

Agriculture and Rural Development Sector in Cambodia

This sector assistance program evaluation aims to provide an independent sector-level assessment of ADB's assistance to the agriculture and rural development (ARD) sector in Cambodia. The findings are intended to feed into the country assistance program evaluation and to provide inputs to ADB's future operations in the country's ARD sector.

The agriculture and rural development (ARD) sector in Cambodia is a major source of growth, particularly since the country has limited natural resources, limited hydropower potential, and limited prospects for industrial growth other than for light industries such as garment production. The sector is thus important from the demand side (as a basis to alleviate the country's poverty) and the supply side (since few other sources of growth are available).

Recognizing these challenges, ADB approved 12 projects (including grants) in the ARD sector with a total value of \$240.7 million and 31 associated technical assistance (TA) projects with a total value of \$21.2 million between 1995-2008. The investment projects and associated TAs fall roughly into four categories: (i) ARD policy and sector management programs and/or projects; (ii) rural infrastructure projects; (iii) irrigation projects; and (iv) targeted rural development projects.



Assessment and Key Findings

The overall bottom-up performance is assessed *successful*. Some of the findings include:

- ARD policy and sector management programs and projects have been *highly relevant, effective*, mostly *less efficient*, are *likely sustainable*, and have contributed substantially to countrywide impacts.
- Rural infrastructure projects have also been *highly relevant, effective, efficient*, and are *likely sustainable*, with potential resolution of maintenance issues. They have also contributed significantly to countrywide impacts.
- Large irrigation projects have been *less relevant*, are likely to be considered *less effective*, have generally been *less efficient*, and are *likely to be sustainable*, but only if special efforts and inputs are provided. They will make little contribution to countrywide impacts.
- Targeted rural development projects were *relevant* in concept but not in design. As a result, they are likely to be *less effective, less efficient*, and of *uncertain sustainability*. They are not likely to contribute significantly to either regionwide or countrywide impacts.

Overall top-down performance is assessed *successful*. It looked at country positioning, contributions to intended development outputs and impact, and ADB performance, and revealed the following findings:

- In terms of country positioning, the ARD sector program as a whole may be considered relevant but somewhat deficient in responsiveness. ADB has displayed an acceptable level of operational flexibility in implementing the program, has managed its portfolio reasonably well, and has formed useful and productive partnerships with other development partners, although

QUICK LINKS

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www.adb.org/Documents/Reports/SAPE/CAM/SAP-CAM-2009-32/default.asp

Country Assistance Program Evaluation for Cambodia: Growth and Sector Reforms

www.adb.org/Documents/CAPES/CAM/CAP-CAM-2009-33/default.asp

ADB Management Response

www.adb.org/Documents/Evaluation/Management-Response/SAPE/MR-SAP-CAM-2009-32.pdf

Chair's Summary of the Development Effectiveness Committee (DEC)

www.adb.org/BOD/dec/DEC-Chair-Sum-26Oct2009-01.pdf

perhaps not as many as it might have. The study finds, however, that ADB has done little to build on or consolidate past successes in the sector and that there has been a drift away from ADB's core competencies.

- Nevertheless, ADB and its ARD sector program have made significant contributions to intended development outputs, outcomes, and impacts, including notable increases in agriculture production, overall economic growth, reduced levels of poverty, and improved human resources (and institutional) capacity.
- ADB's overall performance has been generally satisfactory, with strong efforts made by the Cambodia Resident Mission and headquarters staff to implement projects in difficult circumstances. There does, however, seem to have been shortcomings in recent years in identifying new projects which are relevant and feasible. More worrying is the fact that projects with obvious design shortcomings have slipped through ADB's internal review mechanism.

Lessons

- A precursor to any investment in a new and unknown situation should be a comprehensive situational analysis, such as the Agriculture Development Options Review undertaken at the beginning of operations in Cambodia.
- Successful and meaningful impacts are most often achieved through the provision of simple interventions across a broad geographic area using simple implementation arrangements. Similarly, the main component of the successful rural infrastructure project was the simple, low-cost upgrade of rural roads using a laterite surface.
- A new approach is needed to supporting water resources management in Cambodia. The scope for identifying conventional large irrigation projects is limited and the low level of past success indicates a range of problems. Other more innovative approaches which more carefully fit the characteristics of the country need to be developed, including smaller scale simple water resource management projects that are easier to implement under the evolving institutional capacity of the country.
- Programs and initiatives such as the Tonle Sap Basin Strategy (TSBS) need to be backed up by strong viable projects prepared on the basis of a comprehensive vision and strategy. The targeted rural development projects so far designed for TSBS are piecemeal interventions hampered by poor implementation arrangements and limited geographic impact.
- Without a broad and comprehensive vision of the directions to take in the development of a sector consistently in view, important components such as the need for rural credit may be neglected.



Recommendations

- *ADB should build on and consolidate past successes within the sector, upscaling similar designs and implementation arrangements to other parts of the country.*
- *Once outcomes and impacts become more evident, ADB should take stock of the effectiveness of the TSBS to verify whether to continue to focus on TSBS. If continuing, future projects devoted to the TSBS should be pragmatic in design, focusing on rural infrastructure, rural water supply and sanitation, and land tenure.*
- *ADB should look for ways to support the continuing and unfulfilled demand for rural credit particularly building synergies with financial sector operations, identifying needs, and partnering with other institutions with experience in successful microfinance programs.*
- *Greater use should be made of the sector development program modality particularly undertaking rural infrastructure, water resource management, and strengthening related institutional arrangements.*

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Feedback

ADB Management Response appreciates the study and agrees with the overall assessment, conclusion, and recommendations made. Management noted that the study provides constructive guidance for prioritizing, designing and implementing ADB's future TAs and lending operations in the sector. Management also underscored the lessons to be taken to ensure the future success and sustainability of ADB's operational programs in the sector.

The Chair's Summary of the Development Effectiveness Committee (DEC) expressed satisfaction on ADB's significant contribution to the development of the Cambodian economy. It has also noted that portfolio performance has been satisfactory except in energy, agriculture and rural development, where implementation delays were somewhat large. DEC also emphasized the importance of nurturing private sector-led growth and a sharper focus on maintenance of valuable assets built up with ADB assistance.