



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 28-Jun-2019 | Report No: PIDC27269

**BASIC INFORMATION****A. Basic Project Data**

Country Cambodia	Project ID P171331	Parent Project ID (if any)	Project Name Land Allocation for Social and Economic Development Project III (P171331)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Feb 28, 2020	Estimated Board Date Jun 19, 2020	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Kingdom of Cambodia	Implementing Agency Ministry of Land Management Urban Planning and Construction (MLMUPC), Ministry of Agriculture, Forestry and Fisheries (MAFF), National Committee for Sub-National Democratic and Development Secretariat (NCDDS)	

Proposed Development Objective(s)

The project development objective is to help improve target beneficiaries' access to agriculture resources and selected infrastructure and social services in project communities.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	100.00
Total Financing	70.00
of which IBRD/IDA	60.00
Financing Gap	30.00

DETAILS**World Bank Group Financing**



International Development Association (IDA)	60.00
IDA Credit	60.00

Non-World Bank Group Financing

Counterpart Funding	10.00
Borrower/Recipient	10.00

Environmental and Social Risk Classification

High

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Over the past two decades, Cambodia has undergone a significant transition, reaching lower middle-income economy** by raising its per capita income from USD 250 in 1995 to an estimated USD 1,230 in 2017. Driven by garment exports and tourism, Cambodia has sustained an average growth rate of 7.7% between 1995-2018, ranking sixth in the world¹, among the fastest-growing economies in the world and has achieved impressive gains in poverty reduction. As global demand peaks in 2018, economic growth is estimated to have reached 7.5%, compared to 7% in 2017. Growth is expected to remain robust over the medium term. Growth was accompanied by a significant decline in poverty incidence, which dropped from 47 percent in 2007 to about 13 percent in 2013 thanks largely to high agriculture commodity prices globally as well as strong job creation in manufacturing and services. Around 3.6 million jobs in industry and services were created over the past two decades. Cambodia’s growth has been pro-poor. The percentage of Cambodians living under the national poverty line fell from 47.8 percent in 2007 to 13.5 percent in 2014, according to official estimates. The Gini coefficient declined to 0.30 in 2014 from 0.34 in 2009. Cambodia has made significant progress in attaining the Millennium Development Goals. Since 1990, the country has more than halved extreme poverty and maternal mortality, achieved nearly universal primary education enrollment, and made significant progress in combating HIV/AIDS. Poverty reduction was particularly dramatic from 2007 to 2009, when poverty declined by 25 percentage points and 3.3 million people escaped poverty, owing in large part to an expansion of cultivated area and high international food prices which benefited both farmers and agriculture workers.

2. **Among the main drivers of growth have been exports of goods and services and foreign capital inflows.** Since opening its economy to international trade and capital flows in 1992, Cambodia has become one of the East Asian countries most open to trade and foreign investment. Exports of goods and services grew at an average of 18 percent during 1994-2017, with Cambodia ranking 4th in the world in exports during that period. Notably, its export

¹ World Development Indicators. Four countries that experienced a recession during this period are excluded.



success is driven by a few products, with final garments and footwear accounting for nearly three-quarters of total exports and has been facilitated by preferential access to key markets. Cambodia is also among the top countries in the world in terms of attracting foreign direct investment (FDI), which has facilitated entry into some global value chains (GVCs).

3. **With an aspiration to become an upper middle-income country by 2030, Cambodia needs to strengthen its existing drivers, which are weakening, while building new drivers of growth.** The end of the commodity super-cycle, coupled with adverse weather shocks, have resulted in a sharp slowdown in agriculture growth. Meanwhile, Cambodia's labor-intensive, export-oriented garment and tourism sectors are facing rising wages and greater competition from abroad. There is evidence that all merchandise export growth, tourist arrivals, as well as FDI into manufacturing have slowed during 2013-2017. Moreover, the EU is considering the suspension of preferential market access for Cambodian exports under the Everything-but-Arms (EBA) scheme, which could mean tariffs of about 12 percent for Cambodian garment exports, threatening sector competitiveness.

Sectoral and Institutional Context

4. **Growth has also been driven by the country's rich and diverse natural capital, which supports the livelihoods of millions of Cambodians.** Agriculture, which depends heavily on natural resources and ecosystem services, contributed 27% of the annual gross domestic product (GDP) in 2018. More than five million people depend on agriculture and fisheries, to supplement their income and support their food security, and 88 percent of the population still relies on traditional biomass for cooking. Cambodians are also the largest consumers of freshwater fish per capita, with fish and other aquatic resources contributing to 37 percent of total protein consumption. Tourism, another engine of economic growth, is also becoming increasingly dependent on natural resources and environment.

5. **Going forward, Cambodia may not be able to rely on the same factors that drove strong growth and poverty reduction over the past two decades.** In the case of agriculture, the outlook for commodity prices is not positive, and Cambodia's scope for further gains in cultivated area is more limited nowadays, especially considering the need for environmental sustainability. Risks posed by the degradation of natural resources could affect economic sustainability. It is crucial to maintain and develop natural resources while strengthening climate resilience. Low prices for agricultural commodities along with rising salaries will require improvements in productivity to remain competitive. Given the continued importance of the agricultural sector to growth and poverty reduction, Cambodia will need to foster a gradual transformation of the sector through intensification, diversification, and value addition. The public sector could facilitate expanded irrigation, knowledge, and technology adoption in collaboration with the private sector and strategies of quality differentiation by enhancing systems for managing quality and food safety and introducing an overall coherent approach to 'brand' Cambodian food and agriculture.

6. **The benefits of economic growth and the reduction of poverty has not been shared equitably among Cambodian citizens.** Disparities in income and access to opportunities remain, particularly in rural communities. Rural communities which are still heavily relying on land, forests, and other natural resources for their livelihoods are still faced with widespread poverty in rural Cambodia. Landlessness and access to natural resources remains a problem.

7. **Inequality in ownership and/or access to productive assets such as land is a major concern because it implies the likelihood of a trend to growing inequality of production, income and consumption in the future.** In the absence of dramatic expansion of off-farm employment or livelihood opportunities to absorb landless labor, the



concentration of land in fewer hands implies a growing gap in the opportunities available to different types of households.

8. **Key reforms are needed for Cambodia to sustain pro-poor growth, foster country's competitiveness, sustainably manage natural resource wealth and improve access to and quality of public services.** Cambodia continues to have a serious infrastructure gap and would benefit from greater connectivity and investing in rural and urban infrastructure is essential.

9. **The Royal Government of Cambodia is making growing efforts to address landlessness and tenure insecurity, including increasing Indigenous Communal Land Titling (ICLT).** Commune-based and national Social Land Concession projects, both Government and donor funded have been established, addressing rural poverty and providing a social safety net or retirement benefit for demobilized soldiers. Where accompanied by adequate infrastructure and service provision, these projects have shown to be able to provide sustainable livelihoods. However, needs (and demands) of landless and tenure-insecure population groups and the challenges in addressing them remain significant. Landlessness and poverty remaining an issue in rural areas.

10. **Under the original LASED and the second phase LASED II projects, participatory planning of agriculture and livelihood activities has progressively led to the adoption of good practices in agriculture production in the land recipient communities.** 5,000ha of agricultural land are newly under perennial or annual crops, on 3,000ha beneficiaries apply improved production technologies that help raising incomes and protect natural resources. Accompanying investments in infrastructure, including the planned and ongoing support to small-scale irrigation schemes, have further increased sustainability of agriculture-based livelihoods, making sure products and production processes respond to market demands and are resilient to the short and long-term climate changes affecting the areas. At the same time, road linkages to and from the SLC areas benefit not only the direct land recipients but many more stakeholders that travel to and from the area, providing new business opportunities, decreasing transaction costs, and stimulating economic and social exchange. A new, third phase and project would expand and extend activities and benefits to new target groups in new provinces.

Relationship to CPF

11. The Project supports the achievement of the World Bank's twin goals to end extreme poverty and promote shared prosperity through its emphasis on expanding the benefits of poverty-targeted land distribution and infrastructure and service provision, as well as reduce climate risk vulnerability to a broader segment of the poor and marginalized population in rural areas. The Project is also consistent with, and part of the World Bank Group's Country Partnership Framework (CPF) for Cambodia 2019-2023 which received Board approval in May 2019. Furthermore, it supports the objectives in the government's Rectangular Strategy IV (RS4), particularly the objectives of poverty reduction, agriculture development, diversification and commercialization, and improving rural infrastructure and services. The project supports the achievement of Sustainable Development Goal (SDG) 1 on eradicating extreme poverty and SDG 2 on preventing hunger and improving nutrition.

C. Proposed Development Objective(s)

12. The project development objective is to help improve target beneficiaries' access to agriculture resources and selected infrastructure and social services in project communities.

Key Results (From PCN)



13. The key results that the Project would achieve include:

- Tenure security for formerly landless or land-poor, and other marginalized groups or individuals, i.e. indigenous communities.
Achievements would be measured by the number of registered land rights (including titles) and the area (ha) that was provided to beneficiaries.
- Infrastructure and service provision in the project areas, benefitting not only the direct target group but supporting broader area development.
Achievements would be measured by the number of people that live along newly built or upgraded roads and who benefit from improved connectivity and market access.
- Sustainable, agriculture-based livelihood development for individuals and groups in the project communities.
Achievements would be measured by increased incomes from farming, and improved food security (and nutrition) amongst the target beneficiary families.

14. With a potentially nation-wide coverage, implementation will focus on the existing LASED provinces, plus the Northeastern Provinces of Mondulhiri, Rattanakiri, Stung Treng and Preah Vihear. A total of 30-40 project sites (sub-projects) would be included, covering a total of approximately 10,000 -15,000 direct beneficiary households. Benefits from improved infrastructure availability and usage will accrue to a broader beneficiary group in the project areas.

D. Concept Description

Component 1: Social Land Concession (SLC) and Indigenous Communal Land Titling (ICLT) Investment Planning and Prioritization (approx. US\$20million)

15. This would continue support for: (a) participatory preparation and updating of SLC or ICLT plans for the new, and where necessary also existing sites, respectively; (b) identification, prioritization and planning of appropriate technology and infrastructure investments, including the collection of project baseline data at additional sites, and responding to increased monitoring requirements; and (c) processing of individual SLC land titles for eligible land recipients in the existing sites. Additional and adjusted activities would include (d) facilitating incorporation of climate smart/climate change resilience considerations, and where appropriate specific NRM protection in new and or existing land use plans for project areas; and (e) processing of communal land titles in areas where the project sites include indigenous communities with respective demands.

Component 2: Land Preparation and Infrastructure Development (approx. US\$50million)

16. This would support the settling-in requirements as well as the required land preparation and prioritized infrastructure investments at new project sites. These include the: (a) provision of settling-in assistance to newly-installed land recipients; (b) provision of initial land preparation assistance including a first cover crop; and (c) provision of productive/economic and social community infrastructure investments such as rural roads, small-scale irrigation systems, water supply and sanitation facilities, school buildings, teachers' houses, health posts and community centers, among others. Based on the experiences in existing SLC areas and responding to the significant infrastructure gaps in rural areas expected to be encountered at the proposed new project areas, it is expected that



the Project's largest investments would be provided for rural climate resilient roads, with benefits of those expanding beyond the direct beneficiaries, including entire communes and areas. With the substantial increase in project area, the *absolute* amount for infrastructure investments will be considerably larger than under LASED II. The second largest item for project investments concerns water infrastructures, both for climate change resilient small-scale irrigation schemes or water reservoirs and for provision of safe water supply and sanitation.

Component 3: Agriculture and Livelihood Development (approx. US\$20million)

17. This would primarily support the improvement of climate-change resilient agricultural production systems, livelihoods and food security of new land recipients, including facilitation and provision of support services and technical assistance. These would include support for: (a) community organizing and development; (b) provision of agricultural service and extension support following a pluralistic service provider approach; (c) establishment of farmer-managed demonstration plots and model farms; (d) establishment and/or strengthening of farmers organization, agriculture cooperatives, production and marketing groups and other community interest groups; and (e) provision of community fund to strengthen successful local initiatives. Agriculture and livelihood support would be adjusted, where applicable, to the specific sociocultural and biophysical environments of new project areas, in particular in IP areas. Promotion of nutrition-sensitive agriculture will be part of the training curricula prepared and implemented by MAFF and PDAFF. Adaptation and expansion of existing MAFF materials on nutrition-sensitive agriculture production will be part of the support.

18. The Project will build on the experiences with LASED interventions, which highlight the need of strong agriculture development support to quickly integrate farming systems into the local and wider economy, strengthening agriculture-based livelihoods and provide quick returns and strong incentives to land recipients. Taking into consideration that additional project locations under the Project will include areas in provinces with important natural habitats, the Project will incorporate in its agriculture and livelihood development plans activities for protecting private, communal and public lands. Where applicable, community forestry activities will be supported alongside private agriculture activities.

19. An additional focus of agriculture and livelihood development under LASED III will be a specific response to climate change challenges. In order to (further) strengthen the resilience of agriculture and food systems in the existing and new sites under the Project, responses to short- and long-term climate changes will be an integral part of support. This will particularly include irrigation and water management support, integrating site specific planning into ongoing or prospective broader area development approaches.

Component 4: Project Management, Coordination and M&E (approx. US\$10million)

20. This component would support adjusted project administration and coordination activities. It would ensure in particular the timely and transparent flow of funds, procurement, auditing and reporting. It would also support project implementing entities at all levels (including the new provinces and new communes) to establish (where needed) and strengthen their fiduciary, administrative and reporting capacities. Clear assignments for procurement and FM responsibilities of each IA will guide effective and efficient implementation. Ministry of Land Management Urban Planning and Construction (MLMUPC) will be the executing agency, with participation from the Ministry of Agriculture, Forestry and Fisheries (MAFF), National Committee for Sub-National Democratic and Development Secretariat (NCDDS) as implementing agencies for this proposed project. They will carry out procurement activities at national level for their respective activities in the components and sub-components, respectively. Communes and communities will carry out procurement activities at the sub-national levels if and as applicable.



21. Specific attention and support would also be provided to adapt and strengthen the Project’s M&E system, and further expand and enhance the Project and SLC/ICLT-related management information system as input to the site planning and prioritization. Support would include technical assistance, training, incremental operating costs, vehicles and equipment, among others.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The overall environmental and social risk classification is high. The screening of risks and impacts is based on discussion with the task team, consultations and observations undertaken during a mission, secondary data, and specialist experience with LASED II.

The project will support the process for SLC and ICLT, establishment of sustainable infrastructure and livelihood systems including land preparation, provision of social and economic infrastructure, agriculture support and livelihood development. Restrictions on access to land and natural and cultural resources resulting from these activities may impact on nature-based livelihoods and tenure of vulnerable or marginal households and communities where decisions may not be managed in a participatory manner. While the project aims to deliver a range of benefits including economic development and community livelihood opportunities, project activities have the potential to generate significant social impacts, direct and indirect, due to the range of activities related to land consolidation, indigenous community lands, agriculture and infrastructure. The scale of the proposed activities, across sensitive locations (indigenous areas) and new focus on ICLT presents risks related to collective registration of indigenous communities’ lands.

Nine of the standards have been screened as relevant. Standard ESS9 on Financial Intermediaries is not considered relevant.

The implementing agencies have good competency in implementing projects in accordance with national requirements and World Bank Safeguards Policies but have less familiarity with and experience in delivering projects in line with the Environmental and Social Framework. Prior to project appraisal an Environmental and Social Commitment Plan (ESCP) will be prepared which will take into account the need to ensure budget, staffing and operational arrangements for project environmental and social risk management. For new sites involving indigenous communities as sole beneficiaries, to understand and address project related risks and impacts, a social assessment will be prepared prior to appraisal to inform project design and project level social risk management framework, also to be prepared prior to appraisal. The assessment will inform revisions to existing social risk management frameworks and plans, including on stakeholder engagement, at both project and community level.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.



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