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# CAMBODIA

## FY 2010 Implementation Plan

### U.S. Government Working Document

The Feed the Future (FTF) FY 2010 implementation plans are working documents outlining U.S. government planning for the first year of the Global Hunger and Food Security Initiative. These plans represent a transition towards the development of multiyear strategies and are targeted at investments that lay the foundation for a new country-level and coordinated approach with a diversity of partners. Multiyear strategies are under development that will span development and diplomatic actions across multiple USG agencies.

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## Abbreviations and Acronyms

<b>ADB</b>	Asia Development Bank
<b>AFD</b>	Agence Française de Développement
<b>AusAID</b>	Australian Government Overseas Aid Program
<b>CARD</b>	Council for Agricultural and Rural Development
<b>CHFSI</b>	Cambodia Hunger and Food Security Initiative
<b>DFID</b>	UK Department for International Development
<b>DHS</b>	Demographic and Health Survey
<b>EU/EC</b>	European Union/European Community
<b>FAO</b>	Food and Agriculture Organization
<b>FSN</b>	Foreign Service National
<b>HARVEST</b>	Helping Address Rural Vulnerabilities and Ecosystem STability
<b>HEF</b>	Health Equity Fund
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFC</b>	International Finance Cooperation
<b>JICA</b>	Japanese International Cooperation Agency
<b>MAFF</b>	Ministry of Agriculture, Forestry, and Fisheries
<b>MDG</b>	Millennium Development Goals
<b>MoWRAM</b>	Ministry of Water Resources and Meteorology
<b>MSME2/BEE</b>	Micro, Small, and Medium Enterprise 2/Business Enabling Environment
<b>NGO</b>	Non Governmental Organization
<b>NSDP</b>	National Strategic Development Plan
<b>OCOM</b>	Office of the Council of Ministers
<b>RDMA</b>	Regional Development Mission for Asia
<b>RGC</b>	Royal Government of Cambodia
<b>SAW</b>	Strategy on Agriculture and Water
<b>SFFSN</b>	Strategic Framework for Food Security and Nutrition
<b>TWG-AW</b>	Technical Working Group on Agriculture and Water
<b>TWG-FSN</b>	Technical Working Group on Food Security and Nutrition
<b>USAID</b>	United States Agency for International Development
<b>USDA</b>	United States Department of Agriculture
<b>USGS</b>	United States Geological Survey
<b>WFP</b>	World Food Program

## I. INTRODUCTION

Cambodia has transformed in remarkable ways in recent years. The country is at peace after decades of conflict, and strong economic growth since the mid-1990s has helped reduce the proportion of people living in poverty. Yet Cambodia remains a low-income, food deficit country where too many people continue to live below the poverty line. Nearly a quarter of all Cambodians are food-deprived, and the deteriorating health of young children signals an urgent need to strengthen food security and improve nutrition.

Cambodia's agricultural sector has the potential to become an engine of growth for the country. The Cambodia Hunger and Food Security Initiative (CHFSI) described in this Implementation Plan will strengthen food security by increasing agricultural productivity; raising the incomes of the rural poor; preparing the country to adapt to climate change; and reducing the number of women and children suffering from malnutrition.

CHFSI is based on the Royal Government of Cambodia's (RGC) Rectangular Strategy, the Strategic Framework for Food Security and Nutrition (SFFSN), and the Strategy for Agriculture and Water (SAW) as well as extensive consultations with key partners.<sup>1</sup> The focus of the U.S. strategy is agricultural development, nutrition, poverty reduction, land management, and social safety nets. The plan's objectives and core investments will significantly contribute to Cambodia's achievement of the Millennium Development Goal of halving hunger and poverty by 2015.

The "Achieving Food Security in Cambodia through Improved Agriculture and Environmental Sustainability" Assessment, conducted in August 2009, provided a concise review of existing RGC and development partners' strategies, plans, and reports in the agriculture and environment sector. The

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<sup>1</sup> RGC's Economic Policy Agenda for Growth, Employment, Equity and Efficiency in Cambodia

assessment revealed the strengths and weaknesses of the Cambodian agriculture and environment sectors and identified gaps, constraints, and possible opportunities for future CHFSI assistance.

CHFSI will include the United States Agency for International Development's (USAID) new HARVEST program (Helping Address Rural Vulnerabilities & Ecosystem STability) and new nutrition activities, as well as current micro-enterprise and nutrition programs. Activities will be supported with funds from the Feed the Future Initiative as well as anticipated Global Climate Change and biodiversity funds, and any new Global Health Child Survival funds made available for the nutrition activities. All activities are linked and all sources of funding will contribute to the same broad goal.

CHFSI will work in collaboration with other donors including the Asian Development Bank (ADB), The World Bank, European Union/European Community (EU/EC), the World Food Program (WFP), the Danish International Development Organization, the Swedish International Development Organization, and the UN Food and Agricultural Organization (FAO) to address four key objectives identified in the L'Aquila Joint Statement on Food Security:<sup>2</sup>

1. Increase agricultural productivity that is environmentally sustainable
2. Reduce hunger and poverty
3. Encourage evidence-based agricultural policies allowing countries to make responsible, strategic choices
4. Deliver food through national social safety-nets and nutrition schemes to the most vulnerable populations.

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<sup>2</sup> Signed by 40 countries on 10 July 2009, accompanied by a financial commitment worth \$20 billion spread over three years, the "Joint Declaration" states that food safety, a quality diet and sustainable agriculture must continue to be considered priority issues on the political agenda, and that they must be addressed by adopting a cross-barrier and inclusive approach involving all of the relevant players at the global, regional and national levels.

CHFSI, to the extent possible, will identify opportunities to align efforts across all U.S. agencies and through central and regional programs.

## **I.1 BACKGROUND**

Cambodia is an agrarian society, with approximately 80% of the population living in rural areas and an estimated 70% of those relying on agriculture, fisheries, and forestry for their livelihoods.<sup>3</sup> Cambodia's rural communities depend on the country's rich aquatic and terrestrial biodiversity, which is increasingly under threat from illegal logging, over-fishing, and a changing climate. With 70% of the population below the age of 35 and some of the lowest education rates in the region, development is constrained by an inadequate number of experienced technicians and professionals. Civil society and public and private institutions have limited capacity and a poor record for collaboration. Inadequate production and post-harvest infrastructure, limited adaptive research capacity, poor governance, and poor financial services all constrain the potential of the agricultural sector.

However, there has been progress in recent years. Strong economic growth from the mid-1990s until the global economic crisis in 2008 helped reduce the proportion of people living below the poverty line by approximately 10%. Fertility, child mortality, and child malnutrition rates have also declined. But Cambodia is still a low-income, food-deficit country with more than 40% of the population living below the poverty line and 10% of the population living in extreme poverty. Nationally, 23% of the Cambodian population is food-deprived,

consuming less than the daily intake requirement of 1715 calories.<sup>4</sup>

Cambodia's underdeveloped agricultural sector has the potential to be a strong engine of growth for the economy. The sector experienced steady growth rates over the past five years, and it is increasingly important as the global economic crisis affects Cambodia's other growth sectors. Growth in the agriculture sector can help in reducing poverty and eliminating hunger.

### **Food Insecurity**

In Cambodia, limited food availability, food access, and food utilization all contribute to the country's high levels of hunger and malnutrition. While Cambodia produced a surplus of rice in 2008 and experienced rapid economic growth over the last several years, there are often geographical and seasonal fluctuations in food availability. Most rural Cambodians grow their own food, but productivity is low and post harvest losses high. Most of Cambodia's agricultural production is rain-fed and at high risk to both flood and drought. As a result, annual production varies significantly depending on the seasonal rains, and farmers often must supplement their food production with food from the market. The low incomes of rural households, coupled with rising food prices, limit food access for many. Poor households spend on average 70% of their income purchasing food and have little ability to cope with sickness, natural disasters, or other emergencies, which can push them further into a food insecure situation.<sup>5</sup>

Inadequate consumption of nutritious foods also contributes significantly to food insecurity in Cambodia. Women often stop breastfeeding after the first year, without supplementing their children's diet with food needed for normal growth. The combination of poor availability, access, and utilization of food results in some of the highest malnutrition rates in Asia. The

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<sup>3</sup> World Bank website, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/CAMBODIAEXT/N/0..contentMDK:20534324~menuPK:293886~pagePK:1497618~piPK:217854~theSitePK:293856.00.html>.

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<sup>4</sup> Council for Agriculture and Rural Development. "Strategic Framework for Food Security and Nutrition in Cambodia 2008-2012," May 2008

<sup>5</sup> Ibid p. 6

proportions of children under-five who are considered stunted, underweight, and wasted are 37%, 36%, and 7% respectively.<sup>6</sup> The high level of stunting, in particular, indicates chronic food insecurity among children and can have long-term consequences for mental development. Deficiencies in iron, iodized salt, vitamins A and B12, and folic acid are commonly found among wasted and underweight children.

## 2. FY 2010 OBJECTIVES

### 2.1 IDENTIFY CAMBODIAN PRIORITIES

As part of its efforts to encourage economic growth, generate employment, and reduce poverty and hunger, the RGC adopted the Rectangular Strategy in 2004 to achieve its political and economic goals. Building upon this strategy, the RGC designed the National Strategic Development Plan 2006-2010 (NSDP), which identified key sectors including good governance, health, education, the economy, and agriculture, to prioritize investments for meeting the development targets of the Cambodian Millennium Development Goals.

Two strategic documents guide food security, agriculture, and nutrition programs in Cambodia. Cambodia's Strategic Framework for Food Security and Nutrition (SFFSN) 2008-2012 was developed by the RGC's Technical Working Group on Food Security and Nutrition (TWG-FSN) in a broad process of consultation involving ministries and government agencies, development partners, and nongovernmental organizations (NGO).<sup>7</sup> The TWG-FSN is chaired by the Council for Agricultural and Rural Development (CARD) and the Ministry of Planning and co-facilitated by the WFP and FAO.

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<sup>6</sup> Ibid p. 6

<sup>7</sup> See Annex 3 for the terms of reference for the Technical Working Groups.

In 2007, the Technical Working Group on Agriculture and Water (TWG-AW) developed the Strategy for Agriculture and Water (SAW). The TWG-AW is co-chaired by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Water Resources and Meteorology (MoWRAM), and co-facilitated by FAO and AusAID. The SAW was developed to meet specific targets of the NSDP. The SAW objective is to intensify crop production, fisheries and forestry management, land reform, and environmental conservation.

The United States was not directly involved in the development of these strategies, but is currently an active member of both working groups. CHFSI investments will be prioritized after an initial strategy and policy gap analysis is completed in summer 2010. This gap analysis will reflect government priorities, development partner comparative advantages, and capacity challenges at all levels of Cambodian society.

### 2.2 BUILD ON EARLIER INVESTMENTS

Development assistance in the agricultural sector in Cambodia began in 1988 in the rice sector. Since this time, many donor and NGO projects have addressed poverty alleviation, infrastructure investment, and development of local markets.

The recent USAID assessment, *Achieving Food Security in Cambodia through Improved Agriculture and Environmental Sustainability*, September 2009, indicates that existing donor projects emphasize agricultural production. Post-harvest activities are more limited and of varying sophistication. Accordingly, food value chains will be a major focus for the CHFSI.

Similarly, efforts to diversify incomes in the rural areas are modest and limited. The majority of donors focus on the traditional subsistence commodities of rice and fish. The CHFSI will address these staples through activities that complement existing donor programs including:

- Introduction of new varieties and cultivation technologies
- Increasing diversification into horticulture and non-timber forest
- Strengthening post harvest management
- Establishing value-added production.

The current MSME2/BEE project is a follow-on project to a three-year MSME project that focused only on swine, aquaculture, and brick and tile. MSME2/BEE expanded to promote development of the non-timber forestry products such as honey and resin, as well as tourism, and water and sanitation. Over the past five years, MSME2/BEE helped more than 3,300 micro, small, and medium enterprises to improve management practices and invest in new technologies, resulting in production sales increases between 200% and 500%. For approximately \$5 million the U.S. Government invested between October 2005 and September 2008, MSME delivered over \$12 million of new investments by project participants. Between October 2008 and September 2009 MSME beneficiaries achieved a 10% increase in sales, 16.5% increase in income, and an 8.5% increase in the volume of production. Women represented 25% of U.S.-assisted entrepreneurs.

Through several cross provincial exposure trips, technical trainings by local input suppliers, and an initial investment by local farmers, swine farmers are producing their own animal feed and have lowered their cost of production and increased profit margins by 40%. Small investments such as these increase incomes for rural households. Swine raisers in an additional five provinces are enjoying similar results by replicating the same model of working together to overcome business constraints and expand their business. Nine domestic animal feed production facilities have been established in six of the twelve project provinces. These results transcend to other sectors such as aquaculture, honey, resin, and brick and tile.

MSME2/BEE compliments the work of CHFSI in that it strengthens selected agricultural value chains and improves the business investment environment through increased public-private

dialogue and the development of sound economic policy. Given the size and scope of MSME2/BEE, the program should be seen as a building block for CHFSI. The program ends in 2012.

### **2.3 IDENTIFY PARTNERSHIPS WITH CAMBODIAN INSTITUTIONS**

There has been significant progress in the consultative development of RGC strategies, but the government has limited resources for the design and implementation of activities. In addition, civil society and public and private institutions are weak and often face difficulties with collaboration and coordination. There is limited capacity to identify vulnerabilities or integrate effective adaptation and mitigation strategies into development planning. Significant improvements in human and institutional capacity are essential. In 2010, CHFSI will evaluate the strengths and weaknesses of potential partners and identify appropriate activities to strengthen public, private, and civil society institutions, and increase their collaboration and coordination.

In phase one of the HARVEST program, the United States will work with a consortium of RGC agencies, universities, and local NGOs to develop in-country capacity for data collection, modeling, and analysis related to resource valuation, deforestation, and climate change. Targeted assistance for producers' organizations, civil society organizations advocating resource rights for the rural poor, and private sector networks will follow.

In phase two, HARVEST will assist local government units, businesses, universities, and research institutions to improve their technical expertise in four areas:

1. National capacity for adaptive research
2. Value chains
3. Business and policy environment
4. Participatory land use planning

## 2.4 INVEST IN PRIORITY ACTIONS

Numerous donor agencies have been working with the RGC on agriculture and food security issues for the past 10 years. The United States is a relatively new player in agriculture and food security in Cambodia. The United States does not propose the development of a new country-led strategy. Cambodia has several existing strategies that together contribute to improved food security. These strategies were developed in collaboration with donor agencies and the United States is joining in these partnerships. The United States will be an active participant and will take on the roles that fit our comparative advantage. In 2010, the United States will work with the RGC to identify priority areas for future investment. Together we will provide evidence-based assessments to inform food security activities.

## 3. TARGET GROUPS BY LOCATION AND INCOME

Target beneficiaries of the CHFSI are those living in the provinces around the Tonle Sap Lake and the upland mountain regions, which have poverty rates of 43% and 52% respectively. These areas encompass six provinces: Battambang, Kampong Thom, Prey Veng, Pursat, Siem Reap, and Svay Rieng, home to nearly 32% of Cambodia's population.<sup>8</sup> Within these provinces, there is wide variation in nutrition levels and food availability. Based on the most recent data Pursat, Prey Veng and Siem Reap have the highest levels of underweight prevalence. Target provinces also reported children under the age of five with stunting rates ranging from 17% to 75%.<sup>9</sup>

<sup>8</sup> National Institute of Statistics, Ministry of Planning, August 2008 funded by UNFPA, JICA, Government of Japan and Government of the Federal Republic of Germany.

<sup>9</sup> Council for Agriculture and Rural Development. "Strategic Framework for Food Security and Nutrition in Cambodia 2008-2012." May 2008 p. 15

Several studies have been completed, including FAO's Cambodia Food Insecurity and Vulnerability Information and Mapping System, the RGC Ministry of Planning's Poverty 2004 Profile of Cambodia, the 2003-04 Cambodia Socio-Economic Survey, and the 2005 Demographic and Health Survey (DHS). Most data, however, is dated or inconsistent.

The World Food Program conducted a Poverty and Vulnerability Analysis Mapping in 2002 and will conduct a follow-up assessment in early 2010. A 2010 DHS will better define regions of greatest nutritional need. Additional information is needed specifically on target beneficiaries, including the extreme poor and the chronically food insecure. USAID will consider additional assessments and analyses beginning in 2010, such as:

- Poverty and nutrition mapping
- Gender assessment
- International Food Policy Research Institute Stocktaking (Gap) analysis
- Biodiversity assessment
- Development Credit Authority feasibility analysis
- Institutional capacity assessment of key Cambodian partners (government, local NGOs, trade associations, producer associations, research institutions, etc.)
- Agriculture Enabling Environment Assessment
- Analysis of expected climate change impacts and potential management and policy responses.

## 4. CORE INVESTMENT AREAS

### 4.1. CORE AREAS

The RGC's SFFSN and SAW outline the government's plan for achieving food security and adequate nutrition for the people of Cambodia. These strategies, and their cross-cutting objectives, have guided the development of the CHFSI Implementation Plan. The CHFSI will address the following core areas, through

the new HARVEST program, as well as ongoing activities in micro-enterprise development, business policy environment, health, and nutrition:

1. Increase Food Availability
2. Increase Food Access Through Rural Income Diversification
3. Improve Natural Resource Management and Cambodia's Ability to Recover and Adapt to Climate Change
4. Prevent and Treat Under-Nutrition
5. Increase Participation of the Extreme Poor in Rural Growth
6. Increase the Impact of Humanitarian Assistance.

Food security, biodiversity, global climate change, and nutrition are linked and are the focus of the CHFSI. Through food value chain strengthening and income diversification, the agricultural sector has the potential to become a major contributor to stability and economic growth for Cambodia and the region. With improved land use and resource management, Cambodia's sensitive ecosystem and its rich biodiversity can be conserved and the vulnerability of agriculture and rural communities to climate change can be reduced.

CHFSI will work with the Royal Government of Cambodia, civil society, and the private sector on all core investment areas. While most programs indirectly address gender, CHFSI will take a more direct approach and engage closely with the Ministry of Women's Affairs to identify activities that will address women's employment, civic participation, and leadership development.

#### **4.1.1. Increase Food Availability**

##### **Major Donors**

**USG: USAID**

**Others: ADB, IFAD, AusAID, DANIDA, France, JICA, DFID, EU/EC, Korea, World Bank, Canada, Germany, New Zealand, IFC**

In Cambodia, high levels of household food insecurity are caused by small farm sizes, limited

access to irrigation and other agricultural technology, reliance on rain-fed agriculture, low crop yields, decreasing fish yields and fish size, and unavailability of agricultural credit. The agriculture sector, however, has the potential to become a major contributor to economic growth for Cambodia and the region. Under this core investment area, CHFSI will help increase agricultural productivity, promote the adoption of improved seed and modern cultivation techniques, diversify rural production systems, and strengthen the agricultural policy framework.

#### **Enhance Agricultural Input and Production Systems**

Despite significant progress in enhancing agricultural yields over the last several years, current yields of rice, fish, and other crops in Cambodia are significantly lower when compared to neighboring countries. Agricultural production systems are characterized by a lack of modern practices and on-farm technologies, and high costs of production (energy, fertilizers, and credit). In addition, production inputs are frequently adulterated and seed material is derived from degenerated germplasm or of poor quality and inappropriate for Cambodia's soils. Critical inputs such as fertilizers and pesticides are unavailable or used incorrectly, and little effort is made to improve water management and soil quality. Moreover, the reliance on rain-fed agriculture, poor water resource management, and the presence of pests and diseases makes agricultural production extremely risky. These factors contribute to low agricultural productivity and a lack of food availability.

CHFSI will assist agribusinesses with providing more affordable quality products and services including those associated with seeds, fertilizers, plant protection and animal health. Assisting farmers and other input suppliers to improve their access to agricultural credit allows risk-taking and supports investments in technologies and value-added activities. This core investment will support improved farm management practices such as soil and water conservation and management which increase

the efficiency of agricultural inputs. Financial strategies and technologies that mitigate risk will allow farmers to become more innovative, leading to increased production or reduced labor/input costs.

### **Core Area I links to MDG I (Eradicate extreme poverty & hunger)**

Poverty reduction is the central theme of the USG's GHFS Implementation plan and prominent in all its activities, specifically the HARVEST Program. Increasing agricultural productivity remains the single most important determinant of economic growth and poverty reduction. Productivity gains from enhancements in agricultural production systems can increase producers' incomes, raise laborers' wages and lower the price of food, thereby increasing food availability and food access. In addition, new livelihood opportunities are generated when success in agriculture provides the basis for economic diversification. With 80% of Cambodia's population living in rural areas and 70% of them relying directly on agriculture, increasing food availability could have an enormous impact on Cambodia's ability to reduce hunger.

### **Promote the Adoption of Improved Varieties & Cultivation Techniques**

A vast majority of the seeds used by Cambodian farmers are farmer-retained seed from the previous season's crop, which are stored under sub-optimal conditions and have lost their genetic potential. At present there is only one government entity (Cambodia Agriculture Research and Development Institute) that is responsible for such activities, and only one commercial seed producer, AQIP. Both organizations face budgetary and human resource constraints. Given the lack of viable input suppliers and limited research and development capabilities in Cambodia, there are few alternatives to farmer-retained seeds. Compounding this problem is the use of antiquated harvesting techniques. Rural farmers are reluctant to make investments in unproven technologies and agricultural inputs and have

little knowledge of food quality and safety techniques.

CHFSI will support the development and introduction of seed varieties that are high yielding, drought and flood tolerant, have high market value and are adaptive to Cambodia's important agro-ecological zones. The CHFSI will also work with government and private sector partners to disseminate appropriate on-farm technologies and provide extension services to rural producers.

### **Diversify Rural Production Systems**

Rural households engaged in agriculture demonstrate little diversification of crops and are heavily dependent on rice production as a major source of income and food. When low-profit rice prices drop or rainfall is untimely, on-farm income diversification presents an opportunity to reduce the risk to farmers and improve their resilience to shocks. Diversifying rural production systems is critical for enhancing food availability and improving income flows. Diversification into higher value products such as vegetables, fruits, aquaculture, and small livestock can offer significant financial gains and increase on-farm labor demand.

Cambodia is producing limited but growing amounts of high value crops such as vegetables, fruits and tree nuts. Food from forests and fisheries are also important for diversification. When households are not able to produce enough food for their own needs, they depend on forestry products and fisheries for additional food and income. Households' access to such common property resources are tenuous, and combined with over-exploitation and mismanagement, results in serious threats to this source of food and livelihoods.

CHFSI will support analyses that take a food production systems approach, i.e. how to make food production systems more productive and sustainable, while increasing their resiliency to future impacts. Additional analyses will identify the optimal mix of crops to increase food availability and nutrition as well as household income. The analyses should inform other

activities such as improving market access for producers and linking markets to other value chain members. Activities will work on the development of sustainable common property resources to help ensure food security and livelihoods.

### **Strengthen Agricultural Policy Framework**

The absence of well-articulated national policies and a mature regulatory environment for addressing food security issues serve as a major impediment for the coordination of activities and investments by the private sector, donors, and government entities. Existing policies are often challenged or poorly implemented. High formal and informal taxes associated with regulatory compliance and insecure property rights all combine to increase the cost of doing business and push businesses into the informal sector. This limits investment in the sector and reduces rural employment opportunities, which are critical to increasing rural access to food.

CHFSI will support activities that assist in policy reforms to lower the costs of doing business and streamline regulatory procedures. Activities will also strengthen policy makers' ability to identify and create policies that support agricultural production and agribusinesses.

### **Current U.S. Investments**

The MSME2/BEE program is recognized by the RGC as a leader in developing and stimulating agricultural value chains that improve the productivity and competitiveness of Cambodian businesses. Review of MSME2/BEE activities shows that increased incomes among our assisted entrepreneurs led to increased investments at the household level, including more nutritious foods. Continued 2010 funding to entrepreneurs will directly support the Cambodia Hunger and Food Security Initiative's goal of increasing incomes, using agriculture as the primary driver.

## **4.1.2. Increase Food Access through Rural Income Diversification**

### **Major Donors**

**USG: USAID**

**Others:** ADB, IFAD, AusAID, DANIDA, France, JICA, DFID, EU/EC, Korea, World Bank, Canada, Germany, New Zealand

Food access is defined as the ability to supplement home production by purchasing food with cash income generated through economic activities. Even though most rural Cambodians depend on their small holdings to produce enough food for their households, many do not produce enough to meet their basic needs. Farmers must supplement their food production through purchases in the market.

### **Core Area 2 links to MDG 1 (Eradicate extreme poverty & hunger)**

The promotion of the rural economy has the potential to increase employment opportunities, reduce income disparities, stem rural-urban migration and ultimately reduce poverty and hunger. Activities under this core investment area will focus on increasing opportunities for income generation. Through the creation and improvement in post harvest systems, improvements in market access, and targeted investments in marketing infrastructure, Cambodians can shift their income sources away from the informal sector, which is characterized by low pay and sporadic employment opportunities, to formalized markets and production systems.

Poor households face constraints that limit their access to food including insufficient cash income to purchase food, high food prices, limited employment opportunities especially in off-farm and non-agricultural sectors, poor distribution systems, and a degraded or non-existent infrastructure to support market activities.

CHFSI will expand off-farm income generation, strengthen post harvest systems, improve market access, and make targeted investments in marketing infrastructure, all of which help put more cash in the hands of farmers.

### **Strengthen Post Harvest Systems**

Agricultural products are often constrained by poorly developed or nonexistent post harvest systems, including handling, packaging, and transportation of agricultural products which leads to a large amount of spoilage and reduction in product quality. Inadequate international accreditation and quality certification facilities also prevents many companies from accessing new high value, niche export markets and can partially explain the extent of informal trading with Thailand and Vietnam. This not only lowers the profitability of value chain activities, but also deters development of related, downstream value-adding processes.

Activities will focus on reducing spoilage of existing crops and linking producers and fishermen to existing processing industries through public private partnerships. CHFSI will also focus on fostering development of post harvest processing enterprises, and increasing access to export markets by improving product quality and increasing government and private sector capacity to adhere to international quality standards.

### **Improve Market Access**

In Cambodia, producers have limited access to markets. Low education and social status of producers contributes to limited knowledge about market conditions and consumer tastes and preferences. An inability to produce sufficient quantities of crop varieties on a consistent basis and poor distribution channels is exacerbated by poor coordination of value chain activities and weak market links amongst stakeholders. This is due in part to the limited presence of farmer cooperatives and associations, commodity marketing groups, and provincial chambers of commerce.

These types of organizations, when they do exist, typically lack the resources and capacity to advocate for the sector as whole. Given the geographic dispersion and poor coordination among producers in Cambodia, linking producers together and to markets will be a priority. CHFSI will support activities that work with value chain groups at different links in the chain (producer groups, haulers, millers' associations, etc) to assist producer groups as well as enterprises involved in post-production and trade activities. Contract farming can also help producers in accessing quality inputs, extension services, and markets. There are few commercial contract rice farming operations in Cambodia and they report varied levels of success. Most operations use commune level farmer associations to provide support to farmers. Cambodia's agricultural sector is highly informal and contract farming provides an opportunity to bring agriculture into the formal sector. Opportunities exist to strengthen existing operations and develop new ones.

Cambodia enacted the new Law on Seed Management and Plant Breeders' Rights in May 2008, under which the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Industry, Mines, and Energy operate. The law outlines a national system for production, importation, and distribution of seeds and fertilizers. However, this law has not been fully utilized and implemented to the fullest extent. This provides CHFSI with an opportunity to work with the RGC to strengthen the government's ability to use this law and to implement it effectively. The government is also developing a new Contract Farming Law.

### **Expand Rural Employment Opportunities**

An important source of income for the rural poor is wage labor from off-farm activities. Roughly 85% of Cambodians are employed in informal enterprises usually associated with agricultural production, housing and construction, and services such as transportation and agribusinesses.<sup>10</sup> These jobs are usually short-term, have limited security,

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<sup>10</sup> Ibid p. 34

and can result in long periods of unemployment in rural areas. For landless households, with no access to land or other productive assets, erratic and seasonal employment in farms or rural microenterprises is often the sole means of purchasing food.

The landless account for approximately 20% of rural households and are among the most vulnerable to food insecurity. The high rates of unemployment are the result of the limited number and ability of private sector entities to absorb large numbers of unskilled workers. However, service oriented microenterprises, producers with diversified crop schemes, and related agribusinesses involved in high value activities can lead to higher income and employment opportunities. CHFSI will support activities that help diversify employment opportunities for on-farm and post-production enterprises, as well as non-agricultural related enterprises, with a special focus on women, youth, and the landless poor.

**Increase Investments in Marketing Infrastructure**

Profits from agricultural activities are generally low given poor transportation networks and limited infrastructure in rural areas to support market activities. Rural roads are generally in a state of disrepair and few are paved, making it difficult and costly for producers to transport goods to market during certain times of the year. Production inputs such as water and electricity are prohibitively expensive and limit the competitiveness of rural enterprises. In addition, existing infrastructure does not support post-harvest value chain activities. The lack of storage and cold chain facilities results in product degradation, lower gross margins, and significant food spoilage.

Activities will support small-scale transportation infrastructure, food storage facilities, alternative energy sources, and market infrastructure. CHFSI will also emphasize partnerships with public and private sector entities including cost sharing.

**4.1.3. Improve Natural Resource Management and Cambodia’s Ability to Recover and Adapt to Climate Change**

**Major Donors**

<b>USG: USAID</b>
<b>Others: ADB, JICA, DANIDA, UNDP, World Bank</b>

Cambodia’s rich and unique aquatic and terrestrial biodiversity provides a foundation for the incomes and livelihoods of rural communities. A healthy natural resource base is essential for the agrarian livelihoods of rural Cambodians. The floodplains of the Tonle Sap constitute a distinctive and highly productive freshwater ecosystem. The seasonal flood-recession cycle deposits rich sediment that fertilizes vast flood-plains and creates seasonal habitat that sustains one of the world’s most productive freshwater fisheries. The upland forests, including the Cardamom Mountains and Prey Lang Forest, regulate water flow to mitigate flooding and siltation and maintain dry season stream-flow, feeding the Tonle Sap. Forests cover nearly 50% of Cambodia and play an important role in carbon sequestration, energy production, provision of forest products, biodiversity conservation, and tourism. However, Cambodia currently suffers from a very high deforestation rate, driven by illegal logging, conversion to agriculture, and heavy reliance on wood for fuel.

**Core Area 3 links to MDG 1 (Eradicate extreme poverty & hunger)**

Cambodia’s rich aquatic and terrestrial biodiversity provides a foundation for the incomes and livelihoods of rural communities. With modern science and specialization, a given income or quantity of food and fiber can be produced within a much smaller area than in the past. USG investments will focus on the valuation of Cambodia’s rich resources, which will inform land management policy decisions. The adoption of improved agricultural technical practices will help Cambodia recover and adapt to environmental degradation.

These resources and the livelihoods they support face a number of threats. Aquatic biodiversity and fishery production are threatened by over-fishing, loss of habitat as flooded forests are converted to agriculture, and disruption of migration routes by new and planned hydro-electric dams. Ambitious plans for investment in irrigation infrastructure need to be grounded in a comprehensive analysis of where these investments would provide the highest return and their hydrological impact. There is limited analysis of soil and water quality or other constraints to food production.

### **Sustainable Natural Resource Management**

Natural resource management is a reflection of the value that individuals, communities and the government place on a resource. More sustainable management of resources begins with the recognition of the economic value of key resources, taking into account external and environmental costs of development options to society and downstream communities. CHFSI will work with Cambodian civil society and the government to:

- Analyze the status and economic value of key natural resources
- Improve the policy environment for sustainable resource use and conservation
- Institute improved monitoring and rational management of forest, fishery, water and land resources
- Increase income from sustainable products and services.

CHFSI will also work with government and local communities to identify and take advantage of opportunities for revenue generation from provision of ecosystem services such as:

- Watershed protection for flood control,
- Erosion prevention,
- Carbon sequestration for reduction in greenhouse gas emissions, and
- Biodiversity conservation.

Approaches will ensure equitable sharing of revenues and strong economic incentives that

support sustainable management of natural resources by local communities.

### **Climate Change**

There is limited understanding of climate change and its possible impact among Cambodian institutions. However, the development of the National Adaptation Program of Action will enable climate change to be better integrated into the RGC’s development planning, but this will require some additional support and capacity building. Although current climate change projections do not have the consistency, accuracy, or level of resolution to provide a strong basis for action, the level of detail and accuracy of those projections is expected to improve greatly as this becomes a focus of donors and the government. CHFSI will:

- Strengthen awareness of potential climate change impacts
- Establish local capacity to identify and apply adaptation and mitigation strategies
- Strengthen Cambodian links to and networks within the global climate change scientific community.

### **Current U.S. Investments**

The current MSME2/BEE establishes partnerships for alternative economic development and links the private sector to local community enterprises in honey, resin, bamboo, and medicinal plants. Activities also encourage citizens to responsibly protect and manage the forest.

#### **4.1.4. Prevent and Treat Under-Nutrition**

##### **Major Donors**

<b>USG:</b> USAID
<b>Others:</b> GTZ, UNFPA, UNICEF, UNESCO, WHO

The Global Hunger Index labels Cambodia as “Alarming,” with a rank of 100 out of 118. The index ranks countries by combining three indicators: level of child malnutrition, rates of child mortality, and the proportion of people

who are calorie deficient. Malnutrition among Cambodia's urban and peri-urban poor as well as the rural poor is widespread. It is most acute among children under five years and among expectant and nursing women.

Fifty-four percent of under-five mortality is associated with malnourishment.<sup>11</sup> A UN report on the effects of the recent economic crisis indicates that money, or the ability to buy food, is not the only important factor in nutrition<sup>12</sup>. Other important factors affecting malnutrition include the way children are cared for and fed. Therefore it will be critical to change the social norms for feeding practices of young children (6-24 months). To prevent and reduce childhood under-nutrition in Cambodia, the CHFSI will build on existing health and nutrition programs and work within the context of improved productivity of agriculture (including forestry and fisheries), income diversification and employment generation, and education and behavior change regarding nutrition and dietary habits.

The link between climate change and nutrition is not restricted to the agricultural production and availability of food. Climate change could ultimately impact sectors such as health and water, resulting in higher levels of malnutrition. The CHFSI will consider the RGC National Action Plan for Climate Change and Health that addresses climate-sensitive health outcomes such as vector-borne diseases, food and water-borne (infectious) diseases, malnutrition, and the impact of extreme weather events on health, which are caused by such factors as air quality/ozone depletion, ecosystem changes, water contamination, and flooding.

### **Current U.S. Investments**

Current U.S. programs that address maternal and young child nutrition needs include national vitamin A campaigns, increased distribution of iron for pregnant women and new mothers, and

exclusive breastfeeding. The United States has also successfully piloted programs in iron fortification of fish and soy sauce and community-based nutrition education and information.

In 2010, USAID will work with the WFP to conduct additional poverty and nutrition mapping as well as conduct an assessment of ongoing U.S. and donor funded nutrition activities. Based on the results of the assessment and mapping, and based on availability of funds, USAID will design new activities that directly prevent and treat under-nutrition.

### **Core Area 4 links to MDG 1 (Eradicate extreme poverty & hunger)**

Through the generation of increased income, the protection of resources, disaster risk reduction, increased production of food staples, and introduction of new food sources, hunger will be reduced and nutrition improved for the country's inhabitants. USG investments will help improve nutrition through improved delivery of nutrition and health services, and agriculture linkages.

CHFSI may also launch new targeted Infant and Young Child Nutrition programs which would include national media campaigns, community-based family support, acute malnutrition therapy, and greater emphasis on exclusive breast feeding for the first six months.

If funded, new nutrition programs will focus heavily on media and community outreach activities to encourage improved child feeding practices. Income-generating programs that will increase the access of poor mothers to nutritious food will be integrated into broader food security efforts. Existing micronutrient and food fortification programs would expand. The CHFSI would explore public/private partnerships with domestic producers in the fortification of basic foods (e.g. rice, fish oils, noodles, soy milk) at prices that are affordable

<sup>11</sup> Ibid p. 13

<sup>12</sup> UN Country Team Report, Cambodia, The Global Economic Downturn: Opportunity or Crisis?, November 2009.

to the landless and extreme-poor. Hagar Soya, for example, is a Cambodian soy milk producer that fortifies its product and could adapt its business model to provide fortified soy milk to poorer populations.

#### 4.1.5. Increase Participation of the Extreme Poor in Rural Growth

##### Major Donors

**USG:** USAID

**Others:** ADB, IFAD, AusAID, DANIDA, France, JICA, DFID, EU/EC, Korea, World Bank, Canada, Germany, New Zealand

#### Core Area 5 links to MDG I (Eradicate extreme poverty & hunger)

Poverty reduction is the central theme of all USG core investments. Activities will help develop off-farm employment opportunities and increase access to affordable and nutritious foods. The landless, female headed households, the indigenous, and those living in remote areas will be targeted under all core investments areas.

To ensure improved food security, it is essential to impact the poorest segment of society – those living in extreme poverty. This population has little or no asset base, is highly vulnerable to shocks, mainly dependent on wage labor, and spends 70% of their income on food. This plan further defines this sub-group as female-headed households, indigenous groups, urban landless-unemployed, and those living in remote areas. These segments of society are difficult to integrate into economic activities and as a result are often not targeted in programs promoting agricultural and economic development. CHFSI will conduct analyses and identify options to impact the food security status of Cambodia’s extreme-poor. This may include activities such as development and marketing of affordable fortified foods, employment generation in the processing, transformation and marketing of food and

natural products, or diversifying income options, all of which increase food availability and food access.

Ongoing activities of existing health and nutrition programs will continue to address those living in extreme poverty through their maternal and young child nutrition interventions, which include micro-nutrients.

#### 4.1.6. Increase the Impact of Humanitarian Assistance

##### Major Donors

**USG:** USAID

**Others:** World Food Program (WFP), ADB, EU/EC, Spain

The CHFSI does not propose significant additional humanitarian food assistance due to existing U.S. programs and coverage by other donors. The United States will continue to provide technical assistance and resources to health social safety nets in the form of Health Equity Funds (HEF) (subsidized health care coverage for the poor) and community-based health insurance schemes. In collaboration with the Ministry of Health and the World Bank, the United States provides HEF for over 700,000 poor Cambodians. Cambodia suffers from both flood and drought conditions, which are increasingly aggravated by climate change. The CHFSI will adapt proven production technologies to local conditions to reduce economic losses and secure rural livelihoods.

The World Food Program funds a \$75-million Assisting People in Crisis Program, a protracted relief and recovery operation to enhance the resilience and coping capacity of vulnerable households through targeted food aid interventions. The program attends to one million food insecure people, most of them in rural Cambodia. The overall goal of WFP's assistance is to improve the immediate and sustainable food security for the hungry poor in crisis. Both short and medium-term needs will be addressed by the program.

## 5. FY 10 RESULTS/ INDICATORS/TARGETS

### 5.1 ILLUSTRATIVE RESULTS INDICATORS

The table below provides proposed results indicators for the CHFSI. Throughout the life of the program, we will track results and monitor our progress. HARVEST and nutrition program indicators and targets will be finalized through the design process.

<b>Cambodia Millennium Development Goal 1: Eradicate Extreme Poverty and Hunger</b>	
CMDG Target 1.A:	Decreasing the proportion of people whose income is less than the national poverty line from 39% in 1993 to 19.5% in 2015
CMDG Target 1.C:	Decreasing the proportion of population below the food poverty line from 20% in 1993 to 10% in 2015
<b>Cambodia Hunger and Food Security Initiative Indicators</b>	
<b>CHFSI Program</b>	<b>Indicator</b>
<b>1. Increase Food Availability</b>	
HARVEST	Number of farmers, professors, and others who have adopted new technologies or management practices as a result of USG assistance
HARVEST	Number of Small and Medium Enterprises that successfully accessed bank loans or private equity as a result of USG assistance
HARVEST	Number of new technologies or management practices made available for transfers as a result of USG assistance
HARVEST	Number of rural households benefiting from USG interventions
HARVEST	Number of policy reforms/ regulations/ administrative procedures prepared with USG assistance passed/approved
<b>2. Increase Food Access through Rural Income Diversification</b>	
HARVEST	Number of agriculture-related firms benefiting directly from USG supported activities
HARVEST	Percent change in value of purchases from smallholders of targeted commodities as a result of USG assistance
HARVEST	Number of producers organizations, water users associations, trade and business associations, and community based organizations receiving USG assistance
HARVEST	Change in women's and men's income in beneficiary households
HARVEST	Number of people gaining employment or skills-based employment as a result of participation in USG-funded workforce development programs
<b>3. Improve Natural Resource Management and Cambodia's Ability to Recover and Adapt to Climate Change:</b>	
MSME2/BEE HARVEST	Number of people with increased economic benefits derived from sustainable natural management and conservation
MSME2/BEE HARVEST	Number of community working groups that have clear market links in non-timber forest product value chains
MSME2/BEE HARVEST	Number of hectares in areas of biological significance under improved natural resource management
<b>4. Prevent and Treat Under-Nutrition</b>	
Together for Good Health Nutrition Program	Number of people trained in child health and nutrition through USG-supported health area programs
Nutrition program	Reduction of underweight in children below two years of age in areas of

	USG intervention.
Nutrition program	Percentage change in infant and young child feeding practices in areas of USG intervention
Nutrition program	Percentage change in exclusive breastfeeding in infants up to 6 months of age in USG intervention areas
Nutrition program	Percentage improvement in dietary diversity in USG intervention areas
<b>5. Increase Participation of the Extreme Poor in Rural Growth</b>	
HARVEST	Increased incomes and assets of extreme poor households
HARVEST	Number of extreme poor farming households that apply improved crop production and post-harvest practices
HARVEST	Household Hunger Scale: Percentage of households experiencing severe hunger, as indicated by a score of 4 or more on the HHS.

## 6. KEY ISSUES AND ANALYTICAL ACTIVITIES LOOKING TOWARD FY 2011

The RGC has limited data and analyses to inform decisions to reduce hunger and ensure food security. Relevant data and statistics on food security in Cambodia are currently dependent on large national surveys conducted on a three- to five-year basis. The WFP, in preparation for a new strategy, will update several key studies including a Cambodian hunger analysis and poverty map in 2010. Also, the RGC is preparing to launch a web-based Food Security and Nutrition database which will act as a clearinghouse for ministry and donor assessments and data. The United States will join other donors (UNICEF, UNFPA, and others) to fund a DHS for 2010, which includes nutrition and food security information.

A comprehensive economic valuation of Cambodia's ecosystems will serve as the foundation of CHFSI activities and will inform RGC policies on food security. The valuation will bring together RGC line ministries, local universities, and NGOs to encourage a collaborative approach to economic valuation of resources, and to ensure country ownership of the results.

USAID's new HARVEST program is scheduled to begin second quarter of FY2011. During its first year, HARVEST will commission

analyses to further identify target beneficiaries, specific interventions, indicators, targets, and results. Some illustrative analyses include:

- Identify optimal mixes of crops that result in greater food availability and improved nutrition while adding to household income
- Analyze constraints to agricultural credit
- Cost-benefit analysis, modeling, and economic validation of the impact of possible activities (agriculture production, value chains, environment, nutrition, etc.)
- Identify best practices for soil and water conservation and management for targeted areas
- Identify activities designed to engage youth and women
- Analyze constraints to the development of a robust agribusiness sector
- Analyze challenges to improving harvesting systems and agricultural processing techniques
- Analyze food production systems and their resiliency to future economic or environmental impacts in Cambodia.

## 7. PARTNERSHIP PLAN

### 7.1. U.S. INTERAGENCY CONSULTATION AND COORDINATION

The U.S. Embassy will continue to advocate for improvements in the business environment with high level RGC officials through diplomatic channels. The USAID Regional Development Mission for Asia (RDMA), through its Feed the Future Program, will address regional issues related to trade, technology exchange, and other trans-boundary concerns. The U.S. Geological Service (USGS) regional activity, "Forecast Mekong," will provide critical data related to the potential affects of climate change on Cambodia's food security and agriculture. U.S. Department of Agriculture (USDA), through its regional office in Ho Chi Minh City, will continue its support for sanitary and phytosanitary standards, and will help promote U.S. private sector participation in the development of Cambodia's agriculture sector. In FY 2010, USDA financially supported the World Food Program's Food For Education (FFE) Program (2010-2012). It is expected that the CHFSI will contribute to the Secretary of State's new Lower Mekong Initiative, an emerging partnership with Cambodia, Laos, Vietnam, and Thailand on issues related to health and the environment. Peace Corps has expanded its program in Cambodia to include Health Volunteers, and the CHFSI will explore opportunities for collaboration.

### **7.2. CONSULTATION AND COORDINATION WITH GOVERNMENT**

The U.S. Congress lifted restrictions on working with the RGC in 2007. As a result, U.S. relations with the government, particularly in the areas of economic growth and agriculture, are relatively new. The CHFSI provides an opportunity to deepen our collaboration with the RGC. In preparation for the development of the new HARVEST program, USAID consulted extensively with all of the key ministries. The results of those meetings have been incorporated into the proposed activities described throughout the implementation plan.

The Office of the Council of Ministers is the executive body formed "to prepare, facilitate,

coordinate, unify, and guide all activities of individual ministries and localities." The OCOM will serve as USAID's primary contact and will convene a working group composed of representatives from relevant Ministries including Ministry of Agriculture, Forestry and Fisheries, Ministry of Commerce, Ministry of Environment, and Ministry of Water Resources and Meteorology.

The RGC, donors, and civil society will coordinate food security activities through the Technical Working Groups for Food Security and Nutrition and Agriculture and Water. The United States will also work under the term of its Economic Growth Assistance Agreement with the RGC to coordinate implementation at the working level and ensure that the RGC remains substantially involved in our program.

### **7.3. MULTILATERAL AND BILATERAL DONOR CONSULTATION AND COORDINATION**

Donor investments in ongoing agricultural and food security activities currently total over \$463 million with the largest amount coming from multi-lateral institutions such as the Asian Development Bank and International Fund for Agricultural Development, and bilateral funding from historically prominent donors such as Australia, Denmark, France, Japan, and the United Kingdom. USAID consulted with all relevant donors during the development of its HARVEST program to ensure that new U.S. activities address gaps, build on existing programs, and do not duplicate effort. USAID will work through the TWGs to coordinate its overall program with other donors. In addition to the TWGs, donors participate in regular ad hoc project coordination meetings.

### **7.4. CIVIL SOCIETY AND PRIVATE SECTOR CONSULTATION AND COORDINATION**

With over two-thirds of the population under 35, there are few experienced professionals. Despite numerous producer associations and

community natural resource management committees, there is little coordination, collaboration, and learning across groups. Small-holder producers are not linked to markets, nor are they linked to businesses or associations. While a large number of Cambodian NGOs provide support to farmers associations, most have limited skills or geographic reach. Only a few NGOs and trade associations (such as the National Cambodian Rice Millers' Association, Cambodian Center for Studies and Development in Agriculture, and Fisheries Action Coalition Team) work at the national level.

Civil society and the private sector are critical to the success of the program, and the CHFSI will support education and training effort to strengthen these groups. In addition to engaging with civil society and the private sector as direct recipients of assistance through the HARVEST program, the United States will use the TWG-FSN and TWG-AW as well as the International Finance Corporation's public/private dialogue to coordinate CHFSI activities.

## **7.5. OVERALL COORDINATION**

The Council for the Development of Cambodia, which is a part of the Ministry of Economy and Finance, is responsible for overall donor coordination. As in other developing countries with a large number of multi- and bilateral donor agencies, effective donor coordination is a challenging task. In order to further strengthen development cooperation, 19 Government-Donor Partnership TWGs meet on a regular basis to develop and monitor plans and set priorities for actions to be taken within their respective technical areas. TWGs are responsible for developing and setting targets for benchmarks and Joint Monitoring Indicators (JMIs). Quarterly, donors and government participate in the Government-Donor Coordination Committee (GDCC) technical-level meetings where progress towards meeting benchmarks, JMIs, and Cambodian Millennium Development Goals (CMDGs) are evaluated. The GDCC is known as the leading forum for

dialogue on development policy and aid effectiveness.

These quarterly GDCC meetings provide the background papers and statements that are introduced into the annual, high level policy meetings, referred to as the Cambodia Development Cooperation Forum, between the RGC and development partners. These meetings provide a joint overview of the developments in the country as a whole, touching upon all sectors. The meetings are co-chaired by the World Bank and the Prime Minister. Through this process, benchmarks and JMIs have evolved as tools for measuring progress towards CMDGs.

CHFSI will work through the existing TWGs and public-private dialogue mechanisms to ensure full coordination of CHFSI activities. Given the weaknesses in civil society and private sector, the CHFSI will support their continued involvement in fora at both the national and sub-national level. These mechanisms will provide the necessary dialogue and oversight for a successful, country-led program.

## **8. FY 2011 CAPACITY BUILDING PLAN**

Cambodian private, public, and civil society institutions are characterized by relatively young professionals with limited technical and managerial experience and weak institutional capacity. Accordingly, there is limited coordination, collaboration, and communication among institutions – even where complementary objectives are present. This limits Cambodia's ability to respond to critical development issues including food security and climate change. However, the RGC has begun devolving limited authority and financial resources to Development Councils at the

provincial, district, and commune level<sup>13</sup>. This presents an important opportunity to engage community groups, the private sector, and government on development activities.

In 2011, the CHFSI will conduct institutional capacity analyses on organizations at all levels of society. Requisite conditions for effective implementation of the CHFSI include strong national and local institutions that can effectively address food security and global climate change issues. It is also important that policy-makers understand the constraints to the agricultural sector and can promote harmonization of regional trade-policies as well as draft regulations that are supportive of private sector growth and investment. Strong networks that include farmer producer groups and private sector partners will be a critical tool for technology transfer as well as the development of national institutions to conduct adaptive agricultural research and diffuse improved production technologies. And within the government, there is a need to develop the ability to monitor and evaluate the impact of programs and policies.

CHFSI will support activities that strengthen national and local ability to manage and resolve challenges related to food security and global climate change. Activities will be accomplished by working with and through Cambodian institutions. In addition to local trainings, CHFSI will consider opportunities for short or long-term academic training and U.S.-Cambodia collaborative exchanges such as Fulbright. These activities will be managed through HARVEST. After preliminary analyses are complete, CHFSI will prioritize training for relevant ministries, private sector institutions, and civil society organizations.

Under an existing U.S.-Cambodia Bilateral Assistance Agreement, relevant ministries will be selected as lead agencies in the CHFSI.

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<sup>13</sup> Commune Councils are elected by popular vote with councilors then electing development councils at the district and provincial level.

However, other ministries and institutions will be included as appropriate.

## 9. MANAGEMENT PLAN

As per law and regulations, USAID maintains a strong internal monitoring and evaluation (M&E) system for its development programs. Implementing organizations are required to report on program activities to the concerned RGC ministries and consult with them at regular intervals on performance and progress toward program objectives. USAID will also work with the RGC and other donors through the TWG-FSN and TWG-AW to ensure that performance indicator data are collected on an annual basis. In addition, with the U.S. Mission Phnom Penh Food Security Working Group, a common CHFSI M&E system including a baseline analysis will be developed which will guide program implementation and provide a common source for reporting results.

On top of program-wide level impacts, CHFSI will include an M&E system that is capable of evaluating the program's impact at the level of the ultimate end user and beneficiary. The M&E system will undertake activity-level verification and validation of results, as well as ensure that CHFSI implementing partners' data are timely, accurate, and precise. As part of this process, it will be necessary to conduct field surveys of CHFSI beneficiaries, communities, and local organizations, as well as random field verifications of the activities conducted by the implementers in all regions. Finally, the information produced by the M&E component will contribute to disseminating and advancing knowledge, successes, and lessons learned about alternative development, livelihoods and consolidation strategies, and their impacts.

During the implementation of the activity, USAID will also ensure that all activities are undertaken in accordance with the US Government's Code of Federal Regulations (22 CFR 216) regarding environmental soundness. Where warranted, USAID will undertake recognized methodologies for Initial

Environmental Examinations (IEEs) for specific activities prior to implementation.