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Investing in rural people

# Country Strategy and Programme Evaluation Kingdom of Cambodia

Summary (English)





# Map of IFAD-supported operations in the Kingdom of Cambodia

## Kingdom of Cambodia

IFAD-supported operations since 1996

Country strategy and programme evaluation



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# Kingdom of Cambodia

## Country Strategy and Programme Evaluation

### Summary

#### A. Background

1. In 2017, the Independent Office of Evaluation of IFAD (IOE) undertook the first country strategy and programme evaluation (CSPE) of the Kingdom of Cambodia. The CSPE reviewed the evolution of the strategy, results and performance of the partnership between IFAD and the Royal Government of Cambodia since the Fund started operations in 1997, but with a focus on the last decade particularly with respect to the investment portfolio. The CSPE covers the investment portfolio (seven projects that were approved between 2000 and 2016), complementary (non-lending) activities (knowledge management, partnership-building and policy dialogue, including grants), as well as country programme strategy and management.
2. **Objectives.** The CSPE has two main objectives: (i) to assess the results and performance of the IFAD-financed strategy and programme; and (ii) to generate findings and recommendations for the future partnership between IFAD and the Royal Government of Cambodia for enhanced development effectiveness and rural poverty eradication.
3. **CSPE process.** The CSPE was conducted in several phases. The first stage involved a preparatory mission to Cambodia between 23 January and 3 February 2017, a desk-based review of available documentation, and the preparation of the CSPE approach paper. Between the preparatory mission and the main mission in May 2017, a project performance evaluation on the Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri (RULIP) was undertaken in March 2017 to feed into the CSPE. The main CSPE mission was fielded from 1 to 23 May 2017 and involved meetings in Phnom Penh, as well as field visits to 10 provinces in two teams.
4. **Evolving country context.** IFAD started its operations in the country in 1996, at a time of reconstruction and rehabilitation following almost two decades of wars and destruction. Since then, the country and rural context have changed dramatically. The Kingdom of Cambodia has experienced strong economic growth. The poverty level decreased from around 50 per cent in 2007 to 13.5 per cent in 2014. Household incomes in rural areas have increased, with considerable changes in the composition of income sources: many poor rural households have increasingly engaged in salary work in the domestic garment industry and construction, or through migration to Thailand, which created labour shortages in rural areas. Steady agricultural growth has also contributed to rural poverty reduction, although the growth level shows a declining trend over the past couple of years. Most villages had considerably improved access to infrastructure and financial services.
5. **IFAD in Cambodia.** The Kingdom of Cambodia became a member of IFAD in 1992, soon after the Peace Agreement in 1991. IFAD approved the first loan in 1996 to co-finance a project with the World Bank, and to date IFAD has supported nine investment projects for a total project cost of US\$353.9 million with financial contribution of US\$179.5 million, including US\$50 million in grants.<sup>1</sup> The total number of beneficiaries estimated at design stage in these nine projects is about 5.69 million people (1.28 million households).

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<sup>1</sup> Grants under the debt sustainability framework and the Adaptation for Smallholder Agriculture Programme.

6. IFAD has had three country strategies (country strategic opportunities papers/programmes, COSOPs), prepared in 1998, 2008 and 2013. The focus and approach of the country programme has evolved, adapting to emerging needs and IFAD's experience in the country. The 1998 and 2008 COSOPs had a focus on agriculture and rural development through a decentralized approach, thereby contributing the Government policy on "decentralization and deconcentration (D&D)". The 2013 COSOP indicates a transition from a livelihoods approach to market orientation, from promoting decentralization of public services to a broader concept of pro-poor rural service delivery involving non-government actors, and to a more explicit focus on the resilience of poor rural households.

## **B. Investment portfolio performance**

7. **Relevance.** Overall project orientation has been aligned with Government and IFAD policies, in particular in relation to support to agriculture with a focus on improved productivity and diversification and the Government's D&D policy. In particular, support to decentralization was arguably the most visibly consistent element in the earlier portfolio and highly relevant to the Government's D&D policy.
8. At the same time, portfolio design was somewhat late in recognizing major changes in the rural context such as: (i) rapid development of non-agricultural income sources and migration, which created labour shortages in villages and made it more relevant to pay attention to returns on labour rather than on crop yields; and (ii) a rapid process of increased provision of financial services where today most villages have access to the services of microfinance institutions. The latter change meant that support for group revolving funds (GRFs) repeated in many projects became less relevant over time. Attention to access to markets, which was already seen in the Government's policy and strategy, was weak in earlier projects.
9. Except for the two most recent projects, the projects applied a rather narrow and detailed approach for targeting the rural poor, but the identification of prospective beneficiaries was not necessarily followed by appropriate support.
10. **Effectiveness.** The projects promoted improved agricultural technologies mainly through training and extension services, often accompanied by GRF support. Less than expected uptake of improved techniques by farmers was in part due to weaknesses in the training and extension approach, apart from the lack of enabling conditions (e.g. lack of access to water, labour shortages). The emphasis on the "demand-driven" nature of extension services and training has consistently been at the core of the projects, but often the training tended to be top-down and supply-driven (e.g. largely based on standard packages). However, there have been improvements in the approach to extension and training in the recent projects.
11. The GRF loans are likely to have supported the adoption of improved agricultural technologies, but this linkage has weakened with the context change. With growing incomes, remittances and other loan sources, the GRF loans have become one of several sources of household liquidity for many households.
12. The portfolio has sought to improve local-level service delivery and infrastructure within the D&D framework. Commune extension workers hired by the projects have filled the gap left by the extremely limited government workforce in extension. The projects have also supported advanced farmers to provide support and advice to other farmers, but their effectiveness has varied. The important aspect to highlight is that the projects, by channelling investments through decentralized structures, have provided the provincial departments (agriculture, women's affairs, rural development) and sub-national administrations with opportunities for "learning by doing". Overall, the support for investments in rural infrastructure has achieved the physical targets while also contributing to the decentralization process, but there were also issues of design and quality of civil works (e.g. irrigation schemes).

13. **Efficiency.** The portfolio has generally performed well on efficiency indicators related to time gaps and disbursement performance, but not very well on project management and implementation processes, including procurement and monitoring and evaluation systems. Some projects, notably Tonle Sap Poverty Reduction and Smallholder Development Project (TSSD) and Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE), suffered from slow start-up and implementation. With a few exceptions, the estimated achieved economic internal rates of return were in the acceptable zone but lower than design projections and re-estimations reported in project completion reports.
14. **Rural poverty impact.** The portfolio contributed to increased household incomes and assets, primarily achieved from improvements in agricultural productivity and diversification and in some cases from investments in roads and irrigation. However, with growing income opportunities in non-agriculture sectors, the project impacts in this regard may not have been a substantial and decisive factor in beneficiaries' overall household income increase. Likewise, even though it is difficult to estimate the extent of project contribution given the national trend of significant poverty reduction and improvement in food security, it is highly plausible that the portfolio contributed to improved food security. Despite this positive indication, however, malnutrition remains a major issue in the country and the projects' contribution in this regard is not evident.
15. In terms of human capital, many beneficiaries have obtained new skills and applied at least some of them, including improved agricultural practices taught or non-land-based income-generating activities (e.g. mat-making). The training in different subjects also led to changes in behaviour in some ways (e.g. leadership skills, nutritional feeding of children). The impacts on social capital and empowerment are modest, but there are cases of project support facilitating networking and the emergence of rural organizations.
16. The projects have contributed to strengthening capacity of national-level government and sub-national administrations in the project areas, but this has not meant *sustainable* improvement. IFAD's portfolio has contributed to some aspects of policies and institutions – with substantial support from other development partners – in relation to areas such as: the promotion of participatory and demand-driven approaches and pluralistic agricultural extension services, with the participation of private service providers; and the introduction of new “institutions” in the extension system (e.g. village animal health workers). On the other hand, even if field-level extension service providers such as commune extension workers are now part of the Government's extension policy, their presence has largely depended on donor-funded projects, and the presence of these extension agents has not been institutionalized at the operational level.
17. **Sustainability of benefits.** Many areas of the portfolio have sustainability challenges. One may argue that farmers are likely to continue applying improved technologies and practices if the enterprise provides returns on labour that are higher than or comparable to alternative opportunities. But if farmers are to remain up to date on skills and knowledge (e.g. new varieties, disease or pest management practices), this would largely depend on surrounding advisory and extension services, as well as functioning regulatory services, both of which have not been well-established. Public budgets for agricultural extension and support services constitute only a fraction of the resources provided by the projects during the project period.
18. All projects have supported the formation of beneficiary groups, mostly to serve as recipients of agricultural training and extension services and GRF support. Project designs were not clear as to whether such groups were to be a temporary project service delivery mechanism or were to be the basis for long-term development and empowerment. Thousands of GRF groups have been established, but only late in

the implementation has any thought been given on to how they can be sustained. The projects have tended to pay little attention to organizing farmers to enhance their bargaining power vis-à-vis other market actors. Notable exceptions are the agricultural cooperatives that emerged from RULIP (in Preah Vihear), also due to the emerging market opportunities for organic rice.

19. In terms of rural infrastructure, which was supported in two closed projects, there are concerns about their sustainability due to limited funding for operations and maintenance (irrigation schemes and roads) or initial poor design (irrigation schemes).
20. **Innovation.** The portfolio has brought some innovations, often introduced by the private sector/non-governmental organizations (NGOs), into the government system, and innovations from the early projects have been replicated in subsequent projects. Earlier in the portfolio, the Agricultural Support Project to Seila (ADESS), which was approved in 1999 and is not part of the CSPE portfolio assessment, ventured into supporting D&D and local governance for pro-poor agriculture and rural development as one of the first large-scale externally funded projects and this line of support was replicated and maintained in subsequent projects.
21. One innovation emerging from the Community Based Rural Development Project in Kampong Thom and Kampot (CBRDP, 2001-2009), also with contributions from other development partners, relates to the poverty targeting approach using a participatory wealth ranking exercise, which has now been institutionalized as the Government's IDPoor programme. Intentions to apply innovative participatory approaches to extension services and training have not been fully achieved, but some improvements and innovations can be seen in recent projects. These include efforts to tailor training modalities to indigenous peoples and ethnic minorities (RULIP), and more focused training through "common interest groups", farmer-to-farmer training and a public-private partnership model in agricultural service provision through farm business advisors who would sell agricultural inputs, provide advisory services and buy agricultural produce (Project for Agriculture Development and Economic Empowerment, PADEE). Moreover, in the recent projects, some nutrition-focused activities were also introduced into beneficiary training, mainly for mothers of infants, including some innovative approaches such as "cooking competitions", "champion mothers", and "mother-to-mother social marketing".
22. **Scaling up.** Scaling up beyond the IFAD portfolio has been modest. Many of the innovations have been replicated within IFAD-supported projects, although in modified versions. Only a few cases have been more widely scaled up and applied, such as village animal health workers. However, it is probable that the design and efforts of IFAD's portfolio since 1996 have contributed, together with support by other development partners, to two important directions of the Government policy on agricultural extension: extension service delivery to be demand-driven and pluralistic (including government contracting of NGOs and private enterprises to provide services). If implemented, this would represent a major scaling up that in the future could be credited to past activities of IFAD and other development partners.
23. In general, inadequate monitoring and evaluation (M&E) and knowledge management have constrained the potential for scaling up, but recently major efforts are being made by the country programme management team to improve these aspects.
24. **Gender equality and women's empowerment.** The track record on project support and contribution in this area has generally been strong over the portfolio. Collaboration between the Ministry of Women's Affairs and the Ministry of Agriculture, Forestry and Fisheries (MAFF), as well as their respective provincial

departments, has been good, contributing to achievements in this area. Attention to gender issues has been part of project designs throughout the portfolio, where gender concerns have been integrated into targeting, training, activities, capacity building and sex-disaggregated data. There have been concerted gender-mainstreaming efforts across projects and at different levels: national, sub-national administration, service providers, and beneficiaries' groups. Women's participation in project-supported activities has been high, although this may partly be explained by contextual issues (e.g. migration).

25. The portfolio's consistent attention to gender issues has contributed to enhancing women's participation in public spheres. Through IFAD-financed projects providing training and promoting women's leadership in groups, women gained experience in and exposure to groups and public platforms. The projects have also worked closely with commune council focal points on women and children, providing them with training to equip them better to promote gender awareness and to monitor project activities from a gender perspective in their localities. The projects have supported women's access to economic opportunities, such as chicken-raising, vegetable gardens, and non-land-based activities such as bean sprout production, and mat- and basket-weaving.
26. **Environment and natural resources management.** Potential negative impacts on the environment of IFAD's financing of rural infrastructure investments (e.g. rehabilitation and some construction of minor village and agricultural structures such as irrigation schemes, village access roads, drinking water facilities, dykes and drainage systems) have been negligible. Several of the projects have supported organic production or production with good agricultural practices, which is positive. Support for management of natural resources (e.g. forest and fisheries resources, or in fragile environments) has overall had limited weight, in spite of their importance to livelihoods and eco-systems.
27. **Adaptation to climate change.** The portfolio has made modest contributions to adaptation to climate change, in particular, to enhancing resilience through some infrastructure works, even though the interventions were not explicitly defined as part of a climate change adaptation strategy. In the current ongoing portfolio, there are explicit climate change-related interventions – in TSSD and to some extent PADEE, while major support is included in ASPIRE.

### **C. Non-lending activity performance**

28. **Knowledge management.** Knowledge management – linked to pro-poor policy dialogue – was identified in the 2008 and 2013 COSOPs as key elements to enhance the effectiveness of the country programme. Increasing efforts have been made to capture and systematize project experiences and lessons, and package and disseminate them. A considerable number of reports and communication materials have been made available, although access to or retrieval of these documents is not always easy. Major efforts are under way to improve the M&E systems within the investment projects, linked to COSOP progress monitoring. Country programme reviews and other activities have provided opportunities for project implementers and stakeholders to share experience and network with each other. There are some examples of grants facilitating knowledge management and contributing to innovations and improved effectiveness in investment projects, but it is only recently that greater attention is being paid to develop stronger linkages between the regional grant programmes and the investment portfolio. .
29. **Partnership-building.** Collaboration between IFAD and the government agencies has generally been good – for example, related to the process of COSOP development and country programme reviews, or in terms of MAFF hosting the IFAD country programme officer at its premises until the proper country office space was set up. The high appreciation by the Government for IFAD's role in supporting pro-poor agriculture and rural development was confirmed by the

Government's request for IFAD "to play a more important role at the policy level through the Technical Working Group on Agriculture and Water" and "to consider establishing a country resident mission."

30. Beyond government agencies, the strategy and approach for partnership-building has evolved and diversified, from seeking opportunities for co-financing and partnering with organizations that could complement IFAD's lack of experience and presence in investment projects in the initial period, to promoting, with substantive contribution to technical content, broader partnerships within and outside the investment portfolio. Within the investment portfolio, partners have diversified from co-financing aid agencies to include NGOs and other actors. Partnerships with farmer organizations and indigenous peoples' organizations are a unique feature of IFAD, and have developed out of regional grants and corporate initiatives.
31. **In-country policy engagement.** Experience in a number of investment projects, along with support by other donors, has contributed to informing and shaping agricultural extension policy and gender mainstreaming in government initiatives for rural and agricultural development. IFAD's contribution to support the participation of farmer organizations in the technical working group on agriculture and water, which can be considered as an indirect form of policy engagement, is noteworthy. But strategic and structured support and actions for policy engagement beyond the project level have been relatively limited, owing to limited human resources in the country office and little proactive and strategic use of grants.

#### **D. Performance of partners**

32. **IFAD.** IFAD has in general invested adequate resources and time in design, supervision and implementation support for the portfolio and consistently demonstrated its willingness to support implementation issues that arose. The Fund also worked closely with other development partners (e.g. co-financiers) in design and implementation support. On the other hand, the adequate investment and good intentions did not always translate into good design and effective implementation support. There were some weaknesses and delays in incorporating lessons learned, catching up with the rapid context change, and detecting and acting on design and implementation issues. Up to the late 2000s, the IFAD portfolio remained rather static, repeating the same or similar approaches and models in different areas. The limited country presence has constrained IFAD from meaningfully engaging in non-lending activities.
33. **Government.** The Government's performance in relation to overall project management, coordination and oversight has been mixed. Some aspects of efficiency that are influenced by the Government's performance are positive (e.g. timeliness, disbursement, management cost). On the other hand, project management performance has varied. Given that the project support unit at MAFF has existed since ADESS and has presumably accumulated experience in managing IFAD-financed and other donor projects, the historical ratings on project management are lower than one would expect. M&E and procurement are among the weakest areas. The Ministry of Economy and Finance has been generally collaborative at different stages of projects.
34. Inter-agency coordination in the Government has been challenging, but the collaboration between MAFF and the Ministry of Women's Affairs and between their respective provincial departments has worked well, contributing to effective gender mainstreaming into projects.

#### **E. Country programme strategy performance**

35. **Relevance.** The overall focus on the rural poor and agricultural development (with more emphasis on production in earlier years) was aligned with a series of government strategies. At the onset, in a country with many donors, IFAD had to

look for opportunities, a space to fill in and partners. From the second project (ADESS), IFAD then pursued a consistent focus and approach of supporting D&D through investment in decentralized structures and demand-driven agricultural services, while the choice of partners and project areas was likely to be driven by opportunities arising.

36. After a decade of operations with similar projects in different areas, the opportunity to critically reflect on the future strategic direction for the new 2008 COSOP was missed. The 2008 strategy lacked clarity and strategic direction. The 2013 COSOP formulation process was elaborate and highly consultative, and the document was more analytical, although there were still inconsistencies – for example, on the geographical focus.
37. **Effectiveness.** Poorly formulated strategic objectives and/or indicators in the COSOPs make it difficult, and not particularly meaningful, to assess the achievements against them. Based on the intention of strategic objectives, the areas where the IFAD country programme has made contributions relative to the historical strategic thrusts include: improved agricultural productivity (although not at optimal level); D&D processes, especially in relation to agriculture and rural development initiatives; and gender equality and women's empowerment. Part of the portfolio also contributed to access to markets and services through investment in rural infrastructure. Access to improved agricultural extension services has taken place within the project spheres, but there is little evidence of its institutionalization and sustainability.

## **E. Conclusions**

38. Against the backdrop of a fast-evolving country and rural context, the country programme has made contributions in a number of important aspects of rural transformation. These include support to D&D processes as one of the first major financiers channelling investments through emerging decentralized structures and frameworks, as well as gender equality and rural women's empowerment. The portfolio has also contributed to increased agricultural productivity of poor rural households, but higher adoption rates for improved technologies could have been achieved if some weaknesses (e.g. extension and training approach) had been addressed and other constraints (e.g. labour shortage, other means of production) duly considered.
39. After a series of similar projects, IFAD's strategy and design for the projects it supports shifted to adapt to the contextual changes, but with a time lag and not sufficiently. The portfolio remained largely static up to around 2010 amid the evolving rural context, with the repetition of largely similar approaches (targeting, group formation, agricultural training and extension services combined with GRF support) in different geographic areas. Only from around 2010-2011 did projects start to pursue more focused market-oriented approaches, with some encouraging results.
40. The portfolio did not fully appreciate the implications of increasing non-agricultural income opportunities and labour shortages for rural households. For example, the projects continued to provide training in labour-intensive technology. Recent projects started considering the concept of "return to labour" instead of land productivity, but still implicitly assumed that rural households view agriculture as the only, or the most important, income generator – not adequately recognizing that these households would seek to maximize the returns to labour of family members on-farm or off-farm or outside the village.
41. Although on a limited scale, support to poor households to engage in non-land-based activities or high-value production has had some positive results, including poultry and handicrafts. Exceptionally, the Rural Poverty Reduction Project in Prey

Veng and Svay Rieng (RPRP) included minor support for vocational training to help youth leave agriculture.

42. Support to demand-driven agricultural extension services has consistently run through the portfolio with mixed results. The projects tended to offer a standard menu of training to groups of farmers formed, but improvements have been made in the recent projects to make training more specific and demand-driven. The presence of extension agents such as commune extension workers has mostly depended on donor financing and has not been institutionalized, even though they are now part of the Government's extension policy. However, the portfolio did contribute to the introduction of user-paid private service provision such as village animal health workers. Furthermore, the consistent focus of IFAD's portfolio on improved agricultural extension service delivery is likely to have contributed to key elements in the Government's extension policy: demand-driven and pluralistic extension services.
43. Improved and sustainable agriculture and commercialization not only requires sound advice on crop and animal husbandry but also effective regulatory services. In the absence of proper phytosanitary and veterinary control, an entire crop or livestock industry and important agricultural exports can be at risk. The quality of agricultural inputs (e.g. seeds, fertilizers) and of agricultural produce and processed products needs to be regulated and controlled. Value chain development, as promoted under the latest Accelerated Integrated Markets for Smallholders Project (AIMS), will be constrained if adequate regulatory services are not available.
44. There could have been more focused and concerted efforts to support empowerment of beneficiaries and their organizations. Thousands of GRF groups have been established, but only late in implementation has thought been given to how to sustain them. The projects have paid little attention to organizing farmers to enhance their bargaining power vis-à-vis other market actors. Good exceptions are the agricultural cooperatives that emerged from RULIP (in Preah Vihear), due in great part to emerging market opportunities for organic rice.
45. Strategic partnerships with other development partners in the projects have contributed to improving effectiveness and bringing in innovations, specifically in PADEE – such as farmer training to common-interest groups, multi-stakeholder platforms and *Lors Thmey*, which is a social enterprise that recruits and trains local entrepreneurs to become farm business advisors, who then serve their local communities by selling agricultural products and services. Given capacity issues in the public sector, securing quality technical assistance continues to be a valid strategy to improve the effectiveness and impact of the country programme.
46. Ongoing efforts to improve M&E offer opportunities to upgrade knowledge management, policy engagement and scaling up. On this basis, the latest generation of projects ASPIRE and AIMS could serve as a vehicle to facilitate and mobilize additional support by other partners in two important areas in smallholder agriculture development: agricultural extension and pro-poor agricultural value chain development.
47. There are some good examples of linkages with grants (e.g. ROUTASIA<sup>2</sup> with PROCASUR, 4FGF<sup>3</sup> with the International Center for Tropical Agriculture, CIAT), but in general proactive planning and use of grants has been limited. Partnerships with farmer organizations and indigenous peoples' organizations that emerged from corporate initiatives and regional grants are one of the positive features related to IFAD's mandate and strengths. More could be done to improve coordination and synergies between grants and investment projects.

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<sup>2</sup> Strengthening Knowledge-Sharing on Innovative Solutions Using the Learning Routes Methodology in Asia And the Pacific

<sup>3</sup> Programme for Linking Smallholder Livelihoods of Poor Smallholder Farmers to Emerging Environmentally Progressive Agro-Industrial Market

## F. Recommendations

48. The paragraphs that follow provide key recommendations for consideration by IFAD and the Royal Government of Cambodia.
49. **Recommendation 1: Develop and operationalize a two-pronged strategy for the portfolio** with support to: (i) agricultural commercialization with a focus on relatively advanced smallholders; and (ii) coping strategies of poor households. This is largely in line with the orientation in the 2013 COSOP, which recognized the need for "distinct development pathways and intervention modalities ... for the food-insecure, the rural poor at the subsistence level, and vulnerable rural households just above the poverty line". It is important to develop and operationalize tailored strategies in light of the profiles of the target group and specific contexts (e.g. agricultural potential and market opportunities in specific geographical areas).
50. For the first category, support for primary production may need to be more specialized and of higher technical quality than that provided to date in the projects, and also shaped by buyers' priorities. While group-based training may be relevant for some subjects, individual technical advice may also be needed. Advisory services should also be complemented by support for access to means of production including appropriate labour-saving technologies (including mechanization), as well as market infrastructure. Strengthening of farmer groups/organizations to facilitate marketing will be an important element. While a value chain approach may be pursued, it should be flexible and dynamic in order to exploit changing market opportunities, rather than being of a long-term bureaucratic planning nature.
51. Support to coping strategies of poor households may cover productive activities (e.g. feasible non-land-based activities, simple labour-saving tools) or establishment of safe drinking-water facilities nearby or a good village access road. For many of these poor households, emphasis may be on income-generating agricultural activities that are *complementary* to non-agriculture or off-farm activities. For the youth of poor households who have decided to leave the village, the IFAD-Government partnership may explore how to help them earn better incomes, possibly including vocational training or advice on contracts, and on how to invest their surplus income (remittances) back in the village.
52. This two-pronged strategy should not be pursued by separating households into different groups, as was the case in earlier projects, but rather by defining different flexible support menus, which would also need to be tailored to the contexts in different geographic locations.
53. **Recommendation 2: Balance investment in human capital and rural organizations supported by strategic partners, with tangible items.** The investment in "soft" aspects such as skills development, human capital and organizational strengthening continues to be critical, and this should be balanced with investment in tangible items such as infrastructure, post-harvest facilities, and access to finance that could enable beneficiaries to put the skills and knowledge acquired into practice. Investment in human capital could cover not only productive skills but also broader subjects such as gender issues (as has been done), nutrition, adult literacy, and information on relevant laws and regulations. At the same time, it should be recognized that a long-term perspective is needed for investment in human/social capital and empowerment. This is particularly relevant in Cambodia, given its history, and calls for caution against making an investment decision based only on traditional economic rates of returns.
54. In supporting the formation and strengthening of organizations of the target population (e.g. farmer groups), careful consideration should be given to the main

purposes and roles of different types of organizations (with different member profiles), and a realistic exit strategy should be built into the design.

55. To ensure quality support especially for the "soft" aspects and for innovations, given the limited and weak capacity in the public sector, IFAD and the Government should seek opportunities for strategic partnerships with experienced institutions that could provide crucial technical assistance and could support the Government, either to be co-financed or financed by IFAD.
56. **Recommendation 3: Pursue more strategic planning and use of grants and investment financing to deepen partnerships with farmer organizations/associations.** Support to and partnerships with farmer associations/organizations and indigenous peoples' organizations should be continued and strengthened. So far, the corporate initiatives and regional grants have facilitated linkages between these institutions at national level and the country programme. There is a need for more strategic planning and use of IFAD financing, both grants and within the framework of investment projects, to work with these organizations of different types and at different levels. Enhancing partnerships and strengthening their capacity can contribute to: (i) empowerment of these organizations and their members; (ii) better country programming and project design reflecting the priorities of the target group; (iii) relevant inputs to supervision and implementation support; and (iv) influence on policy engagement through partner organizations that represent their members and IFAD's target group.
57. **Recommendation 4: Explore options for supporting regulatory services in agriculture in future pipeline development.** It is likely that the various value chain platforms to be established under AIMS will point to a lack of regulatory services (such as phytosanitary and veterinary control, standard and quality control, certification, and food safety issues) as a constraint and that some ad hoc regulatory services may be financed. Given the low starting point, a more systemic and programmatic approach will be required, which in turn assumes mobilization of financing from various sources.
58. **Recommendation 5: IFAD to work with the Government to strategize and facilitate mobilization of other partners to invest in smallholder agriculture.** In addition to potential support to regulatory services (Recommendation 4), ASPIRE and AIMS could serve as a platform to bring in other partners for two important areas: agricultural extension; and pro-poor agricultural value chain development. IFAD's financing and role should help leverage other partners and resources.

## A snapshot of IFAD operations since 1996

Investment projects approved	9 (first loan approved in 1996)
Total amount of IFAD investment financing	US\$179.5 million (including US\$35 million DSF grants and US\$15 million ASAP)
Counterpart funding (Government and beneficiaries)	US\$75.7 million
Co-financing amount (main co-financiers)	US\$98.7 million (ADB, World Bank, Germany, Finland, UNDP, FAO)
Total Portfolio cost	US\$ 353.9 million
Number and IFAD financing amount of ongoing projects (as of August 2017)	4 (with US\$128.7 million)
Focus of operations	<p>1<sup>st</sup> COSOP (1998-2007): Agriculture and rural development within Seila programme</p> <p>2<sup>nd</sup> COSOP (2008-2012): Agriculture and rural development within Decentralization and Deconcentration framework</p> <p>3<sup>rd</sup> COSOP (2013-2018): Access to markets, resilience to climate change and shocks, strengthened rural service delivery</p> <p>Main common thread: agricultural training and extension services, support for decentralization and rural service delivery, rural financial services, rural infrastructure</p>
Country strategies	1998; 2008-2012; 2013-2018
IFAD country presence	Since 2008. Currently one country programme officer. Host country agreement signed in 2015. Service level agreement with UNOPS.
Country programme managers	Benoit Thierry (May 2014-); Khalid El-Harizi (April 2011-); Youqiong Wang (1997-2011)
Lead agencies and key implementing partner agencies	Ministry of Economy and Finance; Ministry of Agriculture, Forestry and Fisheries; Ministry of Interior - National Committee for Sub-National Democratic Development Secretariat; Ministry of Commerce; Ministry of Rural Development; Ministry of Women's Affairs

ASAP: Adaptation for Smallholder Agriculture Programme

COSOP: country strategic opportunities programme

DSF: debt sustainability framework

# Cambodia timeline since 1991: country events and IFAD activities

