



Call for Proposals

Producer organization window

Building back better: organic agriculture for
smallholder farmers in Northern Cambodia

8 September 2021





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Section 1: Basic Data

a.	Project Name	Building back better: organic agriculture for smallholder farmers in Northern Cambodia	
b.	Country and Region	Cambodia, South-east Asia	
c.	Producer Organization (PO)	Name: Cambodian Agriculture Cooperative Corporation Plc. (CACC)	
		Address; 13A Phlov Lom, Rusey Keo, Khan Rusey Keo, Phnom Penh, Cambodia	
		Registration	Registered in August 2017 in Phnom Pehn as a public limited company
		PO website or link to annual report	https://www.facebook.com/cacc.cambodia/
		Primary Activities of PO	Structuring of sale process, contract farming, storage and processing facilities, credit facilitation, marketing and distribution of produce.
		Type of target farmers	Smallholder farmers organized through agricultural cooperatives with a focus on female smallholders.
d.	PO Mission Statement	Vision 2050: Enabling half a million smallholder farmers engaged with CACC in entrepreneurial and profitable agribusiness.	
e.	PO Focal Person (for this project)	Name: Kunthy Kann Title: Managing Director Email: kkunthy@amrurice.com.kh	
f.	SE Focal Person	Name: Sok Chea Hak Title: Programme Advisor Email: Sokchea.hak@wfp.org	
g.	Total GAFSP Grant Funding Requested (<i>refer to Annex 1 – Project Budget Table</i>)	Amount Requested: US\$ 2,368,000	
h.	Estimated project start and end date (March 2022 – March 2026):		
i.	Preferred Supervising Entity (Select only one)		
	<input type="checkbox"/> African Development Bank (AfDB) <input type="checkbox"/> Asian Development Bank (ADB) <input type="checkbox"/> International Fund for Agricultural Development (IFAD) <input type="checkbox"/> Inter-American Development Bank (IDB) <input type="checkbox"/> Food and Agriculture Organization (FAO) <input type="checkbox"/> World Bank (WB) <input checked="" type="checkbox"/> World Food Programme (WFP)		
j.	Has the PO previously received a GAFSP Missing Middle Initiative grant?		
	<input type="checkbox"/> Yes, please complete <i>Annex 4</i> <input checked="" type="checkbox"/> No		

Section 2. Project Description

2.1 Project Development Objective

The project aims to contribute to a people-centered recovery from COVID-19 for smallholder farmers, in one of the most impoverished province of Cambodia, by supporting the development of an organic value chain relying on empowered smallholder farmers, the majority of whom are female and members of ethnic minorities and enhancing human capital prospects through improved food security and nutritional outcomes.

2.2. Description of the proposed project

This project will see a partnership between the Cambodian Agricultural Cooperative Cooperation Plc. (CACC) as project lead and the World Food Programme (WFP) office in Cambodia as supervising entity.

CACC is an innovative Public-Private-Producer Partnership (P4) joint venture that brings together different actors of the organic value chain including private sector companies and 36 independent producer organizations and the Preah Vihear Meanchey Union of Agricultural Cooperative (PMUAC), which together represent a total of 5,462 farmers, 65% of whom are female. Following a “smallholders as shareholders model” where farmers can become shareholders in the venture, CACC aims to empower smallholder farmers to increasingly benefit from greater value chain participation and empower them to evolve from suppliers to entrepreneurs.

The WFP Cambodia [2019-2023 Country Strategic Plan](#) aims to enhance smallholder farmers’ crop diversification and equitable participation in markets and strengthen the capacity of small and medium-size entrepreneurs to produce affordable, nutritious and convenient foods. In particular, WFP Cambodia works towards ensuring that smallholder farmers, particularly female, benefit from: i) small-scale infrastructure and facilities that enhance resilience and facilitate nutrition-sensitive food production; and 2) better access to information and skills that foster the production of a nutritious and diverse food supply for local markets.

The project targets Monduliri, one of the most under-served province of northern Cambodia that lags behind on socio-economic and gender equity indicators and records one of the highest malnutrition rates in the country. The project approach rests on replicating in the targeted province successful models implemented elsewhere while combining, in an innovative manner, interventions for livelihood promotion with interventions to enhance individual nutrition as a means to support sustainable recovery from COVID-19. The project is articulated around two integrated components focused on: 1) developing a profitable organic value chain and 2) enhancing nutritional outcomes.

Designed in a coherent manner and implemented in a way that reinforces each other, these components will support a people-centered recovery from the pandemic along key dimensions of building back better focused on improved well-being, inclusiveness and equality, notably of females and minority, through a holistic food systems approach that support the organic value chain.

The first component aims to boost smallholders’ income and business acumen by incentivizing them to switch to an increasingly profitable organic farming model relying on a growing market and supported by an integrated value chain. During the pandemic the market for organic food, which reached 92 billion USD in 2017, has further grown in response to heightened consumer demands for safe and healthy food ([UNCTAD 2021](#)) and prices of organic commodities are higher and more stable than traditional commodities, thus creating opportunities for higher margins and steadier sources of income.

The second component aims to enhance nutritional outcomes in the targeted areas to support long-term recovery from the pandemic. Prior to the pandemic, stunting rates in Cambodia were categorized as very high by WHO standards and reached a prevalence of 40% in Mondulakiri. As explained in section 3.1, the damage caused by the pandemic to the economy and individual livelihoods is threatening access to healthy diets with people forced by economic circumstances to adopt increasingly drastic coping strategies that risk further compromising household nutrition. Considering the intergenerational cycle of stunting and the impact of nutritional status on socio-economic development, safeguarding nutrition, including through women empowerment, is central to building back better.

Component 1: Developing a profitable organic value chain

This component will expand to Mondulakiri province the successful innovative business model to strengthen the value chain of organic rice, organic cassava and organic cashew nuts introduced by CACC in 2017 and gradually rolled out to six provinces. The expansion will aim to address the key challenges to smallholder and related small business development (described in section 2.4) and will be informed by lessons learnt in the first three years of the CACC innovative venture (described in section 2.5).

As detailed in section 5.4, CACC offers a suite of services to associated Producer Organizations (POs) and PO members including structuring of the sale process; contract farming; storage facilities; credit and access to processing facilities. These services form an incentive structure for smallholders to enter in a venture with CACC that will be further strengthened through initiatives that contribute to building trust towards the adoption of new practices.

This component aims improve the livelihoods of small-scale farmers in Mondulakiri by helping them attain organic certifications, increase productivity and ensure a premium price on sales to the market. Farmers will receive extensive training in organic agriculture and good agricultural practices while getting access to drying, storage and milling facilities to increase the quality of products and reduce post-harvest losses. The project will also indirectly strengthen the general business climate in Cambodia, contributing to sustainable economic growth.

Activity 1 – Skills development. To address the risk-adverse behavior of smallholder farmers and gradually strengthen smallholder farmers' farming and business capacity, a series of trainings will be provided to agricultural cooperatives and smallholders.

The trainings will focus on crop diversification; production inputs; techniques to increase agricultural yields; the use of organic fertilizers; quality assurance and internal control systems; agricultural best practices including climate-smart methods; the organic certification process; as well as hygiene. They will also support activation of ACs and their transformation from simple groups of producers to agro-entrepreneurs. In addition, trainings on financial and digital literacy will support the development of business acumen of AC members, with AC representatives also receiving specific business courses.

As the switch to organic farming involves a change in behaviour, an assessment of beliefs and customs of AC members will be undertaken to support the adoption of new approaches. Awareness sessions on the benefits of the organic farming model will also be provided to local leaders.

The trainings content and delivery methods will reflect best practices and be tailored to the local context to enhance accessibility and effective learning. The syllabus will be developed and delivered by specialized NGOs with support from accredited extension workers. Emphasis will be placed on promoting the participation of women in the trainings.

Activity 2 – Establishment of value chain infrastructure – CACC will build a warehouse in a strategic location in Mondulkiri to form the backbone of the organic value chain by enabling to consolidate, store, dry, mill and package the produce of the participating Agricultural Cooperatives (ACs) and their respective members.

This infrastructure will enable AC members to better manage the seasonal supply fluctuations, reduce post-harvest losses that currently stand at 13% and help maintain a stable price. It will also serve to reduce the risk of aflatoxins, which are regularly found in improperly stored staple commodities and interfere with the absorption of vitamins and minerals, negatively impacting nutritional status (Misihairabgwi et al. 2017; Malave et al. 2021).

CACC will complement this investment by purchasing drying and milling equipment and enhance post-harvest handling. Smallholder farmers utilizing the facilities will pay a minimal storage fee to CACC which will be responsible for the maintenance and insurance of the warehouse. Local workforce and materials will be used in the construction to create income generating opportunities in the community.

Activity 3 – Access to credit. In partnership with the Agriculture and Rural Development Bank (ARDB), CACC will facilitate low interest loans to smallholder farmers who stock their produces at the CACC warehouse. CACC's warehouse receipts system will connect individual collection bags to cooperatives and farmers and smallholders will be able to use their produce as collateral to get credit from ARDB as well as Micro Finance Institutes (MFIs) with which CACC has established partnerships.

Activity 4 – Last mile and marketing. To enhance market prospects, the activity will aim to create a brand for organic commodities from the highlands of Mondolkiri province and produced by smallholders with a high proportion of women and indigenous people. Further, the history and traceability of the organic produce matters to conscious and responsible importer and consumer. The project will thus establish a traceability system (last mile) as part of the value chain allowing consumers to trace back their products and get information on how it was planted, cultivated and how ACs and farmers are being treated and how benefits are distributed throughout the value chain. This will promote transparency for the benefit of farmers and consumers (e.g. how much farmers are getting paid out of the final purchase price of product). This will support potentially getting certification as Fair For Life (FFL) and Geographical Identification (GI) that acknowledges not only the organically certification but also that practices are socially responsible, inclusive and support the conservation of all living things.

Component 2: Enhancing nutritional outcomes

The Fill the Nutrient Gap Cambodia (WFP 2017) highlights the lack of nutrition education combined with limited agency of women as key barriers to nutritional outcomes in the country. Unequal power dynamics between men and women and gender-based violence being are common in Cambodia. Girls are less likely than boys to complete school and the level of education often correlates with the woman's power to exercise her own reproductive rights such as the right to decide on family planning. With more women being smallholders than men, the sector provides a natural entry point for changing these deep-rooted behaviors (UNFPA 2015).

A growing body of evidence shows that Social and Behavioral Change Communication (SBCC) for nutrition is an essential part of any longer-term strategy for addressing the underlying causes of undernutrition. They point to strong correlations between the provision of SBCC to women combined with increased livelihood options and reduction in child stunting, which in turn impacts on other

development outcomes such as health, education and human capital development. SBCC has further been found to reduce women's isolation and empower them with greater knowledge and social status. Since women are most commonly the primary caregivers for children and considering that women tend to prioritize greater attention to and spending on children's health and nutrition, empowered women are more likely to prioritize household assets in a way that will improve nutrition.

Activity 1 - SBCC for nutrition and life skills. Focusing on the universally acknowledged 'window of opportunity' for tackling undernutrition – i.e. the first 1,000 days of a person's life – the programme will engage women of reproductive age including adolescent girls from smallholder households targeted under component one, in a holistic SBCC initiative focused on addressing the multi-causal factors of malnutrition in the targeted areas. Considering their role as gatekeepers for behavior change, men and influential community members will be associated to the process.

The SBCC strategy will be tailored to the local context and based on an assessment to identify the underlying causes of undernutrition through a Knowledge, Attitude, and Practice survey complemented by an in-depth gender study to assess the impact of social structures on nutritional outcomes. The assessment findings will also serve to seek synergies with other organisations working on complementary issues such as water and sanitation or healthcare, as required.

The SBCC will cover topics such as infant and young child feeding (IYCF), maternal health, water and sanitation and demand generation for a nutrient-rich diet using locally available and affordable food products. These will be combined with sessions on gender roles, women empowerment as well as sexual and reproductive health. Through partnership with specialized agencies the SBCC sessions will also be used as a forum to discuss sexual and gender-based violence and other protection concerns. Gender dialogue clubs will be established to create momentum towards gender equality and women's empowerment.

The outcome is expected to be increased women and adolescent girls' empowerment and agency related to dietary habits, maternal, sexual and reproductive health, water and sanitation practices and health seeking behaviors for basic childhood illnesses, which will contribute to stunting reduction.

The SBCC will be delivered by a specialized NGO through group sessions using a range of tools and techniques including real-life examples, role plays, cooking demonstrations and community debates. It will also involve activities with local media targeting a broader audience and bringing in the perspective of diverse actors (beneficiaries, community health workers, agriculture extension agents, Government entities, local and religious leaders) to share success stories and motivate the uptake of new behaviors and of related services.

Activity 2 – Impact evaluation. The project will commission an impact evaluation using a Randomized Control Trial (RCT) approach to assess the combined impact of the proposed intervention on the livelihoods of smallholder farmer households and on individual and household nutrition. It will aim to demonstrate the compounding effects that SBCC for nutrition can have towards the project objectives, enabling households to lead healthier and productive lives and creating a virtuous cycle.

The research design will be based on the GAFSP Theory of Change and focus on impact-level indicators including household income, food security and nutrition. Conceptually, the study will follow the Sustainable Livelihoods Approach (SLA) established by DFID and measure change in the relevant livelihood asset components related to human capital, natural capital, financial capital, social capital, and physical capital. Methodological details are presented in section 2.6.

Results from the impact evaluation will provide a strong and reliable evidence base to inform future interventions combining smallholder farmer support with nutritional approaches. The evaluation will be implemented by an independent evaluation firm with strong technical expertise relating to RCTs and in close coordination with WFP.

2.3. Target population and targeting strategy

The project will target Monduliri province. This northern rural province fares amongst the worst in the country on indicators linked to poverty, debt ratio, education levels, health, nutrition and gender equity. Multi-dimensional poverty, which captures these dimensions, is estimated at 29% in Monduliri, well beyond the national average of 18%. (Plan Cambodia 2020).

According to the latest [Demographic and Health Survey](#), 40% of children under five were stunted, which has long-term effects on individuals and societies, including heightened under-five mortality (which stood at 80 deaths per 1,000 live births in contrast to the national average of 35); diminished cognitive and physical development and reduced productive capacity.

At 38 %, teenage pregnancies were eight times more likely than in the best faring provinces indicating concerns over gender equity and development prospects for females. This is largely attributed to a traditional community mindset that places women at a disadvantage economically, socially and culturally ([UNFPA 2015](#)).

Specifically, the project will target between 6 to 8 ACs composed of 1,200 to 1,600 smallholders of which at least 55 % are women under component one and 6,000 to 8,000 people (80% women) targeted through component two representing farmers' household members and community members under component two. These ACs were selected as they have indicated, through consultations for this project, an interest to participate in the activities with the view to ultimately joining the CACC joint venture as shareholders. The ACs will be gradually integrated in the project over the project period in an effort to stagger the activities and integrate lessons learnt in each phase. As minority groups represent 42% of the population in Monduliri, the project will aim to include at least 50% of participating smallholders from minority groups.

2.4. Major obstacles to smallholder and related small business development in the food and agriculture sectors in the project area.

Agriculture and agro-industries are the main economic activity in Monduliri and there is an important potential for organic agriculture owing to the relatively virgin nature of the land. Yet subsistence farming still dominates and has further grown at the expense of commercial production as a result of economic pressures linked to the pandemic.

The province's mountainous topography, remoteness and low population density (5 persons/ km²) create logistical challenges. These in turn limit market access, increase transportation costs and act as a disincentive to commercial production compounded by the small-scale of parcels and fragmentation of smallholder farmers, which weakens bargaining power and makes them less attractive to potential buyers.

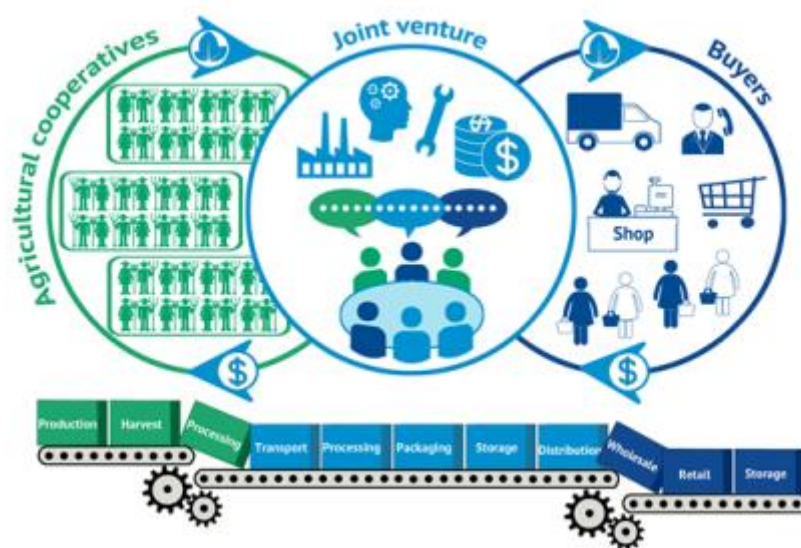
Due to limited knowledge of market trends and demands, smallholders tend to stick to rice cultivation, employing largely traditional methods, with yield and quality vulnerable to climatic shocks and with limited internal control systems and traceability. There is little diversification of production and appetite to engage in more profitable agricultural practices is also limited by limited knowledge and

limited post-harvest infrastructure. In addition, investment appetite is low compounded by few options to access capital at low interest rates and consequently private sector engagement for value-addition extension services is limited. This severely constrains income generation ability compounded by high debt levels and limited financial knowledge amongst smallholders, particularly women.

2.5 Linkages between POs and private sector actors.

CACC’s operating model embodies linkages between ACs and the private sector. Created in 2017, CACC introduced for the first time in Cambodia a business model of “smallholders as shareholders” through an innovative joint venture bringing together commercial value chain actors and smallholder farmers. With 36 Agricultural Cooperatives (ACs) as shareholders in terms of commercial share and legal status, the farmers can exercise influence through their cooperatives over the venture’s activities and directly benefit from the profits, as well as capture a higher share of the added value.

Smallholders as true shareholders is a business model concept meant at improving and coordinating value chain more effectively and efficiently and merging stakeholder's interests together in one format. The joint venture is responsible for collection, part of processing, packaging, and marketing and distribution of the produce. By fulfilling these roles, the joint venture bridges the gap between the individual farmer and the buyer.



Source: [IAP Insights](#)

Further, the project will leverage CACC’s existing relationship with the Cambodian state-owned Agriculture and Rural Development Bank and MFIs to facilitate access to low-interest credit for farmers.

2.6 Expected results and how they will be measured at output, outcome, and impact levels.

Following the GAFSP Theory of Change, the proposed intervention aims to contribute to enhanced food security and nutrition and improved incomes among targeted smallholders in Monduliri, with the goal of contributing to the achievement of Sustainable Development Goal #1 Ending Poverty and #2, Zero Hunger.

The different activities seek to equip beneficiary households with the necessary skills, knowledge and inputs to adopt improved livelihood strategies (such as organic and climate-smart farming and healthy diets) which will lead to improved livelihood outcomes (such as enhanced agricultural production, improved income, enhanced household food security and individual nutrition and reduced vulnerability). The CACC joint venture's efforts to enhance the value chain by developing necessary infrastructure (i.e., storage facilities), will leverage and strengthen local partnerships and work towards an improved enabling environment. Altogether, these improvements will feed back into the livelihood asset base of targeted households enhancing their human, financial, physical, natural, and social capital, and ultimately contributing to improved and sustainable livelihoods.

A Randomized Control Trial (RCT) is at the core of the proposed M&E system, allowing for:

(a) rigorous pre and post measurements of impact-level indicators (such as improved household income and enhanced food security and nutrition) among the target group;

(b) assessing attribution between the programme intervention and the observed changes in rural livelihoods; and

(c) measuring the effect size of the different programme components (organic farming support, nutrition SBCC) through a phase-in design to assess the programme impact (effect size) for different groups receiving different combinations of support activities.

The RCT will inform the impact-level indicators, i.e. the intervention results, and provide a strong measure for programme effectiveness, but also shed light on unintended effects, if any. Further, the results of the RCT will feed into a global body of evidence on the positive effects of organic smallholder contract farming and nutrition-sensitive approaches.

Data will be collected at least two times, at the beginning (baseline survey) and upon completion of the project (endline survey), and ideally a third time 1-2 years after project completion (follow-up survey) to assess the long-term impact and sustainability of the intervention.

Intermediate results and outputs (such as number of beneficiaries reached, land area receiving production support, number of smallholder farmers supported, number of producer organizations supported, number of people receiving nutrition services) will be tracked through regular reports from partner NGOs and triangulated through strong process monitoring by WFP staff including field visits, spot-checks and beneficiary contact monitoring. Output figures will be maintained and validated within WFP's corporate project management system, COMET, allowing for reliable and stable data management and consistent and accurate reporting.

As part of its regular process monitoring activities, WFP will monitor cross-cutting issues pertaining to gender, protection, and accountability to affected populations. This will be complemented by regular qualitative data collection including Focus Group Discussion and Key Informant Interviews to obtain a deeper understanding on selected issues. Finally, WFP will undertake a programmatic review either after 1 year of implementation and upon completion of the programme to gather lessons learned, challenges, and success factors and stimulate institutional learning.

2.7 Evidence that the proposed approach and activities will successfully address the issues identified.

There is a growing body of evidence highlighting increased incomes from farmers participating in organic contract farming. For example, a 2016 study by ASEAN Sustainable Agrifood Systems ([ASEAN SAS](#)) found that organic contract farmers in Cambodia generated almost four times more from farm activities than conventional smallholders.



As part of the Innovation Against Poverty (IAP) challenge fund, CACC received in 2017 co-funding to introduce its innovative joint venture approach through a project titled “empowering smallholders through innovative cooperative models in rural Cambodia”. Similar to the approach outlined in this proposal, the project aimed to sustain a certified organic rice value chain utilizing a warehousing system that optimizes crop prices, increases incomes, creates jobs, and empowers low-income women and youth in northern Cambodia. The project evaluation noted positive impact with 2,317,500 EUR generated as direct incomes to the farmers. CACC also generated a revenue of 1,663,000 EUR from selling agricultural commodities as well through the rental fee of the drying and storing facilities (totaling 12,600 EUR).

IAP's November 2019 [Insights publication](#), highlights the following results along key dimensions including access to markets, added value for ACs and farmers, engagement level, improved practices, access to finance. Table 1 reproduces these findings.

It also highlighted that making farmers more into entrepreneurs requires time and support from the public sector and development agencies to help strengthen the role of ACs in accessing finance, business skills, technical skills in supply chain management and introducing new technology, which this proposal aims to address by adopting a staggered approach and building new partnerships with WFP and specialized NGOs.

Specific to component two, there is evidence that SBCC combined with increased access to cash leads to improved nutritional outcomes (see [IFRI](#)) while the link between improved nutrition and improved socio-economic outcomes are well-established in the literature (for examples see [Alderman et al. 2007](#)). Evidence also suggests that using multiple SBCC approaches and channels to change behaviors is more effective than using one and that targeting multiple audiences rather than only the woman herself results in greater change (Lamstein et al. [2014](#)). These factors were considered in the design of the proposed SBCC approach.

	CACC	
	From start IAP project	Present (Aug. 2019)
Venture characteristics		
Parent company	Amru Rice	
Main product (s)	Rice (incl. organic wet and dry)	Rice (incl. organic wet and dry), organic cassava, organic cashew nut, organic pepper, GI palm sugar
Main market (s)	Local, Vietnam	Local, EU, USA , Canada, China, Australia
Added value for ACs and farmers	System in place for quality control, access to infrastructures (warehouse and drying facility), access to revolving fund and offer price above market for premium quality produce	
Level of engagement		
Agricultural cooperatives as part of the venture	0	26
Farmers supplying to venture	0	8,205
Improved practices		
Farmers received training (organic practice, hygiene, quality standards, business management)	0	5,693 (=70% f.)
Farmers practicing organic farming	1,500 (=73% f.)	5,111 (=50% f.)
Improved access to finance		
Farmers that have benefitted from revolving fund	0	1,642 (=55% f.)
Total amount (€) provided to farmers as revolving funds	0	41,400
How is the revolving fund use for?	Access to organic fertilizer and quality cassava stems	
Value of one share (USD)	0.5	2
AC with access to external finance (Micro Finance Institution/Rural Development Bank) through venture	0	4 through RDB and 22 through MFI

Table 1 – results of CACC's joint venture (2017-2019)
Source: IAP's November 2019 [Insights publication](#)

2.8 Summary

This project will address in a sustainable manner the socio-economic challenges faced by smallholders in Mondulkiri province, the majority of whom are women and members of minority groups, that have been exacerbated by the COVID-pandemic. By leaning on an innovative joint venture model that

brings together market sector actors and smallholders to develop a sustainable organic value chain and address some of the key barriers to adoption linked to lack of trust, skills, infrastructure, credit, market and empowerment, this project will yield sustainable higher and steadier incomes for smallholders. By also integrating investments to enhance nutrition, which lags behind in the targeted province, and forms the bedrock of good health, educational attainment, women's empowerment and human capital, the project offers an integrated approach to building back better.

Section 3. Context for the Proposed Project

3.1 State of the agriculture and food system in the project area

Agriculture is central to the Cambodian economy. In 2020, the sector accounted for 22% of the kingdom's GDP, employing one-third of the workforce. About 53% of all employed females are in agriculture compared to 49% amongst males. Of the nearly three million smallholder farmers in the Kingdom, a third possesses less than one hectare of land.

Before the pandemic, agricultural expansion had decelerated, with a contraction observed in 2019 for the first time in fifteen years. This was largely attributed to a prolonged drought beginning in 2013 that saw a large number of Cambodian farmers migrating abroad to secure income in the face of uncertain yields.

This highlights how vulnerable farmers are towards frequently occurring natural disasters, such as drought and flood which are increasing in frequency and intensity due to climate change. With a weak adaptive capacity and poor infrastructure, smallholder farmers are particularly vulnerable to climate variability and change.

The pandemic has reversed the deceleration of agricultural expansion linked to the significant return of over 225,200 (102,000 females) migrant workers since the start of the pandemic due to reduced work opportunities and restrictive measures in host countries.

Research into the impact of the pandemic on farming ([Angkor Research, March 2021](#)) notes a considerable increase in the number of households engaged in farming activities. Between June and October 2020 this group increased by 184% (compared to a moderate uptake of 16% between April and June). At the same time the income generated from farming declined. By October, the average household was earning \$72 from farming activities compared to \$124 in June. This may be partially explained by a considerable increase in 'consumption only' farming activities as between June and October, the number of households in this bracket has increased from 44% to 78%.

3.2 How will the proposed project address medium- to long-term COVID-19 response and recovery of the agriculture and food sectors in a changing climate and support the principle of 'building back better'?

By rolling out a comprehensive and integrated package of interventions meant to promote livelihood enhancement and improved nutrition, the project will address some of the most striking consequences of the pandemic observed at household level in terms of income loss and growing challenges to healthy diets, while also building sustainable systems and contributing to the enabling environment for "building back better".

COVID-19 has had a severe economic impact on Cambodians with 22% of households reporting job loss and 84% reporting reduced income due to the pandemic (UN COVID-19 Socio-Economic Impact

Assessment, July 2021), a trend that has been steadily rising since August 2020. In particular, the COVID-19 pandemic has exacerbated pre-existing vulnerabilities of households which were poor pre-COVID, households living in rural and remote areas, and female-headed households. Average household debt stood at USD 8,033 in July 2021, almost half of which was taken out during the previous month.

Widespread loss of income has led to 37% of households reporting challenges in accessing food in July 2021. While food prices increased during early 2020, they later stabilized (WFP Market monitoring) but many households decreased their food intake and diet diversity in important food categories such as products rich in protein, vitamin A and iron. These impacts are most worrying for more vulnerable household members, especially pregnant women and children.

This was particularly manifest in the Plateau region, which includes Mondulhiri. In July 2021, 23% of households consumed diets that consisted of only 3 or less food groups and 6% showed an inadequate food consumption, compared to 17.8% and 2% in August 2020, respectively. In addition, there are pronounced intra-household differences in dietary diversity as only 66% of women in the Plateau region consume an acceptable diet compared to 76% among all household members.

The damage that the COVID-19 pandemic has caused to the economy and individual livelihoods, is threatening access to healthy diets with people forced by economic circumstances to adopt coping strategies including borrowing food, reducing food intake and greater reliance on cheaper options with over half of households having at some points had to cut back on the size and quality of meals. Most critically an increasing proportion of households resorted to more radical livelihood coping strategies to meet food and other basic needs, such as reducing essential spending on education and health, selling productive assets including land (6%) and sending household members to other provinces to look for work.

With malnutrition rates in Cambodia categorized as very high prior to the pandemic, it poses a major constraint to a sustainable recovery. Considering the intergenerational cycle of stunting and the impact of nutritional status on socio-economic development, this has the potential to slow down the economic recovery over the next decades.

3.3 Linkages between the proposed project activities and the PO's strategic priorities

The strategic priorities at the core of the venture of CACC, its constituent members from the Agricultural Cooperatives and their member farmers is to synergize the efforts of the private sector (CACC), the producers (ACs) and the public sector (government authorities) towards a common goal of improving the country's agricultural production, enabling a better business environment and enhancing the livelihoods of smallholder farmers. This strategy relies on commitments towards building a reliable value chain (private sector) while ensuring that producers are enabled to deliver quality products paid at fair prices underpinned by contract agreements (producers) and that a conducive enabling environment is created (through engagement with national authorities).

A cornerstone of CACC's strategy also includes women empowerment and building partnerships to broaden the opportunities offered to smallholders to generate income and enhance their human capital through complementary activities.

3.4 Alignment with national priorities

Investments to enhance the agriculture sector, food insecurity and malnutrition and private sector engagement are considered as priority investments by the Royal Government of Cambodia in support of its economic and social development goals. The Government's overarching strategy, the

Rectangular Strategy IV (2018-2023), aims at inclusive economic growth to reduce poverty and posits human resource development (including a strong focus on nutrition) and promotion of private sector development and employment as two of the country's four priority areas while also emphasizing increasing gender equality.

The Agriculture Sector Master Plan 2030 includes two priorities of relevance to this project, namely strategy 1.1. Increase productivity and profitability in crop value chain and Strategy 2.3 Enhance agricultural trade facilitation. Within the context of the COVID socio-economic response plan, Prime Minister Hun Sen has further highlighted the need to turn the COVID-19 crisis into an opportunity for investment by further developing the agro-industry sector for the future development and growth of Cambodia. At the ninth National Farmer Forum for Smallholder Farmers in October 2020, smallholders were also encouraged to implement good agriculture practices or organic standards to gain more profit during the pandemic in a highly competitive market with the added hit of climate change.

The food security and nutrition sector is guided by the [National Strategy on Food Security and Nutrition \(2019-2023\)](#) (NSFSN) and the Government's action plan for the Zero Hunger Challenge. The NSFSN outlines diversified and sustainable food production, nutrition-sensitive food value chains and food environments, improved food safety and food fortification as essential to the Cambodian food system. The NSFSN highlights eight main activities, which are priorities for the development of a nutrition-sensitive food value chain in Cambodia. The project will contribute directly to three of these namely Priority action 2: Ensure food safety and quality measures are implemented and Priority action 3: Enhancing Food Value Chain, Food Safety and Fortification and Priority action 6: Integrate small farmers into value chains, including establishing cooperatives.

The 2021 Roadmap for Food System (FSS) 2030 reflects on the outcome of the national FSS dialogues and highlights healthy diets for all and Empowerment of youth, women and the vulnerable as the first two priorities, to which this project responds, notably through a focus on women and ethnic minorities. Climate change was mentioned as an overarching challenge to food systems development with reference to the need to reduce the use of chemicals and pesticides and promote organic farming. At the same time, the private sector's engagement was highlighted across thematic areas.

Finally, the Cambodian Scaling Up Nutrition Business Network (SBN)¹ was launched in July 2021. Pillar five of its strategy aims to promote health and nutrition in the communities and the workplace. The SBN was identified as a strong partner for engaging the private sector in the nutrition agenda. As such, the SBN will be leveraged through this project to strengthen public-private-producer relations facilitated by WFP as SUN co-chair. In particular, the findings of the impact evaluation foreseen in component two will be used to showcase the potential of such partnerships to enhance nutrition.

Section 4. Cross-cutting Themes

4.1 Addressing the GAFSP priority crosscutting themes.

- Gender and empowerment of women and girls
- Improved nutritional outcomes

¹ The SUN Business Network is one of the five global stakeholder networks in the SUN Movement which aims to eliminate all forms of malnutrition¹. Launched in Cambodia in July 2021, the SBN aims to harness the expertise, reach, and market impact of the private sector to improve nutrition. In Cambodia, SBN is led by the Council for Agriculture and Rural Development (CARD) and facilitated by WFP.

4.2 How thematic focus area(s) will be addressed.

Improving nutritional outcomes, is central to this project. Indeed, as detailed in section 2.2, the second component of the project aims to enhance nutritional outcomes in the targeted areas to support long-term recovery from the pandemic. Prior to the pandemic, stunting rates in Cambodia were categorized as very high by WHO standards and reached a prevalence of 40% in Mondulhiri. The damage caused by the pandemic to the economy and individual livelihoods is threatening access to healthy diets with people forced by economic circumstances to adopt increasingly drastic coping strategies that risk further compromising household nutrition. Considering the intergenerational cycle of stunting and the impact of nutritional status on socio-economic development, safeguarding nutrition, including through women empowerment, are central to building back better.

Focusing on the universally acknowledged ‘window of opportunity’ for tackling undernutrition – i.e. the first 1,000 days of a person’s life – the programme will engage women of reproductive age including adolescent girls from smallholder households targeted under component one, in a holistic SBCC initiative focused on addressing the multi-causal factors of malnutrition in the targeted areas.

While climate change is not considered as a cross-cutting theme per se in this project, its effects could threaten the achievements of planned outcomes and mitigation measures specific to this project have been included (see section 5.1). At the same time promoting a switch to organic production and crop rotation contributes to sustainable and cost-effective adaptation strategies that increases farmers’ resilience by improving soil quality and productivity while decreasing greenhouse gas emissions (Wani et al. 2013; Binta and Barbier 2015; Bernoux and Paustian 2015).

4.3 Specify how the participation and role of women smallholder producers will be increased in POs and smallholder producer groups as a result of the proposed project.

This project has a strong focus on women empowerment for reasons linked to the importance of women in the agricultural sector in Cambodia; national priorities that posit inclusive women engagement as central to national development; and to the agency of women for promoting food security and at household and community level.

As women make up 55% of smallholders in participating ACs and have central roles in the production, marketing and certification of organic products, this project will be a platform for developing models of women-led social enterprises supported by skills building combined with specific empowerment initiatives.

The benchmarks of Transformational Partnerships that impact on women and men smallholders in agricultural value chains, adopted by CACC since its creation, will be carried over to this project. This approach was successful in improving incomes for women producers, increasing investment in their Cooperatives’ assets and enabling them to become shareholders of the CACC private-producer-public partnership venture. Further, gender equitable and sustainable supply chains are winning solutions for ACs that engage in ethical business.

Through a detailed gender analysis, the project will unpack the barriers to women empowerment and develop a strategy to address these through social and behavioral change communication initiatives and gender dialogue clubs. These initiatives will form a platform to address key determinants of women’ agency including sexual and reproductive health, sexual and gender-based violence and other protection concerns.

Section 5. Project Implementation, Sustainability and Budget

5.1 Risks and potential negative externalities.

Due to the impact of climate change in Cambodia and the vulnerability of smallholders the main technical risks are linked to the offset of climatic shocks, notably droughts. To mitigate this risk, the project will focus on the inclusion of appropriate and climate smart irrigation systems during the transition period. Efforts will also be made to monitor assessments related to climatic events which will be shared with farmers together with training on how to interpret this data. In that, WFP will draw on the national early-warning platform that has been set up by WFP.

The COVID-19 pandemic has had a significant negative economic impact on vulnerable populations in Cambodia, especially in rural areas. Frequent and prolonged movement restrictions have led to considerable reductions in average household income. WFP will keep monitoring market prices throughout the Kingdom on a monthly basis to ensure potential operational and programmatic risks are detected early on and addressed.

Another risk relates to limited uptake of organic farming practices by targeted smallholder farmers which the project will mitigate through a strong community-based approach starting with joint programme planning to inform the design of training modules. Drop-out can be expected if targeted farmers are not able to meet the production standards for organic farming; to this end the project partners will ensure that there is robust capacity strengthening along the project cycle as well as strong process monitoring to identify and mitigate potential issues in a timely fashion.

With regards to the impact of the SBCC activities, the biggest risk is related to the non-adoption of recommended behaviors. To ensure the strategy developed is context relevant, the project will place a strong emphasis on participatory and inclusive programme design and mapping the existing landscape in which the interventions will take place. This also includes bringing in traditional and religious leaders to give credibility to the recommendations.

With respect to the institutional capacity needed for implementation, two main risks were identified. Firstly, the capacity of partners and secondly the interest of Government in facilitating the enabling environment. To mitigate this, all third parties will be selected jointly by WFP and CACC, leveraging their different partnerships, perspectives and operational strengths. A strong emphasis will also be placed on joint planning and coordination to ensure that stakeholders are kept updated and that implementation is taking place in line with the expected outputs and outcomes. A coordination structure involving the Government at national, provincial and local levels will support efforts linked to enhancing the enabling environment.

Potential negative externalities include an increased carbon footprint through the shift towards an export-oriented agricultural production, accelerated deforestation in order to clear land and make it arable, crowding out of agricultural production destined to meet local food needs as a result of increased organic cultivation destined for exportation, and increased incidents of gender-based violence due to the strong women empowerment focus of the project. Mitigation measures include a strong an approach to project planning and implementation that is participatory, inclusive and leverages local knowledge. Through the SBCC component WFP will also seek to raise awareness on gender equity and healthy eating habits with a view to bolster local demand for organic produce.

5.2 Design measures to increase the likelihood of sustainability of the project activities or outcomes?

Sustainability is at the core of the project. As organic cultivation is designed to improve existing conditions and to work with locally available resources, it builds on the comparative advantages of resource-poor farmers. Through the organic farming trainings provided to smallholder farmers the project aims to develop the life skills of rural households that will enable them to engage in sustainable livelihoods. There is a growing body of empirical evidence from all over the world suggesting that organic cultivation is an effective poverty reduction tool as it attracts a premium price for small-scale farmers. A strong social behavioral change communication component around nutrition seeks to nudge the beneficiaries into healthy diets which will in turn enhance their productivity and the health status of future generations.

Integrating the private sector in the project and building on contract farming will provide long-term incentives to smallholder farmers to grow organically and create durable impact. By leveraging the established infrastructure and networks of CACC and working with producer groups which are rooted in the local community, the intervention seeks to bolster structures that are self-sustaining. Investments in the necessary infrastructure (such as the warehouse) will help upgrade the value chain for organic rice production and create long-term benefits for the local community. Maintenance and insurance for the warehouse will be paid for by CACC which will charge a small storage fee for farmers utilizing the facility.

It is widely recognized that organic farming is environmentally sustainable as it reduces the carbon footprint of conventional agriculture. Since organic cultivation methods are conceived to improve locally available conditions through a holistic farming approach and by means of environmentally friendly techniques, they can render rainfed land more productive and resilient. Through enhanced soil fertility and biodiversity preservation, harvests become more nutritious and sustainable. As organic cultivation methods significantly reduce the use of external inputs by refraining from chemosynthetic fertilizers and pesticides, farming becomes less capital-intensive and allows plants to develop natural pest and disease resistance. Long-term benefits include positive effects on human health and reduced negative impact on the environment, particularly on biodiversity.

5.3 Consultation in the development of the proposal

CACC organized in September 2019, a national consultation with potential stakeholders to the project – including Oxfam, Development and Partnership in Action, the Ministry of Agriculture (MAFF) and Monduliri's department of agriculture. This served to lay the foundation to this project and confirm the main planning assumptions linked to the intended outcomes under this proposal. CACC followed up with more sustained engagement with potential POs, the provincial Departments of Agriculture and Environment as well as local authorities and conducted a baseline study in May 2020 to deepen the understanding of the potential for organic farming in Monduliri and of the needs and interests of smallholders. This was complemented by a survey of 300 randomly selected respondents from Koh Nheak district and Pich Chreada districts of Monduliri and 25 telephone interviews of key stakeholders.

The series of 26 national Food System Summit (FSS) dialogues held between March and June 2021 also served to inform the project design by testing the project assumptions and activities against the priorities identified through these consultative dialogues convened by the Council for Agricultural and Rural Development (CARD) with support of WFP and FAO. Salient points from relevant dialogues are presented below.

Table 2 – Priorities outlined by national Food System Summit Dialogue

What	When	Who	Recommendations taken onboard by the proposal
FSS dialogue: SUN Civil Society Alliance Cambodia's food system dialogues	30 March 2021	78 stakeholders (3 PS, 8 smallholders, 22 NGOs, 32 INGO, 3 UN, 1 PO, 1 indigenous people, 6 Govt.)	The dialogue reaffirmed the need to improve farmers' livelihoods and their participation in small enterprises with a focus on the protection of smallholder's interests, enhancing local production and promoting the consumption of locally produced quality and safe food.
FSS dialogue: Enhancing the role and contribution of the Private Sector in Improving Nutrition	11 May 2021	50 stakeholders (17 PS, 1smallholders, 4 NGO, 3 INGO, 11 UN, 9 Govt., 5 other)	The need for the private sector to enhance the engagement of women and youth in its enterprises was highlighted as central to improving livelihoods. The need for nutrition education amongst the broader population was also underlined to underpin demand for nutritious food.
FSS dialogue: Exploring what it means for Cambodia's food system to 'Build Back Better' from COVID-19	27 May 2021	66 stakeholders (6 PS, 9 NGO, 10 INGO, 8 UN, 25 Govt., 8 other)	Central to sustainable COVID recovery, the dialogue recommended strengthening food system through improving local value chain and market linkages as well as focusing on the promotion of healthy diets.
FSS dialogue: Food Safety and the Role of Private Sector	Friday, 4 June 2021	93 participants (12 PS, 4 smallholders, 5 NGO, 11 INGO, 9 UN, 38 Govt., 14 other)	The dialogue brought out the need to support and invest in human capital development and infrastructure that enhances food safety along the value chain. These considerations were posited centrally in this project.

5.4 Description of the PO's structure, membership and services offered.

Table 2 – CACC's structure

Number of members	Number of members – CACC is a public limited corporation whose shareholders are made up of Amru Rice (Cambodia) Co., Ltd, 36 Agricultural Cooperatives whose members are smallholder farmers (Producer Organizations) and other Private Entities which together are pioneering a Public Private Producers Partnership model (4Ps) centered on the organic the value chain.
Services offered	<ul style="list-style-type: none"> • Structuring of sale process: Smallholders sell their harvested produce are to respective cooperatives that later are responsible for selling it through the mechanism of the CACC led joint venture. By grouping a large number of farmers and standardizing the price, farmers are consequently empowered as suppliers to business owners and entrepreneurs. • Contract farming: To establish trust in the business model and create incentives for farmers to produce for the CACC venture, the price of produce sold is annually predetermined at several percentage points

	<p>higher than market price with adjustments based on the quality of the produce. For example, a farmer with first grade quality rice paddy, can enjoy a 30% additional benefit if compared to traditional market's offer. This prevents less secured sale at a lower price.</p> <ul style="list-style-type: none"> • Storage facilities – CACC has invested in building a warehouse in Preah Vihea province that is accessible to its members. • Drying Facility- CACC has also invested in building up dryer for internal usage and rental to others private company as well as its members. • Processing – If a farmer produces more than the volume agreed in the contract, the farmer can rent the venture's processing facilities to further process the produce her/himself and sell separately. The processing of produce leads to higher profit margins that can be re-invested into the farm. • Credit facilitation- Credit up to 70% of cost of produce stored in CACC's warehouses through a warehouse receipt system in partnership with MFIs and ARBD. • Marketing and distribution of the produce.
Average number of users for services offered by CACC	<ul style="list-style-type: none"> • 2020: 50 POs, including 36 PO shareholders. • 2019: 26 POs • 2018: Establishment
Membership fees	N/A
Assets	Drying facility and warehouse for internal use and rental.
Office locations	Bos Veng Village, Sala Visay Commune, Brasat Balang District, Kampong Thom Province, Cambodia
Number and roles of paid employees	There are nine paid employees including a Managing Director, two project managers, four agronomists, a finance and admin Manager as well as a warehouse and stock manager.
Financial data that indicates the scale and depth of the business venture supported by CACC (such as sales data by its members).	<p>2021 (Jan to August):</p> <ul style="list-style-type: none"> - Organic cassava – 6,371 mt equivalent to \$568,291 - Organic cashew nut – 39 mt equivalent to \$66,729 - Organic rice – (to be harvested in Nov and Dec) <p>2020:</p> <ul style="list-style-type: none"> - Organic cassava – 8,000 mt equivalent to \$817,809 - Organic cashew nut – 81 mt equivalent to \$140,510 - Organic rice – 3,398 mt equivalent to \$1,129,269 <p>2019:</p> <ul style="list-style-type: none"> - Organic cassava- 583 mt equivalent to \$695,551 - Organic rice – 1,549 mt equivalent to \$531,539

5.5 Project implementation arrangements

Table 3 – Implementation arrangements

Entity	Relationship to PO	Role and Responsibilities
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CACC	Lead PO	<ul style="list-style-type: none"> • Responsible for coordination with participating POs. • Facilitate contact with the private sector related to marketing and sales. • Identify land and purchase land for warehouse construction . • Lead the expansion of engagement of new POs to selected provinces. • Raise funding amongst shareholders for matching . • Lead the implementation of activities under component 1. • Act in mentoring capacity to CACC and smallholders in business management. • Negotiate interest rates with the Rural Development Bank to all POs contracted.
Member Acs	Participating POs	<ul style="list-style-type: none"> • Engage smallholder farmers in trainings and build relationship to expand reach. • Facilitate selection of direct beneficiaries and participation in training sessions. • Facilitate membership of CACC though purchase of shares.
NGO(s) to be jointly selected by CACC and WFP	N/A	<ul style="list-style-type: none"> • Support capacity building activities aimed at strengthening the POs as extension agents. • Support capacity development of nutrition/life skills community volunteers. • Responsible for all efforts related to monitoring and evaluation of all above activities under the direct supervision of WFP.
WFP	Supervising Entity	<ul style="list-style-type: none"> • Facilitate the coordination with the SBN and private sector beyond the scope covered in component one and coordinate with Government at all levels. • Provide capacity building to CACC related to all coordination efforts. • Contract the NGOs. • Ensure alignment with the project objectives, budget, and adherence to GASFP guidelines, procurement requirements and standards for development projects at all stages of the project. • Responsible for all other aspects of project monitoring and evaluation in accordance with annex 2. • Manage an independent evaluation of the project and contract a well-established research institution to conduct it. • Manage the overall reporting to GASFP.

5.6 Proposed financial and implementation arrangements between the SE and the PO.

The breakdown of funds is presented in annex one. The share of the PO amounts to USD 1,014,000 and represents about half of the budget. Funds will be transferred from WFP to CACC at the beginning of each quarter in line with the project workplan and costs of activities planned for the coming quarter. Reconciliation of expenditures will be conducted quarterly and the level of actual expenditures in the previous quarter will be taken into consideration for the next quarterly transfer.



Quarterly financial reports will be provided by CACC to WFP together with evidence of expenditure linked to activity reports. Annual activity reports will be provided by CACC to WFP and will detail progress against the main key performance indicators and outputs.

5.7 Overall project budget

The overall cost of the project is estimated at USD 3,468,000 over four years. From this, USD 2,368,000 is requested from GAFSP, and USD 1,100,000 million will be contributed by CACC. Details of the budget are provided in annex 1.

5.8 PO's readiness

Since its establishment in 2017, CACC activities have grown steadily in line with the information provided in section 2.7. CACC has no previous experience working with WFP, however CACC has experience managing funds from international entities. Between August 2017 and March 2020, it managed a 192,000 EUR grant from the Innovations Against Poverty II (IAP) initiative of SNV Netherlands Development Organization. The grant was complemented with a co-investment of 400,700 EUR from AMRU. In addition to the above grant, CACC managed 100,000 EUR from IAP for establishing a rotating fund establishment.

CACC has also managed several small grants below USD 100,000, including from the USAID Harvest 2 Project, the AusAID Cambodian Agricultural Value Chain (CAVAC) Programme and from responsibility Investments. It is also manages a soft-loan package of about USD 0.5 million for agricultural trading with its partner Acs from RaboBank and AlterFin. CACC has also engaged as a partner with Oxfam as part of its inclusive green economy initiative.

Annex 1 – Project Budget Tables

Provide comprehensive budget information for the proposed project. All figures should be in US\$ and rounded to the nearest '000.

Table A: Summary of Overall Project Funding

Funding Source	Amount	Has this funding been secured (Yes/No)?
GAFSP grant amount requested	2,368,000	n/a
PO co-financing ²	1,100,000	Yes
Other Funding Sources (<i>SE, ODA, international NGOs, etc.</i>)	N/A	
Total Project Funding	3,468,000	

Table B: Detailed Project Budget

Components	Activities	GAFSP Funding Requested		Other Funding Sources Amount (US\$)
		Amount Requested (US\$)	Fund management and procurement (SE or PO)	
Component 1: Developing a profitable organic value-chain	Activity 1: skills development	314,000	PO	
	Activity 2: Establishment of organic value chain infrastructure	250,000	PO	1.1 million
	Activity 3: Access to credit	40,000	PO	
	Activity 4: Last mile and marketing	340,000	PO	
	Project Management	70,000	PO	
	Sub-total	1,014,000	PO	
Component 2: Enhancing nutritional outcomes	Activity 1: SBCC and life skills	624,000	SE	
	Activity 2: Impact evaluation	200,000	SE	
	Project Management as SE including monitoring and reporting	276,000	SE	
	Sub-total	1,100,000	SE	
Overhead		254,000	SE	
TOTAL BUDGET FOR ALL COMPONENTS		2,368,000		

B.1. Clarify the underlying assumptions for the proposed budget.

² Include financial contributions only. Additional information on financial and in-kind contributions can be described under question B.3.

Component 1 -The budget for organic rice is predicated on organizing and managing a supply chain that ultimately brings multiple benefits to the target smallholders i.e. improving livelihoods and incomes, as well as creating sustainable and thriving communities. The budget includes components that range from developing organic farming skills, facilitating access to credit, all the way to creating an end-product that is accredited, recognized and desired by a broad spectrum of consumers.

Activity 1 – Skills Development. To develop organic farming skills in Mondulkiri, an intensive training program is needed to enable farmers to know what organic cultivation is (and isn't). Annual training sessions are required to cover new and refresher participants. This activity is costed at \$80,000 over 4 years for farmers who are: i) new to the program, ii) those needing refreshers and iii) training of trainers (altogether approx. \$20 x 4,160 participants). A consultant/ trainer from a specialized NGO will be appointed to lead the training program at a cost of \$10,000 per year.

Training materials are costed at \$9 x 4,160 participants and \$2,500 is budgeted for farming contracts which are signed annually. To support the training, there will be on-site demonstrations on cultivation (20 days a year over 30 plots at a cost of \$15 a day) and use of modern machinery (rented for 5 days a year over 30 plots at a cost of \$13 a day) to encourage mechanization. Further the costs linked to holding the trainings (venues, banners, refreshments, equipment, transportation, accommodation, etc.) amount to \$9,000 per year.

In order for the rice to be accredited, organic audits and certifications are needed and this is costed at \$20,000 per year to cover auditor fees and participation of smallholder farmers in organic certification.

Activity 2 – Establishment of Value Chain Infrastructure. A warehouse will be constructed on a site owned/ leased by CACC at a cost of approx. \$125 per sqm x 2,000 sqm.

Activity 3 – Access to credit. The project will organize Business Matching Meetings/ Events between farmers and lenders to facilitate access to credit. It will also be an opportunity to put different vendors of agriculture inputs e.g. organic fertilizer and rice seed in front of the farmers. An annual event is proposed and costed at \$500 x 4 years for this purpose to be complemented by punctual activities.

Activity 4 – Last mile and marketing. In order for the resulting product to be made known, relevant marketing, brand creation and customer awareness and nutrition promotion activities need to be undertaken annually. This is budgeted at \$50,000 per year and includes the design and production of promotional videos, marketing materials and participating in different exhibitions and expos (local and regional). In addition \$140,000 will go towards establishing the traceability system and platform.

Project management – A project coordinator has been budgeted at the rate of \$14,400 per year for three years (57,600). Monitoring activities will be undertaken by CACC staff and are budgeted at 3 staff x 14 days a year x 4 years) x \$33 per staff. Furthermore, at specified points of the project CACC will facilitate 3 studies (baseline, mid-term, end line) and produce reports for the SE. We expect the cost for an expert to undertake this activity to be about \$10,000 for each study.

Component 2

Activity 1 – SBCC and life skills.

- Recruitment of an SBCC specialist for one year @ \$7,000
- The costs of the formative research and gender assessment to be conducted by a specialized agency @ \$50,000.
- The development of the SBCC strategy and training package @ 100,000



- Agreement with specialized NGO for the delivery of the SBCC @ 100,000 over three years.
- In addition, \$45,000 per year for two years will go towards the media campaign on nutrition.

Activity 2 - Impact evaluation

- The cost of commissioning the impact evaluation to a reputable evaluation firm is estimated at \$200,000.

Project management (including human resources, M&E and reporting)

- Project coordinator @ 5,000 per month for 36 months.
- 50% of an M&E officer @ \$2,500 per month for the duration of the project.
- Field staff and field travel for monitoring visits @ \$1,000 per quarter.

B.2. Will the PO (CACC) provide any financial or in-kind contribution to the project?

CACC will co-fund and co-contribute to the project by investing in drying (\$300,000) and milling (\$800,000) equipment and cover costs of engineering and commissioning the facility. The PO will also be dedicating staff and management time into the project. Depending on the situation and merits of the borrower on a case by case basis, the PO may also consider providing corporate guarantees to help assist farmers obtain access to credit.

Annex 2 – Proposal Stage Results Monitoring Matrix

Table D. GAFSP Tier 1 and Tier 2 Core Indicators

#	Tier 1 impact indicators for all GAFSP projects	Check if Yes
1	Food and nutrition security ▶ Mandatory Food Insecurity Experience Scale (FIES) indicator and optional indicators are Food Consumption Score (FCS), Minimum Dietary Diversity-Woman (MDD-W) and Minimum Dietary Diversity - Children (MDD-C)	<input checked="" type="checkbox"/>
2	Household income	<input checked="" type="checkbox"/>
3	Crop yield (apply only to those projects with explicit productivity gain goals)	<input checked="" type="checkbox"/>
#	Tier 2 indicators for all GAFSP projects, <i>Mandatory Breakdowns</i> [†] (unit) ▶ Indicator notes	
1	Number of beneficiaries reached, gender disaggregated, percentage who have been helped to cope with impact of climate change ^{††} ▶ People receiving benefits from the project. ▶ Disaggregation for gender and those receiving Climate-Smart Agriculture (CSA)-specific support.	<input checked="" type="checkbox"/>
2	Land area receiving improved production support, <i>percentage of these that are climate smart</i> (ha) ▶ Area that adopted new inputs/practices, new/rehabilitated irrigation services, land registration, etc. ▶ Disaggregation for climate-smart interventions.	<input checked="" type="checkbox"/>
3	Number of smallholders receiving productivity enhancement support, gender disaggregated, climate-smart agriculture support ▶ Number of end-users who directly participated in project activities. ▶ Includes technology/technique adoptees, water users with improved services, those who had land rights clarified, people offered new financing/risk management services. ▶ Using CSA approaches.	<input checked="" type="checkbox"/>
4	Number of producer-based organizations supported (number) ▶ Relevant associations established or strengthened by project.	<input checked="" type="checkbox"/>
5	Volume of agriculture loans that are outstanding. ▶ Volume of outstanding loans for agriculture and agribusiness in a financial institution	<input type="checkbox"/>
6	Percentage of beneficiaries with secure rights to land, property, and natural resources (percent of total beneficiaries) ^{††} ▶ Measured as those with legal documentation or recognized evidence of tenure and those who perceive their rights are recognized and protected.	<input type="checkbox"/>
7	Roads constructed or rehabilitated, percentage resilient to climate risks (km) ▶ All-weather roads built, reopened, rehabilitated, or upgraded by project. ▶ Percentage that are designed to withstand changes in climate.	<input type="checkbox"/>
8	Number of post-harvest facilities constructed and/or rehabilitated (number) ▶ Includes markets, agro-processing/storage/quality control facilities.	<input checked="" type="checkbox"/>
9	Volume of agricultural production processed by post-harvest facilities established with GAFSP support, <i>by food group</i> (tons) ▶ Tons of total produce processed sorted by 10 major FAO food groups.	<input checked="" type="checkbox"/>
10	People benefiting from cash or food-based transfers, <i>gender disaggregated</i> (number of people) ▶ Number of people who benefited from cash or food transfer interventions.	<input type="checkbox"/>
11	People receiving improved nutrition services and products, <i>gender disaggregated, age disaggregated</i> (number of people) ▶ Number of people who received nutrition counseling/education, recipients of Ready-to-use-Therapeutic Foods, bio-fortified foods, and Vitamin A and micronutrient supplements. ▶ Number of people receiving extension support for nutrition-relevant techniques (e.g., homestead gardens, Farmer Field School support, etc.).	<input checked="" type="checkbox"/>
12	<i>Direct employment provided; gender disaggregated</i> (full-time equivalent) ▶ Number of direct employees in a client company. ▶ Part time jobs aggregated to full-time equivalent.	<input type="checkbox"/>
13	Persons receiving capacity development, <i>gender disaggregated, organization type</i> (number of people) ▶ Agricultural and non-agricultural rural training and capacity building support provided.	<input checked="" type="checkbox"/>

	<ul style="list-style-type: none"> ▶ Distinguishes between individual producers/household members, civil society organization staff, and government officials. 	
14	<ul style="list-style-type: none"> ▶ Number of substantive deliverables on food security processes completed (number) ▶ Measures “soft support” for institutional development provided through discrete deliverables. ▶ Deliverables include policy studies, strategies and plans, best practices, and lessons learned, among others. 	☒

Note: The definitions for the Tier 2 indicators can be found on pgs. 24 – 27 of the [GAFSP M&E Plan](#).

† Reporting on the indicator requires reporting all mandatory breakdowns for the indicator.

†† Climate-related language is included for indicators #1, 2, 3, and 7. In view of discussion and some concerns expressed by the GAFSP Steering Committee, it is noted that the experience of gathering such data at the SE/project level will be tracked and reviewed to assess the ease/feasibility of application and resulting “meaningfulness” of the data that are gathered. Please also see earlier footnote #6 on the use of the term ‘climate-smart’ in the GAFSP M&E Plan.

Table E. Proposal Stage Results Monitoring Matrix

Indicators ³	Unit of measurement	Baseline ⁴	End-of-project target	Data sources (Data collection instruments)
Project level indicators				
Project’s highest-level indicator: Food Insecurity Experience Scale (FIES)	Score/percentage of households	TBD	TBD	Project baseline and end line (RCT)
Food Consumption Score (FCS)	Score/percentage of households	TBD	0% of assisted households have a poor FCS + reduction in the prevalence of households with borderline FCS	Project baseline and end line (RCT)
Minimum Dietary Diversity-Woman (MDD-W)	Score/percentage of women	TBD	Increase of females with MDD by 15 percentage points (TBD)	Project baseline and end line (RCT)
Minimum Dietary Diversity - Children (MDD-C)	Score/percentage of children	TBD	Increase of children with MDD by 20 percentage points (TBD)	Project baseline and end line (RCT)
Household income	USD	TBD	Increase of average household income by 20%	Project baseline and end line (RCT)
Household debt	USD	TBD	Stable/decreased average amount of household debt	Project baseline and end line (RCT)

³ If any cross-cutting themes were selected in Section 3.1, this table must include some indicators that correspond to the selected theme(s).

⁴ If this is unknown, write TBD (to be determined).

Household expenditure	USD	TBD	Increased prevalence of households with an expenditure above the Minimum Expenditure Basket (MEB)	Project baseline and end line (RCT)
Multi-dimensional deprivation	Score	TBD	Reduction in the prevalence of households that are multi-dimensionally deprived	Project baseline and end line (RCT)
Crop yield/ Percentage of targeted smallholder farmers reporting increased production of crops	t per ha/Percentage	NA	Increase in crop yield/increased share of farmers reporting increased production	Project baseline and end line (RCT)
Rate of post-harvest losses	Percentage	TBD	Reduction in post-harvest losses	Project baseline and end line (RCT)
Agricultural premium earned from organic production	USD	TBD	Increase in the average premium	Project baseline and end line (RCT)
Component level indicators⁵				
Component 1				
- Outcome Indicator 1: Land area receiving improved production support, percentage of these that are climate smart (ha)	ha	0	1,800 – 2,400 ha	Implementing partner project progress reports
- Output Indicator 1: Number of smallholders receiving productivity enhancement support, gender disaggregated, climate-smart agriculture support	Individuals	0	1,200-1,600 - 50% of which belong to minority groups - 55% of which are females	
- Outcome Indicator 2: - Output indicator 2: Number of producer-based organizations strengthened by project	Number	0	6-8	Project document/desk review

⁵ Please identify indicators that can clearly represent the causal links in the results chain that bridge the gap between the current status and the objectives (desired high-level indicator). Ideally, under each component there is at least one outcome indicator and correspondent output indicator(s).

<ul style="list-style-type: none"> - Outcome Indicator 2: Volume of agricultural production processed by post-harvest facilities - Output indicator 3: Number of post-harvest facilities constructed and/or rehabilitated 	Tons/Number	0	10,000 tons per season	CACC project progress reports
Component 2				Project document/desk review
<ul style="list-style-type: none"> - Outcome Indicator 5: % of people with favorable knowledge, attitudes, and practice towards diet diversity and gender equality. - Output Indicator 5: People receiving improved nutrition services and products, gender disaggregated, age disaggregated 	Percentage / number of people	TBD	Increase in the prevalence of people with favorable attitudes	KAP survey/monthly process monitoring Implementing partner project progress reports
		0	6,000 – 8,000	

Annex 3 – Risks and Negative Externalities

F. Describe important potential risks to achieving the project's development objective(s)

Table F: Project Risk Assessment

Risk	Likelihood (L, M, H)	Risk rating (L, M, H)	Risk description	Proposed mitigation measures
Contextual risks				
Prolonged COVID-19 pandemic	M	H	Prolonged COVID-19 pandemic causes economic hardship among vulnerable smallholders, contributes to increased market prices for agricultural inputs and food prices, and limits production through movement restrictions	Frequent monitoring of national economic, food security and nutrition trends as well as food market prices to spot any anomalies early on and put in place mitigation measures.
Global demand for organic products decreasing	L	H	A decrease in global demand for organic products would result in lower market prices and fewer incentives to adopt organic farming, which is primarily export-driven	While this risk is fairly unlikely considering the market trends for organic production in the recent years, WFP and its partners will closely monitor global commodity prices for organic products.
Technical design⁶: Risk that technical design could affect the project from reaching its objectives				
Low acceptance by farmers	L	H	Participation in trainings and SBCC is limited.	Community based participatory planning (involving partners, community and govt.) will inform the design of training modules.
Limited ability to meet the requirements for organic certification	M	H	Limited ability to meet the requirements lead to drop-out from the programme or low return on investment.	The programme includes a strong capacity building element and its implementation will be staggered across POs to apply lessons learnt and reinforce likelihood of success.
POs do not meet the requirements to become CACC's shareholders.	M	M	POs remain suppliers to CACC with no influence over the venture strategic decisions and investments.	Capacity strengthening efforts focused on developing PO leaders business acumen are part of this proposal.

⁶ Indicative list of risks to assess: the technical complexity of the project; the extent to which project design is informed by analytical work; adequacy of number of components and subcomponents; past experience in designing and implementing similar operations; whether the design incorporates or relies on untested or unfamiliar technologies and processes; the extent to which project benefits dependent on external factors beyond the scope of the project.

Climate change and its accelerating effect on natural disasters (primarily floods and droughts), jeopardizing sustainability	M	M	Progress towards organic farming is offset.	Proposed activities and technologies will incorporate climate smart design elements including and irrigation or water catchment systems will be promoted to mitigate the effects of drought and enable wet and dry season production.
Resilience not built sufficiently	L	H	Income generation and nutrition outcomes do not improve.	Regular monitoring of project and mid-project review. Linkages to complementary programs of partners.
Institutional capacity for implementation⁷: Risk that there is insufficient capacity to implement the project				
Capacity of partners	L	H	Sub-quality project implementation, goals not achieved	Continuous engagement at sub-national level between CACC, WFP and partners, joint planning, implementation, coordination and monitoring so issues are identified early. Establishment of a project steering committee.

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

G. Describe important potential negative externalities or spillover effects that could arise from the project implementation based on the scale, complexity, duration, and magnitude of project activities and operations, as well as an assessment of likelihood (probability) and risk rating (severity, impact) of the risks and proposed mitigation measures. Add additional rows to the table for additional potential negative externalities, if needed.

Table G: Evaluation of Negative Externalities

Potential Negative Externalities	Likelihood (L, M, H)	Risk rating (L,M,H)	Description of potential negative externalities	Proposed mitigation measures
Environmental ⁸	L	H	Acceleration of deforestation to clear land for farming	environmental concerns will be included in the trainings and SBCC components. CACC will works towards the Fair for Life accreditation that does not permit such practices as part of the business model.

⁷ Indicative list of risks to assess: the complexity of the institutional arrangements (at central and local levels) such as number of implementing entities involved; geographical spread of project intervention areas and remoteness of these areas; experience of proposed implementing agency with similar scaled projects with international organizations.

⁸ This could include the potential effects on natural resources such as water sources, forests, and protected areas; potential effects on biodiversity; and where appropriate, potential impacts on the climate arising from unchecked anthropogenic emissions of greenhouse gases (GHGs) and short-lived climate pollution (SLCPs).

Environmental	M	L	Carbon food print increases due to additional food miles as organic products are exported to consumers in the US and markets	Through their activities, WFP and partners aim to strengthen local awareness on health eating habits, bolster local demand for organic products and create a local market for organic food products
Social ⁹ /economic	L	M	Organic farming may lead to crowding out effects, i.e., as more land comes under organic cultivation which is export-oriented, less land is available for local food production	WFP and its partners will adopt a strong participatory approach throughout the project implementation to ensure targeted smallholders are aware of the project objectives (income generation through organic food exports) and can still meet their food needs
Gender	M	H	Female empowerment as a likely outcome of project activities may lead to increased domestic violence	WFP and its partners will deliver gender awareness sessions and trainings in an inclusive fashion targeting both women and men. WFP will also set up a robust complaints and feedback mechanisms and referral mechanism to capture and address any SGBV-related issues.

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

⁹ This could include the potential effects on human health and safety; the nature, scale and duration of social effects such as the need for land acquisition and/or involuntary resettlement; potential impacts on, equity, and indigenous peoples; and potential impacts on physical cultural resources.

Annex 4 – Proposal Preparation Team

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