



Project Data Sheet

Project 44321-013

Project Name	Climate Resilient Rice Commercialization Sector Development Program
Project Number	44321-013
Country / Economy	Cambodia
Project Status	Active
Project Type / Modality of Assistance	Grant Loan

Grant 0349-CAM: Climate Resilient Rice Commercialization Sector Development Program

Global Agriculture and Food Security Program	US\$ 14.60 million
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Grant 0350-CAM: Climate Resilient Rice Commercialization Sector Development Program

Strategic Climate Fund	US\$ 4.50 million
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Loan 3006-CAM: Climate Resilient Rice Commercialization Sector Development Program

Source of Funding / Amount	Asian Development Fund	US\$ 24.00 million
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Loan 3007-CAM: Climate Resilient Rice Commercialization Sector Development Program

Asian Development Fund	US\$ 31.00 million
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Loan 8271-CAM: Climate Resilient Rice Commercialization Sector Development Program

Strategic Climate Fund	US\$ 5.00 million
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Grant 0818-CAM: Climate Resilient Rice Commercialization Sector Development Program (Additional Financing)

Global Agriculture and Food Security Program	US\$ 3.80 million
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Strategic Agendas
Environmentally sustainable growth
Inclusive economic growth

Drivers of Change
Gender Equity and Mainstreaming
Governance and capacity development
Partnerships
Private sector development

Sector / Subsector
Agriculture, natural resources and rural development / Agricultural policy, institutional and capacity development - Agricultural production - Irrigation

Gender
Effective gender mainstreaming

Description

The Climate Resilient Rice Commercialization Sector Development Program (SDP) is proposed to support and accelerate the efficient and effective implementation of the Strategy on Agriculture and Water (SAW) and the Policy on the Promotion of Paddy Production and Rice Export (the Rice Policy). It will address food security and rice commercialization by prioritizing: (i) strengthening the rice value chain; (ii) improving the legal and regulatory framework in agricultural land management; (iii) improving access to credit by paddy producers and rice millers/exporters; and (iv) enhancing paddy production and productivity through improved irrigation water use efficiency, establishment of paddy post-harvesting facilities, and paddy crop insurance pilots. The SDP will (i) address major strategic thrusts of the 2011-2013 Country Partnership Strategy, and sector strategies and roadmap; and (ii) complement the on-going sector initiatives by emphasizing the commercialization aspects of rice.

Development Context. During the last decade, Cambodia has achieved impressive economic growth with gross domestic products (GDP) averaging 10% per annum during the 2004-2010 period. Despite its declining GDP share from 46% in the 1990s to 34% in 2010, agriculture remains an important sector in the national economy. It is an important source of livelihood for 85% of the population. Paddy production covers 84% of cultivated land and contributes about 38% of agricultural value added or 13% of the national GDP in 2010. Paddy production has been crucial in creating employment and reducing the national poverty rate from 47% in 1993 to 30% in 2010. The Royal Government of Cambodia (RGC) set the annual GDP growth target of 7% and poverty reduction rate of 1% per annum from 2009 onwards. Given its significant share in the national GDP, rice continues to play a crucial role in enhancing macro-economic stability, food security, and poverty reduction. However, to achieve economic growth on a broader and sustainable basis, substantial constraints in rice value chain need to be removed.

Key binding constraints in rice commercialization observed include: (i) production is largely traditional and unorganized; (ii) value chains are weak and fragmented; (iii) agro-industry small and medium-sized enterprises (SME) are under-developed; (iv) intra- and inter-sector connectivity is limited particularly with energy, finance and transport constraining production and market access; and (v) domestic marketing standards are low and rice trading with regional and global markets is limited. These constraints are due largely to the lack of an enabling legal and/or regulatory environment for strengthening market linkages, productivity enhancement, organized production, and sustainable access to finance, among others. In terms of natural resources, while Cambodia is endowed with ample land and water resources favorable for paddy and other crop production, use efficiency of these resources is suboptimal due to limited capacity in agricultural land management and underinvestment in increasing total factor productivity. Therefore, it is critical for agricultural land to be managed efficiently and effectively by practicing sound agricultural land use zoning, soil productivity potential mapping, water use/irrigation efficiency management, and environmental and climate change risk/vulnerability mapping and management.

Innovative Features. The SDP is among the first initiatives in Southeast Asia that contemplates rice commercialization and simultaneously addresses resilience of its underlying agro-ecological system. As a matter of fact, the evolution and development of a commercial rice value chain will create pressure on natural resources which may cause degradation of the soil, loss of biodiversity or soil and/or water pollution. The SDP's interventions will increase resilience by promoting sound agricultural land use zoning, soil productivity potential mapping, water use/irrigation efficiency management, and environmental and climate change risk/vulnerability mapping. In this regard, the SDP, if implemented successfully, will be a role model for climate resilient cropping practices for rice in response to growing global food demand. Moreover, although the primary focus of the SDP will be on rice commercialization, the enabling legal, regulatory and institutional conditions put in place for rice will also create favorable conditions for the commercialization of other agricultural commodities. This will enable Cambodia to promote agricultural diversification and economic growth on a broader and sustainable basis.

Justifications for Adopting the SDP Modality. The proposed interventions include a policy reform component, an investment component, and an associated technical assistance. The SDP modality is preferred and proposed for the following reasons. Commercialization of rice that addresses resilience of its underlying agro-ecological system will entail adjustments in legal framework and relevant regulations coupled with institutional strengthening of relevant actors. While this is necessary, it will not be sufficient to unlock the potential of supply chain actors including private sector investors and individual households. Therefore, policy and regulatory reforms will have to be accompanied by well sequenced/timed investments that enhance factor productivity. In this regard, adopting the sector development program modality for the proposed interventions is not only desirable, but necessary. Moreover, the RGC is firmly committed to rice commercialization to enhance economic growth and food security. Significant adjustment costs are associated with its implementation.

Project Rationale and Linkage to Country/Regional Strategy

Impact

Increased net incomes of stakeholders along the rice value chain.

Project Outcome

Description of Outcome	Enhanced production of quality rice in Cambodia while preserving the natural resource base
Progress Toward Outcome	Implementation activities have been accelerated and good progress has been achieved. Recent assessment of the review mission in December 2021, the program is highly likely to achieve the intended outcome by the revised closing date.

Implementation Progress

Description of Project Outputs	Conducive legal and regulatory environment established to facilitate climate-resilient rice commercialization Agricultural land-use zoning improved. Climate-resilient rice value chain infrastructure developed Rice value chain support services enhanced to improve quality of Cambodian rice Weather-indexed crop insurance piloted Efficient program management and implementation
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Status of Implementation
Progress (Outputs,
Activities, and Issues)

Output 1 - A Conducive Legal and Regulatory Environment Established to Facilitate Climate-Resilient Rice Commercialization. The program has complied with all the policy conditions for the first tranche. For the release of second tranche, there are 12 policy conditions. All twelve policy actions are achieved as of 4 February 2022.

Output 2 - Agricultural Land-use Zoning Improved. MAFF prepared Commune Agro-Ecosystem Analysis (CAEAs) for all 90 target communes and established rice ecosystem dataset and soil classification dataset. MAFF produced 3 provincial rice ecosystem maps, 13 district rice ecosystem maps, 3 provincial soil classification maps, 13 district soil classification maps, 3 provincial land use maps and 13 district land use maps.

MLMUPC/NIO prepared commune land use plans (CLUP) for 90 communes and established a national on-line CLUP database for the storage, management, and dissemination of CLUP data to stakeholders across Cambodia.

Output 3 - Climate Resilient Rice Value Chain Infrastructure Developed. For irrigation, MOWRAM/NIO completed rehabilitation of 9 irrigation schemes benefitting 82 villages, 20,510 households. Total 100,095 farmers, (51%) women got access to water through these irrigation schemes. 9 subprojects created a combined potential irrigated area of 18,586 hectares.

For Paddy Drying and Storage Facilities (PDSs), contracts for 5 PDSs at 5 rice mills signed and construction of 4 PDSs are completed, and another is at 80% physical completion. The 5 PDS facilities can dry 2,280-3,380 tons paddy per day and extend the storage capacity by 40,000 tons. For Seed Processing and Storage Facilities (SPSs), two modern SPSs are now established at two selected Agricultural Stations. MAFF completed procurement of 2 SPS facilities and their construction works are achieved at 70% and are expected to complete by Q3 2022.

Regarding subproject associated initiatives, MAFF conducted 7 capacity building programs on laser land levelling to potential contractors, farmers, provincial department of agriculture, forestry and fisheries and provincial implementation office (PIO) staff and 41 potential contractors including 7 Females (17%). Subsequently, PIOs signed 17 contracts with service providers to level 2,078 hectares of paddy field and now 100% completed benefitting 9,718 farmers (55% women). As a positive impact, in addition to project support, the trained contractors have been hired by farmers and levelled 889 ha.

Total 9 farmer water user committees (FWUCs) were established with 84,659 beneficiaries including 44,321 (52% female) registered as FWUC members. Total 223 members including (48% female) are in the FWUCs Management Committees received 247 FWUC trainings on O&M of irrigation schemes conducted including study tours of FWUCs to learn successful O&M.

Output 4 - Rice Value Chain Support Services Enhanced to Improve Quality of Cambodian Rice. Through letter of agreement approved by ADB, 231 tons of registered rice seed were produced by the 3 selected agriculture stations and sold to ACs and seed producer groups to produce 9,139.21 tons of certified seed for onward sale to farmers and traders. Total 601.77 tons of certified rice seed were produced using project funds through ACs.

MAFF completed renovation of the National Seed Testing Laboratory and equipped with necessary equipment. MAFF conducted 244 training programs on rice seed production, post-harvest techniques, agricultural machinery utilization, rice quality inspection, rice milling technology, sustainable rice production, and effects of climate change to 14,743 participants (51% women). The program conducted 3 study tours for officials from EA and IAs and rice millers to modern rice milling facilities in Cambodia, Thailand, and Malaysia. The program conducted 3 workshops on 'Financial Access of Farmers for Rice Production' for a total of 190 participants (8% women). Rice Millers Capacity Development is now carried out.

PIOs carried out 25 business matching activities linking rice millers, 57 ACs producing rice seeds as well as paddy, exporters and ARDB. PIOs also provided training on storage and safe use of agriculture chemicals and inputs to inputs suppliers. A total of 1,174 inputs suppliers (33% women) attended the training.

Output 5 - Weather-indexed Crop Insurance (WICI) Piloted

By December 2021, Rice SDP achieved: (i) a provisional list of 340 villages for WICI pilot testing prepared after detailed consultation with local authorities; (ii) procurement and installation of 23 automatic rain gauges in WICI pilot testing areas completed; (iii) designing of the WICI product based on satellite and selected weather stations data completed; and (iv) 147 training/technical meetings on WICI scheme conducted with a participation of 2,241 participants (28% women) from regulator office, insurance companies, meteorological and weather data agencies, agriculture research institutes, MFIs, agriculture input suppliers, provincial officials and others.

The Insurance Companies sold the WICI Policy to farmers in April -June 2021. A total of 675 farmer households including 336 female households (50%) bought the WICI policy for 887ha of rice producing areas. The FORTE insurance company is currently making insurance payments to 351 of 430 farmers who suffered from dry spell and/or excess rainfalls.

Output 6 - Efficient Program Management and Implementation. The government established PMO at the EA, NIOs at the Ministries and PIOs at provinces. The program had changed the project implementation consultancy from firm to individual consultants due to slow work progress. The change has significantly improved the implementation and has saved \$2 million from consulting budget which will be utilized for continuing with some capacity building activities, building 6 AC warehouses and drying yards, and 1 FWUC building.

Geographical Location Nation-wide, Battambang, Kampong Thom, Moug Ruessei, Phumi Anlong Reach, Phumi Bat Trang, Phumi Chhuk Khsach, Phumi Kampaeuy, Phumi Roessei Sanh, Prey Veng, Srok Barayn, Srok Babil, Srok Kampong Svay, Srok Preah Sdech, Srok Rukh Kiri, Srok Santuk, Srok Sithor Kandal, Srok Stoung, Srok Svay Antor, Srok Thma Koul, Stueng Saen

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects

An environmental assessment was conducted for policy and project interventions during preparation. Policy interventions focus on improving agricultural practices (chemicals and fertilizer application), land-use zoning (to avoid environmentally sensitive areas), watershed protection, and water management in irrigation systems, all of which will improve the investment decision making and are likely to contribute to sustainable increase in rice production. An initial environmental examination was conducted for three representative subprojects to identify potential impacts, appropriate mitigation measures and monitoring mechanisms. These confirmed that proposed investments are not likely to cause significant adverse environmental impacts. Pre-screening of subprojects against environmental criteria also minimized the risk for negative environmental impact. Subprojects will follow environmental assessment procedures stipulated in the environmental assessment and review framework.

Involuntary Resettlement

Limited involuntary resettlement is foreseen under Rice-SDP because of the screening of subprojects completed during preparation and only minor resettlement impacts are anticipated and this can be mitigated accordingly. Rehabilitation of irrigation systems will not cause significant resettlement impacts because works will be along existing rights of way and will mainly require, if any, the acquisition of minor amounts of land from persons living in existing canal rights of way and minor compensation for trees, crops or possibly small part of structures. The development of paddy drying and storage facilities will require the purchase of land on the open market using the principle of willing buyer and willing seller. There may be small land donations from the community for canal rehabilitation depending on subproject design requirements. All related transactions and consultation will be recorded accordingly. Issues related to compensation of previous canal rehabilitation (if any) shall be addressed by the government before subprojects can commence implementation. Interventions directed at other areas of the value chain involve mainly capacity building and raise no resettlement issues. Rice-SDP is assessed as Category B for resettlement. The Government has prepared a resettlement framework, to be endorsed by the Inter-ministerial Resettlement Committee. All costs related to resettlement and land purchase will be financed by the Government.

Indigenous Peoples

Based on commune data-base information, supported by socio-economic survey in the target provinces, there were no indigenous peoples living in the subproject areas. In some beneficiary villages, there are Cham and Lao households. They have been living in Cambodia for several generations and are well mainstreamed into Cambodian society, undertaking the same livelihood pursuits and living amongst their Khmer neighbors. The communities and local authorities have confirmed that there are no indigenous peoples and no negative impact of the subproject investments on ethnic groups. Rice-SDP is assessed as Category C for Indigenous Peoples.

Stakeholder Communication, Participation, and Consultation

During Project Design	A comprehensive participatory socioeconomic and gender role survey was conducted in 27 villages, involving 243 households.
During Project Implementation	Community consultations will continue throughout implementation of the program. During construction, poor households will actively participate and benefit by providing wage labor. Bidding documents will request contractors to pursue such participation where possible. Communities will participate in operating and maintaining completed infrastructure by providing labor. Avenues for civil society participation include (i) participation in consultations throughout implementation cycle, (ii) working with farmer's cooperatives, and (iii) potential engagement as external monitoring agencies. Consultation covers local community leaders, civil society, and local peoples' organizations. The participation of civil society will be ensured by a number of means, including service contracts between Rice-SDP implementing agencies and nongovernment organizations for monitoring and evaluation and appropriate engagement as representatives of the beneficiaries.

Business Opportunities

Consulting Services	PIC was mobilized in November 2014. Recruitment of consultants for design and construction supervision of irrigation and agriculture subprojects, and weather indexed crop insurance program is in process. All recruitment are expected to complete by 30 June 2016
Procurement	Number of packages for some of the procurement will be determined after detailed design of the relevant components.
Responsible ADB Officer	Hem, Chanthou
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Cambodia Resident Mission
Executing Agencies	<i>Ministry of Economy and Finance</i>

Timetable

Concept Clearance	31 Oct 2011
Fact Finding	13 Aug 2012 to 30 Aug 2012
MRM	15 Feb 2013
Approval	27 Jun 2013
Last Review Mission	-
Last PDS Update	17 Feb 2022

Grant 0349-CAM

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Jun 2013	26 Aug 2013	13 Nov 2013	31 Mar 2020	30 Sep 2023	-

Financing Plan

Grant Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	14.60	Cumulative Contract Awards			
ADB	0.00	31 May 2023	0.00	14.57	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	14.60	31 May 2023	0.00	14.18	97%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Grant 0350-CAM

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Jun 2013	26 Aug 2013	13 Nov 2013	31 Mar 2020	30 Sep 2023	-

Financing Plan

Grant Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	4.50	Cumulative Contract Awards			
ADB	0.00	31 May 2023	0.00	4.32	96%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	4.50	31 May 2023	0.00	3.66	81%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Grant 0818-CAM

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Jan 2022	24 Mar 2022	16 Jun 2022	30 Sep 2023	-	-

Financing Plan

Grant Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	12.13	Cumulative Contract Awards			
ADB	0.00	31 May 2023	0.00	1.03	27%
Counterpart	8.33	Cumulative Disbursements			
Cofinancing	3.80	31 May 2023	0.00	1.22	32%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 3006-CAM

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Jun 2013	26 Aug 2013	13 Nov 2013	30 Jun 2017	31 Aug 2022	31 Aug 2022

Financing Plan

Loan Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	24.00	Cumulative Contract Awards			
ADB	24.00	31 May 2023	22.69	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	31 May 2023	22.69	0.00	100%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 3007-CAM

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Jun 2013	26 Aug 2013	13 Nov 2013	31 Mar 2020	30 Sep 2023	-

Financing Plan

Loan Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	31.00	Cumulative Contract Awards			
ADB	31.00	31 May 2023	27.32	0.00	95%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	31 May 2023	25.95	0.00	90%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 8271-CAM

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Jun 2013	26 Aug 2013	13 Nov 2013	31 Mar 2020	30 Sep 2023	-

Financing Plan

Loan Utilization

Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage	
Project Cost	5.00	Cumulative Contract Awards			
ADB	0.00	31 May 2023	0.00	4.97	99%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	5.00	31 May 2023	0.00	4.83	97%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

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