Cambodia: Tonle Sap Poverty Reduction and Smallholder Development Project

Asian Development Bank
I. POVERTY ANALYSIS AND STRATEGY

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

Despite relatively robust growth over the past decade, official figures indicate that the incidence of poverty has declined only modestly, from 39% in 1994 to 36% in 2004. Cambodia's recent growth has been concentrated in urban areas and based around the garment and tourism sectors. Poverty in Cambodia still remains predominantly rural and the majority of poor live in rural areas and rely on agriculture for their livelihoods: poverty rate ranges from a low of 2.4% in Phnom Penh, to 40% in rural areas, reaching 70-80% in some areas around the Tonle Sap basin. Against this background, the current ADB Country Strategy and Program (2005-2009) gives geographical focus on Tonle Sap Basin in order to 'focus support for poverty reduction ... on one of the poorest and environmentally most sensitive regions of Cambodia'.

The need for accelerating rural development to achieve country's poverty reduction is well recognized and given priority in the (i) Second Socio-economic Development Plan (SEDP II), 2001-2005, of which the Poverty Reduction Partnership Agreement between the Government of Cambodia (RGC) and ADB, 2005 is based; (ii) National Poverty Reduction Strategy (NPRS), 2003; (iii) National Rectangular Strategy for Growth, Employment, Equity, and Efficiency, 2004 (Rectangular Strategy); (iv) the National Strategic Development Plan (NSDP), 2006, which replaces SEDP II and NPRS and incorporates long-term targets in the Cambodian Millennium Development Goals (CMDGs), 2003 (updated in 2005). The NSDP places particular emphasis on agriculture, rural development and infrastructure. Then the Rectangular Strategy II (2008) highlighted the role of the RGC to "...further develop agriculture to make it the leading sector of the national economy and the vital factor of sustainable economic growth, to expand the base of food security and to promote poverty reduction".

A key underlining theme of the above strategies/policies is RGC’s commitment to decentralization. The national Decentralization and Deconcentration (D&D) Framework 2005 aims that 'a substantial amount of domestic resources and external aid be channelled directly to support newly empowered sub-national units of planning and budgeting'. The D&D is a five-year national program to establish institutional capacity at provincial level, establishing Provincial/Municipal and District Councils, and channeling development spending and capacity building to all levels of the sub-national governance system.

The Tonle Sap Poverty Reduction and Smallholder Development Project (TSSHP) seeks to operationalize government’s Rectangular Strategy II and D&D Framework. In line with the objectives of harmonization and the RGC's plan to empower communes to plan and implement sub-projects will be fully consistent with the D&D framework.

B. Poverty Analysis

Targeting Classification: Targeted Intervention (TI-G)

1. Key Issues

The Project will target 156 communes in the four Tonle Sap lakeside provinces of Bantay Meanchay, Kompong Thom, and Kampong Cham where about 40% of the population fall under the official poverty line; all four Project provinces have poverty rates in excess of the national level of 35%: Siem Reap (52%), Kampong Thom (52%), Banteay Meanchey (37%), and Kampong Cham (37%). Ominously, 50% of villages in these provinces have 40 to 60% of households living below the poverty line, however with variations. The 600 household survey undertaken as part of the agro-socio-economic analysis conducted during the Project preparatory stage indicates that, while poverty rates for the surveyed 20 communes averaged 51%, Tang Krasang Commune of Kampong Chhnang had the highest poverty incidence of 93% and Poipet Commune in Banteay Meanchey had the lowest of 8%. The same study indicated that currently 30-40% of rural households are poor; the rate is 60-70% for fisheries communities both in Tonle Sap basin as well as in coastal areas. On average over 50% of rural people do not grow enough rice to meet their needs. Of these half have to make up shortfalls of 3 or 4 months supply.

However, in all communes, illness and in most communes, lack of safe drinking water and livestock epidemics (also lead to food shortages in some instances) are identified as more major cause(s) of vulnerability than food shortages. In addition, the sense of insecurity is increased when the poor, who do not have access to MFIs, need to borrow money from local money lenders at unregulated high interest rates.

Poverty, measured in terms of food security and lack of income, in Cambodia are related to lack of infrastructure for enhancing agricultural production/diversification and market access, poor access to technology, extension, training and credit, and low level of education and skills. The project will support community driven formulation of development plans and implementation of village level small-scale infrastructure (water works, roads, village level crop processing and packaging facilities and markets) to ensure food security and enhance market access. Good connectivity would enable government services to be delivered to rural communities, farmers to buy agricultural inputs and to market surplus produce, and rural people to more easily access health services, education and other amenities. Other demand driven small-scale infrastructure such as schools, safe drinking water facility and toilets, and will contribute in improving other MDG related indicators. Project will also assist the poor to develop necessary skills that complement small scale infrastructure to add value to their agricultural produce and diversify agriculture. Providing the poor with the access to financial resources will lessen their sense of insecurity and enable them to pursue new livelihood activities. Strengthened farmer organizations and improved access to credit will empower the poor.
2. Design Features.
- Poverty indicator will be included as one of the Project target Commune selection criteria.
- When selecting beneficiaries that are targeted at individual, the poorer households will be given preference.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

Land issues: Poverty is linked to lack of access to and ownership of productive land. The situation is worsening due to increasing landlessness, land grabbing, land conflict, slow processing of land titling, and degradation of forestry and fishery resources. The average size of landholdings in the four Project provinces is 1.66 hectares but according to the Agro-Socioeconomic Assessment well over 40% of households have less than 1 hectare of usable agricultural land. One of Project's component, 'Factor Productivity Development' specifically aims at increasing rice yields by as much as 30%. For landless poor, other than providing project's related employment opportunities, the Project will aim at providing access to off farm income generation activities so that they will be able to earn a steady income on a monthly basis.

Female headed households: Cambodia has higher incidence of female headed households and according to recent census data 28.6% of rural households are headed by women. According to the agro-socio-economic analysis conducted during the Project preparation stage also confirmed that there are 25% of communes where the incidence of FHH is in excess of 20%. Not all the FHH are considered as poor if they owned sufficient productive agricultural land, derived income from off-farm or non-farm based activities, or adult members are working in waged employment outside the commune. However, as FHH get older and have fewer economically active members, their poverty becomes more deeply entrenched than for male-headed households.

Ethnic minority groups: The percentage of ethnic minorities in the total population of the project area is considered as 2-3%. The Cham is the major group of non-Khmer living in the Project target area. Throughout the Project area, Cham live in all-Cham and mixed Cham-Khmer villages. Although the Cham are Muslim and form communities based on religious, social and cultural practices, their livelihoods are found similar to the majority Khmer population. They practice wet-rice cultivation, and are also engaged in a diversity of other agricultural (livestock, fishing) and non-agricultural (business, micro-enterprises) activities. They are not usually represented in commune councils. However, poverty rates among the ethnic Cham and Vietnamese (who are among fishermen and are in peri-urban areas) are generally lower than among the ethnic Khmer.

The ethnic Kuoy have derived their livelihoods from upland farming, hunting and gathering. Moreover, to a greater extent than the lowland ethnic Khmer they also rely on the sustainable management of natural resources. The ethnic Kuoy are quite well represented at the commune level.

B. Consultation and Participation

1. Provide a summary of the consultation and participation process during the project preparation.
   The project preparation process was geared towards developing consensus among key stakeholders on the proposed project design and on necessary policy and institutional measures for effective project implementation by involving a wide range of key stakeholders including a wide range of ministries and agencies, development partners, non-governmental organizations (NGOs), and community based organization (CBO) at critical milestones. Fifty five project participatory consultations/workshops were held during project preparation process at central (3), provincial (12), district (8) and commune (32) level. This consultative process together with the results of a field survey based agro-socio-economic study of twenty communes formed the foundation of detailed project design.

2. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring?
   - Information sharing
   - Consultation
   - Collaborative decision making
   - Empowerment
   - Rural infrastructure needs at commune and village level will be identified and prioritized through the decentralized eleven-step Commune/Sangkat planning process currently used to prepare commune investment plans (CIP). This is a participatory process which involves communities in identifying their needs, and provides for their direct involvement in resource allocation, decision making, implementation, and monitoring at the local level. The Project will mobilize three commune livelihood facilitators for each Commune to assist commune councils design and manage interventions funded through the Project.

C. Gender and Development

1. Key Issues
   Women in the Project area are engaged in rice planting and rice harvesting, cultivation of cash crops, raising of livestock and collection of feed. Women and girls collect most of the fuel wood, prepare and cook food, and are the primary caregivers for young children, the infirmed and the aged. Women on average have longer work days than men, and have less time to pursue village and commune public affairs.
   The social and poverty assessment conducted during the Project preparatory process demonstrates that up to 60% of cash income in many households is derived from market-based activities and that women play a more important role in market-based activities, especially local market-based activities, than rural men. Most women interviewed are seeking to develop alternative livelihood opportunities. Typical female-based activities include krama weaving and mat making, food processing, small grocery shops and village-based “fast food” restaurants, dress-making, beauty services but so also some non-traditional female-based activities such as appliance and vehicle repair. Some women also expressed an interest in non-traditional
female-based activities such as appliance and vehicle repairs, and masonry and plumbing work associated with the construction of latrines.

2. **Key Actions.** Measures included in the design to promote gender equality and women’s empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:

- Gender plan ☒ Other actions/measure ☐ No action/measure

The Project’s gender development plan provides for full participation of women in all project activities and benefit from these equitably. Women shall also be involved in subproject design and implementation. More specifically women will benefit from land titling support, improved access to water and inputs, training and skill development, improved market links, improved food safety, access to information and communication technology (ICT), establishment of value chain links, access to credit, skill development for on farm and off-farm income generating activities, processing, livestock support services, pond fishery, health and nutrition services and safe drinking water and sanitation. The implementation arrangement and estimated costs of the gender plan have been incorporated into the overall project design and costing. The implementation schedule of the gender plan will be in line with overall implementation of the project.

### III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

<table>
<thead>
<tr>
<th>Issue</th>
<th>Significant/Limited/ No Impact</th>
<th>Strategy to Address Issue</th>
<th>Plan or Other Measures Included in Design</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Involuntary Resettlement</strong></td>
<td>No impact</td>
<td>Screening out subprojects with potential resettlement impact. Individual or communities may make voluntary donations in exchange for benefits from infrastructure provided by the Project in accordance with Procedural Guidelines for Confirming Resettlement Impact (Supplementary Appendix J). However, such infrastructure is determined through community consultation, facilitated by the Project Commune Facilitation Team, and not location specific.</td>
<td>☐ Full Plan ☐ Short Plan ☐ Resettlement Framework ☐ No Action ☒ Other Action</td>
</tr>
<tr>
<td><strong>Indigenous Peoples</strong></td>
<td>Beneficial impact</td>
<td>Special attention will be given during planning and implementation of Commune Development Model and training programs to ensure (i) ethnic minority people are accorded the same opportunity to participate in planning/training programs; (ii) ethnic minority people also receive equitable access to inputs and credit, livelihood opportunities and social services; and (iii) indigenous knowledge and practice is utilized in designing training programs. Project will mobilize a sociologist to ensure the process and outcome.</td>
<td>☐ Plan ☒ Other Action Indigenous Peoples Framework ☐ No Action</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>Employment opportunities No adverse impact</td>
<td>Additional employment will be generated from infrastructure construction. Employment opportunities will be increased as a result of Projects’ technical training regarding livelihood improvement, and on and off-farm activities.</td>
<td>☐ Plan ☒ Other Action ☐ No Action</td>
</tr>
<tr>
<td></td>
<td>Labor retrenchment ☐ Core labor standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Affordability</strong></td>
<td>Not adverse impact</td>
<td>Beneficiaries will be expected to contribute about 10% of the cost of such facilities as: of rice banks, rural road maintenance, fish pond construction/rehabilitation, livestock improvement, water wells and sanitary toilets. When beneficiaries will choose types of facilities and they will be informed of level of contribution that is required.</td>
<td>☐ Action ☒ No Action</td>
</tr>
<tr>
<td><strong>Other Risks and/or Vulnerabilities</strong></td>
<td>No impact</td>
<td></td>
<td>☐ Plan ☒ Other Action ☐ No Action</td>
</tr>
<tr>
<td>☐ HIV/AIDS</td>
<td></td>
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<tr>
<td>☐ Human trafficking</td>
<td></td>
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<tr>
<td>☐ Others</td>
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</table>

### V. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? ☒ Yes ☐ No