.00</b>	<b>517,500.00</b>	<b>517,500.00</b>	<b>2,070,000.00</b>
/a The support is for upgrading one existing public research station in a Center of Excellence for development and dissemination of improved agriculture techniques													
/b Considered as a service provision													

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Annex 6: First year AWPB

Table 4. Management, monitoring and evaluation													
Detailed Costs													
	Unit	Quantities					Total	Unit Cost (US\$)	Base Cost (US\$)				
		2023	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	Total
<b>I. Investment Costs</b>													
<b>A. Project Operations</b>													
<b>1. Training, meetings and workshops</b>													
Start up workshop and other project management workshop and exchange visit	Lump Sum	4	1.00	1.00	1.00	1.00	4.00	5,000	5,000.00	5,000.00	5,000.00	5,000.00	20,000.00
Joint Programme Review with IFAD Review Mission and COSOP activity	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	10,000	2,500.00	2,500.00	2,500.00	2,500.00	10,000.00
<b>Subtotal</b>									<b>7,500.00</b>	<b>7,500.00</b>	<b>7,500.00</b>	<b>7,500.00</b>	<b>30,000.00</b>
<b>2. Studies and Surveys /a</b>													
Adjustment of MIS ASPIRE and follow up support	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	30,000	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
Impact assessment (base line, ending and Impact)- Firm	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	70,000	17,500.00	17,500.00	17,500.00	17,500.00	70,000.00
Audit	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	20,000	5,000.00	5,000.00	5,000.00	5,000.00	20,000.00
<b>Subtotal</b>									<b>30,000.00</b>	<b>30,000.00</b>	<b>30,000.00</b>	<b>30,000.00</b>	<b>120,000.00</b>
<b>Subtotal</b>									<b>37,500.00</b>	<b>37,500.00</b>	<b>37,500.00</b>	<b>37,500.00</b>	<b>150,000.00</b>
<b>B. Vehicles and equipment</b>													
Cars, 4w-Drive, station wagon (3 for ASPIRE SEC)	Each	3	0.75	0.75	0.75	0.75	3.00	35,000	26,250.00	26,250.00	26,250.00	26,250.00	105,000.00
Computers (laptop or desktops with UPS and printer)	Each	15	3.75	3.75	3.75	3.75	15.00	1,100	4,125.00	4,125.00	4,125.00	4,125.00	16,500.00
Office furniture (desk, tables, chairs, shelves, safe)	Each	1	0.25	0.25	0.25	0.25	1.00	5,000	1,250.00	1,250.00	1,250.00	1,250.00	5,000.00
<b>Subtotal</b>									<b>31,625.00</b>	<b>31,625.00</b>	<b>31,625.00</b>	<b>31,625.00</b>	<b>126,500.00</b>
<b>C. Technical Assistance</b>													
1. International Team Leader	Person-Months	12	3.00	3.00	3.00	3.00	12.00	9,900	29,700.00	29,700.00	29,700.00	29,700.00	118,800.00
2. Deputy Team Leader	Person-Months	12	3.00	3.00	3.00	3.00	12.00	3,200	9,600.00	9,600.00	9,600.00	9,600.00	38,400.00
3. Gender and Social Inclusion Adviser	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,500	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
4. Social, Environment and Climate Change Specialist	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,500	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
5. Senior M&E and Planning Specialist- Team leader	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,700	8,100.00	8,100.00	8,100.00	8,100.00	32,400.00
6. ICT Specialist	Person-Months	12	3.00	3.00	3.00	3.00	12.00	1,800	5,400.00	5,400.00	5,400.00	5,400.00	21,600.00
7. Finance and Accountant Specialist- as team leader	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,500	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
8. Procurement Specialist- a Team leader	Person-Months	12	3.00	3.00	3.00	3.00	12.00	2,500	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
9. Provincial Management Adviser /b	Person-Months	96	24.00	24.00	24.00	24.00	96.00	1,600	38,400.00	38,400.00	38,400.00	38,400.00	153,600.00
10. Technical Assistant for the management of the SSTC grant	Lump Sum	0.5	0.17	0.17	0.17	0.50	0.50	100,000	16,666.67	16,666.67	16,666.67	-	50,000.00
<b>Subtotal</b>									<b>137,866.67</b>	<b>137,866.67</b>	<b>137,866.67</b>	<b>121,200.00</b>	<b>534,800.00</b>
<b>Total Investment Costs</b>									<b>206,991.67</b>	<b>206,991.67</b>	<b>206,991.67</b>	<b>190,325.00</b>	<b>811,300.00</b>
<b>II. Recurrent Costs</b>													
<b>A. Project staff - Recruitment</b>													
1. M&E and Planning Staff /c	Person-Months	12	3.00	3.00	3.00	3.00	12.00	1,000	3,000.00	3,000.00	3,000.00	3,000.00	12,000.00
2. KM & Communication Specialist (2 staff) /d	Person-Months	24	6.00	6.00	6.00	6.00	24.00	1,800	10,800.00	10,800.00	10,800.00	10,800.00	43,200.00
3. Finance and Accountant Staff (3 staff) /e	Person-Months	36	9.00	9.00	9.00	9.00	36.00	1,500	13,500.00	13,500.00	13,500.00	13,500.00	54,000.00
4. Cashier (2) /f	Person-Months	24	6.00	6.00	6.00	6.00	24.00	700	4,200.00	4,200.00	4,200.00	4,200.00	16,800.00
5. Procurement Staff (2 staff) /g	Person-Months	24	6.00	6.00	6.00	6.00	24.00	900	5,400.00	5,400.00	5,400.00	5,400.00	21,600.00
6. Administration Staff /h	Person-Months	24	6.00	6.00	6.00	6.00	24.00	800	4,800.00	4,800.00	4,800.00	4,800.00	19,200.00
7. Support staff (1 cleaner)	Person-Months	12	3.00	3.00	3.00	3.00	12.00	300	900.00	900.00	900.00	900.00	3,600.00
8. Driver (6 new cars and 3 existing car)	Person-Months	108	27.00	27.00	27.00	27.00	108.00	300	8,100.00	8,100.00	8,100.00	8,100.00	32,400.00
<b>Subtotal</b>									<b>50,700.00</b>	<b>50,700.00</b>	<b>50,700.00</b>	<b>50,700.00</b>	<b>202,800.00</b>
<b>B. Project staff - POC</b>													
1. Programme Director	Person-Months	12	3.00	3.00	3.00	3.00	12.00	350	1,050.00	1,050.00	1,050.00	1,050.00	4,200.00
2. Programme Manager	Person-Months	12	3.00	3.00	3.00	3.00	12.00	350	1,050.00	1,050.00	1,050.00	1,050.00	4,200.00
3. MEF Team /i	Person-Months	48	12.00	12.00	12.00	12.00	48.00	250	3,000.00	3,000.00	3,000.00	3,000.00	12,000.00
4. MIS Officer /j	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
5. Gender Promotion Officer /k	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
6. Safeguard Officer /l	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
7. M&E and Planning Officer /m	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
8. Financial and Accounting Officer /n	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
9. KM & Communication Officer /o	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
10. Procurement Officer /p	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
11. Administration Officer /q	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
12. Administration Officer /r	Person-Months	12	3.00	3.00	3.00	3.00	12.00	250	750.00	750.00	750.00	750.00	3,000.00
13. Director at PDAFF: General management /s	Person-Months	96	24.00	24.00	24.00	24.00	96.00	150	3,600.00	3,600.00	3,600.00	3,600.00	14,400.00
14. M&E and Planning Officer at PDAFF /t	Person-Months	96	24.00	24.00	24.00	24.00	96.00	150	3,600.00	3,600.00	3,600.00	3,600.00	14,400.00
15. Agricultural Cooperative Officer at PDAFF /u	Person-Months	96	24.00	24.00	24.00	24.00	96.00	150	3,600.00	3,600.00	3,600.00	3,600.00	14,400.00
<b>Subtotal</b>									<b>22,650.00</b>	<b>22,650.00</b>	<b>22,650.00</b>	<b>22,650.00</b>	<b>90,600.00</b>
<b>C. Travel and allowances</b>													
1. Travel Cost	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	8,000	2,000.00	2,000.00	2,000.00	2,000.00	8,000.00
2. DSA	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	30,000	7,500.00	7,500.00	7,500.00	7,500.00	30,000.00
<b>Subtotal</b>									<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>38,000.00</b>
<b>D. Operation &amp; Maintenance</b>													
1. Cars	Vehicles	12	3.00	3.00	3.00	3.00	12.00	4,200	12,600.00	12,600.00	12,600.00	12,600.00	50,400.00
2. Office	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	5,000	1,250.00	1,250.00	1,250.00	1,250.00	5,000.00
3. Advertisement and O&M Office	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	10,000	2,500.00	2,500.00	2,500.00	2,500.00	10,000.00
4. Translating documents	Lump Sum	1	0.25	0.25	0.25	0.25	1.00	10,000	2,500.00	2,500.00	2,500.00	2,500.00	10,000.00
<b>Subtotal</b>									<b>18,850.00</b>	<b>18,850.00</b>	<b>18,850.00</b>	<b>18,850.00</b>	<b>75,400.00</b>
<b>Total Recurrent Costs</b>									<b>101,700.00</b>	<b>101,700.00</b>	<b>101,700.00</b>	<b>101,700.00</b>	<b>406,800.00</b>
<b>Total</b>									<b>308,691.67</b>	<b>308,691.67</b>	<b>308,691.67</b>	<b>292,025.00</b>	<b>1,218,100.00</b>

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex 7: Procurement Plan for first 18 months**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## Annex 7: Procurement Plan for first 18 months

Procurement Plan SUMMARY				
Country:	RGC			
Project Name:	Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT) Cambodia			
Project ID:	2000003433			
Version	1.0			
Version Date	11-Aug-22			
Prepared by:	PDT			
Approved by:				
Procurement Category	Plan		Actual	
	Currency	USD	LCU	USD
Goods	7,575,500.00	-	-	-
Works	13,762,000.00	-	-	-
Consulting Services	15,061,000.00	-	-	-
Non-Consulting Services	-	-	-	-
Grants	2,521,000.00	-	-	-
<b>TOTAL</b>	<b>38,919,500.00</b>	-	-	-

The threshold tables below are based on the new LTB Template 2020. Please fill in the fields that are applicable based on the provisions in the LTB for the project.

Prior Review Thresholds					
Category	Goods and goods-related Non-Consulting Services	Works and works-related Non-Consulting Services	Consulting Services and related Non-Consulting Services and/or MoU/Agreements	Individual Consultants	Decisions concerning Abnormally Low Bids shall be subject to the No Objection of IFAD:
Threshold	>= US\$ 150,000	>= US\$200,000	>= US\$ 100,000	>= US\$ 25,000	Only for procurement activities subject to prior review

All Direct Contracting and Single-Source Procurements are **Prior Review** (in alignment with IFAD Procurement Handbook), or based on the thresholds stipulated in the LTB

The exchange rate at time of submission will be used for reviews.

Procurement Method Thresholds						
	CQS	QBS/LCS/FBS	QCBS	Shortlisting	SSS - Firms	SSS - Individuals
Consulting Services and related Non-Consulting Services	<= US\$ 65,000	< US\$ 200,000	>= US\$ 200,000	>= US\$ 0.00	> US\$ 5,000.00 subject to prior review; Justification required	> US\$ 5,000.00 subject to prior review; Justification required
	<b>Direct Contracting</b>	<b>Shopping</b>	<b>NCB</b>	<b>ICB</b>	Other Procurement Methods or Arrangements	
Goods and goods-related Non-Consulting Services	> US\$ 5,000.00 subject to prior review; Justification required	<= US\$ 100,000	< US\$ 2,000,000	>= US\$ 2,000,000	<b>Force Account</b>	Not Allowed
Works and works-related Non-Consulting Services	> US\$ 5,000.00 subject to prior review; Justification required	<= US\$ 100,000	< US\$ 3,000,000	>= US\$ 3,000,000	<b>Community Participation</b>	Allowed

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Annex 7: Procurement Plan for first 18 months

**18 Month Procurement Plan: Goods**

Version		Basic Data											Contract Award & Signature						Remarks		
AWPB/Component Ref	No	Description	Non Consulting	Funding	Lot No/Description	Project Area or Procuring Entity	Pre- or Post Qualification	Prior or Post Review	Procurement Method	Envelopes	Amount (USD)	Amount (LCU)	Plan vs. Actual	Issue of NOIT&Standstii II	Date Contract Award	Submission of Draft Contract	No-Objection Date	Date Contract Signature		Amount (USD)	
C2.1		Laptops (4)		GOV	1	SEC	Post-Qual	Post Review	NS	1	4,000.00	-	Plan	N/A	1-Mar-23	6-Mar-23	N/A	10-Mar-23	4,000.00		
											-	-	Actual								
C2.1		Office equipment (2)		GOV	1	SEC	Post-Qual	Post Review	NS	1	20,000.00	-	Plan	N/A	1-Mar-23	6-Mar-23	N/A	10-Mar-23	20,000.00		
											-	-	Actual								
C2.2		Post-harvest scientific equipment and tools - Post Harvest Plant Quarantine Research Centre /a		EIB	1	SEC	Post-Qual	Prior Review	ICB	1	1,850,000.00	-	Plan	25-Jun-24	10-Jul-24	15-Jul-24	22-Jul-24	26-Jul-24	1,850,000.00		
											-	-	Actual								
C2.2		Laboratory chemicals and consumables - Post Harvest Plant Quarantine Research Centre /a		EIB	1	SEC	Post-Qual	Post Review	NS	1	50,000.00	-	Plan	N/A	29-Apr-24	4-May-24	N/A	8-May-24	50,000.00		
											-	-	Actual								
C2.2		Office equipments - Post Harvest Plant Quarantine Research Centre /a		EIB	1	SEC	Post-Qual	Post Review	NS	1	100,000.00	-	Plan	N/A	29-Apr-24	4-May-24	N/A	8-May-24	100,000.00		
											-	-	Actual								
C2.2		Scientific and inspection equipment and tools - Regional Plant Quarantine Offices (5)		EIB	1	SEC	Post-Qual	Prior Review	ICB	1	1,050,000.00	-	Plan	25-Aug-24	9-Sep-24	14-Sep-24	21-Sep-24	25-Sep-24	1,050,000.00		
											-	-	Actual								
C2.2		Laboratory chemicals and consumables - Regional Plant Quarantine Offices (5)		EIB	1	SEC	Post-Qual	Post Review	NS	1	100,000.00	-	Plan	N/A	29-Jun-24	4-Jul-24	N/A	8-Jul-24	100,000.00		
											-	-	Actual								
C2.2		Office equipment - Regional Plant Quarantine Offices (5)		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	250,000.00	-	Plan	3-Aug-24	18-Aug-24	23-Aug-24	30-Aug-24	3-Sep-24	250,000.00		
											-	-	Actual								
C2.2		Vehicle - pick-up (5) - Regional Plant Quarantine Offices (5)		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	150,000.00	-	Plan	3-Aug-24	18-Aug-24	23-Aug-24	30-Aug-24	3-Sep-24	150,000.00		
											-	-	Actual								
C2.2		Motocycles (10) - Regional Plant Quarantine Offices (5)		EIB	1	SEC	Post-Qual	Post Review	NS	1	20,000.00	-	Plan	N/A	29-Jun-24	4-Jul-24	N/A	8-Jul-24	20,000.00		
											-	-	Actual								
C2.2		E-Phyto system development for digital certificates - Regional Plant Quarantine Offices (5)		EIB	1	SEC	Post-Qual	Prior Review	ICB	1	1,500,000.00	-	Plan	25-Aug-24	9-Sep-24	14-Sep-24	21-Sep-24	25-Sep-24	1,500,000.00		
											-	-	Actual								
C2.2		Post-harvest scientific equipment and tools - Plant Health Reference Lab and Facilities		EIB	1	SEC	Post-Qual	Prior Review	ICB	1	1,400,000.00	-	Plan	25-Aug-24	9-Sep-24	14-Sep-24	21-Sep-24	25-Sep-24	1,400,000.00		
											-	-	Actual								
C2.2		Laboratory chemicals and consumables - Plant Health Reference Lab and Facilities		EIB	1	SEC	Post-Qual	Post Review	ICB	1	100,000.00	-	Plan	11-Aug-24	26-Aug-24	31-Aug-24	N/A	4-Sep-24	100,000.00		
											-	-	Actual								
C2.2		Office equipment - Plant Health Reference Lab and Facilities		EIB	1	SEC	Post-Qual	Post Review	ICB	1	100,000.00	-	Plan	11-Aug-24	26-Aug-24	31-Aug-24	N/A	4-Sep-24	100,000.00		
											-	-	Actual								
C2.2		Tools and equipment - Plant Health Research Stations (3)		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	300,000.00	-	Plan	3-Jun-24	18-Jun-24	23-Jun-24	30-Jun-24	4-Jul-24	300,000.00		
											-	-	Actual								
C2.2		Office equipment - Plant Health Research Stations (3)		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	150,000.00	-	Plan	3-Jun-24	18-Jun-24	23-Jun-24	30-Jun-24	4-Jul-24	150,000.00		
											-	-	Actual								
C3.1		Support AC of AC- MIS accounting system		GOV	1	SEC	Post-Qual	Prior Review	NCB	1	200,000.00	-	Plan	2-Sep-23	17-Sep-23	22-Sep-23	29-Sep-23	3-Oct-23	200,000.00		
											-	-	Actual								
C4		Cars, 4w-Drive, station wagon (3 for ASPIRE SEC, and 1 for GDA, ZMEF)		IFAD	1	SEC	Post-Qual	Post Review	NCB	1	210,000.00	-	Plan	22-Mar-23	6-Apr-23	11-Apr-23	N/A	15-Apr-23	210,000.00		
											-	-	Actual								
C4		Computers (laptop or desktops with UPS and printer) - 15 sets		Gov	1	SEC	Post-Qual	Post Review	NS	1	16,500.00	-	Plan	N/A	1-Mar-23	6-Mar-23	N/A	10-Mar-23	16,500.00		
											-	-	Actual								
C4		Office furniture (desk, tables, chairs, shelves, safe)		Gov	1	SEC	Post-Qual	Post Review	NS	1	5,000.00	-	Plan	N/A	1-Mar-23	6-Mar-23	N/A	10-Mar-23	5,000.00		
											-	-	Actual								

### 18 Month Procurement Plan: Works

Version			Basic Data										Contract Award & Signature							
AWPB/Component Ref	Ne	Description	Non Consulting	Funding	Lot No/Description	Project Area or Procuring Entity	Pre-or Post Qualification	Prior or Post Review	Procurement Method	Envelopes	Amount (USD)	Amount (LCU)	Plan vs. Actual	Issue of NOITA&Standstill	Date Contract Award	Submission of Draft Contract	No-objection Date	Date Contract Signature	Amount (USD)	Remarks
C1.2		Infrastructure Grant Finance for new Producer Organisations /e		EIB	Multi lots	SEC	Post-Qual	Prior Review	NCB	1	4,092,000.00		Plan	4-Apr-24	19-Apr-24	24-Apr-24	1-May-24	5-May-24	4,092,000.00	
																Actual				
C2.2		Building design and construction - Post Harvest Plant Quarantine Research Centre /a		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	1,370,000.00		Plan	3-Jun-24	18-Jun-24	23-Jun-24	30-Jun-24	4-Jul-24	1,370,000.00	
																Actual				
C2.2		Building design and construction - Regional Plant Quarantine Offices (05)		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	2,700,000.00		Plan	3-Aug-24	18-Aug-24	23-Aug-24	30-Aug-24	3-Sep-24	2,700,000.00	
																Actual				
C2.2		Building design and construction - Plant Health Reference Lab and Facilities		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	2,550,000.00		Plan	3-Aug-24	18-Aug-24	23-Aug-24	30-Aug-24	3-Sep-24	2,550,000.00	
																Actual				
C2.2		Infrastructure for stations - Plant Health Research Stations (03)		EIB	1	SEC	Post-Qual	Prior Review	NCB	1	2,550,000.00		Plan	3-Jun-24	18-Jun-24	23-Jun-24	30-Jun-24	4-Jul-24	2,550,000.00	
																Actual				
C3.2		Centre of Excellence under GDA (1)		GOV	1	SEC	Post-Qual	Post Review	NCB	1	500,000.00		Plan	19-Nov-23	4-Dec-23	9-Dec-23	N/A	13-Dec-23	500,000.00	
																Actual				

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Annex 7: Procurement Plan for first 18 months

18 Month Procurement Plan: Consultancies

Version		Basic Data											Contract Award & Signature							Remarks
AWPB/Component Ref	No	Description*	Grant	Non Consulting	Funding	Project Area or Procuring Entity	Shortlist (Yes No)	Prior or Post Review	Procurement Method	Amount (USD)	Amount (LCU)	Plan vs. Actual	Issue of NOTAB/Standstill	Date Contract Award	Negotiations completed	Submission of Draft Contract	No-objection Date	Date Contract Signature	Amount (USD)	Remarks
C1.1		Value Chain Financing Specialist /d			IFAD	SEC	Yes	Prior Review	ICS	36,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	36,000.00	
										-	-	Actual								
C1.2		Engineering services for feasibility study, design and construction supervision			EIB	SEC	Yes	Prior Review	QCBS	2,058,000.00		Plan	25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	2,058,000.00	
										-	-	Actual								
C2.1		International Agribusiness Investment Specialist			IFAD	SEC	Yes	Prior Review	ICS	200,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	200,000.00	
										-	-	Actual								
C2.1		Snr National Agribusiness Investment Specialist			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	
										-	-	Actual								
C2.1		National Agribusiness Specialist #1			IFAD	SEC	Yes	Post Review	ICS	18,000.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	18,000.00	
										-	-	Actual								
C2.1		National Agribusiness Specialist #2			IFAD	SEC	Yes	Post Review	ICS	18,000.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	18,000.00	
										-	-	Actual								
C2.1		Specialist TA to PFIs for VC financing			IFAD	SEC	Yes	Prior Review	QCBS	409,000.00		Plan	25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	409,000.00	
										-	-	Actual								
C2.2		Technical consultant service to design and supervise of the construction work and training the use of the facility			EIB	SEC	Yes	Prior Review	QCBS	861,000.00		Plan	25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	861,000.00	
										-	-	Actual								
C2.2		International TA for improvement protocol negotiations			IFAD	SEC	Yes	Prior Review	ICS	100,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	100,000.00	
										-	-	Actual								
C2.2		Technical Assistance to support protocol negotiation with China /c			SSTC Grant	SEC	Yes	Prior Review	QCBS	100,000.00		Plan	28-Jun-23	13-Jul-23	28-Jul-23	2-Aug-23	9-Aug-23	13-Aug-23	100,000.00	
										-	-	Actual								
C2.2		Review and strengthening of policies and regulations, vs international best practice			IFAD	SEC	Yes	Prior Review	QCBS	100,000.00		Plan	25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	100,000.00	
										-	-	Actual								
C3.1		Service provider for capacity building of Producer Organisations #1			IFAD/ EIB/ GOV	SEC	Yes	Prior Review	QCBS	2,500,000.00		Plan	25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	2,500,000.00	
										-	-	Actual								
C3.1		Service provider for capacity building of Producer Organisations #2			IFAD/ EIB/ GOV	SEC	Yes	Prior Review	QCBS	2,500,000.00		Plan	25-Nov-23	10-Dec-23	25-Dec-23	30-Dec-23	6-Jan-24	10-Jan-24	2,500,000.00	
										-	-	Actual								
C3.1		Service provider for capacity building of Producer Organisations #3			IFAD/ EIB/ GOV	SEC	Yes	Prior Review	QCBS	2,500,000.00		Plan	25-Nov-24	10-Dec-24	25-Dec-24	30-Dec-24	6-Jan-25	10-Jan-25	2,500,000.00	
										-	-	Actual								
C3.1		Service provider for capacity building of Producer Organisations #4			IFAD/ EIB/ GOV	SEC	Yes	Prior Review	QCBS	2,500,000.00		Plan	25-Nov-24	10-Dec-24	25-Dec-24	30-Dec-24	6-Jan-25	10-Jan-25	2,500,000.00	
										-	-	Actual								
C3.1		Agronomy and post-harvest technical specialist			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	
										-	-	Actual								
C3.1		Producer Organisation Specialist			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	
										-	-	Actual								
C3.1		Short-term technical expertise			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	
										-	-	Actual								
C3.2		Technical coordination and oversight /b			IFAD	SEC	Yes	Prior Review	QCBS	100,000.00		Plan	25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	100,000.00	
										-	-	Actual								

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Annex 7: Procurement Plan for first 18 months

C4		Adjustment of MIS ASPIRE and follow up support			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	-		
										-	-	Actual										
C4		Impact assessment (base line survey) - Firm			IFAD	SEC	Yes	Prior Review	QCBS	140,000.00		Plan		25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	140,000.00	-	
										-	-	Actual										
C4		Audit			IFAD/Gov	SEC/MEF	Yes	Prior Review	QCBS	20,000.00		Plan		25-Feb-23	12-Mar-23	27-Mar-23	1-Apr-23	8-Apr-23	12-Apr-23	20,000.00	-	
										-	-	Actual										
C4		International Team Leader			IFAD	SEC	Yes	Prior Review	ICS	119,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	119,000.00	-		
										-	-	Actual										
C4		Deputy Team Leader			IFAD	SEC	Yes	Prior Review	ICS	38,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	38,000.00	-		
										-	-	Actual										
C4		Gender and Social Inclusion Adviser			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	-		
										-	-	Actual										
C4		Social, Environment and Climate Change Specialist			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	-		
										-	-	Actual										
C4		Senior M&E and Planning Specialist- Team leader			IFAD	SEC	Yes	Prior Review	ICS	32,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	32,000.00	-		
										-	-	Actual										
C4		ICT Specialist			IFAD	SEC	Yes	Post Review	ICS	21,600.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	21,600.00	-		
										-	-	Actual										
C4		Finance and Accountant Specialist- as team leader			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	-		
										-	-	Actual										
C4		Procurement Specialist- a Team leader			IFAD	SEC	Yes	Prior Review	ICS	30,000.00		Plan	N/A	21-Jan-23	4-Feb-23	9-Feb-23	16-Feb-23	20-Feb-23	30,000.00	-		
										-	-	Actual										
C4		Provincial Management Advisor #1 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-		
										-	-	Actual										
C4		Provincial Management Advisor #2 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-		
										-	-	Actual										
C4		Provincial Management Advisor #3 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-		
										-	-	Actual										
C4		Provincial Management Advisor #4 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-		
										-	-	Actual										
C4		Provincial Management Advisor #5 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-		
										-	-	Actual										

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Annex 7: Procurement Plan for first 18 months

C4	Provincial Management Advisor #6 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-	
									-	-	Actual									
C4	Provincial Management Advisor #7 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-	
									-	-	Actual									
C4	Provincial Management Advisor #8 /b			IFAD	SEC	Yes	Post Review	ICS	19,200.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	19,200.00	-	
									-	-	Actual									
C4	Technical Assistant for the management of the SSTC grant			SSTC Grant	SEC	Yes	Prior Review	QCBS	100,000.00		Plan	28-Jun-23	13-Jul-23	28-Jul-23	2-Aug-23	9-Aug-23	13-Aug-23	100,000.00	-	
									-	-	Actual									
C4	M&E and Planning Staff /c			GOV	SEC	Yes	Post Review	ICS	12,000.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	12,000.00	-	
									-	-	Actual									
C4	KM & Communication Specialist (#1 staff) /d			GOV	SEC	Yes	Post Review	ICS	21,600.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	21,600.00	-	
									-	-	Actual									
C4	KM & Communication Specialist (#2 staff) /d			GOV	SEC	Yes	Post Review	ICS	21,600.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	21,600.00	-	
									-	-	Actual									
C4	Finance and Accountant Staff (#1 staff) /e			GOV	SEC	Yes	Post Review	ICS	18,000.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	18,000.00	-	
									-	-	Actual									
C4	Finance and Accountant Staff (#2 staff) /e			GOV	SEC	Yes	Post Review	ICS	18,000.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	18,000.00	-	
									-	-	Actual									
C4	Finance and Accountant Staff (#3 staff) /e			GOV	SEC	Yes	Post Review	ICS	18,000.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	18,000.00	-	
									-	-	Actual									
C4	Cashier (#1) /f			GOV	SEC	Yes	Post Review	ICS	8,400.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	8,400.00	-	
									-	-	Actual									
C4	Cashier (#2) /f			GOV	SEC	Yes	Post Review	ICS	8,400.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	8,400.00	-	
									-	-	Actual									
C4	Procurement Staff (#1 staff) /g			GOV	SEC	Yes	Post Review	ICS	10,800.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	10,800.00	-	
									-	-	Actual									
C4	Procurement Staff (#2 staff) /g			GOV	SEC	Yes	Post Review	ICS	10,800.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	10,800.00	-	
									-	-	Actual									
C4	Administration Staff #1 /h			GOV	SEC	Yes	Post Review	ICS	9,600.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	9,600.00	-	
									-	-	Actual									
C4	Administration Staff #2 /h			GOV	SEC	Yes	Post Review	ICS	9,600.00		Plan	N/A	24-Jan-23	7-Feb-23	12-Feb-23	N/A	16-Feb-23	9,600.00	-	
									-	-	Actual									
C1.1	Grant Financing to Smallholders /b	Yes		EIB	ARDB	No	Prior Review	Selection (Design/PIM)	948,000.00		Plan	N/A	7-Apr-24	28-Apr-24	3-May-24	10-May-24	14-May-24	948,000.00	-	
		Yes							-	-	Actual									
C1.1	Grant Financing to Producer Organisations /d	Yes		EIB	ARDB	No	Prior Review	Selection (Design/PIM)	1,573,000.00		Plan	N/A	6-Jun-24	27-Jun-24	2-Jul-24	9-Jul-24	13-Jul-24	1,573,000.00	-	
		Yes							-	-	Actual									

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex 8: Project Implementation Manual (PIM)**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## ANNEX 8: PROJECT IMPLEMENTATION MANUAL (PIM)

### ASPIRE-AT at a Glance

<b>Project Name</b>	<b>Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)</b>	
<i>Executing Agency (EA)</i>	Ministry of Agriculture, Forestry and Fisheries (MAFF)	
<i>Implementing Agencies (IA)</i>	ARDB, SME Bank, GDA	
<i>Start Date</i>	01/01/2023	
<i>End Date</i>	31/12/2029	
<i>Project Cost</i>	USD 147 million	
<i>Project Financing</i>	(1) IFAD loan on blend terms of USD 33.9 million; (2) IFAD loan on BRAM terms of USD 14 million; (3) Grant funding of USD 0.3 million from IFAD South-South Technical Cooperation Fund; (4) EIB loan financing of USD 60 million; (5) GoKC counterpart funding in cash of USD 19 million; (6) Funding gap of \$US 20 million. Beneficiary contributions and GoKC contributions in kind will be estimated and included in the final estimates in the project cost tables later.	
<i>Sectors</i>	Agriculture	
<i>Themes</i>	Value chains, Agriculture Cooperatives, Agricultural Trade	
<i>Target Area</i>	National Program: can support activities in any Province of Cambodia	
<i>Targeting Strategy</i>	Based on selection of value chains that benefit small and medium farmers and create employment for poor rural Cambodians	
<i>GOAL</i>	Rural poverty and vulnerability has decreased and climate resilience of Cambodian rural households has increased through inclusive and environmentally sustainable growth in agriculture sector.	
<i>Development Objective</i>	Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.	
<i>Beneficiaries</i>	100,000 smallholder farm households in about 500 ACs / POs, plus about 25,000 land-poor households benefitting from employment opportunities.	
<b>Components, Outcomes and Key Results</b>		
<b>Component</b>	<b>Name / Agency</b>	<b>Key Results</b>
<i>Component 1</i>	Productive and Resilient Assets for Producer Organisations	<ul style="list-style-type: none"> <li>Business investment by around 500 POs, with around 75,000 members</li> </ul>

<i>Outcome</i>	Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains.	<p>plus direct investments by around 3,000 smallholders</p> <ul style="list-style-type: none"> <li>• Around 200 infrastructure installations linked to POs / ACs or UACs with around 40,000 members (40% assumed also supported under Comp 1.1)</li> </ul>
<i>Component 2</i>	Business Partnerships and Market Access	<ul style="list-style-type: none"> <li>• 40 agri-businesses in 5 value chains benefit from investment oriented technical support</li> <li>• 15 agri-businesses with around 30,000 smallholders in their supply networks benefit from financing for investment</li> <li>• Investments in public services for export and trade facilitation</li> </ul>
<i>Outcome</i>	PO's business partnerships with agribusinesses have been enhanced and their market access improved	
<i>Component 3</i>	Aggregating Farmers and Integrating them in Value Chains	<ul style="list-style-type: none"> <li>• 100,000 smallholder farmers enrolled in about 500 registered AC/PO</li> <li>• About 35 Unions of AC (UAC) strengthened or created</li> <li>• Centres of Excellence established</li> <li>• Lead Farmer network strengthened</li> </ul>
<i>Outcome</i>	Smallholders have been organised and coordinated in Agriculture Cooperatives and other Producer Organisations, and have been enabled to produce in response to market requirements for type, volume and quality standards.	

## 1 INTRODUCTION

 This section of the PIM;

- Describes the purpose of the PIM and who will use it;
- Explains that the PIM sets out principles but cannot define all detailed procedures needed for project implementation;
- Explains that the PIM is a living document that will be updated when necessary;
- Defines the relationship of the PIM to RGC's Standard Procedures and to IFAD and EIB rules and procedures.

This Project Implementation Manual (PIM) guides implementation of the Agriculture Services Programme for an Inclusive Rural Economy, Agriculture and Trade (ASPIRE-AT). The PIM is intended primarily for use by Project Management, implementing agencies and contracted services providers.

The purpose of the PIM is to assist Project Management to achieve the Project Development Objective and Project Outcomes defined in the Project Design Report and the Project Financing Agreement. The PIM reflects agreements between IFAD, the European Investment Bank (EIB) and Royal Government of Cambodia (RGC) on how project funds will be used. The PIM provides guidance on:

- Project implementation structure, including roles and responsibilities;
- Project planning;
- Eligible uses of project funds;
- Rules that apply to project implementation, including sub-project selection and prioritisation, environmental and social safeguards (ESS), project administration, financial management, procurement; and monitoring and evaluation (M&E) and reporting.

The PIM presents important principles and guidelines for implementing project activities. The PIM cannot provide every detail. Detailed procedures will be developed as needed by the project implementation team and consultants during the start-up phase of implementation. The PIM itself is a living document that can be changed through agreement between the Project Director and IFAD.

The framework for implementation of ASPIRE-AT is RGC's Sub-Decree on Promulgating the Updated Standard Operating Procedures on Project Management, Standard Operating Procedures on Financial Management, Standard Operating Procedures on Procurement for Implementing All Externally Financed Projects / Programs, in Cambodia, Updated Version December 2019, and its subsequent amendments.

Under the agreement between IFAD and RGC, in any case where IFAD rules and procedures are different from RGC rules and procedures, IFAD rules will take precedence. For all sub-projects and activities financed by EIB the rules and procedures of EIB shall apply, in particular the EIB Environmental and Social Standards<sup>1</sup> and EIB Guide to Procurement<sup>2</sup>.

This PIM does not repeat details of procedures that are described in the Standard Procedures manuals. The PIM indicates which Standard Procedures apply to implementation of ASPIRE-AT, and any cases where procedures for ASPIRE-AT are different from Standard Procedures.

The PIM is a living document. That means it will be updated and improved continuously during project implementation.

In particular, Terms of Reference for service providers and technical advisers should be annexed to the PIM. Forms and checklists used in project implementation should also be annexed. The first draft PIM

<sup>1</sup> <https://www.eib.org/en/publications/environmental-and-social-standards>

<sup>2</sup> <https://www.eib.org/en/publications/guide-to-procurement>

includes a general list of the TORs, forms and checklists that will be needed but not all these have been developed yet. When a new TOR, form or checklist is developed for use in the project it should be added to the PIM annexes so that all these documents are available in one place.

## 2 PROJECT PURPOSE, RESULTS AND LOGFRAME

 This section of the PIM:

- Defines the key results that ASPIRE-AT will achieve;
- Emphasizes that the key task of Project Management is to ensure that project results are achieved (Results Based Management).
- Presents the Project Logframe

## 3 Project Development Objective

The Project Development Objective (PDO) of ASPIRE-AT is “*Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.*”

**AGRICULTURE SECTOR GROWTH** means that the total value created by Cambodian farmers and agri-businesses increases. Agriculture sector growth results from land and workers becoming more productive, by using better techniques or growing higher-value products, or because of investments in equipment for production or processing.

**Inclusive growth** means that growth results in increased incomes and better living conditions for all groups, including smallholder farmers, poor rural Cambodians, women, youth, people living with disabilities, indigenous peoples etc.

**Sustainable growth** means that productivity is increased in a way that does not cause damage to the environment (for example, clearing forest for agriculture land, over-use of

The Project Development Objective of ASPIRE-AT is aligned with GoKC’s Agricultural Development Policy 2021-2030 (ADP).

**Table 1: Alignment of ASPIRE-AT with the Agriculture Development Policy**

Theme	Strategy	ASPIRE-AT Alignment
1. Modernising and commercializing the agriculture value chain	(1) & (3): Increase productivity and value addition of crop and livestock value chains	C1, C2, C3
	(5): Smart technology in value chains	Centres of Excellence C3
	(6): Digitisation and e-agriculture	ICT C2
	(7): Increase market access for small and medium farmers	C1, C2, C3

2. Public and private investments in the agriculture sector	(3): Promote agricultural investment, credit and agri-business facilitation	C1 and C2
	(4): Agriculture sector finance	C1 and C2, working with ARDB, SME Bank, AMK and others
3. Growing sustainably and increasing resilience to climate change	(3): Promote agricultural land resource management	C3
	(4): Strengthen climate resilience	C3
	(5): Sustainable food system	C2 Certification
4. Institutional reforms and cross-cutting issues	(5) COVID-19 recovery and pandemic response strategy	C1, C2, C3
	(6) Gender mainstreaming in value chain	C1, C2, C3
	(7) Trade facilitation	C2

Indicators for the PDO are:

- By 2027, 50,000 households with household income increased by at least 20%;
- By 2027, 70,000 households are satisfied with project-supported services;
- By 2027, a 25% increase (compared to the baseline) in households reporting that they can influence decision-making of local authorities and project-supported service providers.

For all these indicators, 15% of households will be women-headed households (WHH) and 1.5% of households will be indigenous people (IP) households.

PDO indicators will be measured by the Outcome Survey.

#### 4 Project Outcomes

ASPIRE-AT has three Outcomes

**Outcome 1: *Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains.***

##### Outcome 1 Indicators:

- By 2027, 50,000 households (15% WHH, 1.5% IP) have increased their productivity in line with the ADP target of 8% per year;
- By 2027, 90% of producer organisations (ACs and other types) supported by the project report an increase in sales.

**Outcome 2: *PO's business partnerships with agribusinesses have been enhanced and their market access improved.***

##### Outcome 2 Indicators:

- By 2027, 60% of 15 supported rural enterprises report an increase in profits
- By 2027, 25,000 people (50% women, 20% youth) have new jobs or employment opportunities.

**Note:** the employment indicator can include new jobs created by investments in Component 1 as well as in Component 2. The jobs will not all be full-time jobs (many agriculture sector jobs are seasonal).

The intention is that 25,000 people will benefit from the creation of jobs equivalent to 10,000 full-time jobs.

**Outcome 3: *Smallholders have been organised and coordinated in Agriculture Cooperatives and other Producer Organisations and have been enabled to produce in response to market requirements for type, volume and quality standards.***

**Outcome 3 Indicators:**

- By 2027, 535 rural producer organisations (AC, Unions of ACs and other types of PO) members report new or improved services provided by their organisation;
- By 2027, 70% of 535 rural producer organisations are engaged in formal partnerships / agreements or contracts with public or private entities.

Outcome indicators will be measured by the Outcome Survey except for increase in profits which will be reported by the enterprises, and partnerships with public or private entities which will be reported by the POs.

## 5 Results Based Management

The key responsibility of project management is to achieve the Project Development Objective and the Outcomes defined above, as measured by the indicators.

Project Management cannot change the objective, outcomes, indicators or targets except by agreement with the financing agencies.

The Logframe defines indicators and targets to be achieved by Mid-Term and at the end of the project. Each year, Project Management should define targets to be achieved by the end of the year. The AWPB should be designed to ensure these targets are met. If the project is not on track to achieve the outcome targets, Project Management should report to the Steering Committee to identify changes that need to be made.

6 ASPIRE-AT Logical Framework

Results Hierarchy	Indicators (x.x.x Core Indicator #)				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Outreach</b>	1. Persons receiving services promoted or supported by the project				MIS	Annual	PMU	100,000 smallholder hh in POs and 25,000 landless or land-poor hh benefitting from employment opportunities
	Males			250,000				
	Females <sup>3</sup>			250,000				
	Young <sup>4</sup>			100,000				
	Not Young			400,000				
	Indigenous People <sup>5</sup>			6,000				
	1.a Corresponding number of households reached							
	Households			125,000				
	Landless or land-poor households			25,000				
<b>Project Goal</b> Rural poverty and vulnerability has decreased and climate resilience of Cambodian rural households has increased through inclusive and environmentally sustainable growth in agriculture sector.	Declining rural poverty rate				<i>Links COSOP SO and ADP Goal</i>			Increased volume and / or value added will result in increased incomes for smallholders and rural
	Poverty headcount	17%		10%				
	Agriculture value added growth of 3% per annum (ADP Policy Indicator 1)							
	Average growth of value added in agriculture sector			3% p.a.				
<b>Development Objective</b> Inclusive and sustainable agriculture sector growth based on exports and domestic markets has	# of rural households with household income increased by at least 20%				Outcome survey	BL, MT, EL	Service provider	There are market opportunities to increase volumes and / or capture more
	Number of households			50,000 <sup>6</sup>				
	Women-headed households							
	Total number of household members							

<sup>3</sup> About 51% rural people living under USD2.80 a day are women.

<sup>4</sup> Youth define as people ages between 15-30 years (following the government's definition).

<sup>5</sup> IP lives in 16 provinces; they represent of 1.5% of the total population. They engage actively in Cassava, Cashew, Coffee value chain.

<sup>6</sup> This target includes 4 000 smallholder farmer (45% are female and 20% youth) who will benefitting from SSTC grant facility.

Results Hierarchy	Indicators (x.x.x Core Indicator #)				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
increased incomes of rural producers and workers.								value-added in pro-poor value chains
	SF 2.1 Number (%) of households satisfied with project supported services				Outcome survey	BL, MT, EL	Service provider	
	Number of households			70,000				
	Women-headed households			10,500				
	Indigenous People households			1,050				
	SF2.2 Number (%) of households reporting that they can influence decision-making of local authorities and project-supported service providers				Outcome survey	BL, MT, EL	Service provider	Responsive and accountable governance of ACs
	Number of households		TBD	BL+25%				
	Women-headed households			BL+25%				
	Indigenous People households			BL+25%				
	<b>Outcome 1</b> Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains.	# beneficiary households with labour productivity increasing in line with ADP target (8% p.a.)				Outcome survey	BL, MT, EL	Service provider
Number of households			50,000					
Women-headed households			7,500					
Total number of household members			200,000					
CI 2.2.5: % of supported rural producers' organizations reporting an increase in sales				MIS	Annual	PMU		
Percentage of rural POs			90%					
Rural POs with women in leadership positions								
<b>Output 1.1.1</b> Financial support provided to PO with bankable investment proposals in productive and resilient assets	Number of rural producers benefiting from loan-financed investments by AC / PO				MIS	Annual	PMU	POs willing to accept risks of investing if suitable assistance and finance is provided
	Total # of rural producers			50,000				
	Males			25,000				
	Females			25,000				
	Young			10,000				
	Indigenous People			750				

Results Hierarchy	Indicators (x.x.x Core Indicator #)				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output 1.1.2</b> Financial support provided to smallholders with bankable investment proposals in productive and resilient assets	1.1.3 Rural producers accessing production inputs and / or technological packages				MIS	Annual	PMU	Farmers willing to accept risks of investing if suitable assistance and finance is provided
	Total # of rural producers			3,000				
	Males			1,500				
	Females			1,500				
	Young			600				
	Indigenous people			25				
<b>Output 1.2</b> Enabling market infrastructure for Producer Organisations	# members of PO/AC with access to physical infrastructure assets provided by the project.				MIS	Annual	PMU	
	Total PO/AC members			40,000				
	Males			20,000				
	Females			20,000				
	Young			4,000				
	Indigenous people			600				
<b>Outcome 2</b> PO's partnerships with agribusinesses have been enhanced and their market access improved	Core 2.2.2 # 60% of 15 supported rural enterprises reporting an increase in profit				MIS	Annual	PMU	60% of enterprises
	Number of enterprises			9				
	Core 2.2.1 Persons with new jobs /employment opportunities				Outcome survey	BL, MT, EL	Service provider	Investments create equivalent of about 10,000 full-time jobs, with most roles being part time / seasonal
	Total number of people			25,000				
	Males			12,500				
	Females			12,500				
	Young			5,000				
	Indigenous			375				
<b>Output 2.1.1</b> Private investments for agricultural market and trade development promoted and facilitated	Core 2.1.1 # rural enterprises accessing business development services				MIS	Annual	PMU	Firms willing to accept risks of investing if suitable assistance and finance is provided
	Rural Enterprises			15				

Results Hierarchy	Indicators (x.x.x Core Indicator #)				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output 2.1.2</b> Financial support provided for agribusinesses to invest in increased processing capacity	# rural enterprises accessing financial services				MIS	Annual	PMU	
	Enterprises			15				
<b>Output 2.2.1</b> Strategic infrastructure for agriculture trade facilitation established (Post Harvest Reference Centres, Quarantine Inspection Offices, Plant Health Reference Laboratories etc.)	Number of facilities completed and operational with sustainable management and financing plans.				MIS	Annual	PMU	Sustainable business model for facilities identified
	# Facilities			7				
<b>Output 2.2.2</b> Review of policy and regulatory framework supported to strengthen competitiveness	Policy 1. Number of policy-relevant knowledge products completed				MIS	Annual	PMU	
	Number			3				
<b>Outcome 3</b>  Smallholders have been organised and coordinated in Agriculture Cooperatives and other Producer Organisations, and have been enabled to	Core 2.2.4 # supported rural producers' organisation members reporting new or improved services provided by their organisation <sup>7</sup>				Outcome survey	BL, MT, EL	Service provider	Consolidation and formalisation of POs leads to improved services
	Number of POs			535				
	Percentage of POs			100%				
	POs with women in leadership positions			300				
	Core 2.2.3: # (70%) of 535 rural producers' organizations engaged in formal partnerships /agreements or contracts with public or private entities <sup>8</sup>				MIS	Annual	PMU	Farmers understand the potential benefits

<sup>7</sup> AC reporting using finance service engaging in the business with private sector.

<sup>8</sup> about 500 registered AC/PO and 35 UAC

Results Hierarchy	Indicators (x.x.x Core Indicator #)				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
produce in response to market requirements for type, volume and quality standards.	Number of POs			375				of forming ACs / POs  Enterprises willing to enter partnerships with ACs and UACs
	Percentage of POs			75%				
	POs with women in leadership positions			225				
	Core 3.2.2 # Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				Outcome survey	BL, MT, EL	Service provider	Resilient and sustainable production technologies can be market-competitive
	Number of households			50,000				
	Female headed households			7,500				
	Indigenous People households			750				
	<b>Output 3.1</b> Producer organisations / Agriculture Cooperatives (AC) established and strengthened	Core 2.1.3 # of rural producers' organisations (AC) supported <sup>9</sup>				MIS	Annual	PMU
Number of POs				535				
POs with women in leadership positions				300				
Core 2.1.4 # of supported rural producers that are members of a rural producers' organisation.				MIS	Annual	PMU		
Number of rural producers								100 000
Males								50,000
Females								50,000
Young								20,000
Indigenous People			1,500					

<sup>9</sup> about 25% of Business Clusters created by AIMS and ASIRE

Results Hierarchy	Indicators <i>(x.x.x Core Indicator #)</i>				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Output 3.2.1</b> Centres of excellence and Lead Farmers established and supported for development and dissemination of improved agricultural, post-harvest and processing technologies	Core 1.1.4 # of rural producers trained in production packages and / or technologies <sup>10</sup>				MIS	Annual	PMU	Suitable sites and sustainable business models for Centres of Excellence identified
	Number of rural producers			20 000				
	Males			10,000				
	Females			10,000				
	Young			4,000				
	Indigenous People			300				

<sup>10</sup> 5% of the supported AC members

## 7 TARGETING

☞ This section of the PIM:

- Defines the target beneficiaries of ASPIRE-AT
- Identifies groups that will benefit from additional assistance
- Defines Producer Organisations eligible for assistance
- Defines a Graduated Producer Organisation
- Identifies SME eligible for assistance
- Sets criteria for selection of target value chains
- Defines principles for selection of geographic target areas, called Clusters.

### Target Beneficiaries

#### Types of Beneficiary

ASPIRE-AT will reach out to about 125,000 rural households (corresponding to 500,000 people) who are within the target group of the COSOP 2022-27, that is, poor and vulnerable rural Cambodians whose income is less than 150% of the national poverty line.

ASPIRE-AT has two direct beneficiary groups:

- 100,000 smallholder farm households who are either poor or near-poor and vulnerable to falling into poverty due to climate, market or other shocks but who have productive potential and can take advantage of market opportunities;
- An additional 25,000 landless or land-poor households who are expected to benefit from increased employment opportunities created by ASPIRE-AT investments.

Women, youth, poor households, indigenous peoples and people living with disabilities will receive priority for some types of project benefit.

Project Monitoring and Evaluation (Chapter 10) must count these different types of beneficiary separately.

Therefore, it is important to have clear definitions of each type of beneficiary.

#### Definition of Smallholder Farmers

The National Institute of Statistics (NIS) defines small-scale landholders 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. Under this definition, “smallholders” constitute almost 75% of all farmers in Cambodia.

ASPIRE-AT targets smallholder households with income below 150% of the national poverty line. This group is considered to be approximately equivalent to smallholders under the NIS definition.

For practical purposes, ASPIRE-AT needs a definition of eligible smallholder farmers that can easily be applied and verified. For this reason, smallholders will be defined as those farmers that do not exceed any one of the following limits:

- More than 3ha of single-cropping rice land;
- More than 2ha of double-cropping rice land;
- More than 5ha of tree plantation;
- More than 5ha of non-rice field crop land (e.g. corn, cassava);
- More than 1ha of land that is prepared for horticulture (e.g. raised beds, drip irrigation);
- More than 20 large animals (cows, buffaloes);

- More than 50 medium-sized animals (pigs, goats);
- More than 5,000 small livestock (chickens, ducks).

It is important to note that Producer Organisations (POs) are likely to include some farmers who are not smallholders under this definition. It is not a problem if non-smallholders are members of the PO and benefit from investments by the PO or by partner enterprises. However, non-smallholders cannot access individual benefits of the project (e.g. loans and grants from ARDB) and cannot be counted for the following purposes:

- Eligibility of the PO (minimum number of smallholders who are members);
- Maximum investment amounts per PO (based on number of smallholders);
- Project outreach target.

#### Definition of landless and land-poor households

For the purpose of the project, a household can be counted as part of the outreach target for landless and land-poor households if:

- The household has wage labour as its primary source of income;
- The household benefits from employment opportunities created by project investments;
- The household is not counted in the outreach target for smallholders.

#### Priority Groups

**Women:** ASPIRE-AT is a gender-transformative project (see Chapter 8). ASPIRE-AT aims for 50% of direct beneficiaries to be women. Women will receive priority for certain project activities and benefits, as described in Chapter 4.

For project monitoring, a woman-headed household is a household headed by a woman who does not have a husband living with her. It does not matter whether the woman is the first name on the family book or not.

Youth are defined as persons aged between 15 and 30. ASPIRE-AT aims for 20% of direct beneficiaries to be youth. Youth will receive priority for certain project activities and benefits, as described in Chapter 4. A woman who is aged 15-30 can be counted in the outreach target for women and in the outreach target for youth.

Indigenous People are members of minority indigenous groups recognised by Ministry of Rural Development. ASPIRE-AT aims for 1.5% of direct beneficiaries to be indigenous people. Project activities that may affect indigenous people require Free, Prior and Informed Consent (see Chapter 7). Indigenous people will receive priority for certain project activities and benefits, as described in Chapter 4.

Persons with Disabilities means people who are registered as disabled by the Ministry of Social Affairs and / or recognised as disabled by the local authorities. Persons with disabilities will receive priority for certain project activities and benefits, as described in Chapter 4.

Poor households means households with an ID-Poor card issued by Ministry of Planning. Poor households will receive priority for certain project activities and benefits, as described in Chapter 4.

#### Producer Organisations

Producer Organisation means any type of formal or informal grouping of farmers for the purpose of improving their agriculture production, post-harvest handling, storage, processing or marketing. Organisations that have credit schemes as their sole or main activity do not qualify for project support.

Producer organisations and their members can only qualify for investment support from ASPIRE-AT (under Component 1) after they achieve “Graduated PO status.” To become a Graduated PO, the PO must meet the following criteria:

- The PO has at least 200 members who are smallholder farmers under the definition above;
- The PO is engaged in at least one of the target value chains of ASPIRE-AT;
- The PO has held an election for the governing Board within the last 3 years, with at least 40% of eligible members voting;
- At least 40% of the members of the governing Board and senior leadership positions are women.
- The PO has at least one administrative staff member who receives a salary;
- The PO keeps complete annual accounts showing, at a minimum, receipts, expenditures, cash position and assets on a cash basis;
- The PO has a formal partnership agreement with one or more private sector buyers;
- At least 3 officers of the PO have successfully completed a training on assessing and managing social, environment and climate change related risks;
- The PO has capacity to assess and manage social, environment and climate change related risks;
- The PO has completed and approved a Business Plan that is endorsed by the Provincial Department of Agriculture, Forestry and Fisheries (PDAFF).

A PO Graduation Scorecard will be used to measure the baseline capacity, progress and graduation status of each PO.

#### Small and Medium Enterprises

Small and Medium Enterprises can receive direct support from the project under Component 2 if they meet the following criteria:

- Are actively seeking to expand their activities in one of the target value chains of ASPIRE-AT
- Have a proven business track record in the target value chain or a comparable business,
- Are committed to increase sourcing of products from smallholders and POs in the ASPIRE-AT target cluster areas;
- Are willing to share costs of technical support (if such support required from the programme),
- Are legally registered to conduct the planned business activities.

#### Target Value Chains

Value chain selection is based on the GoKC priorities set out in the Agriculture Development Policy (ADP) and the prioritization criteria defined in the new operational guidelines on IFAD’s engagement in pro-poor value chain development<sup>11</sup>, that focus on: (i) growth potential, (ii) inclusive and sustainable development potential and (iii) enabling environment responsiveness.

Based on these criteria and building on the achievement of ASPIRE and AIMS projects, the value chains listed in Table 2: Priority Value Chains and Typical Investments below are selected for the first year of ASPIRE-AT. Developing these value chains will contribute directly to the double objective of import substitution and export of quality products to the EU and other remunerative markets.

1. Table 2: Priority Value Chains and Typical Investments		
Value Chain	Economic impact	Typical investments
Vegetable Leafy and non-leafy types	Import substitution	Greenhouse, water management, post-harvest handling.
Native chicken	Import substitution	Production facilities, slaughter and packing

<sup>11</sup> [https://www.ifad.org/documents/38714170/42266596/propoor\\_vc\\_guidelines.pdf/10bcbf35-36bc-a0a0-2d0b-f4a9bd3c5e5f?t=1616421969633](https://www.ifad.org/documents/38714170/42266596/propoor_vc_guidelines.pdf/10bcbf35-36bc-a0a0-2d0b-f4a9bd3c5e5f?t=1616421969633)

Cassava	Export	Disease free planting material Organic cassava Improved soil management
Cashew	Export	Post-harvest and processing
Fresh fruit Longan, Mango etc.	Export	Post-harvest, treatment, packing etc
Processed fruit Dried Mango etc.	Export	Processing

Additional value chains may be selected based on the following criteria: (1) strong potential for exports or import substitution; (2) selected from amongst the 15 priority crops identified in the Agriculture Development Policy (ADP) 2030; (3) high proportion of smallholder producers; (4) strong potential to generate employment, particularly for women and youth; (4) zero deforestation.

In order to align with institutional priorities of EIB and EU, and because the rice value chain is very heavily supported by other DP projects, the rice value chain will not be included.

### Geographical Target

ASPIRE-AT will be national in scope, meaning that in principle, eligible beneficiaries organised in producer organisations in the targeted pro-poor value chains can qualify for support. Geographic targeting will be required primarily for intensive support to capacity development of POs under Component 3 and will be based on the areas where production of the target commodities is located. To maximise efficiency and impact, areas representing clusters of production activities in the target value chains will be prioritised for capacity building support for producer organisations.

Therefore, geographic targeting is based on clusters, not on provinces. Clusters may be in one province or more than one province. Clusters will be selected first, then project activities will be planned in the provinces where the clusters are.

A cluster is a geographic area where there is potential to scale up smallholder production of one or more of the target value chains. Clusters may group poorer areas with less poor areas. Clusters should have strong market links.

Selection of a cluster for ASPIRE-AT is subject to demonstrating that there are at least 5,000 smallholder farmers who can potentially benefit from ASPIRE-AT investments.

In selecting these cluster areas, the following criteria will be considered:

- Potential for development of the pro-poor value chains;
- Access to markets;
- Presence of ASPIRE and AIMS Business Clusters with relevant production activities;
- Economic Poles targeted by SAAMBAT;
- Density and intensity of rural poverty, food insecurity and malnutrition;
- Presence of ethnic minorities;
- Incidence of environmental degradation and climate vulnerability; and
- Complementarity with the intervention areas of other development partners (identifying under-served areas as priority for ASPIRE-AT).

In the first year of project implementation, cluster areas will be targeted in five clusters which will include a substantial number of existing POs that can move to investment-ready status quickly. Initial assessment is that these clusters are likely to be in the following provinces: Battambang (all value chains except cashew); Kandal (vegetable and native chicken); Preah Vihear (cashew and cassava); Siem Reap (vegetable and native chicken) and Takeo (vegetable and native chicken). Clusters may include parts of more than one Province. This selection will be confirmed through the mapping study to be conducted under the Readiness Action Plan (see above). A further 11 clusters will be added in Year 2 and Year 3 of the project. Selection of a cluster will be subject to a plan demonstrating

potential to achieve outreach to a minimum of 5,000 smallholders within two years. PDAFFs may propose clusters individually or through cooperation with a neighbouring Province.

#### OUTPUTS AND INVESTMENTS BY COMPONENT AND SUB-COMPONENT

<p>☞ This section of the PIM:</p> <ul style="list-style-type: none"> <li>• Describes outputs and other investment expenditures of each Component and Sub-Component of ASPIRE-AT</li> <li>• For each output / investment type the PIM defines: <ul style="list-style-type: none"> <li>○ What are eligible investments?</li> <li>○ Who are eligible beneficiaries?</li> <li>○ How is the investment financed?</li> <li>○ What is the process to identify, screen, approve, design and implement the investments?</li> </ul> </li> </ul>
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#### COMPONENT 1: PRODUCTIVE AND RESILIENT ASSETS FOR PRODUCER ORGANISATIONS

Table 3: Summary of Component 1

2. Outcome	3. Sub-Component	4. Output	5. Approach
6. Smallholders' and PO's Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains.	7. 1.1 Investment in productive and resilient assets of POs and smallholders	8. 1.1.1 Financial support provided to POs with bankable investment proposals in productive and resilient assets	9. Loans and grants to POs through ARDB
		10. 1.1.2 Financial support provided to smallholders with bankable investment proposals in productive and resilient assets	11. Loans and grants to farmers through ARDB
	12. 1.2 Enabling market infrastructure for POs	13. 1.2.1 Enabling market infrastructure for Producer Organisations	14. Community infrastructure assets implemented by the project

#### Sub-Component 1.1: Investment in Productive and Resilient Assets of POs and Smallholders

##### 1. Sub-Component Description

Sub-Component 1.1 is implemented through GoKC's Agriculture and Rural Development Bank (ARDB). ARDB provides loan and grant financing to eligible POs and farmers. ARDB is responsible for screening and due diligence of investment proposals. ARDB reports to ASPIRE Secretariat.

##### 2. Financing Instrument

Loan and grant financing is managed as a single package with one approval process. The grant element of the financing is held by ARDB in a special account until the loan is repaid and is called a "blocked grant". After the loan is repaid, the grant amount is released to the borrower (PO or farmer). Therefore, the grant is partial collateral for the loan. The asset purchased with the investment is also collateral. In this system, ARDB should not need additional collateral (e.g. land) from the borrower.

ARDB will regard the blocked grant as collateral for loans up to two times the grant value (\$1 of blocked grant collateralizes \$2 of loan). The asset purchased with the loan will be accepted as collateral for 50% of the asset value. Examples of how this could work with different grant amounts are shown in the table.

15. Value of Asset	16. Grant %	17. Grant Amount	18. Loan Amount	19. Collateral (Grant 200%, Asset 50%)	20.
21. \$10,000	22. 25%	23. \$2,500	24. \$7,500	25. \$10,000	26.
27. \$10,000	28. 35%	29. \$3,500	30. \$6,500	31. \$12,000	32.

In the case where the collateral value is more than the asset value, the borrower may use the additional collateral to collateralise a loan for working capital, financed from ARDB core resources (i.e. not financed from project funds).

### 3. General Process

The process for implementation of investments under Sub-Component 1.1 will be as follows:

1. The borrower (a graduated PO or a farmer member of a graduated PO) submits a financing proposal to ARDB. The financing proposal must be based on a Business Plan approved by PDAFF (see Component 3).
2. ARDB conducts screening and due diligence checks to ensure that the financing proposal complies with all eligibility criteria.
3. ARDB issues approval for the financing.
4. The blocked grant amount is deposited in a unique escrow account.
5. The PO carries out a simple procurement process to identify a preferred supplier.
6. ARDB releases the financing directly to the supplier once the asset is supplied.
7. The borrower repays the financing in instalments in the same way as for a normal loan.
8. After the last repayment, ARDB deposits the Grant amount into an account opened by the borrower in a private sector bank or finance institution.
9. The borrower can withdraw the grant amount, keep it as savings or use it as collateral for a new loan.

### 4. Reporting

ARDB is responsible to report aggregate results (number of borrowers, number of loans, portfolio at risk etc.) to ASPIRE Secretariat on a quarterly basis.

Output 1.1.1 Financial support provided to POs with bankable investment proposals in productive and resilient assets

Output 1.1.1 finances investments in productive assets by graduated POs.

### 5. Eligible Investments

The following criteria apply to all investments proposed for financing under Output 1.1.1.

- Investment is identified in the graduated PO's Business Plan;
- Investment is related to enterprises or cash-generating activities of the graduated POs in the targeted value chains; Investment contributes to a partnership with one or more identified private sector partners of the graduated PO;
- Investment is for physical assets with useful life longer than 1 year;
- Investment is not included in a negative list based on social and environmental safeguards and is rated as moderate risk (category B) or lower based on the screening checklist in the ESCMF; and
- Project financing is not used to buy land.

POs may include items such as computers and software for AC administrative and management purposes in the investment package, provided that overall financial viability is maintained.

Loans for working capital will not be financed from the project line of credit but may be financed from ARDB resources using the blocked grant and asset as collateral. Alternatively, graduated POs requiring working capital may be assisted to apply for loan financing from other financial institutions.

#### *6. Amount of Financing*

The amount of project financing for PO investments is limited by a maximum grant amount. There is no fixed limit on the amount of loan financing for an investment that meets the eligibility criteria.

The maximum grant amount available to the PO over the lifetime of the project will be based on \$150 per smallholder farmer who benefits from the investments.

The maximum grant amount in any one investment will be 40% of the investment amount.

Therefore, a PO with 200 smallholder members can receive grants up to \$30,000.

If the grant is 40% of the investment, the maximum size of the investment would be \$75,000.

However, the PO may apply for a larger loan (so the grant will be a smaller percentage). Based on collateral requirements (see above) the PO can access financing of up to \$120,000 with a grant percentage of 25%.

The maximum amount of loan will be determined by ARDB based on collateral (blocked grant, asset value and any other collateral offered by the borrower) and on ARDB due diligence checks.

#### *7. Co-Financing*

There is no fixed amount for co-financing in kind by the PO, but the following types of costs must be provided by the PO as co-financing in kind:

- Land needed for construction of fixed assets;
- Administrative work of the PO committee in managing the investment;
- Labour by PO members needed to implement the investment.

**Output 1.1.2: Financial support provided to smallholders with bankable investment proposals in productive and resilient assets**

Output 1.1.2 finances investments in productive assets by smallholder farmers who are members of graduated POs. Eligible investment types will be identified in the PO Business Plan which is approved by PDAFF (see Component 3). Individual smallholder farmers can choose to apply for financing for these investments. The financing contract is between ARDB and the individual smallholder, with the PO as a witness. However, the PO will help smallholders to coordinate their financing applications, so that ARDB will be able to screen and process financing for a group of smallholders with similar investment types (e.g. ten farmers who want to invest in greenhouses). This will increase efficiency and reduce costs for ARDB.

#### *8. Eligible Investments*

The following criteria apply to all investments proposed for financing under Output 1.1.2.

- Investment is a type identified in the graduated PO's Business Plan (see Component 3);
- Investment is related to production of the targeted value chain commodity or to value chain enterprises of individual farmers;

- The financing is used for purchase of physical assets with useful life longer than 1 year (working capital is not eligible for project financing);
- Investment is not included in a negative list based on social and environmental safeguards and is rated as moderate risk (category B) or lower based on the screening checklist in the ESCMF; and
- Project financing is not used to buy land.

### 9. *Amount of Financing*

The amount of project financing for smallholder investments is limited by a maximum grant amount. There is no fixed limit on the amount of loan financing for an investment that meets the eligibility criteria.

The maximum grant amount available to one eligible smallholder household over the lifetime of the project is \$1,000.

Any eligible smallholder may apply for grant up to 25% of the total financing amount, provided the limit of \$1,000 is not exceeded.

Eligible smallholders who are in one of the following categories may apply for grant up to 35% of the total financing:

- Woman;
- Youth;
- Indigenous Person;
- Person living with a disability.

If the grant is 25% of the investment, the maximum amount of financing is \$4,000.

If the grant is 35% of the investment, the maximum amount of financing is \$2,857.

However, the smallholder may apply for a larger loan (so the grant will be a smaller percentage). For example, a woman farmer who wants financing of \$4,000 can apply for a loan of \$3,000 and a grant of \$1,000 (25%).

Farmers may apply for larger loan amounts (so grant is less than 25% of the financing) subject to ARDB decision on whether collateral is adequate and other due diligence checks.

### 10. *Co-Financing*

There is no fixed amount for co-financing in kind by the farmer, but the following types of costs must be provided by the farmer as co-financing in kind:

- Land needed for construction of fixed assets;
- Farmer's labour needed to implement the investment.

## Sub-Component 1.2 Enabling market infrastructure for Producer Organisations

### 11. *Sub-Component Description*

Sub-Component 1.2 will finance physical infrastructure assets that will be owned, operated and maintained by a graduated PO and that are important for achieving competitiveness and sustainability but which cannot easily generate revenue and the costs of which cannot otherwise be met by the graduated PO. Eligible investments meeting these criteria include, but are not limited to, farm/business access roads, community-owned water management infrastructure, hard standings for trucks and loading areas for bulk produce. The O&M of the infrastructure will be part of the investment proposal.

Graduated PO that have received infrastructure investment support from other projects in the past are not eligible for Sub-Component 1.2 investments. Therefore, Sub-Component 1.2 will mainly benefit Agriculture Cooperatives and other types of graduated PO formed with support from Component 3.

#### *12. Financing Instrument*

The financing instrument for Sub-Component 1.2 is a grant from the project to the PO. Procurement and financial management are handled by ASPIRE Secretariat.

#### *13. Eligible Investments*

The following criteria apply to investments under Sub-Component 1.2:

- Investment is identified in the graduated PO's Business Plan which is approved by PDAFF (see Component 3);
- Investment will create an asset that will be owned and managed by the graduated PO;
- Investment is related to production, handling, processing, storage or marketing of commodities in the targeted value chains;
- Financing is for buildings and / or fixed physical infrastructure only (not electrical or mechanical equipment except as part of a building); not cash-generating (although buildings to house cash-generating enterprises financed under Sub-Component 1.1 can qualify);
- Project financing is not used to buy land;
- Not included in a negative list based on social and environmental safeguards and is rated as moderate risk (category B) or lower based on the screening checklist in the ESCMF; and
- The proposal includes a viable operation and maintenance plan, with clear commitment and source of funding.

Land required for the infrastructure will be considered as a contribution-in-kind by the graduated PO.

Examples of eligible investments include: (1) access roads; (2) loading areas; (3) collection and handling facilities; (4) water management and infrastructure (e.g. community ponds; distribution channels linking public irrigation canals to farms) and (5) multi-purpose buildings for the PO. For some investments, the AC/PO will be required to finance complementary expenditures (e.g. mechanical equipment) using loans under Sub-Component 1.1.

#### *14. Financing*

Costs of works under Sub-Component will be 100% financed by ASPIRE-AT.

The maximum amount of financing for one PO during the lifetime of the project is \$1,000 per smallholder farmer benefitting from the investment.

Any land needed must be provided by the graduated PO and is considered as co-financing in kind.

#### *15. Process*

The process for implementation of investments under Sub-Component 1.2 will be as follows:

1. The graduated PO includes the investment in its Business Plan which is approved by PDAFF (Component 3);
2. The graduated PO completes an outline proposal form and submits it to ASPIRE-AT through PDAFF;
3. ASPIRE-AT requests infrastructure service provider to conduct a feasibility study.
4. The Infrastructure Service Provider produces a Feasibility Study that (1) confirms that the proposed investment complies with the Eligibility Criteria; (2) that the PO meet the Eligibility Criteria; and (3) calculates the maximum allowable investment size; and (4) includes an outline design.
5. The role of the Infrastructure Service Provider is to assist the PO to develop the best possible proposal. Therefore, the Infrastructure Service Provider may advise the PO to modify the proposal to comply with the Eligibility Criteria, or to increase the cost-effectiveness of the investment.

6. ASPIRE-AT reviews and approves the Feasibility Study report;
7. ASPIRE-AT signs an Investment Agreement with the PO, with PDAFF counter-signing as witness.
8. The Infrastructure Service Provider prepares the detailed design and bills of quantities for the investment;
9. ASPIRE-AT procures a contract for construction of the output.
10. On completion, the PO signs a Handover Agreement with ASPIRE-AT.

## Component 2: Business Partnership and Market Access

Table 4: Summary of Component 2

Outcome	Sub-Component	Output	Approach
PO's partnerships with agribusinesses have been enhanced and their market access improved	2.1 Strengthening private investment for agricultural market and trade development	2.1.1 Private investments for agricultural market and trade development promoted and facilitated	
		2.1.3 Financial support provided for agribusinesses to invest in increased processing capacity	Loans and credit guarantees to SMEs
	2.2 Strengthening the enabling environment for competitive agricultural value chains and trade	2.2.1 Strategic infrastructure for agriculture trade facilitation established (Post Harvest Reference Centres, Quarantine Inspection Offices, Plant Health Reference Laboratories etc.)	Construction of facilities
		2.2.2 Review of policy and regulatory framework supported to strengthen competitiveness	Policy review

Component 2 supports public and private investment to increase the number and competitiveness of agri-businesses operating in priority value chains and the associated enabling public goods and services to support competitive export growth.

### 8 Sub-Component 2.1: Strengthening private investment for agricultural market and trade development

*Sub-Component 2.1* facilitates private investment in modern agribusinesses to increase export trade and import substitution in priority products as well as investment in associated service businesses. The sub-component has two major elements: i) Investment-oriented technical support to agribusinesses to plan and deliver successful upgrading investments for their businesses, ii) Agribusiness investment financing via a wholesale line of credit to SME Bank to provide access to affordable investment finance in collaboration with the existing credit guarantee schemes of Cambodia Credit Guarantee Corporation (CCGC) to reduce collateral requirements for investors.

#### *Eligibility Criteria for SME*

Supported businesses must meet the following eligibility criteria:

- The business is actively seeking to expand its activities in one of the priority value chains;
- The business has a proven business track record in the priority value chain or a comparable business;

- The business is committed to increase sourcing of products from smallholders and graduated POs in the ASPIRE-AT clusters;
- The business is willing to share costs of technical support (if such support required from the programme);
- The business is legally registered to conduct the planned business activities.
- The business is compliant with the requirements of the ESCMF and the potential risk level of the planned activities are in line or lower than the project's overall environmental and social risk category (moderate).
- The business is committed to ensuring low GHG emissions from planned activities.

Priority will be given to those businesses in each priority value chain that can credibly demonstrate:

- The greatest potential impact per USD of project support, measured as the greatest increase in revenue to smallholders and / or increase in employment opportunities for rural people resulting from their planned investments per USD of project support required;
- Greatest impact on priority groups including women, youth, ethnic minorities and the disabled; and iii)  
The business is introducing innovative technologies or business practices, especially addressing climate change related mitigation or adaptation issues.

#### 9 [Output 2.1.1 Investment-Oriented Technical Support to Agri-Businesses](#)

Output 2.1.1 will provide technical support to about 40 agri-businesses on a cost-sharing basis.

Technical support will include:

- Market exposure and trade promotion to meet potential customers in target international markets and understand the specific market requirements, dynamics and competition.
- Bespoke technical investment advice to businesses on issues including specific modern technologies and equipment, operational processes, supplier management systems, business planning and cash flow management, product standards and certification requirements and compliance for market access (including sanitary and phyto-sanitary, MRL, food safety).
- Facilitation of links to centres of industry-leading international knowledge and expertise, including through knowledge exchange visits, training and technical support for groups of agri-businesses in each priority value chain. The objective is to establish systematic linkages at the industry level to recognized leading centres of expertise that can support industry competitiveness now and into the future.
- Climate change adaptation and mitigation to ensure resilient and low emission agri-businesses.

Participating businesses will also be actively facilitated to establish improved trading relationships with networks of producers and POs, especially the graduated POs supported by ASPIRE-AT.

#### 16. [Implementation](#)

Implementation of investment-oriented technical support will be led by a small team of experienced agri-business investment and trade development specialists contracted by ASPIRE Secretariat. Bespoke technical investment advice will require specialist industry specific expertise for each value chain and will be contracted in as required to compliment the expertise of the team in the Secretariat. This agri-business investment team will collaborate with other institutions active in similar areas including Khmer Enterprise, EuroCham and others to identify potential participating business and delivery complementary support.

#### 10 [Output 2.1.2 Agribusiness Investment Financing](#)

ASPIRE-AT finances will be provided via a wholesale line of credit to SME Bank for on-lending to partner financial institutions. The line of credit will focus on medium term capital investment loans, equipment leasing and other financing for investments in the range of USD 0.5 million – USD 5 million for expansion or upgrading of existing businesses and start-ups. The line of credit will complement SME Bank's existing SME loan co-financing which has up to USD 1.0 million loan size (including a

50% co-finance by SME Bank). Individual loan appraisal will be by the partner financial institutions of SME Bank, as is currently practiced. Execution of the business investments, including procurement, will be by the agri-business themselves.

Agri-businesses borrowing from SME Bank will be eligible for credit guarantees through the SME Bank model of Cambodia Credit Guarantee Corporation (CCGC). Women entrepreneurs may also be eligible for the Women Entrepreneurs Guarantee scheme. These schemes provide guarantees of up to 80% of the loan amount and so reduce the need for collateral.

#### *17. Implementation*

SME Bank will lead implementation, supervised by ASPIRE Secretariat who will recruit one finance and investment specialist. The investment specialist will coordinate the relationship with SME Bank, CCGC and other collaborating financial institutions under the SME Bank wholesale scheme. They will also coordinate the relationship with ARDB under the arrangements in Component 1.

#### *18. Reporting*

SME Bank is responsible to report aggregate results (number of borrowers, number of loans, portfolio at risk etc.) to ASPIRE Secretariat on a quarterly basis.

### **Sub-Component 2.2 Strengthening the Enabling Environment for Competitive Agriculture Value Chains and Trade**

Sub-Component 2.2 supports upgrading of critical public services and associated infrastructure to enable competitive export growth, with a focus on export-oriented plant health and quarantine services. Investments will include upgrading of physical infrastructure and equipment as well as capacity strengthening of the institutions and staff required to operate the upgraded services. The sub-component will also support a review of policies and regulations affecting the priority sectors and proposals for adjustment to strengthen competitiveness.

#### *19. Criteria for eligible investments*

All investments supported by Sub-Component 2.2 must comply with the following criteria which will be verified by a feasibility study:

- There is a demonstrable link to enabling inclusive export growth in priority value chains, in one of the following aspects:
  - Establishing or maintaining market access,
  - Delivery efficient export sanitary/phyto-sanitary and quarantine service,
  - Sustaining competitiveness within agreed market access frameworks via identification/promotion of current best practice for plant health and post-harvest management. This will include demonstrating high levels of confirmed interest from farmers and/or firms for the planned upgraded service.
- There is an Institutional management plan in place covering,
  - Financing plan, showing expected costs and sources of financing for the ongoing operation and maintenance or all related infrastructure and services;
  - Human resource plan for the ongoing delivery of the planned service in response to industry needs; and
  - Operational plan, setting out main required systems and process that will be used in the operation of the planned infrastructure or services.
- Economic viability. Sub-projects need to demonstrate they are economically sound and viable.

#### *20. Provisional List of Investments*

Inclusion in the provisional list of investments and / or in the AWPB does not constitute final approval to finance the investment from project funds. Sub-Component 2.2 investments will be financed by EIB under its Framework Loan modality and each investment will be subject to approval by EIB after the feasibility study.

The provisional list of investments includes:

- Post-Harvest Reference Centre (x1) to support export protocol negotiation for priority products and to conduct scientific trials for optimal post-harvest handling and treatment. Project support is expected to also cover technical assistance in negotiation of competitive export protocols and agreements with partner countries to create opportunities. Funding for such TA may include support from the China-IFAD South-South and Triangular Cooperation Facility for negotiation of trade protocols for priority commodities for the China market and elsewhere;
- Export Quarantine Inspection Offices (up to 5) to deliver mandatory pre-export quarantine inspection and related services to exporters. Support to include development of suitable ICT tools to enable efficient operation of such services, including development of an “e-phyto” system for issuance of secure digital phytosanitary certificates inline with the guidelines of the International Plant Protection Convention. The implementation of the digital solution will be directly managed by GDA
- Plant Health Reference Laboratory (x1) to support producers and exporters in the priority VC to maintain competitiveness while complying with SPS/market access requirements. The Reference Lab specifically provides rapid and accurate diagnosis of pests and diseases, recording and maintaining data on pest occurrences, and detecting and tracking new and invasive pests. It will also be primary point of connection to identify relevant “best in class” international knowledge of suitable pest and disease management approaches for priority products and work with research stations to guide the testing and adaption of these to Cambodia industry needs. E.g. bio-control of pests in fruit/nut orchards.
- Plant Health Research Stations (up to 3) will work closely with the Plant Health Reference Lab focusing on specific priority value chains (e.g. fruit, nuts) to support industry competitiveness of priority crops. They will be regional and focus on priority commodities relevant to their region not already served by other plant health research. Initial focus includes fruit/nut tree crops and horticulture where there are known gaps. E.g. low-chemical pest control in cashew/fruit orchards using biological agents.

#### 21. *Implementation*

Technical leadership of Sub-Component 2.2 will be by MAFF-GDA through its Department for Plant Protection, Sanitary and Phyto-Sanitary (DPPSP). Procurement will be by ASPIRE Secretariat.

### 11 Component 3: Aggregating Farmers and integrate them into Value Chains

Table 5: Summary of Component 3

Outcome	Sub-Component	Output	Approach
Increased capacity of producer organisations has enabled smallholders to meet market requirements for quality and scale	3.1.1 Producer organisations / Agriculture Cooperatives (AC) established and strengthened	3.1.1 Producer organisations / Agriculture Cooperatives (AC) established and strengthened	Capacity development and business planning by a service provider
			Registration of ACs by PDAFF
	3.2.1 Centres of excellence and Lead Farmers established and supported for development and dissemination of	3.2.1 Centres of excellence and Lead Farmers established and supported for development and dissemination of improved agricultural, post-harvest and processing technologies	Pilot Centre of Excellence  Potential for additional Centres of Excellence at regional level or in partnership with UAC

	improved agricultural, post-harvest and processing technologies		Lead Farmer network established in the graduated POs
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Component 3 assists smallholders to organise in formally registered Producer Organisations (POs) and to reach graduated PO status, with the capacity to coordinate production, post-harvest and marketing of produce and to negotiate contracts with agri-businesses. Component 3 supports preparation of Business Plans eligible for financing under Component 1.

POs supported by Component 3 will be based on existing POs that need increased capacity. Many of these POs will be informal Business Clusters formed and supported by ASPIRE and / or AIMS. Other types of POs including registered ACs with limited capacity will be eligible for support.

Registered POs will in most cases become Agriculture Cooperatives (AC) and Unions of Agriculture Cooperative (UAC). However, other types of legally registered PO are also eligible for support.

In all cases, capacity building of a PO to reach graduated PO status should be accompanied by a recruitment drive to attract new members of the PO. Many informal POs are too small to be sustainable. The project should target a minimum of 200 members in any graduated PO.

The project target is to form 300 graduated POs by the end of the project. This will be in addition to about 200 existing ACs and other POs that are eligible for financial support under Component 1.

Component 3 also supports sharing of technical knowledge through Centres of Excellence and through networks of Lead Farmers linked to the POs.

## 12 Sub-Component 3.1 Structure and Capacity of Producer Organisations

### Process

Sub-Component 3.1 is implemented through the following steps:

**Cluster mapping:** The first step in the process is identification of the geographic clusters where ASPIRE-AT will focus. Criteria for identification of clusters are described in Section 0. Clusters may cross Provincial boundaries so PDAFFs will need to cooperate on identifying clusters and preparing cluster work-plans.

**Cluster work-plan:** PDAFF will prepare a Cluster Work-Plan. The Cluster Work-Plan defines the tasks of the Service Provider in the cluster. If the Service Provider is already recruited, PDAFF must cooperate with the Service Provider to prepare the Cluster Work-Plan.

The Cluster Work-Plan will include:

- Number of existing POs, including Business Clusters, other informal groups and existing ACs, engaged in target value chain activities;
- Number of graduated POs to be formed by consolidating the Business Clusters or other informal POs;
- Number of existing ACs requiring strengthening to achieve Graduated PO status;
- Number of existing ACs that have adequate capacity already and can be certified as Graduated PO, so that they can access Component 1 finance;
- Number of smallholders to be supported in the graduated POs.

### *Registration of ACs*

PDAFF will facilitate existing informal POs to merge and to recruit new members so that they have a minimum of 150 members per PO (target should be at least 200 members wherever possible).

PDAFF will register the consolidated POs as AC following mandated procedures.

From Year 2, the project will also support formation of new Unions of Agriculture Cooperatives (UAC) where there is a sufficient number of graduated POs. Registration of UAC is the responsibility of MAFF-GDA through its Department of Agriculture Cooperatives.

### *Capacity Development*

After the PO is registered, the Service Provider will provide a programme of capacity development. The capacity development curriculum will be developed by the first Service Provider recruited in Year 1. Capacity Development will strengthen the capacity of the POs in the following key functions:

- Business management and planning (including preparing business plans for support under Component 1), commercial negotiations and relationship management, investment and financial planning, operational management, contract fulfilment and brand development;
- Engage in business relationships with agri-businesses (buyers, traders, processors, exporters) that will be supported under component 2;
- Aggregation of agricultural products that are: safe (including traceability in key value chains such as vegetables and others based on agribusiness partner needs), and fulfil market demand in quality and quantity;
- Provide services to their members, including technical advice and farm business management;
- Add value to agricultural products through post-harvest, processing, packaging and storage facilities.
- Sell products on domestic market and to agri-business supplying export markets;
- Adopt and promote to their members new technologies including ICT enabled services, especially those supported under other ongoing/completed IFAD project
- Develop/customise and promote the use of Management Information Systems for administrative and financial management of /POs aligned with the project MIS systems
- Strengthen women's voice and leadership within the POs, including meeting quotas for women's representation, awareness raising and leadership skills training for women;
- Strengthen administration, governance, inclusiveness (especially in terms of ID-Poor, women, youth and people from ethnic minorities), and Social, Environmental and Climate risk management.

For each PO, the process will start with a baseline assessment using the PO Graduation Scorecard. The Service Provider will conduct the baseline assessment and will then work with the PO and PDAFF to develop a training plan appropriate to the needs of the PO. The training plan must be endorsed by the PO Board and by PDAFF.

### *22. Business Plan*

The Service Provider will support the PO to develop a Business Plan. The contents of the Business Plan will include:

- Priority value chain activities to be supported;
- Market opportunities, including identification of partnerships with value chain agribusinesses and branding;
- Technical assistance needs, and source of assistance;
- Priority types of investment by farmers, with estimated number and cost;
- Proposed income-generating investments by POs, with estimated cost;
- Need for enabling market infrastructure, with estimated cost and sustainable O&M mechanisms;

- Digital services that improve efficiency, effectiveness and transparency of proposed operations;
- Total number of PO members benefiting from implementation of the Business Plan, with number of smallholders, women, IPs, youth and persons with disabilities;
- Measures for economic empowerment of women and creating opportunities for youth;
- Estimated employment generated by implementation of the Business Plan;
- Environment, climate and social risk management.

The Business Plan will be checked and endorsed by the PDAFF. This endorsement by PDAFF is a condition for accessing investment finance under Component 1.

### *23. Graduated PO Status*

Following endorsement of the Business Plan, the Service Provider will repeat the PO Graduation Scorecard Assessment. If it is found that the PO meets the criteria for graduation, PDAFF will recommend to ASPIRE Secretariat that the PO can be considered as having achieved Graduated PO status. ASPIRE Secretariat will carry out on-site checks before approving Graduated PO status which is a condition for accessing investment finance under Component 1.

### *24. Follow-Up Support*

After the PO achieves Graduated PO status and has an endorsed Business Plan, the PO can apply to ARDB for financing under Sub-Component 1.1 or to ASPIRE Secretariat for infrastructure financing under Sub-Component 2.2.

The Service Provider will continue to provide follow-up support to POs during the period of implementation of the Business Plan (see below).

### *25. Existing Registered ACs*

Existing registered ACs should not need the full programme of capacity development. PDAFF will assess existing registered ACs that want to participate in ASPIRE-AT. Some ACs may already meet Graduated PO criteria and have Business Plans. These AC may only need PDAFF to endorse their Business Plan and recommend them for Graduated PO status. Other existing ACs may be weaker and need either part or all of the capacity building programme.

The Service Provider will conduct a baseline assessment using the PO Graduation Scorecard.

1. If the PO meets all the graduation criteria, PDAFF will recommend to ASPIRE Secretariat that the AC can be considered as a Graduated PO.
2. If the AC meets most of the graduation criteria, the Service Provider will discuss the findings with the AC Board and agree a work-plan so that the PO can achieve Graduated PO status quickly.
3. If the AC is found to be a long way short of Graduated PO status, the Service Provider will work with the AC to develop a capacity building plan, similar to the one for a newly formed PO.

### *26. Length of Support*

ASPIRE-AT will not continue to support Graduated POs through the whole life of the project. The Service Provider will provide capacity building and business planning support for a new AC in the first year of engagement followed by support to implementation of the investment plan in the second year. The service provider will continue to provide coaching support for two further years, so the length of engagement with the PO will be four years in total, after which it is expected that the PO will be fully self-sustaining. For an existing registered AC, engagement of the service provider should normally be for a two-year period.

### *27. Cooperative Facilitators*

Sub-Component 3.1 will also support Cooperative Facilitators (CF) in newly-formed ACs. The CFs will be recruited by the ACs with priority for young people with good administrative, numeracy and computer skills. In the first year of employment the CFs will be trained by the service providers and

will be paid a small salary from the project. The AC will pay 50% of the CF salary in the second year and 100% from year 3 onward.

### 28. *MIS for POs*

A pilot of customised MIS and accounting software for ACs will be conducted with up to 10 ACs that can demonstrate sufficient capacity to make use of this service. ARDB will be consulted on the selection and customisation of the solution. Based on the success of this pilot, further AC will be encouraged to include the deployment of the software in their loan financing proposals under Sub-Component 1.1. Service costs of the software (including licence renewal and salaries of operators) will be the responsibility of the AC.

### 29. *Implementation*

The capacity building programme is implemented by the service provider in cooperation with PDAFF. Recruitment and management of the Service Provider is the responsibility of ASPIRE Secretariat.

PDFAFF is responsible for:

- Identification and mapping of the clusters;
- Preparation of the Cluster Work-Plan in cooperation with the Service Provider;
- Registration of ACs;
- Endorsement of the Business Plan;
- Recommend POs for Graduated PO status to ASPIRE Secretariat;
- Cooperate with POs to recruit the Cooperative Facilitators;
- Monitoring and reporting using the ASPIRE MIS.

MAFF-GDA, through its Department of Agriculture Cooperatives, is responsible for registration of UAC.

### 13 *Sub-Component 3.2 Technical Advice and Centers of Excellence*

Sub-Component 3.2 will support establishment of Centers of Excellence (CoE) for development and dissemination of improved agriculture techniques prioritized in key value chains partnership and activities supported along component 1 and 2, including to respond to identified standards/GAP. The purpose of CoE is to work in partnership with the private sector for development, promotion and demonstration of improved production and post-harvest technologies which may include:

- Improved, pest and disease tolerant and climate resilient cultivars;
- Modern production techniques including Climate Smart Agriculture;
- Pest and disease control techniques;
- Enhanced crop planning and crop calendars;
- Soil fertility management; Farm machinery, including innovative energy-efficient models;
- Energy and water saving techniques;
- Post-harvest, processing and storage techniques;
- Early warning systems; and
- Renewable energy technologies (RET).

CoE should demonstrate a wide range of products and become a “neutral platform” to guide farmers’ investment choices. Female and young role models and those coming from ethnic minorities will be promoted.

All CoE will be subject to the following criteria which must be verified by a feasibility study:

- Well defined expected results in terms of adoption of new technology by Cambodian farmers;
- An institutional plan including secured funding for operation and maintenance of the Centre; and
- Buy-in from several private sector partners willing to co-invest, to demonstrate their products and to participate in operation of the Centre.

One pilot Centre of Excellence will be developed in the first two years of the project. The pilot Centre of Excellence will be under management of MAFF-GDA. Two existing MAFF facilities will be considered for selection:

- Agriculture Research Station at Banteay Daek, Kandal Province;
- Conservation Agriculture Research for Development Centre (CARDEC) at Bos Khnor in Kampong Cham Province.

After the first CoE has been successfully established, the project will consider proposals to establish additional Centres of Excellence at sub-national level through partnerships with PDAFFs, UACs and the private sector.

The CoE will provide an opportunity for collaboration with the Cambodia Renewable Energy in Agriculture (CREA) project financed by GEF. Private RET providers will have the opportunity to promote their products in the CoE for farmers to try out and purchase.

### 30. *Lead Farmer Network*

Sub-Component 3.2 will also support establishment of a network of Lead Farmers in the graduated POs. Lead Farmers will act as input suppliers, last-mile service providers and as technical focal points for the PO. Women, youth and indigenous peoples will be prioritised to become Lead Farmers. The Lead Farmer will be linked to the Centres of Excellence through training visits and outreach activities. The project target is to establish Lead Farmers in 300 POs.

## 14 ROLES AND RESPONSIBILITIES



This section of the PIM:

- Describes the different agencies that have a role in implementation of SAAMBAT
- Describes the roles of key project leaders and staff
- Defines reporting lines between the agencies

## 15 Programme Steering Committee

There is one Program Steering Committee for the whole Country Strategic Opportunities Program (COSOP) which includes all the projects financed by IFAD in Cambodia.

The purpose of the Program Steering Committee is to:

- Ensure that projects in the IFAD Country Program contribute to the Strategic Objectives of the Country Strategic Opportunities Program (COSOP);
- Discuss and agree the overall strategic direction of each program or project within the COSOP;
- Identify challenges faced by the projects and programs, and recommend solutions to the Program / Project Directors;
- Facilitate exchange of information and mutual cooperation between programs and projects in the COSOP, and with projects financed by other partners;
- Agree, report on and review strategic indicators.

The members of the PSC are:

- MEF, as representative of RGC. The PSC is chaired by a senior official of MEF;
- MAFF, Ministry of Commerce (MoC), Ministry of Rural Development (MRD), Ministry of Water Resources and Meteorology (MoWRAM), Ministry of Environment (MoE), Supreme National Economic Council (SNEC), and National Committee for Sub-National Democratic Development – Secretariat (NCDD-S) as Executing Agencies of programs and projects in the COSOP;
- Other Ministries and agencies that have implementing responsibilities for COSOP programs and projects, or are important partners for IFAD, including Ministry of Women’s Affairs (MoWA).
- IFAD;

- EIB;
- EU through the Delegation to the Kingdom of Cambodia
- Representative of the United Nations Country Team (UNCT) for Cambodia;
- Development partners that have cooperation agreements or MOU with IFAD;
- Representatives of farmer organisations (FO);
- Representatives of the private sector.

The Program Steering Committee meets as often as needed but at least one time per year. The PSC should meet in January to review the achievements of the previous year and to discuss plans for the following year. However, the PSC is not responsible to review and approve the AWPB of each program or project.

## 16 Ministry of Economy and Finance

Ministry of Economy and Finance (MEF) represents the Government of the Kingdom of Cambodia (GoKC) to IFAD and is responsible for receiving and accounting for programme funds.

MEF General Department of International Cooperation and Debt Management (GDICDM) supervises implementation of the COSOP, including ASPIRE-AT, through its Department of Multilateral Cooperation (DMC), Office of Multilateral Cooperation II (OMC 2).

In accordance to the Standard Operating Procedures, MEF is responsible to:

- Ensure inter-agency cooperation when required;
- Fulfil the government fiduciary oversight and management responsibilities under the Programme;
- Provide sufficient counterpart contribution funds in a timely manner to finance the Programme activities, including payment of government salaries; and
- Timely processing of withdrawal applications, approval of procurement actions and other necessary documents in accordance with the Updated Standard Operating Procedure of government as promulgated by sub decree No. 74 ANK. BK dated May 22, 2012 (SOP), and its subsequent amendment. (or automatically updated by the Updated SOP, Sub Decree 2019)

## 17 Ministry of Agriculture, Forestry and Fisheries

MAFF is the Project Executing Agency (EA). As Executing Agency, MAFF is responsible for the following functions:

- Appoint the Project Director;
- Appoint ASPIRE Secretariat to take on project management functions (i.e. to act as the Project Management Unit (PMU) for ASPIRE-AT;
- Coordinate preparation of the AWPB and submitting it to IFAD and EIB for No Objection;
- Manage Project Accounts;
- Preparation of the project accounts and financial reporting;
- Prepare Withdrawal Applications (WA) and submit to MEF for processing;
- Procurement;
- Coordinating with the MEF for appointment of a Project Auditor;
- Project monitoring and evaluation (M&E);
- Consolidation of the Project Six-Month Report and Annual Report;
- Liaise with IFAD and EIB on issues relating to project implementation, including facilitation of IFAD and EIB Implementation Support Missions and Supervision Missions.

## 18 Ministry of Women's Affairs

Ministry of Women's Affairs (MoWA) does not have a direct role in implementation of ASPIRE-AT, but has a role in implementation of the Gender Action Plan [to be completed...]

## 19 General Directorate of Agriculture

MAFF-GDA is responsible to provide overall technical direction for ASPIRE-AT. Different departments of GDA will have lead technical responsibilities for certain project activities:

- Department for Plant Protection, Sanitary and Phyto-sanitary (DPPSP) will have the lead technical role in implementation of Sub-Component 2.2
- Department of Agricultural Cooperatives Promotion (DACP) is responsible for policy and technical guidance on formation and capacity development of Agriculture Cooperatives (AC), and is directly responsible for registration of Unions of Agriculture Cooperatives (UAC).

## 20 ASPIRE Secretariat

ASPIRE Secretariat is appointed by MAFF to carry out the day-to-day duties of MAFF as the EA. This arrangement ensures continuity with the ASPIRE Programme.

ASPIRE Secretariat is led by the Project Director and includes (1) officials of MAFF, who are seconded to work full-time in ASPIRE Secretariat during the project implementation period and who continue to receive their salaries as public servants; (2) contracted staff, who are mainly specialists in project administration, financial management and procurement functions, and whose salaries are considered as project operational costs; and (3) advisers, who generally have more technical roles and whose fees and salaries are considered as project investment costs.

ASPIRE Secretariat will have the following core staff who are civil servants:

- Project Manager (reporting to Project Director);
- MIS Officer;
- Gender Promotion Officer;
- Environmental and Social Safeguards Officer;
- Monitoring, Evaluation and Planning Officer;
- Finance and Accounting Officer;
- Knowledge Management and Communications Officer;
- Procurement Officer;
- Administration Officers (2 officers);
- Head of Finance and Administration Section.

ASPIRE Secretariat will have the following contracted staff:

- Monitoring, Evaluation and Planning Specialist;
- Knowledge Management and Communications Specialist;
- Finance and Accounting Specialist (3 staff);
- Cashier (2 staff);
- Procurement Specialist (2 staff);
- Administration Specialists (2 staff);
- Support Staff (cleaner, 1 staff);
- Drivers (9 staff).

The following long-term advisers will work in ASPIRE Secretariat:

- Chief Technical Adviser (international position);
- Deputy Chief Technical Adviser;
- Gender and Social Inclusion Adviser;
- Social, Environment and Climate Change Adviser;
- M&E and Planning Adviser;
- Information and Communication Technology (ICT) Adviser;
- Finance and Accounting Adviser;
- Procurement Adviser.

The Project Manager is assigned to work full-time on implementation of ASPIRE-AT and is responsible to manage the staff and operations of the ASPIRE Secretariat. The Project Manager is responsible to coordinate with the Implementing Agencies.

The general responsibilities of the Project Manager are as follows:

- Responsible for the day to day activities of ASPIRE-AT implementation;

- Ensures that ASPIRE-AT development objectives and goals are realized on time and within budget and is in line with the Project results framework;
- Responsible for all procurement activities of ASPIRE Secretariat in accordance with the responsibilities defined in the Procurement Manual;
- Approves and signs contracts and other important procurement documents within delegated authority as defined in the SOP Procurement Manual;
- Ensures effective financial systems and procedures for accounting and financial management of the Project or TA activities are maintained;
- Responsible for the employment and management of Project staff under ASPIRE Secretariat;
- Supervises and maintains high level of performance by the Project and its staff;
- Supervises and manages all contracting done by MAFF;
- Maintains effective channels of communication with all stakeholders.
- Ensures that all reports, papers and other information are made available in an orderly and timely manner.
- Ensures that monitoring and evaluation activities generate the information necessary to support Project management. Furthermore, ensures that M&E is carried out following the ASPIRE-AT results-based framework;
- Ensures that management actions are pro-active, adequate, and effective in responding to monitoring information and changing circumstances;
- Receives instructions from and reports directly to the Project Director.
- Holds only one Project manager position.

#### 21 [Agriculture and Rural Development Bank](#)

Agriculture and Rural Development Bank (ARDB) is the implementing agency for Sub-Component 1.1: Investment in productive and resilient assets of POs and smallholders. ARDB will:

- Operate one or more project sub-accounts [IFAD, EIB separate?];
- Implement Sub-Component 1.1 activities;
- Apply amounts received as loan repayments to finance new loans under ASPIRE-AT until the end of the project;
- Report on project activities and results to ASPIRE Secretariat.

ARDB will be assisted by one full-time Value Chain Financing Specialist who will be recruited by ARDB with participation from ASPIRE Secretariat.

#### 22 [Small and Medium Enterprise Bank](#)

Small and Medium Enterprise Bank (SME Bank) is the implementing agency for financial support to agri-businesses under Sub-Component 2.1: Strengthening private investment for agricultural market and trade development.

SME Bank will:

- Operate one or more project sub-accounts [IFAD, EIB separate?];
- Implement Sub-Component 2.1;
- Apply amounts received as loan repayments to finance new loans under ASPIRE-AT until the end of the project;
- Report on project activities and results to ASPIRE Secretariat.

#### 23 [Provincial Department of Agriculture, Forestry and Fisheries](#)

Provincial Departments of Agriculture, Forestry and Fisheries are responsible for:

- Conduct mapping of pro-poor value chains and producer organisations;
- Conduct formation and registration of Agriculture Cooperatives;
- Manage and coordinate networks of Lead Farmers including identifying training needs;
- Cooperate with regional service providers for business development services to graduated
- Project planning, monitoring and reporting at Provincial level.

PDAFF does not operate a project sub-account, but receives and accounts for advances from ASPIRE Secretariat.

The Director of PDAFF will be appointed as the Provincial Project Manager for ASPIRE-AT and will be supported by:

- One M&E and Planning Officer;
- One Agricultural Cooperative Officer.

PDAFF will also be supported by one Provincial Management Adviser.

## 24 PROJECT PLANNING

 This section of the PIM:

- Describes the overall implementation plan of the project
- Describes the process for setting annual targets
- Describes the process for preparation of the Annual Workplan and Budget
- Describes the process for submission and approval of Sub-Projects for EIB financing based on the AWPB

## 25 Basis of Project Planning

Project planning is based on achieving the project results defined by the Project Logframe including the Mid-Term and Final targets for project outcomes and outputs. Project Planning should also take note of the output targets and expenditure targets in the Project Cost Tables.

The Summary Project Implementation Plan table below shows approximate output targets by year as a basis for planning.

	2023	2024	2025	2026	2027	2028
Number of New Clusters Targeted	5	5	6			
Number of Existing Formal POs Joining Project	50	50	50	50		
Number of New Formal POs Registered	50	100	100	50		
Number of New POs Reaching Graduation Status		50	100	100	50	
Number of Farmer Investments with ARDB Loan-Grant	1,000	2,000	3,000	3,000	1,000	
Number of PO Investments with ARDB Loan-Grant	50	100	150	150	50	
Number of POs with Infrastructure Investment		50	100	100	50	
Number of SME Supported	10	10	10	10		
Number of SME with SME Bank Loan		5	5	5		
Implementation of Enabling Infrastructure Investments	X	X	X			

Implementation of Pilot Centre of Excellence	X	X	X			
<i>Cumulative Clusters</i>	5	10	16	16	16	16
<i>Cumulative POs Supported</i>	100	250	500	500	500	500
<i>Cumulative Graduated POs</i>	50	150	350	500	500	500
<i>Cumulative Beneficiaries</i>	20,000	50,000	100,000	110,000	120,000	125,000

Each year, the project reviews these targets and sets revised annual targets to keep the project on track to achieve the logframe targets.

Annual targets are reflected in:

- Cluster Workplans
- Annual Workplan and Budget
- Procurement Plan
- Workplans of service providers
- Investments submitted for funding approval by EIB

#### Preparation of AWPB

Preparation of the ASPIRE-AT AWPB will begin in September of the previous year (i.e. preparation of AWPB for PY2 begins in September of PY1). The target is to send the AWPB to IFAD and EIB for No Objection in early December.

September: First AWPB Meeting (ASPIRE Secretariat, implementing agencies and MEF): ASPIRE Secretariat sets output and expenditure targets for the following year, based on the logframe and the cost tables.

October: Each implementing agency submits a draft AWPB. Implementing agencies are:

- GDA
- PDAFFs
- ARDB
- SME Bank.

November: ASPIRE Secretariat checks the draft AWPB submissions for:

- Compliance with agreed annual output targets;
- Compliance with agreed expenditure targets;
- Consistency with the Financing Agreement, Project Design Report, logframe, Cost Tables and PIM.

The submission from each IA must include:

- Summary of progress against output indicators, showing achievement expected up to the end of the current year, expected achievement during the next (AWPB) year, and targets defined in the PIM;
- Summary of disbursement progress showing cumulative disbursement expected at the end of the current year, planned disbursement by the end of the AWPB year, and comparison with component disbursement profiles in the PIM.

November: ASPIRE Secretariat consolidates these figures to summarise planned progress and disbursement for the project as a whole.

Late November / early December: Second AWPB Meeting: ASPIRE Secretariat presents the completed draft AWPB for discussion and agreement.

December: AWPB is submitted to MEF for review and endorsement.

December: AWPB is submitted for No Objection to IFAD [and for information to EIB].

#### Work Plans for Service Providers

Service Providers do not formally submit AWPB proposals, but implementing agencies should discuss with relevant service providers to ensure that the AWPB is compatible with the Service Provider contract, TOR and work-plan. Service Providers may be requested to adjust their work-plans to ensure delivery of the AWPB.

#### EIB Investments

[Investments to be financed by EIB are included in the AWPB. However, EIB will not issue No Objection to the AWPB and EIB investments are subject to a separate approval process.

## 26 SOCIAL AND ENVIRONMENTAL SAFEGUARDS AND CLIMATE CHANGE ADAPTATION

 This section of the PIM:

1. Describes the framework for compliance with IFAD's global standards for Environmental and Social Safeguards (ESS) and climate change adaptation.
2. Describes the EIB Environmental and Social Standards and the EIB Climate Strategy related to the project and requirements for compliance.
3. Summarises the requirements of the project Environmental, Social and Climate Management Framework and related documents

## 27 Environmental, Social and Climate Safeguards Principles

All project activities must comply with IFAD's Environmental and Social Values and Principles. All components financed by the EIB shall comply with EIB Environmental and Social Standards<sup>12</sup> and in-line with EIB Climate Strategy<sup>13</sup>. All investments will need to be screened for compliance with these standards before financing of the investments can be approved. This includes productive assets for farmers and POs financed through ARDB; infrastructure under Sub-Component 1.2; investments by agri-businesses financed through SME Bank and public facilities financed under Sub-Components 2.2 and 3.2.

Assessments of IFAD Programmes' impacts are governed by its 2020 SECAP<sup>14</sup>. This document contains minimum standards for the assessment of social, environmental and climate change risks to be applied in IFAD programmes and projects.

<sup>12</sup> EIB (2018) Environmental and Social Standards <https://www.eib.org/en/publications/environmental-and-social-standards>

<sup>13</sup> EIB (2017) EIB Climate Strategy) <https://www.eib.org/en/publications/eib-climate-strategy.htm>

<sup>14</sup> IFAD (2017): Social, Environmental and Climate Assessment Procedures – Managing risks to create opportunities. <https://www.ifad.org/en/secap>

#### **IFAD's Social and Environmental Values and Principles**

- Not knowingly finance projects that would contravene national laws.
- Not knowingly finance, directly or indirectly, activities mentioned in the IFAD exclusion list.
- Identify vulnerable people or groups who may be disproportionately affected by its projects and implement relevant mitigation measures.
- Promote the conservation, rehabilitation and sustainable use of natural resources and key ecosystems in an integrated manner.
- Recognize the importance of addressing both the causes and the consequences of climate change in the countries where IFAD operates.
- Minimize adverse social and environmental impact.
- Address gender-based violence and discrimination and promote gender equality.
- Ensure stakeholder feedback, with special emphasis on the participation of, and benefits to, women, youth, people with disabilities and site-specific targeted groups.
- Improve the livelihoods of indigenous peoples and other marginalized groups.
- Avoid involuntary resettlement wherever possible.
- Promote sound agricultural and manufacturing processes.
- Undertake compliance monitoring.
- Ensure transparency and accountability throughout the life cycle of projects.
- Mainstream social inclusion and environmental and climate sustainability into IFAD's project cycle.
- Support borrowers/recipients/partners in achieving good international practices; and
- Focus on procurement processes to ensure that borrowers/recipients/partners require contractors to comply with SECAP.

All IFAD projects are subject to an environmental, social and climate risk screening using the SECAP screening tool. Projects are assessed as being High, Substantial, Moderate or Low Risk. ASPIRE-AT has been assessed as Moderate Risk. The climate risk category of the project is determined as substantial.

#### **Definition of Moderate Risk from SECAP Guideline**

A project should be classified as Moderate Risk when potential adverse risks and impacts on human populations or the environment are not likely to be significant. This may be because the project is not complex or large, does not involve activities with high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas. The potential risks and impacts are: — Predictable and expected to be temporary or reversible; — Low in magnitude; — Site-specific, without the likelihood of impacts beyond the project life cycle; — Low probability of serious adverse effects to human health or the environment (e.g. they do not involve the use or disposal of toxic materials, or routine safety precautions are expected to be sufficient to prevent accidents); — The project's risks and impacts can be easily mitigated in a predictable manner.

Additionally, a project is classified as Moderate Risk when it finances one or more of the following activities: — Small dam or reservoir construction (between 5-9-metre high wall, and/or with a reservoir below 100,000 m3); — Construction of small-scale irrigation schemes rehabilitation/development (below 300 hectares per scheme); — New construction, rehabilitation or upgrade of rural roads (ASPIRE-AT 2021) and/or...

All projects selected by EIB have to be acceptable in environmental and social terms. In this respect, EU policies and law form the basis of EIB's environmental guidelines. The EIB's Environmental and Social Standards cover ten main areas:

- Assessment and management of environmental and social impacts and risks
- Pollution prevention and abatement
- EIB standards on biodiversity and ecosystems
- EIB climate-related standards
- Cultural heritage
- Involuntary resettlement
- Rights and interests of vulnerable groups
- Labour standards
- Occupational and public health, safety and security
- Stakeholder engagement

The project must comply with national law and International Labour Organisation (ILO) standards for labour management. Contractors must be responsible to ensure occupational and community health and safety as part of their works contracts.

## 28 Managing Environment and Social Risks

### 29 Framework for Risk Management

The framework for environmental, climate and social risk management for ASPIRE-AT is the Royal Government of Cambodia's (RGC) Standard Operating Procedures (SOP) for internationally financed programmes/projects. This framework references compliance to RGC's General Guidelines of the MEF and safeguard policies of co-financiers, in this case EIB's Environmental and Social Standards, for components directly financed by EIB, and the International Fund for Agricultural Development's (IFAD) Social, Environmental and Climate Assessment Procedures (SECAP) for those financed by IFAD.

Environment, social and climate risk management in ASPIRE-AT is guided by a set of documents prepared during project preparation. These working documents are:

- The Environmental, Social and Climate Management Framework (ESCMF);
- The Environmental, Social and Climate Management Plan (ESCMP);
- The Indigenous People's Plan (IPP);
- The Free, Prior and Informed Consent (FPIC) Plan;
- The Cultural Heritage Management Plan (CHP).

These documents are considered as forming a part of this PIM (they should be managed as a separate volume of the PIM).

### 30 Environmental, Social and Climate Management Framework (ESMF)

Most of the actual investments of ASPIRE-AT will be selected during project implementation. This includes investments for farmers and POs in Component 1 and investments for agri-businesses in Component 2. Some public facilities are pre-identified (trade infrastructure in Sub-Component 2.2 and Centres of Excellence in Sub-Component 3.2) but even in these cases, the investments, their locations and their technical designs need to be confirmed during project implementation.

Therefore, an Environmental, Social and Climate Management Framework (ESCMF) has been prepared to guide management of these risks. The ESCMF sets out the principles, rules, guidelines and procedures to assess all potential environmental and social risks and impacts of the Project. It recommends mitigation and avoidance mechanisms, including institutional capacities, monitoring arrangements and approximate costs. It is designed to be flexible and applicable to the Project activities throughout the implementation period, even though the Project activities may be subject to change.

The ESCMF describes the steps required for screening and risk management for all investments.

### 31 Environmental, Social and Climate Management Plan

The Environmental, Social and Climate Management Plan has been prepared as an annex to the ESCMF. The ESCMP is a matrix with the following contents:

- Potential environmental, social and climate impacts of the project;
- Types of investment / project activity that can trigger these risks;
- Risk rating (e.g. high / substantial / moderate / low);
- Recommended risk management measures;
- Associated Public Consultation activities required;
- Responsibilities;

- Means of Verification;
- Estimate of associated costs.

### 32 Indigenous People's Plan and Free, Prior and Informed Consent Plan

Indigenous People (IPs) participate in the value chains targeted by ASPIRE-AT and are amongst the intended target beneficiaries of the project. ASPIRE-AT targets that 1.5% of all beneficiaries will be IPs and this will be verified through project monitoring. IPs suffer additional disadvantages compared to farmers from the Khmer ethnic minority. For this reason, IPs receive priority for some project activities, particularly for financing packages through ARDB.

The Indigenous People's Plan (IPP) is a tool to ensure that the design and implementation of ASPIRE-AT will foster full respect for IPs' identity, dignity, human rights, livelihood systems and cultural uniqueness, as defined by the IPs themselves. It: outlines the actions to minimize or compensate for any adverse impacts of projects; and identifies opportunities and actions to enhance the positive impacts of projects for IPs in a culturally appropriate manner.

The IPP includes specific actions to be implemented by the project to maximise the benefits of the project to IPs and to avoid negative impacts. It includes (i) description of affected IPs and their locations; (ii) Summary of substantive rights and legal framework; (iii) summary of social and environmental assessment and mitigation measures; (iv) participation, consultation and FPIC processes; (v) appropriate benefits; (vi); capacity building; (vii) grievance redress; (viii) monitoring, reporting and evaluation; (ix) Institutional Arrangements; and (x) budget and financing.

Any project activity affecting IPs must be subject to the Free, Prior and Informed Consent (FPIC) of the IP community. FPIC is the right of self-determination of indigenous peoples as recognized in the UNDRIP (article 23). At IFAD, FPIC is considered as an operational instrument that empowers local and indigenous peoples' communities, ensuring mutual respect and full and effective participation in decision-making on proposed investments that may affect their rights, their access to lands, territories and resources, and their livelihoods.<sup>15</sup>

The ASPIRE-AT FPIC Plan sets out which project activities will require FPIC, the procedure to be followed and a format for an FPIC agreement

### 33 Cultural Heritage Management Plan (CHMP)

The purpose of the CHMP is to manage risks and avoid negative impacts on cultural heritage arising from the project activities. Cultural heritage includes (i) tangible cultural heritage (assets and objects); (ii) immovable cultural heritage (e.g. buildings and ancient sites); (iii) moveable cultural heritage (moveable objects); (iv) intangible cultural heritage, which includes traditional arts, beliefs, ceremonies etc; (v) replicable cultural heritage; and (vi) non-replicable cultural heritage.

The main objective and the scope of cultural heritage impact management as described in the CHMP are:

- Identifying the potential adverse impacts and risks relating to cultural heritage (both tangible and intangible) with each stage of the subproject by using the SECAP screening questions;
- Categorising subproject impact and risks based on 4 categories (low, moderate, substantial and high);
- Developing a stakeholder engagement plan and starting early public consultation meetings with relevant stakeholders to identify options to avoid potential adverse impacts and risks to cultural heritage, mainly for substantial and high-risk subprojects (screening potential impact or risks);
- Assessing whether confidentiality of cultural heritage items may need to be included as part of information disclosure.

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<sup>15</sup> [https://www.ifad.org/documents/38714170/45407038/FPIC\\_call+to+action.pdf/025f9e41-a3c7-526e-c4ed-1121ea857dee?t=1651070341888](https://www.ifad.org/documents/38714170/45407038/FPIC_call+to+action.pdf/025f9e41-a3c7-526e-c4ed-1121ea857dee?t=1651070341888)

The CHMP defines the steps and procedures required to manage risks to cultural heritage following these principles. The CHMP must be implemented within the framework of the ESCMP. Where cultural heritage of IPs may be impacted, the CHMP and the IPP are implemented together.

### Environmental and Social Safeguards in Procurement Process

<b>Resource Efficiency and Pollution Prevention</b>	<b>Risk Rating</b>	<b>Consequence</b>	<b>Guidance for SPOs</b>
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Low	<b>Minor</b> Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	Include in the technical specifications that the project will only use approved pesticides and respect WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides.
2.3 Could the project involve or lead to engagement in areas of forestry, including the harvesting of natural forests, plantation development, and/or reforestation?	Low	<b>Negligible</b> The project will not involve engagement of forestry in any form	Ensure zero-deforestation clauses are included in project contracts.
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Moderate	<b>Minor</b> The project only requires minimal amounts of fertilizer	Include a list of approved/certified chemicals in tender documents.
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Moderate	<b>Minor</b> The project only requires minimal amounts of pesticide.	Include in the technical specifications that the project will only use approved pesticides and respect WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides.  Include the list of approved pesticides in the tender documents.
<b>Cultural Heritage</b>	<b>Risk Rating</b>	<b>Consequence</b>	<b>Guidance for SPOs</b>
3.1 Could the project be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	Moderate	<b>Minor</b> The project is thought to be close to an area that is considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage. The site has been comprehensively surveyed, and all tangible and intangible cultural heritage is well known.	In consultation with the Lead Implementing Agency, ensure whenever possible that bidder qualifications for contractors intervening in areas that have cultural heritage include previous experience in carrying out works in similar settings.
3.2 Could the project directly or indirectly affect indigenous peoples'	Moderate	<b>Minor</b>	In consultation with the lead implementing

rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?		Minor impact to indigenous population. No damage to/or loss of access to indigenous land, assets, resources, and/or cultural heritage.	agency, ensure whenever possible that: - Bidder qualification to include previous work experience in similar projects in the vicinity or with likelihood of presence of tangible heritage sites. - Technical specifications encourage use of local knowledge (intangible heritage).
<b>Labour and Working Conditions</b>	<b>Risk Rating</b>	<b>Consequence</b>	<b>Guidance for SPOs</b>
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Moderate	<b>Minor</b> The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be effective.	Provisions on OSH to be included in qualification and contract condition in consultation with the implementing agencies.
<b>Community Health, Safety and Security</b>	<b>Risk Rating</b>	<b>Consequence</b>	<b>Guidance for SPOs</b>
6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	Moderate	<b>Minor</b> The project has only minor involvement with the transport, storage, and use and/or disposal of hazardous or dangerous materials, and regulation of hazardous materials is effective.	Include in the technical specifications that the project will only use approved pesticides and respect WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides.
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Moderate	<b>Minor</b> Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.	Include in the general clauses of the bidding documents of suppliers, subcontractors and service providers compliance with IFAD's policy on preventing and responding to sexual harassment, exploitation and sexual abuse and mandatory

			references to security policies will be included in tender documents and concluded contracts.
6.8 Could the project lead to increases in traffic or alteration in traffic flow?	Moderate	<b>Moderate</b> Moderate changes to traffic volumes or alterations to traffic flow. Risk of injury or death is reduced by good design and implementation of safety protocols. New construction, rehabilitation or upgrade of rural roads, with Annual Average Daily Traffic (AADT) below 400	Applicable traffic rules and road safety measures in the rural road network will need to be adhered to and road signs installed as needed according to the national regulations.
<b>Financial intermediaries and direct investments</b>	<b>Risk Rating</b>	<b>Consequence</b>	<b>Guidance for SPOs</b>
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	Moderate	<b>Minor</b> The institution has an ESMS in place. Reports are not publicly available.	Agreements with the FI should include a requirement for a functional ESMS.  The agreement clauses should include the submission by FIs, in a form acceptable to IFAD, of annual environmental and social reports on the implementation of the ESMS and on-lending operations.
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	Moderate	<b>Minor</b> The institution employs an ES Officer, and employs field staff to implement the ESMS.	Agreements with the FI should include a requirement for a functional ESMS including capacity to effectively implement it.

### 34 IMPLEMENTATION RESPONSIBILITIES

#### 35 ASPIRE Secretariat

ASPIRE Secretariat has overall responsibility for ensuring the implementation of the ESCMF, the ESCMP, the IPP, the FPIC Plan and the CHMP. ASPIRE Secretariat will appoint a Social, Environment and Climate Change Specialist to assist in implementing and monitoring these instruments.

ASPIRE Secretariat will:

- Manage the ESCMF, the ESCMP, the IPP, the FPIC Plan and the CHMP as components of this PIM, including updating the documents where necessary;
- Develop specific screening formats for different project activities as necessary;

- Ensure that all project implementing agencies are aware of their responsibilities to implement the ESCMP and other instruments;
- Provide capacity building to project implementing agencies as necessary;
- Monitor implementation of the ESCMP and other instruments;
- Report to GoKC, IFAD and EIB on implementation.

### 36 Responsibilities of Implementing Agencies

Each implementing agency including MAFF-GDA, ARDB, SME Bank and PDAFFs is responsible to implement the ESCMP and other instruments for project activities within its areas of responsibility.

Service providers (e.g. capacity building service providers for POs in Component 3) must also be aware of the ESCMP and implement its procedures where relevant.

The main responsibility for screening project activities for social, environmental and climate risks will be with:

- ARDB, for investments in Sub-Component 1.1. ARDB will conduct social, environmental and climate risk screening as part of its screening and due diligence procedures;
- SME Bank, for investments in Sub-Component 2.1. SME Bank will conduct social, environmental and climate risk screening as part of its screening and due diligence procedures;
- Technical consultants engaged for feasibility study and design of infrastructure investments (sub-component 1.2), trade facilitation infrastructure facilities (sub-component 2.2) and Centres of Excellence (sub-component 3.2). For all these investments, social, environmental and climate risk screening and development of site-specific risk management plans must be part of the TORs of the consultants.

### 37 Farmers, POs and Agri-Businesses

All farmers, POs and agri-businesses receiving project support must commit to avoid negative environmental, social and climate impacts.

In the case of POs, capacity building for environmental, social and climate risk management (awareness, screening and risk management measures) will be part of the capacity building programme provided by the service provider in Component 3.

### 38 Contractors

Site-specific Environmental, Social and Climate Management Plans will be developed for each infrastructure investment. These plans will become part of the contract between the project and the contractor.

In addition, standard contract conditions will require contractors to comply with labour laws and standards, follow correct waste management procedures and avoid negative impacts on the environment or on the health and safety of the local community.

### 39 GENDER ACTION PLAN

 This section of the PIM describes how gender mainstreaming principles will be implemented in ASPIRE-AT through a Gender Action Plan.

### 40 ASPIRE-AT is a Gender Transformative Project.

A gender transformative project actively seeks to transform gendered power dynamics by addressing social norms, practices, attitudes, beliefs and value systems that represent structural barriers to women's and girls' inclusion and empowerment.

#### 41 ASPIRE-AT Gender Action Plan

As a Gender Transformative Project, ASPIRE-AT will adopt and implement a Gender Action Plan.

The Gender Action Plan will be based on the Gender Strategy included in the ASPIRE-AT Social Inclusion Strategy.

The Gender Strategy identifies three strategic pathways for gender equality and women's empowerment will be followed:

- Promote economic empowerment to enable rural women and men to have equal opportunities to participate in and benefit from profitable economic activities;
- Enable women and men to have an equal voice and influence in rural institutions and organizations; and,
- Achieve a more equitable balance of workloads and the sharing of economic and social benefits between women and men.

The Gender Action Plan will be prepared through consultation with ASPIRE Secretariat, IFAD, EIB, implementing agencies and stakeholders including representatives of farmer organisations.

The MAFF Gender Focal Point will be invited to participate in preparation of the ASPIRE-AT Gender Action Plan and ensure alignment with the gender mainstreaming policies, strategies and plans of MAFF.

Ministry of Women's Affairs will participate in preparation of the GAP in an advisory role.

The Gender Action Plan will be reviewed by IFAD and the EIB during project supervision. The Gender Action Plan will be updated as needed during project implementation.

The Gender Action Plan will also ensure contributions to the three IFAD Gender Policy objectives (promote economic empowerment; enable women and men to have equal voice and influence; achieve a more equitable balance in workloads and in the sharing of economic and social benefits).

#### 42 Implementation of the Gender Action Plan

The following arrangements will be made to ensure that gender is taken into account in the implementation of ASPIRE-AT:

- Setting quota for women as a percentage of beneficiaries
- Carrying out information campaigns and outreach events targeting women
- Budget allocation for specific gender-related activities
- One person in the project management team will be responsible for gender and social inclusion issues (overseeing the implementation of the gender strategy, building the capacity of staff and helping colleagues to address considerations related to gender equality and women's empowerment in their operations, including knowledge management, M&E, indicators and measurement of results)
- Use of female service providers
- The studies undertaken by the project will include a gender perspective
- Gender parity will be encouraged in the PMU
- Responsibility for gender mainstreaming will be included in the terms of reference of all key project staff and service providers
- In all its activities, compliance with IFAD's policy on preventing and combating sexual harassment, exploitation and abuse will be sought. This will be reflected in the terms of reference of all key project staff and service providers.
- Data disaggregated by sex and age will be collected and analysed. In addition, IFAD's empowerment indicator will be monitored.

#### 43 Monitoring of the Gender Action Plan

The Gender Promotion Officer in ASPIRE Secretariat will be responsible for monitoring implementation of the Gender Action Plan in all project components, sub-components and activities. The Gender Promotion Officer will be assisted by the Gender and Social Inclusion Adviser.

The MAFF Gender Focal Point will be invited to participate in monitoring implementation of the ASPIRE-AT Gender Action Plan.

MoWA will conduct external monitoring of the Gender Action Plan. A small budget will be made available to MoWA for this purpose.

#### 44 PROJECT TARGET GROUP ENGAGEMENT AND FEEDBACK, AND GRIEVANCE MECHANISM

☞ This section of the PIM describes principles and procedures for stakeholder engagement in implementation of ASPIRE-AT including active participation of beneficiaries in planning, implementation and M&E. The section describes transparency arrangements including public release of project documents and management of issues and complaints raised by stakeholders.

#### 45 Feedback Mechanisms

The purpose of target group engagement and feedback mechanisms is to allow the target groups and their organizations to participate in a meaningful and continuous way in the planning, monitoring, implementation and evaluation of project interventions.

Target group engagement and feedback processes will be centred on the supported POs and their members. Core elements embedded in the design to ensure target group priorities drive project investments, ensure regular feedback and lead to adjustment of interventions where necessary include:

- PO capacity building so they graduate to become independent self-managing organizations engaged in the market and local development processes. This includes building their capacity to establish and manage networks and relationships, engage in local policy and decision-making processes to represent their interests (e.g. with Commune Council, local value chain coordination groups such as multi-stakeholder platforms). Specialist Service Providers will deliver tailored packages of capacity development support to enable the POs to achieve graduation status and prepare business plans eligible for investment under Component 1;
- POs and their members will determine for themselves their priorities for investment support from the project, with technical assistance from the Specialist Service Providers through the bespoke capacity building and business planning process above;
- Establishing good governance within POs to ensure the POs represent the interests of their members, including capacity building of all members on good practices and tools for PO operation and governance to enhance confidence and transparency within the PO;
- Ensure POs are inclusive in their membership, so that voices and interests of marginalized groups are also represented. While the project will primarily work with existing POs, such as those supported by ASPIRE and AIMS, the capacity strengthening process will also involve mobilization of additional group members from those interested but initially excluded from existing groups where opportunities exist to do so. This will be based on communication with existing members to highlight the advantages to the group of being larger and more dynamic and, therefore, able to maintain stronger relationship with buyers. Thus, it is in the interest of existing members to increase the size and inclusiveness of groups;
- Cluster-level feedback across networks of POs: The project will build on the cluster development process initiated by ASPIRE and AIMS. These will involve periodic meetings between networks of POs and businesses involved in the supported VCs in an area, typically at the district or province cluster level. These multi-stakeholder industry meetings provide an important regular mechanism for the priorities and feedback from POs to influence project priorities and also the agenda of other support agencies and government authorities that will also participate in these open events. Building the capacity of POs to be able to effectively

participate in these meetings and process is an important part of ensuring effective feedback and advocacy of the interests of the POs and their members;

- Results-based contracts with service providers: Contract with specialist service providers supporting POs will include key performance measures linked to payments, including i) capacity outcomes and ii) PO satisfaction with the services provided.
- Data, quantitative and qualitative, related to beneficiary engagement and feedback will be collected and analysed at three levels:
- Individual beneficiary level. The project MIS, as highlighted above, will capture individual farmer profiles and data on crops, revenues and expenditures updated annually on all members of POs. This provides a data rich environment to assess what is working and what is not for different groups or individuals. The farmer diaries and other tools will be adapted to allow individuals to provide feedback to the project on their emerging priorities and on the services received from the project to date. In addition, the project will use periodic household surveys that include satisfaction and IFAD empowerment indicators.

PO-level feedback will be integrated into the regular tracking and backstopping process for PO capacity strengthen by the contracted Specialist Service Providers (Component 3). This is expected to include the use of standardized capacity assessment tools to be used by the POs themselves as part of the tailored capacity building package provided to each PO. These will be monitored annually by the Secretariat including feedback from the PO on the services received as part of the results—based contract of the Specialist Service Providers.

Cluster-level: Emerging priorities and feedback from networks of POs at the cluster level will be captured and reflected from the periodic cluster meetings between networks of POs and business and documented in regularly updated cluster development plans.

#### 46 Grievance Redress Mechanism

The Project will establish an accessible and transparent process for those affected by the Project to make complaints, report wrongdoing, or seek redress in compliance with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and IFAD's Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse (SEA) 2018.

The project will establish confidential reporting mechanisms using dedicated accounts on social media, email, and a telephone hotline for reporting complaints. Existence and details of these reporting channels will be widely publicly promoted via Project communication materials and platforms and communicated directly to POs and their members through the capacity building processes.

The Project will document and establish an independent process for reviewing and handling complaints received consistent with government regulations and IFAD policies. The Project will, as a minimum, produce 6 monthly reports on complaints and grievance redress included in their regular progress report. This will, as a minimum, include the number and types of complaints received, progress in dealing with each complaint and resulting resolution and actions taken.

All contracts for Project personnel, contractors, service providers and third parties receiving Project funding must include: i) provisions prohibiting acts of sexual harassment or SEA; ii) provisions to establish the obligation to immediately report to MAFF and competent national authorities, on incidents of harassment and/or SEA in connection with the actions and activities established in the contract; iii) provisions to allow contract termination based on proven acts of sexual harassment and/or SEA.

Complaints and concerns may be raised through one of the following channels:

- Directly with project staff and consultants;
- Through local authorities;
- By telephone to ASPIRE Secretariat;
- Through the ASPIRE website.

Contact numbers for ASPIRE Secretariat and details of how to communicate with the project through the website will be disseminated to stakeholders in the project areas.

ASPIRE Secretariat will follow a formal procedure to record and investigate any issues or complaints raised. The procedure will be consistent with SOP Manual Section C Sub-section (viii), paragraph 43. The following procedure is followed:

One staff member of ASPIRE Secretariat will be assigned to record and manage issues and complaints;

All ASPIRE Secretariat staff members, implementing agencies and consultants must know that if an issue or complaint is raised, unless they can solve the problem immediately, they must notify the responsible staff member in ASPIRE Secretariat;

The responsible staff member must keep a clear record including:

- Date the complaint or issue was notified;
- How the complaint or issue was notified;
- Name and contact number of the person raising the issue or complaint, if known;
- Details of the issue of complaint, including exact information such as dates, places etc if known;
- After recording the issue or complaint, the responsible staff member reports to the Project Manager who decides what action to take;
- All issues and complaints should be followed up. Findings and actions taken must be recorded by the responsible staff member.
- The records of the issues and complaints procedure must be available for inspection by the IFAD supervision mission and for audit.

In addition, project stakeholders have the right to raise grievances through other channels as described in the SOP Manual Section C Sub-section (viii), paragraph 43. Procurement related complaints are handled in accordance with SOP Manual Section G sub-section 5, paragraph 139. One advantage of an effective system for responding to issues and complaints internally is that stakeholders do not feel they need to refer issues and complaints to outside institutions.

#### 47 MONITORING, EVALUATION AND KNOWLEDGE MANAGEMENT

☞ This section of the PIM describes the Monitoring and Evaluation arrangements for ASPIRE-AT including:

- Purpose of M&E and knowledge management;
- Types of data collected;
- M&E tools (methods of data collection);
- M&E responsibilities;
- How new knowledge and lessons learned from ASPIRE-AT implementation is identified, documented and shared.

#### 48 Basis of ASPIRE-AT M&E System

The ASPIRE-AT M&E System complies with standards and guidelines from GoKC, from IFAD and from the EIB. In particular, it conforms with:

- The IFAD Online Results Monitoring System (ORMS);
- The Evaluation Manual prepared by IFAD's Independent Office of Evaluation (IOE);
- IFAD Knowledge Management Strategy; and
- M&E requirements of RGC's Standard Operating Procedures (SOP).

In line with IFAD's global Development Effectiveness Framework, M&E and Knowledge Management in ASPIRE-AT will be guided by the following objectives:

- Strengthening the focus on results through the project cycle;
- Enhancing self-evaluation and learning for results;
- Fostering and the use of evidence in project management.

#### 49 Purpose of M&E and Knowledge Management

M&E and Knowledge Management in ASPIRE-AT has the following purposes:

- Measure and assess progress towards the Project Development Objective and the project Outreach target;
- Measure and demonstrate the results (Outputs, Outcomes and Impacts) achieved by the project;
- Ensure project management have full, accurate and timely information on progress including identifying challenges and formulating responses;
- Ensuring IFAD project supervision has adequate information to assess project performance;
- Measure Value for Money: cost of achieving the outputs. Where possible, Value for Money will also measure the cost of achieving outcomes;
- Raise awareness of project achievements, share knowledge and support partnership building.

#### 50 Project Monitoring Data

The ASPIRE-AT M&E system measures the following types of data:

- Type, quantity, location and cost of all project outputs;
- Where relevant, number of direct beneficiaries of all project outputs, (number of smallholders, women, youth, persons with disabilities, IPs);
- Supported POs and their main activities;
- Data on PO leadership and staff;
- PO sales contracts and enterprises, with results (volume and value of sales etc) and employment of labour by the PO;
- Aggregate data on PO members (number of members, smallholders, women, youth, IPs, persons with disabilities, with number who are active in each targeted value chain);
- Farm data on production of target value chain commodities (land, household labour, paid labour and cash inputs used; yield; sales quantity, sales value) – these data should be collected for a sample of farmers in each PO *plus* all farmers receiving individual grant financing;
- Data on financing packages (loans and grants) including repayments, defaults etc. under Sub-Component 1.1 and Sub-Component 2.1;
- Data on beneficiary contribution to investments under Sub-Components 1.1, 1.2 and 2.1;
- Data on results of investments under Sub-Components 2.2 and 3.2 (for each capital investment, the data to be reported will be specified in the feasibility study report);
  - Indicators in the project logframe. There are four levels of indicators:
  - Output Indicators
  - Outcome Indicators
  - Impact Indicators
  - Outreach indicator.
- Additional indicators in the COSOP results framework;
- Progress indicators including:
  - Achievement against annual targets in the AWPB;
- Additional qualitative information (that cannot be expressed in numbers). This includes:
  - Beneficiary satisfaction: what are the views of the project beneficiaries on ASPIRE-AT process and outputs?
  - Information on how the project outputs resulted in the observed outcomes (cause and effect);
  - Lessons learned from project implementation;

- Opportunities identified (e.g. activities that are not in ASPIRE-AT design but could contribute effectively to the project objectives, if added to ASPIRE-AT or included in a future project).

## 51 Data Collection Tools

ASPIRE-AT monitoring data is collected using the following tools:

- Regular uploading of data to the management information system ASPIRE-AT MIS by service providers and implementing agencies;
- Reporting by financial institutions (ARDB and SME Bank);
- Reporting by Service Providers;
- Data collected through mobile applications;
- Outcome Survey.

## 52 ASPIRE-AT MIS

ASPIRE-MIS will be an upgraded version of the existing ASPIRE-MIS.

Types of data captures in ASPIRE-MIS are shown in the table below.

Type of Data	Entered by	ASPIRE-MIS	ASPIRE-AT MIS

## 53 Outcome Survey

### Purpose and Indicators

The primary purpose of the Outcome Survey is to measure progress against the Outreach, Objective level and Outcome level indicators in the Project Logframe. The Outcome Survey will also collect data needed for measurement of indicators in the COSOP Results Framework. The Outcome Survey will also collect background data to demonstrate the effectiveness of the ASPIRE-AT project approach and to improve knowledge for further development of IFAD Country Program strategy.

Many of the indicators to be measured by the Outcome Survey are IFAD Core Indicators (CI). Core indicators are defined in the IFAD Core Indicator Framework and the method for measurement of these indicators is given in IFAD's Core Indicator Measurement Guidelines. The detailed design of the Outcome Survey (sampling, survey instrument design, analysis) must comply with these guidelines for IFAD Core Indicators.

The indicators to be measured by the Outcome Survey are shown in the following table. IFAD Core Indicator are indicated by *CI*, *SF* (Stakeholder Feedback) or *IE* (empowerment) followed by a number in the form *x.x* (e.g. *CI 1.1*) or *x.x.x* (e.g. *CI 1.1.1*).

Level	Indicator	Baseline	Mid-Term	End Target
Objective	# of rural households with household income increased by at least 20%  Number of household members Male, female, youth, IPs, persons with disabilities	n/a	20,000	50,000
	SF 2.1 Number of households satisfied with project supported services	n/a		70,000
	SF 2.2 Number of households reporting that they can influence decision-making of local authorities and project-supported service providers	BL		BL+25%
	IE 2.1 Individuals demonstrating an improvement in empowerment (IFAD empowerment index)	BL		
Outcome	Number of beneficiary households with labour productivity increasing in line with ADP targets (8% p.a.)			50,000
	CI 2.2.1 Persons with new jobs / employment opportunities	n/a		25,000
	CI 3.2.2 Number of households reporting adoption of environmentally sustainable and climate-resilient technologies and practices.			
COSOP	CI 1.2.2 Households reporting adoption of new/improved inputs, technologies or practices			n/a
	CI 1.2.3 Households reporting reduced water shortage vis-à-vis production needs			n/a
	CI 2.2.6 Households reporting improved physical access to markets, processing and storage facilities			n/a

### Sampling Strategy

The Outcome Survey will consist of two randomly selected sub-samples which will be:

- Smallholder households that are members of POs supported by the project; and
- ID-Poor households from the list of ID-Poor households in the geographic areas served by the POs.

The ID-Poor households are selected as a proxy for households living by wage labour and therefore likely to benefit from employment opportunities created by the project.

Sampling will be conducted on a rolling baseline basis. Each year in Project Years 1, 2 and 3, a random sample of Producer Organisations entering the project (i.e. beginning to receive project support) will be selected. The sampling frame for smallholder households will be the membership list of the PO, excluding those members who are not smallholders. The sampling frame for ID-Poor households will be the list of ID-Poor households in the same Communes where the smallholder sample households live. Some households may appear on both lists (i.e. if the smallholder PO member household has an ID-Poor card). If, in the final sample, any household appears in both the smallholder sample and the ID-Poor sample, an additional smallholder sample household will be drawn.

Households sampled in Year 1 will be interviewed again in Year 3 prior to the project Mid-Term Review. All sample households will be interviewed again in Year 6 (the final year of the project).

### Survey Instrument

One survey instrument will be used for baseline, mid-term and end-line surveys. The same survey instrument will be used for smallholder and ID-Poor sample households (though some modules in the survey instrument will not be relevant).

The survey instrument will be developed in compliance with the guidance in IFAD's Core Indicator Measurement Guidelines.

### Analysis and Reporting of Survey Results

Data analysis and reporting of survey results will apply appropriate statistical methods to demonstrate the statistical significance of any changes observed. At a minimum, all statistics (e.g. average values obtained for an indicator) will be reported with a margin of error at 95% confidence level.

- For example, the sample finds an average farm income of \$1,000 per hectare for a target crop. The margin of error is calculated as \$100. That means we are 95% certain that the "true" value for all farmers – not just those in the sample – is more than \$900 and less than \$1,100.

### Reporting and Knowledge Management

The following methods are used to analyse and report the data collected by the ASPIRE-AT M&E system:

- Project Website
- Project Dashboard
- Geographic Information System (GIS)
- Semi-Annual and Annual Reports;
- Value for Money Analysis
- Updated Project Logframe;
- Updated COSOP Results Framework;
- Knowledge Products

## 54 Project Website

ASPIRE-AT will continue to manage and update the ASPIRE website <https://aspirekh.org>

The purpose of the project website is to:

- Present information about the purpose and design of ASPIRE-AT
- Link to other websites related to the IFAD Country Program
- Summarise progress
- Highlight achievements
- Include links to the MIS, the Project Dashboard, GIS etc
- Download knowledge products
- Find contact information
- Submit complaints, if necessary.

## 55 Project Dashboard

The Project Dashboard is a summary of project progress. It is based on information in the MIS, financial reporting and IFAD Supervision Mission reports. The Project Dashboard includes:

- Target areas, beneficiaries and activities
- Progress to AWPB targets
- Outputs
- Outcomes (based on the Outcome Survey)
- Updated Project Logframe
- Disbursement by component
- Performance Ratings, based on Supervision Mission reports.

## 56 Geographic Information System (GIS)

The Geographic Information System (GIS) will analyse and present data using maps and charts to illustrate:

- Locations of ASPIRE-AT Cluster areas, POs etc;
- Number, location and type of beneficiaries
- Characteristics of the Cluster areas
- Outcome Indicators, by Cluster areas
- Other geographic data that helps users to understand the progress and results of ASPIRE-AT.

## 57 Six-Month and Annual Reports

Six-Month and Annual Reports are summary reports based on data collected. There should be no need to collect additional data specifically for the Six-Month and Annual Reports. Most data are in the MIS or are based on financial reports. The Six-Month report should include a short narrative section focussing on challenges and proposed solutions. The Annual Report should have a longer narrative section but there is no need for the narrative to repeat the information presented in tables.

Each implementing agency is responsible to prepare a six-month and annual progress report. Minimum requirements for the six-month and annual progress reports are:

- Activities completed
- Outputs completed
- Progress against AWPB targets
- Disbursement (the six-month report should include an updated projection of disbursement up to the end of the year);
- The Annual Report should include results of the Annual Outcome Survey (after PY3)
- Challenges faced and proposed solutions.

The Six Month and Annual Progress Reports shall contain the following information for EIB:

- A brief update on the EIB Technical Description, explaining the reasons for significant changes vs. initial scope;
- Update on the date of completion of each of the main project activities and sub-projects, explaining reasons for any possible delay;
- Update on the cost of the project, explaining reasons for any possible cost variations vs. initial budgeted cost;
- A description of any major issue with impact on the environment;
- Update of the procurement plan;
- Update on the project's demand or usage and comments;
- Any significant issue that has occurred and any significant risk that may affect the project's operation;
- Any legal action concerning the project that may be on-going;
- Non-confidential project-related pictures, if available.

The Six-Month Report must be submitted to MEF, EIB and IFAD no later than 31 July each year. The Six-Month report is a summary factual report about physical implementation of the project. The Six-Month Report is submitted together with the six-month Financial Progress Report.

#### 58 Post-Completion Report

The following information on project completion and initial operation shall be provided to EIB approximately 15 months after completion.

Project Post-Completion Report, including:

- A final Technical Description of the project as completed, explaining the reasons for any significant change compared to the Technical Description in A.1.;
- The date of completion of each of the main project's components, explaining reasons for any possible delay;
- The final cost of the project, explaining reasons for any possible cost variations vs. initial budgeted cost;
- Employment effects of the project: person-days required during implementation as well as permanent new jobs created;
- A description of any major issue with impact on the environment or social impacts;
- Update on procurement procedures and explanation of deviations from the procurement plan;
- Update on the project's demand or usage and comments;
- Any significant issue that has occurred and any significant risk that may affect the project's operation;
- Any legal action concerning the project that may be on going;
- Non-confidential project-related pictures, if available.

#### 59 Value for Money Analysis

The purpose of Value for Money (VFM) Analysis is to analyse the costs of producing each type of output in the ASPIRE-AT logframe, including:

- Cost per unit of output;
- Cost per beneficiary;
- Cost of achieving Outcome Indicators, based on the Outcome Survey from PY3 on.

The Value for Money Analysis should not only present data on ASPIRE-AT but should compare:

- Are ASPIRE-AT costs the same, higher or lower than costs of similar outputs in other projects? If they are higher or lower, what is the reason?
- Can we learn which types of outputs contribute most cost-effectively to outcomes?

VFM is based on information on outputs and costs in the MIS and on data from ASPIRE-AT financial reports.

The VFM Analysis should be reported annually in the Annual Report.

### Updated Project Logframe

Each year, the Project Logframe (Annex 1) is updated based on the latest available information on indicators at each level (Output, Outcome and Impact).

The project logframe should be updated in preparation for the IFAD Supervision Mission each year.

The Updated Project Logframe can be accessed on the Project Website and is annexed to the Project Annual Report.

### Updated COSOP Results Framework

Each year, ASPIRE-AT provides data on the contribution made by ASPIRE-AT to achievement of relevant indicators in the COSOP Results Framework. For the COSOP 2022-28, the relevant indicators are those listed in the table below. Many of these indicators are already reported for ASPIRE-AT logframe.

Table 7: List of COSOP indicators to be reported by ASPIRE-AT

CI #	Indicator	ASPIRE-AT LF?	Measurement
CI 1	People receiving services promoted or supported by the project	Yes	MIS
CI 1.1.1	Persons provided with climate information services: By 2024, 10,000 persons provided with climate information services (women 50%, Youth 20%, Indigenous 2.5%)	No	MIS
CI 1.1.5	Persons in rural areas accessing financial services	No	MIS
CI 1.1.7	Persons in rural areas trained in financial literacy and/or use of financial products and services	No	MIS
CI 1.2.2	Households reporting adoption of new/improved inputs, technologies or practices	No	Outcome Survey
CI 1.2.3	Households reporting reduced water shortage vis-à-vis production needs	No	Outcome Survey
CI 2.1.1	Rural enterprises accessing business development services	Yes	MIS
CI 2.2.1	Persons with new jobs /employment opportunities	Yes	Outcome Survey
CI 2.2.2	Supported rural enterprises reporting an increase in profit	Yes	MIS
CI 2.2.3	Rural producers' organisations engaged in formal partnerships / agreements or contracts with public or private entities	Yes	MIS
CI 2.2.6	Households reporting improved physical access to markets, processing and storage facilities	No	Outcome Survey

CI 3.1.4	Land brought under climate-resilient practices: By 2027, 10,000 ha of land brought under climate-resilient practices	No	MIS
CI 3.2.2	50,000 households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	Yes	Outcome Survey
IE 2.1	% of individuals demonstrating an improvement in empowerment	Yes	Outcome Survey
n/a	Households benefiting from productive infrastructure investments	No	MIS
n/a	Households receiving project services achieving ASMP target levels of productivity of agriculture labour	Yes	Outcome Survey
n/a	Identified rural producers' organisations with business plan or strategy to strengthen market participation	No	MIS
n/a	No of partnership promoted with private sector partners	No	MIS
n/a	People, especially youth trained or benefitting from digital technologies to improve their incomes	No	MIS

These indicators with updated values should be reported in the ASPIRE-AT Annual Report.

### Knowledge Products

ASPIRE-AT will support the production of a number of high-quality knowledge products. A knowledge product may be:

- A document such as a report, research paper or policy brief;
- Audio-visual materials such as video clips;
- Knowledge products formatted for Internet dissemination.

Knowledge products are based on the data and reports generated by the ASPIRE-AT M&E system and on strategic and policy studies. Before publishing as a knowledge product, the material should be:

- Reviewed and improved by further data analysis, where needed;
- Review the content for accuracy and consistency, with review preferably by an independent expert;
- Ensure the knowledge product makes a real contribution to knowledge (it does not just repeat information or findings that specialists working in agriculture development or rural development in Cambodia are already familiar with);
- Present the knowledge product to a high professional standard (document editing, video production etc).

Knowledge products should be short and accessible: for a major report, it is better to prepare a short summary to a high standard, rather than publish the whole report.

Knowledge products should be presented and discussed at workshop or seminar events where leaders and decision-makers of government, development partners and private sector are present.

## M&E Roles and Responsibilities

### ASPIRE Secretariat

ASPIRE Secretariat has overall responsibility for monitoring and evaluation of ASPIRE-AT. Under the Project Director, the Project Manager is responsible for ensuring that the M&E Workplan is completed on time and to a high standard. The Project Manager is assisted by:

- The M&E & Planning Officer;
- The Senior M&E and Planning Specialist;
- The ICT Specialist;
- Short-term consultants, e.g. for development of the MIS and GIS systems.

ASPIRE Secretariat will:

- Prepare the annual M&E Work Plan in consultation with the implementing agencies;
- Prepare, implement and manage the MIS and GIS systems;
- Liaise with service providers to ensure they provide monitoring data as required by their TOR;
- Contract a service provider to conduct the Outcome Survey;
- Liaise with implementing agencies to plan preparation of the Six-Month Report and Annual Report;
- Review and consolidate the Six-Month Report and Annual Report, and prepare summary sections;
- Prepare the Value for Money Analysis;
- Maintain and update the project website and the Project Dashboard;
- Update the Project Logframe;
- Report on ASPIRE-AT contribution to relevant COSOP indicators;
- Manage production of knowledge products.

### Financial Institutions (ARDB and SME Bank)

ARDB and SME Bank will provide data to ASPIRE Secretariat on the financing packages they finance under Sub-Component 1.1 and Sub-Component 2.1.

Data provided on each financing package will include:

- Identity of borrower;
- Purpose of financing package;
- Amount of financing package;
- Repayment history
- ...

Summary data will include:

- Total loans disbursed
- Total grants disbursed (paid into escrow accounts)
- Repayments received
- Total grants released to borrower
- Loans outstanding
- Loans in arrears
- Loans fully repaid
- Grants released to borrower
- Line of credit balance

### PDAFF and Cooperative Facilitators

PDAFF and Cooperative Facilitators have an important M&E function. They will work with the POs to collect and report data for the ASPIRE MIS on:

- PO membership
- PO activities
- PO results achieved
- Farm-level data for a sample of farmers.

### Service Providers

Service Providers for capacity development of POs (Sub-Component 3.1) have important M&E responsibilities. They must report to ASPIRE Secretariat on training and capacity building activities implemented, including number and type of participants disaggregated for women, youth, IPs and persons with disabilities.

The Service Providers are also responsible for reporting against the PO Graduation Scorecard for each PO.

### 60 M&E Work-Plan

An M&E Work-Plan will be prepared as part of the AWPB.

The M&E Work-Plan identifies key M&E activities to be carried out during the year, including:

- Type of activity;
- Methodology;
- Start Date and Completion Date;
- Budget required.

The M&E Adviser works with each Implementing Agency to assist them to prepare the M&E Work-Plan for their component / sub-component.

ASPIRE Secretariat is responsible to monitor implementation of the M&E work-plan and liaise with implementing agencies to ensure that M&E activities are implemented on time and to a high standard.

### 61 FINANCIAL MANAGEMENT AND FLOW OF FUNDS

 This section of the PIM specifies the rules and procedures applying to financial management of ASPIRE-AT funds. It describes the project accounts and flow of funds. It defines financing percentages for each category of expenditure. The section describes financial reporting procedures, requirements for accounting software and audit arrangements.

### 62 Designated Accounts and Project Accounts

Ministry of Economy and Finance (MEF) and the ASPIRE-AT Secretariat (MAFF) shall open and maintain in the National Bank of Cambodia the following Bank Accounts: (i) One Designated Account in USD to receive the IFAD Loans, (ii) One Designated Account in USD to receive the IFAD Grant.

MEF shall authorize the opening of the following USD Project Accounts for the IFAD Loan proceeds: Two Project Accounts at the ASPIRE Secretariat for receiving loan and grant; One Project Account for RGC contribution; and two account at the ARDB and SME banks respectively, to receive funds from the Designated Account(s) for Credit Line activities.

### 63 EIB Loan Disbursement Procedures

[To be added later]

### 64 Financial Management Procedures

ASPIRE AT Secretariat and the Implementing Agencies shall apply the updated Standard Operating Procedures (SOP), Financial Management Manual (FMM), Procurement Manual (PM) from ASPIRE,

on the condition that these procedures are adequately adapted to fulfil the specific financial management requirements of ASPIRE AT while taking into consideration local circumstances and capacities in respect of the implementation of ASPIRE AT activities at subnational level. . ARDB and SME bank shall apply existing FM systems to carry out sub-component activities and are subject to financial reporting, auditing and financial management conditions under the sub-agreement with MEF. ARDB and SME Bank shall submit financial reports and audit report to MEF, ASIPRE AT Secretariat in accordance to procedures in ASPIRE AT's Project Implementation Manual and Finance Manual. Staffing: The Finance Management Unit (FMU) staff of ASPIRE Secretariat will be expected to stay with ASPIRE AT, FMU shall carry out all financial management tasks of the Project and shall perform its duties in close cooperation with the Department of Accounting and Finance (DAF) of MAFF; the FMU shall be staffed by sufficient number of officers (experience staff with ASPIRE is preferred); the officers shall be seconded from DAF and/or hired from outside MAFF.

ARDB and SME Bank shall use existing FM staff for managing the line of credit activities.

#### 65 Accounting Systems, Policies, Procedures and Financial Reporting

ASPIRE AT FM system shall employ the current structure, policy and system of existing ASPIRE and continue to enhance to fulfil the design and activities of ASPIRE AT. Cash Basis accounting is applied through SAGE 50 Accounting System which is followed to RGC Accounting Standard stated in FMM.

Each implementing agency will submit Monthly Financial Progress Reports to the ASPIRE AT Secretariat electronically. ASPIRE AT Secretariat will consolidate data received and will be the entry contact point with IFAD. ASPIRE Secretariat will prepare AWPB, Interim Financial Report (IFR), annual consolidated financial statements including data provided by all other implementing agencies. ASPIRE AT Secretariat and the Implementing Agencies shall apply cash basis accounting principles in accordance with the updated Standard Operating Procedures (SOP) for externally financed projects/programmes in Cambodia, issued by MEF

ASPIRE AT shall continue to use the current accounting software from phase 1 with customizations to tailor the need of FM of ASPIRE AT, the software can fit the IFAD IRF reporting requirements and shall be able to report different source of financings that use in the pool of Designated Account.

ARDB and SME Bank shall use existing FM staff and system for managing the Line of Credit activities.

#### 66 Internal Control and Audit

Internal control: Procedures and record maintenance at all levels have to be significantly strengthened by addressing the issues of non-availability of skilled finance staff, setting up of internal controls, setting up of effective monitoring and review, introduction of accounting software, preparation of a detailed section in the PIM on Financial Management with guidance notes.

For the assurance of internal control and alignment with SOP and PIM, Internal Audit will be conducted by the Department of Internal Audit (MAFF). The internal audit report will be shared with ASPIRE AT Secretariat.

ASPIRE internal control is designed to ensure the compliance with SOP and PIM, transparency, segregation of duty and safeguard of project assets. Seconded Finance Officer from MAFF will be assigned to oversee and review the financial transactions, reporting.

ARDB and SME Bank shall employ the existing internal control system and provide the internal audit report to ASPIRE AT Secretariat and MEF.

External Audit. The annual financial statements for the Project shall be subject to annual audit by an external auditor to be appointed by MEF. The audit shall have to be performed with due diligence, in particular in respect of the effectiveness of the project internal control system, and the accuracy and

completeness of the financial statements according to the TOR acceptable to IFAD. Project accounts at ARDB and SME Bank will be audited to ensure the completeness of financial reporting and control, conditions of the audit will be included in the Sub-Agreement between MEF and ARDB/SME Banks.

## 67 PROCUREMENT

☞ This section of the PIM specifies the rules and procedures applying to procurement under ASPIRE-AT. It describes roles and responsibilities for procurement. It describes procedures for preparation and approval of procurement plans.

### 68 Applicable regulations and Procurement Arrangements.

Procurement using IFAD funds will follow the Standard Operating Procedures on Procurement for All Externally Financed Projects/Programs in Cambodia (SOP) to the extent such are consistent with the IFAD Project Procurement Guidelines. ASPIRE-AT Secretariat will be directly responsible for project procurement activities, except for activities under Sub-component 1.1 and 2.1.2 using IFAD financing via ARDB and SME Bank which will be responsible by the borrowers (POs, smallholders and agri-businesses). There will be Subsidiary Financing Agreements between MEF and ARDB/SME Bank to manage the wholesale lines of credit and compensate deposited grant financed by ASPIRE AT under Sub-components 1.1. and 2.1.2. Procurement using EIB funds will comply with EIB's Guide to Procurement.

The project shall retain competent ASPIRE procurement staffs and specialist to continue their jobs for ASPIRE AT. A new procurement staff might be recruited for procurement activities using EIB's financing.

The initial 18-month Procurement Plan, and subsequently the annual procurement plans in consistence with the AWPBs shall be prepared and obtain IFAD no objection before proceeding with procurement activities. Similar goods or works should be bulked to sizable packages for procurement when taking into account implementation capacities of potential suppliers/ contractors. IFAD procurement plan template<sup>16</sup> will be used for preparation and monitoring implementation progress of project procurement plans. The first 18-month procurement plan and subsequently annual procurement plan must include as a minimum: (i) A brief description of each procurement activity to be undertaken during the period; (ii) The estimate value of each procurement activity; (iii) The method of procurement or selection to be adopted for each procurement activity; and (iv) An indication as to whether IFAD shall carry out prior or post review in respect of every procurement activity.

### 69 Procurement methods.

The following procurement methods are proposed be used:

- Works and works-related Non-Consulting Services
- International Competitive Bidding (ICB): is mandatory for contracts estimated to cost USD3,000,000 or more;
- National Competitive Bidding (NCB): might be applied to contracts estimated to cost less than USD3,000,000 and more than USD100,000;
- Shopping: might be applied to contracts estimated to cost USD100,000 or less; and
- Direct Contracting: applies to the indicated contracts in the Procurement Plan, and all direct contracts to cost more than USD5,000 shall be subject to IFAD's prior review and no objection.

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<sup>16</sup> IFAD Procurement Plan Template can be accessible at <https://www.ifad.org/en/document-detail/asset/41917572>

- Goods and goods-related Non-Consulting Services
  - a. International Competitive Bidding (ICB): is mandatory for contracts estimated to cost USD 2,000,000 or more;
  - b. National Competitive Bidding (NCB): might be applied to contracts estimated to cost less than USD 2,000,000 and more than USD100,000;
  - c. Shopping: might be applied to contracts estimated to cost USD100,000 or less; and
  - d. Direct Contracting: applies to the indicated contracts in the Procurement Plan, and all direct contracts to cost more than USD5,000 shall be subject to IFAD's prior review and no objection.
- Consulting Services and related Non-Consulting Services
  - Quality and Cost Based Selection (QCBS): is mandatory for contracts with firms estimated to cost USD200,000 or more;
  - Quality Cost Based Selection (QCBS), Fixed Budget Selection (FBS) or Least Cost Selection (LCS): might be applied to contracts with firms estimated to cost less than USD200,000;
  - Consultants Qualification Selection (CQS): might be applied to contracts with firms estimated to cost below USD65,000;
  - Individual Consultants Selection (ICS): applies to contracts with individuals regardless of the value;
  - Sole/Single Source Selection (SSS): applies to the indicated contracts (with firms or individuals) in the Procurement Plan, and all SSS contracts to cost more than USD5,000 shall be subject to IFAD's prior review and no objection.

Prior review requirements. In accordance with IFAD's Project Procurement Guidelines and IFAD's Procurement Handbook, the following are proposed to be subject to IFAD's prior review and no objection:

- Procurement Plans submitted as part of Annual Work Plans and Budget and any subsequent upgrade of these plans;
- Award of any contract for goods and goods-related non-consulting services estimated to cost USD150,000 or more;
- Award of any contract for works and works-related non-consulting services estimated to cost USD200,000 or more;
- Award of any contract for consulting services and related non-consulting services and/or Memorandums of Understanding/Agreement estimated to cost USD100,000 or more;
- Award of any contract for an Individual Consultant estimated to cost USD25,000 or more;
- Award of any Direct Contracting or Sole/Single Source Selection to cost more than USD5,000. A sufficiently detailed justification shall be submitted to IFAD and shall include the rationale for the choice of direct contracting/single source selection and the basis for recommending a particular contractor/service provider.

The aforementioned thresholds may be modified by IFAD during the course of Project implementation.

Requests for IFAD prior review and no objection, should be routed through IFAD's web-based procurement management and tracking system, that currently is No Objection Tracking Utility System (NOTUS) and will be upgraded into a new end-to-end system in 2023. Data and information of all contracts including Memorandum of Agreements must be listed and updated regularly in the IFAD Client Portal - Contract Monitoring Tool (ICP-CMT).

## 70 Procurement Using Credit Finance

Borrowers (producer organisations and farmers) will be directly responsible for procurement of items financed by loan and grant packages through ARDB in Component 1. Borrowers (agri-businesses)

will be directly responsible for procurement of items financed by loans through SME Bank in Component 2.

Producer Organisations will conduct a simple community-based procurement process to identify preferred suppliers for items purchased directly by the PO and for items purchased by farmers. The community-based procurement process will consist of the following steps:

- Open advertising and request for quotations, with a minimum 15 days advertising period if the total value of the procurement is less than \$10,000, or 20 days if the value is more than \$10,000 and less than \$100,000;
- Public opening and announcement of quotations;
- Selection of the most favourable quotation;
- Record of quotations received and procurement decision (favoured supplier) to be submitted to the financing institution.

In the case of financing to individual farmers, the farmer may opt to purchase from a different supplier if the price is less than the price quotation of the supplier recommended by the PO.

#### 71 Governance and Anti-corruption measures.

Project staff, beneficiaries, and all bidders, suppliers, contractors and consultants under IFAD-financed contracts are expected to observe the highest standard of ethics and integrity during the procurement and execution of project activities. IFAD will not finance expenditures for goods, works or consulting services that have not been procured in accordance with IFAD Project Procurement Guideline and the Financing Agreement. In such cases, IFAD may, in addition, take other remedial action under the financing agreement, including cancellation of the amount in question from the loan account by declaring it ineligible. Even if the contract was awarded following IFAD's "no objection" statement, IFAD may still declare mis-procurement if it concludes that this statement was issued on the basis of incomplete, inaccurate or misleading information furnished by the Borrower/Recipient.

The Policy on Preventing Fraud and Corruption has been integrated into IFAD's legal framework (Project Procurement Guidelines<sup>17</sup>, General Conditions for Agricultural Development Financing<sup>18</sup>, IFAD's Code of Conduct<sup>19</sup>) and applies to all recipients of IFAD financing. In line with this, the implementing agencies will ensure that all project activities are implemented within a transparency framework. This framework will include measures to ensure that procurement activities are carried out in accordance with IFAD project procurement guidelines and the project implementation manual. Measures that form part of the framework for transparency include:

- Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites;
- Annexes on Additional Provisions and Self-Certification Form to be included in bidding document/RFP and contract documents;
- Bidders and contractors signing the Self-Certification Forms on anticorruption, sexual harassment, sexual exploitation and abuse as a part of bids/proposals and contract documents;
- Debriefing and Protest procedures for all procurement activities based on the procedures laid down in the IFAD Procurement Handbook including the requirements to issue a Notice of Intent to Award and of a standstill period.
- Conduct prior and ex-post reviews to strengthen enforcement of the debarment system;
- IFAD's direct supervision to address fiduciary compliance;
- Involvement of Project stakeholders (and especially farmers and their organisations) in planning, implementation and M&E of project activities.

<sup>17</sup><https://www.ifad.org/web/quest/document-detail/asset/39438991>

<sup>18</sup><https://www.ifad.org/web/quest/document-detail/asset/39500875>

<sup>19</sup><https://www.ifad.org/web/quest/document-detail/asset/40186603>

## ANNEXES

- Project Logframe
- Project Description for Use in Reports
- Summary Project Description for Brochures
- Adviser Terms of Reference
  - Value Chain Financing Specialist (C1)
  - International Agribusiness Investment Specialist (C2)
  - Senior National Agribusiness Investment Specialist (C2)
  - National Agribusiness Specialists (C2)
  - Agronomy and Post-Harvest Technical Specialist (C3)
  - Producer Organisation Specialist (C3)
  - Chief Technical Adviser (Sec)
  - Deputy Chief Technical Adviser (Sec)
  - Gender and Social Inclusion Specialist (Sec)
  - Senior M&E and Planning Specialist (Sec)
  - ICT Specialist (Sec)
  - Finance and Accounting Specialist (Sec)
  - Procurement Specialist (Sec)
  - Provincial Management Advisers (PDAFF)
- Service Provider Terms of Reference
  - Capacity Building of POs – Phase 1
  - Engineering Services for PO Infrastructure (C1.2)
  - Engineering Services for Enabling Environment Infrastructure and Pilot Centre of Excellence (C2.2 and C3.2)
  - Service Provider for Outcome Survey
- Scorecard for Graduated PO
- Outline of PO Business Plan
- Screening Checklist for Farmer Investment
- Screening Checklist for PO Investment
- Template for EIB Fund Allocation
- 
- Templates for Six-Month and Annual Reports
- COSOP Results Framework
- Social Inclusion Strategy
- Gender Strategy
- Monitoring and Evaluation Formats
  - Reporting Formats for ARDB and SME Bank

Quarterly Reporting Format for ARDB

Objective	Indicator	Q1	Q2	Q3	Q4	Current	Target
EXPANSION OF SERVICES							
Increase supply of credit and other financial services to ASPIRE AT smallholders and other Program Borrowers (ACS, SMEs etc.)	<p>Cumulative <i>number</i> of and producer organisations in the ASPIRE AT program with loans, as of end of the reporting period.</p> <p>using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)</p> <p>Farmers Female Farmers Young Farmers Indigenous People Farmers Farmers with Disabilities Producer Organisations</p>						
	<p><i>Number</i> of farmers and producer organisations in the ASPIRE AT program with loans, as of end of the reporting period.</p> <p>using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)</p> <p>Farmers Female Farmers Young Farmers Indigenous People Farmers Farmers with Disabilities</p>						

	Producer Organisations						
	<p>Cumulative number of loans disbursed to Farmers and producer organisations in the ASPIRE AT program as at the end of the reporting period.</p> <p>using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)</p> <p>Farmers Female Farmers Young Farmers Indigenous People Farmers Farmers with Disabilities Producer Organisations</p>						
	<p>Number of loans outstanding to Farmers, agribusinesses, Acs, and other producers and vendors in the ASPIRE AT program as at the end of the reporting period.</p> <p>using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)</p> <p>Farmers Female Farmers Young Farmers Indigenous People Farmers Farmers with Disabilities Producer Organisations</p>						

CREDIT HISTORY BUILDING	Portfolio at risk (PAR) of portfolio to ASPIRE AT farmers and producer organisations (over 60 days)						
	ASPIRE AT LOC						
	Leveraged Loan Funds						
Volume of lending	Value of outstanding loans to farmers and producer organisations in the ASPIRE AT program						
	Cumulative value of loans disbursed to farmers and producer organisations in ASPIRE AT program						

ASPIRE AT  
 Annex 8: Project Implementation Manual (PIM)  
 Quarterly Reporting Format for SME Bank

Objective	Indicator	Q1	Q2	Q3	Q4	Current	Target
EXPANSION OF SERVICES							
Increase supply of credit and other financial services to ASPIRE AT Program Borrowers (ACS, SMEs etc.)	Cumulative <i>number</i> of agribusiness and producer organisations in the ASPIRE AT program with loans, as of end of the reporting period.  using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)  Producer Organisations						
	<i>Number</i> of agribusiness and producer organisations in the ASPIRE AT program with loans, as at end of the reporting period.  using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)  Producer Organisations						
	Cumulative number of loans disbursed to agribusinesses and producer organisations in the ASPIRE AT program as at the end of the reporting period.  using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)  Producer Organisations						

	<p>Number of loans outstanding to agribusinesses and producer organisations in the ASPIRE AT program as at the end of the reporting period.</p> <p>using Aspire AT Loan Funds using Leveraged Loan Funds (Not LOC)</p> <p>Producer Organisations</p>						
<p>Increase the participation of Cambodian lenders in Agriculture Sector</p>	<p>Number of institutions with signed lending agreements</p>						
<p>CREDIT HISTORY BUILDING</p> <p>Third party Guarantees</p>	<p>Portfolio at risk (PAR) of portfolio to ASPIRE AT SMEs, ACs and agribusinesses (over 30 days)</p> <p>ASPIRE AT LOC Leveraged Loan Funds</p> <p># of Loans with guarantee</p>						
<p>Volume of lending</p>	<p>Value of outstanding loans to Acs, agribusiness, and other SMEs in the ASPIRE AT program</p> <p>Cumulative value of loans disbursed to agribusiness, ACs and other SMEs in ASPIRE AT program</p>						

### ANNEX 9: INTEGRATED PROJECT RISK MATRIX (IPRM)

*The Integrated Project Risk Matrix is a tool that will help IFAD to consistently assess and monitor risks across all operations. It provides the information needed to help clients adequately manage and, where possible, mitigate operational risks within a broader risk management framework. It is intended to identify those risks on which IFAD needs to focus management attention and resources.*

Risk Categories and Subcategories	Inherent	Residual
Country Context	L	L
Political Commitment	L	L
Risk: Change in GoKC commitment to agriculture development, for example if there is a change of government following the election due in mid-2023. However, based on understanding of the Cambodian political situation, the likelihood of major change of policy towards agriculture is assessed as low.		
Mitigations: The project is strongly aligned with the agriculture sector policy of GoKC, which is expected to remain stable.		
Governance	M	L
Risk: Private agribusiness unwilling to invest because of governance concerns, for example hidden transaction costs associated with agriculture processing and exporting.		
Mitigations: The project design assumes a willingness to invest consistent with past experience / observations. Through policy engagement, IFAD will continue to support GoKC to improve ease of doing business in the agriculture sector.		
Macroeconomic	M	M
Risk: International economic recession reduces market opportunities. There is a risk that current economic trends lead to a reduction in demand for the export commodities targeted by the project, impacting on the viability of investments financed by the project		
Mitigation: (1) project will target domestic as well as export markets, with domestic demand for e.g. safe vegetables, backyard chicken less likely to be affected, and (2) feasibility study of individual investments will take into account market conditions at the time. Project will maintain flexibility so that production / marketing channels can be reoriented in case that trade conditions with specific partners deteriorate.		
Risk: Impact of international events on prices worsens Cambodia's terms of trade. Cambodia imports all its fuel and fertiliser and most capital equipment, so increases in costs of these items are likely to harm Cambodia's competitiveness. Conversely, increased food prices could favour Cambodia as a food exporting country, but this is difficult to predict.		
Mitigation: (1) monitor the situation and adjust strategy if it seems likely that some value chains become uncompetitive overall; and (2) assess viability of investments based on best available price information. The project inherently spreads risk by supporting a range of domestic and export value chains with different characteristics.		
Risk: Agriculture sector, particularly export markets, severely impacted by macroeconomic instability, perhaps due to external events		
Mitigations: Project will balance focus on export and domestic value chains, with domestic VC less vulnerable.		
Fragility and security	L	L

Risk: Insecurity (for example, political conflict, criminal activity) posing a risk to project implementation. Despite its history as a fragile state, Cambodia has maintained good internal security over a long period (25 years) and so this category of risk is assessed as low.		
Mitigations: IFAD team will monitor the situation closely and take necessary actions on time.		
<b>Sector Strategies and Policies</b>	L	L
Policy alignment	L	L
Risk: Change in government policy e.g. on agriculture trade, ACs etc		
Mitigations: Project aligned with current policy, and no major changes expected		
Policy development & implementation	M	L
Risk: Key policies (trade, ACs, etc) not effectively implemented		
Mitigations: Project interventions are diverse and not over-dependent on a single aspect of policy.		
<b>Environment and Climate Context</b>	M	L
Project vulnerability to environmental conditions	M	L
Risk: Project directly finances or creates incentives that encourage or facilitate unsustainable environmental practices (e.g. inappropriate chemical use; encroachment on protected natural environment areas)		
Mitigations: Social, Environmental and Climate risk assessments applied to investments and appropriate criteria applied		
Project vulnerability to climate change impacts	M	L
Risk: Prolonged droughts, intense flooding and changes in seasonality due to climate change will likely affect production of key crops rendering them non-viable or uncompetitive.		
Mitigations: Assessment of climate risks per value chain and promotion of climate-smart varieties and production techniques		
<b>Project Scope</b>	M	L
Project relevance	L	L
Risk: Design assumptions on direction or pace of transition to market economy are flawed Cambodia's transition to a market economy, including in the rural sectors, has been rapid in recent years. There is a low risk that severe exogenous shocks (related to world economic developments) could slow the transition, though likely not reverse it.	L	L
Mitigations: Design assumptions are closely aligned with evidence and lessons learned from previous projects. Stakeholders including producers, POs and agri-businesses as well as agriculture focused development agencies have been extensively consulted on the project design and there is strong consensus around the key design assumptions in this regard. However, IFAD and GoKC will continue to monitor the situation.		
Risk: Insufficient scope exists for smallholder farmers in IFAD target group to compete in the market and earn adequate returns to land and labour. The transition to market agriculture is likely to favour larger producers in some sectors. The project design assumes that in key pro-poor value chains smallholder-based production can continue to be competitive and can provide returns that are attractive compared to non-farm occupations.	M	L

Mitigation: Project will prioritise pro-poor value chains where smallholders already produce successfully, particularly those where success has been demonstrated in previous projects. A set of criteria for targeting value chains is included in design and further studies will be conducted to validate the initial selection of value chains.		
Technical soundness	M	L
Risk: Financing instruments (mixture of loans and grants) are not attractive for partner financial institutions (PFIs) to deliver. Market-based lending including in the agriculture sector is almost entirely based on land as collateral, with analysis of business plans and cash-flows by financing institutions being a secondary consideration. The project seeks to increase access to finance by developing, in partnership with banks and PFIs, financial products that do not depend on land as collateral.	M	L
Mitigations: Financing instruments based on existing models, address key constraints including PFI risk, and have been discussed with potential PFIs. In particular ARDB has engaged in detailed discussions on the design of the blended grant and loan instruments in Component 1, and the planned combination of loans and credit guarantees in Component 2 has been discussed with SME Bank and CCGC.		
Risk: Financing instruments (mixture of loans and grants) are not attractive for agri-businesses, POs and farmers to invest. The project design assumes that farmers, POs and agribusinesses will be willing to borrow to invest at interest rates close to those available on the commercial market, supported by a grant element (Component 1) or credit guarantees (Component 2). Essentially, the assumption is that the key barrier, overcome by the financing instrument designs, is the need for land as collateral.	M	L
Mitigations: A range of financing instruments have been trialed by previous projects, GoKC's policy banks and private FIs. There is considerable evidence of farmer willingness to invest when credit is available on suitable terms (cost of credit under the project will be considerably below that offered for small loans by MFIs). There is scope to adjust the design and management of the financing instruments to increase the match to borrower needs. There is a remaining risk that the attractiveness of ASPIRE-AT finance could be reduced if other donor projects make finance available for the same market segments on more generous terms (e.g. FAO GCF project proposing zero-interest rate loans. IFAD will continue to discuss with GoKC and other stakeholders to mitigate this risk.		
Risk: Weak business planning capacity of POs and farmers leads to failed investments. Most existing POs at present have low business planning and investment analysis capacity, and farmers have limited financial literacy. Therefore, it is likely that a proportion of investments proposed for ASPIRE-AT financing will be financially non-viable or non-sustainable.		
Mitigation: The project will work with a service provider to assist preparation of business plans and conduct feasibility studies of investments. A clear set of criteria for approval of investments will be developed and ARDB will be responsible for screening against these criteria. This function of ARDB is congruent with (though somewhat expands) normal checks and due diligence conducted by ARDB, which has an incentive to avoid high risk investments.		
Risk: Public sector investments financed by the project not sustainable because of lack of institutional plans and / or operating budgets. A range of public sector infrastructure investments have been proposed for project financing. All these investments will require operation and	H	M
Mitigations: Design establishes criteria for approval of investments. All major public sector investments will be subject to detailed feasibility study and preparation of an institutional plan		
<b>Institutional Capacity for Implementation &amp; Sustainability</b>	<b>M</b>	<b>M</b>
Implementation arrangements	M	M
Risk: Insufficient project management capacity to successfully deliver project, given significant complexity and relatively "lean" resources allocated to project management at the request of GoKC.		

Mitigations: Project management responsibilities assigned to experienced ASPIRE Secretariat with demonstrated capacity. IFAD will continue to monitor the situation and work with GoKC to develop solutions if implementation arrangements appear insufficient.		
Risk : Partner Financial Institutions do not have capacity to process financing applications at the required volume (this has been an issue with previous projects including AIMS)		
Mitigation: Project will work with a skilled service provider to prepare financing applications and feasibility studies, reducing the workload on the PFI.		
M&E arrangements	M	L
Risk: Insufficient capacity to collect sufficient / reliable data on project outcomes and impacts		
Mitigations: Data collection based on established MIS used in ASPIRE and will collect data through the ACs		
Procurement	M	M
Legal and regulatory framework	M	M
Risk: There is no integrated system to monitor procurement values and records at the General Department of Public Procurement (PEFA 2021). The Law on Public Procurement provides the adoption of e-procurement at an appropriate time. Presently, no government agency uses e-procurement.		
Mitigations: Using NOTUS and ICP Contract Monitoring Tool for monitoring project procurement activities; Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites.		
Accountability and transparency	M	M
Risk: The Corruption Perceptions Index (CPI) for 2021 remains below 30 (score at 23/100, ranked 157th out of 180 countries).		
Mitigations: Conduct prior and ex-post reviews to strengthen enforcement of the debarment system.		
Capability in public procurement	M	M
Risk: Limited capacity and experience to conduct procurement activities at sub-national levels. Regular examinations for awarding professional procurement certifications are not yet established		
Mitigations: Retain competent ASPIRE-I procurement staff and specialists; Provide training and periodic coaching to project and sub-national project staff. 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).		
Public procurement processes	M	L
Risk: Procurement processes (planning, bidding, contract award and contract implementation) are often delayed.		
Mitigations: Launch recruitment processes of staff and key service providers, timed so that key staff and key service providers will be contracted in time after the project effectiveness date. 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). The Secretariat monitor and update regularly implementation progress of the procurement plan with both planned and actual data.		
Financial Management		
Overall	M	L

Risk: Delay in disbursement at start up.		
Mitigation: Retroactive financing is optional to GoKC to facilitate the start-up process.		
Risk: Financial Management system and FM staff capacity		
Mitigations: • Replicating ASPIRE I with the capacity building to provincial government staff, consider recruiting experienced ASPIRE I staff. • Utilizing the centralized ASPIRE's FMIS, training to all finance staff.		
Risk: Line credit to Micro-Finance institutions		
Mitigation: Ensure line credit to ARDB and SME Bank will be monitored and audited during implementation.		
<b>Environment, Social and Climate Impact</b>		
<b>Biodiversity conservation</b>	M	L
Risk: While project primarily supports existing agricultural areas, already under production status and managed by members of formal and/or informal producers' organizations, it is possible that the project could create incentives to expand production into areas that are not under production and / or may be protected and / or of biodiversity importance.		
Mitigations: The project targeting strategy will systematically exclude interventions and activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. wetlands, National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.)		
<b>Resource efficiency and pollution prevention</b>	M	L
Risk: The project is likely to involve inputs of fertilizers and other modifying agents, however the related risks are expected to be minor and dispersed. The project is likely to involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry.		
Mitigations: The project will involve inputs suppliers and producers' organizations to promote safe and efficient use of fertilizers and modifying agents. Good Agricultural Practices (GAP) will be promoted for vegetable production in particular. The project will not directly procure pesticides, but the producers are likely to purchase and use pesticides such as fungicides in vegetable production. However, the impacts are expected to be minor, and the project will engage with agrochemical suppliers and producers' organizations to promote safe use of pesticides and encourage producers in following GAP guidelines.		
<b>Cultural heritage</b>	M	L
Risk: The project could possibly be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage.		
Mitigations: Do not approve projects to located in or around sacred forests and community groves and archaeological sites.		
<b>Indigenous Peoples</b>	M	L
Risk: Depending on the selected target provinces, the project could be sited in areas where indigenous peoples are present (including the project area of influence). This implies the risk that project activities could negatively impact on interests, livelihoods or culture of indigenous peoples. However, as the project supports activities by smallholder farmers and their producer organisations (rather than large-scale infrastructure investments, for example) this risk is considered to be only medium and reduced to low by appropriate mitigation measures.		

Mitigations: Where project is targeting the area where the indigenous people are present, stakeholders' consultations and FPIC process will be adopted at an early stage of project interventions. The project will not affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible) either directly or indirectly.		
Community health and safety	M	L
Risk: Projects could have minimal impact traffic accidents through the rehabilitation of the farm road. Project could have significant impact on the spread of COVID 19 in the community through the coordination meeting at the community level. The community can exposure to hazardous materials, or respiratory effects from air emissions if the agricultural inputs are not used properly.		
Mitigations: Road safety will be included in the construction package. Project will promote implementation of GAP and sustainable soil fertility management.		
Labour and working conditions	M	L
Risk: Through its interventions under component 2, the project will support the emergence of entrepreneurs in the agro processing industry sector. This may include operations where producers and other agricultural workers are typically exposed to significant occupational and safety risks, such as shelling cashew nuts, or peeling mangoes.		
Mitigations: These potential risks will be further screened during the detailed design. In any case, the project will ensure that the private partners involved in the project implementation will comply with national labor laws and international commitments in terms of workers' safety, gender inequalities, discriminations, forced labor, working children, and other indecent working conditions.		
Physical and economic resettlement	L	L
Risk: No activity from the project involves with physical and economic resettlement		
Mitigations:		
Greenhouse gas emissions	L	L
The project is not expected to have a significant impact on greenhouse gas emissions.		
Vulnerability of target populations and ecosystems to climate variability and hazards	M	L
Risk: the expected hazards in the project intervention area are assessed as "High" for river flood, coastal flood, urban flood, cyclone, extreme heat and wildfires. Water scarcity (agricultural droughts and/or dry spells) is assessed as Low.		
Mitigations: Selection of investments under Component 1 will be informed by a climate risk and vulnerability analysis, integration of adaptation measures into their design specifications and promotion of climate resilient practices and technologies.		
Stakeholders	M	L
Stakeholder engagement/coordination	M	L
Risk: Insufficient consultation / engagement with stakeholders on key project interventions		
Mitigations: Stakeholder engagement based on ACs, with governance benchmarks including consultation and engagement to be achieved as criteria for investments.		

Stakeholder grievances	M	L
Risk: No effective channel established for investigation and redress of stakeholder grievances		
Mitigations: Multi-level grievance redress mechanism to be established and information made available to project affected persons through multiple channels (online, information leaflets, meetings).		

## **ANNEX 10: EXIT STRATEGY**

ASPIRE-AT Exit Strategy has the objective of ensuring that, after project support ends, project direct impacts on beneficiaries' livelihoods and capacity built in producer organisations, the private sector and public services can be sustained.

The requirements for this are as follows:

- For farmers, the key criteria for sustainability of benefits will include secure access to markets, access to services including financial services, access to improved, climate-resilient and sustainable production technology (including access to future technology developments) and increased climate resilience farm-based livelihoods.
- For producer organisations, sustainability requires capable management in place (staff and systems); equitable and profitable partnerships with private agri-businesses, profitable operation of enterprises including sufficient income to cover PO operating costs; access to credit and other financial services and access to technical knowledge.
- Enterprises supported by the project will be existing enterprises and the project will seek to ensure that the enterprises have enhanced capacity to invest, operate and add value in the target value chains, including through partnerships with POs.
- Public services supported by the project will achieve sustainability through sound institutional plans (prepared as a pre-condition for investment) and secure funding of operation and maintenance costs.

Project interventions will be designed and implemented to create pathways to achieving sustainability in all these areas. Project support will be delivered through mechanisms that match market-based services as closely as possible, and will be scaled down during the project period, particularly after MTR.

The financing instrument combining loans with "blocked deposit" grants in Component 1 is intended to act as a bridge to market-based financing through (1) demonstrating to farmers and POs the viability and profitability of borrowing to invest in productive assets, supported by increased financing literacy; (2) increasing the asset base of farmers and POs to increase their collateral available for further loans; and (3) increasing ARDB's understanding of the target value chains and borrowers to increase their confidence to lend to this market segment. Digital solutions will support development of production, cash flow and credit history for smallholders and PO supporting bankable investment plans. In addition, the project will explore with ARDB options to move to cash-flow based lending.

Capacity building support to POs will assist them through formation / strengthening and one investment cycle, with follow-up coaching and support continuing for one to two years after the investment. POs will be supported to recruit administrative staff during the early part of this cycle and will take over payment of the staff from their own funds on a phased basis. Infrastructure grants to POs will be restricted to those that have not had this type of support previously, so as to give an early boost to newly created POs whilst avoiding creating expectations of repeated access to grants.

Support for enterprises under Sub-Component 2.1 will be based around building partnerships and linkages with POs, with trade partners and with financial institutions. Financing will be through commercial partner financial institutions under conditions similar to those available in the market. Sub-Component 2.1 will also have a demonstrative "first mover" effect encouraging additional investors in the value chains. Hence, the transition to sustainability is inherent in the design of this sub-component.

Sustainability of public service facilities financed by ASPIRE-AT (trade facilitation infrastructure under Sub-Component 2.2, and Centres of Excellence under Sub-Component 3.2) will be subject to preparation and validation of a sound institutional plan in each case. Institutional plans will emphasize the importance of private sector partnerships for sustainability and will pre-identify the revenues required for operation and maintenance of the facilities. Under EIB's Framework Loan arrangements, submission of feasibility studies demonstrating compliance with these criteria will be a pre-condition for approval of financing.

### Annex 11: Stakeholder Analysis

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
National Government Agencies	MAFF	Agriculture Forestry and Fisheries Sector	Executing Agency	Project Execution	✓	✓	✓	✓	✓	✓
	MAFF-GDA	(1) Food security; (2) Quality and safety agriculture product; (3) Productivity improvement through diversification; (4) Increase agriculture Value Addition; and (5) Market assurance	Component 2.2 Strengthening the enabling environment for competitive agricultural value chains and trade	Upgrade critical public services and associated infrastructure to enable competitive export growth, with a focus on export-oriented plant health and quarantine services. Also support a review of policies and regulations affecting the priority sectors and proposals for adjustment to strengthen competitiveness.	✓		✓		✓	✓
	MoWA	Gender equality and women's empowerment	Gender	Oversee Gender Action Plan and support a review of policies and regulations affecting Gender transformative in Agriculture Sector.						✓
	ARDB	State-owned commercial bank specializing in agriculture sector.	Implementing	Financing loans and grants to smallholders and POs under Component 1.1				✓		

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
	SME Bank	State-owned commercial bank specializing in SME sector.	Implementing	Financing loans to Agri-businesses under Component 2.1				✓		
	MoWRAM	Water Resources – and Meteorology	Support and complement	Management of public irrigation systems, climate information through CAISAR	✓					
	MRD	Rural Development and Indigenous People	Support and complement	Rural roads and Indigenous People support Implementer of SAAMBAT						✓
	MoC	Commerce (domestic, import and export)	Support and complement	Implementer of AIMS Business registration	✓		✓			✓
	NCDD	Promoting democratic development through decentralization and deconcentration reforms throughout Cambodia.	Support and complement	Implementation of TSSD AF and CAISAR	✓					✓
Sub-National Government	PDAFF	Agriculture Forestry and Fisheries Sector	Implementing	Formation and registration of ACs Project implementation support  M&E	✓	✓	✓	✓	✓	✓
	Provincial Administration , District	Subnational service delivery under the authority of the central level of governments.	Support	Overall coordination support at subnational level						✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
	Administration ,									
	Commune Administration	Public order and security; management of public services; public welfare; socioeconomic development; environment, natural resources, and culture; consultation with resident and community groups.	Support	Local development planning and coordination at commune level						✓
Financing Agencies	IFAD	DP	Financier	Financing Supervision	✓	✓	✓	✓	✓	✓
	EIB	DP	Financier	Financing Supervision	✓	✓	✓	✓	✓	✓
	EUD	DP	Partner	Complementary with EU country programme	✓	✓	✓	✓	✓	✓
	World Bank	DP	Partner	Financing Cambodia Agriculture Sector Development Project	✓	✓	✓	✓	✓	✓
	ADB	DP	Partner	Agriculture Value Chain Competitiveness and Safety Project  <b>Financing partner for TSSD</b>	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
	AfD/KWF	DP	Partner	Financier of WAT4CAM  Financier of RID4CAM	✓	✓	✓			✓
	USAID	DP	Partner	Financier of Harvest and has MOU with IFAD	✓	✓	✓	✓	✓	✓
	SDC	DP	Partner	Financier of CHAINS and others through, SWISS Contact, CARITAS and HERK	✓	✓	✓	✓	✓	✓
UN and Rome Based Agencies	UNDP	UN Agency	Partner	Value chain activities,  Climate change response, and digital application	✓	✓	✓	✓	✓	✓
	WFP	UN / Rome-Based Agency	Partner	Data systems and price information  Food security and nutrition	✓	✓	✓	✓	✓	✓
	FAO	UN / Rome-Based Agency	Partner	Setting up food control system and implement Public-Social-Private Partnerships for Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL) project.  Co-facilitator of TWG-AW	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
Private Sector	Agri-businesses		Value Chain Investments	Investors, partners of POs etc.	✓	✓	✓	✓	✓	
	MFIs/Commercial banks (including AMK project under IFAD NSO facility)		Private Financial Partners	Retail financial partners of SME Bank				✓		
Farmer Apex Organisations	FNN	Network of village-based farmer organizations that acts as an umbrella to represent and serve the interests of self-help associations, agricultural cooperatives, and provides technical assistances on capacity building.	Support and complement	Mapping FO; Networking of FO to country level; Representation of FO; Engage in policy dialogue and advocated for FO; promote stakeholder feedback.	✓	✓	✓	✓	✓	✓
	CFAP	Network of village-based farmer organizations that acts as an umbrella to represent and serve the interests of self-help associations, agricultural cooperatives, and provides technical assistances on capacity building.	Support and complement	Mapping FO; Networking of FO to country level; Representation of FO; Engage in policy dialogue and advocated for FO; promote stakeholder feedback.	✓	✓	✓	✓	✓	✓
Producer Organisations	UAC	Union Agriculture Cooperative	Higher-level producer organisations	Organise production and marketing  Partner with private sector	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
				Investments						
	CACC	A pioneer of Public Private Producer Partnership by transforming farmers to be entrepreneurs.	Higher-level producer and buyer organisations	Organise production and marketing Partner with private sector Investments	✓	✓	✓	✓	✓	✓
	AC	Agriculture Cooperative and other type of registered farmer organization	Producer Organisations	Organise production and marketing Partner with private sector Investments	✓	✓	✓	✓		✓
	BCs	Business cluster and other type of the un-registered producer group	Informal Producer Organisations	Aggregate and add members to form ACs or other formal PO types						
Farmers			Beneficiaries	Form Producer Organisations, invest for increased productivity, adopt climate resilient practices etc.	✓	✓	✓			
Youth Organization		Empower Cambodian youth to improve the quality of life in vulnerable communities through skill training activity	Support and complement	Complement through skill development fund and SAAMBAT activity.	✓	✓	✓	✓	✓	✓
Indigenous People Organization		Empower indigenous people to improve the quality of life.	Support and complement	Mapping IP Organization and networking them at the country level; Representation	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
				voice of IP in policy dialogue; promote stakeholder feedback.						
People with Disabilities Organization		Support People with Disabilities in agriculture sector.	Support and complement	Promote stakeholder feedback.						✓

## Annex 12: SSTC Proposal

The proposal should not exceed **3500 words**, excluding annexes, pre-filled sections and other officially required documents. **The word limit will be strictly enforced.**

1 – Title of the project	Support to the Export-Led Agricultural Sector in Cambodia (SELAS)
2 – GRIPs ID	xxx
3 - Project leader and contact details	Sakphouseth Meng, Country Programme Officer, APR. Email: m.sakphouseth@ifad.org
4 – Sponsoring division	Asian and the Pacific Division
5 – Co-sponsoring divisions and contact details	xxx
6 – Proposed value of project	USD300,000
7 – Expected co-financing	<p>The SSTC project proposal is an integral part of Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE - AT) which is under design with total investment of around USD 137 million. Available financing totals around USD 182 million. IFAD loan will finance USD 48 million (26% of the total budget); the Government of Cambodia will provide USD 17 million (9.3%); European Investment Bank (EIB) will contribute USD 60 million (32%); a proposed IFAD-China SSTC grant of USD 0.3 million; USD 43 million from PFI contribution, USD 3 million from beneficiary and SME contribution and there is a funding gap of USD 11 million.</p> <p>SSTC financing plays a critical role by i) establishing strong link with Chinese authorities and businesses for technical collaboration within the project for trade development with the priority Chinese market, and ii) financing specific activities which cannot be easily financed via the main loan-based financing of the overall programme.</p>
8 – Focus country/countries	Cambodia
9 – Recipient(s) and contact details	<p>The Ministry of Agriculture, Forestry and Fisheries (MAFF) H.E Dr. Meas Pyseth Under Secretary of State Ministry of Agriculture, Forestry and Fisheries No 200 Norodom Blvd., Sangkat Tonle Basak, Phnom Penh Email: pysethmeas1@gmail.com Phone: +855 12 759 440</p>
10 – Categories of the Recipient(s)	Developing Member State
11 – Project duration	January 2023 – December 2024
12 – Selected strategic priorities	<p><input checked="" type="checkbox"/> Promote innovations in strengthening the productive, managerial, financial and marketing capacities of rural people</p> <p><input checked="" type="checkbox"/> Pilot inclusive production and business models that generate higher incomes</p> <p><input checked="" type="checkbox"/> Promote investments and trade</p>

13 – Selected thematic areas	<input type="checkbox"/> Strengthening the capacities of farmers and their organizations to enhance resilience against disasters <input checked="" type="checkbox"/> Facilitating access to markets in conditions of specific barriers in a given context <input type="checkbox"/> Delivering up-to-date agriculture-related information to smallholder producers through digital services <input checked="" type="checkbox"/> Building trade capacities to enable smallholder producers to meet quality and sanitary standards of overseas markets
14 – National COVID-19 context and rationale	<p>Cambodia managed the COVID-19 pandemic well, with around 3,000 deaths reported. About 81% of the population is vaccinated. The Government of the Kingdom of Cambodia (GoKC) has lifted most restrictions on travel and activities. However, the pandemic led to a near halt in international tourism arrivals and heavily impacted domestic retail services. Many migrant workers lost employment and returned to Cambodia during 2020, resulting in increased unemployment and reduced incomes from remittances. GDP growth was 2.2% in 2021 and is projected at 4.5% in 2022<sup>20</sup>. Poverty headcount increased to 17.8% and to 22.8% in rural areas<sup>21</sup> due to the pandemic. The government released social transfers, as support for ID Poor households through the national COVID-19 cash transfer emergency programmes for the most-affected families. Cambodia did not face a crisis of food shortage at national level, but marginal and rural vulnerable groups have been affected in their daily income and food security.</p> <p>Cambodia’s agriculture sector has proved resilient during the COVID pandemic providing a reminder of the important role of agriculture and its sustained growth in ensuring food security and rural livelihoods, for both recovery and building back better.</p> <p>As it emerges from the COVID crisis, Cambodia faces new macro-economic challenges due to the interrelated risks of global trade recession and the impact on commodity prices of the war in Ukraine. As an open, trading economy with total exports equal to 61% of GDP in 2020, Cambodia is vulnerable to a slowdown in global demand. The agriculture sector is likely to experience significant impacts from increasing fuel costs and rising fertilizer costs. The Ukraine crisis has also led to increasing costs of foodstuffs, including grains and cooking oil.</p> <p>Agriculture sector growth, particularly based on increasing exports through formal channels and taking advantage of recent trade agreements, is a key element of GoKC’s strategy for post-pandemic recovery. However, there are still significant barriers to overcome, particularly in value chains (VCs) based on smallholder production, to achieve the scale and consistent quality of produce meeting the needs of export and domestic markets.</p> <p>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</p>

<sup>20</sup> World Bank Cambodia Country Economic Update, December 2021

<sup>21</sup> Cambodia Socio-Economic Survey 2019-20 (Ministry of Planning, 2021)

	<p>internationally competitive Cambodian supply chains in priority sectors from which smallholders can earn a decent living.</p> <p>Within the overall ASPIRE-AT objectives, SSTC investments will specifically support public and private investment to increase the number and competitiveness of agri-businesses operating in priority value chains and the associated enabling public goods and services to support competitive export growth in order to provide market opportunities for smallholder producers and their POs</p> <p>The proposed project is in full alignment with IFAD Strategic Framework 2016-2025, as it pursues the goal of increasing rural people's productive capacities in a sustainable and resilient manner, increasing and improving their engagement in markets, while enabling them to better manage related risks, and strengthening the environmental sustainability and climate resilience of their economic activities. The project promotes delivering relevant, targeted and cost-effective development solutions and other resources to beneficiaries and partners across the globe.</p>
15 – Target beneficiaries	<p>ASPRIRE-AT will provide services to around 125,000 rural households, or 500,000 vulnerable people, whose income is less than 150% of the national poverty line: (i) smallholder farmers who are either poor or near-poor and vulnerable to falling into poverty due to climate, market or other shocks but who have productive potential and can take advantage of market opportunities; (ii) landless or land-poor households ready to take advantage of employment opportunities. Among these target beneficiaries, at least 20 000 people (45% are female and 20% youth) will be benefiting from SSTC facility as producers and workers in the targeted export product value chains (especially for fruits and nuts).</p> <p>On category (i) ASPIRE-AT will focus on smallholders who are already members of POs including approximately 2,000 Business Clusters (BCs)(of 4,400 total) supported by ASPIRE and AIMS and considered to have potential to aggregate and graduate to the status of formal legal enterprises including Agriculture Cooperatives (AC) and Unions of AC (UAC). These BCs have already taken the first steps in organisation, aggregation and value chain partnership needed to overcome the barriers facing individual smallholders yet are too small, lack legal identity and business management capacity, so are not fully capable of managing investments or being enabled to negotiate the effective partnerships with larger agri-enterprises which would enable them to sell to higher-value markets. Targeting of these BC is expected to result in about 500 high-capacity AC and about 35 UAC. Among them, at least 50AC and 5 UAC will be benefiting from SSTC facility.</p> <p>On category (ii), which is landless or land-poor households, typically engage in some agriculture production (including home gardens and small livestock) but earn their income primarily from casual, insecure wage labour, with little regulation of working conditions and no job security. Hence, households in this group will benefit from at least 10,000 new job opportunities, particularly for women and for youth, in agriculture production, post-harvest and processing. Among these the SSTC facility will specifically help create at least 1000 jobs in the targeted export product value chains.</p>

16 – Main objective	<p><b>ASPIRE-AT Development Objective is:</b> Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.</p> <p>In support of this, the specific objectives of the SSTC grant is to “Facilitate export growth of smallholder produced high value agricultural products to high value markets, such as China and Europe.”</p> <p>The grant will specifically focus on:</p> <ol style="list-style-type: none"> <li>1. Mobilizing international expertise and networks for negotiating competitive export protocols (e.g. sanitary and phyto-sanitary) for priority produce between Cambodia and target importing countries, especially China</li> <li>2. Trade promotion and establishing linkages between Cambodian exporters and importers of priority products in target markets, especially China market.</li> </ol> <p>Within this the grant will prioritize technical assistance and other critical activities outlined below that cannot easily be financed through other sources which are predominately loan-based financing from IFAD and EIB.</p>
17 – Main expected outcomes	<p>Main expected outcome is that “Business Partnerships and investments in trade infrastructure have increased market access and rural employment for the benefit of smallholder producers and rural people”.</p>
18 – Key activities /outputs by outcome	<p>ASPIRE-AT has three interlinked components: Component 1 will support investments in productive assets for the agriculture cooperatives and other producer organisations (AC/PO) to improve their production/post-harvest/logistics capacities to meet both export and domestic market demand. Component 2 will support the enabling environment to incentivize the private sector to access markets and catalyse their business investments. Component 3 will support technical assistance to nurture, aggregate/graduate existing groups, including the business clusters supported by ASPIRE and AIMS, into registered Agriculture Cooperatives (AC) to engage with the private sector in remunerative market opportunities facilitated under component 1 and 2.</p> <p>SSTC facility has clear technical and operational advantages in supporting Component 2: Business Partnership and Market Access with a focus on priority high-value export products including tropical fruit (fresh and processed) and nuts (e.g. cashew).</p> <p>Sub-component 2.1 - Strengthening private investment for agricultural market and trade development:</p> <ul style="list-style-type: none"> <li>• Market exposure and trade promotion to meet potential customers in target international markets and understand the specific market requirements, dynamics and competition.</li> <li>• Bespoke technical investment advice to businesses on issues including specific modern technologies and equipment, operational processes, supplier management systems, business planning and cash flow management, product standards and certification requirements and compliance for market access (including. sanitary and phyto-sanitary, MRL, food safety).</li> <li>• Facilitation of links to centres of industry-leading international knowledge and expertise, including through knowledge exchange visits, training and technical support for groups of agri-businesses in each priority value chain. The objective is to establish systematic</li> </ul>

	<p>linkages at the industry level to recognized leading centres of expertise that can support industry competitiveness now and into the future.</p> <p>Component 2.2 - Strengthening the enabling environment for competitive agricultural value chains and trade</p> <p>Technical assistance for:</p> <ul style="list-style-type: none"> <li>• Negotiation of competitive export protocols and agreements with partner countries to create market access opportunities, especially with China</li> <li>• Design and operation of the planned Post-Harvest Reference Centre (x1) and other priority public services and infrastructure to support export protocol negotiation for priority products and to conduct scientific trials for optimal post-harvest handling and treatment, plant health etc.</li> </ul>																																																																
19 – Use of financial resources	<table border="1"> <thead> <tr> <th>#</th> <th>Description</th> <th>Cost (\$US million)</th> <th>SSTC (\$US million)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><b>Productive Assets for Producer Organisations</b></td> <td></td> <td></td> </tr> <tr> <td>1.1</td> <td>Investment in productive assets of POs and smallholders</td> <td></td> <td>0</td> </tr> <tr> <td>1.2</td> <td>Enabling market infrastructure for POs</td> <td></td> <td>0</td> </tr> <tr> <td>1.3</td> <td>TA for design and execution of investments</td> <td></td> <td>0</td> </tr> <tr> <td colspan="2"><b>Component 1 sub-total</b></td> <td></td> <td><b>0</b></td> </tr> <tr> <td>2</td> <td><b>Business Partnership and Market Access</b></td> <td></td> <td></td> </tr> <tr> <td>2.1</td> <td>Strengthening private investment for agricultural market and trade development</td> <td></td> <td>0.1</td> </tr> <tr> <td>2.2</td> <td>Strengthening the enabling environment for competitive agricultural markets and trade</td> <td></td> <td>0.1</td> </tr> <tr> <td colspan="2"><b>Component 2 sub-total</b></td> <td></td> <td><b>0.3</b></td> </tr> <tr> <td>3</td> <td><b>Linking Farmers to Value Chains</b></td> <td></td> <td></td> </tr> <tr> <td>3.1</td> <td>Structure and Capacity of Producer Organisations</td> <td></td> <td>0</td> </tr> <tr> <td>3.2</td> <td>Technical Advice, Centers of Excellence and Supporting services for AC/PO</td> <td></td> <td>0</td> </tr> <tr> <td colspan="2"><b>Component 3 sub-total</b></td> <td></td> <td><b>0</b></td> </tr> <tr> <td>4</td> <td><b>Project Management and M&amp;E</b></td> <td></td> <td>0.1</td> </tr> <tr> <td colspan="2"><b>Total Project Financing</b></td> <td></td> <td><b>0.3</b></td> </tr> </tbody> </table>	#	Description	Cost (\$US million)	SSTC (\$US million)	1	<b>Productive Assets for Producer Organisations</b>			1.1	Investment in productive assets of POs and smallholders		0	1.2	Enabling market infrastructure for POs		0	1.3	TA for design and execution of investments		0	<b>Component 1 sub-total</b>			<b>0</b>	2	<b>Business Partnership and Market Access</b>			2.1	Strengthening private investment for agricultural market and trade development		0.1	2.2	Strengthening the enabling environment for competitive agricultural markets and trade		0.1	<b>Component 2 sub-total</b>			<b>0.3</b>	3	<b>Linking Farmers to Value Chains</b>			3.1	Structure and Capacity of Producer Organisations		0	3.2	Technical Advice, Centers of Excellence and Supporting services for AC/PO		0	<b>Component 3 sub-total</b>			<b>0</b>	4	<b>Project Management and M&amp;E</b>		0.1	<b>Total Project Financing</b>			<b>0.3</b>
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20 – Rationale for recipient selection	<p>The Ministry of Agriculture, Forestry and Fisheries (MAFF) of Cambodia is proposed to be the grant recipient without competitive process for the following reasons:</p> <ul style="list-style-type: none"> <li>- This project will invest in agriculture and focus on strengthening the sector of export-led agricultural products;</li> <li>- MAFF is the primary government institution officially mandated for the agricultural development in Cambodia;</li> <li>- MAFF has been playing a leading role in orienting and supporting the production and processing of fruits and grains in their transformation and graduation into export-led sectors;</li> <li>- MAFF has been instrumental in breakthrough efforts for market access of mango and longan from Cambodia to China</li> <li>- MAFF is the primary strategic partner for IFAD and its Country Programme in Cambodia for decades; it has successfully implemented a good number of IFAD-assisted projects,</li> <li>- The proposed grant-financed project will be an integrated part of the IFAD Country Programme in Cambodia and it is designed to be a retrofit to the upcoming ASPIRE AT, currently being designed, to be under MAFF's implementation.</li> </ul>																																																																

<p>21 – Country ownership and institutional implementation arrangements</p>	<p>The proposal is the result of long-time consultation and partnership between the GoKC and IFAD’s country programme in Cambodia, and as response to the request of the senior officials of MAFF on behalf of the government to IFAD regarding IFAD tailored assistance to promote the export-led high value agriculture sector, including tropical fruits and nuts, with a particular emphasis on the priority Chinese market.</p> <p>MAFF will be responsible for the implementation of the grant. The project management and coordination will be streamlined into the ongoing ASPIRE management structure and to be taken over by the ASPIRE AT’s management structure once it is effective. It will ensure the key functions in coordination, M&amp;E and KM in order to support the quality implementation of the SSTC facility.</p> <p>MAFF will therefore be in charge of the overall project management, coordination and reporting while agencies and line departments of MAFF will undertake the majority of technical work at national and sub-national levels as well as mobilize its technical resources in support where relevant. MAFF will take the lead in maintaining its continued partnership with different ministries and agencies, such as the Chamber of Commerce, Cambodia Customs, GACC, the civil society and the private sector. The vertical structure of implementation will follow the current ASPIRE and the upcoming ASPIRE AT and it will be aligned with the emerging decentralised administrative structures.</p>
<p>22 – Supervision and M&amp;E arrangement</p>	<p><b>Supervision</b> will be carried out directly by IFAD in partnership with the Government, as one of the projects under the IFAD Country Programme in Cambodia, as part of the ASPIRE AT Supervision mission and Implementation support.</p> <p>The IFAD’s direct supervision will mainly address issues as following:</p> <ul style="list-style-type: none"> <li>- Development effectiveness and focus including implementation progress, outputs and outcomes under related components, targeting and outreach, gender equality and women participation, agricultural productivity, nutrition if relevant, adaptation to climate change,</li> <li>- Sustainability and scaling up including institutions and policy engagement, partnership building, human and social capital and empowerment, quality of project target group engagement and feedback, responsiveness of service providers, environment and NRM, exit strategy, potential for scaling up;</li> <li>- Project management including M&amp;E, KM, financial management and fiduciary aspects, and procurement;</li> <li>- Risks and opportunities, and</li> <li>- Innovations and knowledge management</li> </ul> <p>Implementation support will be provided by IFAD as follow-ups of its direct supervision and progress review where necessary, and as response to possible supports required by the project management. Support will be conducted on a demand-driven basis and in accordance with needs identified.</p> <p><b>Monitoring, Evaluation and reporting.</b> will be based on a logframe approach, adapted to IFAD’s on-line Operational Results Measurement System (ORMS). The project will pursue the good practices of the IFAD</p>

	<p>Country Programme in Cambodia in M&amp;E, KM and learning, continue to apply the proven M&amp;E application and to generate various knowledge products.</p> <p>The project will apply a results-based management approach which establishes a solid linkage between planning (including resource allocation), implementation, monitoring and expected results. The Project Annual Work Plan and Budget (AWPB) will be a basis for implementation and should clearly describe the strategic direction of the project for the coming year by presenting a budget estimate, the expected results under each component and how these results would be achieved with risk analysis if any. The preparation of AWPBs will be jointly conducted by the project management as part of ASPIRE AT. Monitoring will focus on output-level results, while evaluation likely at the grant project end will address the expected outcomes. Reporting will be periodic, at least on semi-annual and annual basis, including physical and financial progress, and as per best practices in the IFAD Country Programme in Cambodia.</p>				
23 – Risks and mitigation measures	<b>Main Risks</b>	<b>Risk Levels</b>	<b>Mitigations</b>	<b>Residual Risk Level</b>	
	COVID-19 uncertainty causes travel restrictions, including for exchange with Chinese experts and businesses	High	The project will make flexible planning, adopt and mobilize ICT instruments for virtual and remote implementation where possibly efficient.	Medium	
	Fast changing market dynamics and export price fluctuations	High and medium	The project invests in enhanced productivity and reduced losses through the implementation of its component 1 and fostering an enabling policy framework and improved technical support system for sector development, while increased price premium from processed	Medium	

			products and on-farm IGA will be promoted as diversification coping strategies for the fruit sector and households respectively.	
	Low efficiency of integration into ongoing and upcoming projects	Medium	Integration of management teams, coordination in planning and implementation, and expand into production provinces that AIMS and ASPIRE are not covering.	Medium and low
	Ambitious SSTC exchange agenda	Medium	Recruitment of consultant advisor/facilitator to tailor planning and executions.	Low
24 – Innovation	<p><b>Innovations promoted.</b> The opportunities of innovative potential are present at technical level, the project mainly promotes the following three innovations:</p> <ul style="list-style-type: none"> <li>- Cross-border 4Ps. The project will take advantage of the recent free trade agreement between Cambodia and China, and pursue the ongoing innovative approach of public-private-producer partnership under the Country Programme in Cambodia but extend it to a cross-border dimension with public and private partners in China as export destination.</li> <li>- Regional cooperation. The project promotes regional cooperation and exchanges in agri-sector policy framework, technical service support system and production and marketing of identified fruit value chains. The implementation will involve the synergy building between the Country programmes in Cambodia and China, stimulate technical exchanges, experience sharing and learning between IFAD-assisted projects under the two Country Programmes and exploring cooperation opportunities with and between the IFAD institutional partners in the two countries.</li> <li>- Synergized public-private participation in export and trade promotion. The project aims to achieve a result-based</li> </ul>			

	<p>participation in export and trade events with synergized contributions from the public and private actors and supporters, promoting the export of agricultural commodities as one of the country trademarks for Cambodia in an export market of great opportunities for both fresh and processed products</p>
25 – Scaling up and sustainability	<p>Exporting of high value agricultural products, including fruits and nuts to China and other premium markets is a high priority of the Royal Government of Cambodia. Good practices and success stories will be recorded during implementation of the project for replication. The success of the grant will be sustained through the regular national budget support from Ministry of Agriculture Forestry and Fisheries. The success will pave the way for Cambodia to scale up into other international markets.</p>
26 – Additional information and/or documentation	

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex 9: Integrated Project Risk Matrix (IPRM)**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
<b>Country Context</b>	<b>Moderate</b>	<b>Low</b>
<i>Political Commitment</i>	<i>Low</i>	<i>Low</i>
<i>Governance</i>	<i>Moderate</i>	<i>Low</i>
<i>Macroeconomic</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Fragility and Security</i>	<i>Low</i>	<i>Low</i>
<b>Sector Strategies and Policies</b>	<b>Moderate</b>	<b>Low</b>
<i>Policy alignment</i>	<i>Low</i>	<i>Low</i>
<i>Policy Development and Implementation</i>	<i>Moderate</i>	<i>Low</i>
<b>Environment and Climate Context</b>	<b>Moderate</b>	<b>Low</b>
<i>Project vulnerability to environmental conditions</i>	<i>Moderate</i>	<i>Low</i>
<i>Project vulnerability to climate change impacts</i>	<i>Moderate</i>	<i>Low</i>
<b>Project Scope</b>	<b>Substantial</b>	<b>Moderate</b>
<i>Project Relevance</i>	<i>Moderate</i>	<i>Low</i>
<i>Technical Soundness</i>	<i>Substantial</i>	<i>Moderate</i>
<b>Institutional Capacity for Implementation and Sustainability</b>	<b>Moderate</b>	<b>Moderate</b>
<i>Implementation Arrangements</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Monitoring and Evaluation Arrangements</i>	<i>Moderate</i>	<i>Low</i>
<b>Project Financial Management</b>	<b>Moderate</b>	<b>Low</b>
<i>Project Organization and Staffing</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Budgeting</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Funds Flow/Disbursement Arrangements</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Internal Controls</i>	<i>Moderate</i>	<i>Low</i>
<i>Project Accounting and Financial Reporting</i>	<i>Moderate</i>	<i>Low</i>
<i>Project External Audit</i>	<i>Moderate</i>	<i>Low</i>
<b>Project Procurement</b>	<b>Moderate</b>	<b>Moderate</b>
<i>Legal and Regulatory Framework</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Accountability and Transparency</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Capability in Public Procurement</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Public Procurement Processes</i>	<i>Moderate</i>	<i>Low</i>
<b>Environment, Social and Climate Impact</b>	<b>Moderate</b>	<b>Low</b>
<i>Biodiversity Conservation</i>	<i>Low</i>	<i>Low</i>
<i>Resource Efficiency and Pollution Prevention</i>	<i>Moderate</i>	<i>Low</i>
<i>Cultural Heritage</i>	<i>Moderate</i>	<i>Low</i>
<i>Indigenous People</i>	<i>Moderate</i>	<i>Low</i>
<i>Labour and Working Conditions</i>	<i>Moderate</i>	<i>Low</i>
<i>Community Health and Safety</i>	<i>Moderate</i>	<i>Low</i>
<i>Physical and Economic Resettlement</i>	<i>Low</i>	<i>Low</i>
<i>Greenhouse Gas Emissions</i>	<i>Low</i>	<i>Low</i>
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>	<i>Moderate</i>	<i>Low</i>

<b>Risk Category / Subcategory</b>	<b>Inherent risk</b>	<b>Residual risk</b>
<b>Stakeholders</b>	<b>Moderate</b>	<b>Low</b>
<i>Stakeholder Engagement/Coordination</i>	<i>Moderate</i>	<i>Low</i>
<i>Stakeholder Grievances</i>	<i>Moderate</i>	<i>Low</i>
<b>Overall</b>	<b>Moderate</b>	<b>Low</b>

<b>Country Context</b>	<b>Moderate</b>	<b>Low</b>
<b>Political Commitment</b>	<b>Low</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Change in GoKC commitment to agriculture development, for example if there is a change of government following the election due in mid-2023. However, based on understanding of the Cambodian political situation, the likelihood of major change of policy towards agriculture is assessed as low.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>The project is strongly aligned with the agriculture sector policy of GoKC, which is expected to remain stable.</p>		
<b>Governance</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Private agribusiness unwilling to invest because of governance concerns, for example hidden transaction costs associated with agriculture processing and exporting.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>The project design assumes a willingness to invest consistent with past experience / observations. Through policy engagement, IFAD will continue to support GoKC to improve ease of doing business in the agriculture sector.</p>		
<b>Macroeconomic</b>	<b>Moderate</b>	<b>Moderate</b>
<p><b>Risk:</b></p> <p>International economic recession reduces market opportunities. There is a risk that current economic trends lead to a reduction in demand for the export commodities targeted by the project, impacting on the viability of investments financed by the project.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>(1) project will target domestic as well as export markets, with domestic demand for e.g. safe vegetables, backyard chicken less likely to be affected, and (2) feasibility study of individual investments will take into account market conditions at the time. Project will maintain flexibility so that production / marketing channels can be reoriented in case that trade conditions with specific partners deteriorate.</p>		
<p><b>Risk:</b></p> <p>Impact of international events on prices worsens Cambodia's terms of trade. Cambodia imports all its fuel and fertiliser and most capital equipment, so increases in costs of these items are likely to harm Cambodia's competitiveness. Conversely, increased food prices could favour Cambodia as a food exporting country, but this is difficult to predict.</p>	Moderate	Moderate

<p><b>Mitigations:</b></p> <p>(1) monitor the situation and adjust strategy if it seems likely that some value chains become uncompetitive overall; and (2) assess viability of investments based on best available price information. The project inherently spreads risk by supporting a range of domestic and export value chains with different characteristics.</p>		
<p><b>Risk:</b></p> <p>Agriculture sector, particularly export markets, severely impacted by macroeconomic instability, perhaps due to external events</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>Project will balance focus on export and domestic value chains, with domestic VC less vulnerable</p>		
<p><b>Fragility and Security</b></p>	<b>Low</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Insecurity (for example, political conflict, criminal activity) posing a risk to project implementation. Despite its history as a fragile state, Cambodia has maintained good internal security over a long period (25 years) and so this category of risk is assessed as low.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>IFAD team will monitor the situation closely and take necessary actions on time.</p>		
<p><b>Sector Strategies and Policies</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b>Policy alignment</b></p>	<b>Low</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Change in government policy e.g. on agriculture trade, ACs etc.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>Project aligned with current policy, and no major changes expected.</p>		
<p><b>Policy Development and Implementation</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Risk: Key policies (trade, ACs, etc) not effectively implemented.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Project interventions are diverse and not over-dependent on a single aspect of policy.</p>		
<p><b>Environment and Climate Context</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b>Project vulnerability to environmental conditions</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Project directly finances or creates incentives that encourage or facilitate unsustainable environmental practices (e.g. inappropriate chemical use; encroachment on protected natural environment areas).</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Social, Environmental and Climate risk assessments applied to investments and appropriate criteria applied.</p>		

<b>Project vulnerability to climate change impacts</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Prolonged droughts, intense flooding and changes in seasonality due to climate change will likely affect production of key crops rendering them non-viable or uncompetitive.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Assessment of climate risks per value chain and promotion of climate-smart varieties and production techniques.</p>		
<b>Project Scope</b>	<b>Substantial</b>	<b>Moderate</b>
<b>Project Relevance</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Design assumptions on direction or pace of transition to market economy are flawed Cambodia's transition to a market economy, including in the rural sectors, has been rapid in recent years. There is a low risk that severe exogenous shocks (related to world economic developments) could slow the transition, though likely not reverse it.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>Design assumptions are closely aligned with evidence and lessons learned from previous projects. Stakeholders including producers, POs and agri-businesses as well as agriculture focused development agencies have been extensively consulted on the project design and there is strong consensus around the key design assumptions in this regard. However, IFAD and GoKC will continue to monitor the situation.</p>		
<p><b>Risk:</b></p> <p>Insufficient scope exists for smallholder farmers in IFAD target group to compete in the market and earn adequate returns to land and labour. The transition to market agriculture is likely to favour larger producers in some sectors. The project design assumes that in key pro-poor value chains smallholder-based production can continue to be competitive and can provide returns that are attractive compared to non-farm occupations.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Project will prioritise pro-poor value chains where smallholders already produce successfully, particularly those where success has been demonstrated in previous projects. A set of criteria for targeting value chains is included in design and further studies will be conducted to validate the initial selection of value chains.</p>		
<b>Technical Soundness</b>	<b>Substantial</b>	<b>Moderate</b>
<p><b>Risk:</b></p> <p>Financing instruments (mixture of loans and grants) are not attractive for partner financial institutions (PFIs) to deliver. Market-based lending including in the agriculture sector is almost entirely based on land as collateral, with analysis of business plans and cash-flows by financing institutions being a secondary consideration. The project seeks to increase access to finance by developing, in partnership with banks and PFIs, financial products that do not depend on land as collateral.</p>	Moderate	Low

<p><b>Mitigations:</b></p> <p>Financing instruments based on existing models, address key constraints including PFI risk, and have been discussed with potential PFIs. In particular ARDB has engaged in detailed discussions on the design of the blended grant and loan instruments in Component 1, and the planned combination of loans and credit guarantees in Component 2 has been discussed with SME Bank and CCGC.</p>		
<p><b>Risk:</b></p> <p>Financing instruments (mixture of loans and grants) are not attractive for agribusinesses, POs and farmers to invest. The project design assumes that farmers, POs and agribusinesses will be willing to borrow to invest at interest rates close to those available on the commercial market, supported by a grant element (Component 1) or credit guarantees (Component 2). Essentially, the assumption is that the key barrier, overcome by the financing instrument designs, is the need for land as collateral</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>A range of financing instruments have been trialed by previous projects, GoKC's policy banks and private FIs. There is considerable evidence of farmer willingness to invest when credit is available on suitable terms (cost of credit under the project will be considerably below that offered for small loans by MFIs). There is scope to adjust the design and management of the financing instruments to increase the match to borrower needs. There is a remaining risk that the attractiveness of ASPIRE-AT finance could be reduced if other donor projects make finance available for the same market segments on more generous terms (e.g. FAO GCF project proposing zero-interest rate loans. IFAD will continue to discuss with GoKC and other stakeholders to mitigate this risk</p>		
<p><b>Risk:</b></p> <p>Financing instruments (mixture of loans and grants) are not attractive for agribusinesses, POs and farmers to invest. The project design assumes that farmers, POs and agribusinesses will be willing to borrow to invest at interest rates close to those available on the commercial market, supported by a grant element (Component 1) or credit guarantees (Component 2). Essentially, the assumption is that the key barrier, overcome by the financing instrument designs, is the need for land as collateral.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>A range of financing instruments have been trialed by previous projects, GoKC's policy banks and private FIs. There is considerable evidence of farmer willingness to invest when credit is available on suitable terms (cost of credit under the project will be considerably below that offered for small loans by MFIs). There is scope to adjust the design and management of the financing instruments to increase the match to borrower needs. There is a remaining risk that the attractiveness of ASPIRE-AT finance could be reduced if other donor projects make finance available for the same market segments on more generous terms (e.g. FAO GCF project proposing zero-interest rate loans. IFAD will continue to discuss with GoKC and other stakeholders to mitigate this risk.</p>		
<p><b>Risk:</b></p> <p>Weak business planning capacity of POs and farmers leads to failed investments. Most existing POs at present have low business planning and investment analysis capacity, and farmers have limited financial literacy. Therefore, it is likely that a proportion of investments proposed for ASPIRE-AT financing will be financially non-viable or non-sustainable.</p>	High	Moderate

<p><b>Mitigations:</b></p> <p>The project will work with a service provider to assist preparation of business plans and conduct feasibility studies of investments. A clear set of criteria for approval of investments will be developed and ARDB will be responsible for screening against these criteria. This function of ARDB is congruent with (though somewhat expands) normal checks and due diligence conducted by ARDB, which has an incentive to avoid high risk investments.</p>		
<p><b>Risk:</b></p> <p>Public sector investments financed by the project not sustainable because of lack of institutional plans and / or operating budgets. A range of public sector infrastructure investments have been proposed for project financing. All these investments will require operation.</p>	High	Moderate
<p><b>Mitigations:</b></p> <p>Design establishes criteria for approval of investments. All major public sector investments will be subject to detailed feasibility study and preparation of an institutional plan.</p>		
<b>Institutional Capacity for Implementation and Sustainability</b>	<b>Moderate</b>	<b>Moderate</b>
<b>Implementation Arrangements</b>	<b>Moderate</b>	<b>Moderate</b>
<p><b>Risk:</b></p> <p>Insufficient project management capacity to successfully deliver project, given significant complexity and relatively “lean” resources allocated to project management at the request of GoKC.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>Project management responsibilities assigned to experienced ASPIRE Secretariat with demonstrated capacity. IFAD will continue to monitor the situation and work with GoKC to develop solutions if implementation arrangements appear insufficient.</p>		
<p><b>Risk:</b></p> <p>Partner Financial Institutions do not have capacity to process financing applications at the required volume (this has been an issue with previous projects including AIMS).</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>Project will work with a skilled service provider to prepare financing applications and feasibility studies, reducing the workload on the PFI.</p>		
<b>Monitoring and Evaluation Arrangements</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Insufficient capacity to collect sufficient / reliable data on project outcomes and impacts.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Data collection based on established MIS used in ASPIRE and will collect data through the ACs.</p>		
<b>Project Financial Management</b>	<b>Moderate</b>	<b>Low</b>
<b>Project Organization and Staffing</b>	<b>Moderate</b>	<b>Low</b>

<p><b>Risk:</b></p> <p>ASPIRE contracted staff and Adviser might not be retained for ASPIRE AT due to the project transition. ARDB and SME Bank staff are new to IFAD project</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>ASPIRE AT and start early with retroactive financing option. Even recruitment of new staff required, the project already has good procedures and experience to recruit new staff for project. Training on anti-corruption policy to ARDB and SME Bank staff shall be required.</p>		
<b>Project Budgeting</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>PMU already has experience and good knowledge on preparation of AWPB, the budget process also need to be prepared by the bank for line credits.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Bank staff shall be trained on preparation of AWPB, budget and cash forecast.</p>		
<b>Project Funds Flow/Disbursement Arrangements</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>ASPIRE already have experience with IFAD disbursement mechanism (Withdrawal Application, IFR, ICP) and familiar with use of DA and project accounts. However fund flow to project accounts of ARDB and SME Banks is new to ASPIRE.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Fund flow to project accounts of ARDB and SME Banks need to be specified in the Sub-Agreement to ensure the smooth flow of fund for Credit lines. IFR based disbursement is fully adapted with ASPIRE AT.</p>		
<b>Project Internal Controls</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Current internal control and internal audit arrangement for ASPIRE are deemed to be low risk. Project mostly complied with financial manual and SOP. Line credits activities will be control by the bank internal control procedures.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Ensure bank internal control is aligned with IFAD financial control requirement</p>		
<b>Project Accounting and Financial Reporting</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Financial Manual and SOP shall be imposed for ASPIRE AT. Lesson learnt from current ASPIRE can improve further in next phase. Successful real-time accounting software has been developed and enhanced in few year that shall be used for ASPIRE AT</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Customization of Accounting software to adapt with next phase is recommended. IFR shall be fully adapted with ASPIRE AT.</p>		
<b>Project External Audit</b>	<b>Moderate</b>	<b>Low</b>

<p><b>Risk:</b></p> <p>Financial Statement shall still be audited by private auditing firm under the appointment of MEF. Line credit will be implemented independently by ARDB and SME bank and shall be included in project audit.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Project accounts at ARDB and SME Bank will be audited to ensure the completeness of financial reporting and control, conditions of the audit will be included in the Agreement between ASPIRE AT and ARDB/SME Banks.</p>		
<b>Project Procurement</b>	<b>Moderate</b>	<b>Moderate</b>
<b><i>Legal and Regulatory Framework</i></b>	<b><i>Moderate</i></b>	<b><i>Moderate</i></b>
<p><b>Risk:</b></p> <p>There is no integrated system to monitor procurement values and records at the General Department of Public Procurement (PEFA 2021). The Law on Public Procurement provides the adoption of e-procurement at an appropriate time. Presently, no government agency uses e-procurement.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>Using NOTUS and ICP Contract Monitoring Tool for monitoring project procurement activities; Upload information on procurement plans, contract awards and resolution of procurement complaints on IAs/project websites.</p>		
<b><i>Accountability and Transparency</i></b>	<b><i>Moderate</i></b>	<b><i>Moderate</i></b>
<p><b>Risk:</b></p> <p>The Corruption Perceptions Index (CPI) for 2021 remains below 30 (score at 23/100, ranked 157th out of 180 countries).</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>Conduct prior and ex-post reviews to strengthen enforcement of the debarment system.</p>		
<b><i>Capability in Public Procurement</i></b>	<b><i>Moderate</i></b>	<b><i>Moderate</i></b>
<p><b>Risk:</b></p> <p>Limited capacity and experience to conduct procurement activities at sub-national levels. Regular examinations for awarding professional procurement certifications are not yet established.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>Retain competent ASPIRE-I procurement staff and specialists; Provide training and periodic coaching to project and sub-national project staff. 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).</p>		
<b><i>Public Procurement Processes</i></b>	<b><i>Moderate</i></b>	<b><i>Low</i></b>
<p><b>Risk:</b></p> <p>Procurement processes (planning, bidding, contract award and contract implementation) are often delayed.</p>	Moderate	Low

<p><b>Mitigations:</b></p> <p>Launch recruitment processes of staff and key service providers, timed so that key staff and key service providers will be contracted in time after the project effectiveness date. 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). The Secretariat monitor and update regularly implementation progress of the procurement plan with both planned and actual data.</p>		
<b>Environment, Social and Climate Impact</b>	<b>Moderate</b>	<b>Low</b>
<b>Biodiversity Conservation</b>	<b>Low</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>While project primarily supports existing agricultural areas, already under production status and managed by members of formal and/or informal producers' organizations, it is possible that the project could create incentives to expand production into areas that are not under production and / or may be protected and / or of biodiversity importance.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>The project targeting strategy will systematically exclude interventions and activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. wetlands, National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.)</p>		
<b>Resource Efficiency and Pollution Prevention</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>The project is likely to involve inputs of fertilizers and other modifying agents, however the related risks are expected to be minor and dispersed. The project is likely to involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>The project will involve inputs suppliers and producers' organizations to promote safe and efficient use of fertilizers and modifying agents. Good Agricultural Practices (GAP) will be promoted for vegetable production in particular. The project will not directly procure pesticides, but the producers are likely to purchase and use pesticides such as fungicides in vegetable production. However, the impacts are expected to be minor, and the project will engage with agrochemical suppliers and producers' organizations to promote safe use of pesticides and encourage producers in following GAP guidelines.</p>		
<b>Cultural Heritage</b>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>The project could possibly be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Do not approve projects to located in or around sacred forests and community groves and archaeological sites.</p>		
<b>Indigenous People</b>	<b>Moderate</b>	<b>Low</b>

<p><b>Risk:</b></p> <p>Depending on the selected target provinces, the project could be sited in areas where indigenous peoples are present (including the project area of influence). This implies the risk that project activities could negatively impact on interests, livelihoods or culture of indigenous peoples. However, as the project supports activities by smallholder farmers and their producer organisations (rather than large-scale infrastructure investments, for example) this risk is considered to be only medium and reduced to low by appropriate mitigation measures.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Where project is targeting the area where the indigenous people are present, stakeholders' consultations and FPIC process will be adopted at an early stage of project interventions. The project will not affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible) either directly or indirectly.</p>		
<p><b>Labour and Working Conditions</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Through its interventions under component 2, the project will support the emergence of entrepreneurs in the agro processing industry sector. This may include operations where producers and other agricultural workers are typically exposed to significant occupational and safety risks, such as shelling cashew nuts, or peeling mangoes.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>These potential risks will be further screened during the detailed design. In any case, the project will ensure that the private partners involved in the project implementation will comply with national labor laws and international commitments in terms of workers' safety, gender inequalities, discriminations, forced labor, working children, and other indecent working conditions.</p>		
<p><b>Community Health and Safety</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>Projects could have minimal impact traffic accidents through the rehabilitation of the farm road. Project could have significant impact on the spread of COVID 19 in the community through the coordination meeting at the community level. The community can exposure to hazardous materials, or respiratory effects from air emissions if the agricultural inputs are not used properly.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Road safety will be included in the construction package. Project will promote implementation of GAP and sustainable soil fertility management.</p>		
<p><b>Physical and Economic Resettlement</b></p>	<b>Low</b>	<b>Low</b>
<p><b>Risk:</b></p> <p>No activity from the project involves with physical and economic resettlement.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>n/a</p>		
<p><b>Greenhouse Gas Emissions</b></p>	<b>Low</b>	<b>Low</b>

<p><b>Risk:</b></p> <p>The project is not expected to have a significant impact on greenhouse gas emissions.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>n/a</p>		
<p><b><i>Vulnerability of target populations and ecosystems to climate variability and hazards</i></b></p>	<b><i>Moderate</i></b>	<b><i>Low</i></b>
<p><b>Risk:</b></p> <p>the expected hazards in the project intervention area are assessed as “High” for river flood, coastal flood, urban flood, cyclone, extreme heat and wildfires. Water scarcity (agricultural droughts and/or dry spells) is assessed as Low.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Selection of investments under Component 1 will be informed by a climate risk and vulnerability analysis, integration of adaptation measures into their design specifications and promotion of climate resilient practices and technologies.</p>		
<p><b>Stakeholders</b></p>	<b>Moderate</b>	<b>Low</b>
<p><b><i>Stakeholder Engagement/Coordination</i></b></p>	<b><i>Moderate</i></b>	<b><i>Low</i></b>
<p><b>Risk:</b></p> <p>Insufficient consultation / engagement with stakeholders on key project interventions.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Stakeholder engagement based on ACs, with governance benchmarks including consultation and engagement to be achieved as criteria for investments.</p>		
<p><b><i>Stakeholder Grievances</i></b></p>	<b><i>Moderate</i></b>	<b><i>Low</i></b>
<p><b>Risk:</b></p> <p>No effective channel established for investigation and redress of stakeholder grievances.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>Multi-level grievance redress mechanism to be established and information made available to project affected persons through multiple channels (online, information leaflets, meetings).</p>		

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex 10: Exit Strategy**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## ANNEX 10: EXIT STRATEGY

ASPIRE-AT Exit Strategy has the objective of ensuring that, after project support ends, project direct impacts on beneficiaries' livelihoods and capacity built in producer organisations, the private sector and public services can be sustained.

The requirements for this are as follows:

- For farmers, the key criteria for sustainability of benefits will include secure access to markets, access to services including financial services, access to improved, climate-resilient and sustainable production technology (including access to future technology developments) and increased climate resilience farm-based livelihoods.
- For producer organisations, sustainability requires capable management in place (staff and systems); equitable and profitable partnerships with private agri-businesses, profitable operation of enterprises including sufficient income to cover PO operating costs; access to credit and other financial services and access to technical knowledge.
- Enterprises supported by the project will be existing enterprises and the project will seek to ensure that the enterprises have enhanced capacity to invest, operate and add value in the target value chains, including through partnerships with POs.
- Public services supported by the project will achieve sustainability through sound institutional plans (prepared as a pre-condition for investment) and secure funding of operation and maintenance costs.

Project interventions will be designed and implemented to create pathways to achieving sustainability in all these areas. Project support will be delivered through mechanisms that match market-based services as closely as possible, and will be scaled down during the project period, particularly after MTR.

The financing instrument combining loans with "blocked deposit" grants in Component 1 is intended to act as a bridge to market-based financing through (1) demonstrating to farmers and POs the viability and profitability of borrowing to invest in productive assets, supported by increased financing literacy; (2) increasing the asset base of farmers and POs to increase their collateral available for further loans; and (3) increasing ARDB's understanding of the target value chains and borrowers to increase their confidence to lend to this market segment. Digital solutions will support development of production, cash flow and credit history for smallholders and PO supporting bankable investment plans. In addition, the project will explore with ARDB options to move to cash-flow based lending.

Capacity building support to POs will assist them through formation / strengthening and one investment cycle, with follow-up coaching and support continuing for one to two years after the investment. POs will be supported to recruit administrative staff during the early part of this cycle and will take over payment of the staff from their own funds on a phased basis. Infrastructure grants to POs will be restricted to those that have not had this type of support previously, so as to give an early boost to newly created POs whilst avoiding creating expectations of repeated access to grants.

Support for enterprises under Sub-Component 2.1 will be based around building partnerships and linkages with POs, with trade partners and with financial institutions. Financing will be through commercial partner financial institutions under conditions similar to those available in the market. Sub-Component 2.1 will also have a demonstrative "first mover" effect encouraging additional investors in the value chains. Hence, the transition to sustainability is inherent in the design of this sub-component.

Sustainability of public service facilities financed by ASPIRE-AT (trade facilitation infrastructure under Sub-Component 2.2, and Centres of Excellence under Sub-Component 3.2) will be subject to preparation and validation of a sound institutional plan in each case. Institutional plans will emphasize the importance of private sector partnerships for sustainability and will pre-identify the revenues required for operation and maintenance of the facilities. Under EIB's Framework Loan arrangements, submission of feasibility studies demonstrating compliance with these criteria will be a pre-condition for approval of financing.

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex 11: Mainstreaming themes – Eligibility criteria checklist**

Document Date: 09/11/2022  
Project No. 2000003433  
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Programme Management Department



Mainstreaming themes – Eligibility criteria checklist						
	<input checked="" type="checkbox"/> Gender Transformative	<input type="checkbox"/> Youth Sensitive	<input type="checkbox"/> Nutrition Sensitive	<input type="checkbox"/> Persons with Disabilities	<input type="checkbox"/> Indigenous Peoples	<input checked="" type="checkbox"/> Climate Finance <input checked="" type="checkbox"/> Adaptive Capacity
<b>Situation analysis</b>	<input checked="" type="checkbox"/> National gender policies, strategies and actors <input checked="" type="checkbox"/> Gender roles and exclusion/discrimination <input checked="" type="checkbox"/> Key livelihood problems and opportunities, by gender	<input type="checkbox"/> National youth policies, strategies and actors <input type="checkbox"/> Main youth groups <input type="checkbox"/> Challenges and opportunities by youth group	<input type="checkbox"/> National nutrition policies, strategies and actors <input type="checkbox"/> Key nutrition problems and underlying causes, by group <input type="checkbox"/> Nutritionally vulnerable beneficiaries, by group	<input type="checkbox"/> National policies, strategies and actors <input type="checkbox"/> Main groupings among PwDs <input type="checkbox"/> Context-based barriers and opportunities for PwDs	<input type="checkbox"/> International standards, national policies, strategies and key IPs' organizations <input type="checkbox"/> Main IPs communities, demographic, social, cultural and political characteristics <input type="checkbox"/> Important livelihoods constraints and opportunities for IPs and their cultural heritage	
<b>Theory of change</b>	<input checked="" type="checkbox"/> Gender policy objectives (empowerment, voice, workload) <input checked="" type="checkbox"/> Gender transformative pathways <input checked="" type="checkbox"/> Policy engagement on GEWE	<input type="checkbox"/> Pathways to youth socioeconomic empowerment <input type="checkbox"/> Youth employment included in project objectives/activities	<input type="checkbox"/> Nutrition pathways <input type="checkbox"/> Causal linkage between problems, outcomes and impacts	<input type="checkbox"/> Pathways to PwDs' socioeconomic empowerment using a twin-track approach	<input type="checkbox"/> Pathways to IPs' socioeconomic empowerment	
<b>Logframe indicators</b>	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input checked="" type="checkbox"/> Women are > 40% of outreach beneficiaries <input checked="" type="checkbox"/> IFAD empowerment index (IE.2.1)	<input type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input type="checkbox"/> Persons with new jobs/employment opportunities (CI 2.2.1)	<input type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input type="checkbox"/> Targeted support to improve nutrition (CI 1.1.8)  <b>Outcome level CIs</b> <input type="checkbox"/> CI 1.2.8 MDDW <input type="checkbox"/> CI 1.2.9 KAP	<input type="checkbox"/> Outreach disaggregated by sex, youth, disability and IPs (if appropriate)	<input type="checkbox"/> Outreach indicator disaggregated by sex, youth and IPs <input type="checkbox"/> IPs are > 30% of target beneficiaries	
<b>Human and financial resources</b>	<input checked="" type="checkbox"/> Staff with gender TORs <input checked="" type="checkbox"/> Funds for gender activities <input checked="" type="checkbox"/> Funds for IFAD empowerment index in M&E budget	<input type="checkbox"/> Staff with youth TORs <input type="checkbox"/> Funds for youth activities	<input type="checkbox"/> Staff or partner with nutrition TORs <input type="checkbox"/> Funds for nutrition activities	<input type="checkbox"/> Staff with disability inclusion-specific TORs <input type="checkbox"/> Funds for disability inclusion-related activities (including accessibility)	<input type="checkbox"/> Staff with IPs-specific TORs <input type="checkbox"/> Funds for IPs related activities, including FPIC	IFAD Adaptation Finance \$14,357,000  IFAD Mitigation Finance \$0  Total IFAD Climate-focused Finance \$14,357,000

<b>ECG Remarks</b>	<b>Gender</b> <b>Nutrition</b> <b>Youth</b> <b>Persons with Disabilities</b> <b>Indigenous Peoples</b> <input type="checkbox"/> No social inclusion themes
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## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex: Annex 11 Stakeholder Analysis**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## Annex 11: Stakeholder Analysis

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
National Government Agencies	MAFF	Agriculture Forestry and Fisheries Sector	Executing Agency	Project Execution	✓	✓	✓	✓	✓	✓
	MAFF-GDA	(1) Food security; (2) Quality and safety agriculture product; (3) Productivity improvement through diversification; (4) Increase agriculture Value Addition; and (5) Market assurance	Component 2.2 Strengthening the enabling environment for competitive agricultural value chains and trade	Upgrade critical public services and associated infrastructure to enable competitive export growth, with a focus on export-oriented plant health and quarantine services. Also support a review of policies and regulations affecting the priority sectors and proposals for adjustment to strengthen competitiveness.	✓		✓		✓	✓
	MoWA	Gender equality and women's empowerment	Gender	Oversee Gender Action Plan and support a review of policies and regulations affecting Gender transformative in Agriculture Sector.						✓
	ARDB	State-owned commercial bank specializing in agriculture sector.	Implementing	Financing loans and grants to smallholders and POs under Component 1.1				✓		

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
	SME Bank	State-owned commercial bank specializing in SME sector.	Implementing	Financing loans to Agri-businesses under Component 2.1				✓		
	MoWRAM	Water Resources – and Meteorology	Support and complement	Management of public irrigation systems, climate information through CAISAR	✓					
	MRD	Rural Development and Indigenous People	Support and complement	Rural roads and Indigenous People support Implementer of SAAMBAT						✓
	MoC	Commerce (domestic, import and export)	Support and complement	Implementer of AIMS Business registration	✓		✓			✓
	NCDD	Promoting democratic development through decentralization and deconcentration reforms throughout Cambodia.	Support and complement	Implementation of TSSD AF and CAISAR	✓					✓
Sub-National Government	PDAFF	Agriculture Forestry and Fisheries Sector	Implementing	Formation and registration of ACs Project implementation support  M&E	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
	Provincial Administration , District Administration ,	Subnational service delivery under the authority of the central level of governments.	Support	Overall coordination support at subnational level						✓
	Commune Administration	Public order and security; management of public services; public welfare; socioeconomic development; environment, natural resources, and culture; consultation with resident and community groups.	Support	Local development planning and coordination at commune level						✓
Financing Agencies	IFAD	DP	Financier	Financing Supervision	✓	✓	✓	✓	✓	✓
	EIB	DP	Financier	Financing Supervision	✓	✓	✓	✓	✓	✓
	EUD	DP	Partner	Complementary with EU country programme	✓	✓	✓	✓	✓	✓
	World Bank	DP	Partner	Financing Cambodia Agriculture Sector Development Project	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
	ADB	DP	Partner	Agriculture Value Chain Competitiveness and Safety Project  <b>Financing partner for TSSD</b>	✓	✓	✓	✓	✓	✓
	AfD/KWF	DP	Partner	Financier of WAT4CAM  Financier of RID4CAM	✓	✓	✓			✓
	USAID	DP	Partner	Financier of Harvest and has MOU with IFAD	✓	✓	✓	✓	✓	✓
	SDC	DP	Partner	Financier of CHAINS and others through, SWISS Contact, CARITAS and HERK	✓	✓	✓	✓	✓	✓
UN and Rome Based Agencies	UNDP	UN Agency	Partner	Value chain activities,  Climate change response, and digital application	✓	✓	✓	✓	✓	✓
	WFP	UN / Rome-Based Agency	Partner	Data systems and price information  Food security and nutrition	✓	✓	✓	✓	✓	✓
	FAO	UN / Rome-Based Agency	Partner	Setting up food control system and implement Public-Social-Private Partnerships for	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
				Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL) project.  Co-facilitator of TWG-AW						
Private Sector	Agri-businesses		Value Chain Investments	Investors, partners of POs etc.	✓	✓	✓	✓	✓	
	MFIs/Commercial banks (including AMK project under IFAD NSO facility)		Private Financial Partners	Retail financial partners of SME Bank				✓		
Farmer Apex Organisations	FNN	Network of village-based farmer organizations that acts as an umbrella to represent and serve the interests of self-help associations, agricultural cooperatives, and provides technical assistances on capacity building.	Support and complement	Mapping FO; Networking of FO to country level; Representation of FO; Engage in policy dialogue and advocated for FO; promote stakeholder feedback.	✓	✓	✓	✓	✓	✓
	CFAP	Network of village-based farmer organizations that acts as an umbrella to represent and serve the interests of	Support and complement	Mapping FO; Networking of FO to country level; Representation of FO; Engage in policy dialogue and	✓	✓	✓	✓	✓	✓

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
		self-help associations, agricultural cooperatives, and provides technical assistances on capacity building.		advocated for FO; promote stakeholder feedback.						
Producer Organisations	UAC	Union Agriculture Cooperative	Higher-level producer organisations	Organise production and marketing Partner with private sector Investments	✓	✓	✓	✓	✓	✓
	CACC	A pioneer of Public Private Producer Partnership by transforming farmers to be entrepreneurs.	Higher-level producer and buyer organisations	Organise production and marketing Partner with private sector Investments	✓	✓	✓	✓	✓	✓
	AC	Agriculture Cooperative and other type of registered farmer organization	Producer Organisations	Organise production and marketing Partner with private sector Investments	✓	✓	✓	✓		✓
	BCs	Business cluster and other type of the un-registered producer group	Informal Producer Organisations	Aggregate and add members to form ACs or other formal PO types						
Farmers			Beneficiaries	Form Producer Organisations, invest for increased	✓	✓	✓			

Type	Agency	Mandate / main focus	Direct Role in Project	Relevant related activities	Most Relevant Pathways of Change					
					Increase Productivity	Increase Employment	Increase climate resilience	Increase Access to Finance	Expand Market	Governance and enabling environment
				productivity, adopt climate resilient practices etc.						
Youth Organization		Empower Cambodian youth to improve the quality of life in vulnerable communities through skill training activity	Support and complement	Complement through skill development fund and SAAMBAT activity.	✓	✓	✓	✓	✓	✓
Indigenous People Organization		Empower indigenous people to improve the quality of life.	Support and complement	Mapping IP Organization and networking them at the country level; Representation voice of IP in policy dialogue; promote stakeholder feedback.	✓	✓	✓	✓	✓	✓
People with Disabilities Organization		Support People with Disabilities in agriculture sector.	Support and complement	Promote stakeholder feedback.						✓

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex: Annex 12 Sstc Proposal**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## Annex 12: SSTC Proposal

The proposal should not exceed **3500 words**, excluding annexes, pre-filled sections and other officially required documents. **The word limit will be strictly enforced.**

1 – Title of the project	Support to the Export-Led Agricultural Sector in Cambodia (SELAS)
2 – GRIPs ID	tbc
3 - Project leader and contact details	Sakphouseth Meng, Country Programme Officer, APR. Email: m.sakphouseth@ifad.org
4 – Sponsoring division	Asian and the Pacific Division
5 – Co-sponsoring divisions and contact details	tbc
6 – Proposed value of project	US\$300,000
7 – Expected co-financing	<p>The SSTC project proposal is an integral part of Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE - AT) which is under design with total investment of around US\$ 137 million. Available financing totals around USD 182 million. IFAD loan will finance USD 48 million (26% of the total budget); the Government of Cambodia will provide USD 17 million (9.3%); European Investment Bank (EIB) will contribute USD 60 million (32%); a proposed IFAD-China SSTC grant of USD 0.3 million; USD 43 million from PFI contribution, USD 3 million from beneficiary and SME contribution and there is a funding gap of USD 11 million.</p> <p>SSTC financing plays a critical role by i) establishing strong link with Chinese authorities and businesses for technical collaboration within the project for trade development with the priority Chinese market, and ii) financing specific activities which cannot be easily financed via the main loan-based financing of the overall programme.</p>
8 – Focus country/countries	Cambodia
9 – Recipient(s) and contact details	<p>The Ministry of Agriculture, Forestry and Fisheries (MAFF)  H.E Dr. Meas Pyseth  Under Secretary of State  Ministry of Agriculture, Forestry and Fisheries  No 200 Norodom Blvd., Sangkat Tonle Basak, Phnom Penh  Email: pysethmeas1@gmail.com  Phone: +855 12 759 440</p>
10 – Categories of the Recipient(s)	Developing Member State
11 – Project duration	January 2023 – December 2024
12 – Selected strategic priorities	<input checked="" type="checkbox"/> Promote innovations in strengthening the productive, managerial, financial and marketing capacities of rural people <input checked="" type="checkbox"/> Pilot inclusive production and business models that generate higher incomes <input checked="" type="checkbox"/> Promote investments and trade
13 – Selected thematic areas	<input type="checkbox"/> Strengthening the capacities of farmers and their organizations to enhance resilience against disasters

	<input checked="" type="checkbox"/> Facilitating access to markets in conditions of specific barriers in a given context <input type="checkbox"/> Delivering up-to-date agriculture-related information to smallholder producers through digital services <input checked="" type="checkbox"/> Building trade capacities to enable smallholder producers to meet quality and sanitary standards of overseas markets
14 – National COVID-19 context and rationale	<p>Cambodia managed the COVID-19 pandemic well, with around 3,000 deaths reported. About 81% of the population is vaccinated. The Government of the Kingdom of Cambodia (GoKC) has lifted most restrictions on travel and activities. However, the pandemic led to a near halt in international tourism arrivals and heavily impacted domestic retail services. Many migrant workers lost employment and returned to Cambodia during 2020, resulting in increased unemployment and reduced incomes from remittances. GDP growth was 2.2% in 2021 and is projected at 4.5% in 2022<sup>1</sup>. Poverty headcount increased to 17.8% and to 22.8% in rural areas<sup>2</sup> due to the pandemic. The government released social transfers, as support for ID Poor households through the national COVID-19 cash transfer emergency programmes for the most-affected families. Cambodia did not face a crisis of food shortage at national level, but marginal and rural vulnerable groups have been affected in their daily income and food security.</p> <p>Cambodia’s agriculture sector has proved resilient during the COVID pandemic providing a reminder of the important role of agriculture and its sustained growth in ensuring food security and rural livelihoods, for both recovery and building back better.</p> <p>As it emerges from the COVID crisis, Cambodia faces new macro-economic challenges due to the interrelated risks of global trade recession and the impact on commodity prices of the war in Ukraine. As an open, trading economy with total exports equal to 61% of GDP in 2020, Cambodia is vulnerable to a slowdown in global demand. The agriculture sector is likely to experience significant impacts from increasing fuel costs and rising fertilizer costs. The Ukraine crisis has also led to increasing costs of foodstuffs, including grains and cooking oil.</p> <p>Agriculture sector growth, particularly based on increasing exports through formal channels and taking advantage of recent trade agreements, is a key element of GoKC’s strategy for post-pandemic recovery. However, there are still significant barriers to overcome, particularly in value chains (VCs) based on smallholder production, to achieve the scale and consistent quality of produce meeting the needs of export and domestic markets.</p> <p>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 from which smallholders can earn a decent living.</p> <p>Within the overall ASPIRE-AT objectives, SSTC investments will specifically support public and private investment to increase the number and</p>

<sup>1</sup> World Bank Cambodia Country Economic Update, December 2021

<sup>2</sup> Cambodia Socio-Economic Survey 2019-20 (Ministry of Planning, 2021)

	<p>competitiveness of agri-businesses operating in priority value chains and the associated enabling public goods and services to support competitive export growth in order to provide market opportunities for smallholder producers and their POs</p> <p>The proposed project is in full alignment with IFAD Strategic Framework 2016-2025, as it pursues the goal of increasing rural people’s productive capacities in a sustainable and resilient manner, increasing and improving their engagement in markets, while enabling them to better manage related risks, and strengthening the environmental sustainability and climate resilience of their economic activities. The project promotes delivering relevant, targeted and cost-effective development solutions and other resources to beneficiaries and partners across the globe.</p>
<p>15 – Target beneficiaries</p>	<p>ASPRIRE-AT will provide services to around 125,000 rural households, or 500,000 vulnerable people, whose income is less than 150% of the national poverty line: (i) smallholder farmers who are either poor or near-poor and vulnerable to falling into poverty due to climate, market or other shocks but who have productive potential and can take advantage of market opportunities; (ii) landless or land-poor households ready to take advantage of employment opportunities. Among these target beneficiaries, at least 20 000 people (45% are female and 20% youth) will be benefiting from SSTC facility as producers and workers in the targeted export product value chains (especially for fruits and nuts).</p> <p>On category (i) ASPIRE-AT will focus on smallholders who are already members of POs including approximately 2,000 Business Clusters (BCs)(of 4,400 total) supported by ASPIRE and AIMS and considered to have potential to aggregate and graduate to the status of formal legal enterprises including Agriculture Cooperatives (AC) and Unions of AC (UAC). These BCs have already taken the first steps in organisation, aggregation and value chain partnership needed to overcome the barriers facing individual smallholders yet are too small, lack legal identity and business management capacity, so are not fully capable of managing investments or being enabled to negotiate the effective partnerships with larger agri-enterprises which would enable them to sell to higher-value markets. Targeting of these BC is expected to result in about 500 high-capacity AC and about 35 UAC. Among them, at least 50AC and 5 UAC will be benefiting from SSTC facility.</p> <p>On category (ii), which is landless or land-poor households, typically engage in some agriculture production (including home gardens and small livestock) but earn their income primarily from casual, insecure wage labour, with little regulation of working conditions and no job security. Hence, households in this group will benefit from at least 10,000 new job opportunities, particularly for women and for youth, in agriculture production, post-harvest and processing. Among these the SSTC facility will specifically help create at least 1000 jobs in the targeted export product value chains.</p>
<p>16 – Main objective</p>	<p><b>ASPIRE-AT Development Objective is:</b> Inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.</p> <p>In support of this, the specific objectives of the SSTC grant is to “Facilitate export growth of smallholder produced high value agricultural products to high value markets, such as China and Europe.”</p>

	<p>The grant will specifically focus on:</p> <ol style="list-style-type: none"> <li>1. Mobilizing international expertise and networks for negotiating competitive export protocols (e.g. sanitary and phyto-sanitary) for priority produce between Cambodia and target importing countries, especially China</li> <li>2. Trade promotion and establishing linkages between Cambodian exporters and importers of priority products in target markets, especially China market.</li> </ol> <p>Within this the grant will prioritize technical assistance and other critical activities outlined below that cannot easily be financed through other sources which are predominately loan-based financing from IFAD and EIB.</p>
17 – Main expected outcomes	<p>Main expected outcome is that “Business Partnerships and investments in trade infrastructure have increased market access and rural employment for the benefit of smallholder producers and rural people”.</p>
18 – Key activities /outputs by outcome	<p>ASPIRE-AT has three interlinked components: Component 1 will support investments in productive assets for the agriculture cooperatives and other producer organisations (AC/PO) to improve their production/post-harvest/logistics capacities to meet both export and domestic market demand. Component 2 will support the enabling environment to incentivize the private sector to access markets and catalyse their business investments. Component 3 will support technical assistance to nurture, aggregate/graduate existing groups, including the business clusters supported by ASPIRE and AIMS, into registered Agriculture Cooperatives (AC) to engage with the private sector in remunerative market opportunities facilitated under component 1 and 2.</p> <p>SSTC facility has clear technical and operational advantages in supporting Component 2: Business Partnership and Market Access with a focus on priority high-value export products including tropical fruit (fresh and processed) and nuts (e.g. cashew).</p> <p>Sub-component 2.1 - Strengthening private investment for agricultural market and trade development:</p> <ul style="list-style-type: none"> <li>• Market exposure and trade promotion to meet potential customers in target international markets and understand the specific market requirements, dynamics and competition.</li> <li>• Bespoke technical investment advice to businesses on issues including specific modern technologies and equipment, operational processes, supplier management systems, business planning and cash flow management, product standards and certification requirements and compliance for market access (including. sanitary and phyto-sanitary, MRL, food safety).</li> <li>• Facilitation of links to centres of industry-leading international knowledge and expertise, including through knowledge exchange visits, training and technical support for groups of agri-businesses in each priority value chain. The objective is to establish systematic linkages at the industry level to recognized leading centres of expertise that can support industry competitiveness now and into the future.</li> </ul> <p>Component 2.2 - Strengthening the enabling environment for competitive agricultural value chains and trade</p> <p>Technical assistance for:</p>

	<ul style="list-style-type: none"> <li>• Negotiation of competitive export protocols and agreements with partner countries to create market access opportunities, especially with China</li> <li>• Design and operation of the planned Post-Harvest Reference Centre (x1) and other priority public services and infrastructure to support export protocol negotiation for priority products and to conduct scientific trials for optimal post-harvest handling and treatment, plant health etc.</li> </ul>																																																																
19 – Use of financial resources	<table border="1" data-bbox="523 495 1305 1160"> <thead> <tr> <th>#</th> <th>Description</th> <th>Cost (\$US million)</th> <th>SSTC (\$US million)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><b>Productive Assets for Producer Organisations</b></td> <td></td> <td></td> </tr> <tr> <td>1.1</td> <td>Investment in productive assets of POs and smallholders</td> <td></td> <td>0</td> </tr> <tr> <td>1.2</td> <td>Enabling market infrastructure for POs</td> <td></td> <td>0</td> </tr> <tr> <td>1.3</td> <td>TA for design and execution of investments</td> <td></td> <td>0</td> </tr> <tr> <td colspan="2"><b>Component 1 sub-total</b></td> <td></td> <td><b>0</b></td> </tr> <tr> <td>2</td> <td><b>Business Partnership and Market Access</b></td> <td></td> <td></td> </tr> <tr> <td>2.1</td> <td>Strengthening private investment for agricultural market and trade development</td> <td></td> <td>0.1</td> </tr> <tr> <td>2.2</td> <td>Strengthening the enabling environment for competitive agricultural markets and trade</td> <td></td> <td>0.1</td> </tr> <tr> <td colspan="2"><b>Component 2 sub-total</b></td> <td></td> <td><b>0.3</b></td> </tr> <tr> <td>3</td> <td><b>Linking Farmers to Value Chains</b></td> <td></td> <td></td> </tr> <tr> <td>3.1</td> <td>Structure and Capacity of Producer Organisations</td> <td></td> <td>0</td> </tr> <tr> <td>3.2</td> <td>Technical Advice, Centers of Excellence and Supporting services for AC/PO</td> <td></td> <td>0</td> </tr> <tr> <td colspan="2"><b>Component 3 sub-total</b></td> <td></td> <td><b>0</b></td> </tr> <tr> <td>4</td> <td><b>Project Management and M&amp;E</b></td> <td></td> <td>0.1</td> </tr> <tr> <td colspan="2"><b>Total Project Financing</b></td> <td></td> <td><b>0.3</b></td> </tr> </tbody> </table>	#	Description	Cost (\$US million)	SSTC (\$US million)	1	<b>Productive Assets for Producer Organisations</b>			1.1	Investment in productive assets of POs and smallholders		0	1.2	Enabling market infrastructure for POs		0	1.3	TA for design and execution of investments		0	<b>Component 1 sub-total</b>			<b>0</b>	2	<b>Business Partnership and Market Access</b>			2.1	Strengthening private investment for agricultural market and trade development		0.1	2.2	Strengthening the enabling environment for competitive agricultural markets and trade		0.1	<b>Component 2 sub-total</b>			<b>0.3</b>	3	<b>Linking Farmers to Value Chains</b>			3.1	Structure and Capacity of Producer Organisations		0	3.2	Technical Advice, Centers of Excellence and Supporting services for AC/PO		0	<b>Component 3 sub-total</b>			<b>0</b>	4	<b>Project Management and M&amp;E</b>		0.1	<b>Total Project Financing</b>			<b>0.3</b>
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20 – Rationale for recipient selection	<p>The Ministry of Agriculture, Forestry and Fisheries (MAFF) of Cambodia is proposed to be the grant recipient without competitive process for the following reasons:</p> <ul style="list-style-type: none"> <li>- This project will invest in agriculture and focus on strengthening the sector of export-led agricultural products;</li> <li>- MAFF is the primary government institution officially mandated for the agricultural development in Cambodia;</li> <li>- MAFF has been playing a leading role in orienting and supporting the production and processing of fruits and grains in their transformation and graduation into export-led sectors;</li> <li>- MAFF has been instrumental in breakthrough efforts for market access of mango and longan from Cambodia to China</li> <li>- MAFF is the primary strategic partner for IFAD and its Country Programme in Cambodia for decades; it has successfully implemented a good number of IFAD-assisted projects,</li> <li>- The proposed grant-financed project will be an integrated part of the IFAD Country Programme in Cambodia and it is designed to be a retrofit to the upcoming ASPIRE AT, currently being designed, to be under MAFF's implementation.</li> </ul>																																																																
21 – Country ownership and institutional implementation arrangements	<p>The proposal is the result of long-time consultation and partnership between the GoKC and IFAD's country programme in Cambodia, and as response to the request of the senior officials of MAFF on behalf of the government to IFAD regarding IFAD tailored assistance to promote the</p>																																																																

	<p>export-led high value agriculture sector, including tropical fruits and nuts, with a particular emphasis on the priority Chinese market.</p> <p>MAFF will be responsible for the implementation of the grant. The project management and coordination will be streamlined into the ongoing ASPIRE management structure and to be taken over by the ASPIRE AT's management structure once it is effective. It will ensure the key functions in coordination, M&amp;E and KM in order to support the quality implementation of the SSTC facility.</p> <p>MAFF will therefore be in charge of the overall project management, coordination and reporting while agencies and line departments of MAFF will undertake the majority of technical work at national and sub-national levels as well as mobilize its technical resources in support where relevant. MAFF will take the lead in maintaining its continued partnership with different ministries and agencies, such as the Chamber of Commerce, Cambodia Customs, GACC, the civil society and the private sector. The vertical structure of implementation will follow the current ASPIRE and the upcoming ASPIRE AT and it will be aligned with the emerging decentralised administrative structures.</p>
<p>22 – Supervision and M&amp;E arrangement</p>	<p><b>Supervision</b> will be carried out directly by IFAD in partnership with the Government, as one of the projects under the IFAD Country Programme in Cambodia, as part of the ASPIRE AT Supervision mission and Implementation support.</p> <p>The IFAD's direct supervision will mainly address issues as following:</p> <ul style="list-style-type: none"> <li>- Development effectiveness and focus including implementation progress, outputs and outcomes under related components, targeting and outreach, gender equality and women participation, agricultural productivity, nutrition if relevant, adaptation to climate change,</li> <li>- Sustainability and scaling up including institutions and policy engagement, partnership building, human and social capital and empowerment, quality of project target group engagement and feedback, responsiveness of service providers, environment and NRM, exit strategy, potential for scaling up;</li> <li>- Project management including M&amp;E, KM, financial management and fiduciary aspects, and procurement;</li> <li>- Risks and opportunities, and</li> <li>- Innovations and knowledge management</li> </ul> <p>Implementation support will be provided by IFAD as follow-ups of its direct supervision and progress review where necessary, and as response to possible supports required by the project management. Support will be conducted on a demand-driven basis and in accordance with needs identified.</p> <p><b>Monitoring, Evaluation and reporting.</b> will be based on a logframe approach, adapted to IFAD's on-line Operational Results Measurement System (ORMS). The project will pursue the good practices of the IFAD Country Programme in Cambodia in M&amp;E, KM and learning, continue to apply the proven M&amp;E application and to generate various knowledge products.</p>

	<p>The project will apply a results-based management approach which establishes a solid linkage between planning (including resource allocation), implementation, monitoring and expected results. The Project Annual Work Plan and Budget (AWPB) will be a basis for implementation and should clearly describe the strategic direction of the project for the coming year by resending a budget estimate, the expected results under each component and how these results would be achieved with risk analysis if any. The preparation of AWPBs will be jointly conducted by the project management as part of ASPIRE AT. Monitoring will focus on output-level results, while evaluation likely at the grant project end will address the expected outcomes. Reporting will be periodic, at least on semi-annual and annual basis, including physical and financial progress, and as per best practices in the IFAD Country Programme in Cambodia.</p>				
23 – Risks and mitigation measures	<b>Main Risks</b>	<b>Risk Levels</b>	<b>Mitigations</b>	<b>Residual Risk Level</b>	
	COVID-19 uncertainty causes travel restrictions, including for exchange with Chinese experts and businesses	High	The project will make flexible planning, adopt and mobilize ICT instruments for virtual and remote implementation where possibly efficient.	Medium	
	Fast changing market dynamics and export price fluctuations	High and medium	The project invests in enhanced productivity and reduced losses through the implementation of its component 1 and fostering an enabling policy framework and improved technical support system for sector development, while increased price premium from processed products and on-farm IGA will be promoted as	Medium	

			diversification coping strategies for the fruit sector and households respectively.	
	Low efficiency of integration into ongoing and upcoming projects	Medium	Integration of management teams, coordination in planning and implementation, and expand into production provinces that AIMS and ASPIRE are not covering.	Medium and low
	Ambitious SSTC exchange agenda	Medium	Recruitment of consultant advisor/facilitator to tailor planning and executions.	Low
24 – Innovation	<p><b>Innovations promoted.</b> The opportunities of innovative potential are present at technical level, the project mainly promotes the following three innovations:</p> <ul style="list-style-type: none"> <li>- Cross-border 4Ps. The project will take advantage of the recent free trade agreement between Cambodia and China, and pursue the ongoing innovative approach of public-private-producer partnership under the Country Programme in Cambodia but extend it to a cross-border dimension with public and private partners in China as export destination.</li> <li>- Regional cooperation. The project promotes regional cooperation and exchanges in agri-sector policy framework, technical service support system and production and marketing of identified fruit value chains. The implementation will involve the synergy building between the Country programmes in Cambodia and China, stimulate technical exchanges, experience sharing and learning between IFAD-assisted projects under the two Country Programmes and exploring cooperation opportunities with and between the IFAD institutional partners in the two countries.</li> <li>- Synergized public-private participation in export and trade promotion. The project aims to achieve a result-based participation in export and trade events with synergized contributions from the public and private actors and supporters, promoting the export of agricultural commodities as one of the country trademarks for Cambodia in an export</li> </ul>			

	market of great opportunities for both fresh and processed products
25 – Scaling up and sustainability	Exporting of high value agricultural products, including fruits and nuts to China and other premium markets is a high priority of the Royal Government of Cambodia. Good practices and success stories will be recorded during implementation of the project for replication. The success of the grant will be sustained through the regular national budget support from Ministry of Agriculture Forestry and Fisheries. The success will pave the way for Cambodia to scale up into other international markets.
26 – Additional information and/or documentation	

## **Cambodia**

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### **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

#### **Annex: Annex 13 Project Diagramme**

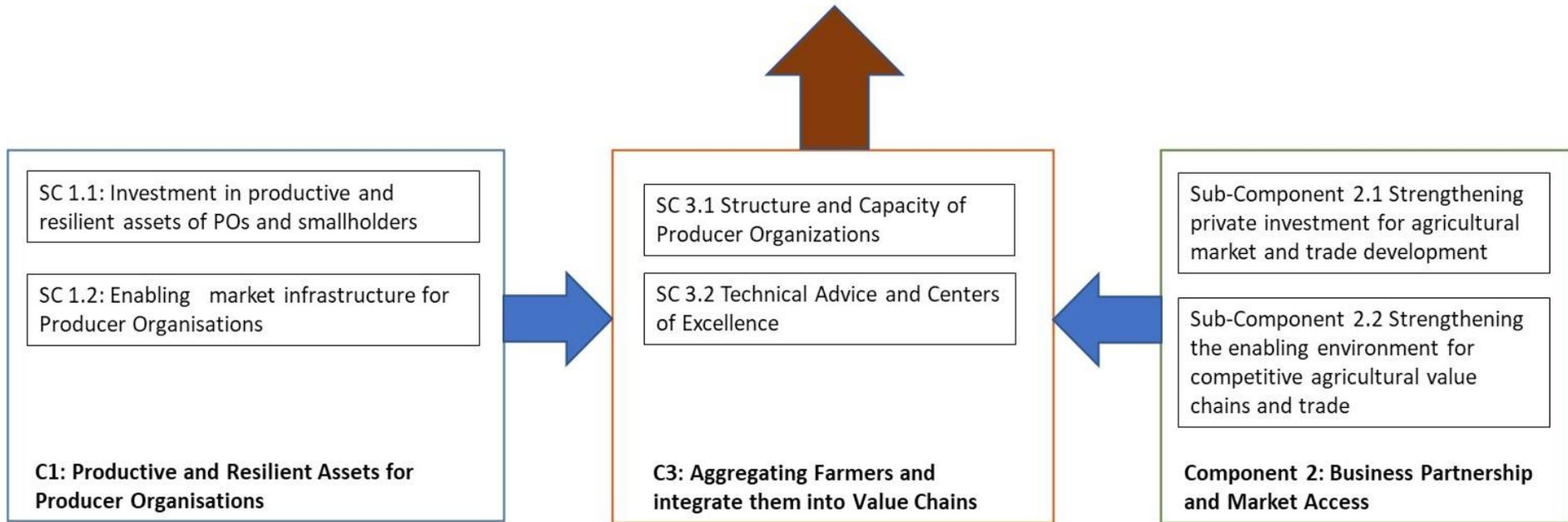
Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



**Annex 13: Project Diagramme**

**Smallholders and Rural Workers Benefit from Agriculture Sector growth based on Export and Domestic Market**



## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex: Aspireat Climate Risk Analysis**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



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## 1. Climate trends

### 1. Introduction

Cambodia has a tropical climate and two distinct seasons: rainy season from May to October and a dry season from November to April. The maximum temperature can reach higher than 32 °C during the summer while it remains between 25 to 27 °C for rest of the times of the year (World Bank, 2022). Current average annual temperature is 28 °C, with an average maximum temperature of 38 °C in April, and an average minimum temperature of 17 °C in January (Theun, 2015).

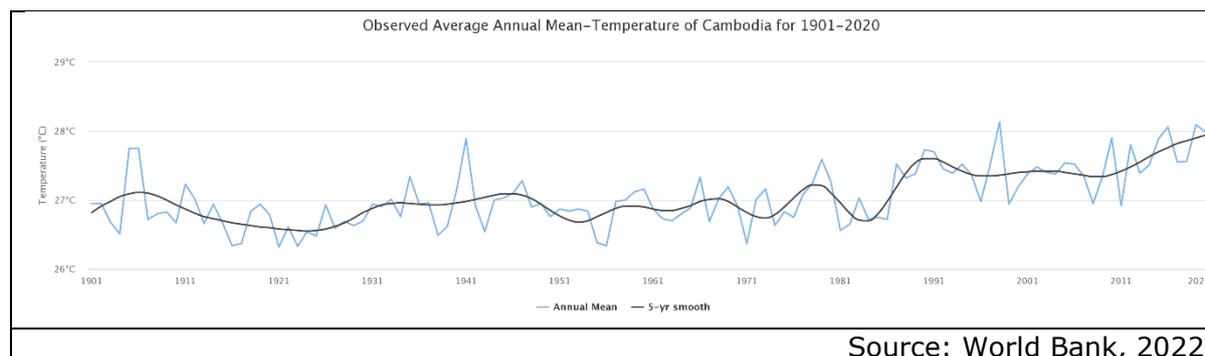


Figure 1: Observed Average Annual Mean-Temperature (1901-2020)

Inter annual climate variability because of the El Niño Southern Oscillation<sup>1</sup> causes high fluctuations in annual precipitation in Cambodia. High precipitation occurs in the rainy season (May to October) accounting for almost 80 – 90% of annual precipitation; the rate being higher in coastal and highland areas and lower in inland areas. Remaining 10 – 20% occurs during the dry season (November to April). The annual average precipitation is usually 1400 – 2000 mm. (World Bank, 2022). The average annual rainfall is 1400 mm in the central low land regions and may reach 4000 mm in certain coastal zones or in highland areas (Theun, 2015).

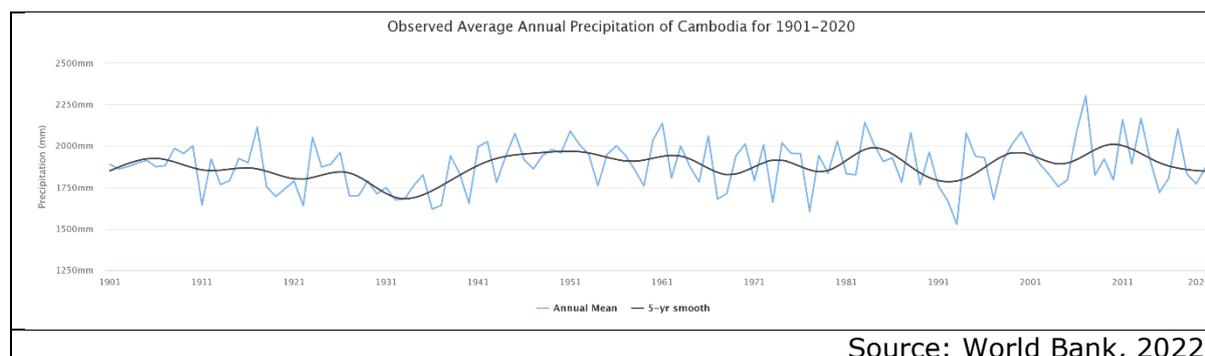
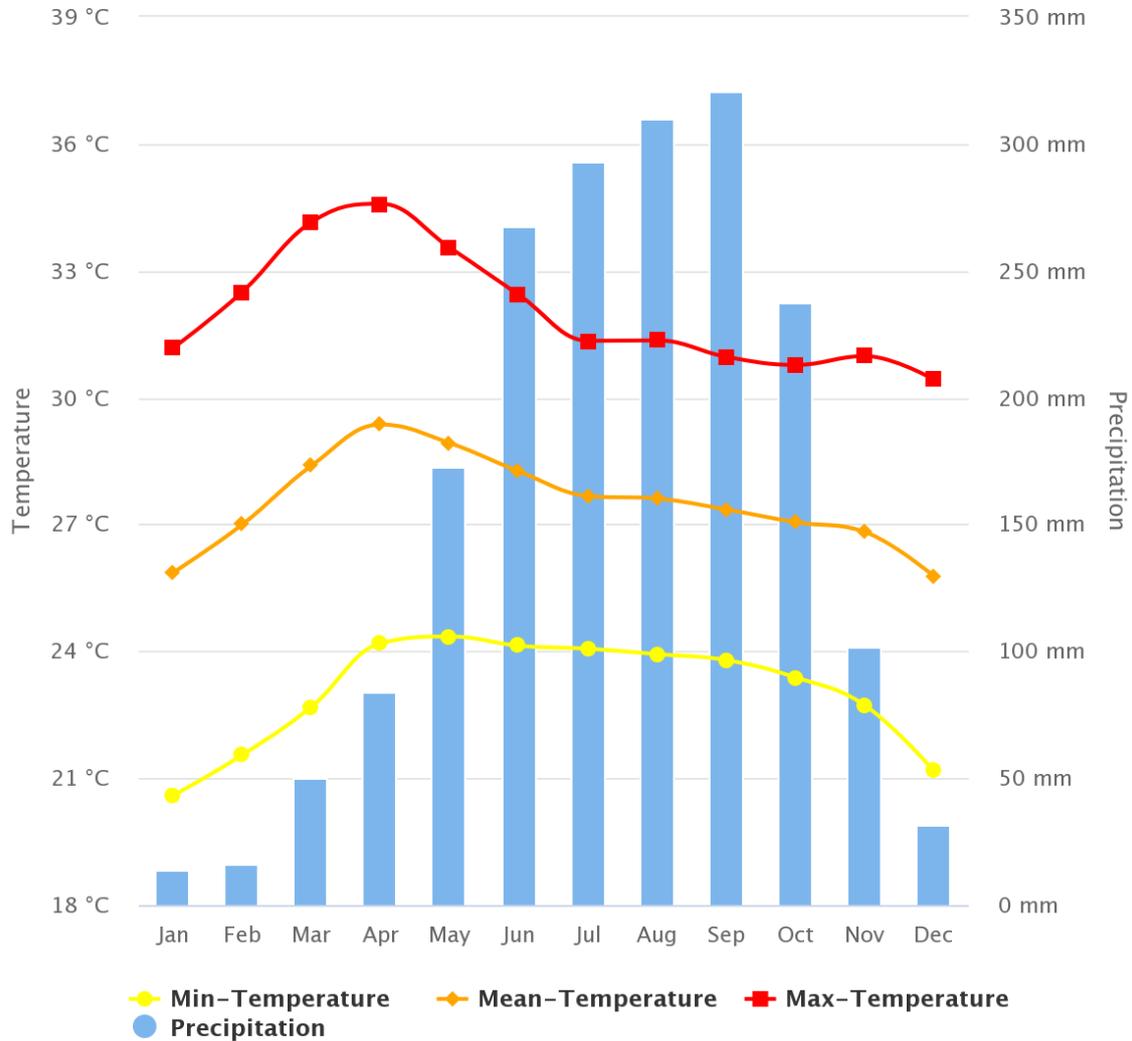


Figure 2: Observed Average Annual Precipitation (1901-2020)

The monthly minimum, mean and maximum temperature and precipitation for Cambodia from 1991 to 2020 is presented in the figure below. The figure 3 shows that the temperature rises to its highest in April, just before the beginning of the rainy season. The precipitation is highest in September when temperature is average (around 28 °C), and the temperature starts falling along with the fall in amount of precipitation.

<sup>1</sup> El Niño–Southern Oscillation (ENSO) is an irregular periodic variation in winds and sea surface temperatures over the tropical eastern Pacific Ocean, affecting the climate of much of the tropics and subtropics

## Monthly Climatology of Min-Temperature, Mean-Temperature, Max-Temperature & Precipitation 1991-2020 Cambodia



Source: World Bank, 2022

Figure 3: Monthly Climatology (1991-2020)

### 2. Observed changes

According to the World Bank's climate change knowledge portal (World Bank, 2022) 0.18°C of temperature increase has been observed per decade, since the 1960s. The increase in temperature has been rapid and significant during the dry season i.e., between November and April, increasing by 0.20°C to 0.23°C per decade whereas during the rainy season, i.e., from May to October, the increase is not as significant, increasing by 0.13°C to 0.16°C per decade. Also, according to Thoeun (2015) an annual temperature rises of 0.023 °C per year has been observed since 1950.

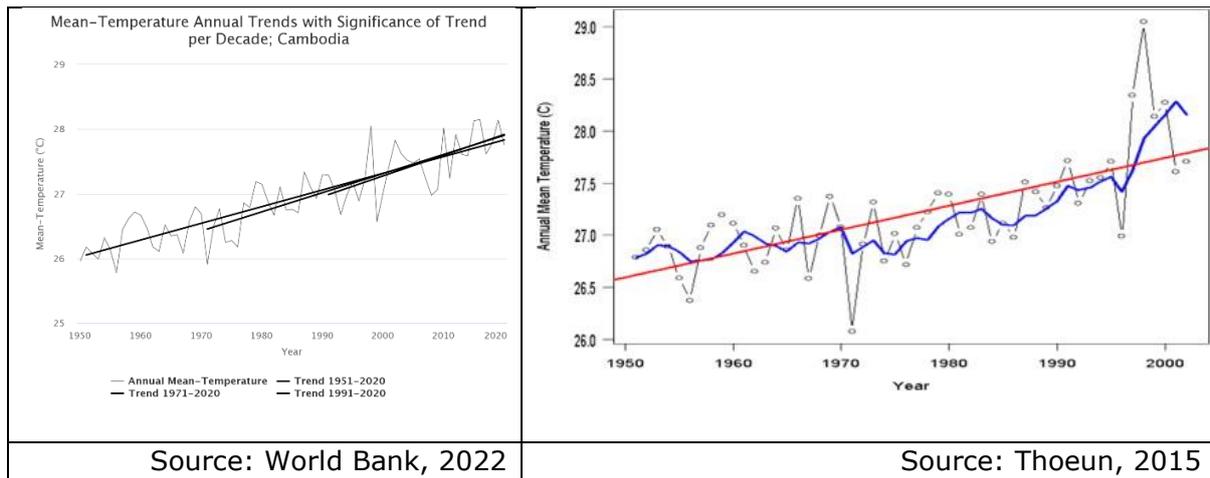


Figure 4: Mean temperature trends per decade

World Bank (2022) states that no statistically significant changes in precipitation was observed in Cambodia over the 20<sup>th</sup> century, but some areas experienced higher amount of rainfall. The years of strong El Niño had correlation with moderate and severe drought. However, analysis by Thoeun (2015) using the Providing Regional Climate for Impact Studies (PRECIS) downscaling system, the average annual rainfall from 1951 to 2002 showed a rate of change of  $-0.184\%$  per year with a  $p$ -Value of 0.04895.

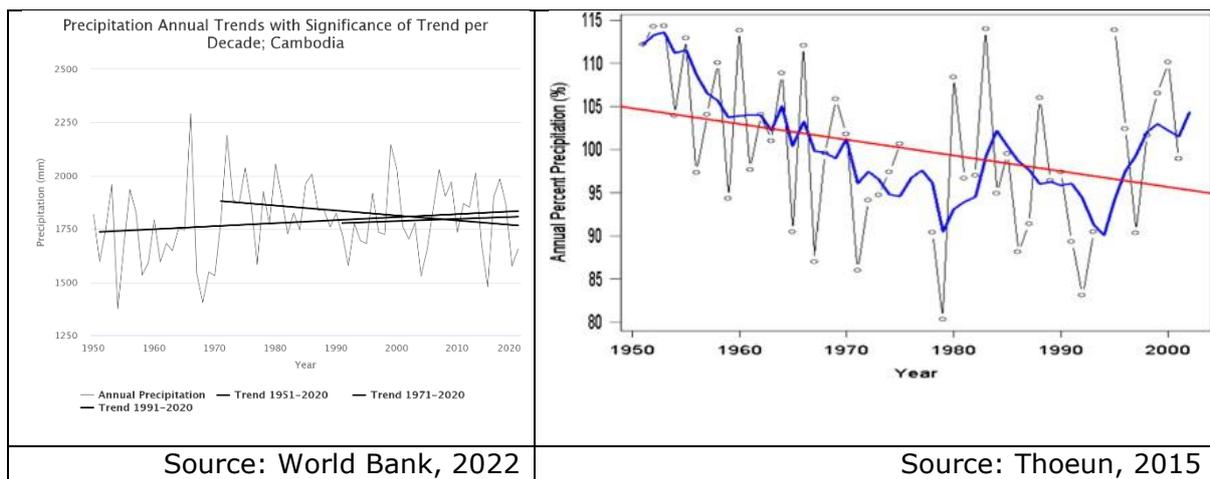
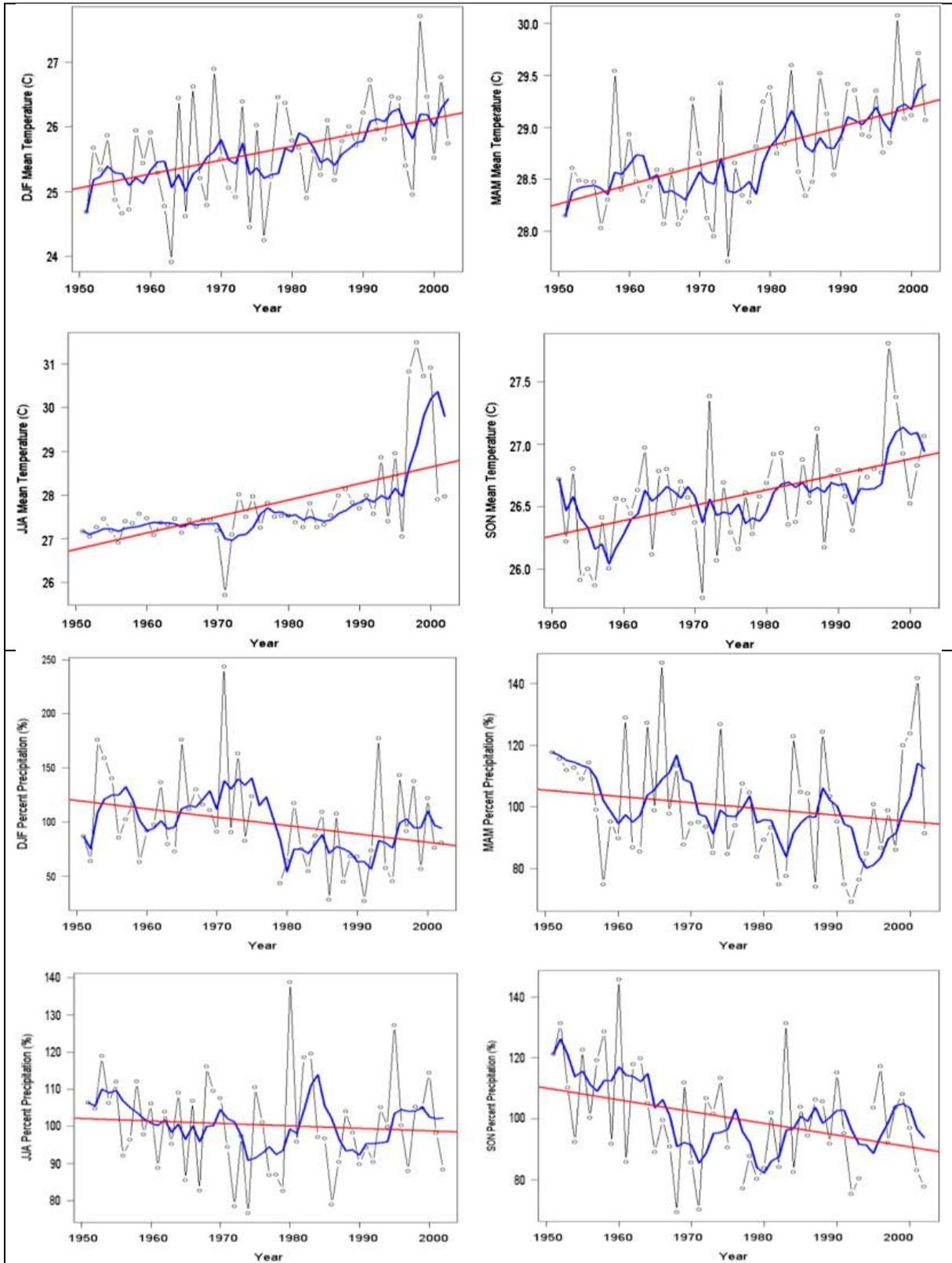


Figure 5: Annual precipitation trends per decade

### 3. Seasonal historical trends

Analysis by Thoeun (2015) using the PRECIS system show that the rate of change of mean temperature is most rapid during the months of December, January, and February (DJF) in the drier seasons i.e.,  $0.021\text{ }^{\circ}\text{C}$  per year ( $p$ -Value 0.00014); the rate of change for the months of March, April and May (MAM) was  $0.019\text{ }^{\circ}\text{C}$  per ( $p$ -Value  $1e-0.5$ ); the rate of change during June, July and August was  $0.038\text{ }^{\circ}\text{C}$  per year ( $p$ -Value 0.00622), and the rate of change during September, October and November was  $0.012\text{ }^{\circ}\text{C}$  per year ( $p$ -Value 0.00015). Similarly for precipitation, the rate of change is most rapid during the months of December, January, and February (DJF) in the drier seasons i.e.,  $-0.773\%$  per year ( $p$ -Value 0.03784); the rate of change for the months of March, April and May (MAM) was  $-0.205\%$  per year ( $p$ -Value 0.29031); the rate of change during June, July and August was  $-0.066\%$  per year ( $p$ -Value 0.57394); and the rate of change during September, October and November was  $-0.386\%$  per year ( $p$ -Value 0.01248).



Source: Thoehn, 2015

Figure 6: Seasonal historical climatology

#### 4. Future projection

The projected changes in temperature and precipitation in Cambodia are based on the Climate Risk Country profile for Cambodia from The World Bank and The Asian Development Bank ([Climate Risk Profile: Cambodia, 2021](#)) which utilize the Coupled Model Intercomparison Project Phase 5 (CMIP5) models and provide estimates of the future climatology under four emission scenarios called Representative Concentration Pathways (RCPs): RCP2.6, RCP4.5, RCP6.0, and RCP8.5. All models show an increasing trend in future temperature, but varying levels of warming based on each emission scenarios. The table (below) shows the projected changes for minimum, maximum and average daily temperatures for two different time periods for Cambodia.

The increase rate is likely to be high in low altitude areas such as in the Central and in the North-East regions of Cambodia (0.036 °C per year) and is likely to be low in the high-altitude areas such as in the South-West region (0.013 °C per year) according to [Thoeun \(2015\)](#) where PRECIS models were employed to predict the changes.

It should also be noted that “monthly/annual average temperatures are most commonly used for general estimation of climate change, but the daily maximum and minimum can explain more about how daily life might change in a region, affecting key variables such as the viability of ecosystems, health impacts, productivity of labour, and the yield of crops, which are often disproportionately influenced by temperature extremes.”

Table 1: Projected anomaly (changes °C) for maximum, minimum, and average daily temperatures in Cambodia for 2040–2059 and 2080–2099, from the reference period of 1986–2005 for all RCPs. The table is showing the median of the CCKP model ensemble and the 10–90<sup>th</sup> percentiles in brackets

Scenario	Average Daily Maximum Temperature		Average Daily Temperature		Average Daily Minimum Temperature	
	2040–2059	2080–2099	2040–2059	2080–2099	2040–2059	2080–2099
<b>RCP2.6</b>	0.8 (-0.5, 2.7)	1.1 (-0.5, 2.8)	0.9 (-0.1, 2.3)	1.0 (-0.2, 2.3)	1.0 (-0.1, 2.0)	1.0 (-0.2, 2.1)
<b>RCP4.5</b>	1.3 (-0.3, 3.1)	1.7 (0.2, 3.8)	1.3 (0.1, 2.6)	1.8 (0.6, 3.3)	1.4 (0.2, 2.4)	1.9 (0.7, 3.1)
<b>RCP6.0</b>	1.1 (-0.5, 2.8)	2.2 (0.5, 4.2)	1.1 (0.0, 2.4)	2.2 (0.8, 3.8)	1.2 (0.0, 2.2)	2.3 (0.8, 3.6)
<b>RCP8.5</b>	1.7 (0.0, 3.5)	3.6 (1.5, 6.0)	1.7 (0.5, 3.1)	3.7 (2.1, 5.5)	1.8 (0.6, 2.9)	3.8 (2.2, 5.4)

Source: Climate Risk Profile: Cambodia (2021)

Under RCP2.6, the mean temperature is likely to reach 28.33 °C and under RCP8.5, it is likely to reach 28.70 °C by 2040. Similarly, the average precipitation is likely to reach 1810.35 mm and 1787.45 mm under RCP2.6 and RCP8.5 by the year 2040.

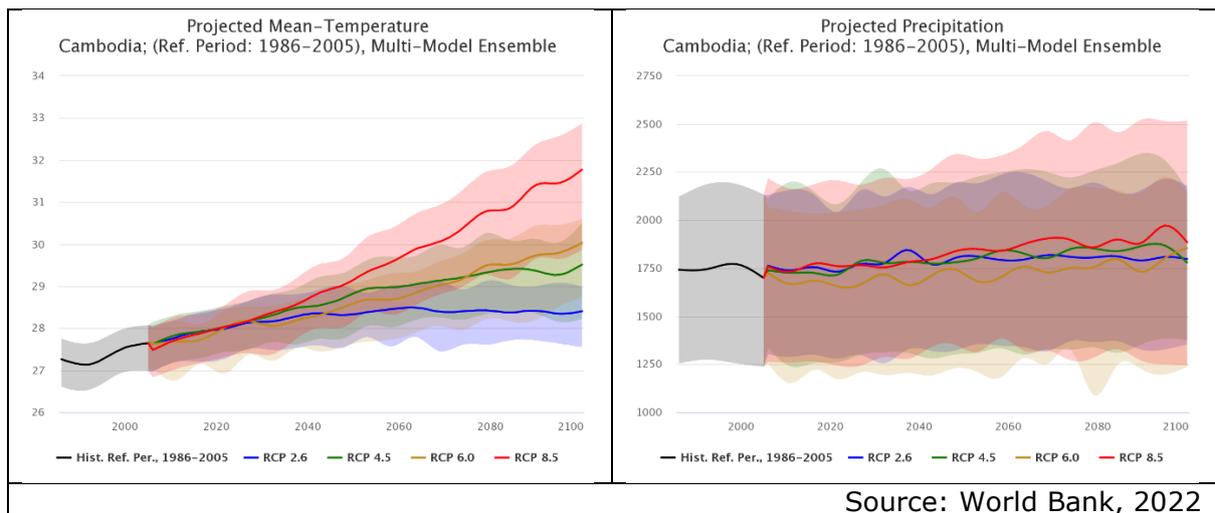


Figure 7: Projected mean temperature and precipitation; multi-model ensemble

According to the analysis by [Thoeun \(2015\)](#), for scenario A2 of the PRECIS model, the average annual rainfall is likely to reach higher than 2000 mm in 2037 and is likely to reach over 2000 mm and 2500 mm in 2059 and 2074 respectively. For scenario B2, the average annual rainfall is likely to reach higher than 2000 mm in 2090 and 2097. The wet season is likely to experience the most significant increase in rainfall, which is an indication of the increase of the severity of flooding as 80 – 90% of annual rainfall already occur during the wet season currently. The increase in rainfall in the lowland areas and agricultural plains is predicted to be higher than in highland and coastal areas ([GSSD, 2015](#); [Thoeun, 2015](#)).

## 2. Climate hazards, losses, and damages

### 5. Risk Indexes and Hazard Types

Based on the Climate Risk Country Profile, Cambodia ([Climate Risk Profile: Cambodia, 2021](#)), the 2019 Inform Risk Index puts Cambodia at 55 out of 191 countries mentioning that the country is highly exposed to the flood hazard: mainly riverine and flash floods. A severe drought occurred lately in 2015 – 2017 which is also of a significant concern though not as high as the flood hazard. However, exposure to tropical cyclones is limited. Also, according to the ThinkHazard tool<sup>2</sup>, the flood hazard for Cambodia in general is high for all flood types: river flood, coastal flood as well as urban flood. Hazard levels for each of the hazards listed out in ThinkHazard tool are presented in table 2. The levels can be 'high', 'medium', 'low' and 'very low'.

Table 2: Hazard types and their level based on the ThinkHazard tool

SN	Hazard Type	Hazard Level
1	River flood	High
2	Urban flood	High
3	Coastal flood	High
4	Landslide	High
5	Cyclone	High
6	Extreme heat	High
7	Wildfire	High
8	Earthquake	Low
9	Tsunami	Low
10	Water scarcity	Low
11	Volcano	Very Low

Cambodia was the 12<sup>th</sup> most vulnerable countries worldwide based on the Global Climate Risk Index (1999 – 2108) and was among the 'very high' impacted countries according to the World Risk Index (2019) where the risk was calculated as a product of exposure and vulnerability ([NDC, 2020](#)).

### 6. Frequencies and Intensities of the hazards and the damages

#### 7. Flood

"As of 2010, assuming protection for up to a 1 in 25-year event, the population annually affected by flooding in Cambodia is estimated at 90,000 people and expected annual urban damage is estimated at \$105 million. Economic development and climate change are both expected to increase these figures. The climate change component can be isolated and by 2030 is expected to increase the annually affected population by 70,000 people, and urban damage by \$226 million under the RCP8.5 emissions pathway (AQUEDUCT Scenario B)." ([Climate Risk Profile: Cambodia, 2021](#))

When an extreme river flood<sup>3</sup> occurs in Cambodia, 25% of the population gets affected ([Wilner et al., 2018](#)) making it one of the world's most flood exposed countries. A World Bank study estimates that 19% of the population will be exposed to the flood event by 2050 ([Climate Risk Profile: Cambodia, 2021](#)).

<sup>2</sup> <https://thinkhazard.org/en/report/44-cambodia>

<sup>3</sup> Extreme river flood is defined as being in the 90th percentile in terms of numbers of people affected. Figures in table 3 represent an average of all four RCPs and assume present day population distributions. Source: Climate Risk Profile: Cambodia (2021)

Table 3: Estimated number of people in Cambodia affected by an extreme river flood\* in the historic period 1971–2004 and the future period 2035–2044

Estimate	Population Exposed to Extreme Flood (1971–2004)	Population Exposed to Extreme Flood (2035–2044)	Increase in Affected Population
<b>16.7 Percentile</b>	4,035,515	4,219,445	183,930
<b>Median</b>	4,239,603	4,413,765	174,162
<b>83.3 Percentile</b>	4,369,511	4,567,258	197,747

A big flood in the Mekong River hit Cambodia in 2011 where preliminary damage and loss assessment by the Asian Development Bank (2012) reported that the damage caused by the flood in the Mekong River in 2011 surpassed the damage caused by the floods in 1996 and 2000. Eighteen out of 24 provinces and more than 1.7 million people were affected. The reported impacts and the damages incurred, by such an event as an example, are presented in the table 4.

Table 4: Cambodia 2011 floods quick facts

<b>Fatalities: 250</b>
<b>Provinces affected: 18 out of 24</b>
<b>Households affected: 354,217 (More than 1.7 million people)</b>
<b>Households evacuated: 51,950</b>
<b>Infrastructure Damaged:</b>
- <b>National /Provincial Roads – 363 km &amp; 177 bridges /culverts damaged (overall 925 km affected)</b>
- <b>Rural Roads – 1,842 km needing priority repairs (overall 4,470 km affected)</b>
- <b>Irrigation – 329 schemes partly damaged (includes damage to 54 km of canals and 122 km of reservoir embankment)</b>
- <b>Rural Water Supply – 77,544 wells and 579 community ponds contaminated (affecting more than 456,000 families)</b>
- <b>1,396 schools and 115 health centers</b>
<b>Rice fields damaged: around 10%, of which 6.6% fully destroyed</b>
<b>Source: Asian Development Bank, 2012</b>

## 8. Heatwaves

As elsewhere around the world heatwaves are becoming more and more common in Cambodia. Based on Climate Risk country profile for Cambodia an average of 64 days per year in Cambodia the maximum temperature surpasses 35°C and the frequency and intensity of heatwaves has increased in the recent decades. A heat index greater than 35°C – “which represents the combination of temperature and humidity to produce conditions dangerous for human health” – is set to increase under all RCP emissions scenarios by 2090s. “There is sufficient existing data to infer that Cambodia also faces a transition to a state of permanent heat stress as a result of temperatures which regularly surpass levels safe for humans and biodiversity” (Climate Risk Profile: Cambodia, 2021).

## 9. Drought

The return period of droughts in Southeast Asia region will decrease, meaning that drought events (of a certain intensity) are likely to occur within shorter interval of time than they used to occur. Meteorological drought (precipitation deficit) and hydrological drought (deficit of surface and subsurface water flow) are the two main kinds of drought that are likely to affect Cambodia. (Climate Risk Profile: Cambodia, 2021).

Cambodia at the present has an annual median probability of severe meteorological drought of around 4% with standardized precipitation evaporation index (SEPI) of less than – 2. This annual median probability of the severe drought is likely to increase from 4% to 5-9% under different RCP emission scenarios.

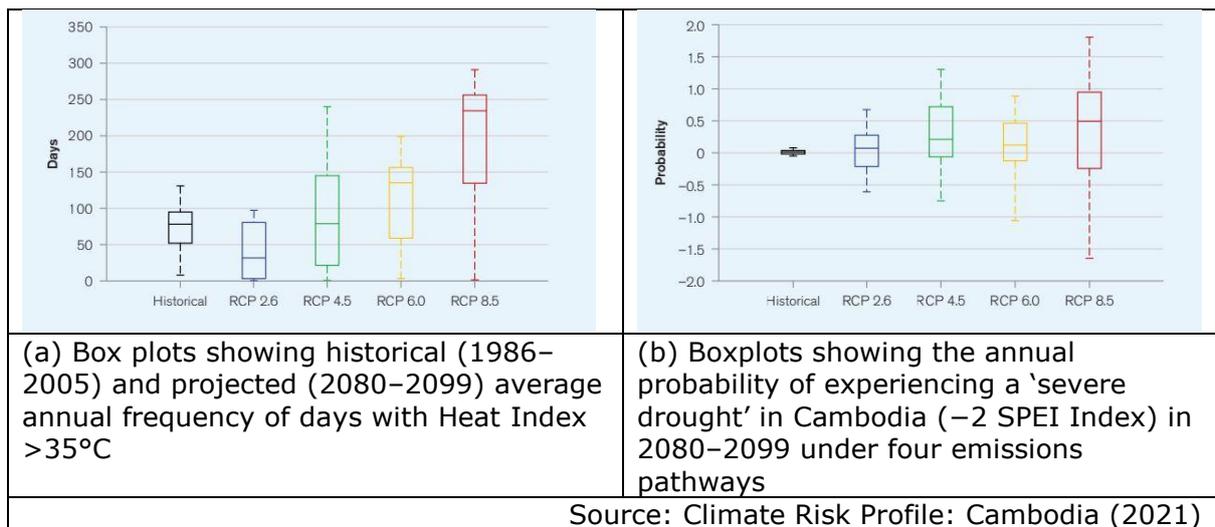


Figure 8: Boxplots showing the historical and projected conditions of heatwaves and droughts

## 10. Cyclones

The interaction between cyclones and climate hazards is very complex which is not well studied till date. The cyclone induced storms in the areas with raised sea level is likely to enhance the damage and the windspeed and precipitation intensity will likely increase. Global modelling on the impacts of climate change on cyclone frequency and intensity hints at reduced frequency but increased intensity of the most extreme events as well as their frequency. Coastal zones of Cambodia are exposed to cyclones and tsunamis but at lower levels. The country's southwestern region is likely to face increased overall risks because of the sea level rise if adaptation actions are not enhanced. ([Climate Risk Profile: Cambodia, 2021](#)).

To summarize the climate hazard, flood occurs very frequently and has the highest likelihood of occurrence every year affecting a high amount of population and storm hazards are seen occurring frequently in the recent years in Cambodia ([Climate Risk Profile: Cambodia, 2021](#)).

## 11. Losses and Damages (past and projected)

### 12. Agriculture sector

Based on the updated nationally determined contributions ([NDC, 2020](#)), flood contributed to about 62% and drought contributed to about 36% of losses in agricultural production based on the data from the past 20 years. Mekong River and Tonle Sap Lake cause most of the flooding during the monsoon season. The wet-season rice yield may fall up to 70% of the current production levels until 2080 under the SRES-A2 high emission scenario and dry-season rice yield may decrease by 40%. There is not sufficient data on the impacts on climatic hazards on ASPIRE AT targeted commodities.

### 13. Forestry sector

Based on the [NDC, 2020](#) document, forests in Northeast and Southwest regions face a water deficit period of four to six months currently which is likely to reach up to eight months or even more. This will impact more than four million hectares of forests in the lowlands. A decrease in such a huge quantity of forests will have multiple impacts on the climate, forest dependent population and environment again (increased emissions, micronutrients available from the forest products and landslides for example).

#### 14. Coastal area

Cambodia has more than 400 kilometres of coastline which is at a high risk of coastal floods and sea level rise. Under existing adaptation infrastructures, 30,700 people are likely to be affected annually because of floods due to the likely sea level rises under high emissions scenarios between 2070 and 2100. Similarly, additional 69,800 population - from the estimated 89,700 population annually affected in 2010 - are likely to be at a risk annually by 2030 because of river floods exacerbated by climate change. (NDC, 2020)

One metre of sea level rise will inundate 25,800 ha of coastal area and two metre of rise will inundate 38,000 ha of coastal area permanently based on the analysis of the impacts of sea level rise on coastal areas (NDC, 2020).

#### 15. Human health

Overall average temperature as well as heat index is projected to rise in Cambodia under different emission scenarios. The heat index greater than 35°C which is dangerous for human health is set to rise for all RCP emission scenarios (Climate Risk Profile: Cambodia, 2021). Those conditions will negatively impact more vulnerable populations. Changes in temperature and variable precipitation is found to have generated suitable conditions for microbial growth, their transmission, reproduction, and this "can lead to the changes in seasonal and geographic distribution of vector-borne and water-borne diseases" (NDC, 2020). Though the quantitative damage on human health has not been assessed for each of those climate hazards, the vulnerable population, such as child and elder population will face large negative impacts of such hazards which will cost large sums of money for the state to protect its population from health hazards that are likely to occur in the future.

Cambodia Disaster Damage & Loss Information System (CamDi)<sup>4</sup> provides detail information on the historical losses and damages that occurred because of climate hazards on a temporal as well as spatial basis.

### 3. Exposure to climate hazards

Exposure refers to "the nature and degree to which a system is exposed to significant climate variations" according to the Intergovernmental Panel on Climate Change (IPCC). Exposure is a necessary determinant of risk/hazard but not sufficient alone. If an area is exposed to a risk but has enough means to avoid the loss that may occur, it is not vulnerable. However, exposure is a necessity for the vulnerability to an extreme event. (Cardona et al., 2012). So, exposure alone to various climate hazards does not necessarily mean that the vulnerability of the country is high; the vulnerability also depends on the ability of the exposed elements to move away from such hazards or to be able to minimize the losses.

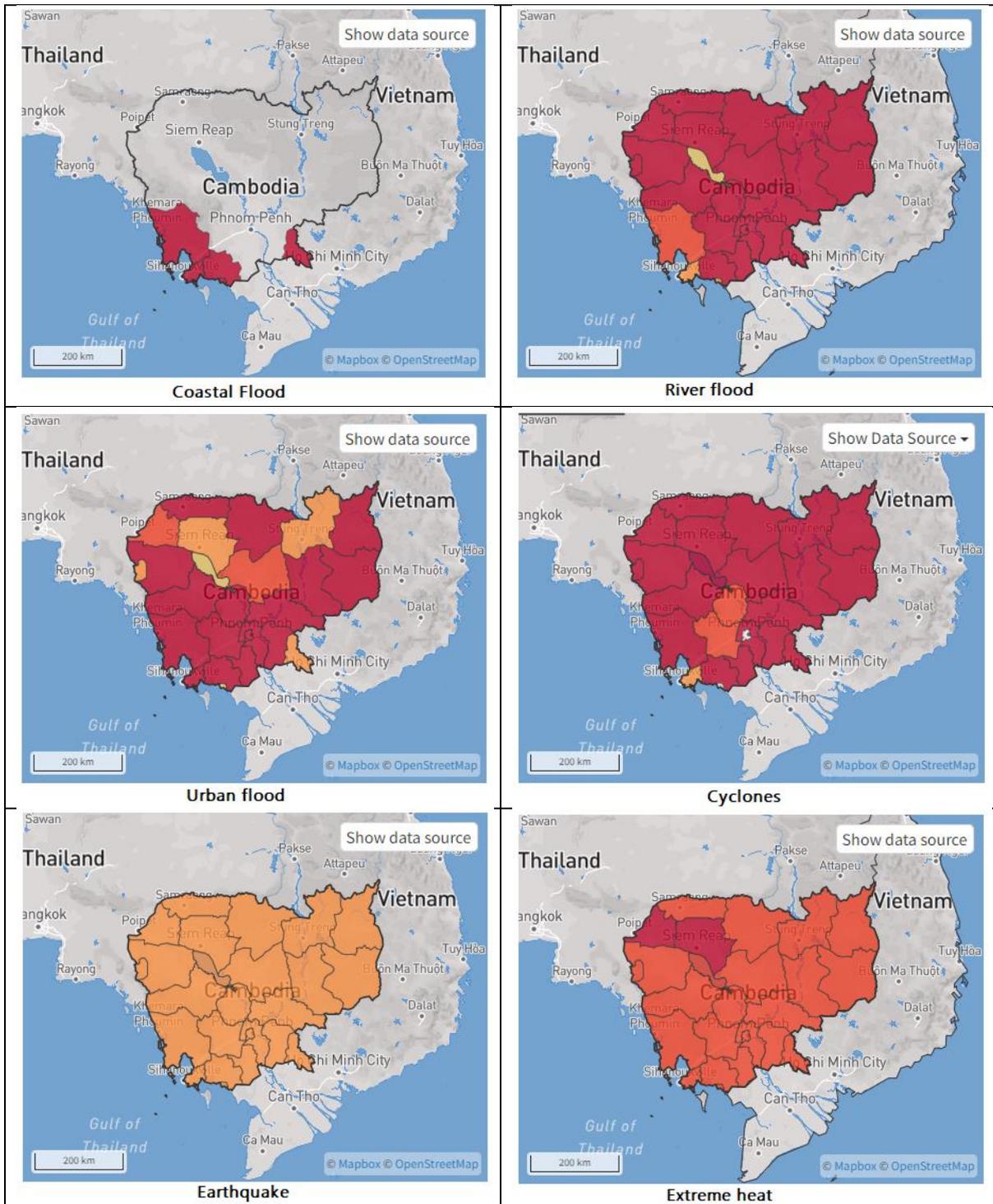
Maps (figure 9) from the ThinkHazard tool show that whole Cambodia is exposed to a high level of flood risk with a risk of coastal flood on a few southern provinces and river flood on 23 provinces. The risk of urban flood is also high. In the same way, the whole country is exposed to a high level of cyclones and wildfire hazard. The overall hazard level is also high for landslides and extreme heat with different levels of hazards for different provinces. The north-western part is exposed to a high level of extreme heat while the remaining part of the country is exposed to moderate level of extreme heat.

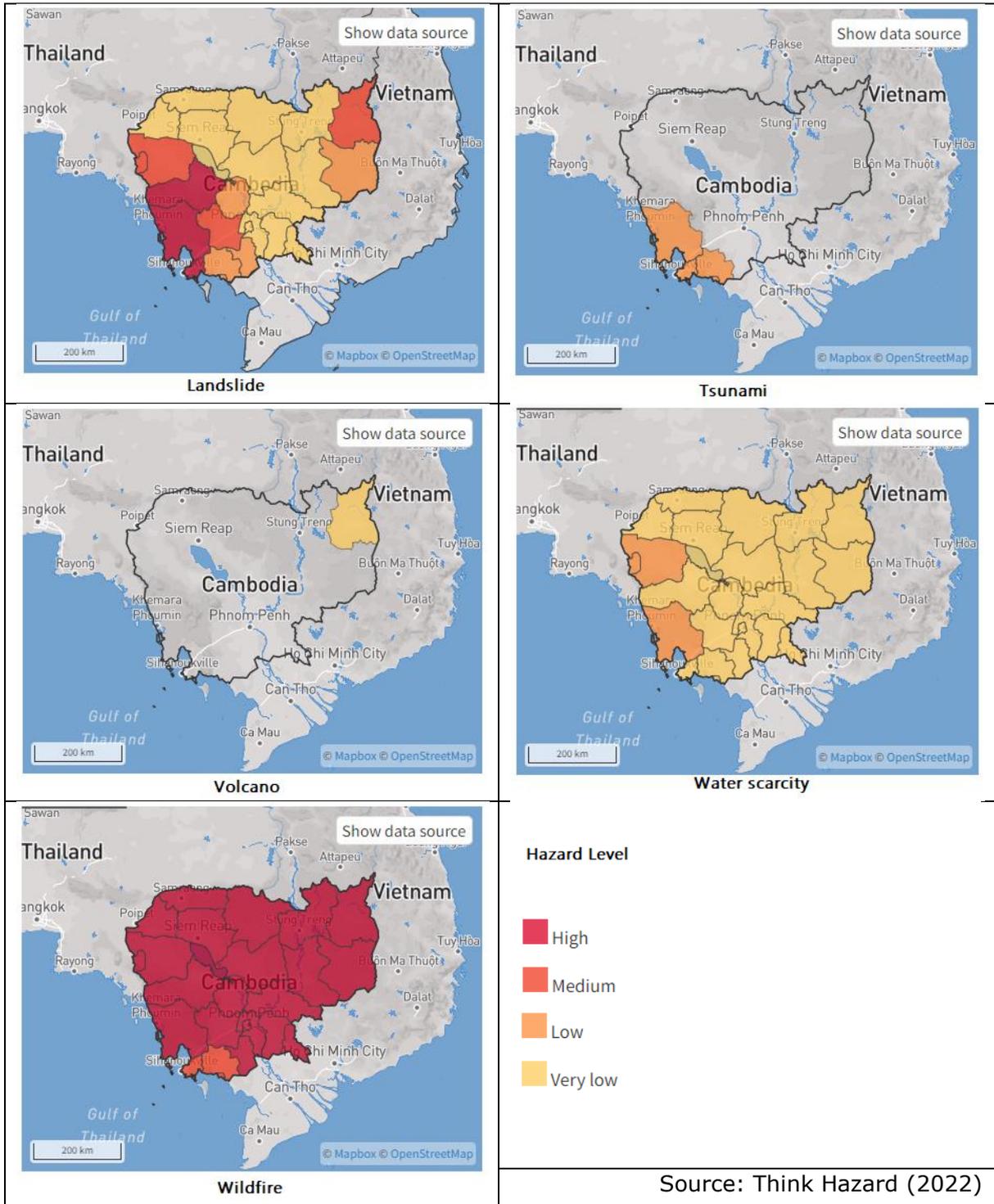
The levels of earthquake, tsunami, and water scarcity hazards are low and that of volcano is very low. The water scarcity hazard does not describe agricultural, meteorological, or hydrological drought but does so for the lack of availability of freshwater resources to meet

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<sup>4</sup> <http://camdi.ncdm.gov.kh/DesInventar/profiletab.jsp>

annual water demand. Hence the exposure to water scarcity hazard might have been low for the country.





Source: Think Hazard (2022)

Figure 9: Level of different climate hazards in each province of Cambodia

## 4. Susceptibility to climate hazards

As one of the Least Developed Countries (LDCs) most of the sectors in Cambodia are highly susceptible to climate change and other related hazards. Agriculture, forestry, fisheries, water resources etc which are climate-sensitive sectors are the foundation of Cambodian economic growth. Cambodia's high dependence on those sectors which support a majority of livelihood activities makes it highly susceptible to climate change and related climate hazards (World Bank, 2022). As an example, as the country is highly vulnerable to floods, the livelihood of fishing dependent population is highly susceptible to this hazard.

### 16. Population distribution

The Second National Communication (SNC) to the UNFCCC (GSSD, 2015) mentions that the percentage of Cambodians living in rural areas is more than 80. Out of the total population, 30 percent live around the Tonle Sap Lake, 7 percent live in the coastal areas and approximately 52 percent live in the central plains of the country which are sensitive to the most frequent flood hazards while only 11 percent live in the mountains and highland areas.

According to the World Bank, seventy six percent of 16.5 million people (in 2019) reside in rural areas and agriculture and fisheries are the main economic sectors Cambodians are highly dependent, with 25 percent GDP contribution and 49 percent employment of the working labour force. (World Bank, 2022).

Since most of the population live in the rural areas with limited resources and with a high dependence on climate sensitive agricultural and fisheries sectors, a majority of the population is sensitive to climate change. In the same way a high proportion of people live in the vicinity of the lakes and the lower plains as well as coastal areas, they are more susceptible to precipitation related extreme events such as flood and sea level rise.

Nguyen and Sean (2021), for example, reported that farmers who faced more climate change impacts in the Lower Mekong Region saw more family members migrating out from the villages. Also, Jacobson et al. (2019) did a study in three locations in North-Western Cambodia and found out that migration occurs in around 45 percent of the households, and more than half of such migration is climate related. This shows that people in rural areas are unable to cope with the impacts and hence tend to leave the place they are staying at.

### 17. Dependency on climate sensitive sectors

According to the updated NDC (2020), 31 percent of Cambodia's working population comprises of skilled fishery, agricultural and forestry workers. Seventy six percent of 16.5 million people (2019) reside in rural areas and agriculture and fisheries are the main economic sectors they are highly dependent on, with 25 percent GDP contribution and 49 percent employment of the working labour force. (World Bank, 2022). Economic Review of Cambodia in 2011 states that agriculture, fisheries and forestry accounted for 32% of GDP (GSSD, 2015). As those main sectors are sensitive to the changes in temperature, precipitation as well as other climatic events, it makes the livelihood as well as the ecosystems of Cambodia highly susceptible to the changes in climate, mostly showing negative impacts.

## 18. Poverty, inequality, and undernourishment:

The poverty rate as well as undernourishment rate in Cambodia is as high as 15 percent (NDC, 2020). The Climate Risk Country Profile for Cambodia also mention that the national poverty rate is 13 percent and the population that is undernourished is 14.5 percent (Table 5). (Climate Risk Profile: Cambodia, 2021)

Rice occupies 83 percent of the total harvested area (3.22 million ha) while corn, cassava, soyabean and mug bean combined occupies around 13 percent (GSSD, 2015). This depicts the lack of diversity in food intake and hence the lack of diversity in nutrients' uptake in a typical Cambodian meal.

By 2050, Cambodia's GDP is likely to be affected as nearly as 10 percent as a result of the more severe floods and droughts attributable to the projected changes in climate. The impacts are likely to exacerbate wealth and income inequality issues and are likely to impede poverty alleviation efforts. (Climate Risk Profile: Cambodia, 2021)

Poorest groups of the population are likely to disproportionately face the negative consequence of climate change because these are the groups of people who are mainly dependent on the climate sensitive sectors such as agriculture and fisheries and labor working for their livelihood. Poverty reduction in the recent years had become rapid but climate change as well as the unexpected global pandemics like COVID-19 are likely to halt such progress. And again, such inequalities are a barrier to effectively address the climate change impacts. So, it creates a vicious cycle that it produces a sequence of reciprocal cause and effect on one another making it hard to address both of the issues. A report by Asian Development Bank in 2016 suggests that the GDP growth is likely not inclusive and hence may be increasing inequality and the poverty reduction is mainly on urban areas with much slower progress in rural areas thus making the population of rural more sensitive to the projected climate changes. (Climate Risk Profile: Cambodia, 2021)

## 19. Lack of irrigation and flood controlling infrastructure

Agriculture is predominantly dependent on rainfall [more than 85 percent of rice production is rainfall dependent (Kim et al., 2018)] with no systematic irrigation system in case of water scarcity and usually on land with only low to moderate fertility making it highly dependent on weather conditions. Approximately 70 percent of the nutritional needs is fulfilled by rice which is Cambodia's primary staple food but the major rice growing areas of the Mekong and Tonle Sap basin are affected by floods yearly and often to extreme flooding which have become more frequent in the recent years. One million Cambodians are dependent on inland fisheries for their livelihoods with inland fisheries directly affected by seasonal floods and droughts that make this population vulnerable to changing climate conditions. (GSSD, 2015). The project targeted commodities are mostly dependent on rainfall. The community during the consultation meetings reported there is up to 40% decrease in production due to fluctuation of rainfall. The farmers have to replant cassava again because of the irregularity in rainfall pattern.

Hence, during the periods of long droughts there is lack of systematic irrigation facilities required for the agricultural crops while during the extreme flood events there is lack of infrastructural mechanisms that can reduce the damages likely to be caused by such floods. Also, the uncertainty of frequency and intensity of expected extreme events makes it difficult to plan and implement the required damage control mechanisms or infrastructures in a country with a low economy and hence increases the susceptibility to the climate hazards.

## 20. Highly concentrated rainfall

The wet season (May to October) experiences most of the rainfall in Cambodia accounting for almost 80 – 90% of annual precipitation; the rate being higher in coastal and highland areas and lower in inland areas. Remaining 10 – 20% occurs during the dry season (November to April) (World Bank, 2022). Under certain scenarios, B2 scenario of the PRECIS modelling, the wet season is likely to experience the most significant increase in rainfall (Thoeun, 2015) which indicates that the severity of flooding events is likely to increase during the wet season as 80 – 90% of annual rainfall already occur during the wet season currently. This has been negatively impacting the production of cassava, cashew nuts and vegetables. Moreover, it is likely to further exacerbate the negative consequences of flooding events.

## 21. Geomorphology of the country:

The Tonle Sap covers almost 10 percent of country's surface area during the peak of the Southwest Monsoon season. Its surface area can increase by up to 600 percent between dry and monsoon seasons, and water levels changing by 7 to 8 meters (Fujii, et al., 2003 in UNDRR, 2019). The Mekong River is the biggest river which shows large fluctuations seasonally or annually and approximately 80 percent of the population lives along the Mekong River. Kandal, Kampong Cham, Kratie, Prey Veng, Stung Treng, Svay Rieng, and Takeo provinces are highly affected by the flood in the Mekong while other provinces are affected by the flash floods in tributaries around the Tonle Sap Lake. (World Bank, 2022).

“Without action, the population exposed to an extreme river flood could grow by around 4 million by the 2040s, however human development factors such as the damming of the Mekong River as well as the large-scale dams built on its tributaries, may alter future flood dynamics.” (Climate Risk Profile: Cambodia, 2021) Also according to the same document, upstream dam construction on the Mekong River and deforestation in its watershed threatens productivity of the Tonle Sap Lake and hence its fishery sector which pose a significant threat to the nourishment and livelihood of fishery dependent rural and poor population.

## 22. Other properties:

Below are a few other properties that makes Cambodia more susceptible to the climate hazards, currently as well as in the future -

Based on the exposure and vulnerability of children to climate and environmental shocks, UNICEF, United Nations Children's Fund, reports that the Cambodian children are at the 'very high risk' of climate change impacts, ranking Cambodia as 46 out of 163 countries worldwide; lower the rank higher the risk (UNICEF, 2021). Since the young population is at very high risk of changes in climate, it cannot be ruled out that there will be an imbalance in the future demographic distribution if such risks continue to increase.

A sea level rise of 18 cm and 25 cm was projected by 2100 based on SRESB1 and SRESA2 by the IPCC 4<sup>th</sup> Assessment Report and the coastline of 435 km along with low lying farming areas would see salinity because of sea water intrusion and cause damage to the farmed crops (Cambodia Climate Change Strategic Plan (2014-2023), 2013).

The table 5 also shows a few indicators numerically which depicts the sensitivity of livelihoods and infrastructure to climatic changes in Cambodia.

Table 5: Some key statistics that shows Cambodia's vulnerability to Climate Change

Indicator	Value	Source
Population Undernourished <sup>6</sup>	14.5% (2017–2019)	FAO, 2020
National Poverty Rate <sup>7</sup>	12.9% (2018)	ADB, 2020
Share of Income Held by Bottom 20%	Unknown	
Net Annual Migration Rate <sup>8</sup>	–0.19% (2015–2020)	UNDESA, 2019
Infant Mortality Rate (Between Age 0 and 1) <sup>9</sup>	2.4% (2015–2020)	UNDESA, 2019
Average Annual Change in Urban Population <sup>10</sup>	3.25% (2015–2020)	UNDESA, 2018
Dependents per 100 Independent Adults <sup>11</sup>	55.7 (2020)	UNDESA, 2019
Urban Population as % of Total Population <sup>12</sup>	24.2% (2020)	CIA, 2020
External Debt Ratio to GNI <sup>13</sup>	58.2% (2018)	ADB, 2020b
Government Expenditure Ratio to GDP <sup>14</sup>	21.5% (2019)	ADB, 2020b

Source: Climate Risk Profile: Cambodia (2021)

## 5. Climate adaptive capacity

Adaptive capacity to climate change signifies the ability of a system to adjust or to avoid a climate hazard, or to recover after experiencing the hazard caused by climate change. The Disaster Risk Reduction in Cambodia, Status report 2019 reports that “the risk indicators measuring lack of coping capacity are high as (7 out of 10), and they measure the resilience of infrastructure, access to healthcare and risk governance among other factors” (UNDRR, 2019). However, a lot of strategies are in place and a lot of efforts are being made to increase the adaptive capacity.

Preparedness, response, and recovery are the three main phases of disaster risk management which helps to minimize the risk, the losses, and damages, and helps to improve the situation after occurrence of hazards (ADB, ND). A National Committee for Disaster Management<sup>5</sup> which is working since 1995 is one of such institutions that is entitled to doing such activities in the country. This maintains database systems and early warning systems to protect the people from predicted hazards by providing real-time information which helps to reduce the loss and damages that might occur because of such hazards.

### 23. Dissemination of real-time weather data and forecasts to people

Cambodia has implemented a good early warning system, EWS 1294<sup>6</sup> that sends a voice message to the phones of registered users whenever a climate event such as flood is predicted or detected. More than 128 thousand users have registered to get such early warning notification and more than 2.6 million such warnings have already been sent since its beginning according to the website accessed on 08 July 2022. The process of its operation and more information about the early warning systems is accessible here: <http://ews1294.com/en/home/>

Another web platform, Platform for Real-time Impact and Situation Monitoring (PRISM)<sup>7</sup>, also exist that assesses the potential risk and impact of climate hazards on the most vulnerable communities. It integrates various sources of information, from remote sensing sources like satellites to field data, early warning systems and socio-economic vulnerability to prioritize and help those who are most in need.

### 24. Early action plan for preparedness and emergency response

A National Committee for Disaster Management (NCDM) chaired by the Prime minister, which includes ministers from each government agencies, the Royal Cambodian Armed Forces, Civil Aviation Authority and the Red Cross was established in 1995 and still exists with an aim “to lead the disaster management in the kingdom of Cambodia”.<sup>8</sup> Its responsibilities and functions are as follows:

(i) To coordinate with the line ministries, UN agencies, IOs, NGOs, International Communities, National Associations, and Local Donors in order to appeal for aid for Emergency Response and Rehabilitation.

(ii) To make recommendations to the Government on issue and policies relating to disaster preparedness and emergency responses.

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<sup>5</sup> <http://www.ncdm.gov.kh/>

<sup>6</sup> <http://ews1294.com/en/home/>

<sup>7</sup> <https://www.prism-kh.info/about>

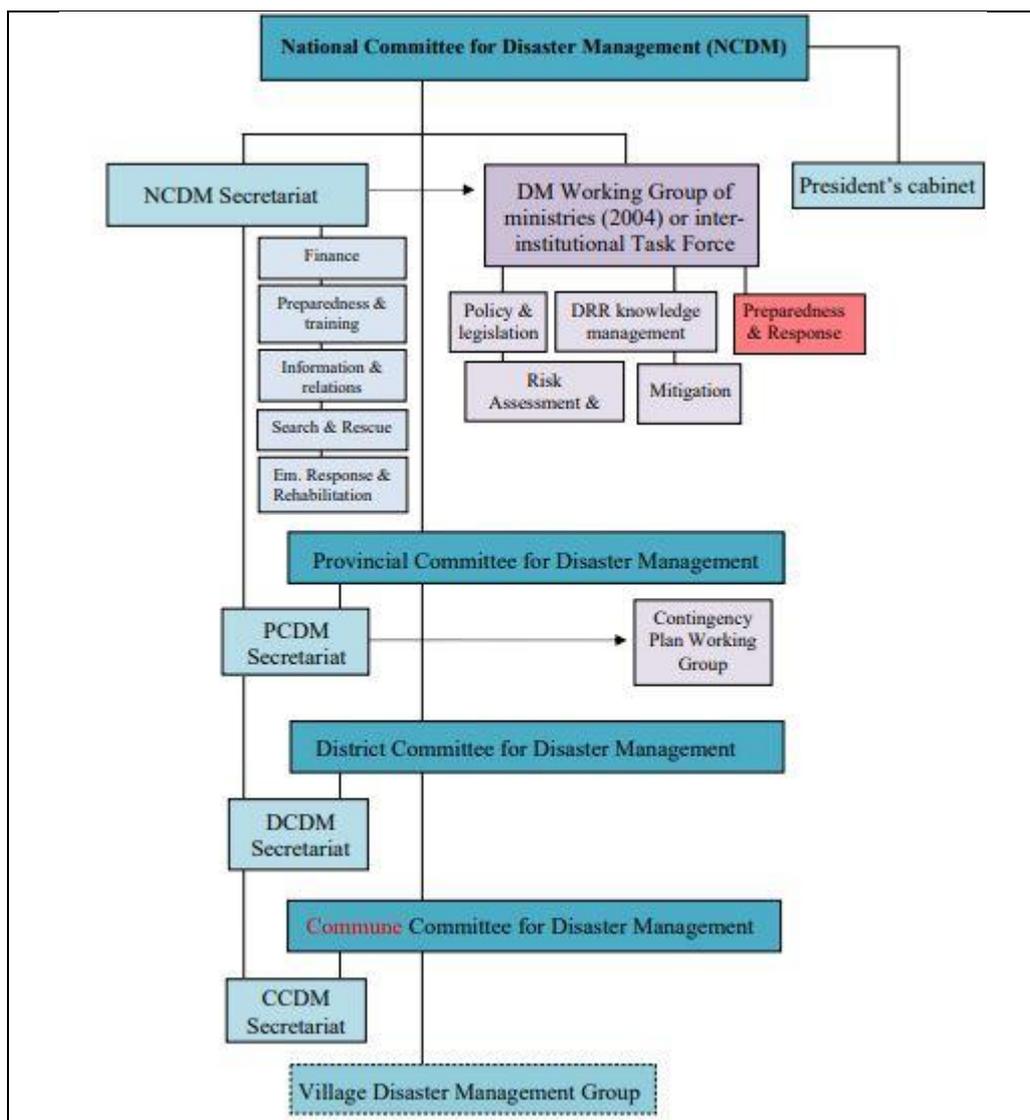
<sup>8</sup> The NCDM website shows error in their ‘about’ section and this information is used from an ADB report which is Not dated.

(iii) To disseminate information and strengthen coordination on disaster management from national down to community level, including the necessary capacity development.

(iv) To recommend to the Government on the needs for adequate disaster prevention, emergency response, and rehabilitation (e.g., funds, human resources, equipment etc.).

Establishment of NDCM and preparation of disaster risk reduction action plans clearly shows the systematic efforts of the Cambodian government in disaster risk reduction. Following are the DRR Plans, Policies, Strategies and Action Plans prepared in order to get better prepared to face and to mitigate the impacts of disasters: [Adopted from [Eng, 2016](#) + some additions]

- Sub-decree No. 30 ANKR.BK, dated April 09, 2002 on the Organization and Functioning of the National and Sub-National Committees for Disaster Management
- Sub-decree No. 61 ANKR.BK, dated June 29, 2006 on the establishment of the Commune Committee for Disaster Management (CCDM)
- Direction No. 315 NCDM, dated July 21, 2010 on the establishment of the Village Disaster Management Team (VDMT) for the implementation of Community Based Disaster Risk Management
- Law on Disaster Management has been enacted by National Assembly on the 30th of June 2015.
- National Strategic Development Plan (NSDP) 2009-2013 and 2014-2018 (NSDP)
- National Action Plan for Disaster Risk Reduction 2014-2018 (drafted & adopted by 2014)
- Strategic National Action Plan for Disaster Risk Reduction (SNAP) 2008-2013
- National Action Plan for Disaster Risk Reduction (NAP) 2014-2018
- Cambodia endorsed the Hyogo Framework for Action (HFA) in 2005 that provides a systematic and strategic approach to reduction of vulnerability and risk to disasters.
- National Adaptation Plan Process in Cambodia, 2017
- National Adaptation Program of Action to Climate Change (NAPA), 2006



Source: National Action Plan for Disaster Risk Reduction (NAP-DRR), 2013

Figure 10: Structure of the National Committee for Disaster Management (NCDM)

## 25. Government and non-government support of social and economic resources

National Adaptation Plan Process in Cambodia (GGSD, 2017) mentions three types of funding for adaptation actions in Cambodia: Public funding, External Financing, and Private Sector Funding. Allocation from national budget for climate expenditure in 2009 was USD 21.7 million while it increased to USD 52.7 million in 2014. Table 6 the proportion of climate change expenditure to total spending and to Gross Domestic Product (GDP).

Table 6: Proportion of climate change expenditure to total spending and GDP

	2009	2010	2011	2012	2013	2014
CC related spending to total spending	28.9%	28.9%	29.8%	30.9%	28.7%	33.3%
CC spending to total spending	3.3%	3.5%	2.9%	3.1%	3.3%	4.1%
CC spending to GDP	0.9%	1%	0.8%	0.9%	1%	1.3%

Source: National Adaptation Plan Process in Cambodia, 2017

A number of programs and projects to enhance the adaptive capacity of Cambodian population has been implemented with a combined effort of the Royal Kingdom of Cambodia and various organizations such as the World Bank, Asian Development Bank, European Union, United Nations, International Fund for Agricultural Development and so on. The following list is from an ADB project report ([ADB, ND](#)):

- a. Ketsana Emergency Reconstruction and Rehabilitation Project (KERRP)
- b. Emergency Food Assistance Project
- c. Flood Damage Emergency Reconstruction Project
- d. ADB's Integrated Technical Assistances
- e. Mekong River Commission
- f. The European Commission (EU) Humanitarian Aid and Civil Protection (ECHO)
- g. Water Resources Management Sector Development Program (WRMSDP)
- h. Rural Roads Improvement Project (RRIP)
- i. Provincial Roads Improvement Project (PRIP)
- j. Strategic Program for Climate Resilience (SPCR)

Majority of private sector funding are mitigation oriented. However, private sector contributed to USD 185 million over the period 2009-2011 for climate related projects. ([GGSD, 2017](#))

## 26. People's own adaptation strategies

Farmers have tried different practices to deal with the changing climatic events and intensifying hazards. For e.g., to cope with the water stress some farmers in Kampong Speu province used drought resistant crops and were satisfied with the results they obtained. Similarly, they have changed the cropping calendar (from two to four weeks), they have changed the varieties of crops they used to plant, started using machinery and changed the area of cultivation wherever possible. To adapt to the declining soil productivity, they have started composting and crop residue retention in their farmlands. ([Shrestha et. al., 2018](#))

For coping with the security of their body during extreme events, in Kratie province for example, children in the villages were taught how to swim, and almost every household owned or made sure that they had access to a boat in case of floods. Intercropping and diversification of crops was another strategy farmers have practiced ([Henningsen et. al., 2020](#)).

## 27. Economic means of the population to support/adjust/adapt/recover from climate hazards

The poverty rate in Cambodia has plummeted from 48 percent in 2007 to 14 percent in 2014 because of its economic growth but its vulnerability to climate change has many threats on this development ([UNDRR, 2019 \(a\)](#)). This at least signifies that the economic status has become stronger over time which helps people to adjust their activities to the projected changes in climate and also to recover from the shocks and hazards to some extent they may suffer. But the problem again is that its economic growth is likely not inclusive and may be increasing inequality, and the poverty reduction is mainly on urban

areas with much slower progress in rural areas ([Climate Risk Profile: Cambodia, 2021](#)) making the rural population less adaptive than the urban population to the projected climate changes. Since projects usually target rural and poor population, the overall economic growth may not provide a clear picture on whether the adaptive capacity in terms of economic status of rural population has increased or not.

A SWOT (Strength, Weakness, Opportunities and Threats) analysis of the country's response capacity to climate change presented on [Cambodia Climate Change Strategic Plan 2014-2023 \(2013\)](#) is as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>● <b>The Kingdom of Cambodia has high economic growth</b></li> <li>● <b>Interest in knowledge and information related to climate change</b></li> <li>● <b>High interest in sustainable development</b></li> <li>● <b>Rich natural resource base</b></li> <li>● <b>Presence of government policies on economic development</b></li> <li>● <b>Relevant ministries have developed their Sectoral Climate Change Strategic Plans</b></li> <li>● <b>Stakeholder support to climate change response including government agencies, international community and civil society</b></li> <li>● <b>Increased awareness on climate change</b></li> <li>● <b>Policy on environment and health</b></li> <li>● <b>Gradual improvement of infrastructure.</b></li> </ul>	<ul style="list-style-type: none"> <li>● Weak knowledge and science-based decision making</li> <li>● Lack of clear procedure for integration of climate change in the national development plans</li> <li>● Limited capacity of the national institutions responsible for climate change and limited participation of stakeholders</li> <li>● Out-dated information to address climate impacts</li> <li>● Limited human resources</li> <li>● Climate change planning is not a common practice</li> <li>● Limited knowledge, research and technology</li> <li>● Limited financial resources</li> <li>● Low adaptive capacity among citizens</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>● <b>Increasing global climate change funds</b></li> <li>● <b>Establishment of national knowledge and information structure</b></li> <li>● <b>Development of the national sustainable development plan</b></li> <li>● <b>Political commitment and support to climate change</b></li> <li>● <b>Improved livelihoods</b></li> <li>● <b>Global efforts in addressing climate change</b></li> <li>● <b>Existing programs such as Cambodia Climate Change Alliance and Strategic Program for Climate Resilience</b></li> <li>● <b>Development partners' support to the RGC in addressing climate change</b></li> <li>● <b>Skills and vocational development programs</b></li> </ul>	<ul style="list-style-type: none"> <li>● 43% of total communes are highly vulnerable</li> <li>● Low understanding of climate change and response options</li> <li>● Other policies and priorities are competing with policy on climate change</li> <li>● Key economic sectors faced with the risks of climate change impacts</li> <li>● Limited capacity for climate change responses</li> <li>● More frequent climate extreme events</li> <li>● Lack of resilience to natural disasters"</li> </ul>

## 6. Vulnerability to climate hazards

IPCC definition of vulnerability is “the propensity or predisposition to be adversely affected [which] encompasses a variety of concepts and elements including sensitivity or susceptibility to harm and lack of capacity to cope and adapt”. Vulnerability is the function of exposure, sensitivity, and adaptive capacity. Understanding of how vulnerability is produced, how it increases is necessary to manage a risk properly. (Cardona et al., 2012). Vulnerability to climate hazards depends on the ability of the exposed elements to move away from such hazards or to be able to minimize the losses. “High vulnerability (and exposure) is generally the outcome of skewed development processes, such as those associated with environmental mismanagement, demographic changes, rapid and unplanned urbanization in hazardous areas, failed governance, and the scarcity of livelihood options for the poor” (Cardona et al., 2012). The Climate Change Data Portal of the National Council for Sustainable Development (NCS D)<sup>9</sup> of Cambodia presents the vulnerability assessments in detail, both on temporal as well as spatial basis.

### 28. The Cambodian Vulnerability Index

Cambodia has developed a commune level composite vulnerability index (VI) based on multiple data from the commune database following the National Monitoring and Evaluation framework for climate change: Tracking Adaptation and Measuring Development (TAMD) in Cambodia. The composite VI is an average of three values of the vulnerability indices of three climate hazards: flood, drought, and storm. (NCS D, 2022).

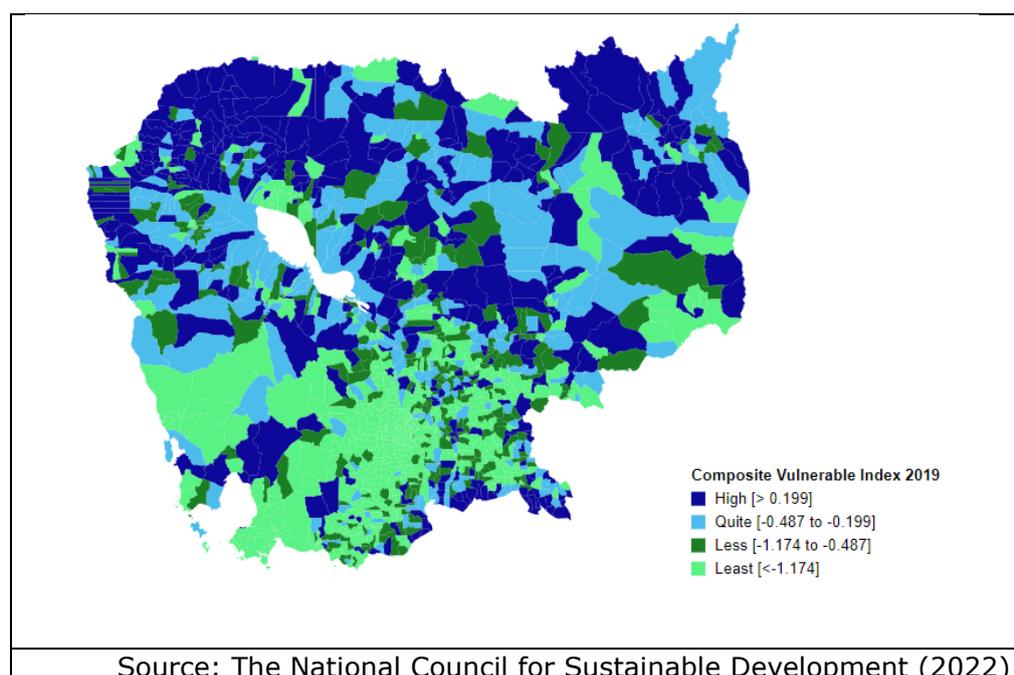


Figure 11: Composite Vulnerability Index (2019) of communes of Cambodia

Figure shows a scattered distribution of vulnerability levels throughout Cambodia, but communes on the Southwestern part seem least vulnerable to in the composite vulnerable index.

<sup>9</sup> <https://ncsd.moe.gov.kh/dcc/data-portal>

## 7. Selection of commodities and value chains based on identified climate risks and impacts

The primary tentative list of the commodities and provinces are listed below. The ASPIRE team together with design team assessed this based on the indicators like production potential, commercialization, and agro-climatic conditions etc. The Project will work to identify other provinces suitable for the value chains.

Table 7: Recommended project activities and targets

SN	Major Project Activities	Target Provinces
<b>A</b>	Value chain Commodities	
	Commodities	Target provinces
<b>1</b>	Cassava	(1) Steung Treng, (2) Ratanakiri, (3) Ordor Meanchey, (4) Tbuong Khmum, (5) Kratie, (6) Battambang (7) Banteay Meanchey, (8) Kampong Thom and (9) Preah Vihear
<b>2</b>	Nuts (Cashew	(1) Kampong Thom, (2) Steung Treng, (3) Ratanakiri, (4) Kratie, (5) Preah Vihear
<b>3</b>	Fresh fruits (Longan, Mango, Banana etc)	(1) Battambang, (2) Kampong Speu, (3) Pailin
<b>4</b>	Vegetables (mostly: leafy mustard, cucumber, cabbage, chines kale, tamato, longbean,xxx)	(1) Battambang, (2) Siem Reap, (3) Kampong Cham, (4) Kandal, (5) Takeo
<b>5</b>	Traditional Breed Poultry (Native chicken)	(1) Kandal, (2) Siem Reap (3) Takeo, (4) Kampong Chhnang, (5) Battambnag (6) Kampong Cham
<b>B</b>	Infrastructure works	Connection road, loading sites, processing/marketing infrastructure, lab, quarantine and research services

## 8. Impacts and mitigation measures

There are a number of negative as well as positive impacts on various sectors that may arise from project implementation. In the same way, the project also faces risks that may arise from different climatic, environmental, and socio-economic factors. The process of climate risks assessment is based on the illustration from "Climate Change 2014: Impacts, Adaptation, and Vulnerability – IPCC, 2014", shown in figure 12.

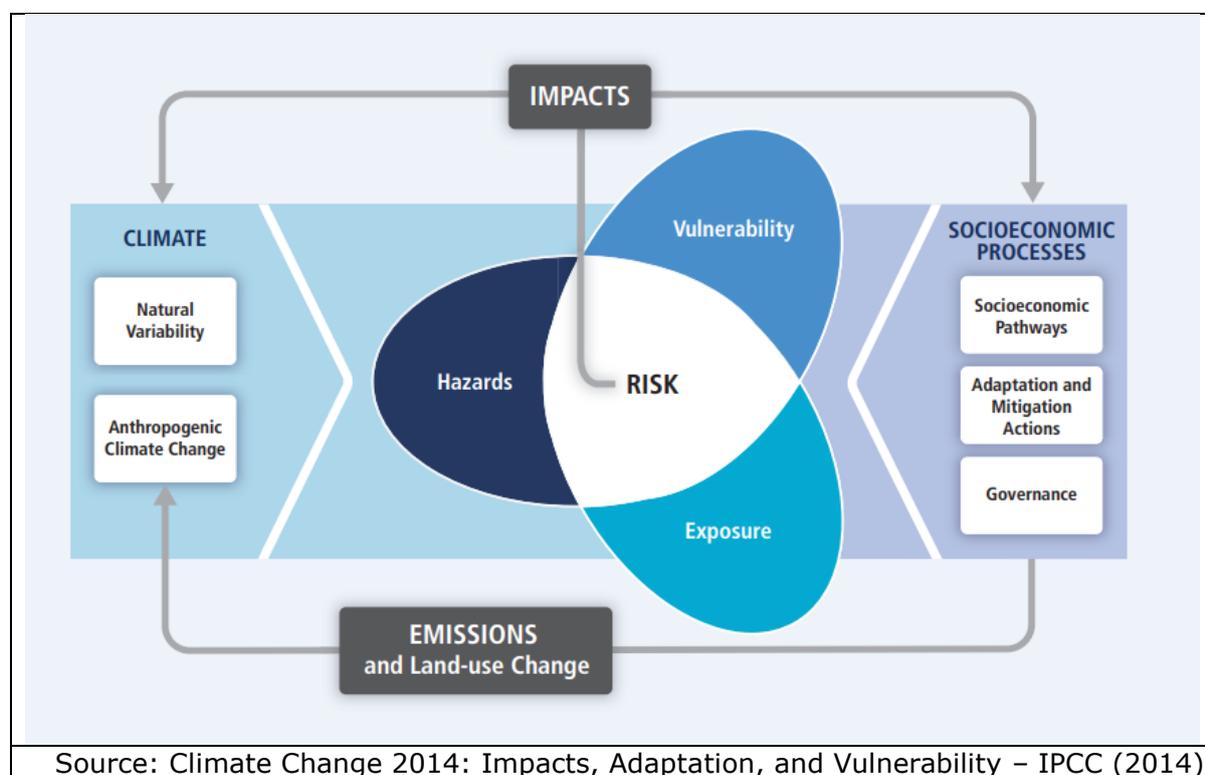


Figure 12: Illustration of the concept of climate risk to project

Also, implementation of any development project creates both types of impacts on the community and the environment of the project area and beyond. Both negative and positive impacts occur as a result of project implementation. Each project implementing institution aims for the sustainability of the project and its outcomes and strives for maximizing the beneficial impacts and for minimizing the potential adverse impacts.

ASPIRE-AT project with its goal of 'decreasing the vulnerability and increasing climate resilience of the Cambodian rural households through inclusive and environmentally sustainable growth in agriculture sector' targets following value chains that will be promoted in the project site.

Table 8: Priority Value Chains and Typical Investments<sup>10</sup>

Value Chain	Economic impact	Typical investments
<b>Vegetable</b>	Import substitution	Greenhouse, water management, post-harvest handling.
<b>Native chicken</b>	Import substitution	Production facilities, slaughter and packing
<b>Cassava</b>	Export	Disease free planting material Cassava Improved soil management

<sup>10</sup> ASPIRE AT final design AM

<b>Cashew</b>	Export	Post-harvest and processing
<b>Fresh fruit</b>	Export	Post-harvest, treatment, packing etc
<b>Processed fruit</b>	Export	Processing

Here, project invests in two major activities: (1) promotion of the production of commodities and (2) physical infrastructure for production facilitation and value addition to the commodities. Since the impacts of these two separate activities will be unique it is wise to describe them separately.

Negative environmental impacts may arise during the process of commodity production as well as during the construction of infrastructures if proper care is not taken. Similarly, construction of infrastructures may contribute to climate change, mainly by emitting greenhouse gases, especially if such infrastructures are large. In the same way, climate change mainly creates negative impacts on project activities, both on commodities and on infrastructures. The project aims to minimize negative environmental as well as climate change impacts by recommending specific actions or set of actions during project implementation. Also, it aims to take proactive actions to minimize the negative impacts of climate change, both on commodities production and on physical infrastructures. The potential impacts and measures to mitigate the risks arising from negative impacts are discussed in the following sections for commodities and infrastructure separately.

## 29. Commodities:

### A. Cassava

Figure 13: Cassava farm



Photo: Nirajan Khadka

#### **General description:**

Cassava grows well in marginal soils and is one of the most drought tolerant crops (Clifton and Keogh, 2016) and is cultivated for its tubers. Cambodia is the tenth largest producer of Cassava in the world and fourth largest in Asia<sup>11</sup>. It has a national cassava policy (2020-2025) which was prepared in 2020, to promote the production and market of cassava within the country and also in international markets.

**Land suitability map:** Areas except plain lands where water table is high is good for Cassava cultivation in Cambodia. Areas surrounding the Tonle Sap and Mekong are not suitable as flood inundates the area regularly and the tubers get rot because of that.

<sup>11</sup> <https://www.undp.org/cambodia/press-releases/new-cassava-policy-transform-production-crucial-crop>

Especially the hilly areas around the North-Eastern part of the country are more suitable for its cultivation, figure 14.

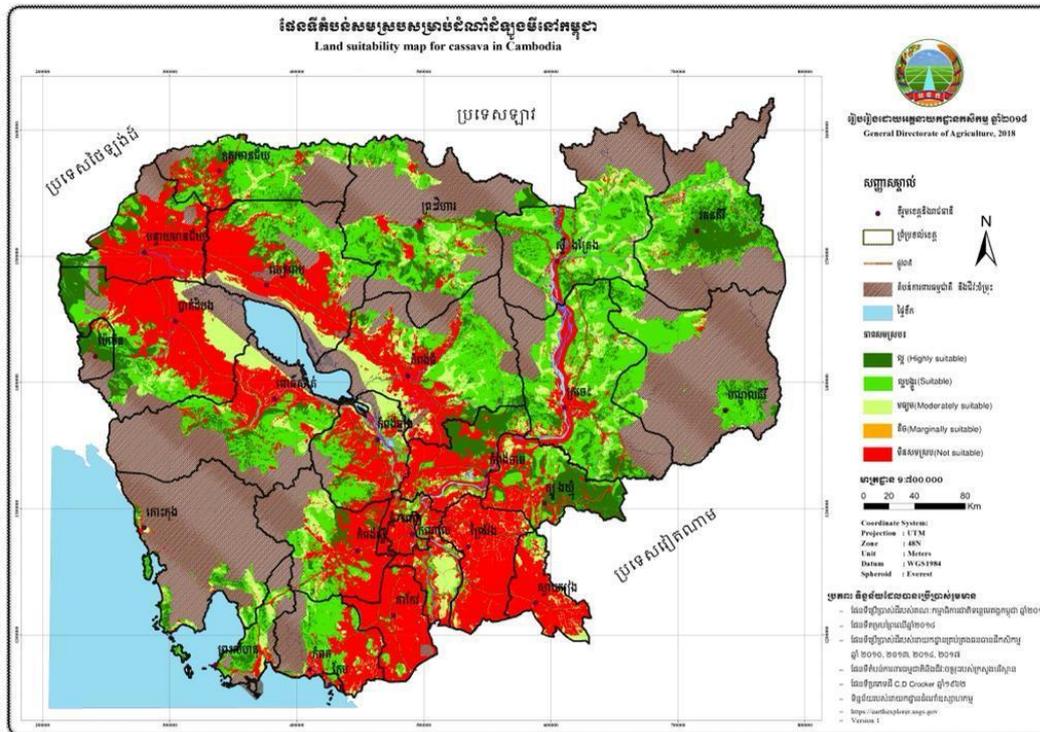


Figure 14: Land suitability map for Cassava. The dark green area is highly suitable for Cassava while the dark red is highly unsuitable

**Historical production trends:** The annual production quantities of agriculture crops and livestock is provided by the [FAO \(2022\)](#). However, among crops targeted by ASPIRE-AT, only data for Cassava is available. Inclusion of other crops whenever feasible would help project designers.

The trend shows that Cassava production was almost stable until 2002 and it has started increasing continuously after that date. Production has become the highest in 2011, slightly decreased in 2012 and has again become stable since then. One of the key reasons of increasing production is the increase in Cassava farming area.

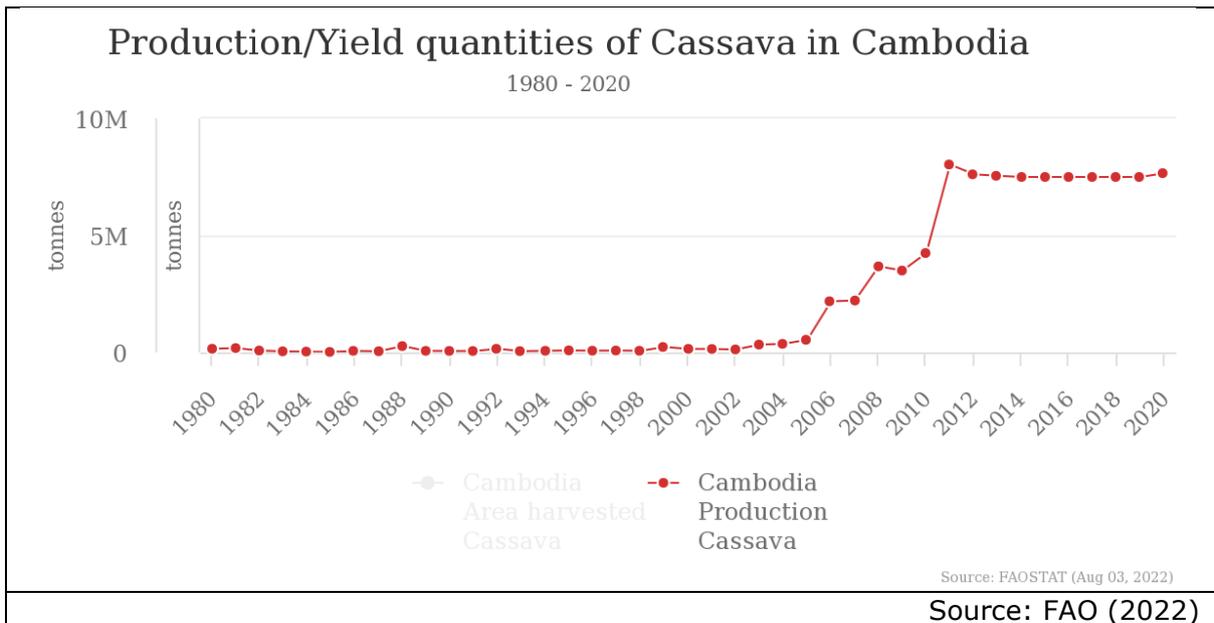
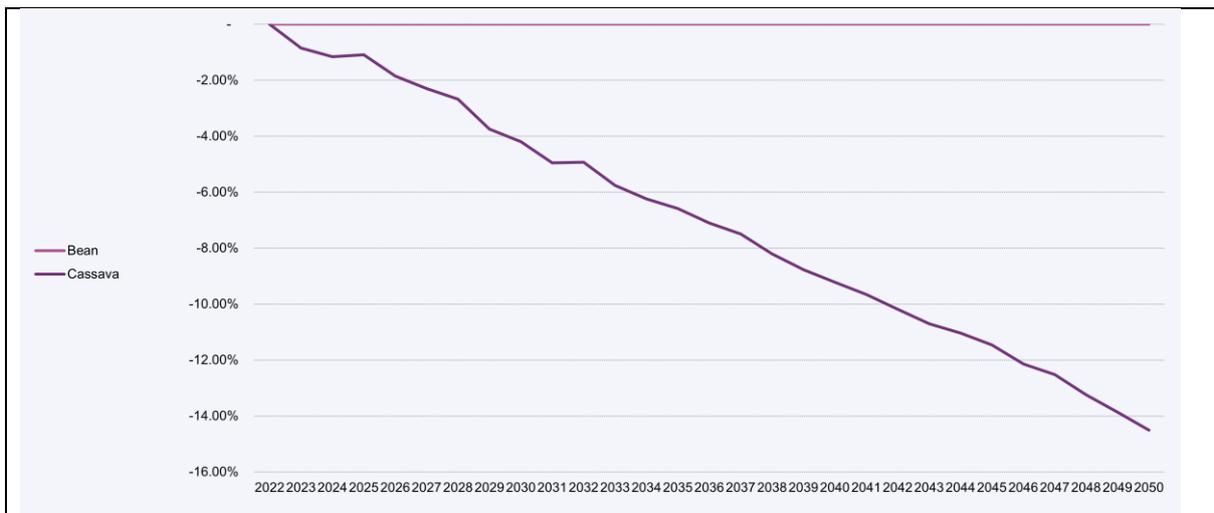


Figure 15: National crop-production trends (1980-2020) compared to the base year 1995

**Projected production trends:** The Climate Adaptation in Rural Development (CARD) Assessment Tool by the IFAD (2019)<sup>12</sup> provides information about the effects of climate change on production of major crops based on peer reviewed modelling results.



<sup>12</sup> <https://www.ifad.org/en/web/knowledge/-/publication/climate-adaptation-in-rural-development-card-assessment-tool>

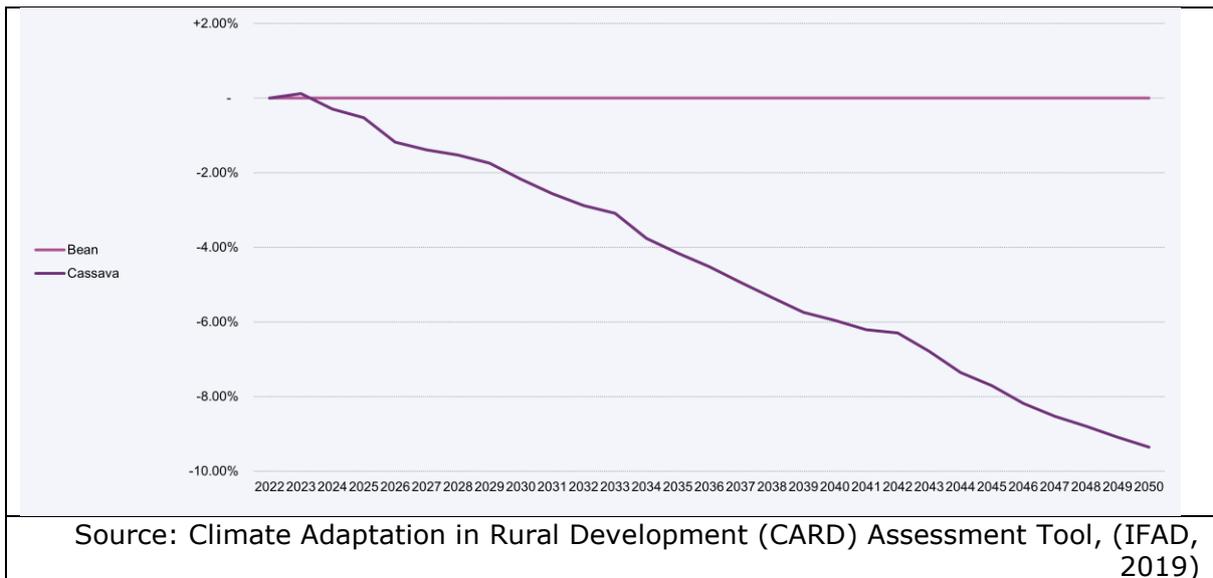


Figure 16: Predicted national crop-production trends (2022-2050) (a) without irrigation (b) with full irrigation, and with a median risk level compared to the base year 2022

The figures (16) show that the production of casava will decrease for more than 14 percent without irrigation facilities and will decrease for around 10 percent even if full irrigation is available, by 2050 compared to the production in 2022, with the median risk scenario of climate change if the current trend of climate change continues as it is. The production projections for other crops targeted by the project are not available in the tool.

**Observed production trends vs extreme climate hazards:** The historical production trend is available only for Cassava among the crops targeted by this project, in the FAO statistics (FAO, 2022). The years of occurrence of natural hazards is available from the Climate Risk Country Profile for Cambodia (2021). Visual checks between the cassava production and extreme climate events whose data is available (drought, flood, epidemic, and storm) do not show that the occurrence of these climate extreme events has highly impacted the production of Cassava. However, statistical significance has not been checked. Availability of the magnitude of the extreme climate events as well as the production trends of other crops would help to check the impacts of extreme climate events on the production of each of the crops with statistical significance.

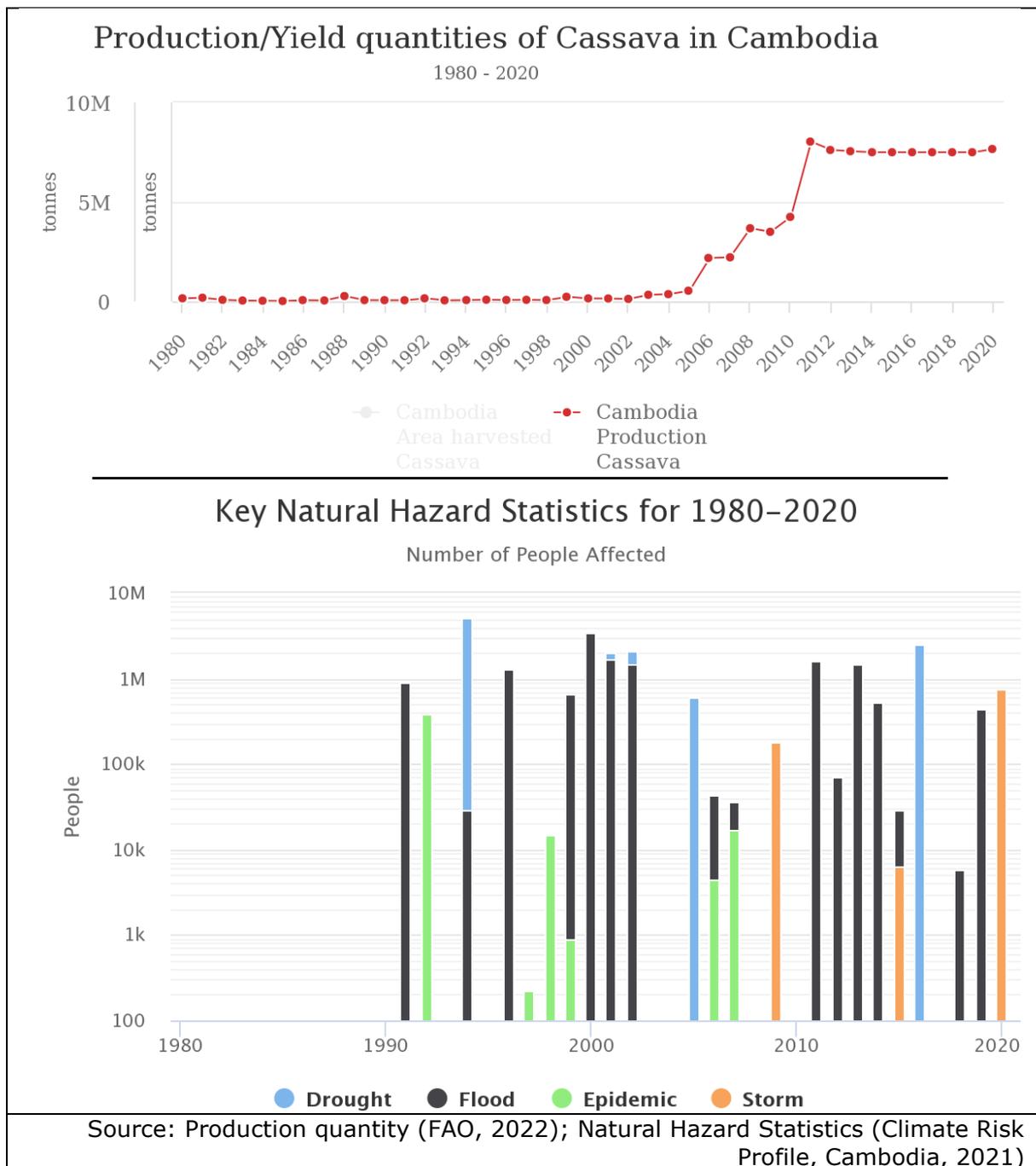


Figure 17: Recorded annual production quantities of Cassava and the occurrence of extreme climate events

To conclude, Cassava is a good selection by the project considering the water availability, drought, increase in temperature, and the soil type of the farmland. Cassava farming fully depends on rainfall. As CARD depicts, the overall production will decrease for more than 14 percent without irrigation facilities and will decrease for around 10 percent even if full irrigation is available, by 2050 compared to the production in 2022. Unpredictable timing, pattern and intensity of rainfall is a major problem that farmers are facing. They need an updated cassava farming calendar and a system suitable for the rural farmers to get early weather information. For the sustainability, a key challenge is the monocropping. This not only impacts on the soil quality and local biodiversity but also prone to disease and pest outbreak. As far as possible, project should promote intercropping of legumes and other suitable crops. The farmers should get information on integrated pest management, and

relevant capacity building and exposures should be provided. Flood is another major climate threats to cassava. The project support should be for areas suitable for the cassava and less susceptible for flood. For the flood prone areas, support can be made for fruits or cashew nuts.

## B. Cashew nuts

Figure 18: Cashew farming

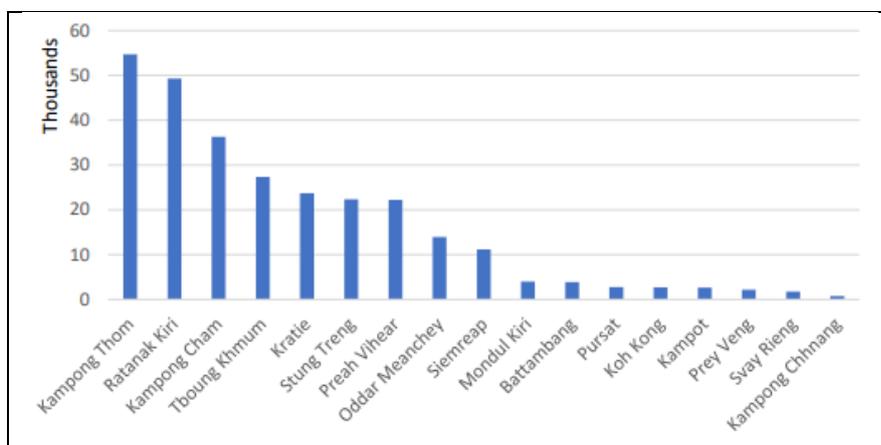


### **General Description:**

Tropical and warm climates are the best conditions for growing Cashew. Reliable data about the production of Cashew nuts was not available for Cambodia earlier but was estimated to be around 30,000 to 50,000 tons in 2008 ([Cashew nuts sector profile, 2010](#)). Currently, the government is planning to prepare

a national policy on Cashew nuts with objectives to strengthen Cambodia’s capacity to grow, process, store export cashew nuts.<sup>13</sup> According to unofficial sources, “currently, more than 500,000 hectares of Cambodia’s land is dedicated to cashew cultivation across 10 provinces.”<sup>14</sup>

**Production area and land suitability map:** Figure 19 shows the total Cashew production area by province in 2019 and the map (figure 20) shows land area that is suitable for cashew plantation.



<sup>13</sup> <https://www.khmersme.gov.kh/en/news/rush-cashew-policy-work-official/>

<sup>14</sup> <https://cambodianess.com/article/cambodia-to-approve-the-national-policy-on-cashew-nuts-by-2022>

Source: National Institute of Statistics, Ministry of Planning  
(2019)

Figure 19: Province wise cassava production area in Cambodia (hectares)

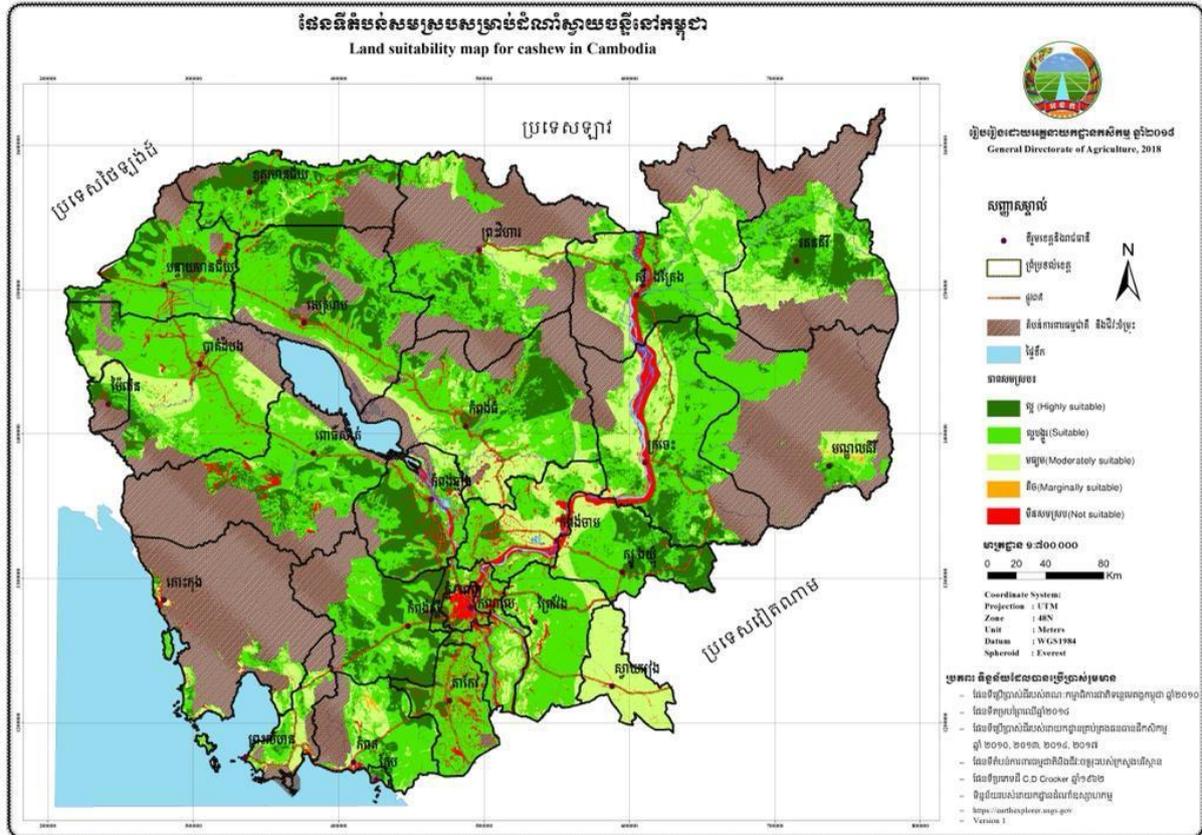
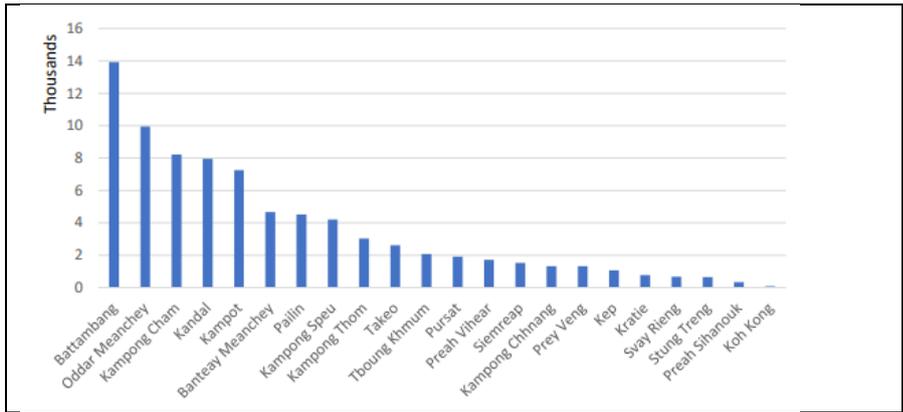


Figure 20: Land suitability map for Cashew nut. The dark green area is highly suitable for Cashew while the dark red is highly unsuitable

To conclude, monocropping is one of the threats for cashew nut as well similar to cassava. It makes susceptible and increase the loss from disease and pest. The farmers shared that the production sometimes goes far below, up to 50% down, due to disease and pest outburst. There is also a practice of maize and other crops intercropping with cashew nuts which needs to be promoted. A big threat for the environment and local biodiversity is the increasing trend of chemical inputs. It was noticed that even the IPs who were traditionally using organic seeds and organic inputs are diverting to use chemicals. The average farmers are spraying chemical pesticides thrice a month. The use of chemical is mostly influenced by the local suppliers in rural areas. The project should work to aware and capacitate farmers on negative impacts of chemical use and regulate the supply and use of it. The pattern and intensity of precipitation has also negatively impacted on the production, quality and harvesting of cashew nuts. The farmers also reported damage by the storm which was relatively low. The old trees are more vulnerable to the wind. The Project should encourage farmers to remove old trees and replace those by new ones.

### C. Fruits: Mango

**General Description:** More than 500 varieties of mangoes are known worldwide. Even though the exact number of mango species planted in Cambodia is unknown, it is one of the most popular fruits. Data show that Battambang is the province with largest area of mango plantation while Koch Kong is the one with lowest mango plantation area (figure 21). Map (figure 21) of the land suitability shows that the least favorable area for mango in Cambodia is the coastal area.



Source: National Institute of Statistics, Ministry of Planning (2019)

Figure 22: Province wise mango production area in Cambodia (hectares)

**Land suitability map**

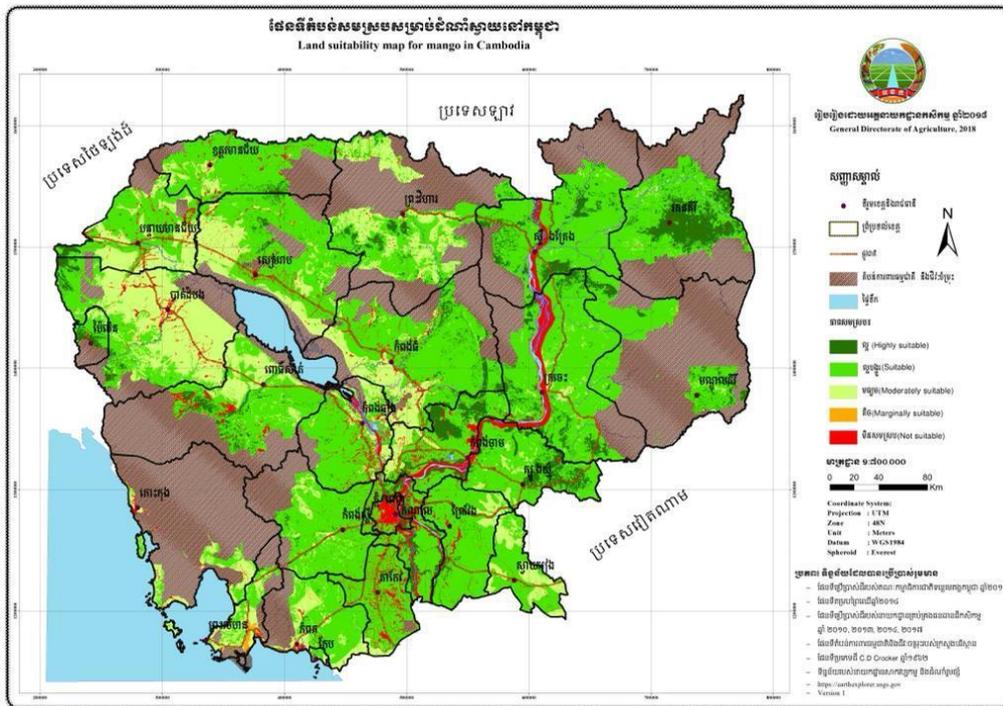


Figure 21: Land suitability map for mango. The dark green area is highly suitable for mango while the dark red is highly unsuitable

The intercropping is also needed for mango plantation. The change in precipitation has impacted the quality and quantity of mango production. There is a practice of hormones use for multiple time, up to thrice a year, mango production. The use of chemical inputs also increasing. These needs to be regulated and farmers should be aware on its negative impact. The risk of flood is also for mango but relatively lower than that of vegetable and cashew farming. There was also some damage by the wind but minimal.

**30. Fruits: Banana**

Banana is also one of the most popular crops in Cambodia. According to the agriculture survey in 2019 shows that an estimated 154 thousand tonnes of banana was harvested from 8,375 hectares. Banana plantation covers 10,870 hectares area of land according to the report.

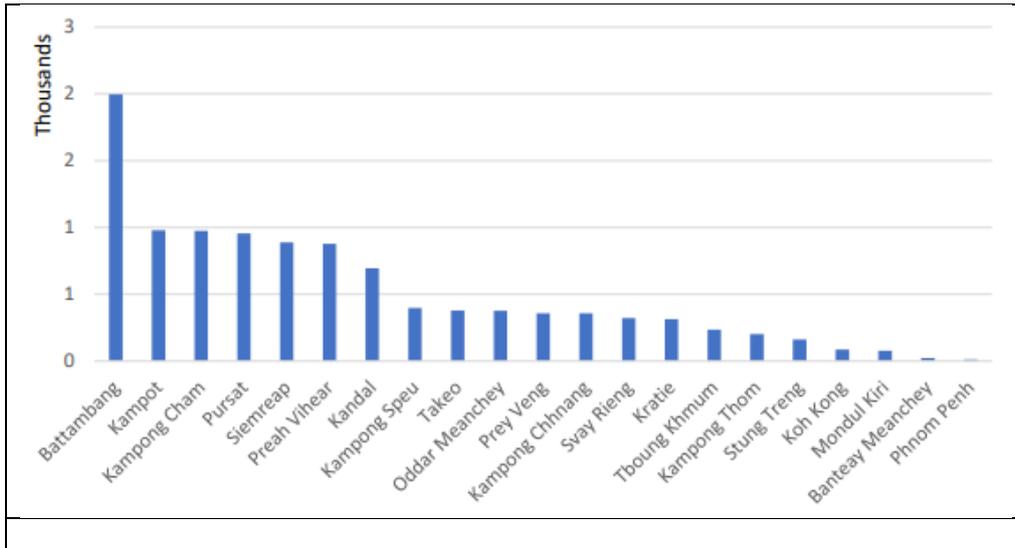


Figure 22: Province wise banana production area in Cambodia (hectares)

Major threats for the banana are flood, wind, heavy rainfall, and disease and pest. The project should screen the areas for banana support to avoid flood prone areas. Windbreak plantation should encourage for the banana farm. The temporary support for the banana during the windy days also reduces the damage. IPM should be promoted and use of chemical inputs needs to be regulated.

#### D. Vegetables

The description is adapted from the [Cambodia Inter-Censal Agriculture Survey 2019 \(CIAS19\)](#). Leafy, stem vegetables (amaranth, green garlic, and trakun/water convolvulus) and fruit bearing vegetables (chili, cucumber, eggplant, ivy gourd, pumpkin, small bell, snake gourd, and squash/winter squash), root, bulb and tuberous vegetables, leguminous green vegetables are grown throughout Cambodia. "Pumpkin was grown on approximately 22 thousand households in Cambodia with area planted estimated at 4,544 hectares and area harvested estimated at 3,270. Similarly, cucumber was grown on approximately 21 thousand households in Cambodia with area planted estimated at 2,289 hectares and area harvested estimated at 1,820 hectares. The total production for cucumbers was 23,348 tons."

Water deficiency, unpredictable precipitation, pest/disease, and flood are the key risk of the vegetable farming. The project should encourage efficient water use technologies to maximize the benefit from available water. Protected vegetable farming using net houses and efficient water technologies reduces impacts of climate risks. Integrated pest management needs to be widely promoted. The screening tool annexed in ESCMP should be used to avoid highly flood prone area for the vegetable farming under the Project support. The use of bio-inputs should be encouraged and support should be made to regulate chemical use and aware the communities.

#### E. Poultry

"Natural chickens and natural ducks were the most common poultry raised by agricultural households, with an estimated 23.6 million natural chickens and 7.0 million natural ducks. The majority of household agricultural holdings who reported raising poultry, raised between 1 and 49 birds" ([Cambodia Inter-Censal Agriculture Survey, 2019](#)).

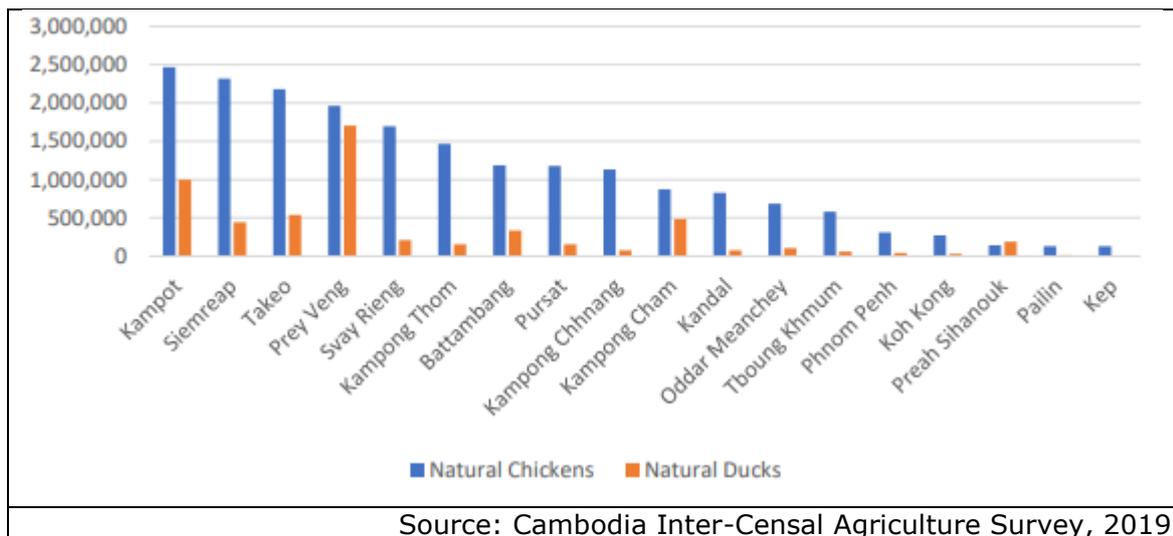


Figure 23: Province wise poultry keeping in Cambodia (numbers)

Previous chapters demonstrate the existing and projected climate risks as well as the vulnerability of livelihood and ecosystems to climate change. The temporal and spatial distribution of such climate risks is not uniform throughout the country. Similarly, the vulnerability is not uniform either, because of the varying levels of exposure, sensitivity, and adaptive capacity in different locations. Hence, it is necessary to plan beforehand and to take proactive actions on how such risks can be avoided or their damages be minimized.

Apart from infrastructures and systems that reduce the risk of the value chain commodities, creating facilities that increases the value of the produced commodities also help to increase the adaptive capacity of producers. For example, creating drying and safe storage facilities for nuts increases the value of nuts which ultimately helps to increase the economic status of the producers which in turn helps to increase their adaptive capacity.

### 31. Overall Impacts

#### 32. Environmental impacts (of project):

Promoting the production of abovementioned commodities in the project area may have different socioeconomic and environmental impacts. Promotion of only one species in an area, for example, may decrease the farmers' income diversification opportunity and this may be risky. For example, the price of cassava is highly volatile in international markets ([National Cassava Policy, 2020](#)) and farmers' income dependency on cassava only puts them at greater risk. Also, there is a higher risk of crop failure when monocropping is done. This practice again results in loss of biodiversity and hence the ecosystem imbalance may occur. Unmonitored fertilizer and pesticide use with an aim of increasing production may harm the soil, water, and even human health. In the same way, planting crops in an area without noting their habitat suitability may become counterproductive as the crops may not give expected production or even may not survive thereby wasting time and resource investment.

#### 33. Mitigation and adaptation strategies to potential negative impacts:

The Project recommends intercropping wherever possible so as to diversify income sources as well as to enhance biodiversity in the project area. National Cassava Policy (2020) also mentions the necessity of effective protection measures against rampant use of chemical fertilizers and other agricultural inputs arising because of the lack of knowledge. Potential negative impacts of each activity and measures to avoid them are listed in the table (below).

#### 34. Impacts of climate change:

Agriculture, forestry and fisheries are highly climate sensitive factors (World Bank, 2022). Erratic rainfall patterns in a country with almost rain fed crop production systems pose a high risk to production of crops. If early information (of changing temperature and precipitation patterns) is not available to the farmers, it further aggravates the situation. As a project with an aim of uplifting livelihoods of rural farmers, ASPIRE-AT is vulnerable to several similar climate change impacts. Commodity specific impacts and strategies to minimize the adverse impacts are presented in the following sections.

#### 35. Strategies to minimize negative impacts:

Impacts of shift in rainfall in rain fed agricultural systems, for example, can be minimized by shifting the plantation periods. But for that, location specific seasonal crop calendar and early information should be made available to the farmers. Similarly, promoting drought tolerant species may help cope with water stress and droughts.

#### 36. Infrastructure:

##### 37. Project impacts on climate change:

Infrastructure for Climate Action Report by United Nations Office for Project Services (UNOPS) "highlights how infrastructure is responsible for 79 per cent of all greenhouse gas emissions and 88 per cent of all adaptation costs" (Thacker et al., 2021). ASPIRE-AT invests in some infrastructure development that helps in systematic collection and processing of the commodities that adds value to the commodity and ensures long term storage and use. However, only minor infrastructures such as collection and processing centers, community buildings, irrigation canals, water storage ponds and warehouses are targeted which do not emit significantly large amount of climate warming greenhouse gases.

##### 38. Measures to address negative impacts:

Infrastructures are indeed needed for the development, but they should be built in sustainable ways that help to achieve the net zero targets and should be resilient (Thacker et al., 2021). Since ASPIRE-AT invests only on small scale infrastructures it is unlikely that the project implementation emits substantially large amount of GHGs. However, care should be taken to minimize the emissions no matter the scale of infrastructure construction. This will be taken care since the beginning of project implementation and such measures are listed in table 9.

##### 39. Potential climate change impacts on the project:

Cambodia was the 12th most vulnerable countries worldwide based on the Global Climate Risk Index (1999 – 2108) and was among the 'very high' impacted countries according to the World Risk Index (2019) where the risk was calculated as a product of exposure and vulnerability (NDC, 2020). Also, the level of hazard is high for floods, landslides, cyclones, extreme heat, and wildfires based on the ThinkHazard tool. The magnitude of observed as well as projected loss and damages are already discussed on the section above. Data shows that floods occur almost every year and sweep away roads and bridges. Similarly, flood may damage collection centers, community buildings and warehouses. This shows that a lot of events occurring as a result of climate change will negatively impact infrastructures that add value to the products from the project sites.

##### 40. Measures to minimize the negative impacts:

Proper site selection is one of the best strategies to protect infrastructures from extreme climatic events such as floods and landslides in order to avoid such risks. The infrastructure that the project aims to invest in will be made in those areas with least possible exposure to hazards and with materials resistant to the impacts of changing climate.

Table 9 summarizes the activities and recommendations for addressing environmental and climate change risks and vulnerability of commodities and people in the targeted areas of project:

Table 9: Value chains and project activities, impacts and the recommendations

SN	Supply chain / activity	Potential impacts on Environment	Risk significance	Mitigation/Adaptation measures
1	Cassava, Cashew Nuts, Fruits	<p>i) Target to increase production may demand additional land and create pressure to forest and natural resources</p> <p>ii) monocropping reduces local biodiversity, decrease soil quality, increase the chance and impacts of disease and pest outburst,</p> <p>iii) increase use of chemical inputs affects soil health, biodiversity and pollute ground water and other water resources, affects human and livestock health,</p> <p>iv) increase water use creates more pressure to ground water,</p> <p>v) increase use of hybrid seed replacing local/indigenous organic seeds impacts on local biodiversity and soil health, demands more water and chemical inputs,</p> <p>vi) application of excessive hormones in mango farming decreases the soil health and local biodiversity.</p> <p>vii) Improper and intensive agriculture practices may cause soil erosion</p>	Medium	<p>i) Project's work will be confined only in agricultural land, attention will be paid for zero forest encroachment and deforestation,</p> <p>ii) Some farmers are practicing intercropping like legumes, maize, shade loving crops; promote and encourage fellow farmers to use it. Encourage integrated land use management and good agriculture practices. Maintain crop rotation as far as possible. Remove old and dying trees to maintain farm health</p> <p>iii) Work together with authorised department to regulate chemical inputs use, aware farmers on the negative impacts of chemical use and the benefits of organic inputs, promote use of organic inputs, retain farmers who are practicing organic farming since long, increase production and access to organic inputs. Promote market for organic products, create environment for additional incentives/price for organic product. Enforce pesticide testing in market. Training farmers on good agriculture practice and Integrated Pest Management. Regular soil testing to inform fertilizer application. Onsite technical support to regulate chemical use.</p> <p>iv) promote water efficient use technology like drip/sprinkle irrigation, rainwater harvesting tank, water conservation/storage ponds.</p> <p>v) Encourage farmers to use local/indigenous seeds, capacitate to select and store those seeds. Ensure adequate market for organic seeds.</p> <p>vi) Regulate use of external hormones.</p> <p>vii) green manure, inter crop, rotation of crops, low tillage field preparation</p>

2	Vegetable	<p>i) Increase use of chemical inputs,</p> <p>ii) Increasing trend of using hybrid seeds,</p> <p>iii) improper agriculture practice may degrade soil quality and also accelerate soil erosion</p> <p>iv) additional pressure to ground water and water resources</p>		<p>i) Work together with department to regulate chemical inputs use, aware farmers on the negative impacts of chemical use, promote use of organic inputs, increase assess of organic inputs. Enforce pesticide testing in market. Training farmers on good agriculture practice and Integrated Pest Management. Regular soil testing to inform fertilizer application.</p> <p>ii) encourage local seed production, screening, storage and marketing. Promote local products varieties.</p> <p>iii) Green manure, inter crop, rotation of crops, low tillage field preparation</p> <p>iv) Protected agriculture. Water efficient use technologies: drip and sprinkle irrigation, rain water harvesting, water storage tanks.</p>
3	Native poultry	<p>i) Improper waste management leading to pollution</p> <p>ii) overuse of vaccination and antibiotics also leading to health problem,</p> <p>iii) increase number and impact of parasites/diseases and pests</p>	Low	<p>i) proper mechanism to collect waste and encourage to make bio-compost,</p> <p>ii) regulate use of vaccination and medicines,</p> <p>iii) Motivate to maintain hygiene, provide onsite support, regular meetings to share the updates and issues if any, proper dissemination of information use</p> <p>ASPIRE has introduced biosafety measures and production techniques that have proven to reduce native chicken mortality. This chicken raising model has received positive reviews and should be further disseminated under ASPIRE-AT.</p>
4	Infrastructure	<p>i) increase waste and chemical pollution</p> <p>ii) increase water use resulting pressure to water resources</p> <p>iii) potential of forest encroachment and natural resource depletion</p> <p>iv) improper design accelerating soil erosion or landslides</p>	Low	<p>i) Adequate provisions of waste management, use of organic waste for bio-compost, recycle and reuse inorganic waste as far as possible,</p> <p>ii) Provision of water storage tanks, rain water harvesting, wise use of water,</p> <p>iii) No any infrastructure in forest area, use permissible natural resources with prior consultation with responsible authority and local communities,</p> <p>iv) climate proof design, use of local materials and indigenous techniques, plantation in exposed soils</p>

SN	Commodity	Climate risk to supply chain	Risk significance	Solution measures
1	Cassava, Cashew Nuts, Fruits, Vegetable	<p>i) Change or unpredictable rain pattern and intense rainfall decrease in production and quality,</p> <p>ii) Drought; water stress and impact on productivity due to increased heat</p> <p>iii) Land damage and impact on production by flood,</p> <p>iv) Crops damage due to storm, there were relatively low damage reported from farmers for cassava, cashew nuts and mango; however, impact could be large for the vegetable and banana</p> <p>v) increase number and intensity/impact of disease and pest,</p> <p>vi) unpredictable rainfall during harvesting time increase damage and decrease price</p> <p>vii) Obstruction on road and transportation due to heavy rainfall and soil erosion</p>	Medium to High	<p>i) and ii) prepare participatory seasonal crop calendar analysing recent shift in rainfall pattern, work to provide early information on the climate, proper plantation techniques to best utilize rainfall water, selection of drought tolerant species.</p> <p>iii) Promote good agriculture practices and climate smart technologies, plant grass and trees with good root network in potential flood risk areas, intercropping,</p> <p>iv) Hedge row plantation and maintain trees in the wind side of farmland, for banana: proper moulding, provision of supports</p> <p>v) Intercropping, crop rotation, capacitate on integrated pest management, good agriculture practices, onsite support to identify and suggest for the control measures, regulate seeds, promote quality organic seeds,</p> <p>vi and vii) Early climate information, proper storage and drying facility,</p>
2	Native Chicken	<p>i) Increase in mortality and production decline due to heat stress,</p> <p>ii) Increase impacts and number of diseases,</p> <p>iii) obstruction in transportation to the market.</p>	Low	<p>i) proper selection of breed as per the locality that helps to adjust with temperature, poultry house with proper air circulation, adequate water supply,</p> <p>ii) good management practice, maintain hygiene, regulations and easy access of medicine, provision of proper monitoring,</p> <p>iii) Provision of meat storage and processing</p>
3	Infrastructure	Flood	Medium to high	i) Screening for site selection, avoid flood prone areas. Only climate proof infrastructure.

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## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex: Aspireat Indigenous Peoples Plan**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## **Indigenous Peoples Plan- For Agriculture Services Programme for Inclusive Rural Economy and Agriculture (ASPIRE-AT) - in Cambodia**



### **Executive summary of the indigenous people's plan:**

The indigenous peoples plan has been developed together with the ESCMF for the International Fund for Agricultural Development (IFAD) and European Investment Bank (EIB) supported project 'Agriculture Services Programme for Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)'. The Project has goal to reduce rural poverty and vulnerability and increase climate resilience of Cambodian rural households through inclusive and environmentally sustainable growth in agriculture sector'. The Ministry of Agriculture, Forestry and Fisheries (MAFF) will be the lead implementing agency of the Project. The Project will be national in scope. The IPP includes general description of the project, the project area and components/ activities that may lead to impacts on indigenous peoples, A description of affected indigenous people(s) and their locations, Summary of substantive rights and legal framework, Summary of social and environmental assessment and mitigation measures , Participation, consultation and FPIC processes, Appropriate benefits, Capacity building, Grievance redress, Monitoring, reporting and evaluation, Institutional Arrangements and Budget and financing.

### **A. Description of the project:**

The International Fund for Agricultural Development (IFAD) will finance an Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project (ASPIRE-AT) in Cambodia. The Project will also be co-financed with the European Investment Bank (EIB) and the European Union (EU).

The projects seeks to investment in activities that will benefit smallholder farmers and rural workers from inclusive and sustainable agriculture sector growth based on exports and domestic markets. This objective will be achieved through three interlinked components. Component 1 will support investments in productive assets for Agriculture Cooperatives (ACs) and Producer Organizations (POs) to improve their production/post-harvest/logistics capacities to meet both export and domestic market demand. Component 2 will support the enabling environment to incentivize the private sector to access markets and catalyse their business investments. Component 3 will support technical assistance to nurture, aggregate/graduate existing groups, including the Business Clusters that supported by the Cs supported by the ongoing Agriculture Services Programme for an Inclusive Rural Economy and ASPIRE and AIMS, into registered Agriculture Cooperatives to engage with the private sector in remunerative market opportunities facilitated under Component 1 and 2. In addition, the ASPIRE-AT program will build also the road within the communities where can promote the farmers to bring their products to the collection or laboratory centres. Due to the ASPIRE-AT program will implement throughout the countries, some provinces consisting of IPs and other some consisting of ancient assets or cultural properties or cultural heritage.

ASPIRE AT will specifically target rural women, youth, people from ethnic minorities and persons with disabilities. The project aims to be gender transformative.

Priority value chains for the project, subject to further validation during the full design, may include: (i) export-oriented, will include premium traceable rice, fresh fruits (longan, speciality banana [not Cavendish], durian, coconut), processed fruits and nuts (mango, longan, cashew), cassava, and (ii) domestic-oriented (but with import substitution effects and potential for future export), will include vegetables and traditional breed poultry.

Therefore, it is imporatnt for Programme to develop the IPP in order to identifies risks, and impacts for avoidance and mitigation measure for ensuring mutual respect and full and effective participation in decision-making on proposed investments that may affect them, especially for the the protection of negative impact on IPs rights, their access to lands, territories and

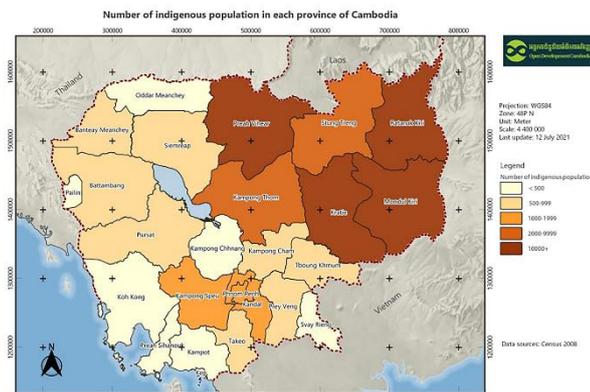
resources, and their livelihoods as well as their culture, believe, culture properties and heritage are highly taking into consideration based on the IFAD Policy Engagement with Indigenous Peoples and IFAD on How to do seeking free, prior and informed consent in IFAD investment project and others the commitment of IFAD from the Global Meeting of the Indigenous Peoples' Forum at IFAD.

**Geographical location:** The project will be implemented throughout the country which the project management team will be discussed and implement the IPP, if the project activities fall in areas that are home/community to indigenous peoples.

**B. Description of indigenous peoples**

**(i) Description of the community or communities constituting the affected peoples**

By using the indigenous mother tongue languages for identification, there are indigenous groups in Cambodia with a population of 171,193, equivalent to 1.34% of the total Cambodian population in 2008 and 183,831, equivalent to 1.25% of the total Cambodian population in 2013 (the growth rate of 0.51% per year). Of the indigenous groups, there are only 6 groups, each having more than 10,000 people and they are Tampuan, Prong, Kreung, Kuy, Jarai, and Prey, which account for a total of 88% of the 22 indigenous peoples. Although the indigenous peoples nowadays live in almost all provinces/capital, the vast majority of them live in only six provinces: Ratanak Kiri, Mondul Kiri, Kratie, Stung Treng, Kampong Thom and Preah Vihear, accounting for 92.4% of the indigenous peoples in 2013.<sup>1</sup> Here they constitute approximately 450–600 communities.<sup>2</sup>



total

22

There are 53% of the total IP aged between 15 – 59 years old (the ages that can have a career or involve in economic activities). 86.6% of the IP, who aged above 15 years old, has a job of which 0.1% are employers, 4.6% are employees (has salary), 38% are self-employ and 57.3% are worked without salary/wage. The majority of the IPs (93.3%) are working in the agriculture sector, 5.1% are working in the services sector and 1.6% are working in the industrial sector. 95.1% of the IP are working with private local companies.

IPs remain amongst the most vulnerable in Cambodia and lack behind on most economic and social indicators, while struggling to keep their cultures, languages and community structures alive. Indigenous communities are conflicts over land with an increase in land concessions, mining, illegal logging as well as major development projects as hydro power plants, encroaching on their traditional lands, livelihoods and hence, cultures. Even though there are relevant laws to ensure indigenous communal land titling, the enforcement is lacking behind and conflicts between the concessioners and communities is common. Indigenous environmental and human rights defenders increasingly report incidences of threats and harassments. In addition, indigenous communities face challenges of access to public education and health provision, due to distance to facilities, communication complications and discriminatory attitudes amongst service providers.

**(ii) An identification of any vulnerable groups within the affected peoples (e.g. up contacted and voluntarily isolated peoples, women, and girls, the disabled and elderly and others.**

<sup>1</sup> MOP (2021). The National Report on Demographic and Socio-economic Situation of Indigenous Peoples in Cambodia  
<sup>2</sup> Baird, I.G. 2013. 'Indigenous Peoples' and land: Comparing communal land titling and its implications in Cambodia and Laos. *Asia Pac. Viewpoint* 2013, 54, 269–281.

- **Indigenous Yong**

The indigenous peoples are young population, with the population aged under 15 years old was 41.7% in 2008 and decreased to 37.4% in 2013. However, the working-age indigenous population also increased between 2008 and 2013, with an annual growth rate of 1.23%. By age group in 2008, children under the age of 5 accounted for 13.6%, children 5-17 years of age accounted for 34.4%, the 18-35 years of age accounted for 28.8%, the middle aged from 36 to 59 years old accounted for 17.8%, and the elderly aged 60 years old and above accounted for 5.4% of the total indigenous population. In 2013, the percentage distribution of these age groups varied slightly.

- **Indigenous Women**

The percentage of indigenous women is quite similar to that of the general population of Cambodia and is not significantly changed (50.9% in 2008 and 51.1% in 2013). In terms of sex ratio by age group, the sex ratio of indigenous peoples is greater than 100 for young peoples, and gradually declining as the age groups increase.

The indigenous families are larger in size than the average family size of the total Cambodian population, with an average of 5.3 members per family in 2008 and 4.9 in 2013. Female headed families accounted for 14% in 2008 and 22% in 2013, and about 18% of indigenous families were families, with one indigenous spouse and the other spouse belonging to other majority or minority ethnic groups.

- **Gender Context**

Within the IP villages, the roles and responsibilities of men and women vary depending on the season and the demands for harvesting, child rearing, household chores and ownership. During rice planting and harvesting, the men will be predominantly participating yet women additionally support this activity. Child rearing is a maternal role, which is a root cause in women's inability to attend events as it is seen as an all-encompassing duty for many years. Household chores of collecting firewood and water are tasks that young women do for several hours a day beginning at 4:30am. This is another predisposed situation where young women are given strenuous activities, which reduces their participation in other potentially capacity building, educational and informative meetings. Ownership of land is a difficult concept to explain in Cambodia in general, but IP cultural changes are in a state of great flux. Therefore, ownership is more diverse, where previous strong matrilineal IP influence meant women's position of power included ownership of property and the home. Secondary to that, was the use of love huts which provided a separate raised hut for teenage boys and girls to visit at night. This additionally gave power to the women in choice and preference. These scenarios are all but gone; depending on the village distance from towns, and their ability to not be diffused into the prevailing culture of patriarchal norms. Most of the new views of male ownership have taken hold, yet women are typically the managers of household money.

The practical needs and strategic interests that IP communities have are a broad spectrum of similar topics of social justice and human rights. The differences between the two genders are in the disparity of women's need for greater access compared to the men. Men in general have more mobility from the home. Attaining education is something that is more often done by young men compared to young women. Although post-secondary school is where a vast majority finish their studies, it is still a visible gender imbalance where girls are burdened by other duties and are expected to watch the boys go to school if they want to. This area is changing for the better slowly, but still should be noted to be a strategic interest for the purposes of measuring a gender power analysis of the IP communities.

Men and women have different decision-making powers depending on the social circles they are within. There are far more men involved in the political sphere the higher you go up the jurisdictional level. Village Chiefs are almost always men, including Commune Chiefs. Above this echelon are Khmer male governmental officials who the IP men work with and partake in the customary roles of Khmer men. Khmer culture is male dominated, and this in turn is reinforced by IP men additionally following suit. The remaining cultural context of life at home and community involvement in decisions that affect both women and men are more decided by men due their increased connections and participation with the outside world.

The situational and power analysis for these IP communities indicates that interventions targeting women, both young and adult, bring about a more fulsome perspective of the needs, health and well-being of the communities. Women have historically played a greater substantiated role in these villages, and are an untapped resource of knowledge that can contribute to the overall wellbeing of all members of these societies. The more informed and skilled women may become, upon their interest and opportunity, the more they will be able to support the network of IP voices that are rising in the plight against interlopers and Economic Land Concessions (ELCs). The increased visibility of women in the public realm can begin to open a dialogue about certain demands that may have been overlooked through only a male's perspective.<sup>3</sup>

▪ **Indigeneous peoples with disability**

Disability data shows that nearly 1.5% of the indigenous population has some kind of disability, of which nearly 70% are disabled after birth and most are disabled in seeing and in movement.

### C. Summary of substantive rights and legal framework

Cambodia, the legislative framework for the protection of the rights of Indigenous Peoples (IPs), including enhancing sustainable land management, and the imposition of tighter restrictions on land clearing for speculation in order to maintain, and to protect and preserve Indigenous Peoples' rich has been continually developed. In particular, there has been legislative recognition of Collective Land Rights, and traditional methods of land use and management. Key legislative instruments include:

1. The Cambodian Constitution (Article 31; guarantees all Cambodians' the same rights regardless of race, colour, language and religious belief,
2. Convention on Biological Diversity (1992),
3. The Forestry Law (2002) also recognizes the practice of shifting cultivation with registered land, and ensures traditional use rights through a Community Forestry Management Plan
4. Sub-decree on the Registration and Right to Use of Land of Indigenous Communities in Cambodia 2009
5. The National Policy for the Development of Indigenous Peoples 2009,
6. UN Declaration on the Rights of Indigenous Peoples<sup>4</sup>, and;
7. The Land Law (2001) which recognizes the Right of Indigenous Community to collective ownership of their lands, which also includes a right to access interim measures for protection of indigenous lands until formal land titling can occur. It also explicitly recognizes the practice of the shifting cultivation.

*"Most of the legal, regulation, and policies of Cambodia are good enough in terms of the acknowledgement of the indigenous peoples' culture as well as the harmonization in the country context. However, there are still a few issues that need to be address such as the concept of the territory, special treatment for indigenous peoples. As the indigenous people are the vulnerable groups and faced to be disappeared, all the laws and its additional regulation must have a specific part to deal or address the indigenous people issues in accordance with integration of the UNDRIP. To make sure that this would happen, there must be a team or agency that would specifically advocate to the draft of all the Legal, regulation, and policies once they developed."*<sup>5</sup>

The Cambodia Assessment Report (CAR) stated a finding that that there is an existing prevailing political environment including a stated political will of relevant high level government entities to take into account inclusive *rights* of indigenous peoples (IPs) in the development of legal frameworks, regulations and policies, as well as in the National Strategic Development Plan

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3 (Mr. Yin Sopheap). Assessment Report Legal, Policy, and Administrative Evaluation of Indigenous Peoples in Cambodia April 2016

<sup>4</sup> voted By Royal Cambodian Government in 2007

<sup>5</sup> CPR

(NSDP) and Joint Monitoring Indicators (JMI) from 2014 to 2018 by mandated government institutions<sup>6</sup>).

For instance, the 2009 National Policy on the Development of Indigenous Peoples (NPDIP) prepared by the Department of Ethnic Minority Development (DEMD) from the Ministry of Rural Development (MRD) contained comprehensive frameworks which are also referred to in the National Strategic Development Plan (NSDP) under section 4.100. These include Chapter IV which importantly lists *Key Priority Policies and Actions 2014-2018 of the Rural Development in order to achieve RGC's priority policies, Ministry of Rural Development (MRD) will: Construct an ethnic minority development and conservation center in Mondul Kiri*. In addition under the table 4.5: Key Indicators of Ministry of Rural Development, specific numbers of ethnic minority communities whose identities have been recognized as individual Communities, identified from 2012 to 2018, this started from 80, and finalised in 250 communities. Also included in the NSDP is, in section 4.62 (pages 130) which deals with priority policies and land reform and clearance of mines and Unexploded Ordinance (UXO): *RGC will intensify land reforms, focusing on strengthening the management, organization, utilization and distribution of lands that will contribute to reducing poverty, ensuring food security, protecting the environment and natural resources, and socio-economic development, within a market framework*. In the NSDP, the recommendations conclude that the RGC will focus on the following priorities:

1. Further promoting the formulation of a comprehensive land policy entitled "White Paper on Land" which already done and ***included the indigenous peoples land rights***.
2. Promoting the preparation of Law on Land Management and Urbanization and Law on Agricultural Land.
3. ***Accelerating land registration and issuance of land titles including for state lands, private lands and indigenous community lands through regular land registration process. In this connection there is specific yearly indicator for 10 communities collective land registration in Join Monitoring Indicator (JMI)<sup>7</sup>*** while MAFF commit for 32 Community Forestry annual applications.

More broadly, the current NSDP does not adequately prioritise and promote IP rights issues, specifically with regard to land tenure, official recognition, and specialized health and education schemes. This is a key point which needs to be considered for the development of any subsequent NSDP, and will feature throughout Road Map activities.

Relevant government entities which implement indigenous inclusion remain particularly weak. In addition, other limitations and exclusionary attitudes are noticeable features which have led to systematic discrimination against traditional ways of life and traditional land occupation. This has led to shortcomings in terms of properly respecting IP's rights articulated through National legislative instruments and the UNDRIP itself. This has been further weakened due to the Royal Government of Cambodia (RGC) of the 5th Legislature having strategies for the transformation of the Cambodian economy for growth and sustainable development, which conflict with these other frameworks. Reasons for this tension include the following key issues identified in the evaluation:

There is very limited national budget allocation to implement the indicators of the NSDP, especially for the implementation of the National Policy on Indigenous Peoples for development. For instance, there is no specific budget to implement the indicator for the implementation of the NSDP under section 4.100, Chapter IV: Key Priority Policies and Actions 2014-2018 of the Rural Development in order to Construct an ethnic minority development and conservation centre in Mondulkiri. Other examples, include the indicator for *Number of ethnic minority communities whose identities have been recognized* it was stated that there will be 190 indigenous peoples communities (IPC) recognized by MRD in 2016. **Until now there have only been 117 IPC that have been recognized by MRD. Furthermore, without the technical and financial support from NGOs and Donors, not even this smaller number would have been recognized;**

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<sup>6</sup> Ministry of Rural Development (MRD), Ministry of Land Management, Urban Planning and Construction (MLMUPC), Ministry of Interior (MOI), Ministry of agriculture, Forestry and Fisheries (MAFF), and Ministry of Environment (MOE)

<sup>7</sup> As attached in the reference doc

The new Draft Law on Agricultural Land (DLAL) being formalised in July 2016 is proposing limitations and restrictions on the Indigenous peoples shifting cultivation practice over specific land in the name of modernization of agriculture and for the development of cash crop, or permanent farming techniques. This directly contradicts IPs customary land tenure, and conflicts with the existing Land Law (articles 16, 23, 26). There are also other challenges which need to be met in relation to existing and proposed legal frameworks contained in the Forestry Law, Protected Areas Law, Fishery law, and the Environment Code (pending), which also limit the rights of the indigenous peoples. The new DLAL is being jointly drafted by the Working Group of the General Directorate of Agriculture (GDA), Ministry of Agriculture, Forestry and Fisheries with the close cooperation of the Food and Agriculture Organization (FAO). The background of the development of this draft law is within the context of changes in Cambodia and the progress of the country through its transformation into becoming a "low to middle income country", and because Cambodia has been integrated into the ASEAN economy which in turn requires the linkage of its national development to the region, and more broadly to the world. In addition, the Royal Governments have stated policies and strategies which have been developed with the aim to ensure sustainable use and improvement of agricultural land for all agricultural land users. Various stakeholders have been involved in the draft law's design through a consultative process since 2011. A second draft was included an additional consultation process on 28-29 May 2016 (Sihanoukville) 18-19 July 2016 (Kratie), 12-13 July 2016 (Battambang). There will be another consultation round in October 2016. This DLAL has 13 Chapters and 114 Articles.

**The evaluation found that there is a legal expertise team who are knowledgeable on indigenous people's culture and rights that is supported by NGOForum to facilitate the process of consultation with relevant stakeholders for input and comment, however, critically, there are only limited numbers of indigenous people's representative / leaders themselves who have the capacity to fully participate to provide input and commentary for the consultation process.**

The Cambodian Prime Minister made comment in the public statement in 2014 (*as in the quote of video clip*) to the effect that in order to improve economic growth and sustainable development there is a need to transform away from shifting cultivation to permanent farming, and also to eliminate resin tree collection practices in favour of large scale rubber collection practices, indicating a fundamental misunderstanding which may catalyse a lack of political will

There are other major challenges which stem from the inconsistency of national legal instruments. For instance, the concept of territory identified in the Country Assessment report, is consistent with the 2001 Land Law, the 2002 Forestry Law and the 2008 Protected Area Law, the 1993 Cambodian Constitution, and the principles of UNDRIP. However, if we look at Sub-Decree 83 (SD#83 on Indigenous Peoples Land Registration, article 6) it is not aligned with the Land Law (article 16, 23, 26) and (Forestry law article 37). There is a major inconsistency with respect to the size limitation of spiritual and burial land. In practice, differences in understanding of the concept of "territory" between indigenous peoples and government officers, and the misinterpretation of legal frameworks, is a fundamental problem which leads to land ownership conflicts and the non-recognition of customary land tenure. There is another critical weakness pertaining to customary land tenure which can be found in Cambodian Law. There are provisions in the Land Law, article 23, which provides that prior to their formal legal status being determined under the Law on Communities, Indigenous people's groups actually existing at present, shall continue to manage their community and immovable property(s) according to their traditional customs and shall be subject to the provisions of the law. However, SD#83 is inconsistent with Article 23 of the Land Law. SD#83 authorises the provincial authority to issue Interim Protection Measures, only once IPs submit their communal land title (CLT) application. Therefore, they are afforded no protection pursuant to SD#83, unless they have formally submitted their CLT application.<sup>8</sup>

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<sup>8</sup> Substantive advice paper Legal, Policy, and Administrative Measure to Implementation the UNDRIP in Cambodia-July 2016 by Ms. Yun Mane

## The Constitution of the Kingdom of Cambodia

There is no specific reference to Indigenous Peoples in the Constitution of the Kingdom of Cambodia, however Article 31 of the Constitution of 1993 guarantees that "Every Khmer citizen shall be equal before the law, enjoying the same rights and freedom and obligations regardless of race, color, sex, language, religious beliefs, political tendency, national origin, social status, wealth or other status".<sup>9</sup> In the debate on the Constitution in the National Assembly, the representatives discussed the definition of Khmer citizens. It was agreed that the term included some Cambodian ethnic minorities, such as the hill-tribe people known as Khmer Leu and the Khmer Islam.<sup>10</sup> In relation to international declarations, the Constitution Article 31, provides that "The Kingdom of Cambodia shall recognize and respect the human rights as stipulated in the United Nations Charter, the Universal Declaration of Human Rights, the covenants and conventions related to human rights, women's and children's rights."

## The Land Law 2001

During the Khmer Rouge of 1975–1979, the majority of property ownership regimes were destroyed. The Land Law 2001 was to resolve this, by generating a structure of land security to both the civilian population as well as to foreign investors.<sup>11</sup> As such, the Land Law annulled all past claims to land, declaring that "any regime of ownership of immovable property prior to 1979 shall not be recognized" (Art. 7).<sup>12</sup> Implicitly, this rule effectively invalidated the Indigenous land tenure systems and ancestral rights that existed pre-Khmer Rouge. By 2001, land governance was entirely positioned in the hands of the state.<sup>13</sup>

The Land Law was the first law that legally recognised the right of Indigenous communities to collective ownership of land.

The rights to land and property in Cambodia are governed by this law, which is primarily based on the provisions of the 1993 Constitution. It defines the scope of ownership of immovable properties, such as land, trees and fixed structures. The Land Law, Article 5, states that "No person may be deprived of his ownership, unless it is in the public interest. Any ownership deprivation shall be carried out in accordance with the governing procedures provided by law and regulations, and after the payment of fair and just compensation in advance." The Land Law grants collective land ownership rights to indigenous communities. Article 26 states that ownership of immovable properties is granted by the state to indigenous peoples as collective ownership. This collective ownership includes all of the rights and protections as enjoyed by private owners. The exercise of collective ownership rights is subject to the responsibility of traditional authorities and decision-making mechanisms of the indigenous community, according to their customs and subject to the laws of general enforcement related to immovable property such as the law on environmental protection (Article 26).

The Ministry of Land Management, Urban Planning and Construction (MLMUPC) is responsible for receiving the land registration application. Mechanisms for dealing with land conflict issues are discussed at an inter-ministerial level and issues related to land application and/or conflict are submitted to an inter-ministerial working group comprised the Ministry of Interior, Councils of Ministers, MEF, Ministry of Environment (MOE), Ministry of Agriculture, Forestry and Fisheries, MRD, and other relevant ministries.

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<sup>9</sup> RGC. 1993. Constitution of the Kingdom of Cambodia of 1993, officially promulgated as of 2008. Accessed online March 2022 <https://pressocm.gov.kh/en/archives/9539>

<sup>10</sup> International Center for Ethnic Studies (ICES) and Minority Rights Group International, London. 1995. *Minorities in Cambodia*. ICES, London.

<sup>11</sup> Keating, N. B. 2013. Kuy alterities: The struggle to conceptualise and claim Indigenous land rights in neoliberal Cambodia. *Asia Pacific Viewpoint*, Vol. 54, No. 3, December 2013 ISSN 1360-7456, pp309–322

<sup>12</sup> RGC. 2001. Land Law, Royal Government of Cambodia (RGC), 2001.

<sup>13</sup> Keating, N. B. 2013. Kuy alterities: The struggle to conceptualise and claim Indigenous land rights in neoliberal Cambodia. *Asia Pacific Viewpoint*, Vol. 54, No. 3, December 2013 ISSN 1360-7456, pp309–322

In Article 23, an indigenous community is defined as “a group of people that resides in Cambodia whose members have manifested ethnic, social, cultural and economic unity and who practice a traditional lifestyle, and who cultivate the lands in their possession according to the customary rules of collective use.” In Cambodia, the IPs policy was formalized by the MRD in 2009. The policy clearly states that all relevant ministries shall recognize that IPs has its own culture and tradition, and have full rights and privileges related to their culture and traditions. The culture and tradition consist of the community land occupation, actual land that they currently use, land for their funeral purposes, land for agriculture farming, land for their belief systems, and land for their benefit. Therefore, IPs have full rights and privilege to protect their collective and privately- and community-held lands. Any project with the potential to involve involuntary resettlement impacts among IPs will need to collect detailed information on their land-use, economic activities, and social organizations, in order that a culturally appropriate IPDP is formulated with full and meaningful consultation of affected indigenous peoples. All development projects must refer to this law. Article 28 establishes that “no authority outside the community may acquire any rights to immovable properties belonging to an indigenous community”.<sup>14</sup>

In article 265 stated about where an infringement an infringement [is] committed against land rights of indigenous communities by an authority who is responsible for the management of the zone in which the immovable property is located, [the authority] shall be fined.

### **Law on Forestry**

*The Forestry Law 2002* also refers to indigenous communities – yet with some contradictions to the Land Law, amongst others related to definitions as well as the right to use versus own the forests within State boundaries.

The Law on Forestry of 2002 contains several articles which relate to Indigenous Peoples. Article 11 stipulates that the classification, registration and setting of boundaries for all forests within the Permanent Forest Estates are to be coordinate with concerned local communities and concerned authorities in order to assist in registration of land property of Indigenous community and preparation of the national land use map. Article 15 state that concessionaires shall have the right to manage and conduct Forest Products & By-products harvesting operations within their concession, while ensuring that the operation does not interfere with the following: 1) Customary user rights taking place on land property of indigenous community that is registered with the state consistent with the Land law; and 2) Customary access and user rights practiced by communities residing within, or adjacent to forest concessions. Article 44 addresses customary user rights of forest products and by-products for local communities operating under a Community Forest Agreement and provides a legal basis for Indigenous communities, to use and manage forests through community forestry. Article 45 recognizes the religious forest of local communities, living within or near the forest, as serving religious, cultural or conservation purposes. Furthermore, it is prohibited to harvest any spirit trees, thus they may be specially marked and shall be identified in a Community Forest Management Plan. Article 76 stipulates that forest offences are criminal offences.<sup>15</sup>

**Policy on registration and rights of used of land of indigenous communities on 24 April 2009 and Sub-degree on registration and rights of used of land of indigenous communities on 09 June 2009:** are provide the indigenous communities with legal rights over land tenure to ensure collective land tenure security and to protect collective ownership

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<sup>14</sup> RGC. 2001. Land Law, Royal Government of Cambodia (RGC), 2001.

<sup>15</sup> RGC. 2003. Law on Forestry, Kingdom of Cambodia. Forest Administration 2003. Accessed online Jan 2022.  
<http://extwprlegs1.fao.org/docs/pdf/cam50411.pdf>

by preserving the identity, culture, good custom, livelihood and traditions of each indigenous communities.

### **The Protected Areas Law of 2008**

The Protected Areas Law of 2008 deals with forests set aside for conservation such as national parks, wildlife sanctuaries, natural heritage sites etc., in which development is prohibited or limited for ecological or cultural conservation. Specific protected area zones include 1) Core zones of high conservation value, access to the core zone is prohibited except for officials and researchers with prior permission; 2) Conservation zone which are management areas of high conservation value, in this zone small-scale community uses of NTFPs to support local ethnic minorities' livelihood may be allowed under strict control, provided that they do not present serious adverse impacts on biodiversity within the zone; 3) Sustainable use zones, which are management areas of high economic value, including for local communities and Indigenous Peoples livelihood improvement, in this zone development may be permitted by the RGC; 4) Community zones which are management areas for socio-economic development of the local communities and IP and may contain existing residential lands, paddy field and field garden or rotational farming. The law specifically prohibits the felling of trees within protected areas. The law guarantees the rights of IP and the public to participate in the decision-making, on the sustainable management and conservation of biodiversity (Art. 4). The law encourages local and IP communities to participate fully in the provision of the protected area management, conservation, and development (Art. 21). Article 22 state that the RGC recognizes and secures access to traditional uses, local customs, beliefs, and religions of the local communities, and IP residing within and adjacent to the protected areas. Further, the access to traditional uses of natural resource and customary practices of local and Indigenous communities on a family scale may be allowed within sustainable use zone and conservation zone following specific guidelines provided by the MoE.<sup>16</sup>

Despite the legal recognition of Indigenous customary use and access rights, the Special Rapporteur on the situation of human rights, received consistent information that many Indigenous and local communities living within, or adjacent to, environmentally protected areas have restricted access to their traditional land. Local authorities are reported to deny IP this right, which sometimes lead to tensions and criminal action against community leaders or activists.<sup>17</sup> Data from Global Forest Watch shows that between 2001 and 2020, Cambodia lost 779,000ha of tree cover in protected areas, equivalent to a 14% decrease since 2000.<sup>18</sup> As of 2012, MoI had approved 113 ELCs inside protected areas.<sup>19</sup>

### **National Policy on the indigenous people's development**

The National Policy on the Development of Indigenous Peoples was approved by the plenary of the Cambodian Council of Ministers in 2009 and includes ten chapters on important areas for indigenous peoples, including culture, education, health, environment, land and agriculture and water source, infrastructures, justice, tourism, industry, mine and energy. The Department of Indigenous Peoples' Development in the Ministry of Rural Development is the implementing agency. on 24 April 2009, stated that the indigenous peoples practice different cultures, traditions, customs, beliefs and languages according to their particular group. As for the main occupations to make their living are shifting cultivation based on their tradition by slashing and burning forests for

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<sup>16</sup> RGC. 2008. Protected Areas Law, No NS/ RKM//0208/007. Accessed online Jan 2022.

[http://www.cambodiainvestment.gov.kh/law-on-nature-protection-area-protected-areas-law\\_080104\\_080104.html](http://www.cambodiainvestment.gov.kh/law-on-nature-protection-area-protected-areas-law_080104_080104.html)

<sup>17</sup> Human Rights Council. 2020. Report of the Special Rapporteur on the situation of human rights in Cambodia. 2020. A/HRC/45/51

<sup>18</sup> Global Forest Watch. "Tree cover loss in Cambodia". Accessed on 11/03/2022 from [www.globalforestwatch.org](http://www.globalforestwatch.org).

<sup>19</sup> ADHOC. 2012. The Report of Land and Housing Rights 2011, 2012; Human Rights Council, Report of the Special Rapporteur on the Situation of Human Rights in Cambodia, 24 September 2012. Accessed online Jan 2022: [www.ohchr.org/Documents/HRBodies/HRCouncil/RegularSession/Session21/A-HRC-21-63-Add1\\_en.pdf](http://www.ohchr.org/Documents/HRBodies/HRCouncil/RegularSession/Session21/A-HRC-21-63-Add1_en.pdf).

rotation farming, collection of forest by products, hunting, fishing and livestock...etc. Their livelihoods depend entirely on the natural environment. They face hardship and shortages of roads and means of transportation. In terms of the health sector, the indigenous peoples are vulnerable people. While talking about the education sector, their educational level is very limited. Therefore, their living standards are also low. In regards to the Royal Government's long-standing vision "to realize Cambodia with social solidarity, advanced education and vibrant culture, without poverty, illiteracy and poor health" and based on the Cambodian millennium development goals, particularly the first goal "to reduce extreme poverty and starvation" and the second goal "to realize overall fundamental education", this "National Policy on the Development of Indigenous Peoples" has the following goals:

- Indigenous peoples shall have a living standard beyond starvation and extreme poverty.
- Indigenous peoples shall be provided for at least nine years of fundamental education and shall be provided for appropriate vocational skill training courses according to their needs and based on the geographical areas in which they live.
- Indigenous peoples have been provided for good healthcare services.
- The cultures of indigenous peoples have been carefully protected and safeguarded.

In order to achieve the above-mentioned goals and to ensure good development management, the Royal Government has general and sectoral policies for indigenous peoples whereby the main sectors include: culture, environment, land, **agriculture**, water resources, infrastructure, justice, tourism and etc.

List of the activities that are prohibited until the delimitation, demarcation and titling

No.	Prohibited Activities
1	<p>Displacement over the ancestral land includes spiritual/burial place/ residential /Reservation land or and cultural heritage of IPs.</p> <p><i>Indigenous peoples and their members have the right to be protected from forced displacement from their territories caused by violence. In case of being displaced by violence, they have the right to receive special attention by the State while they are displaced. The forced displacement of indigenous or tribal villages, groups of families, communities or peoples from their lands due to armed violence, implies in many cases the loss of their socio-cultural integrity and their habitat.</i></p>
2	<p>The project should not the exploration of exploitation of natural resources that are located in territories of IPs which have not been delimited, demarcated or titled, without effective consultations with and the informed consent.</p>

#### **D. Summary of social and environmental assessment and mitigation measures**

In order to minimise and avoid the impact on the indigenous people's communities over their rights, lands, territories, resources, traditional livelihoods and cultural heritage during the subproject implementation, the screening tools for potential risks from proposed subprojects which are using the Social, Environment, Climate Assessment Procedure (SECAP) questions and indigenous screening tools to identify potential adverse impacts and risk relating to social, environment and cultural. The screening tools to be used to minimize or avoid the impact on the indigenous peoples social/culture/environment shall be done during the subproject selection, designing and implementation phase to make sure that the subproject or project implementation will be no negative impact to IPs lands, territories, resources, traditional livelihoods and cultural heritage. Beside of screening to be used for minimizing the impact on the IPs, there is requires to include the training program on the FPIC principles as stated in How to Seek the FPIC and IFAD Policy Engagement with IPs and also IPs situation. The training program will require to provide the PMU and project stakeholders at all levels to make sure that they will understand about the IPs rights/how to seek the FPIC and IFAD policy engagement with IPs and properties available in the subproject areas.

Refer to screening checklist and ESCMF results in related to social and environmental assessment and mitigation measures.

**E. Participation, consultation and FPIC processes**

In line with the FPIC Implementation Plan, ASPIRE-AT PMU and implementation partners shall consider the cultural appropriate consultation based on the FPIC principles and process to under with the affected indigenous peoples through the following processes

- Establish a mechanism for continuous dialogue and engagement of indigenous peoples with their indigenous languages
- Share objective and scope of the project with the representatives identified by the communities and identify project component(s) requiring FPIC.
- Inform them on the actors financing and implementing the project and their respective responsibilities.
- Provide clear and transparent information on the benefits and risks of the project.
- Share the findings of the sociocultural, land tenure and environmental assessment.
- Participatory methodologies and consultation and consent processes, it is recommended that the promoter and financing entities of the projects consider formalizing consent an agreement.

**F. Appropriate benefits**

As already proposed in the ASPIRE-AT objectives and planned and under the IFAD guidance, the programme shall ensure that indigenous peoples receive equitable social and economic benefits that are culturally appropriate, including a description of the consultation and consent processes that led to the determined benefit-sharing arrangements as well as to enhance IFAD’s development effectiveness in its engagement with indigenous peoples’ communities in rural areas, and especially to empower them to overcome poverty by building upon their identity and culture, and response.

**G. Capacity support**

In responded to program objectives and also to enhance IFAD’s development effectiveness in its engagement with indigenous peoples’ communities in rural areas, and especially to empower them to overcome poverty by building upon their identity and culture, and response, there are key needs and capacity building that proposed for the programme to be consider with the following:

<b>Capacity Building For:</b> Project Management Team, Project Partners and Target Group on IFAD Policy Engagement with indigenous peoples and How to Seek the Free Prior Information Consent as well as IPs legal framework
Improving seed that IPs are maintaining which adopted with the climate resilience and especially promote the good agricultural practices as far as possible etc.
Improving community’s awareness and preparedness to climate change risk mitigation and adaptation
Capacity building and training for the project implementation units to ensure that indigenous peoples will be disaggregation and benefit from the project
Building the meaning engagement between IPs and Project Management Team and Project Partners
Interpreters, general logistics of the process and consultations in conducting FPIC in all targeted communities.

**H. Grievance redress**

The grievance redress mechanism under the programme, first shall consider the internal indigenous communities’ mechanism (customary rule and practice) by traditional elders and indigenous community committee and used their own indigenous people’s language with appropriated timeframe and well written documented (encourage for audio/video) that already exist, then can be further to commune council/district authority and other concerned and the other involvement third-party/external mediation. This shall consider to create the grievance

redress committee composed by the indigenous community leader, chief of village, commune council as well the project implementation team.

## **I. Monitoring, reporting and evaluation**

In connection with ESCMP's M & E proposed, the appropriate monitoring and evaluation (M&E) systems should be set up includes appropriate indicators to measure success in the livelihoods of targeted indigenous peoples. In M&E systems should include such indicators wherever they are appropriate. Indicators on how to measure well-being, poverty and sustainability in a way that is relevant to indigenous peoples can be identified based on ongoing work in other organizations to complement conventional project outcome and impact indicators. M&E mechanisms should be participatory and adapted to capture indigenous peoples' perceptions and perspectives. This can be achieved through independent M&E studies among indigenous peoples on their opinions and perceptions on the progress of plans and programmes. Participatory M&E should be part of normal project operations and should serve as a steering mechanism to identify problems and appropriate adaptive measures. Special care must be taken to facilitate easy and timely access to M&E results by communities themselves. Successes should be documented, applying rigorous and appropriate evaluation methods, including participatory methods, and will be disseminated in-country and to IFAD's partners.<sup>20</sup>

**Note:** The appropriate M & E tool of ASPIRE-AT under the IPs target community is highly recommended to use the sample system and with specific IPs Data Disaggregation and indigenous people's languages by follow the commitments under the principles of FPIC with direct participation of indigenous peoples.

## **J. Institutional Arrangements**

The **Project Executing Agency** will be MAFF which will assign project management responsibilities to the existing ASPIRE Secretariat, ensuring the FPIC implementation plan and also the IPP plan will be implemented, if the project fall under the area of IPs target especially for the capacity building.

**ASPIRE AT Secretariat** responsibilities will include (1) project planning and reporting; (2) project financial management and procurement; (3) monitoring and evaluation; (4) social, environment and climate change risk management; (5) guide implementation of the Gender Transformative Approach; and (5) mainstream adoption of digital technology in all components.

**Ministry of Environment:** In order to provide the legal protection support for the protected/conservation area on spiritual forest/ burial place.

**Ministry/Provincial Department of Culture and Fine Art:** Provide the Protecting the cultural heritage/cultural conservation area (Mountain/forest), traditional identity etc.

**Ministry/Department of Rural Development:** Contribution to support on the policy for the development with the indigenous peoples.

**Ministry of Interior:** Obtain the legal entity or legal protection on IPs community and ensuring the security of their land and territory for the sustainable used and management. Also provide intervention and ensuring the securing of cultural assets

**Ministry/Department of Land:** Provide the technical support on the land demarcation and certificated if need for legal recognition over the indigenous collective land title.

**Provincial/District/Commune:** Ensure the technical support on the process of consultation and participation of the indigenous communities within the project.

**Indigenous Community Traditional Elder:** Ensure the process consultation will be done based their traditional way as collective decision making and provide safeguard for protecting their land, cultural and environmental.

**Indigenous Community Committee:** Ensure the process consultation will be done based their traditional way as collective decision making and fulfilment of the project support and implement also avoidance any affected area.

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<sup>20</sup> IFAD Policy on IFAD Engagement

## K. Budget and financing

The following appropriately costed plan will be mainstreaming into the AWPB, with itemized budget sufficient to satisfactorily undertake the activities described.

Activity	Total budget (USD)	Notes
Social, Environment and Climate safeguard specialist <b>(Mainstreamed in project design)</b>	72,000 USD	3000 USD x 24 months
Facilitator supporting the FPIC processes in IFAD funded Project	60,000 USD	2500 USD x 24 months
<b>Capacity Building For:</b> Project Management Team, Project Partners and Target Group on IFAD Policy Engagement with indigenous peoples and How to Seek the Free Prior Information Consent as well as legal framework.	20, 000 USD	Four times
Improving seed that IPs are maintaining which adopted with the climate resilience and especially promote the good agricultural practices as far as possible etc.	50,000 USD	
Improving community's awareness and preparedness to climate change risk mitigation and adaptation	50,000 USD	
Capacity building and training for the project implementation units to ensure that indigenous peoples will be disaggregation and benefit from the project	10,000 USD	
Building the meaning engagement between IPs and Project Management Team and Project Partners	20,000 USD	
Interpreters, general logistics of the process and consultations in conducting FPIC in all targeted communities.	50,000 USD	
Monitoring and Evaluation meetings and reporting meetings to community	20,000 USD	
Contingency	10, 000 USD	
<b>TOTAL</b>	<b>362,000.00 USD</b>	

**Note:** The IPP will be implemented as part of project implementation. However, in no case shall project activities that may adversely affect indigenous peoples take place before the corresponding activities in the IPP are implemented. Where other project documents already develop and address issues listed in the above sections, citation to the relevant document(s) shall suffice.

For an IPPF, the above outline would be modified to include the procedures for screening, assessment and development of specific IPP(s) once the project components, subprojects and/or activities have been fully defined. The procedures would generally replace section E above; however, the IPPF would still seek to identify types of anticipated potential adverse social and environmental impacts.

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex: Aspireat Fpic**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## **Free, Prior and Informed Consent Implementation Plan (FPIC)**

### **1. Project Background:**

The International Fund for Agricultural Development (IFAD) will finance an Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project (ASPIRE-AT) in Cambodia. The Project will also be co-financed with the European Investment Bank (EIB) and the European Union (EU).

The projects seeks to investment in activities that will benefit smallholder farmers and rural workers from inclusive and sustainable agriculture sector growth based on exports and domestic markets. This objective will be achieved through three interlinked components. Component 1 will support investments in productive assets for Agriculture Cooperatives (ACs) and Producer Organizations (POs) to improve their production/post-harvest/logistics capacities to meet both export and domestic market demand. Component 2 will support the enabling environment to incentivize the private sector to access markets and catalyse their business investments. Component 3 will support technical assistance to nurture, aggregate/graduate existing groups, including the Business Clusters that supported by the Cs supported by the ongoing Agriculture Services Programme for an Inclusive Rural Economy and ASPIRE and AIMS, into registered Agriculture Cooperatives to engage with the private sector in remunerative market opportunities facilitated under Component 1 and 2. (See attached Project Concept Note on detailed information on each component).

ASPIRE AT will specifically target rural women, youth, people from ethnic minorities and persons with disabilities. The project aims to be gender transformative.

Priority value chains for the project, subject to further validation during the full design, may include: (i) export-oriented, will include premium traceable rice, fresh fruits (longan, speciality banana [not Cavendish], durian, coconut), processed fruits and nuts (mango, longan, cashew), cassava, and (ii) domestic-oriented (but with import substitution effects and potential for future export), will include vegetables and traditional breed poultry.

### **Objectives of the FPIC Implementation Plan:**

Accordance the IFAD Policy Enagegment with Indigenosu Peoples and IFAD on How to do seeking free, prior and informed consent in IFAD investment project and the commitment of IFAD from the Fifth Global Meeting of the Indgigenous Peoples' Forum at IFAD in 2021 into the praticial action, FPIC implementation plan proposed with the following objectives if the project activities fall in areas that are home/community to indigenous peoples:

1. To provide practical suggestions and guidelines to project managers, project design teams and implementing partners to help in design and implement programmes and projects.
2. Provide tools for project design and implementation based on best practices collected at the field level. They guide teams on how to implement specific recommendations of IFAD's operational policies, standard project requirements and financing tools.
3. To ensure that the principle of the Free, Prior and Informed Consent (FPIC) is cully understood and systematiclly applied in IFAD-supported interventions, taking into account indigenous peoples' vision, needs, pratics, and self-determined development. The FPIC process should also be properly documented.
4. To imporve the collaboration tweent IFAD and Indigenous Peopels' resrepresentatives at the country level.

## **Guidance and Legal Frameworks for FPIC**

IFAD is among the first international financial institutions to adopt FPIC as an operational principle in its policy documents, including its policies on Improving Access to Land and Tenure Security (2008); Engagement with Indigenous Peoples (2009) and as a criterion for project approval, Environment and Natural Resource Management (2011), and Social, Environmental and Climate Assessment Procedures (2014). IFAD-funded projects are people-centred, and, for IFAD, FPIC is not only a safeguard principle, rather a proactive approach to identify development pathways with local communities and build ownership on project initiatives. In IFAD-funded projects and programmes, the borrowing government (or grant recipient) is responsible for seeking and obtaining FPIC. FPIC is methodologically solicited through consultation and the participation of communities and local institutions at specific stages of the project cycle<sup>1</sup>.

Cambodia's laws, regulations, and policies recognize and protect the land,<sup>2</sup> natural resources, and rights of indigenous communities as collective and private. 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. Also Royal of Cambodia Government adopted the UN Declaration on the Rights of Indigenous Peoples without reservation in 2007, which the government shall contribute to the full realization of the provisions of this Declaration through the mobilization, inter alia, of financial cooperation and technical assistance. Ways and means of ensuring participation of indigenous peoples on issues affecting them shall be established.<sup>3</sup> Especially in relation to the article 23 of the UNDRIP stated that indigenous peoples have the right to determine and develop priorities and strategies for exercising their right to development. In particular, indigenous peoples have the right to be actively involved in developing and determining health, housing and other economic and social programmes affecting them and, as far as possible, to administer such programmes through their own institutions.

### **WHAT IS FPIC?**

Free, prior and informed consent (FPIC) is the right of self-determination of indigenous peoples as recognized in the UNDRIP (article 23). At IFAD, FPIC is considered as an operational instrument that empowers local and indigenous peoples' communities, ensuring mutual respect and full and effective participation in decision-making on proposed investments that may affect their rights, their access to lands, territories and resources, and their livelihoods.<sup>4</sup>

FPIC is solicited through consultations in good faith with the representative institutions endorsed by communities. It ensures that they participate in decision making processes concerning a given development project (IFAD, 2015).

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<sup>1</sup> See IFAD (2015). How To Do: Seeking free, prior and informed consent in IFAD investment projects.

<sup>2</sup> Land territory is fundamental for IPs

<sup>3</sup> See UNDRIP (2007) Article 41

<sup>4</sup> [https://www.ifad.org/documents/38714170/45407038/FPIC\\_call+to+action.pdf/025f9e41-a3c7-526e-c4ed-1121ea857dee?t=1651070341888](https://www.ifad.org/documents/38714170/45407038/FPIC_call+to+action.pdf/025f9e41-a3c7-526e-c4ed-1121ea857dee?t=1651070341888)

Consent should be sought in a way that is "free, prior and informed"<sup>5</sup>:

- **Free** implies no coercion, intimidation or manipulation.
- **Prior** implies that consent has been sought sufficiently in advance of any decision point or commencement of activities and respect is shown to time requirements of indigenous consultation/consensus processes.
- **Informed** implies that information provided covers all relevant issues to make decision maker fully enlightened (at least) the following aspects:
  - The nature, size, pace, duration, reversibility and scope of the proposed project/activity;
  - The rationale or purpose of the project/activity;
  - The geographical areas that will be affected;
  - A preliminary assessment of the likely economic, social, cultural and environmental impact, including potential risks and fair and equitable benefit-sharing;
  - Personnel likely to be involved in the execution of the proposed project/activity;
  - Procedures that the project or activity may entail.
- **Consent** is the expected outcome of the consultation, participation and collective decision-making process by the local communities. It is the mutual agreement reached, documented and recognized by all parties. Consultation and participation are crucial components of a consent process and require time and an effective system for communicating among interest holders. Consultation should be undertaken in good faith, and local communities must be able to participate through their own freely chosen representatives and customary or other institutions. In general, communities would first consent to discuss the idea of the project that will affect their land, territories and resources. They would further participate in the consultation process leading to consent by contributing to the design of the project, including its implementation and monitoring mechanisms.

Depending on the nature of the project, consent may be required for:

- The overall project (e.g. the construction of an irrigation system);
- A component and specific activity of a project (e.g. if a project has one component on irrigation and one on microfinance, consent would be needed for the component that affects the land and used rights of the communities).

### **Why we need to seek FPIC?**

It is important for the project managers, project design teams and implementing partners understand and seek FPIC in order to help in design and implement programmes and projects reputational, operational and fiduciary risks that the projects carrying out activities that may affect the land, resources and rights, culture and livelihood of the indigenous communities.

### ***There are many advantages to seeking FPIC:***

- a. FPIC improves the relevance and quality of investments;
- b. Community ownership of the investment and its results and sustainability are enhanced;
- c. Partnership between local communities, government institutions and financing organizations is strengthened;
- d. The recognition and support of local communities' aspirations for their own development minimizes or prevents conflicts with other resource users; and,
- e. FPIC minimizes reputational, operational and fiduciary risks for the government, company or donor carrying out activities that may affect the land, resources and rights, and livelihood of the local communities.
- f. Promotes self-driven development.

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<sup>5</sup> United Nations Development Group (UNDG), Guidelines on Indigenous Peoples' Issues, 2009:30

### **Who?**

Indigenous peoples should specify which representative institutions are entitled to express consent on behalf of the affected peoples or communities. In free, prior and informed consent processes, indigenous peoples, United Nations agencies and governments should ensure a gender balance and take into account the views of children and youth as relevant.

### **How?**

Information should be accurate and provided in a form that is accessible and understandable, including in a language that the indigenous peoples will fully understand. The format in which information is distributed should take into account the oral traditions of indigenous peoples and their languages.

### **Where and when to seek FPIC**

In IFAD-funded projects and programmes, the borrowing government (or grant recipient) is responsible for seeking and obtaining FPIC. FPIC is methodologically solicited through consultation and the participation of communities and local institutions at specific stages of the project cycle. In this connection, ASPIRE-AT, Project Management Unit is responsible for seeking FPIC with the following principle and guideline.

Free, prior and informed consent should be sought sufficiently in advance of commencement or authorization of activities, taking into account indigenous peoples' own decision-making processes, in phases of assessment, planning, implementation, monitoring, evaluation and closure of a project.

FPIC is not so much a safeguard principle, rather a proactive approach to identify development pathways with local communities and it is applied in two scenarios (IFAD, 2015):

- Investment projects that may have an impact on the land access and use rights of rural communities;
- Projects targeting indigenous peoples or rural areas that are home to indigenous and tribal peoples and ethnic minorities.

The first scenario refers to the type of investment project and the second to the type of project area and target groups.

Based on the above two scenarios, FPIC needs to be sought either during project design or during project implementation, depending on when project activities and/or benefiting communities can be clearly identified Table below outlines the FPIC requirement according to these two criteria.

**Table 1. FPIC requirements based on project type and areas of intervention**

Location	<b>Project likely to affect land access and/or use rights of communities</b>	<b>Agricultural and rural development projects unlikely to affect land rights</b> (agricultural technologies and production, value chain development, social infrastructure)	<b>Project supporting demand-driven services to individuals</b> (rural finance, small and medium-sized enterprise development)
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Rural areas without indigenous peoples	YES	NO	NO
Rural areas with some indigenous peoples communities.	YES	On a case-by-case basis	NO
Indigenous peoples territories or tribal areas	YES	YES	YES

Source: IFAD, 2015

- As for the case of ASPIRE-AT, in view of project type, it is an agricultural and rural development project that is unlikely to affect land rights. It is also a project that supports demand driven services to individuals. Regarding the areas of intervention, in project, there are rural areas with some indigenous peoples. It is noted that the Government of Cambodia uses official the term "Indigenous Peoples" instead of "Ethnic Minority". Scoping the FPIC requirements to project type and areas of interventions, it is recognised that FPIC will be sought for the indigenous peoples.
- Based on the scenarios, typology of projects and areas of interventions described in the previous section, FPIC needs to be solicited either before project approval (design phase) or during the implementation phase, depending on the nature of the project and at what stage of the project cycle specific benefiting communities are identified, together with specific investment and activities to be undertaken in each community.

**Table 2. When to seek FPIC in project Cycle**

When to seek FPIC?	Scenarios
During Design Phase	When beneficiary communities are identified at design stage together with the specific investment/activities to be undertaken in each community
During Implementation Phase	When either the communities and/or the specific investment/activities are not identifiable at project design phase

Source: IFAD, 2015

In the context of the ASPIRE-AT, the FPIC, together with the ESCMF, is developed following a design mission during the design and updated phase.

**The FPIC process requires the following steps:**

**1.Socio-Cultural and Land Assessments**

Decisions and follow up actions regarding ASPIRE-AT would be impeded in the absence of adequate information on the sociocultural and land tenure aspects of the proposed schemes. Therefore, it would be essential to carry out assessments on the sociocultural and land tenure conditions of the proposed schemes in the project area as a priority activity by the beginning of ASPIRE-AT implementation and before any investment is made at community level. The socio-cultural and land tenure assessments will establish:

- The community stakeholders, landowners and users in the project area (including transient resident populations such as pastoralists, as well as neighbors) who might be affected and who can gain more rights through careful scheme design based on FPIC process, and who have the right to give or withhold consent;
- Customary laws, informal rules and organizing practices, and claims on land ownership, occupation and use;
- Types of livelihoods and resources communities depend upon;
- Land use mapping indicating existing land use and land use as proposed by the communities to accommodate the project, and as agreed with the commune administrations;
- Institutions, governance systems and decision-making roles;
- Existing dimensions of traditional leadership (roles and status) and traditional mutual support and solidarity/reciprocity mechanisms etc.;
- Social, economic, cultural and spiritual relations with lands and territories; and,
- Possible consequences for local communities resulting from the change on the status of land, territories and resources emerging from the proposed schemes.

Participatory mapping can be a useful tool in the preparation of the socio-cultural and land tenure assessment. A critical dimension will be rights of transient populations, such as pastoralists, who access land and natural resources for some months in a year, yet must be included in the FPIC process.

## **2. Identification of Decision-Making Institutions and Representatives**

In line with the existing customary system of the indigenous community, and the Government of Cambodia's decentralization policy, the key institutional actors involved with issues of resettlement, property and land rights, access to resources, etc, are the local governments at village, commune, district and provincial levels and the indigenous community traditional elder and community committees.

## **3. Consultations leading to FPIC on the proposed project/specific components /activities**

Subsequent to the socio-cultural and land tenure assessments and the identification of key decision-making institutions, consultations will be held with the scheme communities during implementation – when individual scheme ESIA's and designs are being updated or prepared, as the case may be. Consultations will be conducted by the ASPIRE-AT, or by an independent facilitator/advisor hired by these offices<sup>6</sup>.

The use of participatory mapping will be instrumental for the consultation process leading to FPIC. This is because of the advantages of participatory mapping and accompanying participatory enquiry techniques allow the assessment of ownership, occupation and use of land territories and resources as well as the social dynamics (eg. movements and relationships among the different social groups) and right holders.

Given that the schemes are initiated by the communities and proposed to indigenous elders/community committees, the consultations will:

- Confirm that the scheme is a community-driven initiative;
- Share the objective and scope of the proposed scheme with the communities directly or communities' representatives (existing or elected by the communities in the process);

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<sup>6</sup> For a sample of terms of reference for facilitators supporting the FPIC process in IFAD-funded projects, see Annex 3 of IFAD How to do Note on Seeking Free Prior and Informed Consent in IFAD Investment Projects <https://www.ifad.org/topic/consent/overview>

- Clearly inform the communities' representatives on the actors financing and implementing the project and their respective responsibilities;
- Provide clear and transparent information on the benefits and risks of the project;
- Share the findings of the socio-cultural, land tenure and environmental assessment and reality check/confirmation of findings;
- Engage selected community members or communities' representatives in the resources and social mapping activities, in order to assess ownership, occupation and use of land territories and resources as well as the social dynamics (relationships among the different social groups);
- Share the objective and scope of the mapping exercise with the communities;
- Ensure inclusive participation - men, women, young people, the elderly, representatives of different communities present on the same land and territory, and neighboring villages - and provide for multiple maps by the different communities;
- Share the maps with all stakeholders and actors; and,
- Formalize ownership of the land use maps by the communities that have developed them.

### **It is important that:**

- Where there is universal consent to the proposed scheme, communities' consent is formalized through a consent agreement between the communities and the ASPIRE-AT. The consent agreement will be the outcome of the collective decision-making process by the local communities. The process will be adequately documented;
- Where there are doubts on consent, or where concerns are raised during consultations, these doubts and concerns are documented, and the communities are requested to propose means/solutions to overcome concerns;
- Feedback is provided to the scheme design engineers and project staff on concerns/doubts raised by the communities;
- Feedback is provided to the communities on how their concerns have been accommodated in the scheme design.

The usual practice for IFAD-funded projects is to use independent, qualified<sup>7</sup> facilitators supporting the FPIC process. The selection of suitable facilitators for the FPIC process is critical to the success of the process. In the selection process, consideration should be given to the cultural context the facilitator will work in, to language skills, ethnicity, gender, experience in consultation and participatory processes, age (eg. elders prefer to speak to their own indigenous leagues), technical knowledge of the proposed project and knowledge of IFAD policies and FPIC requirements.

### **4. Formalise the Consent Agreement**

Once project activities and project sites requiring FPCI agreement are identified, this will be formalised in a written form in Khmer and also recorded in the video in the indigenous languages. The effective time the consent agreement would be formalised will be agreed upon during the consultation process and needs to be formalised before any investment is made.

The consent agreement will be prepared by the PMU Office. The format for a consent agreement would, among others, include:

- Project activities on which consent is provided

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<sup>7</sup> Minimum requirement for the facilitator is rights sensitivity and knowledge of the cultural context they will operate, together with technical knowledge of the issues under consideration. The facilitator must be neutral, trustworthy and mutually accountable to IFAD, the borrower government and the community (HTDN-IFAD, 2015).

- Respective expectations
- Proposed project duration, expected results and activities
- Participatory monitoring and verification plan and procedures
- Identification of grievances procedures and mechanisms
- Terms of withdrawal of consent
- Record of process through means and languages accessible to all stakeholders and parties involved.

The FPIC Agreement and record of process will be made available through means and languages that are accessible to all stakeholders and parties involved. The FPIC Implementation Plan will be included in the Annex to the ASPIERE-AT and will be confirmed and/or revised at the beginning of project implementation phase (during start-up workshop, beginning of consultations leading to FPCI, beginning of participatory mapping exercise).

### 5. Assess FPIC Implementation

In order to assess FPIC implementation, the appropriate indicators for measuring progress towards and/or attainment of agreed terms will be defined and linked with a timeframe in the FPIC agreement. Subsequent workshops and stakeholders' reviews of the FPIC plan may also amend the various indicators to be established in the FPIC agreement. Joint supervision missions assessing project progress will also assess implementation of FPIC agreements on regular basis.<sup>8</sup> Whenever possible, supervision and evaluation missions would include experts of relevance.

**Table A.4.3: Summarised ASPIERE-AT FPIC Implementation Plan**

Description/Activity	Responsible	Timeframe
<b>Conduct sociocultural and land tenure assessment:</b>		
<b>1.1. Identify:</b>		
<ul style="list-style-type: none"> <li>• Customary laws, informal rules and organizing practices on land ownership</li> <li>• Institutions and governance systems</li> <li>• Types of livelihoods</li> <li>• Mutual support and solidarity mechanisms</li> <li>• Community stakeholders, land users and assess who has the right to give or withhold the consent</li> </ul>	PMU and IFAD (who may hire consultants to carry out the scheme specific socio-cultural/land tenure assessments	This has been done during the mission in end of June and earlier of July 2022
<b>1.2. Assess:</b>		
<ul style="list-style-type: none"> <li>• Consequences from the proposed project that may result in the change of the status of the lands, territories and resources</li> </ul>		

<sup>8</sup> IFAD Policy on Engagement with Indigenous Peoples, 2009:16

Description/Activity	Responsible	Timeframe
<p><b>Identify decision-making institutions and representatives</b></p> <ul style="list-style-type: none"> <li>• Conduct preliminary consultations with the community and explain the nature of the proposed project</li> <li>• Allow time for communities to discuss and decide on their representatives for the consultation process leading to FPIC</li> <li>• Clarify responsibilities of representatives</li> <li>• Agree on the process leading to FPIC</li> <li>• Identify signatory parties for the consent agreement</li> </ul>	<p>PMU and IFAD consultant supported by IFAD as part of project implementation support, as required.</p>	<p>This has been done during the mission in end of June and earlier of July 2022</p>
<p><b>Conduct consultation leading to FPIC on the proposed project/specific component/activities</b></p> <ul style="list-style-type: none"> <li>• Share objective and scope of the project with the representatives identified by the communities and identify project component(s) requiring FPIC</li> <li>• Inform them on the actors financing and implementing the project and their respective responsibilities</li> <li>• Provide clear and transparent information on the benefits and risks of the project</li> <li>• Share the findings of the sociocultural, land tenure and environmental assessment</li> <li>• Formalize consent agreement</li> </ul>	<p>PMU and IFAD consultant supported by IFAD as part of project implementation support, as required.</p>	<p>At the beginning of programme implementation phase and before individual scheme construction</p>
<p><b>Formalize the consent agreement</b></p> <p><b>1.3. Formalize the consent agreement</b> <i>(written or in other form if so requested by the community)</i></p> <p><b>1.4. The format for a consent agreement would include:</b></p> <ul style="list-style-type: none"> <li>• Respective expectations</li> <li>• Proposed project duration, expected results and activities</li> <li>• Participatory monitoring and verification plan and procedures</li> <li>• Identification of grievances procedures and mechanisms</li> <li>• Terms of withdrawal of consent</li> </ul> <p>1.5. <b>Record</b> of process through means and languages accessible to all stakeholders and parties involved</p> <p>1.6. <i>Annex the FPIC agreement and documented process to the PDR</i></p>	<p>PMU and IFAD consultant supported by IFAD as part of project implementation support, as required.</p>	<p>Programme implementation phase. Timing agreed upon the during consultation process and before individual scheme construction begins</p>
<p><b>Assess FPIC implementation</b></p> <p>1.7. Assess FPIC implementation as part of the M&amp;E exercise during the project life.</p>	<p>PMT, and IFAD consultant supported by IFAD as part of project implementation</p>	<p>Programme implementation phase - before individual</p>

Description/Activity	Responsible	Timeframe
1.8. Appropriate indicators for measuring progress towards and/or attainment of agreed terms will be defined and linked with a timeframe in the FPIC agreement	support, as required through supervision and CTM.	scheme construction begins and throughout the project cycle

**6. Loan Agreement**

FPIC requirements will be included in the Loan Agreement as a condition to disbursement for programme implementation. The loan agreement should be simplifying the requirements (consider without collateral within IPs land with low interest and should be understandable in indigenous languages).

**7. Disclosure**

IFAD’s Policy on the Disclosure of Documents enables project design documents to be disclosed prior to the Executive Board session at which the project is to be considered. Thus, this FPIC Implementation Plan will be disclosed together with the Programme Design Report (PDR), Environmental and Social Management Framework (ESMF), and other documents to be submitted to the Executive Board.

**8. Documenting the FPIC Process**

FPIC process will be documented through minutes of consultations, mapping documents prepared by the communities, videos and audio where feasible, and FPIC agreements/ formalisation documents, also keep records of consultations undertaken:

- how participants were selected;
- their roles or accountability links to their communities;
- how they were invited;
- which consultations they participated in;
- what documentation/information they received beforehand and in which language;
- who participated;
- what was discussed.

Document FPIC agreements: Often FPIC is expressed as an agreement between the designated project management unit and the concerned local communities. These agreements should clearly articulate: what has been agreed (e.g. issues, commitments, time frames, budgets, roles, responsibilities); who entered into the agreement (clearly identifying the individuals involved as well as their title and role); and what mechanisms have been set up to maintain dialogue and address disagreements.

Sample of FPIC-Consent-Need to be translate by Khmer or USE IPs bilingual language

<p><b>FREE PIROR INFORMED CONSENT-FORM</b>  <b>To engage in indigenous people’s community-in implementation the project</b></p>
<p>Date: _____</p>
<p>Name of community/IPs Group: .....</p>

Target Area:.....

Project Name: .....

The objectives:

Expected:

Key Activity:

Context of FPIC (agreement)

This is rules of the agreement through FPIC, aims to ensure the benefit and to clarify provisions that most prone to abuse misrepresentation, graft and corruption. In addition, the rules require the participation of the indigenous leaders on the project team must explain the memorandum of agreement to the community in a language the speak and understandable.

Grievance redress mechanism: (This should be undertaking the discussion and define clear role and responsibility with the group before action)

Step1: with the traditional elders/community committee

Step2: commune council/district/provincial authority

Step3: Third party/independent mediator

These contents have been read in indigenous people's language and understandable by all parties before mutual agreement signing.

Name:

Signature:

Position: Collective leader/traditional leader/community committee

Contact:

Project Team

Name:

Signature:

Other Relevant info: (e.g., any role or position)

Contact:

## **REFERENCES**

### **IFAD**

1. IFAD (April 2022). POLICY BRIEF: Free Prior and Informed Consent (FPIC), Indigenous Peoples-driven development pathways
2. IFAD (2021). Fifth Global Meeting of the Indigenous Peoples' Forum at IFAD.
3. IFAD ( 2015). How To Do: Seeking free, prior and informed consent in IFAD investment projects.
4. IFAD (2009). The Policy Engagement with Indigenous Peoples.

### **Asia Indigenous Peoples Pact (AIPP)**

1. Training Manual for indigenous peoples on Free, Prior and Informed Consent,2014
2. FREE, PRIOR, AND INFORMED CONSENT PROTOCOL,2020

## **Cambodia**

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# **Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade Project Design Report**

## **Annex: ESCMF**

Document Date: 09/11/2022  
Project No. 2000003433  
Report No. 6221-KH

Asia and the Pacific Division  
Programme Management Department



## ENVIRONMENTAL, SOCIAL AND CLIMATE MANAGEMENT FRAMEWORK (ESCMF)

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## 1. Introduction

This Environmental, Social and Climate Management Framework (ESCMF) has been developed for the International Fund for Agricultural Development (IFAD) and European Investment Bank (EIB) supported project '*Agriculture Services Programme for Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)*'. The Project has goal to reduce rural poverty and vulnerability and increase climate resilience of Cambodian rural households through inclusive and environmentally sustainable growth in agriculture sector'. The Ministry of Agriculture, Forestry and Fisheries (MAFF) will be the lead implementing agency of the Project. The Project will be national in scope.

The Project design mission assessed impact of climate change to the project as substantial. Since the specific activities, size and locations haven't finalized yet; the mission proposed to develop ESCMF following the Social, Environmental, and Climate Assessment Procedures (SECAP) guidelines. The ESCMF sets out the principles, rules, guidelines and procedures to assess all potential environmental and social risks and impacts of the Project. It recommends mitigation and avoidance mechanisms, including institutional capacities, monitoring arrangements and approximate costs. It is designed to be flexible and applicable to the Project activities throughout the implementation period, even though the Project activities may be subject to change.

### Project Description

*Project cost:* The total cost of ASPIRE AT is estimated as \$US 133 million, excluding beneficiary contributions and Government of the Kingdom of Cambodia (GoKC) contributions in kind, over seven years 2023-2029. This cost will be financed by i) IFAD loan on blend terms of \$US 33.9 million; ii) IFAD loan on BRAM terms of \$US 14 million; iii) Grant funding of \$US 0.3 from IFAD South-South Technical Cooperation Fund; iv) EIB loan financing of \$US 60 million; v) GoKC counterpart funding in cash of \$US 17 million; vi) Funding gap of \$US 7.8 million.

*Components:* The Project Development Objective (PDO) is '*inclusive and sustainable agriculture sector growth based on exports and domestic markets has increased incomes of rural producers and workers.*'

The key indicators for the PDO will be the number of rural households with income increased by at least 20% (target, 50,000 households) and IFAD mandatory indicators for beneficiary satisfaction and empowerment. The PDO will be achieved through three intermediate outcomes: i) Smallholders' and Producer Organisations' (POs) Investments in productive assets have increased their productivity and competitiveness in domestic and exports-based value chains; ii) POs' partnerships with agribusinesses have been enhanced and their market access improved; and iii) Smallholders have been organised and coordinated in Agriculture Cooperatives and other POs and have been enabled to produce in response to market requirements for type, volume and quality standards.

**Component 1** will support investments in productive assets for the Agriculture Cooperatives (ACs) and other POs to improve their production, handling, processing and marketing of commodities in the targeted value chains to meet both export and domestic market demand. The project will finance investments by graduated POs, and their members. Each graduated PO, in consultation with its members will develop a Business Plan identifying the eligible investments to be financed. Farmers and POs can access to finance primarily through Agriculture and Rural Development Bank (ARDB) to enhance their productive assets. The graduated POs that have not previously benefitted from grant finance from GoKC or development partner projects will get support for market infrastructures. Examples of eligible

investments include: a) access roads, b) loading areas, c) collection and handling facilities, and d) multi-purpose buildings for the PO.

***Expected Results:*** Component 1 is expected to benefit around 100,000 distinct smallholder households, including: a) sub-Component 1.1. will finance loans and grants to around 300 POs with 60,000 members, plus direct investments by around 10,000 smallholders. It is assumed that about 60% of the smallholder borrowers will also be beneficiaries of PO investments. b) sub-Component 1.2 will finance around 300 infrastructure installations linked to POs/ACs or UACs with around 60,000 members, of which 40% are assumed to also have PO-level financing under Component 1.1 and 60% (36,000 households) are additional to Component 1.1.

**Component 2** will support public and private investment to increase the number and competitiveness of agri-businesses operating in priority value chains and the associated enabling public goods and services to support competitive export growth. The outcome of Component 2 will be: *Business Partnerships and investments in trade infrastructure have increased market access and rural employment.* Cambodia has a small but growing number of successful agri-businesses serving domestic and export markets. Yet growth of the sector (beyond the rice value chain) needs more capable and well-capitalized firms and an associated enabling environment of public infrastructure and services critical to support the development of internationally competitive Cambodian value chains for priority products.

The priority public services and infrastructure to be supported with investment in infrastructure and capacity strengthening include One Post-Harvest Reference Centre to support export protocol negotiation for priority products and to conduct scientific trials for optimal post-harvest handling and treatment, up to 5 Export Quarantine Inspection Offices to deliver mandatory pre-export quarantine inspection and related services to exporters, one Plant Health Reference Laboratory to support producers and exporters in the priority VC to maintain competitiveness while complying with SPS/market access requirements and up to 3 Plant Health Research Stations that will work closely with the Plant Health Reference Lab focusing on specific priority value chains (e.g. fruit, nuts) to support industry competitiveness of priority crops.

***Expected Results:*** Investment oriented technical support is expected to benefit around 40 agri-businesses across at least five value chains. Financing for investment by agri-business is expected to benefit around 15 businesses with around 30,000 smallholders in their supply networks ultimately benefiting from greater demand and access to premium and high value markets. The investments in upgrading the public services for export and trade facilitation will benefit all current and future smallholders and agri-businesses serving export markets.

**Component 3** will support technical assistance to nurture, aggregate/graduate existing groups, including the BCs supported by ASPIRE<sup>1</sup> and AIMS<sup>2</sup>, into registered ACs to engage with the private sector in remunerative market opportunities facilitated under component 1 and 2. The assignment of activities and outputs to components is provisional and may be revised at final design. The Outcome of Component 3 will be "*Increased capacity of producer organisations has enabled smallholders to meet market requirements for quality and scale*". Component 3 will support POs to organise themselves to improve their business relationships with value chains actors.

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<sup>1</sup> <https://aspirekh.org/>

<sup>2</sup> <https://aimsmoc.com/>

***Expected Results:*** By the end of the project there will be around 100,000 smallholder farmers enrolled in around 500 ACs/POs in the target value chains, with some of the ACs being further aggregated in UACs. ACs/POs will be self-sustaining, profitable and able to mobilise investment finance from private and State financial service providers. The ACs/POs will be inclusive, supportive of women’s economic empowerment and will generate employment opportunities for land-poor rural households. ACs/POs will support adoption of environmentally sustainable and climate-resilient technologies and practices.

***Geographic Targeting:*** ASPIRE-AT will be national in scope, meaning that in principle, eligible beneficiaries organised in producer organisations in the targeted pro-poor value chains can qualify for support. Geographic targeting will be required primarily for intensive support to capacity development of POs under Component 3 and will be based on the areas where production of the target commodities is located. To maximise efficiency and impact, areas representing clusters of production activities in the target value chains will be prioritised for capacity building support for producer organisations.

***Selected value chains and investments:*** selected value chains are: (i) vegetables, both leafy and non-leafy species including chilli, (ii) native chicken (ii) cassava, both for multiplication of clean, disease-free planting material and cassava root tuber production, (iii) cashew nuts, (iv) fresh fruits including longan, mango, etc; and (v) processed fruits (e.g. dried mango etc). Developing these value chains contribute directly to the double objective of import substitution and export of quality products to the EU and other remunerative markets.

**Table 1 Priority Value Chains and Typical Investments**

Value Chain	Economic impact	Typical investments
<b>Vegetable</b>	Import substitution	Greenhouse, water management, post-harvest handling.
<b>Backyard chicken</b>	Import substitution	Production facilities, slaughter and packing
<b>Cassava</b>	Export	Disease free planting material; Organic cassava; Improved soil management
<b>Cashew</b>	Export	Post-harvest and processing
<b>Fresh fruit</b>	Export	Post-harvest, treatment, packing etc
<b>Processed fruit</b>	Export	Processing

### Objective and methodology of ESCMF

#### ESCMF Objectives

This ESCMF serves to anticipate and manage the main Environmental, Climate and Social (ECS) risks and impacts associated with the Project when these risks and impacts cannot be determined until the programme details have been fully identified.

Specifically, the ESCMF entails:

- Desktop review of key Programme information and relevant publicly available information.
- Definition of the Reference Framework of applicable standards, frameworks and guidelines relevant to the Programme.
- Development of environmental and socio-economic country baselines,
- Analysis of the Project activities and identification of potential Environmental, Climate, and Social risks and impacts they may have.

- Development of recommendations for the avoidance and mitigation of the identified risks and impacts.
- Identification of appropriate indicators and monitoring arrangements to track the effectiveness of the recommended mitigation measures.
- Development of a stakeholder engagement and community participation mechanism, which describes the form and scope of community consultations which need to be conducted as part of the Programme activities. This comprises arrangements to obtain Free, Prior and Informed Consent (FPIC) from affected communities, wherever relevant.
- Development of a Programme-level Environmental and Social Management Plan (ESCMP), which contains potential impacts, including mitigation measures, capacity and awareness building requirements, grievance mechanisms and monitoring arrangements.

### ESCMF methodology

Following a design mission, IFAD commissioned a SECAP mission<sup>3</sup> to finalize SECAP review note including in-depth climate risk assessment and prepare ESCMF and other necessary plans. The mission reviewed current ASPIRE and available ASPIRE-AT documents, consulted commune to national level government agencies and stakeholders, visited ASPIRE beneficiary and targeted ASPIRE-AT farmers and their farmlands (annex II).

This ESCMF has been prepared in line with the relevant IFAD and EIB safeguard policies on environmental and social management, Cambodian national regulations as well as other applicable standards. To make the uniformity with in the country projects; ESCMFs, related checklists, and safeguard reports of other projects were thoroughly reviewed and consultations were made with the project management and technical team members. The effort is made to make coherence with recently prepared ESCMF of Sustainable Assets for Agricultural Markets, Business, and Trade (SAAMBAT) Project. SAAMBAT is also funded by IFAD and EIB and having uniformity in similar projects helps them to exchange learnings and ease the implementation works.

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<sup>3</sup> The IFAD fielded a SECAP mission from July 2 to 17 in the country. The mission comprises of Mr. Nirajan Khadka, Team Leader-Environment and Climate Specialist, Mrs. Yun Mane, Indigenous People Specialist, and Mr. Kim Serang Bouy, Social Safeguard Specialist.

## 2. Reference Framework

The Project has to respect and follow related national legislations and international standards, frameworks and guidelines in order to maximize benefit to the targeted beneficiaries while mitigating potential negative social, environmental and climate impacts. The applicable “Reference Framework” comprises most of the relevant standards, framework and guidelines applicable to the Project.

**Table 2 Framework reference**

Reference	Relevance
National policies, legislation and commitments	All relevant national policies, legislation and commitments need to be respected. This includes national laws, ratified international treaties, or development plans and commitments such as the Nationally Determined Contributions (NDCs).
IFAD Social, Environmental and Climate Assessment Procedures (SECAP)	IFAD’s SECAP need to be applied and considered throughout the project implementation cycle.
EIB Environmental and Social Safeguards requirements	Being the main financial institution of the Project, the EIB’s environmental and social requirements and policies need to be applied throughout the Programme.
International Labour Organisation (ILO) standards	The ILO standards needs to be followed in relevant works
Sustainable Development Goals (SDGs)	The SDGs are considered the most important sustainability framework. All Programme countries have ratified the SDGs and committed to making efforts for their achievement, so Programme activities also need to be aligned with this framework.

### National Policies

**Cambodia’s current Constitution**, which was confirmed in 1993 by the GoKC, identifies environmental issues that are to be considered during project development and implementation. Specifically, Article 59 of the Constitution states that: The state shall protect the environment and balance the abundant natural resources and establish a precise plan of management of land, water, air, win, geology, ecological systems, mines, energy, petrol and gas, rock and sand, gems forests and forestry, products, wildlife, fish and aquatic resources. The Ministry of Environment was established to implement this provision.

**The Law on Environmental Protection and Natural Resource Management** (NS/RKM/1296/36), which was issued in 1996, is the primary law governing environmental management in Cambodia. The law requires the RCG to prepare national and regional environmental plans, which are expected to cover a wide range of issues, including environmental assessment, pollution prevention and control, public participation and project disclosure.

As required by the Law on Environmental Protection and Natural Resource Management, a National Environment Strategy and Action Plan (NESAP) is being developed. The NESAP will identify priority policy tools and financing options for sustainable natural resource management and environmental protection. It will guide government ministries, private sector, civil society, and development organizations to mainstream environmental

considerations in policies, plans, and investments. The final draft NESAP is expected to be produced in late-2016 and will require endorsement by the National Council for Sustainable Development and then approval by the Council of Ministers.

Following the issuance of the Law on Environmental Protection and Natural Resource Management, the Ministry of Environment passed regulations (also referred to as sub-decrees) to provide further protection for the environment, including:

- Sub-decree No.27 on water pollution control, issued on 6 April 1999;
- Sub-decree No.36 solid waste management, issued on 27 April 1999;
- Sub-decree No.42 on air pollution and noise disturbance, issued on 10 July 2000;
- Sub-decree No.72 on environmental impact assessment process, issued on 11 August 1999; and
- Law on the management and exploitation of mines resources, adopted on 13 July 2001.

For consideration of other applicable environmental standards and criteria, such as ambient air quality, vibration, noise, contaminated soil, and workplace and community safety the protocols of the Environment, Health and Safety Guidelines of the World Bank (2007) apply.

A range of national environmental policy documents also exist within Cambodia such as the National Environmental Action Plan (1998-2002) and the National Biodiversity Strategy and Action Plan (NBSAP) of 2002.

**Law on Nature Reserves.** The Royal Decree on Protected Natural Areas was issued in November 1993. The regulation provides protection for the environment, land, forests, wetlands and coastal zones. The regulation covers 23 natural protected areas in Cambodia, representing 18% of the total land area of the country or 2.2 million hectares. The Ministry of Environment is responsible for implementing this law.

In 2008, Cambodia introduced the Protected Area Law No. NS/RKM/0208/007 which defines the National Parks (IUCN Category II), Wildlife Sanctuaries (IUCN Category IV), Protected Landscapes (IUCN Category V), Multiple-Use Areas (IUCN Category VIII), and Ramsar sites which includes two sites in IUCN Categories IV and VIII. The 2008 Protected Areas Law defines the framework of management, conservation and development of protected areas and aims to ensure the management, conservation of biodiversity, and sustainable use of natural resources in protected areas. The law reinforces the Ministry of Environment's responsibility to administer and manage protected areas.

Under this law, chapter VI article 21 and 22, also stated the involvement and access rights of communities and indigenous peoples in relation to participate fully in the provision of and access to information relevant to the protected area management, conservation and development and the State recognizes and secures access to traditional uses, local customs, beliefs, and religions of the local communities, and indigenous ethnic minority groups residing within and adjacent to the protected

**Law on Historical Monuments.** All national monuments in Cambodia are protected by the Law on the Protection of Cultural and National Heritage, which was promulgated in 1996. This is supplemented by the "decision on the Definition of 3 Zones to Protect Temple Surrounding areas in all Provinces and Municipalities Except Angkor Wat" (1996). The law protects a range of cultural heritage sites, including small temples and ancient structures in Cambodia.

**The Labor Law** was issued in March 1997 to govern relations between employers and workers. It governs all employment contracts to be performed within the territory of the Kingdom of Cambodia.

**Law on social security** schemes were issued in 2002. This law seeks to set-up a social security scheme. It includes references to: i) a pension scheme, which provides old age benefits, invalidity benefit and survivors' benefit; and ii) an occupational risk scheme, which is in charge of providing employment injury and occupational disease benefit.

**Occupational Health and Safety.** The First Occupational Safety and Health (OSH) Master Plan (2009-2013) was developed by the Ministry of Labor and Vocational Training with technical support from the International Labor Organization (ILO). It contains the following priority areas: strengthening national OSH systems; improving safety and health inspections and compliance; promoting OSH activities by employers' and workers' organizations; implementing special programs for hazardous occupations; extending OSH protection to small enterprises, and informal and rural workplaces; and promoting collaborative actions with hazardous child labor and human immunodeficiency virus infection and acquired immune deficiency syndrome (HIV/AIDS) projects and activities.

The 1993 Constitution of Cambodia has established two governing principles pertaining to **land acquisition**. Article 44 states that: All persons, individually or collectively, shall have the rights to ownership. Only Khmer legal entities and citizens of Khmer nationality shall have the right to own land. Legal private ownership shall be protected by law. The rights to confiscate properties from any persons shall be exercised only in the public interest as provided for under the law and shall require fair and just compensation in advance.

Article 9 (second paragraph) of the Law on the Commune/Sangkat Administrative Management states that "the Commune/Sangkat (C/S) is a body representing citizens in its Commune/Sangkat and has missions to serve the general interests of its Commune/Sangkat."

The Inter-Ministerial Prakas No 2423 BRK, dated 03 July 2007 on C/S Development Plan, Article 9 states:

"Civil society organizations may participate in the Development Plan and shall be responsible for:

- Representing the interests of local communities; and
- Specific stakeholder's groups like women, youth, the poor, ethnic minorities<sup>4</sup>.

C/S Council (local people) must ensure that Indigenous People or representatives of them are able to take part in the decision-making process on the projects that affect to them".

**The 2001 Land Law.** The rights to land and property in Cambodia are governed by the 2001 Land Law, which is primarily based on the provisions of the 1993 Constitution. It defines the scope of ownership of immovable properties, such as land, trees and fixed structures. The Land Law, Article 5, states that "No person may be deprived of his ownership, unless it is in the public interest. Any ownership deprivation shall be carried out in accordance with the

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<sup>4</sup> These stakeholders are referred to in this ESCMF as "different populations," including ethnic minorities and vulnerable groups – women and female/male youth and children, men, the elderly and disabled, etc.

governing procedures provided by law and regulations, and after the payment of fair and just compensation in advance.”

The Land Law grants collective land ownership rights to indigenous communities. Article 26 states that ownership of immovable properties is granted by the state to indigenous peoples as collective ownership. This collective ownership includes all of the rights and protections as enjoyed by private owners. The exercise of collective ownership rights is subject to the responsibility of traditional authorities and decision-making mechanisms of the indigenous community, according to their customs and subject to the laws of general enforcement related to immovable property such as the law on environmental protection (Article 26).

The Ministry of Land Management, Urban Planning and Construction (MLMUPC) is responsible for receiving the land registration application. Mechanisms for dealing with land conflict issues are discussed at an inter-ministerial level and issues related to land application and/or conflict are submitted to an inter-ministerial working group comprised the Ministry of Interior, Councils of Ministers, MEF, Ministry of Environment (MOE), Ministry of Agriculture, Forestry and Fisheries, MRD, and other relevant ministries.

In Article 23, an indigenous community is defined as “a group of people that resides in Cambodia whose members have manifested ethnic, social, cultural and economic unity and who practice a traditional lifestyle, and who cultivate the lands in their possession according to the customary rules of collective use.” In Cambodia, the IPs policy was formalized by the MRD in 2009. The policy clearly states that all relevant ministries shall recognize that IPs has its own culture and tradition, and have full rights and privileges related to their culture and traditions. The culture and tradition consist of the community land occupation, actual land that they currently use, land for their funeral purposes, land for agriculture farming, land for their belief systems, and land for their benefit. Therefore, IPs have full rights and privilege to protect their collective and privately- and community-held lands. Any project with the potential to involve involuntary resettlement impacts among IPs will need to collect detailed information on their land-use, economic activities, and social organizations, in order that a culturally appropriate IPDP is formulated with full and meaningful consultation of affected indigenous peoples. All development projects must refer to this law.

In article 265 stated about where an infringement an infringement [is] committed against land rights of indigenous communities by an authority who is responsible for the management of the zone in which the immovable property is located, [the authority] shall be fined.

**The Forestry Law (2002)**, article 11 stated about MAFF shall classify and registered and set boundaries for all forest with the permanent forest state by carry out the coordinate with concerned local communities, concerns authorities and Ministry of Land Management Urban Planning and Construction in order to assist in registration of land property of indigenous community and preparation of the national land used map.

Policy on registration and rights of used of land of indigenous communities on 24 April 2009 and Sub-degree on registration and rights of used of land of indigenous communities on 09 June 2009 are provide the indigenous communities with legal rights over land tenure to ensure collective land tenure security and to protect collective ownership by preserving the identity, culture, good custom, livelihood and traditions of each indigenous communities.

**National Policy on the indigenous people's development** on 24 April 2009, stated that the indigenous peoples practice different cultures, traditions, customs, beliefs and languages according to their particular group. As for the main occupations to make their living are shifting cultivation based on their tradition by slashing and burning forests for rotation farming, collection of forest by products, hunting, fishing and livestock...etc. Their livelihoods depend entirely on the natural environment. They face hardship and shortages of roads and means of transportation. In terms of the health sector, the indigenous peoples are vulnerable people. While talking about the education sector, their educational level is very limited. Therefore, their living standards are also low. In regards to the Royal Government's long-standing vision "to realize Cambodia with social solidarity, advanced education and vibrant culture, without poverty, illiteracy and poor health" and based on the Cambodian millennium development goals, particularly the first goal "to reduce extreme poverty and starvation" and the second goal "to realize overall fundamental education", this "National Policy on the Development of Indigenous Peoples" has the following goals:

- Indigenous peoples shall have a living standard beyond starvation and extreme poverty.
- Indigenous peoples shall be provided for at least nine years of fundamental education and shall be provided for appropriate vocational skill training courses according to their needs and based on the geographical areas in which they live.
- Indigenous peoples have been provided for good healthcare services.
- The cultures of indigenous peoples have been carefully protected and safeguarded.

In order to achieve the above-mentioned goals and to ensure good development management, the Royal Government has general and sectoral policies for indigenous peoples whereby the main sectors include: culture, environment, land, agriculture, water resources, infrastructure, justice, tourism and etc.

Sub-Decree No. 19 on Social Land Concession (March 2003) discusses the law in relation to a social land concession. This sub-decree has 8 provisions and 33 articles. The purpose of this sub-decree is to define the criteria, procedures and mechanism for granting of social land concessions for residential use and or family farming. In this sub-decree, it is clearly defined that a social land concession is a legal mechanism to transfer private state land for social purposes to the poor who lack land for residential and or family framing purposes.

Circular No 02 which addresses illegal encroachment of state lands was issued 26 February 2007: This Circular identifies the procedure for confiscation and taking back all kinds of forest lands following the order No. 01 dated 10 May 2006 on preventing all types of forest land clearance for properties.

**MEF Circular No. 006** (2 April 2014) addresses the Resettlement Implementation Procedure for development projects. This circular provides clear instructions for the administrative management, roles and responsibilities of all relevant implementing agencies and provinces when implementing resettlement for development projects.

**The Law on Expropriation (2010)** provides principles, mechanisms and procedures of expropriation and defines fair and just compensation for construction, rehabilitation, and

physical infrastructure expansion projects to be implemented in the public and/or national interest and development of Cambodia. The Expropriation Law is largely consistent with the main principles of the World Bank's *Involuntary Resettlement Policy* (OP/BP 4.12).

Traditional private land ownership was abolished during the Khmer Rouge period (1975-1979) and was not re-introduced until the late 1980s. Determining ownership and obtaining documentation to prove ownership is a cumbersome and time-consuming process which many landholders have not pursued. The boundaries of public land remain unclearly defined and it can be difficult to distinguish between public and private land. This blurring between public and private land is particularly acute with regard to ROW for roads and irrigation channels. In 1999, the RGC decreed that ROW for national roads would vary between 50 meter (m) and 60 m widths. The width of other ROW varies depending upon the type of road carriageway and alignment.

**The RGC General Department of Resettlement** (secretariat of Inter-Ministerial Resettlement Committee [IRC]) is charged with determining entitlements, valuation of affected assets and in fixing compensation rates. It is important to note that there are gaps between Cambodian expropriation law and the Bank's policy on Involuntary Resettlement, including:

- Expropriation Law defines fair and just compensation for any construction, rehabilitation, and expansion of physical infrastructure projects in the public or national interest and development.
- Expropriation Law does not detail the process and procedures of resettlement induced by physical infrastructure projects, land acquisition, voluntary land and asset donation, and post relocation support.
- Even though the Expropriation Law outlines a complaint and dispute resolution mechanism for project affected households (PAH) in articles under Chapter 3: Expropriation Mechanism and Chapter 4: Expropriation Procedures, there are no specific measures or actions articulated to support vulnerable groups of PAHs.
- There are no provisions regarding monitoring and public disclosure requirements described in the Expropriation Law.

Measures to address these gaps shall be mutually agreed and adopted by RGC and the Development Partners in the event significant gaps exist between Cambodian Laws and the partners' Policies.

#### IFAD Social, Environmental and Climate Assessment Procedures

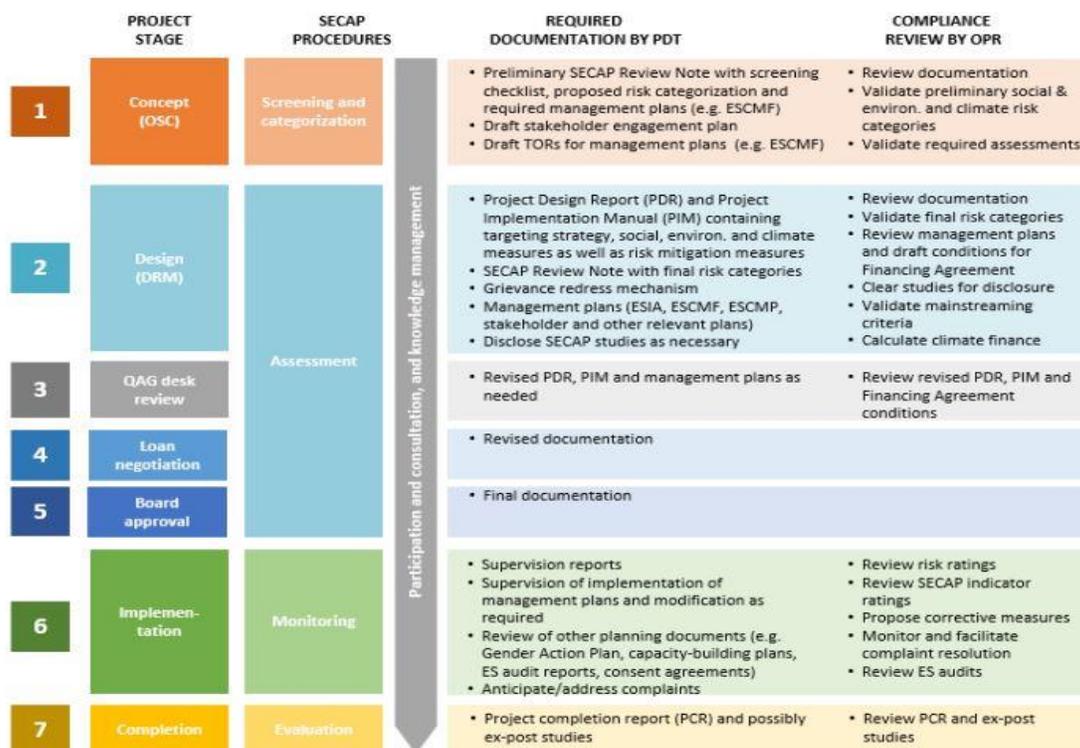
The programme will apply IFAD's Social, Environmental and Climate Assessment Procedures (SECAP). The sixteen values and principles of SECAP are:

- i. Not knowingly finance projects that would contravene national laws.
- ii. Not knowingly finance, directly or indirectly, activities mentioned in the IFAD exclusion list.
- iii. Identify vulnerable people or groups who may be disproportionately affected by its projects and implement relevant mitigation measures.
- iv. Promote the conservation, rehabilitation and sustainable use of natural resources and key ecosystems in an integrated manner.
- v. Recognize the importance of addressing both the causes and the consequences of climate change in the countries where IFAD operates.

- vi. Minimize adverse social and environmental impact.
- vii. Address gender-based violence and discrimination and promote gender equality.
- viii. Ensure stakeholder feedback, with special emphasis on the participation of, and benefits to, women, youth, people with disabilities and site-specific targeted groups.
- ix. Improve the livelihoods of indigenous peoples and other marginalized groups.
- x. Avoid involuntary resettlement wherever possible.
- xi. Promote sound agricultural and manufacturing processes.
- xii. Undertake compliance monitoring.
- xiii. Ensure transparency and accountability throughout the life cycle of projects.
- xiv. Mainstream social inclusion and environmental and climate sustainability into IFAD's project cycle.
- xv. Support borrowers/recipients/partners in achieving good international practices; and
- xvi. Focus on procurement processes to ensure that borrowers/recipients/partners require contractors to comply with SECAP.

### **Social, Environmental and Climate Assessment Procedure (SECAP)**

Assessments of IFAD Programmes' impacts are governed by its 2021 SECAP. This document contains minimum standards for the assessment of social, environmental and climate change risks to be applied in IFAD programmes and projects. The actions it requires per step of the Programme cycle, depending on the Programme categorisation are visualised in Figure 1. This ESCMF is developed as part of the requirements noted for Step 2: Early Design.



**Figure 1 SECAP procedures**

EIB Environmental and Social Standards

The EIB Group Environmental and Social Policy provides the overarching framework for the Group’s commitments and a vision for the critical decade up to 2030, placing sustainable finance at the centre of everything the EIB does. To honour its sustainability commitments, the EIB has adopted a set of 11 environmental and social standards that establish the requirements the promoter and the project must meet throughout the EIB project life cycle. Here is a summary of these standards.

**Table 3: IFAD and EIB's Standards**

Standards	Descriptions	
	IFAD	EIB
<p><b>IFAD Standard 1:</b> Biodiversity Conservation</p> <p><b>EIB Standard 4:</b> Biodiversity and Ecosystem</p>	<p>Avoid or, if avoidance is not possible, minimize and mitigate potential adverse social and environmental impacts on biodiversity and ecosystem services through:</p> <ul style="list-style-type: none"> <li>Maintain and conserve biodiversity;</li> <li>Preserve the integrity of ecosystems;</li> <li>Maintain and enhance the benefits of ecosystem services;</li> <li>Adopt the use of a precautionary approach to biodiversity conservation and ensure opportunities for environmentally sustainable development;</li> <li>Ensure the fair and equitable sharing of the benefits from the utilization of genetic resources; and</li> <li>Respect, preserve, and maintain knowledge, innovations and practices of indigenous peoples, and local communities relevant to the conservation and sustainable use of biodiversity and their customary use of biological resources.</li> </ul>	<p>Protection and conservation of biodiversity and ecosystems, and maintaining their ecological functions and processes;</p> <p>Achieve a “no loss” of biodiversity and — where required — a net positive impact;</p> <p>Sustainable management and use of living natural resources; and</p> <p>Engage with traditional and indigenous communities as key stakeholders in protecting and managing biodiversity and natural resources, while respecting their rights to their land, culture and spirituality.</p>

Standards	Descriptions	
	IFAD	EIB
<p><b>IFAD standard 2 &amp; EIB standard 3:</b> Resource efficiency and Pollution Preventions</p>	<p>Avoid, minimize and manage the risks and impacts associated with hazardous substances and materials, including pesticides; Avoid or minimize project-related emissions of short- and long-lived climate-change-related pollutants; Promote sustainable use of resources, including energy, land and water; and Identify, where feasible, project-related opportunities for resource-use efficiency.</p>	<p>Recognises the importance of resource efficiency to relieve pressure on the environment and curb climate change; Encourages the identification, design and use of technologies, processes and services best suited to achieve environmental quality objectives; Strengthens the approach and requirements for projects involving existing activities, facilities, modifications and/or extensions</p>
<p><b>IFAD standard 2 &amp; EIB standard 10:</b> Cultural Heritage</p>	<p>Preserve and safeguard Cultural Heritage; Ensure that effective and active measures are taken to prevent IFAD-supported projects from altering, damaging, or removing any tangible or intangible Cultural Heritage; Promote the equitable sharing of benefits from the use of Cultural Heritage; and Promote meaningful consultation on matters relating to Cultural Heritage.</p>	<p>Recognises the central role of cultural heritage as a source of valuable historical and scientific information, an asset for economic and social development and an integral part of people's cultural rights, identity and practices; Identify and assess project risks and potential impacts affecting tangible and intangible cultural heritage, and covers the management and monitoring of related mitigation measures; and Emphasises the need for a chance find procedure outlining the actions to be taken if previously unknown cultural heritage is encountered.</p>
<p><b>IFAD Standard 4:</b> Indigenous People  <b>EIB Standard 7:</b> Vulnerable groups, Indigenous Peoples and Gender</p>	<p>Promote indigenous peoples ability to determine and develop priorities and strategies for exercising their right to development; Ensure that programming is designed in partnership with indigenous peoples , with their full effective and meaningful consultation and participation, with the objective of seeking their free, prior and informed consent (FPIC); Ensure indigenous peoples obtain fair and equitable benefits and opportunities from supported activities in a culturally appropriate and inclusive manner; and Recognize and respect the rights of indigenous peoples to their lands, territories, waters and coastal seas and other resources that they have traditionally owned or otherwise occupied and used.</p>	<p>Address inequalities and other factors contributing to vulnerability, marginalisation and/or discrimination; promotes gender equality as a basic human right crucial for sustainable development; outlines the promoter's responsibilities for assessing, managing and monitoring project impacts, risks and opportunities related to Indigenous Peoples and vulnerable persons/groups.</p>
<p><b>IFAD Standard 5:</b>Labour and Working Conditions <b>EIB Standard 8:</b>Labour Rights</p>	<p>Promote direct action to foster decent rural employment;Promote, respect and realize fundamental principles and rights at work through: - Preventing discrimination and promoting equal opportunity of workers;- Supporting freedom of association and the effective recognition of the right to collective bargaining; and- Preventing the use of child labour and forced labour;Protect and promote the safety and health of workers;Ensure projects comply with national employment and labour laws and international commitments; andLeave no one behind by protecting and supporting workers in disadvantaged and vulnerable situations, including a special focus, as appropriate, on women workers, young workers, migrant workers, workers in the informal economy and workers with disabilities.</p>	<p>ensure that promoters of EIB projects comply with the core labour standards of the International Labour Organization and with national labour and employment laws;Sets the need for a workers' grievance mechanism;defines standards to protect migrant workers and workers affected by collective dismissals;Requires the establishment, maintenance and improvement of worker-management relationships and terms and conditions of employment;defines the assessment requirements that are needed for the promoter's own workforce, third-party workers and supply chain workers.</p>
<p><b>IFAD Standard 6:</b> Community Health and Safety  <b>EIB Standard 9:</b> Health, Safety and Security</p>	<p>Anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project life cycle from both routine and nonroutine circumstances; ensure that measures are taken to avoid or minimize community exposure to hazardous materials that be used during project activities; promote quality and safety, and considerations relating to climate change, in the design and construction of infrastructure, including dams; avoid or minimize community exposure to project-related traffic and road safety risks; minimize community exposure to diseases; ensure that projects abide by the principles of "do no harm to nutrition"; avoid risks of project-related gender-based violence, including risks of sexual harassment, sexual exploitation and abuse, and human trafficking to project-affected people and communities; avoid or minimize adverse impacts on ecosystems services that may arise from project activities; have in place effective measures to address emergency events; and ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the project-affected communities.</p>	<p>outlines the promoters' and workers' responsibilities to safeguard the health, safety and security of workers and affected people and communities; establishes the importance of putting in place a well-defined health and safety management system, endowed with appropriate resources and expertise; reinforces requirements to prevent gender-based violence and introduces impact and risk assessment requirements for new areas such as traffic and road safety, natural hazards (including those triggering technological disasters) and pandemics and epidemics.</p>
<p><b>IFAD Standard 7:</b> Physical and Economic resettlement <b>EIB Standard 6:</b></p>	<p>Avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring feasible alternative project designs and sites; Avoid forced eviction; Ensure that resettlement activities are planned and implemented collaboratively, with meaningful participation of those affected; Enhance and restore the livelihoods of all displaced people who may be affected by project/programme activities; and</p>	<p>avoid involuntary resettlement in the first instance, and minimise and define the appropriate mitigation measures that should be in place to counter the adverse impacts of involuntary resettlement; aims to assist all affected persons so they can improve or at least restore their socioeconomic and cultural conditions.</p>

Standards	Descriptions	
	IFAD	EIB
Involuntary resettlement	Provide explicit guidance to borrower/recipient/partner on the conditions that need to be met regarding involuntary resettlement issues.	
<b>IFAD Standard 8:</b> Financial intermediaries and direct investments <b>EI B Standard 11:</b> Intermediated finance	Promote sound environmental, social and climate practices and sound human resources management within financial intermediaries (Fis) and direct investees; Ensure FIs and direct investees will assess and manage environmental and social risks and impacts of subprojects; Promote good environmental and social management practices by direct investees and in the subprojects financed by FIs.	sets out the requirements and processes that financial intermediaries must have in place to assess, manage, monitor and report on the environmental, climate and social impacts and risks associated with the sub-projects it finances, as appropriate to the nature of intermediated financing.
<b>IFAD standard 9 &amp; EIB standard 5:</b> Climate Change	Ensure alignment of IFAD-supported projects with targets and priorities of countries' Nationally Determined Contributions and the goals of the Paris Agreement and other international frameworks; Ensure that proposed activities are screened and assessed for climate change and disaster risks and impacts both of and to projects; Apply the SECAP risk mitigation hierarchy principle of applying a hierarchy of risk management measures in project design; Strengthen the climate resilience of communities and their adaptive capacity to address risks of climate change impacts and climate-related disasters; and Increase the ability of communities to adapt to the adverse impacts of climate change, and foster climate resilience and low GHG-emitting projects that do not threaten without compromising food production.	In line with the EIB's enhanced climate action and environmental sustainability ambitions and its 2021-2025 Climate Bank Roadmap, this standard promotes the alignment of projects supported by the EIB with the goals and principles of the Paris Agreement and the EU Sustainable Finance Action Plan. It does so by stipulating that promoters must explicitly address and incorporate climate change mitigation and adaptation considerations into the decision-making process for EIB-supported projects throughout the project cycle, by assessing and minimising greenhouse gas emissions and physical climate risk.
<b>EIB standard 1:</b> Environmental and Social Impacts and Risks	promotes an integrated approach to impact and risk assessment and management by ensuring that environmental, climate, social and human rights considerations are taken into account and addressed at every step of the project. The standard sets out the promoter's responsibilities for assessing, managing, monitoring and reporting on the potential environmental, climate and social impacts and risks associated with the project and for maximising positive outcomes throughout the project. This is essential to achieve the environmental, climate and social outcomes in line with the EIB Group Environmental and Social Policy and the EIB Environmental and Social Standards.	
<b>EIB standard 2:</b> Stakeholder consultation	Inclusive and systematic approach to engaging constructively with stakeholders. It acknowledges stakeholder engagement as essential for the effective assessment, management and monitoring of environmental, climate and social impacts and risks, and to ensure projects are sustainable and deliver better outcomes. This standard outlines the promoter's responsibilities for implementing continuous and transparent engagement with project stakeholders.	

## International Labour Organisation (ILO) Conventions

International labour standards are legal instruments drawn up by the ILO's constituents (governments, employers and workers) which set out basic principles and rights at work. The standards are either Conventions (also called Protocols), which are legally binding international treaties that may be ratified by member states, or Recommendations, which serve as non-binding guidelines.

- The ILO Governing Body has identified eight "fundamental" Conventions. The conventions are as follows:
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138) λ Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

Project owners need to ensure that the requirements of the ILO Conventions are followed throughout the project lifecycle, integrated into their management systems, and appropriately monitored and reported on to stakeholders.

### Sustainable Development Goals (SDGs)

The SDGs are 17 goals, sub-divided into a total of 169 targets, which describe minimum objectives for sustainability to be implemented by the international community by 2030. The SDGs were adopted by the United Nations in September 2015 as a follow-up framework for the previous Millennium Development Goals. Achieving the SDGs is expected to require contributions by all sectors and stakeholders; hence the Project's activities should be aligned with the provisions it contains as well

## Environmental and Social Baseline

The indicators for the environmental and socio-economic baselines for Cambodia are presented in the table 4. The latest available values of each of the indicators and the previous available values are presented to check the latest trend of each of those indicators in the project area using the data from the World Bank data portal<sup>5</sup>.

The indicators for environmental baselines are categorized as 'energy/climate', 'land', and 'biodiversity.' Data show that the use of fossil fuels has increased, and the production of renewable electricity has sharply decreased (by 32 percent from 2014 to 2015). This has led to an increase in emission of carbon dioxide and total greenhouse gases. The forest area has slightly decreased recently, the agricultural land and total arable land is stable but the fertilizer consumption for agriculture has increased. The threatened species of plants and animals are accessed only in 2018 and hence comparison is not possible.

The indicators for socio economic baselines are categorized as 'economy', 'agriculture', 'development', 'education', and 'labour force.' The total population shows an increasing trend. Net foreign direct investment has decreased recently, and GDP per capita and other economic indicators are increasing. Percentage of employment in agriculture for both male and female has decreased but value addition from agriculture, forestry and fisheries combined shows increasing trend. Similarly, food and livestock production indices and total cereal production shows increasing trend. Water stress level<sup>6</sup> is constant while population with electricity access and women's participation in decision making<sup>7</sup> has increased. Adult literacy rate seems increasing and government expenditure on education also seems significant rise lately. But the youth and total unemployment percent also shows rising trend.

**Table 4: Baseline**

Indicator (unit)	Last value	Year	Previous data	Year	Evolution (%)
<b>Environmental baselines</b>					
<b>Energy/climate</b>					
Carbon dioxide (CO <sub>2</sub> ) emissions (kt)	16180	2019	14580	2018	9.89
Total greenhouse gas emission (MtCO <sub>2</sub> e)	71.77	2019	70.41	2018	1.89
Renewable electricity output (% total electricity output)	46.42	2015	61.14	2014	-31.71
Fossil fuel energy consumption (% of total)	30.6	2014	28.6	2013	6.54
<b>Land</b>					
Arable Land (hectares)	391000	2018	391000	2017	0.00
Forest area (% of land area)	45.7	2020	46.6	2019	-1.97

<sup>5</sup> <https://data.worldbank.org/country/cambodia>

<sup>6</sup> freshwater withdrawal as a proportion of available freshwater resources.

<sup>7</sup> women participating in three decisions; own health care, major household purchases and visiting family

Indicator (unit)	Last value	Year	Previous data	Year	Evolution (%)
Agricultural land (% of land area)	31.5	2018	31.5	2017	0.00
Fertilizer consumption (kg per hectare of arable land)	34.3	2018	30.5	2017	11.08
<b>Biodiversity</b>					
Bird species threatened	31	2018	No data		
Fish species threatened	48	2018	No data		
Mammal species threatened	39	2018	No data		
Plant species (higher) threatened	37	2018	No data		
<b>Socio-economic baselines</b>					
Population, total	16946446	2021	16718971	2020	1.34
<b>Economy</b>					
GDP per capita (current USD)	1591	2021	1547.5	2020	2.73
External balance on G&S (current USD)	-811252846	2021	-367232323	2020	54.73
Foreign direct investment, net (BoP current USD)	3,390,000,000	2021	-3,500,000,000	2020	-3.24
Domestic credit to private sector (% of GDP)	139.6	2020	114.2	2019	18.19
<b>Agriculture</b>					
Agriculture, forestry and fishing, value added (% of GDP)	22.8	2021	22.7	2020	0.44
Employment in agriculture, (% of female employment – ILO)	37	2019	38	2018	-2.70
Employment in agriculture, (% of male employment – ILO)	33	2019	34	2018	-3.03
Food production index (2004-2006 = 100)	120.2	2019	116.6	2018	3.00
Livestock production index (2004-2006 = 100)	99.4	2019	90.2	2018	9.26
Cereal production (metric tons)	11251546	2018	11100000	2017	1.35
<b>Development</b>					
Poverty gap at 5.50USD a day (2011 PPP) (%)	No data		No data		
<i>Level of water stress*</i>	1.04	2018	1.04	2017	0.00
Access to electricity (% of population)	86.4	2020	84	2019	2.78

Indicator (unit)	Last value	Year	Previous data	Year	Evolution (%)
<i>Women participating in three decisions*</i>	86.3	2014	85.6	2010	0.81
<b>Education</b>					
Literacy rate, adult total (% of people ages 15 and above)	81	2015	78	2014	3.70
Literacy rate, adult female (% of females ages 15 and above)	75	2015	72	2014	4.00
Government expenditure on education (% of gov expenditure)	11.8	2019	9.4	2018	20.34
<b>Labour force</b>					
Unemployment (% of total labour force) (modelled ILO est.)	0.6	2021	0.3	2020	50.00
Unemployment youth (% of total labour force ages 15- 24) (ILO)	1.8	2021	0.8	2020	55.56
Labour force participation rate (% of total ages 15-64) (ILO)	84.9	2019	84.9	2018	0.00
Labour force participation rate for ages 15-24, female (%) (ILO)	65	2021	63	2020	3.08

### 3. Potential impacts

#### *Environmental and social Impacts*

As per the SECAP screening tool, the Environmental and Social risk category of the project is assessed as moderate. The screening process highlighted the following potential social and environmental risks:

#### **Biodiversity**

The project primarily supports existing agricultural areas, already under production status and managed by members of formal and/or informal producers' organisations. The project targeting strategy will systematically exclude interventions and activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. wetlands, National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.). The monocropping and use of chemical inputs and hormones may impact on the local biodiversity. The project will promote the inter/mix cropping practices and support to regulate the use of chemical inputs and encourage to use bio inputs.

#### **Resource Efficiency and Pollution Prevention**

The project is likely to involve inputs of fertilizers and other modifying agents, however the related risks are expected to be minor and dispersed. The project will involve inputs suppliers and producers' organisations to promote safe and efficient use of fertilisers and modifying agents. Good Agricultural Practices (GAP) will be promoted for vegetable production in particular.

The project is likely to involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry. The project will not directly procure pesticides, but the producers are likely to purchase and use pesticides such as fungicides in vegetable production. The project will engage with agrochemical suppliers and producers' organisations to regulate use of use of pesticides and encourage producers in following GAP guidelines.

Given the nationwide nature of the project target area, it is unsure whether the project interventions could be located in an area which is being, or has been, polluted by an external source (e.g. a mine, smelter, industry). This risk will be included in the ESCMP and areas polluted by an external source will be avoided / excluded from the target areas.

The project is likely to involve interventions in the poultry value chain (production of native chicken). According to the Cambodia Inter-Censal Agriculture Survey in 2019<sup>8</sup> there were an estimated 23.6 million natural chicken and 7.0 million natural ducks. This shows that poultry is one of the popular agriculture businesses in Cambodia.

#### **Cultural heritage**

The project could possibly be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage. The Cultural Heritage Management Plan (CHMP) has been developed to avoid the negative impacts on cultural heritage.

#### **Indigenous people**

Depending on the selected target provinces, the project could be sited in areas where indigenous peoples are present (including the project area of influence). Stakeholders' consultations and FPIC process will be adopted at an early stage of project interventions. The

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<sup>8</sup> [http://nis.gov.kh/nis/Agriculture/CIAS2019/CIAS%202019%20report\\_FINAL\\_EN.pdf](http://nis.gov.kh/nis/Agriculture/CIAS2019/CIAS%202019%20report_FINAL_EN.pdf)

project will not affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible) either directly or indirectly. To maximize the benefit to IPs and avoid potential impacts, an IP's plan and Free, Prior and Informed Consent (FPIC) has been prepared.

### **Working conditions**

Through its interventions under component 2, the project will support the emergence of entrepreneurs in the agro processing industry sector. This may include operations where producers and other agricultural workers are typically exposed to significant occupational and safety risks, such as shelling cashew nuts, or peeling mangoes. These potential risks will be further screened during the detailed design.

In any case, the project will ensure that the private partners involved in the project implementation will comply with national labour laws and international commitments in terms of workers' safety, gender inequalities, discriminations, forced labour, working children, and other indecent working conditions.

Overall environmental impact: Increase in financial access and technical support to the producer organization and agriculture cooperatives increases their capacity for environment friendly agricultural practices. The Project supported processing, store and market infrastructures will reduce and properly manage waste. Some of the negative impacts include i) soil quality, local biodiversity loss, and threat of disease outburst through monocropping, ii) use of chemical fertilizer and pesticides impacts on the local biodiversity, human/livestock and soil health, pollute water resources, iii) possibility of increase in use of hybrid seeds replacing traditionally used organic seed, iv) increase pressure in water resources. The Project will motivate farmers for intercropping in casava, cashew nuts and fruit farming with the suitable species. The use of chemical inputs will be regulated and farmers will be encouraged to produce and use the bio-inputs. Water efficient technologies will be supported to wise and effective use of water to reduce pressure on water sources.

### *Climate impacts*

As per the SECAP screening tool, the Climate risk category of the project is assessed as substantial. The screening process followed the steps below and highlighted the following potential climate risks:

#### **Step 1: Hazard identification**

The ThinkHazard report indicates that the expected hazards in the project intervention area are assessed as "High" for river flood, coastal flood, urban flood, landslide, cyclone, extreme heat and wildfires. Water scarcity (agricultural droughts and/or dry spells) is assessed as Low<sup>9</sup>.

Future climate scenarios for the period 2040-2059 indicate<sup>10</sup> that under the RCP 8.5 climate models:

- the expected average temperature change is **higher than 1 degree** Celsius compared to the baseline mean temperature
- average rainfall change is **less than 10%** compared to the baseline average rainfall
- Climate variability and frequency and intensity of extreme events are expected to be larger than the baseline
- The project is not expected to be a significant emitter of greenhouse gases

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<sup>9</sup> ThinkHazard report : "there is a 1% chance drought will occur in the coming 10 years"

<sup>10</sup> Future projections on climate variability are available on the World Bank Climate Change Knowledge Portal (CCKP)

## Step 2: Exposure Assessment

The project's nationwide target area does not allow for a detailed downscaled assessment of the level of exposure. Cambodia's geography features exposed areas to weather-related natural hazards, including: Low-lying areas (valleys, coastal zones, and small islands), Very warm areas (subtropical), Tropical areas (rainforests) and river banks.

The project targets agricultural systems, ecosystems or livelihoods that are exposed to weather-related hazards. Crop production is frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases. Livestock productivity (only native poultry applies for ASPIRE-AT interventions in particular) is not significantly affected by climate events (rainfall variability, prolonged droughts, changes in temperature or diseases). ASPIRE has introduced biosafety measures and production techniques that have proven to reduce native chicken mortality. This chicken raising model has received [positive reviews](#) and will be further disseminated under ASPIRE-AT.

The agricultural value chain (production, storage, processing and marketing) are also exposed to climate related hazards and rural infrastructure are also likely to be affected by flooding, landslides, changes in temperatures, and extreme winds.

The spatial distribution of exposure to various climate hazards as presented in the ThinkHazard tool is presented in the Climate Risk Analysis report in detail.

## Step 3: Sensitivity Assessment

The human development<sup>11</sup> score is above 5 (score of 6.3) and the Multidimensional Poverty Index is above 5 (score of 8.3); both aspects trigger a YES response in the screening tool. The sensitivity index is of 2.9, as per the SECAP screening tool.

Agriculture, forestry, fisheries and water resources which are climate-sensitive sectors are the foundation of Cambodian economic growth. Cambodia's high dependence on those sectors which support a majority of livelihood activities makes it highly susceptible to climate change and related climate hazards (World Bank, 2022).<sup>12</sup>

Other factors that make Cambodia highly sensitive to climate change are its population distribution (more than 80 percent living in rural areas), country's dependency on climate sensitive sectors, poverty, inequality, undernourishment, lack of irrigation and flood controlling infrastructures, highly concentrated rainfall during one (monsoon) season and the large water basin coverage of Tonle Sap Lake whose water level varies greatly. A detail description of each of these factors is presented in the Climate Risk Analysis report.

## Step 4: Adaptive capacity and climate resilience

Cambodia still lacks disaster coping capacity (DDR score of 6.8 as per the INFORM) and climate and weather information services are not effectively being delivered to farmers, rural dwellers, and end users. However, the country has an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs. A number of strategies and institutional mechanisms exist to help increase the adaptive capacity of the kingdom and its population such as a National Committee for Disaster Management (NCDM) "to lead the disaster management in the kingdom of Cambodia", a real time weather update or even early warning systems such as EWS 1294<sup>13</sup> which alerts the registered users on extreme climate events that are predicted to occur.

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<sup>11</sup> HDI 2019 = 0.594 (<https://hdr.undp.org/en/countries/profiles/KHM>)

<sup>12</sup> <https://climateknowledgeportal.worldbank.org/country/cambodia>

<sup>13</sup> <http://ews1294.com/en/home/>

To some extent, the government or other institutions (including projects and CSO/NGOs) support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events. The target community carrying out agricultural adaptation, through diversified farming systems and multiple sources of income, including off-farm wage labour and remittance. Nevertheless, the target population still lacks the economic means or support to adjust or adapt their activities in response to weather related shocks.

Farmers still face difficulties in accessing adequate financial credit and loans that are tailored to their needs. Requirements for collaterals for loans remain a key constraint for smallholder farmers to access financial services. Agricultural insurance remains limited to very few areas, focusing mainly on weather-index based insurance scheme for paddy rice. Rural infrastructures (access roads, irrigation, electricity) have improved over the last decades but in many areas these infrastructures are not effectively delivering services to farmers and rural dwellers. The adaptive capacity score (as returned by the SECAP screening tool) is of 3.8.

**Proposed climate risk classification:** As per the IFAD screening tool, the climate risk classification is assessed as “substantial”.

#### Climate Change Mitigation

The project will promote the good agricultural practices as far as possible. The support will be made for the Renewable Energy Technologies for the production and processing facilities. The project will follow zero forest encroachment and deforestation strategy with no any impact on carbon rich ecosystem.

#### Climate change adaptation

The improved accessibility to the financial services and technical assistance will improve farmers climate change adaptation capacity. The new infrastructure to store, process and market will reduce the threat of climate risks. Expansion and intensification of agriculture production with extensive marketing support will maximize farmer’s income. However, the negative impacts of variation in timing and pattern of precipitation, increase in temperature, increasing trend of climate hazard, and possibility to increase pest and diseases cannot be entirely avoided. The Project will support on crop selection and to prepare/update location specific crop seasonal calendar to minimize the impact of variation in rainfall pattern.

The in-depth climate risk analysis has assessed project activity level impacts and mitigation measures. The table 5 presents overall environmental, climate and social impacts.

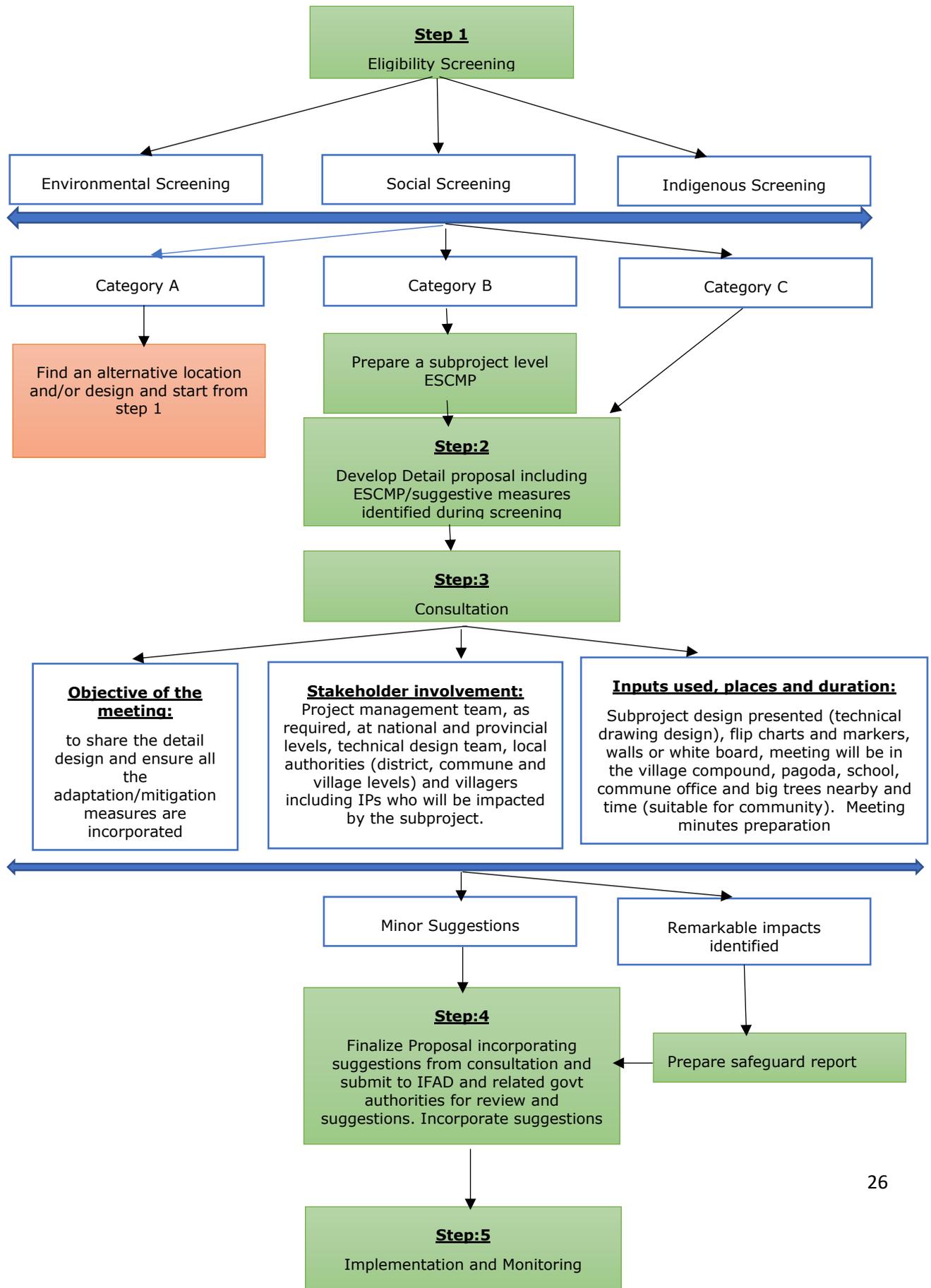
**Table 5: Potential impacts**

Component/subcomponents	Potential environmental impact		Potential climate impact		Potential social impact	
	Positive (Opportunities)	Negative (Threat)	Positive (Opportunities)	Negative (Threat)	Positive (Opportunities)	Negative (Threat)
<b>Component 1: Productive and Resilient Assets for Producer Organizations</b>						
<b>Sub-component 1.1: Investment in productive and resilient assets of POs and smallholders</b>	<p>Reduce waste due to proper collection, processing and packaging facilities</p> <p>Improve understanding on soil health improvement and good agricultural practices</p> <p>Increase water availability for local biodiversity</p>	<p>Land degradation and biodiversity loss due to monocropping and commercial farming</p> <p>Soil and water contamination due to increase use of chemicals</p> <p>Additional pressure on natural resources, mostly on water and forest area</p>	<p>Reduce green gas house emission through promotion of RETs</p> <p>Enhance climate resilience capacity of smallholders</p> <p>Increase investment in climate-friendly agricultural solutions</p>	<p>Intensive agriculture leading to increase GHGs emissions</p>	<p>Increase income through agriculture value chains</p> <p>Improve food security and nutrition</p> <p>Creation of job opportunities</p> <p>Strengthen the capacities of PO and ACs</p> <p>Increase access on production, processing and marketing facilities</p> <p>Open new value addition options in agricultural value chains</p>	<p>Potential of exclusion of pro-poor households, ethnic minority, youth, people with disability, women due to lack of collateral or legal documentations.</p> <p>More benefit to well off and medium households</p> <p>Additional pressure to smallholders if the production is not as expected and couldn't pay back the loan</p>
<b>Sub-component 1.2: Enabling market infrastructure for Producer Organizations</b>	<p>Reduce dust and air pollution</p>	<p>Environmental pollution if waste generated during the construction and use of the infrastructure is not managed properly</p> <p>Demand timber thus may create additional</p>	<p>Increase capacity to construct climate proof infrastructures</p>	<p>GHGs emission due to infrastructures</p>	<p>Explore opportunities for income generation</p> <p>Reduce post harvesting losses</p> <p>Reduce time for transportation.</p>	<p>Inadvertent discrimination of vulnerable, indigenous, women and youth led organizations</p>

Component/subcomponents	Potential environmental impact		Potential climate impact		Potential social impact	
	Positive (Opportunities)	Negative (Threat)	Positive (Opportunities)	Negative (Threat)	Positive (Opportunities)	Negative (Threat)
		pressure to forest  Accelerate erosion if site selection and design are done not adequately  More pressure to water resources			Smallholders will timely get market and good price  Value addition due to processing and labelling	
<b>Component 2: Business Partnership and Market Access</b>						
<b>Sub-Component 2.1</b> <i>Strengthening private investment for agricultural market and trade development</i>	Improve skill on good agricultural practices	Soil quality degradation due to business-oriented farming			Expand marketing network exploring additional opportunities for income generation  Enhance POs capacity on agri-business sector	Exclusion of propoor, vulnerable and marginalized HHs/individuals to get support/loan
<b>Sub-Component 2.2</b> <i>Strengthening the enabling environment for competitive agricultural value chains and trade</i>	Regulate use of chemical inputs	Additional pressure to natural resources (forest, water) to construct new houses		GHGs emission due to infrastructure constructions	Improve health due to limited chemical use  Increase value of the product	Lack of access on services to pro-poor, vulnerable and marginalized HHs/individuals
<b>Component 3: Aggregating Farmers and integrate them into Value Chains</b>						
<b>Sub-Component 3.1</b> <i>Structure and Capacity of Producer Organizations</i>	Improve capacity on good agriculture practices  Improve awareness on		Improve understanding of climate change related issues and mitigation among		Enhance resilience to climate and economic shocks  Improve attitudes towards the	Inadequate participation from Indigenous People, women, youth and vulnerable households

Component/subcomponents	Potential environmental impact		Potential climate impact		Potential social impact	
	Positive (Opportunities)	Negative (Threat)	Positive (Opportunities)	Negative (Threat)	Positive (Opportunities)	Negative (Threat)
	product quality leading towards the sustainable agriculture		beneficiaries. Contribution to tackle climate risk impacts		adaptation and climate change Strengthen women's voice and leadership Improve governance and inclusion	
<b>Sub-component 3.2 Technical Advice and Centers of Excellence</b>	Improve knowledge and access on environment friendly value chain  Improve environmental governance	Introduction of hybrid varieties	Systematic dissemination of tools and techniques of climate smart agriculture leading to reduce GHGs emission		Access on improved agriculture techniques	

## 4. ESCMF Procedures



The project will fully comply with the national environmental laws and regulations. The steps for the screening, assessment and management of environmental and social risks related to subprojects outlined above were developed in alignment with national regulations while taking into consideration SECAP requirements which are considered to be more stringent. The present ESMCF, screening process and ESCMPs developed during implementation are considered to be equivalent to national EIA regulations and meet the requirements for Environmental Permits application to the Department of Environmental Protection of GoKC. The necessary environmental permits will be obtained during implementation as required by national law.

All proposed sub-projects will undergo further review and consideration, particularly in relation to potential environmental and social impacts and mitigation measures. The preliminary impact assessment of the planned subprojects, presented in SECAP review note and climate risk analysis report, is moderate. The infrastructure support will be limited to small access roads, loading areas, collection and handling facilities, multi-purpose buildings for the producer organization, and some lab/inspection office/reference centre/research stations. Considering the type of planned project intervention, the procedure for identifying and assessing safeguard impacts of project activities and assessing impact mitigation measures is outlined below.

**Table 6 Screening steps**

Step	Description
<b>One</b>	All the subprojects will be screen using annex III and IPs screening annex VIII questions. This will help to overall assess subproject category as annex IV. The project activities nature is mostly static, except limited small access roads. Hence, subprojects categorized as 'A' with substantial social and environmental risk and contravene GoKC obligations under its international agreements will be avoided. Those will be recommended to revise the location, specification and design. Category B subproject, if needed, will be further assessed with checklist listed in annex V. Suggestion will be made to prepare a subproject specific ESCMP as outlined in ESCMP chapter of this ESCMP. The category C subproject will be directed to detail proposal development.
<b>Two</b>	Detail subproject proposal/design addressing suggestions from step one.
<b>Three</b>	The detail design will be presented among the targeted beneficiaries, related stakeholders in the presence of concerned government and project staffs. The representations from women, youth, IPs, PwD, vulnerable households have to be invited in these discussions. There should be further discussion about the potential social, climate and environmental impacts from proposed project.
<b>Four</b>	If the consultation meeting concludes with minor suggestion, project team will finalize the subproject design addressing suggestions. If there raises some remarkable concern and identify need of further assessment, project team will prepare a safeguard report outlined in annex VI. Considering the planned project intervention type, project will prepare a small but concise safeguard report. The final draft subproject design together with process documents has to be shared with IFAD and concerned authorities for suggestions.
<b>Five</b>	Finalize the design incorporating suggestions and start implementation and monitoring.

Following are the provisions for subcomponent 1.1 and 2.1

Sub component	Description
<b>1.1</b>	<b>ARDB</b> will conduct <b>screening and due diligence</b> of loan applications by checking and, where necessary, verifying information submitted on the loan application form. Screening criteria will include (1) economic and financial viability of the investment; (2) eligibility of the investment

	based on project criteria; (3) eligibility of the borrower based on project criteria; and (4) compliance with environmental and social safeguards. The checklist will be updated to meet requirement, if needed, after the formal contract with bank.
<b>2.2</b>	<b>SME</b> will conduct <b>screening and due diligence</b> of loan applications by checking and, where necessary, verifying information submitted on the loan application form following same screening criteria as 1.1. The checklist will be updated to meet requirement, if needed, after the formal contract with bank.

## 5. Environmental, Social and Climate Management Plan

The ESCMP presents potential environmental, climate and social impacts and their management approaches. The plan reflects identified environmental, social and climate risk and opportunities, extent of risk, mitigation or adaptation measures, roles and responsibilities to implement suggestive measures, monitoring indicators. The risks and mitigation measures cannot be ascertained in more depth at this stage because the exact subprojects are yet to be determined. An overall ESCMP is presented in annex I based on the project planned activities. The ESCMP includes a stakeholder engagement approach that details how stakeholders (PMU, finance institutions, communities, PO, and AC) will be consulted and their participation ensured throughout the project. Among its guiding principles, the Program will make efforts to mitigate all impacts affecting the equal participation and benefit sharing of vulnerable communities, including indigenous peoples.

The specific subprojects require ESCMP when the screening questions identified social, climate and/or environmental impacts by the project activities and those need adequate mitigation or adaptation measures. The screening checklist annexed in III and VIII will be assessed once the subproject's location, size, beneficiaries are identified. Mitigation and management measures need to be developed and implemented for each impact and risk identified in the screening assessment. These measures aim to avoid or reduce identified adverse impacts. If the impact is significant, alternative subproject designs and/or locations should be considered to avoid potential impacts. Mitigation and management measures need to meet (and ideally exceed) national regulations and obligations under international law but also the requirements specified in IFAD and EIB standards.

The content of the ESCMP should address the following sections:

**(1) Mitigation/Adaption:** Identifies measures and actions in accordance with the mitigation hierarchy that avoid, or if avoidance not possible, reduce potentially adverse social and environmental impacts to acceptable levels. Specifically, the ESCMP: (a) identifies and summarizes all anticipated adverse social and environmental impacts; (b) describes – with technical details – each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; (c) estimates any potential social and environmental impacts of these measures and any residual impacts following mitigation; and (d) takes into account, and is consistent with, other required mitigation plans (e.g. for displacement, indigenous peoples).

**(2) Monitoring:** Identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the environmental and social assessment and the mitigation measures described in the ESCMP. Specifically, the monitoring section of the ESCMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i)

ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

**(3) Capacity development and training:** To support timely and effective implementation of social and environmental project components and mitigation measures, the ESCMP draws on the environmental and social assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level. Specifically, the ESCMP provides a description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training). Where support for strengthening social and environmental management capability is identified, ESCMP recommends the establishment or expansion of the parties responsible, the training of staff and any additional measures that may be necessary to support implementation of mitigation measures and any other recommendations of the environmental and social assessment.

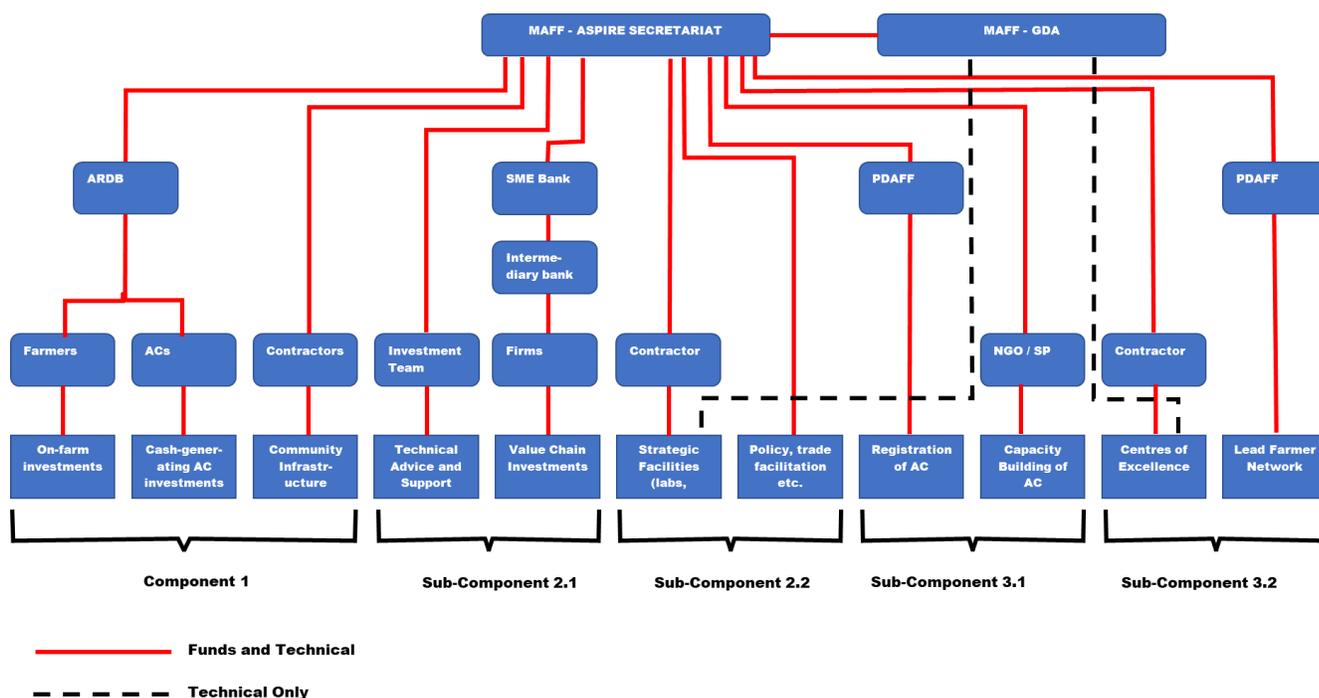
**(4) Stakeholder Engagement:** Summarizes and links to project Stakeholder Engagement Plan or outlines plan to engage in meaningful, effective and informed consultations with affected stakeholders. Includes information on (a) means used to inform and involve affected people in the assessment process; and (b) summary of stakeholder engagement plan for meaningful, effective consultations during project implementation, including identification of milestones for consultations, information disclosure, and periodic reporting on progress on project implementation. Require documentation of consultations (summaries including presentations, key points raised and responses provided, participation lists).

**(5) Grievance redress mechanism:** Describes effective processes for receiving and addressing stakeholder concerns and grievances regarding the project's social and environmental performance. Describe mechanisms to provide stakeholders and potential affected communities avenues to provide feedback or grievances, and receive responses, with regard to the implementation of specific activities, policies, or regulations.

**(6) Implementation action plan** (schedule and cost estimates): For all four above aspects (mitigation, monitoring, capacity development, and stakeholder engagement), ESCMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the ESCMP. These figures are also integrated into the total project cost tables. Each of the measures and actions to be implemented will be clearly specified and the costs of so doing will be integrated into the project's overall planning, design, budget, and implementation.

## 6. Institutional arrangements and capacity building

### Institutional arrangements and roles and responsibility



**Figure 3 Institutional setup**

The **Project Executing Agency** will be MAFF which will assign project management responsibilities to the existing ASPIRE Secretariat, thus making use of established capacity, ensuring continuity and facilitating implementation of the project readiness action plan.

**ASPIRE AT Secretariat** responsibilities will include (1) project planning and reporting; (2) project financial management and procurement; (3) monitoring and evaluation; (4) social, environment and climate change risk management; (5) guide implementation of the Gender Transformative Approach; and (5) mainstream adoption of digital technology in all components.

**MAFF-GDA** will be responsible for technical guidance of the project in key areas including (1) formation and capacity building of ACs and UACs in compliance with the Law on Agriculture Cooperatives; (2) registration of UACs; (3) selection, design and implementation of public service investments under Component 2.2; (4) development and approval of technical protocols for crop production; (5) development of relevant policy and regulation, particularly to expand trade and market access in target value chains; (6) coordination of the project ICT strategy; and (7) management of Centres of Excellence established / upgraded under Sub-Component 3.2.

**Agriculture and Rural Development Bank** will finance investments in Sub-Component 1.1 through (1) management of project funds to finance loans and grants to eligible farmers and graduated POs; (2) screening of investment proposals; (3) financing loans and grants to eligible farmers and graduated POs; (4) reporting to ASPIRE Secretariat.

**SME Bank** will finance investments in Sub-Component 2.1 through (1) management of project funds to finance loans and credit guarantees in partnership with CGCC; (2) screening

of investment proposals; (3) financing of loans backed by credit guarantees in partnership with CGCC; and (4) reporting to ASPIRE Secretariat.

**Provincial Departments of Agriculture, Forestry and Fisheries (PDAFF)** will (1) conduct mapping of pro-poor value chains and producer organisations; (2) conduct formation and registration of Agriculture Cooperatives; (3) manage and coordinate networks of Lead Farmers including identifying training needs; (4) cooperate with regional service providers for business development services to graduated POs; (5) project planning, monitoring and reporting at Provincial level.

**Graduated POs** (ACs, UACs and other types of formal producer organisation) will (1) ensure compliance with good governance and inclusivity criteria; (2) prepare business plans; (3) develop partnerships with agri-businesses; (4) prepare applications for investment financing under Component 1; (5) counter-sign and monitor implementation of farmer loan and grant agreements; (6) directly implement PO loan and grant agreements; (7) conduct community procurement to identify preferred suppliers for farmer and PO investments; (8) monitor implementation of enabling infrastructure investments; (9) operate enterprises and cash-generating activities; (10) operate and maintain enabling infrastructure; and (11) report on activities, outputs and outcomes via the project MIS.

**AC Business Development Service Providers** will be recruited by the project based on proven track record and expertise in working with POs, in specific value chains and specific geographic areas. It is envisaged that between 5 and 10 service providers will be recruited according to TORs to be included in the PIM, with 2 – 4 service providers recruited in Year 1 and the remainder in Year 2. The roles of these service providers will include (1) strengthening governance and inclusiveness of the POs, with particular regard to promoting women's voice and leadership roles; (2) strengthening administrative and financial management capacity of the POs; (3) facilitating partnerships with between POs and agri-businesses; (4) supporting preparation of PO Business Plans through a participatory process with PO members and in consultation with private sector partners; (5) supporting preparation of investment proposals for Component 1 financing; and (6) an ongoing coaching and backstopping role during implementation of the Business Plan.

### Capacity Building

Specialists with expertise in social and environmental safeguards will be engaged to support for screening and the completion of the ESCMP. The expert will support the project staff on safeguards responsibilities and approaches. During project implementation, the IFAD will provide advice to project team members as needed to support the implementation of this ESCMF, and preparation of the ESCMP and pursuant measures.

The ASPIRE AT secretariat will have the final responsibility for the integration of the screening recommendations and ESCMP in the execution of the project. The integration will need to consider particular institutional needs within the implementation framework, including a review of the required budget allocations for each measure, as well as the authority and capability of institutions at different administrative levels (e.g. local, provincial, and national), and their capacity to manage and monitor its implementation.

The approximate budget for the capacity building is included in budget section (Table 27). ASPIRE AT needs to conduct capacity buildings, including but not limited to, for staff on ESCMF steps and process; developing site specific ESCMP and identify adaptation/mitigation measures; implement, supervise, and report ESCMF and ESCMP; M&E framework development, data collection formats preparation, data collection and reporting related to

ASPIRE-AT ESCMF

ESCMP/ESCMP; gap assessment and necessary capacity building events to bank and service providers; GAPS for chemical suppliers/manufactures and POs.

## 7. Stakeholder engagement, information disclosure and grievance redress

### Stakeholder engagement

Community and stakeholder engagement is key in successful implementation of the present ESCMF. Stakeholder engagement should be conducted throughout the Project lifecycle. In developing and implementing the environmental and social safeguards, communities and all relevant stakeholders should be consulted to provide feedback on the subproject design proposal and endorsed mitigation and risk reduction measures.

Stakeholders include groups, institutions and individuals that will be directly or indirectly impacted by the project, may have interest in the project outcomes, or may have influence (negatively or positively) on the project. In the case of the ASPIRE AT, these include MAFF, IFAD, EIB, RADB, SME, relevant national governmental actors, producer organisation, MSMEs, cooperatives, members of these institutions. Further stakeholders include affected communities or civil society and other actors working in the Project areas. Importantly, the project has included the indigenous peoples plan and Free, Prior, and Informed Consent implementation plan.

The project will also develop a Stakeholder Engagement Plan during the start-up in line with SECAP requirements as well as IFAD's guidelines for Project Target Group Engagement, Feedback and Grievance Redress.

### Information disclosure

Disclosure of relevant project information helps project affected people and other stakeholders understand the risks, impacts and opportunities of the project. IFAD and its implementing partners will provide the relevant stakeholders with access to relevant information, such as i) purpose, nature, and scale of the project, ii) the duration of the proposed project activities, iii) any potential risk to and impacts on such as communities, as well as mitigation measures, iv) the envisaged stakeholder engagement process, and v) the grievance mechanism.

All relevant documents relating to a proposed investment or subproject need to be disclosed as part of stakeholder engagement. Depending on the size and nature of the investment and the significance of the risks and impacts, examples of such documents include sub project proposal, ESCMPs, IP plan, FPIC process.

Disclosure of relevant information should be continuous throughout the Project, including the planning phase to seek feedback from the stakeholders on the safeguard's issues and measures, disclosure of all assessment prior to and after approval and disclosure during and after conclusion of activities to inform communities of implementation activities, potential impacts and mitigation measures.

### Grievance redress

The Project will establish an accessible and transparent process for those affected by the Project to make complaints, report wrongdoing, or seek redress in compliance with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and IFAD's Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse (SEA) 2018 and IFAD's Social, Environmental and Climate Assessment Procedures (SECAP) 2021.

The project will establish confidential reporting mechanisms using dedicated accounts on social media, email, and a telephone hotline for reporting complaints. Existence and details of these reporting channels will be widely publicly promoted via Project communication materials and platforms and communicated directly to POs and their members through the capacity building processes.

The Project will document and establish an independent process for reviewing and handling complaints received consistent with government regulations and IFAD policies. The Project will, as a minimum, produce 6 monthly reports on complaints and grievance redress included in their regular progress report. This will as a minimum, include the number and types of complaints received, progress in dealing with each complaint and resulting resolution and actions taken.

The efforts should be made from the commune level to solve the grievance in a participatory way. There will be four levels of grievance in the project. Anyone submitting a grievance may wish to raise a concern in confidence. If the complainant asks to protect identity, it should not be disclosed without his/her/their consent.

The project will provide a template to write grievances (sample is in annex VII). In cases where applicant does not have the writing skills or are unable to express their grievances verbally, the project should facilitate to find a common person to write on behalf of them. The applicant will be allowed to have access to the project focal person to ensure that all the details have been recorded accurately enabling all parties to be treated fairly. Throughout the grievance redress process, the responsible committee will ensure that the concerned applicant is provided with copies of complaints and decisions or resolutions reached.

<p><b>Stage 1</b> Community Level</p>	<p>There should be proper mechanism to collect grievance at the community level. The project should appoint a focal person from the community or extension worker or a suitable person to collect the grievance. The community level discussion should solve the issue and inform concerned person/group/organization by 15 days* of application. The concerned project team should forward application along with decision, decision process to district authority if applicant is not satisfied.</p>
<p><b>Stage 2</b> District level</p>	<p>The district office has to solve and inform to concerned applicants within 15 days*. If applicant is not satisfied, forward to Provincial office.</p>
<p><b>Stage 3</b> Province level</p>	<p>The provincial team may take up to 15 days* to solve the problem in close coordination with applicant. If applicant is not satisfied, forward to national secretariat.</p>
<p><b>Stage 4</b> Secretariat level</p>	<p>The secretariat team consults with concerned parties and solve wit in 15 days* of application receipt.</p>
<p>If not solved</p>	
<p>Option A: Write to IFAD</p>	
<p>Option B: Appy to judicial level</p>	

\*The project may revisit the number of days in a practical basis.

Grievance follow up: The relevant PIU coordinators may contact the applicant at a later stage to ensure that the activities do not trigger any further issues. If the problem persists, it will be treated as a new grievance and re-enter the process.

The project-level GRM will be further refined by the PIU during early implementation based on the assessment of existing GRMs at the different levels. The GRM will subsequently be disseminated to project stakeholders in the project areas prior to the commencement of any on-site work.

### IFAD Complaints Procedure

**Objective:** to ensure that appropriate mechanisms are in place to allow individuals and communities to contact IFAD directly and file a complaint if they believe they are or might be adversely affected by an IFAD-funded project/programme not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP.

### **Eligibility criteria**

To file a complaint for alleged non-compliance with IFAD's social and environmental policies and mandatory aspects of its SECAP, IFAD will consider only complaints meeting the following criteria:

- The complainants claim that IFAD has failed to apply its social and environmental policies and/or the mandatory provisions set out in SECAP.
- The complainants claim that they have been or will be adversely affected by IFAD's failure to apply these policies.
- Complaints must be put forward by at least two people who are both nationals of the country concerned and/or living in the project area. Complaints from foreign locations or anonymous complaints will not be taken into account.
- Complaints must concern projects/programmes currently under design or implementation. Complaints concerning closed projects, or those that are more than 95 per cent disbursed, will not be considered.

### **The process**

The complainants should first bring the matter to the attention of the government or non-governmental organisation responsible for planning or executing the project or programme (the Lead Agency), or to any governmental body with the responsibility for overseeing the Lead Agency. If the Lead Agency does not adequately respond, then the matter may be brought to the attention of IFAD. The issue may be brought straight to IFAD if the complainants feel they might be subject to retaliation if they went to the Lead Agency directly.

The Regional Division will examine the complaint and, if necessary, will contact the Lead Agency, or the governmental body with the responsibility for overseeing the Lead Agency, to decide if the complaints are justified. If the complainants request that their identities be protected, IFAD will not disclose this information to the Lead Agency or anyone else in government.

If the complaint is not justified, the Regional Division will inform the complainants in writing.

If the Regional Division finds the complaint is justified and there is proof of actual or likely harm through IFAD's failure to follow its policies and procedures, IFAD will take action. This may consist of making changes to the project/programme, or requiring that the government observes its obligations under the Financing Agreement. IFAD's response will focus bringing the project/programme into compliance and no monetary damages will be available or paid

in response to such complaints. The complainants will be informed of the outcome of the issue by the Regional Division.

In all cases, if the complainants disagree with IFAD's response, they may submit a request to [SECAPcomplaints@ifad.org](mailto:SECAPcomplaints@ifad.org) and request that an impartial review be carried out by the Office of the Vice-President.

The Office of the Vice-President will decide on the steps to be taken to examine such complaints, including, if necessary, contracting external experts to review the matter. The complainants will be informed of the results of the review.

### **How to submit a complaint**

A complaint relating to non-compliance with IFAD's Social and Environmental Policies and mandatory aspects of its SECAP can be submitted in any of the following ways:

- Download word file complain form: [Here](#)
- Send an email to [SECAPcomplaints@ifad.org](mailto:SECAPcomplaints@ifad.org)

If you email or mail your complaint, please include the following information:

- Name, address, telephone number and other contact information
- Whether the complainants wish to keep their identity confidential, and if so, why
- Name, location, and nature of the IFAD project/programme (if known)
- How the Complainants believe they have been, or are likely to be, adversely affected by the IFAD-supported project or programme

Complaints sent by mail should be addressed to:

IFAD  
SECAP Complaints (PMD)  
Via Paolo di Dono 44  
00142 Rome, Italy

## 8. Cost and budgetary consideration

Funding for implementation of the ESCMF is included in the project budgets. The estimated costs are indicated in table 7. Costs associated with the time of Project Management Unit Staff, including a Project Safeguards Officer, coordinating the implementation of this ESCMF are not shown. Further detail is found in the budget of the Project Document.

**Table 7 Tentative Breakdown of project level costs for ESCMF implementation**

<b>Item</b>	<b>Approximate Budget Cost (USD)</b>
Social, Climate and Environment Specialist	Mainstreamed in design report
RADB safeguard Specialist	Mainstreamed in design report
SME Safeguard process	45,000
External hire for safeguard preparation*	150,000
Travel expenses for consultations*	25,000
Capacity building/training expenses	40,000
Audio-visual & print production expenses	10,000
Total:	<b>270,000</b>

*\*Required if the project needs to prepare safeguard reports through service providers.*

## Annexes

### Annex I. ESCMP

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>1) Environmental</b>									
<b>Encroachment or expansion of agriculture in forest area</b>	All including infrastructure	Moderate	Value chain activities will be confined only in agriculture lands. Project will have zero encroachment and deforestation strategy.	Farmers and commune, Indigenous People consultation to maintain forest area	Secretariat, Provincial units	% Community and private lands for project activities	Baseline/midterm/completion and annual.	(A) Secondary sources: Local Forestry Groups, IP's land record, and/or provincial Forestry Departments; (B) Primary source: VC Cluster surveys.	Regular monitoring and awareness program, no incremental cost
<b>Excessive harvesting of forest products, especially timber for construction</b>	All including infrastructure	Low to Medium	Authorized harvestable amount of forest products will be consumed with permission of concerned authority. Deforestation or any damage to forest will be prohibited.	Producer organization, Agricultural Cooperatives, Communes, and IP			Annual	Annual Outcome Survey, Baseline/midterm/financial impact surveys,	No additional cost required

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Impact on local biodiversity and soil health, and increased water pollution from agriculture runoff due to the use of chemical fertilizers and pesticides</b>	Casava, Cashew nuts, Fruits, Vegetable, and poultry	Medium	(i) Mulching, right balance of organic and inorganic fertilizer; (ii) Awareness and advice on proper use of pesticide and fertilizers, regular soil and product testing; (iii) Improved poultry management to keep water healthy: restricting use of antibiotics and medicines, proper aeration keeps the shed healthy; (iv) Introducing waste water management system; (v) Enhanced testing and enforcement regime for pesticides especially at wholesale market and strategic location, (vi) encourage farmers to homebased bio-inputs production, (vii) promotion of integrated pest management and good agricultural practices, (viii) mix cropping, (ix) reduce	Awareness , capacity building and easy access to new practices and technologies	MAFF-GDA, PDAFF, Pos, Acs	(a) % farmers using bio inputs (b) Number of farmers aware in IPM; (c) % reduction of chemical inputs; (d) Include soil quality parameters to be measured	(a) Baseline/midterm/final; (b) Annual	(a) Baseline/midterm/final impact surveys; Farmers' diaries (b) Project training records	Via component 2 quality assurance, component three technical support and component 1 screening support that requires addition of chemical inputs  No additional cost required

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
			use of hormones on mango farming, (x) adhere to WHO/FAO International Code of Conduct on Pesticide Management for the safe labelling, packaging, handling, storage, application and disposal of pesticides.						

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Improper solid waste management</b>	Poultry, Processing and marketing infrastructure, quality assurance lab and centers	Low -Moderate	(i) Solid Waste management plan incorporated for project supported infrastructures; (ii) Work with local communities and authorities; (iii) Recycling and reuse of waste generated during production to processing including use to make bio-compost; (iv) Capacitate smallholders and micro entrepreneurs on sustainable waste management by easy and effective technologies and better hygiene	Awareness , capacity building and easy access to new practices and technologies	MAFF-GDA, PDAFF, Pos, Acs	(a) % of project-supported infrastructures with a waste management plan and an efficient waste management system (b) No of capacity building events organized for smallholders and micro entrepreneurs for waste management and bio-compost preparation	Annual	Project "infrastructure" records; Training reports; Reports from field inspection visits by Secretariat staff	Mainstreamed in infrastructure support and capacity building components

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Monocropping; Land and soil degradation</b>	Crops, fruits	Medium	(i) encourage intercropping in casava, cashew nut and fruits; (ii) mix vegetable cropping (iii) Integrated Pest Management approach will be promoted to discourage use of chemical fertilizers and pesticides; (iv) Crop varieties which demands excessive use of fertilizer and water will be discouraged; (v) Soil erosion prone areas will not be selected for any kind of value chain. If value chain activities are planned proximity to such areas, adequate land cover practices such as plantation will be encouraged. (vi) promotion of good agricultural practices	Awareness , technical consultation	MAFF-GDA, PDAFF, Pos, Acs	(a) % of farmers using IPM practices  b) % of farmers practicing inter/mix cropping; (c) hectares of land under sustainable agricultural land management	(a) Annual; (b) Baseline/midterm/completion.	(A) Secondary sources: Registries from communes, and/or provincial Forestry Departments; (B) Primary source: VC surveys	Mainstreamed in Comp 1 and 3  No incremental cost

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Threat (such as chances of particular pathogen or pest arriving, population declines of native species, altering key ecosystem process like hydrology, nitrogen fixation etc.) from introduction of exotic varieties and breeds</b>	Crops, fruits, poultry	Moderate	Introduction of only certified/verified varieties		Secretariat	<i>Ex ante: Component 1 and 2 activities to ensure that only certified/verified seeds suppliers are supported under the various Funds or capacity building activities.</i>	n/a	n/a	The support on chemical and quality testing includes these activities. No incremental cost

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Impacts on community health and safety due to the construction and operation of infrastructure and handling of chemical agricultural inputs.</b>	-	Low - Moderate	<p>Design, construct, operate and decommission the structural elements of the project in accordance with national legal requirements and the World Bank Group Environmental Health and Safety guidelines.</p> <p>Collect the GPS coordinates of infrastructure sites following a systematic and standardized methodology.</p> <p>Ensure applicable traffic rules and road safety measures in rural roads are adhered to and road signs installed as needed according to the national regulations.</p> <p>Raise awareness among farmers of pesticides used locally, the dangers</p>	Awareness , technical consultation	Secretariat	<p>(a) Number of farmers aware of community health issues;</p> <p>(b) Number of trainings and capacity building events for farmers and workers on handling of pesticides and other chemical inputs.</p> <p>(c) Number of accidents from construction and operation of infrastructure.</p>	Annual	Project "infrastructure" records; Training reports; Reports from field inspection visits by Secretariat staff	Mainstreamed in infrastructure support and capacity building components

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
			<p>and risks of pesticide exposure and how people may be exposed to pesticides.</p> <p>Train workers on the signs and symptoms of acute and chronic poisoning from pesticides, proper pesticide handling, application, storing practices and decontamination procedures before leaving the workplace.</p>						
<b>Social</b>									

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
Potential increase on the workload on women			(i) Ensure women’s participation from the activities planning phase; (ii) Promote awareness of smallholders and entrepreneurs on work division; (iii) Ensure that women are not over-represented in the maintenance work for the infrastructure; (iv) Ensure women’s participation in capacity building events; (v) Develop and implement GESI guidelines	Capacity building	Secretariat, MAFF-GDA, PDAFF, ACs, POS	(a) % of women among meetings' participants and awareness raising events; (b) % of women among project training, capacity building events and exchange visits; (c) % of women beneficiaries with increased time spent for leisure	(a) and (b): Annual; (c) baseline/midterm/completion.	(a) Lists of participants in meetings or awareness raising events; (b) Training records	Mainstreamed in the following activities a) group mentoring/capacity development b) Business skill training covering such issues

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Investment failing: Depletion of HH assets and livelihoods' base to the point where they can no longer recover; Indebtedness by loan beneficiaries unable to repay their loans.</b>	All	Medium	(i) Affordable investment pathways; (ii) Pre-screening suitability of selected commodities for poor and vulnerable households (iii) Working with in groups to improve market linkages which reduces selling risk; (iv) Link with technical service providers; (v) Business skill training; (vi) Encourage saving and wealth generation practice; (vii) Better use of income	Awareness , Capacity Building	Provincial units	(a) % of farmers repaying their loans according to agreed schedule (b) No of beneficiary farmers compelled to sell their collateral because they are unable to repay their loans.	Annual		Mainstreamed in design. No incremental cost.
<b>Limited or less than optimal investment on women, youth, PWD and vulnerable households</b>	All	Moderate	i) encourage group collateral, ii) business skill development	Sensitization, Capacity building, group works	Secretariat, provincial units, RADB, SME	% of women, youth, PwD sensitized or capacitated via trainings	Annual	APR	No incremental cost

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
Limited participation of women, youth, PWD and vulnerable households	All	Moderate	Knowledge share via group events and trainings like business and skill development training	Group work		% of women beneficiary	Annual, midterm and completion.	Baseline/midterm/completion surveys	No incremental cost
Lack of nutrition improvement	All	Moderate	i) promotion of kitchen garden, ii) awareness of optimal nutrition practices, iii) encourage intercropping			% of household and women reporting minimum dietary diversity (MDDW)	Baseline, Midline and Endline	Baseline/midterm/completion surveys, AOS	Promote kitchen garden with stakeholder/authorities working on this. Component 3 can work on capacity building.
<b>Climate change</b>									

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Flood</b>	ALL	Medium to high	(i) The subproject screening process will exclude activities in flood prone areas and encourage to use land where farmers are traditionally doing farming; (ii) Encourage crop, livestock and other value chain-based enterprises insurance; (iii) Development of sound site selection criteria and regular field inspection visits by safeguard specialist.	Awareness	Secretariat, MAFF-GDA	% of beneficiary households with a crop or livestock insurance  Include indicators for mitigation measure (ii), and (iii)	Upon beneficiaries' selection, mid term and completion.	Baseline/mid term/completion surveys; and RADB and SME's progress report	i: mainstreamed in ESCMF screening process; ii: needs to promoted; iii: under the component 3;  for infrastructure, screening, ESCMP preparation, site verification is mainstream part of project.  No incremental costs.

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Drought, water shortage</b>	All value chains	Medium to high	(i) prepare and/or update crop seasonal calendar, (ii) promotion of local drought tolerant varieties, (iii) Improve management practices: water efficient technologies, infield water harvesting, water catchment pond; (iv) Provisions of crop, livestock and other value chain-based enterprises insurance, (v) bio mulching to retain water, (vi) protected vegetable farming	Awareness	Secretariat and province units	i) % of Acs/Pos with updated crop seasonal calendar, ii) % of household using improved water management practices	Baseline/midterm/final; Annual	Baseline/midterm/final impact surveys; Farmers' diaries.	mainstreamed in project

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
<b>Change in disease timing and outbreaks</b>	All	Medium	(i) Promotion of IPM; (ii) Capacity building and awareness events to maximize use of bio chemicals and fertilizers (iii) Promotion of value chain-based enterprises insurance	Awareness	Province project units	(a) % of farmers using sound IPM practices	Baseline, mid-term, final;	Baseline/midterm/final impact surveys; Farmers' diaries.	
<b>Occurrence of wind storms</b>	Cashew nuts, Fruits	Low	(i) Wind break plantation; (ii) Improve solid mound to strengthen plant up to pole size	Capacity building	Secretariat and province units	(b) % of beneficiary households with a crop or livestock insurance	Annual and baseline, midterm, final;		
<b>Heat stress</b>	Poultry	Low	(i) The project will promote free ranging		Secretariat and nrovi		Baseline, midterm, final;	Baseline/midterm/final impact surveys	No incremental cost

Environmental, social and climate Impacts	Commodities as main driver of risks	Risk rating	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution	Means of Verification			Cost Estimate & Source
						Indicators	Frequency	Source of data	
			chicks in the areas with sufficient tree cover. The impact of heat stress will be minimal for the poultry.						

## Annex II. Stakeholder consultation

Date	Activities	Type of information	Location and People to Meet
30 June to 17 July (18 days)	Country Visit		
30 June-03 July	Official interactions		
Notes	IFAD CPO meeting for country and project brief	Country scenario, IFAD's priority operations, ASPIRE AT brief, Stakeholder listing for meeting, Field visit finalization	
	Meeting with ongoing project's few staff: GESI, CCA, Ag/Livestock specialist, M&E, Planning officer, PDs	Project working area's social, environmental and climate status -Key challenges on aforementioned themes -Project mitigation and adaptation approach -Project targeting and inclusion strategy -M&E framework, plan and execution -Stakeholders to consult -Learning and experience on environmental and social issues management -Baseline information	
Sat. 2 July 2022 At 2:30pm	Meet with ASPIRE	Introduction of ASPIRE, ASPIRE-AT, and field trip confirmation and others	
04-12 July 2022	Field visit (2-3 first phase implementation provinces)		
Mon. 4 July 2022			
06:00am	Travel to Ratanakiri	Leave from MAFF	PP-Ratanakiri
03:00pm	Meet Department of Agriculture, Forestry and Fisheries (Ratanakiri-PDAFF)	Explore general information of agriculture in the province	In the town
Tue 5 July 2022			
In the morning	Meet IPs agricultural community, local authorities (commune and district level), cassava buyers. ASPIRE Business Cluster	Tampoun-IPs growing cassava and facing problems of climate change and land slope, soil erosion	Keh Chong Commune, Bor Keo District
In the afternoon	Meet IPs agricultural community, local authorities, (commune and district level) cashew buyers. ASPIRE Area BUT Non-ASPIRE Cluster	Kreung-IPs growing cashew and facing problems of climate change and land slope, soil erosion	Ou Chum Commune, Ou Chum District
Wed. 6 July 2022			
In the morning	Meet IPs agricultural community, local authorities, (commune and district level) cashew buyers. Non-ASPIRE Area and Cluster	Kreung-IPs growing cashew and facing problems of climate change and land slope, soil erosion	Tuen Commune, Koun Mom District
02:30-04:00pm	Meet ICSO Organization + SCV		In the town

## ASPIRE-AT ESCMF

Date	Activities	Type of information	Location and People to Meet
04:00-05:00pm	Meet DPA Organization + IADC + HA+ Yeak Loam		In the town
Thu. 7 July 2022			
07:00-08:00am	Visit Yeak Laom Lake		In the town
08:00-09:00am	Meet Provincial Department of Environment		In the town
09:15-10:15am	Meet Provincial Department of Rural Development		In the town
10:30-11:30am	Meet Provincial Department of Land Management, Urban Planning and Construction		In the town
In the afternoon	Travel to Siem Reap Province	Ratanikiri-Steung Treng-Preah Vihear-Siem Reap	
Fri. 8 July 2022			
08:30-10:00am	Meet Provincial Department of Environment		In the town
10:30-11:30am	Meet Provincial Department of Culture and Art		In the town
02:00-03:00pm	Meet Provincial Department of Land Management, Urban Planning and Construction		In the town
03:00-04:00pm	Meet Provincial Department of Rural Development		In the town
04:00-05:00pm	Meet TSSD-AT Project		In the town
Sat. 9 July 2022			
08:00-09:30am	Meet Department of Agriculture, Forestry and Fisheries (Siem Reap-PDAFF)		In the town
10:00-11:30am	Meet Farmers of ASPIRE Business Cluster growing vegetables, buyers	Farmers living in the area under APSARA Control and not allow to construct hard building and infrastructure	Leang Dai Commune, Angkor Thom District
02:00-03:30pm	Meet farmers of ASPIRE Business Cluster growing cassava, buyers	Farmers living in the national park and facing of climate change, crop disease	Tbrenng Commune, Banteay Srey Distric
04:00-05:00pm	Meet with IP Community		088 87 17 685)
Sun 10 July 2022			
In the morning	Meet farmers growing cashew, buyers and processor	Farmers facing climate change (drough, flooding), crop insect, disease	Kork Doung Commune, Angkor Chum District
In the afternoon	Travel to Phnom Penh		
Mon. 11 July 2022			

## ASPIRE-AT ESCMF

Date	Activities	Type of information	Location and People to Meet
07:00-09:00am	Travel from PP to Kampong Speu Province		
09:00-10:00am	Meet Department of Agriculture, Forestry and Fisheries		In the twon
10:15-11:30am	Meet Provincial Department of Environment		In the twon
In the afternoon	Meet Farmer of ASPIRE Business Cluster growing mango, buyers and processor	Farmers facing climate change (drought), crop insect and disease	Treng Troyeung Commune, Phnom Srouch District
<b>Tue 12 July 2022</b>			
09:30-11:00	Meet LWD Organization		Sangke Satob Commune, Oral District
02:00-03:30	Meet IPs growing rice and vegetable	IPs facing climate change (drought and flooding) soil erosion...	Tropeang Chor Commune, Oral District
<b>13-17 July 2022</b>			
	NGOs (youth, women, PWD, Indigenous, Envnt and CC) consultation	Identification and ranking of areas of support Adaptation and mitigation activities implementation experience Best practices Learning and experience: what works well and what not Baseline information Policy gaps	
<b>Wed. 13 July 2022</b>			
8:30am-10:30am	Mak Monika , Executive Director	Cambodia Disable People organization, 016800527	
10:00am - 11:30AM	Meet with IP Alliance Project	Lorang Yun <yun.lorang25@gmail.com, tel: 099 712 423	
02:00PM-03:30PM	Meet with Khmer Youth Development Association	youth engagement in social, cultural and enviroment work	
04:00PM-5:30PM	The Cambodia Climate Change Network (CCCN) or NGO Forum	A network of NGO working climate mitigation and adaption, environment	
	In country experts and stakeholders consultation	Climate change trend, projections, impacts, mitigation and adaptaton measures Key social challenges and how best project can work on them Cultural heritage management Policy gap and project support	
<b>Thu.14 July 2022</b>			
9am	Mr. Chan Sophal	Director, Center for Policy Study	
10:30am	Director IIRR	IIRR has been working here on climate and weather for smallholders	
2pm	Mr. Pan Sopheap	Head of Famer Nature and Network (member of Asian Farmer Sociation)	
4pm	Ms. Thlang Sovan Pisey	Executive Director, Khmer Organic Association	
<b>Fri. 15 July 2022</b>			
9am	Climate Change committee of MAFF	MAFF has a climate change committee chaired by H.E. Chan Chesda.	

ASPIRE-AT ESCMF

Date	Activities	Type of information	Location and People to Meet
10:30AM	Ag and Rural Development Bank		
2pm	Meach Yardy	Marketing office of DPS/MAFF	
4pm	Mr. Kim Soben	University of Agriculture	
<b>Sat. 16 July 2022</b>			
9am	Meeting with GIC on small livestock	Oum Narin	

## Annex III: Screening Checklist

<b>Introduction</b>			
<p>This checklist must be completed for all sub-projects and should be used to guide preparation of the Environmental, Social, and Climate Management Plan (ESCMP).</p> <p>The aim of this screening checklist is to draw attention to positive or negative environmental, social or custom impacts that could occur as a result of the proposed project. The checklist satisfies the requirements for an Environmental Permit application to Department of Environmental Protection of GoKC under the IFAD, EIB, and reference to WBG-IFC guidance.</p> <p>The questions are designed to direct attention towards issues that should be considered at the early stages of project planning and also during project construction and operation. It is important that the following details are described in this template:</p> <ul style="list-style-type: none"> <li>• Current environment and the likely impacts of the project</li> <li>• Impacts of project construction and how these will be managed</li> <li>• Impacts of project operation and how these will be managed</li> </ul>			
<b>Section 1 – Project details</b>			
Project name			
Project proponent (developer)			
Proponent's email address			
Proponent's phone number			
Project location (including coordinates, if available)			
Type and purpose of project (brief description)			
<b>Section 2 – Size and scale of the proposed project</b>			
<i>Questions to be considered</i>	<i>Yes/no/N.A./brief description</i>	<i>Is this likely to result in a significant impact – yes/no? Negative or positive? Long-term, short-term or irreversible?</i>	<i>Does the potential impact need to be further investigated? Will it require management?</i>
2.1 What area of land will be developed? (indicate size of area, in m <sup>2</sup> or km <sup>2</sup> )			
2.2 Will a large amount of energy, water or other natural resources be required for project construction and operation?			
2.3 Will a large workforce be needed? Is a local and/or external workforce to be employed?			
2.4 What is the expected timeframe for the project? (including construction, operation, closure and decommissioning – if appropriate)			
2.5 What is the current land use of the site? What are the neighboring land uses?			

<b>Section 3 – Character of the proposed project</b>			
<i>Questions to be considered</i>	<i>Yes/no/N.A./brief description</i>	<i>Is this likely to result in a significant impact – yes/no? Negative or positive? Long-term, short-term or irreversible?</i>	<i>Does the potential impact need to be further investigated? Will it require management?</i>
3.1 What type of construction or operational activities will be undertaken by the project?			
3.2 Are the project activities novel (new) or have they been undertaken before within the country, or in the Pacific region?			
<b>Section 4 – Project Location (as proposed by community)</b>			
<i>Questions to be considered</i>	<i>Yes/no/N.A./brief description</i>	<i>Is this likely to result in a significant impact – yes/no? Negative or positive? Long-term, short-term or irreversible?</i>	<i>Does the potential impact need to be further investigated? Will it require management?</i>
4.1 Is the project to be located within or adjacent to a vulnerable area (e.g. low-lying, waterways, floodplain, wetland, steep sloping land)?			
4.2 Is the project to be located adjacent to a sensitive site or facility (e.g. historical or archaeological site, conservation reserve, school, hospital/ medical facility)?			
4.3 Is the project likely to impact on existing land or wetland uses/activities?			
4.4 Is the proposed site suitable for the project (e.g. appropriate set-back from the streams or rivers; no steep or eroding slopes)?			
4.5 Is the proposed project site customary land? Are all customary land/ resource owners aware of the project proposal? Have they been consulted/meaningfully engaged?			
<b>Section 5 – Environmental Impacts</b>			

<i>Aspect of the environment</i>	<i>Questions to be considered</i>	<i>Yes/no/N.A./brief description</i>	<i>Is this likely to result in a significant impact – yes/no? Negative or positive? Long-term, short-term, irreversible?</i>	<i>Does the potential impact need to be further investigated? Will it require management?</i>
<b>5.1 Topography, geology and soils</b>	5.1.1 Destruction, covering or modification of any unique geological or landscape feature?			
	5.1.2 Soil contamination or disturbance of previously contaminated soils?			
	5.1.3 Disturbance of soils that are fragile, or susceptible to erosion or compaction?			
	5.1.4 Will dumping of spoil or removal of timber and vegetation, rock or soils affect land stability??			
	5.1.5 Will the immediate or downstream effects of the project impact on coastal areas (beaches, seabed, coral reefs, and sea grass beds) wetlands, lagoons or swamps?			
<b>5.2 Water</b>	5.2.1 Extraction or use of ground, surface or tank water resources, leading to reduction in the volume and quality of water available for the public water supply?			
	5.2.2 Pollution of ground, surface, coastal or sea water, via direct or indirect discharges or seepages; or through interception of an aquifer by drilling, cuts or excavations?			
	5.2.3 Will project construction involve any hazardous substances (including petrol, oils, tar, paints or industrial chemicals) to be used or stored on site??			
	5.2.4 Changes in runoff, drainage patterns or absorption			
	5.2.5 Coastal, stream or river flooding?			
<b>5.3 Air</b>	5.3.1 Will the project construction cause dust?			
	5.3.2 Will there be any burning of materials on site?			
<b>5.4 Noise</b>	5.4.1 Will the project construction require the use of heavy or noisy machinery or equipment?			

<b>5.5 Plant life</b>	5.5.1 Damage to or clearing of vegetation communities (e.g. coastal vegetation, established forest, upland forest or mangrove communities)?			
	5.5.2 A reduction in agricultural crop production?			
<b>5.6 Animal Life</b>	5.6.1 Is the project site located on or close to the sea??			
	5.6.2 Is the project site located on or close to a river, stream or wetland?			
	5.6.3 Is the project site located in, close to or include a protected area??			
	5.6.4 Damage to or destruction of habitat for animal communities on land?			
	5.6.5 What animal and bird species use, are present on or close			
	5.6.6 Are there important or endangered species in the area of the project?			
<b>5.7 Natural resources</b>	5.7.1 The extraction, harvest or consumption of natural resources (e.g. timber, minerals, water)?			
	5.7.2 A noticeable increase in the rate of use of any natural resource?			
	5.7.3 Substantial depletion of non-renewable resources?			
<b>5.8 Human communities</b>	5.8.1 Are there existing homes, settlements or other activities present on or adjacent to the project site?			
	5.8.2 Influx of an external workforce or in-migration to the project area?			
	5.8.3 Demand for additional housing to accommodate an external workforce?			
	5.8.4 Is the area culturally or archaeologically sensitive?			
	5.8.5 Increased demand for and disruption to social services and infrastructure (e.g. water and energy supply, communications, sewage and waste disposal, fire protection, police, schools, medical care)?			

	5.8.6 Will waste products be generated during construction or operation? Will any waste products be treated or disposed of offsite?			
	5.8.7 Infringement on customs or customary rights?			
	5.8.8 Social change or impacts on traditional governance structures, resulting in community dislocation or loss of community cohesion?			
	5.8.9 Restrictions in access to customary areas or restrictions in resource use in customary areas?			
	5.8.10 Changes in access to or the quality of recreational opportunities?			
<b>5.9 Involuntary Resettlement</b>	5.9.1 Have all sites for physical works under the project been specified?			
	5.9.2. Does the project involve physical works that will require any change in land use?			
	5.9.3. If any physical works are sited on public land, do any persons use or occupy this land			
	5.9.4. Will any physical works be sited on communal or collective land?  (a) If so, do any individuals use the land for their livelihood or residence?  (b) Does the project plan to acquire the land through means other than market-based lease or purchase, or through voluntary donation?			
	5.9.5. Are any physical works sited on private land? If so, does the project plan to acquire the land through means other than market-based lease or purchase, or through voluntary donation?			
	5.9.6. Will any physical works otherwise restrict access to, or use of, land or natural resources?			
	5.9.7. Will any physical works require acquisition of more than 10 percent of a private land plot?			
	5.9.8. Will any physical works require demolition of any residential or commercial structure?			
<b>5.10 Local and national economy</b>	5.10.1 Local economic displacement or loss of livelihoods (including subsistence and informal economic activities)?			

	5.10.2 Creation of jobs/livelihood opportunities for locals?			
	5.10.3 Influx of the cash economy in areas where there was previously a subsistence-based economy?			
	5.10.4 Training or educational opportunities for locals?			
	5.10.5 Increased tax revenue for the national government?			
	Royalties or benefits for sub-national levels of government?			
	5.10.6 Benefits for directly affected people and communities (which may include direct economic benefits, community development programs etc.)?			
	5.10.7 Benefits for the broader community (e.g. upgrading of social services or infrastructure)?			
<b>5.11 Community Health and Safety</b>	Would the project potentially involve or lead to:			
	5.11.1 Risks of waterborne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and non-communicable diseases?			
	5.11.2 Unintended negative impacts on nutrition?			
	5.11.3 Harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?			
	5.11.4 The construction or rehabilitation of dams?			
	5.11.5 Transport, storage and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?			
	5.11.6 Adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface-water purification, natural buffers from flooding)?			
	5.11.7 The potential for gender-based violence, including sexual abuse, sexual harassment or sexual exploitation as a result of labour influx, land redistribution or other actions that alter			
	5.11.8 Increases in traffic or alteration in traffic flow?			
	5.11.9 An influx of project workers?			

	5.11.10 Engagement of security personnel to protect facilities and property or to support project activities?			
<b>Section 6 – Uncertainty surrounding potential impacts and risks</b>				
<i>Questions to be considered</i>		<i>Yes/no/N.A./brief description</i>		<i>Is further investigation required?</i>
6.1 Are the potential project impacts and risks easily identified and well understood?				
6.2 Are cumulative impacts in the project’s area of influence well understood and have they been properly analyzed?				
<b>Section 7 – Broader policy and planning context</b>				
<i>Questions to be considered</i>		<i>Yes/no/N.A./brief description</i>		<i>Is further investigation required?</i>
9.1 Are there particular goals, targets or obligations under government policies, plans or legislation that are relevant to this project?				

## Annex IV: Subproject category

Category A	Category B	Category C
<p>substantial adverse environmental and/or social impacts</p> <p>Contravene GoKC obligations under its international agreements;</p> <p>Encroach forest area or lead to deforestation</p> <p>displace, modify or restrict/block access to cultural heritage sites, historical monuments, religious structure and other sites considered sacred by the local community;</p> <p>convert or degrade critical natural habitats;</p> <p>result in the exclusion/restriction of certain groups who are traditional users, from accessing an otherwise open-access resource which they have traditionally accessed.</p>	<p>Potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures</p>	<p>minimal or no adverse environmental and/or social impacts</p>

Annex V: IEE screening questions

Sub- project Name:

Date:

**Location:**

Environmental and Social Potential Effects/Impacts							
Issue		Answer					Remarks
Will the subproject be identified or anticipated significant negative environmental impact? Are these impacts sensitive, diverse or unprecedented?		No	Lo w	Medi um	Hi gh	Unk now n	
1	Will the project involve and or be complicit in the alteration, damage or removal of any critical cultural heritage?						
2	Will project cause threat to local ecosystems due to invasive species?( Vulnerable potential natural area, special area for protection of biodiversity)						
3	Will project cause to distort the original shape of the natural landscape and increase the waste.						
4	Will there be loss/removal of vegetable garden shelter or deforestation during land clearing for construction.						
5	Does the project make the quality of surrounding surface water or water flows worse? (deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction)						
6	Generation of dust or increased local air pollution in sensitive areas during construction?						
7	Increased noise and vibration due to blasting and other civil works?						
8	Dislocation or involuntary resettlement of people? (If Yes, how many?)						
9	Use the dislocated area accordance with environment and / or culture?						
10	Increase community health risks of transmission of the virus/diseases from construction workers to local people (and vice versa)?						
11	Potential social conflicts between workers hired with the community and /or vice versa?						
12	Risks to community health and safety due to the use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?						
13	Use land/area that is at risk from landmines or other explosive remnants of war?						
14	The construction leads to disruption of road traffic or waterway transport?						
15	The construction leads to the damage of pre-existing roads, bridges or other existing rural infrastructure in the area.						
16	Excavation during the sub-project construction that may cause landslides.						

17	Requirement of the temporary or permanent opening of new roads.						
18	The construction leads to separation or division of plants and animal habitats?						
19	The construction leads to increase of long term risk/impacts of air quality?						
20	Safety risks due to both accidental and natural hazards to workers and community during project construction and operation?						
21	Utilization of toxic and hazardous materials and generation of hazardous waste/disposals?						
22	Risks to community health and safety of the people in the area.						
Will the subproject be identified the necessity of acquiring land or restricting the use of these resources?							
23	Land tenure (temporary or permanent) (private or public land) for development?						
24	Usage of land that is legally owned or used regularly for production purposes (such as horticulture, agriculture, grassland, fishing area and fruit trees).						
25	Will there be loss of businesses or enterprises due to land acquisition?						
26	Will there be loss of agricultural and other productive assets, crops, trees, and fixed assets, shelter and residential land temporarily or permanently or due to land acquisition?						
27	Involuntary Restrictions on Land Use or on Access to Legally Designated Parks and Protected Lands?						
If answers 23-27, Yes, Please discuss for Relocation Plan (RP) or change the design/location							
Will the subproject be identified significant negative impact on Indigenous Peoples?							
28	Are indigenous peoples living in or close to the subproject area?						
29	Will the subproject directly or indirectly benefit or negatively affect the members of Indigenous Peoples Groups?						
If answers 28-29, Yes, please consult IP plan and FPIC process.							

Annex VI: Safeguard report outlook

*The main text of the report should be 15 pages maximum.*

**BACKGROUND**

- Introduction
- Details of subproject
- Beneficiaries' details
- Public disclosure and community consultation meetings

**OBJECTIVE**

**METHODOLOGY**

**Findings and recommendation**

**Annexes:**

- List of filled checklists
- Consultation minutes with decisions
- List of consultation participants
- Location maps, if possible GIS maps
- Subproject technical designs
- Summary cost estimation
- Land certification
- Ips letter of agreement
- Photos
- Final ESCMP

Annex VII: Grievance sample form

**(Model of complaint form)**

Date:.....

**To; Mr./Ms.....**

I am/We would like to submit the complaint form relating to the.....sub-project funded by AISPIRE AT.

We believe that it will be impacted and can be impacted due to the sub-project in the following sections (please describes the impacting sections). We have raised our concerns to.....in order to address it that is reasonable and acceptable for us.

## Annex VIII: IP screening checklist

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	<b>YES</b>	<b>NO</b>	<b>NOT KNOWN</b>	<b>Remarks</b>
<b>A. Indigenous Peoples Identification</b>				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there customary or national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "IPs?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" in any formal decision-making bodies at the national, provincial or local levels?				
<b>B. Identification of Potential Impacts</b>				
9. Will the project directly or indirectly benefit or target Indigenous Peoples? Explain in remarks				
10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural, economic, and belief practices? (e.g. child-rearing, spiritual/burial place either at the mountain or the forest, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	<b>YES</b>	<b>NO</b>	<b>NOT KNOWN</b>	<b>Remarks</b>
<b>C. Identification of Special Requirements</b> <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define as the core identity and community of Indigenous Peoples?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?				

**Anticipated project impacts on Indigenous Peoples**

<b>Subproject activity</b>	<b>Anticipated positive effect</b>	<b>Anticipated negative effect</b>
1.		
2.		
3.		

<b>Category</b>	<b>Description</b>	<b>Subproject Eligibility</b>
<b>A</b>	<b>Significant impacts on Indigenous Peoples</b>	<b>Not Eligible</b>
<b>B</b>	<b>Insignificant impacts on Indigenous Peoples</b>	<b>Eligible</b>
<b>C</b>	<b>No impact on Indigenous Peoples</b>	<b>Eligible</b>