



# Additional Financing Report

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Project Number: 44321-014  
January 2022

## Proposed Administration of Grant Kingdom of Cambodia: Climate Resilient Rice Commercialization Sector Development Program (Additional Financing)

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 6 January 2022)

Currency unit	–	riel (KHR)
KHR 1.00	=	\$0.00025
\$1.00	=	KHR4,075

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DSF	–	drying and storage facility
GAFSP	–	Global Agricultural and Food Security Program
MEF	–	Ministry of Economy and Finance
WICI	–	weather indexed crop insurance

## **NOTE**

In this report, "\$" refers to United States dollars.

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## PROJECT AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 44321-014	
<b>Project Name</b>	Climate Resilient Rice Commercialization Sector Development Program (Additional Financing)	<b>Department/Division</b>	SERD/SEER
<b>Country Recipient</b>	Cambodia Kingdom of Cambodia	<b>Executing Agency</b>	Ministry of Economy and Finance
<b>Country Economic Indicators</b>	<a href="https://www.adb.org/Documents/LinkedDocs/?id=44321-014-CEI">https://www.adb.org/Documents/LinkedDocs/?id=44321-014-CEI</a>		
<b>Portfolio at a Glance</b>	<a href="https://www.adb.org/Documents/LinkedDocs/?id=44321-014-PortAtaGlance">https://www.adb.org/Documents/LinkedDocs/?id=44321-014-PortAtaGlance</a>		
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
		<b>Total</b>	<b>0.00</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>	
✓ Accelerating progress in gender equality		GHG reductions (tons per annum)	0.000
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		Climate Change impact on the Project	Low
✓ Promoting rural development and food security			
		<b>ADB Financing</b>	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		<b>Cofinancing</b>	
		Adaptation (\$ million)	0.40
		Mitigation (\$ million)	0.00
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>	
SDG 1.5		Effective gender mainstreaming (EGM)	✓
SDG 2.4			
SDG 5.a		<b>Poverty Targeting</b>	
SDG 13.a		General Intervention on Poverty	✓
<b>4. Risk Categorization:</b>	Low		
<b>5. Safeguard Categorization</b>	<b>Environment: C Involuntary Resettlement: C Indigenous Peoples: C</b>		
<b>6. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.00</b>	
None		0.00	
<b>Cofinancing</b>		<b>3.80</b>	
Global Agriculture and Food Security Program - Project grant (Full ADB Administration)		3.80	
<b>Counterpart</b>		<b>0.12</b>	
Government		0.12	
<b>Total</b>		<b>3.92</b>	
<b>Currency of Financing:</b> US Dollar			

## I. BACKGROUND

1. On 27 June 2013, the Asian Development Bank (ADB) approved the Climate Resilient Rice Commercialization Sector Development Program totaling \$87.43 million. The program comprised a \$24 million policy-based loan and a \$31 million project loan, both from ADB's concessional ordinary capital resources; a \$14.60 million grant provided by the Global Agriculture and Food Security Program (GAFSP); a \$5 million loan and a \$4.50 million grant provided by the Strategic Climate Fund; and a \$8.33 million of government counterpart contributions.<sup>1</sup> The Ministry of Economy and Finance (MEF) is the executing agency. The financial closing date is 30 September 2023.<sup>2</sup>

2. The original project performed well against the expected outputs, compliance with safeguards covenants, and management of risks. Delivery of expected outputs is rated *successful*. The project has met 17 of 23 output targets. Of the remaining 6 targets, 5 are on track and 1 will not be achieved.<sup>3</sup> All 22 gender action plan activities have been completed, with 15 of 16 of targets being on track (footnote 3). It has completed procurement of all packages, except for the end line survey. As of 31 December 2021, for the project loan and grant components, the cumulative contracts awarded was \$49.41 million (89.68%) with a cumulative disbursement of \$42.58 million (77.28%). Four of seven ongoing civil works have been completed, and the remaining three achieved 70% completion by 31 December 2021.

## II. ADDITIONAL FINANCING

### A. Rationale

3. Severe interruptions in logistics and supply chains caused by the coronavirus disease (COVID-19) pandemic have reduced farm productivity and increased farm production costs, resulting in worsening of farmers' financial situation and weakening their resilience to climate shocks.<sup>4</sup> Activities under the original project have mitigated some of the adverse impacts by increasing the net income of stakeholders along the rice value chain, providing supplemental income to rice farmers through employment in infrastructure subprojects, and enhancing rice seed production, which helped ensure access to affordable quality rice seeds by farmers during the pandemic.

4. Because of the original project's alignment with GAFSP's pillars and overall approach to build sustainable food supply, and also with the government's COVID-19 response, GAFSP approved an additional financing of \$3.8 million to scale up selected activities to expedite recovery from the pandemic and rebuild farmers' resilience to both economic and climate shocks. GAFSP screened and selected activities and costing under the additional financing based on their potential to mitigate COVID-19 negative impacts.

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<sup>1</sup> ADB. 2013. [\*Report and Recommendation of the President to the Board of Directors for the Proposed Loans and Administration of Grants and Loan to the Kingdom of Cambodia for the Climate Resilient Rice Commercialization Sector Development Program\*](#). Manila.

<sup>2</sup> On 30 October 2021, ADB approved the extension of closing date from 30 September 2021 to 30 September 2023.

<sup>3</sup> The non-achieved target refers to the 30% of administrative and technical positions in the executing and implementing agencies are female. It cannot be achieved as there are less than 30% of female staff in these agencies. As this is also a target in the gender action plan, one gender target will also not be achieved.

<sup>4</sup> GAFSP. 2020. *Expert Panel Report to the Steering Committee for GAFSP Public Sector Window Additional Funding for COVID-19 Response*. Washington, DC.

5. The original project addresses problems affecting smallholder rice farmers, including (i) poor seed quality, (ii) weak supply chain and weak market linkages for rice, (iii) indebtedness due to vulnerability to climate shocks, and (iv) limited access to technology. The additional financing will continue to address these problems by (i) supporting targeted agricultural cooperatives to produce affordable quality seeds, (ii) strengthening market linkages between producers and buyers of rice seed and paddy, (iii) mitigating farmers' indebtedness due to the climate shocks through weather insurance, and (iv) promoting mechanization and extension services on new agricultural technologies and practices. The additional financing will reduce the vulnerability of 22,000 additional smallholder rice farmers.

6. The additional financing is aligned with the government's priorities in addressing the socioeconomic impacts of COVID-19 and avoiding disruptions in the agricultural supply chains that threaten food security. It is aligned with the following operational priorities of ADB's Strategy 2030 (Table 1).<sup>5</sup> Building on the lessons from the original project, the additional financing will (i) provide drying and storage facilities (DSF), including warehouses and drying yards, to agricultural cooperatives to preserve quality of seeds produced by government stations; and (ii) continue to work with MEF to implement the weather-indexed climate insurance (WICI) scheme.<sup>6</sup>

**Table 1: Alignment with Strategy 2030**

<b>Strategy 2030 Priority</b>	<b>Project Interventions</b>
Accelerating progress in gender equality	<ul style="list-style-type: none"> <li>• Strengthen women's leadership in agricultural cooperatives</li> <li>• Increase female participation in weather-indexed crop insurance</li> </ul>
Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability	<ul style="list-style-type: none"> <li>• Increase coverage of the weather-indexed crop insurance scheme by 20,000 hectares of paddy field to reduce farmers exposure to climate shocks</li> </ul>
Promoting rural development and food security	<ul style="list-style-type: none"> <li>• Improve quality and supply of rice seeds by providing seed warehouses, agricultural machinery, and capacity building on seed management and rice regulations</li> <li>• Strengthen market linkage by contracting rice producers</li> </ul>

## **B. Project Description**

7. There are no changes to the original project's impact and outcome statements. The additional financing activities will be included under the following outputs of the original project.

8. **Output 3: Climate-resilient rice value chain infrastructure developed.** The additional financing will improve production technology to respond to declining farm production and productivity resulting from interrupted logistics caused by COVID-19. It will help provide (i) farm machinery to two seed centers under the government agricultural stations in Ang Por (Battambang province) and Prey Kandieng (Prey Veng province);<sup>7</sup> (ii) DSF for six agricultural cooperatives in proximity of these agricultural stations to maintain seed quality and extend storage life; and (iii) additional training and extension services to raise agricultural productivity, focusing on land leveling, soil nutrient management, paddy production, and post-harvest technology. All training and extension services will include COVID-19 health and safety measures.

<sup>5</sup> ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

<sup>6</sup> MEF is the regulating body for the country's financial sector, including the insurance subsector.

<sup>7</sup> The original project supported the establishment of modern seed processing and storage facilities at these centers.

9. **Output 4: Rice value chain support services enhanced to improve the quality of Cambodian rice.** The additional financing will increase household income to offset increase in agricultural input costs and labor costs. It will support (i) production of 1,800 tons of quality rice seeds through contract farming by government seed centers and agricultural cooperatives; (ii) provision of 22 rice seeders to 19 agricultural cooperatives and three government seed centers to promote direct seeding and uniform spacing and to offset labor shortage during planting seasons; and (iii) capacity building on (a) quality seed production for government seed centers and agricultural cooperatives; (b) seed inspection for seed inspectors; (c) raising awareness on regulations such as Cambodian Seed Policy, national seed standards, and seed certification scheme; (d) certified paddy production; and (e) agricultural inputs application for inputs suppliers, who in turn will provide extension services to farmers. The additional financing will also (i) sponsor seed business forums and market facilitation activities to strengthen market linkages by providing a platform for business matchmaking between agricultural cooperatives, millers, exporters, and financial institutions; and (ii) improve agricultural cooperatives' access to credits. All activities will be encouraging and targeting women farmers' participation.

10. **Output 5: Weather-indexed crop insurance piloted.** With the worsening of farmers' financial situation due to interrupted logistics and increasing farm production costs, farmers have become more vulnerable to climate shocks. Under this output, the additional financing will extend the WICI coverage for 20,000 hectares of rice producing areas, in addition to the 100,000 hectares covered under the original project.<sup>8</sup>

### C. Value Added by ADB

11. The additional financing will intensify the original project's support to rice seed and rice paddy farmers affected by interruptions in logistics and supply chains, which have caused increasing production costs, shortage of quality agricultural inputs, worsening financial situation, and increased vulnerability to climate shocks. The additional financing is a part of ADB's greater efforts to catalyze Cambodia's economic recovery from COVID-19.

### D. Summary Cost Estimates and Financing Plan

12. The overall project is estimated to cost \$91.35 million (Table 2). Detailed cost estimates are included in the project administration manual.<sup>9</sup>

**Table 2: Summary Cost Estimates**  
(\$ million)

Item	Current Amount <sup>a</sup>	Additional Financing <sup>b</sup>	Total
<b>A. Base Cost<sup>c</sup></b>			
Output 1: Conducive legal and regulatory environment established to facilitate climate-resilient rice commercialization <sup>d</sup>	24.00	0.00	24.00
Output 2: Agricultural land use zoning improved	4.11	0.00	4.11
Output 3: Climate-resilient rice value chain infrastructure developed	40.87	1.32	42.19
Output 4: Rice value chain support services enhance to improved quality of Cambodian rice	4.91	1.81	6.72
Output 5: Weather-indexed crop insurance piloted	2.00	0.40	2.40

<sup>8</sup> The WICI under the original project was launched in April 2021, and policies were sold until June 2021. About 675 farmers and 887 hectares have been covered. Lessons will be drawn in April 2022, after a one-year cycle.

<sup>9</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).



Item	Current Amount <sup>a</sup>	Additional Financing <sup>b</sup>	Total
Output 6: Effective project management	6.15	0.10	6.25
<b>Subtotal (A)</b>	<b>82.04</b>	<b>3.63</b>	<b>85.67</b>
<b>B. Contingencies<sup>e</sup></b>	<b>4.44</b>	<b>0.29</b>	<b>4.73</b>
<b>C. Financing Charges During Implementation<sup>f</sup></b>	<b>0.95</b>	<b>0.00</b>	<b>0.95</b>
<b>Total (A+B+C)</b>	<b>87.43</b>	<b>3.92</b>	<b>91.35</b>

<sup>a</sup> Refers to the original amount.

<sup>b</sup> Includes taxes and duties of \$170,000. ADB-administered cofinancing will finance taxes and duties of \$50,000. Such amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$120,000 through cash contribution.

<sup>c</sup> In mid-2021 prices as of May 2021.

<sup>d</sup> No additional financing will be provided to the policy-based loan (output 1).

<sup>e</sup> Physical and price contingencies and a provision for exchange rate fluctuation are included.

<sup>f</sup> Includes interest, commitment, and other charges on all sources of financing.

Source: Asian Development Bank.

13. The summary financing plan is in Table 3. GAFSP will provide grant cofinancing of \$3.80 million to be administered by ADB. The government will finance taxes and duties of about \$0.12 million on (i) civil work, (ii) equipment, and (iii) project vehicles through in-cash contributions.

**Table 3: Summary Financing Plan**

Source	Current <sup>a</sup>		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank						
OCR (concessional project loan)	31.00	35.46	0.00	0.00	31.00	33.94
OCR (concession policy-based loan)	24.00	27.45	0.00	0.00	24.00	26.27
Strategic Climate Fund (grant)	4.50	5.15	0.00	0.00	4.50	4.93
Strategic Climate Fund (loan)	5.00	5.72	0.00	0.00	5.00	5.47
GAFSP (grant) <sup>b</sup>	14.60	16.69	3.80	96.94	18.40	20.14
Government	8.33	9.53	0.12	3.06	8.45	9.25
<b>Total</b>	<b>87.43</b>	<b>100.00</b>	<b>3.92</b>	<b>100.00</b>	<b>91.35</b>	<b>100.00</b>

GAFSP = Global Agriculture and Food Security Program, OCR = ordinary capital resources.

<sup>a</sup> Refers to the original amount.

<sup>b</sup> Excludes administration fees and other charges as may be deducted pursuant to the cofinancing agreement.

Source: Asian Development Bank.

## E. Implementation Arrangements

14. The additional financing will follow the existing implementation arrangements under the original project. The National Implementation Office within the Ministry of Agriculture, Forestry and Fisheries will carry out outputs 3 and 4, while MEF will carry out output 5. Since existing government staff and implementation consultants under the original project will be retained to implement the additional financing, the risk of implementation delay is low.

## F. Due Diligence

15. **Procurement.** Procurement will follow the 2015 Procurement Guidelines. There are four procurement contracts, one for civil works and three for goods. The executing and implementing agencies are experienced in procurement of goods and works. Their procurement capacity assessment was updated, and the procurement risk is *low*.

16. **Financial management.** The additional financing's financial management risk level is *low*. All risks identified during the original project processing have been appropriately monitored and mitigated during implementation. The financial management action plans were updated to include the additional financing's risks for monitoring and implementation.

17. **Safeguards.** The additional financing is classified as category C for environment, involuntary resettlement, and indigenous peoples safeguards per ADB's Safeguard Policy Statement (2009).<sup>10</sup> The provision of DSF for the six additional agricultural cooperatives does not require land acquisition. No subprojects involving involuntary land acquisition, voluntary land donation, or negotiated resettlement will be eligible, which will be confirmed prior to construction. An environmental code of conduct was prepared to address minor environmental and occupational risks related to the construction of the DSF, including COVID-19 risk mitigation requirements. The environmental assessment and review framework for the original project was updated.<sup>11</sup>

18. **Gender.** The additional financing is categorized as effective gender mainstreaming, the same as the original project. The original project has provided capacity building on agricultural extension skills, communications, and marketing to both male and female agricultural cooperative members. However, the capacity of some female members remains low due to lack of education, limited access to information about training opportunities, and time poverty due to household obligations. The additional financing will continue to support women by providing training to agricultural cooperative members (target of 50% women trainees) on business planning, financial management, gender-based violence awareness raising, and access to finance. It will also ensure that (i) 50% of the agricultural cooperative members participating in paddy market facilitation activities and rice seed business forum are female; (ii) 50% of the WICI policy holders are women; and (iii) 50% of participants in agricultural training are female.

19. **Financial and economic viability.** Economic analyses were undertaken for some of the activities proposed under the additional financing, including (i) provision of farm machinery to government seed centers (under output 3) and (ii) certified seeds production (under output 4). These activities are economically viable, with economic internal rates of return of 11.7% and 10.2% for two project areas, exceeding the 9.0% threshold. Rice seeds produced by the seed centers will be sold at below-cost to incentivize paddy farmers to adopt local varieties in lieu of imported seeds. For the first 2 years of their operations, the seed centers will run deficits, which will be covered by the GAFSP grant. However, they will become financially sustainable once paddy farmers gain confidence of the local varieties and seed sales price is normalized.<sup>12</sup>

### III. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the administration by the Asian Development Bank of a grant not exceeding the equivalent of \$3,800,000 to the Kingdom of Cambodia for the additional financing of the Climate Resilient Rice Commercialization Sector Development Program, to be provided by the Global Agriculture and Food Security Program.

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<sup>10</sup> The original project remains category C for indigenous peoples, and category B for environment and involuntary resettlement.

<sup>11</sup> Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

<sup>12</sup> Business Operation Plan for Two Seed Centers in Battambang and Prey Veng Provinces (accessible from the list of linked documents in Appendix 2).

## REVISED DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with</b>			
Increased net incomes of stakeholders along the rice value chain is aligned with MAFF Instruction No. 152 (measures to boost agricultural production for upcoming rainy season 2020 to ensure food reserve to respond to the risk of COVID-19 outbreak). <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators (Original Project and AF Combined)</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks and Critical Assumptions</b>
<b>Impact</b> Increased net incomes of stakeholders along the rice value chain <b>(unchanged)</b>	By 2025 a. Average farming household incomes increased from \$400 in 2010 to \$700 by 2020 (achieved) b. Revenue of rice exporters increased from \$100 million in 2012 to \$600 million in 2020 (on-track) c. Net profit of rice exporters increased from \$30 million in 2012 to \$180 million by 2020 (on-track)	a–c. National Institute of Statistics' Yearbook a–c. Ministry of Commerce annual trade statistics	R: COVID-19's disruption on logistics and supply chains persist, suppressing trade and rice production
<b>Outcome</b> Enhanced production of quality rice in Cambodia while preserving the natural resource base <b>(unchanged)</b>	By 2025 a. Paddy production increased from 8.0 million tons in 2012 to 9.5 million tons by 2018 (achieved) b. Milled rice exports increased from 200,000 tons in 2011 to 0.70 million tons in 2023 (on-track)	a–b. MAFF annual crop production statistics a–b. Ministry of Commerce annual trade statistics	R: COVID-19's disruption on logistics and supply chains persist, suppressing trade and rice production.
<b>Outputs</b> 1. Conducive legal and regulatory environment established to facilitate climate-resilient rice commercialization <b>(unchanged)</b>  2. Agricultural land-use zoning improved <b>(unchanged)</b>	By 2023 1a. Policy and regulatory framework for local seed production are in place (achieved) 1b. Guidelines for establishing agricultural land use zones are completed (achieved) 1c. Legislation on sustainable management and use of agricultural land are operational (achieved) 1d. Regulatory systems for farmers' organizations and contract farming are functional (achieved) 1e. Milled rice standards and trade facilitation measures in place (on-track)  2a. 90 rice growing communes in target provinces complete AEAs and incorporate into CLUPs by 2021 (achieved) 2b. 90 groups of farmers consulted (with at least 40% female representation)	1a–e. Tranche compliance reports prepared by the executing agency          2a–b. Progress reports produced quarterly by the executing agency	

Results Chain	Performance Indicators (Original Project and AF Combined)	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>3. Climate-resilient rice value chain infrastructure developed <b>(unchanged)</b></p>	<p>during the preparation of CLUPs by 2021 (achieved)</p> <p>3ai. 18,586 ha of command area served by climate-resilient rehabilitated irrigation structures by 2021 (achieved)</p> <p>3aii. 40% unskilled laborers employed in the rehabilitation are women (achieved)</p> <p>3aiii. 50% of construction subcommittee members are women (achieved)</p> <p>3aiv. One FWUC established in each irrigation scheme, with women occupying 30% of the management positions (achieved)</p> <p>3b. Two seed-drying and storage facilities constructed by 2021 with a combined storage capacity of 6,400 tons (30% unskilled laborers and 50% administrative staff are women) (on-track)</p> <p>3c. Capacity for drying paddy in target provinces extended by 2,000 tons per day and capacity for paddy storage in target provinces extended by 40,000 tons by 2021 (on-track)</p> <p><b>AF:</b></p> <p><u>3d. Six rice seed DSF (including storage warehouses and drying yards) constructed (2021 baseline: 0)</u></p> <p><u>3e. 500 days of training to raise agricultural productivity provided to 22,000 farmers and community members<sup>b</sup> (at least 50% of participants are women) (2021 baseline: 0)</u></p>	<p>3a–e. Progress reports produced quarterly by the executing agency</p>	<p>R: Low turnout due to COVID-19 restrictions on group gatherings</p>
<p>4. Rice value chain support services enhanced to improve quality of Cambodian rice <b>(unchanged)</b></p>	<p>4a. 2,400 tons of fragrant rice seed produced per annum in target provinces by 2021 (achieved)</p> <p>4b. 70% of farmers (disaggregated by sex) in target provinces using commercial seed every 2 years by 2021 (2012 baseline: 10%) (achieved)</p> <p>4c. 30% of farmers (disaggregated by sex) have leveled their paddy fields by 2021 (2012 baseline: 5%); (achieved)</p> <p>4d. 50% of farmers in target provinces (disaggregated by sex) obtain technical advice through trained input suppliers by 2021 (2012 baseline: 10%) (achieved)</p>	<p>4a–h. Progress reports produced quarterly by the executing agency</p>	

Results Chain	Performance Indicators (Original Project and AF Combined)	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
5. Weather-indexed crop insurance piloted <b>(unchanged)</b>	<p>4e. 10 rice millers in target provinces use independent financial management advisory services by 2021 (2012 baseline: 0) (achieved)</p> <p><b>AF</b></p> <p>4f. <u>At least 1,800 tons of quality rice seeds produced and made accessible to farmers (2021 baseline: 0) (OP 5.1.1)</u></p> <p>4g. <u>19 agricultural cooperatives equipped with better pre- and post-harvest technologies (2021 baseline: 0 agricultural cooperatives equipped) (OP 5.3.2)</u></p> <p>4h. <u>Market facilitation activities conducted for 35 agricultural cooperatives<sup>c</sup> (2021 baseline: 0 market facilitation activities conducted)</u></p> <p>5a. 100,000 ha of rice producing areas covered by WICI by 2023 (50% of the policy holders are women (2012 baseline: 0) (on-track)</p> <p>5b. 15 agricultural cooperatives, 2 insurance companies, 1 local financial institution, and 1 local agribusiness entity participating in the pilot tests in three provinces by 2023 (2012 baseline: 0) (achieved)</p> <p><b>AF:</b></p> <p>5c. <u>At least 20,000 ha of rice producing areas covered by WICI (at least 50% of the policy holders are women) (2021 baseline: 0 ha covered by WICI) (OP 2.5.3, OP 3.2.3)</u></p>	<p>5a–b. Feasibility study report</p> <p>5b–c. Design of WICI and evaluation report</p> <p>5c. Quarterly reports by the insurance firm</p>	<p>A: The agreed seed procurement price is attractive to agricultural stations and selected agricultural cooperatives; the retail seed sale prices is affordable to ordinary rice farmers</p> <p>R: Low turnout due to COVID-19 restrictions on group gatherings</p> <p>A: The WICI product recommended in the design stage is affordable to farmers and meets their needs.</p> <p>Partnering insurer and insurance distributors identified during design stage remain interested in offering and selling WICI product</p>
6. Efficient program management and implementation <b>(unchanged)</b>	<p>6a. Rice-SDP performance monitoring system, disaggregated by sex, designed and operational within 6 months of effectiveness. (achieved)</p> <p>6b. Baseline surveys completed within 12 months of loans and grants effectiveness and end-line impact evaluation undertaken 6 months before Rice-SDP completion date. (on-track)</p> <p>6c. For PMO, NIOs, and PIOs, 30% of administrative and technical positions are filled by women by Q3 2013; progress of</p>	<p>6a–c. Progress reports produced quarterly by the executing agency</p> <p>6b. Baseline and end-line impact evaluation by the executing agency</p> <p>6c. Progress reports produced quarterly by the</p>	<p>A: Existing government staff and individual implementation consultants under the original project will be retained to implement the additional financing</p> <p>R: Project implementations delay due to COVID-19 restrictions on field visits, in-person</p>

Results Chain	Performance Indicators (Original Project and AF Combined)	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	gender actions included as part of Rice-SDP progress reports. (not achieved)	executing agency	meetings with government staff and stakeholders, group gatherings, and procurement process
<p><b>Key Activities with Milestones</b></p> <p><b>1. Conducive legal and regulatory environment established to facilitate climate-resilient rice commercialization</b></p> <p>1.1 Establish policy working groups by Q4 2013 (unchanged). (completed)</p> <p>1.2 Produce compliance report for second tranche by Q1 2022 (unchanged). (ongoing)</p> <p><b>2. Agricultural land-use zoning improved</b></p> <p>2.1 Undertake commune AEAs by Q2 2021 (unchanged). (completed)</p> <p>2.2 Incorporate the AEAs into CLUPs by Q2 2021 (unchanged). (completed)</p> <p>2.3 Develop three provincial rice ecosystem maps by Q2 2021 (unchanged). (completed)</p> <p><b>3. Climate-resilient rice value chain infrastructure developed</b></p> <p>3.1 Recruit national consultants for subproject feasibility studies by Q2 2021 (unchanged). (completed)</p> <p>3.2 Rehabilitate identified irrigation schemes by Q2 2021 (unchanged). (completed)</p> <p>3.3 Establish paddy drying and storage facilities by <del>Q3 2021</del>Q4 2022 (changed). (ongoing)</p> <p>3.4 Establish seed drying and storage facilities by <del>Q3 2021</del>Q1 2022 (changed). (ongoing)</p> <p>3.5 Implement subproject-associated initiatives by <del>Q4 2018</del>Q4 2022 (changed). (ongoing)</p> <p><b>4. Rice value chain support services enhanced to improve quality of Cambodian rice</b></p> <p>4.1 Increase availability of quality rice seed (changed). (ongoing)</p> <p>4.1.1 Develop a national seed certification scheme by Q3 2017 (unchanged). (completed)</p> <p>4.1.2 Produce foundation and certified seed by <del>Q4 2017</del>Q4 2022 (changed). (ongoing)</p> <p>4.2 Expand and develop technical extension services (unchanged). (completed)</p> <p>4.2.1 Revise the six “technology information procedures” on rice production by Q2 2021 (unchanged). (completed)</p> <p>4.2.2 Develop extension services material by Q2 2021 (unchanged). (completed)</p> <p>4.3 Enhance business management capacities (unchanged). (ongoing)</p> <p>4.3.1 Study the adoption of bulk handling by Q4 2017 (unchanged). (completed)</p> <p>4.3.2 Provide technical assistance to rice mill by Q3 2021 (unchanged). (ongoing)</p> <p>4.3.3 Organize study tours and training for millers by Q4 2019 (unchanged). (completed)</p> <p>4.4 Improve access to and reduce cost of finance (changed). (ongoing)</p> <p>4.4.1 Develop capacities of financial institutions by <del>Q4 2016</del>Q4 2022 (changed). (ongoing)</p> <p><b>5. WICI piloted</b></p> <p>5.1 Engage consultants for feasibility study by Q3 2017 (unchanged). (completed)</p> <p>5.2 Determine feasibility of WICI in Cambodia by Q2 2018 (unchanged). (completed)</p> <p>5.3 Upgrade automatic weather stations by Q3 2021 (unchanged). (completed)</p> <p>5.4 Complete pilot WICI activities in selected areas by <del>Q2 2015</del>Q1 2023 (changed). (ongoing)</p>			
<p><b>Project Management Activities</b></p> <p><b>Project management and implementation</b></p> <p>Appoint and mobilize PICs by Q4 2014 (unchanged). (completed)</p> <p>Design and operate Rice-SDP’s gender disaggregated program performance monitoring system by Q2 2018 (unchanged). (completed)</p> <p><u>Extend existing project implementation consultants’ contract by Q1 2022</u></p> <p><u>Recruit two additional consultants by Q1 2022</u></p> <p><u>Recruit an external monitor by Q1 2022</u></p>			

**Inputs**

1. ADF Policy Loan: \$24.00 million
2. ADF Loan: \$31.00 million
3. GAFSP Grant: ~~\$14.60~~ 18.40 million (\$3.80 million additional)
4. ADB SCF Loan: \$5.00 million
5. ADB SCF Grant: \$4.50 million
6. Government: ~~\$8.33~~ 8.55 million (\$0.12 additional)

ADB = Asian Development Bank; ADF = Asian Development Fund; AEA = agro-ecosystems analysis; AF = additional financing; CLUP = commune land-use plan; COVID-19 = coronavirus disease; DSF = drying and storage facilities; FWUC = farmer water user community; GAFSP = Global Agriculture and Food Security Program; ha = hectare; MAFF = Ministry of Agriculture, Forestry and Fisheries; NIO = national implementation office; OP = operational priority; PIC = program implementation consultant; PIO = provincial implementation office; PMO = program management office; Q = quarter; Rice-SDP = Climate-Resilient Rice Commercialization Sector Development Program; SCF = Strategic Climate Fund; WICI = weather-indexed crop insurance.

<sup>a</sup> Ministry of Agriculture, Forestry and Fisheries. 2020. Instruction on Emergency Response Measures of Development Programs and Projects During COVID-19 Pandemic. *MAFF Instruction No. 152*. Phnom Penh.

<sup>b</sup> All training, and extension activities include COVID-19 health and safety measures.

<sup>c</sup> Market facilitation activities include rice seed business forums and Sustainable Rice Platform, Cambodia Chapter.

**Contribution to Strategy 2030 Operational Priorities:**

Expected values and methodological details for all OP indicators to which this operation will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the design and monitoring framework, this operation will contribute results for: OP 2.3.1: women with strengthened leadership capacities (180 women).

Source: Asian Development Bank.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=44321-014-2>

1. Grant Agreement
2. Sector Assessment (Summary): Agriculture, Natural Resources, and Rural Development
3. Project Administration Manual
4. Summary of Project Performance
5. Economic and Financial Analysis
6. Summary Poverty Reduction and Social Strategy
7. Risk Assessment and Risk Management Plan
8. Climate Change Assessment
9. Gender Action Plan
10. Environmental Assessment and Review Framework
11. Contribution to Strategy 2030 Operational Priorities

**Supplementary Documents**

12. Business Operation Plan for Two Seed Centers in Battambang and Prey Veng Provinces
13. Financial Management Assessment Report