

March 13, 2013

Comments from Germany and Spain on Approval by Mail: Cambodia: Climate Proofing of Agricultural Infrastructure and Business-focused Adaptation (ADB)

Dear colleagues at the CIF Admin Unit and in the Cambodia Team

By request of Annette Windmeisser, who does not have access to email at present, I am sending herewith the joint Spanish and German comments on the captioned project proposal.

With best regards

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Climate Protection Programme for Developing Countries
Head of Programme

**Agricultural Infrastructure and Business-focused Adaptation (ADB)
Joint Comments from PPCR Committee members Germany and Spain**

Summary

Cambodia suffers from the impacts of climate change and natural disasters such as floods, droughts and storms, which are causing serious damage to property and crops. Cambodian households highly depend on agriculture for their livelihoods. The most important agricultural commodity is rice. Almost three quarters of Cambodia's population are rice farmers. We therefore appreciate that the Rice-SDP's objective is to support growth in the rice value chain by addressing rice productivity and quality constraints, facilitating market access, while enhancing resilience to climate change. However, some substantial concerns remain, particularly related to issues of land policy and land management, to the project's expected impact on poorer families, and to the use of PPCR funds. Regarding the latter, we see a certain risk for these funds to be used to merely finance an expansion of on-going, rather conventional investment activities. This relates to our earlier comments on the SPCR document (July 11, 2011), where we recommended that the proposal for this investment project be very explicit in its design as to how the Cambodian PPCR funds will complement the ADB's on-going activities rather than just extending their coverage, how synergies with the activities of other major donors will be ensured, and how this project will truly pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning.

In summary, while not raising a major objection at this point, we have serious concerns about a number of issues that would require the substance of the project proposal and its design and monitoring framework/indicators to be revisited and amended during

project implementation, as outlined in our recommendations below (see bold highlights), and we would very much appreciate a response, in due course, on how these recommendations have been implemented.

Individual Comments on the Proposed Project

We appreciate that the proposed activities are reflecting the PPCR's objective to "to pilot and demonstrate ways to integrate climate risk and resilience into core development planning", by incorporating the PPCR contribution in the design of the Rice-SDP, instead of using the PPCR contribution to fund a stand-alone project, thus contributing to mainstreaming and presenting a concrete example of climate proofing a value chain, namely in the rice subsector. This highlights the project's innovative approach and its emphasis – at least in principle – on mainstreaming and integrating climate change into development planning.

However, the project design appears to struggle with a common problem of mainstreaming: that funds for mainstreaming, when incorporated into other lines of activity, tend to be used to "do more of the same" instead of "doing things differently". More concretely, the "Summary Project/Program Approval Request" points out that the PPCR funds will be used to in 4 clusters of activity: (i) improving water use efficiency through the upgrading of irrigation infrastructure designs to accommodate more rapid flow of flood water induced by climate change, (ii) demonstrating the benefits from land levelling to conserve water and improve irrigation water use efficiency, (iii) undertaking a feasibility study, designing and pilot testing a weather-indexed crop insurance scheme to assist farmers to reduce climate risk associated with rice production, and (iv) assisting in building the capacities of millers to accommodate the seasonal fluctuations imposed as a result of climate change into their milling operations. Cluster (iii) and (iv) appear to be innovative and clearly climate-change related, while in cluster (i) and (ii) there appears to be a certain risk that coverage of conventional approaches might just be extended. Our concern is heightened by the fact that the budget allocated to clusters (i) and (ii) appears to be about two thirds (US\$ 4.8335 million) of the PPCR contribution (excluding "Consulting services to incorporate climate resilience"), while the budget allocated to clusters (iii) and (iv) correspondingly is only about one third (US\$ 2.5884 million).

We would therefore appreciate further clarification on the specific results expected to be achieved by the PPCR contribution, or in other words on the difference the PPCR contribution makes in comparison to how the Rice-SDP would have been implemented without the PPCR input, and on how the climate-change related results achieved through the addition of PPCR funds will be measured. This could be achieved by and we recommend incorporating additional indicators in the Rice-SDP's design and monitoring framework, which clearly – at the results level – relate to and illustrate the PPCR contribution and the difference that the PPCR makes. Indicators should measure not only outputs (e.g. the establishment of the pilot insurance scheme) but results (e.g. avoided economic losses of farm households). In particular, we recommend:

Related to clusters (i) and (ii): include indicators that attempt measuring the avoidance of climate-variability- or climate-change-related physical and economic losses resulting from the improved irrigation infrastructure and land levelling measures, or that attempt measuring the extent to which vulnerability has been reduced by improved irrigation infrastructure and land levelling measures.

Related to cluster (iii): include an indicator or indicators that measure the extent to which the economic losses that the farmers experience due to climate-variability- or climate-change-related impacts (such as floods, drought or extreme weather events) have been reduced as a result of establishing the pilot insurance scheme.

Related to cluster (iv): include an indicator or indicators that measure how the increased capacities of millers to change their milling operations or to improve stock management have resulted in avoiding or at least reducing not only post-harvest losses in general, but climate-variability- or climate-change-related losses in particular (such as losses caused by unusually wet and/or long rainy seasons), and to what extent these avoided or reduced losses have benefited not only the millers themselves, but the producers further down the value chain.

Related to the above comment, we very much appreciate that an attempt has been made, as explained in the Summary Project/Program Approval Request, to address all the PPCR core indicators in the proposal. We wonder, however, whether all the indicators listed will also actually be tracked with the same degree of attention, since some of them appear in the Rice-SDP's design and monitoring framework, while others, such as the important indicators on reduction of "post-harvest losses" or on the "joint working group including female representatives" to work on the climate adaptation strategy (which appear in the policy matrix but not in the design and monitoring framework), apparently do not. For the benefit of the reader not familiar with the PPCR, **we would recommend increasing consistency between the listing of PPCR key results and indicators for success and the Rice-SDP's design and monitoring framework, and clearly referencing the PPCR core indicators also in the Rice-SDP's design and monitoring framework.**

Comments related to Land Management

Land policy issues, including the Law on Management and Use of Agricultural Land, the Land Policy White Paper, and the National Policy on Spatial Planning are being referred to in the policy matrix. **However, we feel that the political and institutional setting should be reviewed more thoroughly, and that the role of the Council for Land Policy (CLP) and its General Secretariat (GS-CLP) should be further clarified. Serving as an inter-ministerial body and support mechanism for land related policy development, the General Secretariat of Council for Land Policy (GS-CLP) and its role as a leading institution for policy development should be acknowledged more strongly in the project documents and during project implementation.**

The draft law on Management and Use of Agricultural Land has been criticized by several donors, including Germany, and national and international NGOs. In this regard, a letter has been sent by the Danish Embassy to the Ministry of Agriculture, Forestry and Fisheries (MAFF) in November 2011 (available on request). NGOs have shared their fundamental concerns with donors in February 2012 (correspondence available on request). The criticism mainly relates to a non-transparent, non-consultative process of MAFF drafting the law and non-recognition of other land-related policies currently drafted and continuously consulted in a participatory process among government and other stakeholders, namely the National Policy on Spatial Planning and the Land Policy White Paper. We very much appreciate that the Summary Project/Program Approval Request makes explicit reference to land management issues and in particular to the National Policy for Spatial Planning as a “key document”. **We would, however, strongly recommend that in addition during project implementation measures be undertaken to ensure the participation of all concerned stakeholders including line ministries, donors and civil society with the aim of harmonizing and aligning the law on Management and Use of Agricultural Land with other existing or currently designed/reviewed laws and regulations.**

Overall, the harmonization of activities at national and sub-national level with other stakeholders, mainly with the German technical support to the Royal Government of Cambodia’s Land Administration, Management and Distribution Program is of utmost importance. Currently GIZ on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) is the only development agency supporting the Sub-Sector of Land Management with the main objective to improve institutional and human capacities for spatial planning and land use planning at both national and sub-national level, including the formulation of appropriate policies and a legal framework. At national level a sound coordination mechanism for project implementation and monitoring, such as the successful instrument of bi-annual Joint Supervision Missions in the Land Administration Sub-Sector Program, shall be negotiated and established for the Land Management Sub-Sector. **At provincial level overlaps with on-going technical support activities (e.g. the development of master plans at provincial level) should be avoided. The role of NGOs should also be made clear.**

Comments related to the Rice Value Chain

Private sector role and involvement are not being discussed sufficiently and need to be further clarified and strengthened - in particular to assure post-project sustainability. In general, the project approach to assure involvement and participation of relevant stakeholders is somewhat mechanistic and focusses mainly on consultations. **Apart from consultations, additional measures should be undertaken during project implementation to increase the engagement of relevant stakeholders with the objective to strengthen the leverage and ownership of non-governmental actors.** In view of the fact that the target beneficiaries are rice-producers capable of producing marketable rice surplus, the impacts on poorer families and poverty reduction as stated in the design and monitoring framework seem to be inflated, because poorer families generally have smaller land resources and irrigated areas, which limits the potential

amount of marketable surplus. **We therefore recommend a critical reassessment of the project's expected impact on poorer families.**

Gender

We welcome that the proposal is addressing gender issues through the Rice-SDP Project's gender action plan (GAP). It outlines the gender-related targets included in the proposal as well as in the Rice-SDP design and monitoring framework. We appreciate that the GAP implementation process will be tracked as part of Rice-SDP quarterly progress reports, thus ensuring that the results achieved will be monitored on a regular basis. The design and monitoring framework contains relevant indicators addressing the participation of both women and men in the project activities. This also applies to project-related job opportunities. Further, we appreciate that 50 per cent of the policy-holders of the piloted weather-indexed crop insurance will be women, of which 10 per cent from female-headed households.

Since there is more work needed to define indicators measuring the specific results of the planned PPCR contribution to Rice-SDP, there is consequently also more work needed to determine how the gender-related results of the PPCR contribution to Rice-SDP can be measured. To this end and related to the comments on indicators we made above, **we recommend that the Rice-SDP's design and monitoring framework should also make an attempt to gender-differentiate the results achieved through the PPCR contribution to the Rice-SDP, such as the avoidance of physical/economic losses and/or the reduction of vulnerability.**

Synergies with other donors – in particular German – Climate Change Related Engagement in the Country / Region

We highly appreciate that the project proposal is seeking synergies with Germany's on-going initiatives in Cambodia. We recommend close coordination and exploring synergies with the following initiatives Germany provides support to: Coordination should be sought and synergies should be explored with the German-supported *Regional Economic Development Program* (RED) that works in the rice sector in the province of Siem Reap, and with the German-supported activities of the Cambodian Center for Study and Development in Agriculture (CEDAC) and the Cambodian Organic Agriculture Association (COAA).

The Rice-SDP depends widely on good land governance practices for land use planning and on the legal basis and validity of land use planning results. This is where there is synergy/overlap with the on-going *Land Management and Land Tenure* programme supported by Germany, the implementation of which is assisted by GIZ (see comments related to land management above). There is some consideration of the *Land Management and Land Tenure* programme in the proposal, as it refers to the "National Policy for Spatial Planning", which we very much appreciate. We recommend that, beyond referring to the German support, the land use planning activities be coordinated more intensively with the Royal Government of Cambodia's Land Management Sub

Sector Program under the Ministry of Land Management, Urban Planning and Construction (MLMUPC) and its main development partner, Germany. During implementation, sound coordination mechanisms need to be developed with numerous other projects working in the rice value chain and/or with relevant stakeholders in related fields of work. In particular, close coordination seems to be important with the International Rice Research Institute (IRRI) and the public-private partnership project: "Remote sensing-based Information and Insurance for Crops in Emerging economies" (RIICE), which aims to reduce the vulnerability of rice smallholder farmers. Amongst others Germany and Switzerland provide support to RIICE.