PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
TYPE OF TRUST FUND: LDCF

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PART I: PROJECT INFORMATION

Project Title:	Strengthening the resilience of Cambodian rural livelihoods and sub-national government system to climate risks and variability		
Country(ies):	Cambodia	GEF Project ID:[1]	
GEF Agency(ies):	UNDP	GEF Agency Project ID:	5174
Other Executing Partner(s):	Ministry of Environment	Submission Date:	April 23, 2013
GEF Focal Area (s):	Climate Change	Project Duration (Months)	48
Name of parent program (if applicable): • For SFM/REDD+ ☒ • For SGP ☐	N/A	Agency Fee ($):	433,913

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK[2]:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative grant amount ($)	Indicative co-financing ($)
CCA-1	1.1 Mainstreamed adaptation in broader development frameworks at country level and in targeted vulnerable areas	1.1.1 Adaptation measures and necessary budget allocations included in relevant frameworks	LDCF	1,150,000	3,985,850
CCA-1	1.2 Reduced vulnerability to climate change in development sectors	1.2.1 Vulnerable physical, natural and social assets strengthened in response to climate change impacts, including variability	LDCF	2,200,000	7,148,095
CCA-1	1.3 Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted areas	1.3.1 Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	LDCF	1,000,000	2,500,000
Sub-total				4,350,000	13,633,945
Project management cost				217,500	713,905
Total project cost				**4,567,500**	**14,347,850**

[1] Project ID number will be assigned by GEFSEC.
[2] Refer to the reference attached on the Focal Area Results Framework when completing Table A.

B. INDICATIVE PROJECT FRAMEWORK

Project Objective:						
Project Component	**Grant type**	**Expected Outcomes**	**Expected Outputs**	**Trust Fund**	**Indicative Grant Amount ($)**	**Indicative co-financing ($)**
Climate-smart D&D support	TA	1. Climate sensitive planning, budgeting and execution at the sub-national level strengthened in at least 3 provinces	1.1 Capacity of sub-national councils (communes and districts) and Commune/Sangkat Support Units in at least three provinces enhanced for climate sensitive development planning and budgeting 1.2 Strategic vulnerability and adaptation assessments undertaken at district/province level to strengthen sub-national climate-smart planning and budgeting process in at least 10 districts / 100 communes 1.3 A sub-national platform for dialogue on district and provincial level integration of climate change concerns into planning is strengthened 1.4 Technical capacity to execute climate resilient water infrastructure design and construction enhanced for at least 200 of government officers and registered private contractors in three Provinces 1.5 Technical capacity of agricultural extension officers and grass-roots NGOs enhanced for climate-resilient livelihood techniques and sustainable assistance to communities	LDCF	$950,000	$3,510,000
Resilient livelihood investments	INV	2. Resilience of livelihoods for the most vulnerable improved against erratic rainfalls, floods and droughts	2.1 Climate-resilient small-scale water infrastructure designed and put in place in at least 10 districts following the resilient design standards specifically targeting rain-fed farmers ($2,200,000) 2.2 Climate-resilient livelihood measures (rice production, home gardening, livestock rearing, and integrated fisheries) demonstrated in at least 10 districts targeting the landless or farmers practicing rain-fed agriculture ($1,000,000)	LDCF	$3,200,000	$9,648,095
	TA	3. Enabling environment is enhanced at sub-national level to attract and manage greater volume of climate change adaptation finance for building resilience of rural livelihoods	3.1 Performance-based commune- and district-based adaptation financing and MRV mechanism in at least seven districts covering at least 20 communes are strengthened and integrated into the enhanced climate-smart development planning 3.2 Capacity of Monitoring Advisors in the Commune/Sangkat Support Units enhanced for M&E of resilient livelihood support	LDCF	$200,000	$475,850

			3.2 Policy/regulatory recommendations formulated for SNAs to incentivize private sector engagement in delivering adaptive livelihood support			
Sub-total					$4,350,000	13,633,945
Project management cost					$217,500	713,905
Total project costs					**$4,567,500**	**14,347,850**

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, ($)

Sources of Co-financing	Name of Cofinancier	Type of Cofinancing	Amount ($)
National Government	Provided through NCDDS for: • National budget for the Commune/Sangkat Support Office through NCDD Pilot test project for performance-based top-up adaptation grant	Grant	2,935,850
Local Government	Sub-national budget at the Commune and District level	Grant	10,362,000
National Government	Strengthening Democracy Programme Association of Councils Enhanced Services Project	Grant	1,050,000
Total Co-financing			14,347,850

D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREAS AND COUNTRY

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Project amount (a)	Agency Fee (b)	Total c=a+b
UNDP	LDCF	Climate Change	Cambodia	$4,567,500	$433,913	$5,001,413
Total GEF Resources						$5,001,413

E. PROJECT PREPARATION GRANT (PPG)[3]

Please check on the appropriate box for PPG as needed for the project according to the GEF Project Grant:

	Amount Requested ($)	Agency Fee for PPG ($)[4]
• No PPG required.	-	
• (Up to) $50k for projects up to & including $1 million		
• (upto)$100k for projects up to & including $3 million		
• (Up to)$150k for projects up to & including $6 million	$150,000	14,250
• (upto)$200k for projects up to & including $10 million		
• (upto)$300k for projects above $10 million		

[3] On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

[4] PPG fee percentage follows the percentage of the GEF Project Grant amount requested.

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1 The GEF focal area strategies:

This project is fully in line with LDCF focal area objective 1 to "reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global level".

A.1.2 For projects funded from LDCF/SCCF: the LDCF/SCCF eligibility criteria and priorities:

This PIF was formulated in compliance with LDCF guidelines and aligned with the updated Results-Based Management Framework for the LDCF and SCCF (GEF/LDCF.SCCF.9/Inf.4 from October 20, 2010). Consistent with the Conference of Parties (COP-9), the proposed project will implement priority interventions addressed in Cambodia's National Adaptation Programme of Actions (NAPA) inter alia:

- Development and Improvement of Community Irrigation Systems
- Promotion of Household Integrated Farming
- Water Gates and Water Culverts Construction

Thus, this satisfies the criteria outlined in UNFCCC Decision 7/CP.7 and GEF/C.28/18. The project requests the LDCF to finance the additional costs of achieving sustainable development imposed on the LDCF-eligible countries by the impacts of climate change. Following the NAPA formulation process, it is fully country-driven, cost-effective and focuses on the most vulnerable populations including women, the landless and farmers relying on rain-fed agriculture for their livelihoods[5]. Thus, the proposed project is aligned with the LDCF Results Framework Objective 1 as described in Table A above. This approach also underpins the recognition of the linkage between adaptation and poverty reduction (GEF/C.28/18, 1(b), 29) and is aligned with the scope of expected interventions as articulated in the LDCF programming paper and decision 5/CP.9.

A.2. National strategies and plans or reports and assessments under relevant conventions:

Government policy in Cambodia is guided by the National Strategic Development Plan (NSDP) and Rectangular Strategy, both of which acknowledge climate change as one of the major challenges in Cambodia. The current NSDP covers the period of 2009-2013 and provides comprehensive commitments across the whole government administrations. Strengthening social sectors, within the context of its commitment to the Millennium Development Goals, is considered a high priority. NSDP also identifies implementation of NAPA priority actions as one of the key priorities. The current Rectangular Strategy (2008-2013) is structured around four principles: enhancement of the agricultural sector; further rehabilitation and construction of physical infrastructure; private sector development and employment; and capacity building and human resource development. The Strategy in the current phase has an explicit focus on climate change which includes an increase in water use efficiency, setting up cropping strategies, prioritizing structural intervention programs such as irrigation to minimize the impact of increasing climate risks, and generating more varieties resistant to drought, flood and high water salinity.

Cambodia ratified the United Nations Framework Convention on Climate Change in 1995 and acceded to Kyoto Protocol in 2002. The NAPA was approved by the Royal Government of Cambodia (RGC) in 2006 which identified 39 priority adaptation projects of which 20 are considered high priorities worth $130 million. The Initial National Communications was reported in 2002 and the Second National Communications is currently in draft. The country's first overarching climate change

[5] In Cambodia, 65% of the farming population is female and 80% of these women work in the agricultural sector. Women took over traditional roles of men in the farming system, such as ploughing, during the war years and this has continued to the present time (Secretariat of State for Women's Affairs, 1995).

strategy – Cambodia Climate Change Strategic Plan (CCSP) – is currently being formulated through a cross-ministerial effort led by the National Climate Change Committee (NCCC). NCCC was established in 2006, chaired by the Senior Minister of Environment and the Prime Minister was made honorary chair in 2009. NCCC is supported by the cross-ministerial Climate Change Technical Team (CCTT) and Climate Change Department (CCD) within the Ministry of Environment (MoE) as the secretariat to NCCC.

The National Program for Sub-National Democratic Development (NP-SNDD) 2010-2019 embodies the RGC's vision for the Decentralization and Deconcentration Reforms (originally set out in 2002 in the Law on Administrative Management of the Communes and Sangkat and 2005 in the Strategic Framework for D&D Reform). This was out of the conviction that strengthened authority at the sub-national levels[6], and associated improved public and development services, is critical for inclusive and equitable growth in the country. The National Committee for Sub-National Democratic Development (NCDD) and its secretariat (NCDDS) were established in 2006 as the coordinating agency for the D&D reform and acts as the custodian of NP-SNDD. The First Three Years Implementation Plan (2011-2013) of NP-SNDD, known as IP3, demonstrates continuing commitment towards greater fiscal transfers, functional assignments and development/investment planning authorities to sub-national administrations. One of the key features of the IP3 is greater clarity on the functional and fiscal responsibilities of districts in relation to communes and central, which had been unclear to date. Climate change is highlighted in NP-SNDD as it calls for adaptive actions at all levels of administrations and considers that "NP-SNDD provides key entry points required to create a national 'adaptation system' that will support society in the long-term, iterative process of adjusting as the climate changes." (p.15) This is reflected in one of the NP-SNDD Output "Program for climate change mainstreaming in SNA planning, management and service delivery is implemented."

B. PROJECT OVERVIEW:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

Description of Climate-Related Problem:

Cambodia is one of the poorest nations in South-East Asia. It is bordered by Laos, Thailand and Vietnam and with the 443 km of southwestern coastline facing the Gulf of Thailand. The Mekong River that traverses the country from the north to south, and the Tonle Sap Lake are two major geographical features of the country. Cambodia's topography is largely divided into four zones: Plateau-Mountain Zone that cover most of north and northeastern part of the country; Tonle Sap Zone which is part of the lakes watershed and annual flooding/recession zones; Plains Zone which is part of the Mekong Delta in the southeast; and Coastal Zone. Cambodia's climate is tropical and has two distinct wet and dry seasons. Monsoon rains that account for nearly 80-90% of country's annual precipitation occur during May to October with two peaks in July and September. Majority of Cambodians livelihoods are directly dependent on the natural cycle of the monsoonal system and the hydrological functions of the interconnected Mekong-Tonle Sap River drainage system. Approximately 70% of Cambodian populations derive their income from agriculture and majority of agricultural production is dependent on the monsoon rain and natural floods/recession of the Tonle Sap River and Lake.

Changes in the climate system that alter the monsoonal rainfall pattern and atmospheric temperature, and thus influence the intricate hydrology of the gigantic Mekong/Tonle Sap River system, are expected to have dire impacts on Cambodians, especially those who are least equipped to adapt to

[6] Sub-national administrations (SNAs) include provinces/municipalities (first-level division), districts/municipalities (second level division) and communes/sangkats (lower-level divisions). Sangkats and municipalities are local administrations in urban and peri-urban areas. As this project proposal is likely to focus on rural areas, "communes", "districts" and "provinces" are the focus of SNAs.

such changes. According to UNDP Climate Change Country Profile, mean annual temperature has increased by 0.8C since 1960 with most rapid increase observed during the dry season. With some variations, available future projections consistently point to increasing mean temperature by the end of the century. For example, A GCM-simulation used in the study for UNDP Country Profile (McSweeney et al., 2008) suggests an increase of 0.7-2.7C by the 2060s, and 1.4-4.3C by the 2090s. Another GCM-simulation, undertaken as part of the Second National Communications (in draft) indicated that the mean temperature will increase by at least 2C by the end of the century.

In Cambodia, analysis of past and future rainfall changes is more challenging than for temperature due to lack of historic records. Available evidence suggests that the most certain manifestation of climate change on precipitation is an increase in variations while the directions of changes are much more uncertain. For example, McSweeney's study argues that mean annual rainfall will increase and this increase is mainly due to the projected increase in wet season rainfall in JJA (-11% to +31% by 2090) and SON (-8% to +42% by 2090), but is partially offset by projected decrease in the dry season (-54% to +36%). Another study using the A1B scenario demonstrates a consistent trend – an annual precipitation increase of 200mm by 2030, equivalent to 15.3 percent, predominantly from increased wet season precipitation with ranges from -3-360mm (Eastham *et al.* 2008).

These predicted changes in climate parameters, despite large uncertainties the present science renders them, are likely to have the biggest impact on farmers who engage in subsistence or rain-fed agriculture, the landless whose casual labours are usually dependent on on-farm labour opportunities during the harvest season, and the estimated 2.2 million people living in women-headed households. Cambodia is one of the poorest countries in Asia with 35% of rural population and 30% nationwide living in poverty as of 2007 and ranking 99 out of 145 countries on the Gender Inequality Index[7]. The Cambodia SNC (in draft) reports that the agriculture sector contributes about 30% of GDP, and about 70% of the total population derives their living from this sector. Despite majority's dependence on agriculture, only 13% of rice area is estimated to be irrigated[8], and 80% of rice production takes place during the wet season. This demonstrates farmer's significant dependence on good weather for sustaining their livelihoods. While the currently available projections of rainfall patterns, as indicated above, generally point to a dryer dry seasons and wetter wet seasons, it is the uncertainty of rainfall that farmers themselves have indicated as most threatening. In a climate change vulnerability assessment conducted as part of the UNDP-assisted CCBAP covering 18 provinces, farmers indicated that it is the dry spell during the monsoon seasons that has the largest impact on their livelihoods.

The preceding discussions demonstrate that changes in the monsoonal system marked by greater variability are imposing additional risks to human development in Cambodia. These risks are most heavily borne by farmers engaging in subsistence or rain-fed agriculture, landless households whose income largely come from on-farm wage labour, and women-headed households because of their baseline vulnerability to external shocks. Hence, the LDCF resources will be used to strengthen the adaptive capacity and resilience of these groups from the increasing impacts of climatic changes.

In determining the focus and approach of the proposed LDCF project, the following considerations were carefully reviewed by the RGC. Cambodia's high vulnerability to climate change has attracted a large number of donor-assisted adaptation programmes and initiatives to date. The Cambodia Climate Change Alliance has established itself as an effective single-platform that brings together not only different ministries but also bilateral and multilateral donors for coordinated national-level policy and institutional support. This support includes the formulation of Cambodia Climate Change Strategic Plan, technical assistance to the cross-ministerial National Climate Change Committee and Climate

[7] Cambodia Human Development Report 2011.
[8] Accurate extent of irrigated areas is under debate. The Commune Database indicates that only about 6% has full dry season irrigation.

Change Technical Team, and capacity development support for the Climate Change Department within MoE which acts as the secretariat to the NCCC.

A majority of ongoing adaptation projects assisted/financed by bilateral and multilateral donors are working directly with technical line ministries focusing primarily on water resources, agriculture, infrastructure, fisheries, forestry and coastal areas, and hence, adaptation finance is directly channeled through off-budget sectoral allocations. Three GEF-designated agencies (UNDP, UNEP, and FAO) are currently supporting the implementation of three NAPA follow-up projects working under this modality. The upcoming PPCR will also channel a large part of its $86m (and potentially about $400m in SPCR) through sectoral allocation of resources, which are channeled from the relevant ministry to the provincial department. They also envisage in supporting revising sectoral strategies to integrate climate risks. Bilateral donors working under this modality include EU, Sweden, JICA, and USAID.

Support provided to NGOs is less well-coordinated but various financial and technical support mechanisms exist. UNDP-led Cambodia Community Based Adaptation Programme (CCBAP) and CCCA Trust Fund facility both provide small grants to promote grass-roots level adaptation actions. PPCR/SPCR also has potential provision for this purpose. SIDA has the Joint Climate Change Initiative that supports a group of NGOs.

On the other hand, a structured mechanism to support sub-national administrations (SNAs) in developing their financial, institutional and technical capacity for climate change adaptation is presently non-existent in Cambodia despite the RGC's vision in NP-SNDD for creating a national 'adaptation system'. There are only two initiatives in Cambodia that support SNAs at a very small scale. One is the CCCA Trust Fund that can potentially extend small grants to SNAs (however, no grants have been disbursed to date) and the other is the NCDDS's pilot programme, also financed by CCCA Trust Fund and SIDA, to deliver additional adaptation grants to SNAs. At the same time, there are several long-standing support structures, many of which have been assisted by UNDP, that support SNAs in the context of the D&D reform without any focus on addressing climate risks in its support. Against this backdrop, the RGC recognizes that it is critical to use resources from LDCF to capitalize on the ongoing assistance programmes for SNAs and to develop capacity of SNAs for climate resilient planning, budgeting, execution, and M&E, supplemented by a network of NGOs, while addressing urgent and immediate adaptation priorities identified in the Cambodia NAPA. As it will be described in the following sections, this will be critical in Cambodia as most of adaptation actions in the future will take place at sub-national levels and there has to be sufficient capacity within SNAs to guide this process.

Underlying Causes

Key underlying causes of vulnerability of the agricultural sector in Cambodia are multiple. As described earlier, the coverage of irrigation, which would act as the buffer against fluctuations of water availability, is considerably low compared with its neighbouring countries[9]. Moreover the quality of those that exist poses an additional challenge. Most of irrigations in the country were built in a very short period of 1975-78 during the Democratic Kampuchea regime. The irrigation networks were in general badly designed during this time and locations of the dams and canals were largely politically driven, rather than based on engineering feasibility or famers' needs. The underlying design weaknesses continue to affect recent rehabilitation efforts. In addition, most of irrigation work currently undertaken by the central government almost exclusively focuses on the primary canals with heaeworks and limited investments are made on distribution canal systems. Earthen irrigations and canals, a common construction standard in Cambodia, rely on natural gravity with limited flow management structures such as spillways, require more space compared with concrete-lined equivalents, and are susceptible to collapse after heavy rain. Low level of irrigation infrastructure and

[9] Irrigation coverage in Thailand and Viet Nam is 28% and 33%, respectively, of rice land (Abrams, unpublished).

its quality, compounded by infertile native soil in Cambodia, limits agricultural production to several months in a year and explains the significantly lower yields per crop-hectare comparing with its neighboring countries. Insufficient agricultural extension work limits the ability of farmers to capitalize on the increase, if any, in access to freshwater. For example, access to dry season irrigation would, in theory, enable farmers to switch from wet season rice to more profitable dry season rice cultivation while growing two short and/or cash crops during the wet season. Or access to wet season irrigation would enable multi-cropping during the rainy season[10]. However, encouraging farmers to reap greater benefits from an increase in one production input, say irrigation, requires a comprehensive support on on-farm strategies rather than simple extension services for production enhancement, which is currently weak in Cambodia.

Many of the rice species adopted in Cambodia have a fixed flowering period (some in the matter of a week) during which sufficient moisture level in soil is critical for good harvest. The average rainfall pattern in Cambodia shows a significant increase in rainfall during May and November, which is precisely why rice is cultivated during this time. However, there is a dip in precipitation in July/August, which demonstrates large variance from year to year. To many farmers, a disruption of freshwater availability during this particular time period, which coincides with the cultivation seasons, is reported to have significant impacts. Climate change, which is characterized by large variability in rainfall, is likely to bring about larger uncertainty about the occurrence of dry spells during the monsoon seasons. In addition, shortages of general production inputs continue to contribute to the underlying vulnerability of farmers. Extension services are generally understaffed and available primarily at the provincial level and their outreach limited, and farm mechanization, fertilizer use and access to affordable farm credits are all at suboptimal level.

Underlying causes of vulnerability to climate change can also be found in historical reasons. Decades of armed conflicts have severely weakened traditional customs regulating land use, and access to natural resources, including land and water, is determined by wealth, position and power, and most disadvantaged have been excluded from productive resources. At the same time, modern institutions handling disputes remain weak[11].

The multiplicity of these factors is contributing to the stagnant growth in recent years in the agricultural sector. Last two decades of outstanding productivity growth is largely attributed to expansion of arable lands and emphasis on a narrow base of crops. As "easy yield improvements" start to taper off, a shift towards intensification of production from the same unit of lands is required. As the RGC makes an effort in this regard, there is a real risk that the Government pays greater attentions to fill more immediate gaps without sufficiently taking into account additional risks imposed by increasing variability in the amount and arrival of monsoon rains, increasing intensity of localized floods and droughts, and greater challenges of spatial and inter-temporal distributions of water resources.

Long-term solution and barriers to achieving it

In order to gain resilience of the agriculture sector to climate change and variability, a key requirement is ensuring freshwater availability for agricultural use. This includes both access to wet season irrigation to safeguard farmers from the collapse of the mainstay of their agricultural production – wet season paddy rice – as well as access to dry season irrigation to enable diversification of their income sources from shorter crop or cash crop during the currently unviable dry season. Secondly, the new opportunities for productivity enhancement through access to freshwater needs to be supplemented by a strengthened extension support, diffusion of a diverse range of seeds (that include not only drought- or flood-tolerant species but also ones with longer photoperiod) and off-farm livelihood opportunities.

[10] Philip Charlesworth. 2012. *Climate Change Good Practice*. IDE Cambodia. A presentation input to IFAD COSOP 2012 (unpublished).
[11] Cambodia Human Development Report 2011.

Thirdly, the identification process of priority beneficiaries and locations needs to be informed by local communities that are most knowledgeable about creeping risks of a changing climate. This is particularly important when the information on simulated climate risks, derived from GMC or RMC, continues to rely on larger grids of regional simulations, which is too coarse to be used as a local planning tool. Lastly, for sustainability purposes, the diffusion of climate resilient livelihood support needs to be done in a way that reinforces the existing mechanisms, rather than as piecemeal, ad hoc donor assistance. These mechanisms include the local development planning process that exist at the provincial, district and commune levels, or networks of NGOs/CSOs that have been playing a critical role of filling the gap of public service shortfalls especially in rural Cambodia in the past.

There are multiple barriers that prevent Cambodia from achieving the preferred long-term solution described above.

Financial barrier – Limited financial latitude for sub-national administrations and communities to for resilient livelihoods

Cambodia embarked on a process of Decentralization and Deconcentration (D&D) reform from approximately 2002. As it is explicitly stated in the NP-SNDD, the Government embarked on the D&D reform with the conviction that improved public and development service delivery at the sub-national level is critical for inclusive and equitable development. The D&D efforts have paved a way for clearer definitions of functions and responsibilities of sub-national administrations (SNAs) for meeting development goals of the country, and an enabling environment is being nurtured that facilitates identification and delivery of a locally suitable package of development and public services. Nevertheless, these developments have not been matched with the necessary financing for SNAs in the form of discretionary budget allocations from the central government to meet the needs identified by local communities. At the Commune level, Commune/Sangkat Fund (CSF), an unconditional formula-based grant, has been almost the sole source of financing for commune level development since 2002. However, CSF accounts for only 1.6-1.7% of total national spending between 2008-2010. Provincial spending accounts for 3.7-4.9% during the same period. These figures for CSF correspond to an average of US$20,000 per commune as of 2011, an amount which is hardly sufficient to meet basic development needs of commune, let alone adaptation financing needs. In other words, nearly 93% of total government expenditures are planned at the central level with little input from the bottom to inform *what* is needed and *how* much is required. Another potential financing source for SNAs is donor development financing, which is characterized by its limited coverage and unpredictability. For example, the World Bank's Pilot Programme for Climate Resilience has an earmarked funding of $19 million to rehabilitate small- and medium-scale irrigation schemes, which will cover 15,000 ha of irrigated area in three provinces, or 15% of the total targeted areas identified by the RGC. An additional financing window for grass-roots NGOs to meet adaptation needs of community is the UNDP-GEF Small Grant Programme and Cambodia Climate Change Alliance which are providing small- and medium-sized grants (approximately US$50,000 for small grants and $150k to $300k for medium-sized grants). However, these new sources of funds also have the same challenge of limited coverage and unpredictability as CCCA and SGP have financed only 60 grants in the last two years of operations. The new National Program for Sub-National Democratic Development (NP-SNDD) 2010-2019 envisages increasing financial autonomy especially for districts, a tier that has been least integrated in the D&D reform to date, by introducing the discretionary District/Municipality Fund (DMF), but the amount of financing is currently set at $40,000 per district (or less than $1 per capita). In summary, in the foreseeable future, SNAs are likely to continue with extremely limited, and insufficient, amount of financial resources part of which are to be used to finance locally suitable set of adaptation measures aligned with their respective development plans. (This barrier will be addressed mainly through Outcome 2).

Capacity and institutional barriers – Insufficient integration of climate risks into sub-national development planning

Achieving climate resilient livelihoods in rural Cambodia requires, among other things, a mechanism through which local communities can provide locally-specific knowledge of climate risks, how they have (based on historical information) or are likely (based on understanding of projections) to manifest in their locality. A mechanism is necessary to also convey their needs for infrastructural, technical and

material assistance to address and manage emerging risks. Donor assisted programmes in the last 10 years, including UNDP's Partnership for Local Governance (PLG – 2001-2006) and Project to Support the Democratic Development through Decentralization and Deconcentration (PSDD – 2007-2011), have attempted to institutionalize a support structure at sub-national level to enhance the baseline capacity for strengthened development planning that is participatory in nature and aligned with national development strategies. In addition, the Seila Programme (1997-2006) which was supported by UNDP with other donors, put in place a network of more than 700 government staff (called the Provincial/District Facilitation Team or PFT/DFT) at the provincial and district level with the primary role of supporting the Commune/Sangkat Councils in formulating their development and investment plans. The role of PFT/DFT has been taken over by the Commune/Sangkat Support Units of the District/Municipal Administrations from 2012 with continuing donor support through the IP3 programme. While this support platform is absolutely critical in enhancing the capacity of SNAs for a more responsive and streamlined local development process and ultimately to meet the D&D objectives, neither do the existing network of staff in the Support Unit have technical capacities to identify climate risks and adaptation options as development planning dialogues take place, nor is there a formal mechanism to integrate climate vulnerability information into specific development plans and targets of sub-national development plans. As a result, development priorities identified through the current dialogue process is exclusively based on a business-as-usual scenario without taking into considerations additional risks imposed by climate risks. The ongoing NAPA follow-up project, currently implemented by MoWRAM and MAFF with UNDP assistance, has introduced vulnerability assessments into the five-year Commune Development Plan and annual Investment Programme formulation process. While this is an important step for mainstreaming climate risks into sub-national development planning process, the experience from the first NAPA project is limited to 16 Communes (out of the total 1,633) and there is still insufficient critical mass of experience to institutionalize this process at nation-wide scale. Moreover, the current VRA process is exclusively perception-based by community members and has scope for integrating more objective information such as soil classification and statistics on access to water and resilient seeds so that local development plans can be guided by quantifiable indicators. (This barrier will be addressed mainly by Outputs 1.1 to 1.2)

Institutional barrier – Misaligned incentives for promoting climate-sensitive at sub-national level

The limited available financial resources and capacity constraints within SNAs, and the Commune/Sangkat Support Units that assist them, as described above, culminate in the inability for SNAs to use their development planning process, and the resultant development/investment plans, as a guiding tool for identifying adaptation needs within their constituencies, set vulnerability reduction targets on the basis of needs and available (and reliable) funding, identify adaptive investment actions, source technical expertise and financial means to implement the plan, and revise the development/investment plans for the next cycle based on the assessments of the previous investments. With the level of discretionary budgets that are currently made available to SNAs and the fact that investments generally come from centrally-planned sectoral budget allocations, largely independent of local development targets, SNAs find few incentives to properly plan and budget development and adaptation priorities. The D&D reform has put in place a mechanism called Citizen Scorecard in which community members are provided with a formal mechanism to evaluate the extent of the effectiveness of public spending for meeting objectives in the local development plans. While this is very important for increasing accountability of SNAs to its constituencies, this tool is practically rendered moot as the volume of investments (i.e. the discretionary funds) that is under the scrutiny of citizens is only a very small fraction of the overall investments made at the subnational level. To maintain the spirit of increasing accountability of SNAs envisioned in this Citizen Scorecard, and in NP-SNDD in general, and to enhance the effectiveness of community-oriented adaptation investments, there must be a stronger incentive mechanism that rewards those SNAs that perform well in identifying priority risk areas, adopting effective climate resilient design standards, and ultimately meeting the development/adaptation targets set at the beginning of the development and investment cycle (This barrier will be addressed mainly by Output 3.1 and 3.2).

Human resources barrier – Technical capacity constraints for climate-resilient water infrastructure design and livelihood support

At the sub-national level, there are significant shortages of institutional or human resource capacity to deliver services that aim at increasing climate resilience of Cambodian rural livelihoods. Although NCDD has produced a technical construction manual for construction of irrigation using the C/S Fund, canal distribution systems in Cambodia almost always consist of earth canals without linings and spillways due to shortages of funds. In other words, the design standards employed by PDoWRAM officials and local contractors/engineers responsible for designing and construction of rural irrigations work currently do not take into considerations increasing volume of rainfall and additional run-off, extreme events such as floods and cyclones, or the increasing needs to manage the flow of water under a changing regime of the monsoonal system. Agricultural extension officers and NGOs that are providing agricultural assistance are not only limited in number, but also lack experience and skills in providing climate resilient farming techniques. For example, obtaining access to irrigation opens a possibility of diversified livelihood, in theory, by introducing cultivation of cash crop during the dry season and/or high-yield short season variety during the second half of the wet season. Yet, the services currently provided by extension officers or NGOs are tailored only with a view to increase the yields of ongoing single crop practice, rather than increasing the resilience of farmer's livelihoods from diversification. Unless technical capacity for supporting climate resilient livelihoods is enhanced as an integral element of planning-budgeting-execution, it is likely that a significant opportunity for introducing resilience at the sub-national level will be lost (This barrier will be addressed mainly by Outputs 1.4 and 1.5).

Coordination barrier – Fragmentation of development and adaptation services at the sub-national level

While continuous access to freshwater for agriculture and access to climate-resilient agricultural TA and materials are inseparable production inputs critical for climate resilient agriculture, in reality, public services related "irrigation" and "agriculture" are under the purviews of different government bodies. The former is considered capital investments in infrastructure and handled by MoWRAM/PDoWRAM and the latter by MAFF/PDA. Capital investments financed domestically or supported by external donors that are channeled through the sectoral allocations, which are the predominant form of donor assistance for climate change adaptation in Cambodia, are inherently susceptible to inefficiency due to this institutional separation.

Similar phenomena can be observed outside public service delivery. In Cambodia, there are a range of development assistance provided by non-government agencies which include both adaptation and non-adaptation services. Despite their potential contributions to filling the gap of public service shortfalls in rural areas, they are in general characterized by their small scale of operations and fragmentation of their support, and their contributions to meeting the development targets and increasing climate resilience in respective operational areas are hardly recognized by SNAs.

Local development planning processes that are supported by the Commune/Sangkat Suppprt Units, and the District Integration Workshops and Provincial Consultation Workshops – which are the existing mechanism at the district and provincial level to formulate the development and investment plans – would present a potentially effective platform on which development support provided by a myriad of entities, including government and non-government entities, could be identified and coordinated to meet specific adaptation development targets. Currently, however, there is no systematic process for SNAs to identify development partners operational in their constituencies, apart from through personal knowledge. For this reason, the coordination across various development agencies to obtain synergetic impact on building climate resilience is nonexistent. Vertical division of line ministries and fragmentation of support from small NGOs are inevitable to a certain extent. However, it is not uncommon that an NGO promotes technical assistance for agricultural productivity enhancement in villages where agricultural lands are entirely rain-fed; or that the Provincial Department of Water and Meteorology rehabilitates/extends tertiary irrigation networks whereas the commune continues to lack sufficient technical assistance to promote multi-cropping on the newly-

irrigated lands. Currently, there is a significant lost opportunity as these adaptation services continue to be provided in an uncoordinated and piecemeal manner (This barrier will be addressed mainly by Outcome 1, particularly Output 1.3).

Description of Baseline Projects that are relevant for the proposed LDCF project:

Government of Cambodia public expenditure
Total co-financing: $13,297,850

- National Committee for Sub-National Democratic Development (NCDD) expenditure for the Commune/Sangkat Support Units – $2,460,000

The Commune/Sangkat Support Units are a group of government staff deployed at the provincial level to assist sub-national administrations (provincial, district and commune councils) in development planning facilitation, budgeting, public financial management, capacity development and monitoring and evaluation. The Units include full time Provincial Programme Management Advisors, Provincial Monitoring Advisors, Provincial Capacity Development Advisors, and Provincial Finance Advisors. The Unit in each province on average comprises 30 such staff across all 24 provinces totaling 732 staff nationally. The origin of the local administration support goes back to 1994, a year after the democratic elections of 1993 following decades of civil conflicts, when the UNDP Cambodia Reintegration and Rehabilitation (CARERE) project was launched in an effort to facilitate the process of participation of Cambodian citizens in planning, financing and implementing local development. This pilot test was formally launched as the Seila Programme in 1996 which supported continuous strengthening of decentralized systems for planning, financing and implementation of local development. The Seila Programme continued until 2006 and support to these advisors (called PFT/DFT until 2011) continued in the "UNDP/SIDA/DFID Project to Support to Democratic Development through Decentralization and Deconcentration (PSDD)" until 2011. The financing mechanism for the Units was nationalized in 2012 wherein NCDD, through Sida and EU's direct budget support, continues to retain this network of advisors to support SNAs. Nationally, the financial support for 732 staff in PFT/DFT totals $4.93 million per year for all 24 provinces in Cambodia. The Commune/Sangkat Support Units represent long-standing commitments of both RGC and donors for supporting strengthened and accountable local administrations and enhanced public service delivery on the ground. This support mechanism is considered as one of the most critical baselines as the additional costs required for climate resilient local development process will be largely delivered by enhancing capacity of these Units at the sub-national level.

- District/Municipality Fund (DMF) and Commune/Sangkat Fund (CSF) – $10,362,000

Since their first popular elections of 2002, commune councils have been relying almost exclusively on an unconditional formula based grant, the so-called Commune/Sangkat Fund (CSF), to finance development activities in the commune. The total amount of the CSF has gradually been increased over time but remains small to respond to the development (and adaptation) needs of communities. In 2003, the CSF was set at 2% of state recurrent revenues. It was increased to 2.5% in 2004, 2.7% in 2008, 2.75% in 2009 and 2.8% in 2010. As of 2011, the average CSF received by each commune was $21,905. Aside from general administration costs, the CSF has been used mainly for funding infrastructure projects: 65% on rural transport, 17% on irrigation, and 6% on rural domestic water supplies. The volume of capital investments through the CSF, though small, presents important baseline investments for two reasons. First, the CSF fund is channelled through the existing inter-governmental fiscal transfer mechanism, rather than a parallel, or off-budget, donor funding mechanism, and hence the use of it contributes to strengthening the national system that the RGC is committed to strengthen. Second, the CSF will be used in the proposed project as a basis for an incentive mechanism for SNAs to encourage climate resilient planning, budgeting and execution of development priorities within the context of strengthening the resilience of rural livelihoods. Fiscal and functional deconcentration and decentralization process for districts, compared to communes, are

much more nascent as the (indirect) election of district councils took place for the first time in 2009 and the new planning process was introduced only in 2010. The functions of and prevailing perceptions towards district administrations as an out-posted department of the Ministry of Interior, rather than a local administrations with downward accountability, are expected to change significantly as the First Three Years Implementation Plan (IP3) of NP-SNDD rolls out. In particular, under IP3 a new sub-national financing mechanism for districts called the District/Municipality Fund (DMF) will become operational from 2013. The initial volume of DMF per district is set at $40,000, and this will be allocated to Communes or spent on cross-Communal investment activities based on Commune Development Plans.

- NCDDS pilot project for top-up adaptation grant for sub-national administrations – $475,850

The National Committee for Sub-National Democratic Development through its Secretariat (NCDDS) is currently pilot testing a mechanism in which a greater incentive is offered to SNAs in *executing* climate-resilient small water infrastructure. In this project, 10 communes in seven districts are receiving performance-based adaptation top-up grants to introduce necessary redundancies or reinforcement to the baseline water infrastructure projects. One of the criteria for receiving the top-up adaptation grants is the performance of the previous year, in terms of compliance with the resilient water infrastructure design. Through this pilot project, the NCDDS expects that target SNAs gain hands-on experience and confidence in promoting concrete adaptive investments. One of the critical aspects of this project is, apart from the innovative top-up grant scheme, that the transfer of the grant is made using the existing inter-government fiscal transfer mechanism. This is extremely important for simultaneously building the capacity of SNAs in maintaining and making effective use of the sub-national public expenditure management system which is slowly being strengthened as part of the D&D reform process. As climate change adaptation considerations are already integrated into this pilot project, the grants that are used for building climate resilience of the baseline development will not be counted towards co-financing of this project. As described in later sections, the approach of this pilot project is to identify business-as-usual infrastructural needs in Commune Development Plans and Investment Programmes and retrofit adaptation elements in them. The RGC recognizes that this pilot project offers an important scope for improvement by, with assistance from the proposed LDCF project, integrating the climate-resilient planning and budgeting process (promoted in Component 1) into the operation of this pilot testing. Hence, it is proposed that the support envisaged in Output 1.1 (i.e. resilient planning and budgeting), Output 1.2 (i.e. enhanced vulnerability assessments) and Output 1.3 (i.e. a strengthened local dialogue platform) will cover the locations of the NCDDS pilot project and establish an explicit linkage between the performance-based grant mechanism and the overall strengthening of climate resilient development process at the sub-national level. $475,850 that is counted towards co-financing for this project represents the TA portion of this pilot project.

Association of Councils Enhanced Services Project – ACCESS (UNDP)

Total Co-financing: $1,050,000

ACCESS project inherits UNDP's commitments from the previous UNDAF cycle to continue its support to RGC's D&D reform and aims at enhancing the capacity of the National League of Communes and Sangkats (NLC/S) into effective representative of local voices. ACCESS builds on the previous UNDP/EU-supported Democratic and Decentralized Local Governance (DDLG 2006-2011), which played a pivotal role in establishing the League as an entry point for assisting SNAs. The League is the only local government associations in Cambodia that, on one hand, unifies 1,633 Commune/Sangkat Councils and on the other hand advocates council's common interests to NCDD and MoI. The terminal evaluation for DDLG reports that "the NLC/S … has firmly established itself and a highly influential institution within the D&D environment today." As DDLG's follow-on project, and in response to the evolving functional and fiscal decentralization envisaged in IP3, the ACCESS project envisages expanding the membership of the League to include District councils and continuing capacity building support. The NLC/S and its support programme (ACCESS) present the primary entry point for the LDCF project to deliver and advocate for climate sensitive sub-national development planning and budgeting. Also the NLC/S is critical as the key outlet for disseminating

the experience and findings from the LDCF project (targeting about 6% of the total Communes in the country) to potentially the rest of Communes in Cambodia. This will ensure that the impact of the project will remain within the existing system and be shared beyond the target SNAs.

B.2. Incremental/Additional cost reasoning: DESCRIBE THE INCREMENTAL (GEF TRUST FUND) AND THE ASSOCIATED Global environmental benefits TO BE DELIVERED BY THE PROJECT:

Consistent with priority adaptation strategies identified by the Cambodia NAPA, the proposed project will aim at:

- Strengthening capacity of sub-national administrations for climate sensitive planning, budgeting and execution
- Promoting resilience of livelihoods for the most vulnerable to increasing variability in rainfall
- Nurturing an enabling environment at the sub-national level for attracting and managing greater volume of adaptation finance for building resilience of rural livelihoods

In the near future, an increasing volume of discretionary development finance at the sub-national levels is expected in Cambodia in concurrence with increasing resources nationally for climate change adaptation. As most of adaptation actions need to be designed, planned and executed at the sub-national levels, it is critical to ensure that CC resilience to changing conditions is mainstreamed into sub-national planning and finance processes and that sub-national administrations have the adequate capacity to identify climate risks and solutions for them. The proposed project components as described below, implemented within a single project framework, aims at building capacities and increasing the preparedness of SNAs to effectively identify, sequence and combine available resources for climate change adaptation while addressing most urgent priority actions identified in Cambodia NAPA.

Component 1:

Baseline: As peace was restored in Cambodia with the democratic elections of 1993, the RGC has made a significant stride in making the government closer to its people. The first commune/sangkat election in 2002, followed by the second in 2007, and indirect election of provincial and district councils in 2009, all mark a cornerstone of the local governance reform in Cambodia. In the meanwhile, legal, regulatory, institutional, policy and planning frameworks have been developed to facilitate the D&D process, most importantly the Organic Law (2008) that provides the administrative basis for the D&D reform. The Organic Law also stipulates the formulation and adoption of a five-year development plan and annual investment plan[12] at the three-tiers of sub-national administrations (province, district and commune) where a higher tier of administration consolidates plans from the lower level(s). Gradually, it is envisaged that the D&D process will encourage a departure from the conventional paternalistic development mindset in which lower tiers of administrations anticipate service delivery from the state and, instead, instill a framework where commune councils identify development needs of community, district councils and offices act as a service provider, and provincial councils and departments provide enabling environment and complementary services to lower tiers. A number of donors have assisted in the implementation of the D&D reform. The UNDP-assisted Decentralisation Support Project (PSDD) followed by DDLG, with financial support from Sida and DFID, had established the District/Provincial Facilitation Team to strengthen the capacity of SNAs in formulating local development plans in a participatory manner. This support structure has morphed into the Commune/Sangkat Support Unit and is currently continuing with the budget support to NSDD from Sida and EU to retain more than 700 advisors at the sub-national levels. The ongoing ACCESS project, supported by UNDP, bolsters the implementation of NP-SNDD and IP3 through assistance provided to the National League of Communes and Sangkats and expanding its support to district level councils. As a result of continued assistance from these initiatives, councils, especially at the commune level, are gaining confidence in various administrative and financial aspects of local

[12] The investment programme cycle for communes is one year and for districts and provinces is three years.

development process. Various tools and manuals have been produced to date to assist commune councils including the general administration manual (2005), project implementation manual using the Commune/Sangkat Fund (2009), technical manual for design and materials for construction of small-scale infrastructures, a guideline for committees for women and children, to name a few. A Commune Development Planning Database (CDPD) was also established within NCDD Secretariat which records basic socioeconomic information, all projects undertaken at commune level with C/S Fund, contracts awarded, costs, expected outputs, etc[13]. This database is continuously updated with support from the Commune/Sangkat Support Unit. Although these tools are a critical element for strengthening the public financial management, reducing the possibility of fund mismanagement, institutionalizing the culture of better service delivery and accountability, in practice, they are hardly used for a planning purpose, and five-year Commune Development Plans and annual Investment Programmes currently produced at the commune-level (and subsequently consolidated at the district-level) are practically a wish list and fall short of being a practical tool that guides commune councils in prioritizing, budgeting and executing development action plans. District Integration Workshops and Provincial Consultation Workshops are the sub-national platforms where Commune Development Plans within the District, and District Development Plans within the Province, are consolidated as a higher-tier development plan. However, discussions that take place at these workshops are currently limited to matching budget information, rather than using them as an effective platform to set strategic directions for the district/province and discuss critical issues such as climate change. The UNDP ACCESS project continues to support SNAs in this area by strengthening the capacity of the National League of Communes and Sangkats (and expanding its members to district councils reflecting the IP3 strategies). Moreover, UNDP is currently assisting SNAs in using the wealth of information in CDPD for tracking Cambodia's progress towards the MDGs at the sub-national levels by establishing the MDG Scorecard.

Ongoing climate change adaptation programmes work with SNAs with a varying extent. For example, the NAPA follow up project supported by UNEP envisages raising awareness among sub-national officers in climate risks related to coastal flooding and developing a participatory development plans for coastal zones. These activities at sub-national level are largely confined to demonstrations in target sites and the primary target of many of the project activities is at the national level. The UNDP-assisted NAPA follow-up project, in partnership with the UNDP/GEF SGP and UNCDF, has assisted 16 communes in undertaking a Vulnerability Reduction Assessment (VRA) and reflecting perception-based climate risks into their investment plans. Recently, NCDD rolled out a new sub-national planning guideline, building on the experience of UNDP/SGP/UNCDF, which integrates the VRA into the CDP and CIP formulation process. While this, in theory, ensures that all Communes in Cambodia will use the VRA into a local development planning, two practical challenges remain in ensuring climate resilient livelihood support to vulnerable populations. First, the Commune/Sangkat Support Unit as well as members of commune councils need to be trained to use the tool. Second, as discussed earlier, the VRA is exclusively perception-based and thus additional, supplementary assessments are likely needed for the VRA process to be used as a guiding tool for determining the level and nature of adaptation investments are required in each commune.

Additionality: By using the Commune/Sangkat Support Units and the NLC/S as the key entry point, and building on the first NAPA follow-up project assisted by UNDP, this component will enhance climate sensitive planning, budgeting and execution of adaptation priorities actions. The project will provide an integrated package of support along the following sequence of development planning and budgeting process: 1) a vulnerability assessment; 2) identification of existing development assistance programmes within the territory on the sub-national planning platform; 3) gender-disaggregated vulnerability reduction target setting; 4) budgeting; 5) execution; and 6) monitoring and review. This Component will explicitly target 1-4 of the sequence above and target at least 10 districts and 100

[13] Currently there are 229, 109 and 49 variables recorded in CDPD for village, commune/sangkat, and district, respectively. Data are collected annually by village chiefs and Commune and District Clerks.

communes, representing about 6% of total Communes in the country. This marks a significant departure from other climate change initiatives that have worked with SNAs in that, by considering the Commune/Sangkat Support Units as the primary conduit for mainstreaming climate risks, climate adaptation considerations will be institutionalized within the national mechanism for sub-national level development planning. While supporting a climate-sensitive development planning and budgeting process at the sub-national level, the LDCF resources will also be used to build technical capacity of relevant stakeholders for executing climate resilient water infrastructures or livelihood support. These stakeholders include technical officers at the Provincial Department of Water Resources and Meteorology and registered private contractors for climate resilient water infrastructures, and agricultural extension officers and grass-roots NGOs for resilient livelihood support. This two-pronged approach corresponds to the direction of the D&D reform where the RGC views commune councils as primarily responsible for identifying development needs (including adaptation needs) of communities while districts and provinces are viewed as service providers to enable the achievement of locally specific community needs. As described earlier, given the capacity gaps among sub-national government offices, the capacities of NGOs will also be strengthened especially as a service provider for climate resilient livelihood support.

The development planning process will commence with a participatory vulnerability assessment. While this process will build on the experience from the UNDP-assisted LDCF project where a VRA methodology has been tested (and now formalized as an NCDD guidance for mainstreaming climate change concerns into the sub-national development process), it is important to note that additional elements will be integrated into the ongoing VRA methodology. This addresses the gap that still exists in the current VRA methodology, as described above, in that while it is an important tool for raising awareness about climate risks and elicit perceptions of community members towards them, the subjectivity of the assessment limits the use of it as a robust planning tool. Hence, the additional elements that will be integrated with the LDCF resources will include more objective assessments such as the IDPoor methodology (used by the Ministry of Planning and NCDD) or the NSPS Monitoring Framework for identifying poor households, mapping of access to irrigation which is only sparsely available within the CDPD, multi-cropping practices, resilient seed varieties, fertilizers, post-harvest processing infrastructure, farm credits from MFIs, and local climates. The information obtained will be consolidated within the overarching framework of the MDG Scorecard which is currently promoted by the RGC as a policy making tool. Also at the level of province or a cluster of districts, a strategic environmental/vulnerability assessment (SEA) will be introduced to supplement the commune/sangkat level VRA. The SEA includes scientific assessments such as a soil assessment and mapping to determine the right crop varieties and groundwater hydrological analysis. The rationale behind the inclusion of these elements is to demonstrate to local planners how the VCA results, supported by objective information about vulnerability, have explicit application in development planning, adaptation goal setting and targeting of beneficiaries and move beyond the use of a VCA only as an awareness raising tool. Subsequent to the VCA process, the local level dialogue platforms – District Integration Workshops and Provincial Consultation Workshops – will be leveraged with a specific aim of identifying existing livelihood assistance programmes during the development planning cycle by facilitating discussions among community members, grass-roots NGOs, MFIs and CSOs. This process, currently extremely weak in the local development process, is deemed crucial in identifying, first, gaps in available assistance and, second, opportunities for coordinated/comprehensive adaptation support. A number of stakeholders consulted during the formulation of this PIF acknowledged that fragmentation of development and adaptation assistance contributes to suboptimal results on the ground and the local development planning process would present a suitable platform to promote greater coordination. MFIs are an important, and often the only, farm credit provider operating in rural Cambodia. While the LDCF resources will not be used to finance their operations or loans, the dialogue platform established with the LDCF resources will facilitate coordination of currently fragmented livelihood support such as climate-resilient irrigation

canals, climate-sensitive agricultural TA and farm-credit for fertilizer purchase[14]. The process will be followed by specific vulnerability reduction target setting and budgeting, within the local development planning process, using the SMART principle and beneficiary targeting tool described above.

The climate-sensitive development planning process in this component will be complemented by technical capacity building for enhanced execution of adaptation priority investments thus identified in the planning process. First, agricultural extension officers at the provincial level and selected NGOs will be technically assisted to transform their business-as-usual development support into those that integrate climate resilience into design. This will include integrated farming, SRI, double-cropping based on soil type identified in the SEA, seed purification, selection and delivery of seed varieties (drought/flood tolerant varieties and varieties with longer photoperiod), and diversified livestock rearing. It is important to note that it is not just knowledge and skills about these discrete resilient livelihood techniques that need to be promoted, but also advisory skills for appropriate *combinations* and *sequencing* of these techniques based on the nature of soils and water, available infrastructure, market linkage, etc., that are required to build livelihood resilience in rural Cambodia. Second, technical officers at PDoWRAM and registered private contractors will be trained for resilient small-scale irrigation design. They are generally responsible for community-level water infrastructural design and construction, and therefore, it is important for them to understand design standards that incorporate factors such as increasing water volume and velocity, the soil types at the site, and estimated water needs. The C/S Fund Technical Manual produced by NCDD in 2009 already contains well-thought-out design protocols. However, due to the insufficient availability of C/S Fund, the standards proposed in the Manual are almost never applied and thus the technical capacity of these local engineers to design and construct resilient infrastructure remains low. Existing canals that have been funded by the C/S Fund are observed to be larger than is needed for intended flow and hence efficiency gains could be expected if climate resilient designs are properly adhered to.

Component 2:

Baseline: Approximately 70% of Cambodian populations derive their income from agriculture and majority of agricultural production is dependent on the monsoon rain and natural floods/recession of the Tonle Sap River and Lake. Rice production, which accounts for majority of its agricultural produce, is thus concentrated in 11 provinces in the Tonle Sap Zone and part of the Mekong drainage in the Plain Zone. As the seasonal floods/recession of the Tonle Sap and Mekong bring fertile alluvium soils to otherwise infertile central plains in Cambodia, nearly 80% of rice production take place during the wet season and only 13% of agricultural land is reported to be irrigated. RGC recognizes the expansion of the agricultural sector and its rice exports as one of the key policy targets. Long years of government support resulted in steady increase in rice production – on average, rice yield grew at 3.9% per year between 1994 and 2007, rising from 1.6 ton/ha in 1994-1997 to 2.3 ton/ha in 2003-2007.

The RGC's commitments to strengthen the agriculture sector are manifested in various policies and budget outlays. The NSDP 2009-2013 "continues to place priority on increasing agricultural productivity" and this will be achieved through "an integrated approach including increased proper use of improved agricultural inputs, agricultural extension, research and development, construction and maintenance of the rural infrastructure, especially irrigation network…" (p.117-118).

[14] Another potential coordination service that could be facilitated through this platform is the use of existing finance mechanism, such as small grants from CCCA Trust Fund to be used as a micro-scale loan guarantee facility to assist local entrepreneurs or farmer's association in purchasing rice mills. Capital investments required for such machinery is currently unmet in rural areas as the size of micro-loans from MFIs, if any, are too small and many farmers do not have access to formal commercial loans. This option will be explored further during the PPG phase.

Most recently, however, the production increase is almost stagnant. This is thought to be due to the slowing expansion in production area as well as stagnant double-crop acreage over the past 10 years[15]. One of the underlying reasons for this slowed growth is insufficient production inputs that promote intensification of production from a unit of available land. Public service delivery in the agricultural sector in general is characterized by its paucity and untimeliness especially in the areas of technical assistance and delivery of seeds, access to critical infrastructure such as secondary or tertiary irrigation channels, and capacity development support for seed purification and productivity enhancement. For example, availability of improved (i.e. high production) or drought-tolerant seeds is limited at the reserve stored at Provincial Department of Agriculture (PDA) and the distribution network is underdeveloped. Moreover, the existing drought- and flood-resilient seed varieties currently available can withstand up to 10 more days of no-rain or inundation compared with traditional varieties, providing farmers only limited additional buffers against unpredictable arrival of the monsoon rain. In addition, of the ten export varieties of rice seeds that are currently promoted by the RGC, seven have fixed photoperiods (some in the matter of a week), which means that these varieties work only in irrigated areas. Production enhancement measures, most notably the System of Rice Intensification (SRI), are practiced only among approximately 2% of farmers[16] promoted by limited extension staff and a limited number of NGOs.

Despite Government's efforts over years, the coverage of irrigation, which is critical for intensification of rice production and as a buffer against rainfall fluctuation, is considerably low compared with its neighbouring countries with only 13% of rice area is estimated to be irrigated, and 80% of rice production takes place during the wet season. Moreover, underlying design weaknesses that originates from the substandard construction from the past and the disproportionate focus of the central government on the primary canals, contribute to chronic malfunction of secondary and tertiary distribution networks, needs for continuous maintenance, inefficient water use[17], and ultimately limiting farming potential.

NGOs are acting as an important player to make up the public service delivery shortfalls in rural Cambodia. Oxfam and iDE Cambodia are two international NGOs that are providing a series of agricultural support services such as SRI and farm business advisory services through a network of trained local farmers. 56 local NGOs have been awarded small grants of up to $50,000 from the CCCA Trust Fund facility, and most of the grants so far are reported to be spent on irrigation related purposes (rehabilitation, extension of earthen canals, or construction of spillways) or more general livelihood support such as purchase of fish for integrated cultivation or propagation of SRI.

While rice farming is the backbone of the Cambodian economy, it is important to note that 21.1% of the total population is landless[18], whose incomes often depend on on-farm labour opportunities during the harvest season making them also vulnerable to climate risks. Another 45% is considered "land poor" with landholdings of less than one hectare[19]. Without much social protection support and livelihood enhancement support from the government, populations in these categories often engage in seasonal migration to supplement their highly volatile incomes.

Additionality: This component of the proposed LDCF project will focus on concrete investments in climate-resilient water infrastructure, especially secondary and tertiary canals, and resilient livelihood

[15] United States Department of Agriculture. 2010. *Cambodia: Future growth rate of rice production uncertain*. Accessed at http://www.pecad.fas.usda.gov/highlights/2010/01/cambodia/.
[16] Koma, Y.S. 2012. Development of System of Rice Intensification in Cambodia. CEDAC. Accessed at http://www.cedac.org.kh/RMA%20lecture%20on%20SRI%2020%20Aug%202012.pdf
[17] A study by Abrams (unpublished) reports that earthen canals, compared with a concrete-lined canals, lose 25% or more water through seepage.
[18] Households headed by women are also more likely to be landless or have significantly smaller plots of land than households headed by men (Samson & Hoy, 2012)
[19] Cambodia Human Development Report 2011

support, explicitly leveraging the support provided under Component 1 for climate resilient development planning process and capacity building for service providers. As described earlier, these investments will be identified, prioritized, coordinated and executed in a way that enhances the overall adaptive benefits and strengthens the capacity of SNAs for climate-sensitive development planning, target setting and budgeting. As such, the LDCF resources will be used to build on the sub-national level discretionary budgets at the Commune- and District-levels and transform them into climate resilient investments. The primary beneficiaries of this component are farmers without access to irrigation, land-poor farmers, women-headed households, and the landless. The identification of these beneficiaries and specific locality of the investments will be guided by the results of the refined VCA process, described in the previous section, within the context of CDP/CIP formulation process. Large parts of the investments in climate-resilient irrigation (Output 2.1) will respond to the adaptation targets set in respective commune CDPs/CIPs (Output 1.2) and will be designed and executed by the PDoWRAM officers and private contractors trained on climate-resilient water infrastructure designs under Output 1.4. This follows the existing mechanism for executing small-scale infrastructure construction using the C/S Fund. Livelihood support, which include technical and financial assistance for SRI, double-cropping through the use of short-maturity varieties, site-specific nutrient management (SSNM), adoption of resilient seed varieties, seed purification, integrated farming (i.e. fish farming in paddy), drip-irrigation for home gardening and diversified livestock rearing (the latter two targeting the landless), will be coordinated on the dialogue platform established under Component 1 for greater synergetic adaptive impacts and delivered by both PDA's agricultural extension officers and NGOs whose capacities are enhanced under Output 1.5.

The climate-resilient livelihood support will be built on the principle of risk diversification. Presently, the viability of livelihoods for most farmers is predominantly dictated by a timely and adequate amount of rainfall, which is projected to demonstrate greater variability and uncertainty under a changing climate. While resilient seed varieties are an important element in the suit of resilient livelihood support, they only increase the safety margin of “timeliness” and “adequacy” of rainfall only slightly and need to be combined with other measures that help farmers to diversify their income sources. Facilitating the adoption of two short crops (including fast growing rice varieties) during the two nodes of rainfall peaks in a way that avoid a production during the time in August, where the mean precipitation demonstrates a drop, is one example of coping strategies. Introduction of dry season cultivation of rice or cash crops, with support from dry season irrigation, is another example. SRI is not only a production enhancement measure, but also an adaptation option as it requires much less water for producing the same yield per hectare and the harvesting period is shorter, which contributes to reduced risks of precipitation anomaly. It is the additional costs associated with making a transition from high-risk, single-crop dependent livelihoods to diversified livelihoods that the LDCF resources will be invested in.

Part of the investments envisaged under this component will be delivered in the form of top-up adaptation grants that are currently pilot tested by NCDDS (See the description of Component 3 for details). The top-up adaptation grants will be specifically used in a way that supports the achievement of the overall project objective by establishing a positive list of options that will be financed by the LDCF resources. However, due to the extremely small level of baseline development (i.e. the Commune/Sangkat Fund which currently stands at approximately $20,000 per year per commune), the amount of adaptation top-up will inevitably need to be limited (to approximately 30% of the ongoing baseline investments). For this reason, the remaining investments will be channeled off the existing inter-governmental fiscal transfer mechanism while still ensuring that these investments are guided by the adaptation priority actions established under Component 1. The detailed mechanism of fund transfers as well as the breakdown of the LDCF investments routed through two different mechanisms will be presented at the time of CEO endorsement.

Component 3:

Baseline: As described earlier, the decentralization and deconcentration reform so far is characterized by the functional assignments, including development/investment planning and budgeting authority, to sub-national administrations, predominantly to communes and sangkats. The NP-SNDD 2010-2019 and its first three-year implementation plan (IP3) clarifies the functional assignments of district and provincial administrations more explicitly vis-à-vis communes/sangkats at lower level and the central government. A key principle in fiscal decentralization, that is also a focus of the D&D reform, is "Finance follows functions[20]" and the progress in Cambodia so far practically follows this principle. The Commune/Sangkat Fund (CSF) was established as a discretionary fund to assist communes/sangkats to implement locally-identified development priorities. The volume of C/S Fund has been increasing over years, but it does so at an extremely slow pace. The CSF in 2003 was set at 2 percent of state recurrent revenue; 2.5% in 2004; 2.7% in 2008; 2.75% in 2009; and 2.8% in 2010. The CSF currently accounts for only 1.7% of the total national spending as of 2010, or approximately $20,000 per commune per year. Contrary to the RGC's aspiration demonstrated in the NP-SNDD for more accountable and responsible SNAs, this slow growth of CSF is likely to be acting as one of the impediments to this very aspiration. A recent assessment by Abrams indicates that commune level development and investment plans are "essentially a wish-list with no hard constraints on number or value of proposals included." With the level of discretionary budgets that are currently made available to SNAs and the fact that investments generally come from centrally-planned sectoral budget allocations, largely independent of their local development priorities, SNAs find few incentives to properly plan and budget development and priorities. The D&D reform has put in place a mechanism called Citizen Scorecard in which community members are provided with a formal mechanism to evaluate the extent of the effectiveness of public spending for meeting objectives in the local development plans. While this is very important for increasing accountability of SNAs to its constituencies, this tool is practically rendered moot as the volume of investments (i.e. the discretionary funds) that is under the scrutiny of citizens is only a very small fraction of the overall investments made at the subnational level. At the district level, a similar discretionary budget mechanism, called the District/Municipality Fund (DMF) which will be accessible to both districts and communes, is being rolled out under the IP3 starting in 2013. Currently, the volume of DMF is set at $40,000 per district, or less than a dollar per capita, which is likely to remain very small for the foreseeable future.

NCDDS is currently pilot testing in Takeo and Battambang Province a mechanism that introduces top-up adaptation grants to assist in "climate-proofing" the investments made at the sub-national level. This is financially supported by the CCCA Trust Fund facility and SIDA. This pilot was established with a view to enhance the capacity of SNAs in managing greater volume of development and adaptation financing by creating an incentive mechanism wherein those SNAs that do well in compliance with certain climate adaptation guidelines are rewarded with a larger discretionary grant the following year. Vulnerability assessments (VRA) are also undertaken at the Commune/Sangkat level followed by identification of vulnerability reduction investment options.

Apart from the public financing window and ad hoc donor assistance, financing options for the small-scale rural infrastructure or livelihood enhancement measures are extremely limited. In areas where the concentration of agriculture-dependent households is high, for example near the Vietnamese border, there are cases where communities engage commercial or quasi-commercial pumpers to ensure continuous availability of irrigated water in the fields. While there is anecdotal evidence of successful maintenance and availability of water, whether such a model can be replicated at a greater scale requires more careful examination. Commercial microfinance is another important financing mechanism in rural Cambodia that supplements the financial needs of rural communities. Currently 46 licensed MFIs/NGOs are providing much needed financial products to nearly one million borrowers. Average size of a micro-loan is below $250 and some farmers in fact access loans to invest in resilient

[20] Bahl, R. 1999. *Implementation rules for fiscal decentralization*. Athens: Georgia State University

seeds and purchasing fish for diversified integrated farming. However, MFIs typically do not finance investments that are beyond this level and therefore larger investment needs, for example, for a miller to reduce post-harvest loss or for small irrigation rehabilitation, remain unfinanced.

Additionality: This component will primarily focus on reinforcing the incentive mechanism for climate resilient planning, budgeting and execution that is currently being pilot tested by NCDDS, and strengthening the role of subnational administrations as a key player in climate resilience building. One of the main contributions of this Component is to integrate a performance-based adaptation grant concept into the existing framework of sub-national development planning framework by linking this Component explicitly with top-up adaptation grants in Component 2 and climate-smart sub-national development process in Component 1. The pilot test that is currently carried out by NCDDS, while putting in place the first building block towards building an incentive mechanism for climate-resilient public investments, has a few weaknesses that warrant additional support. First, by nature of pilot testing, evaluations of climate resilient execution from the top-up adaptation grants are implemented in a rather ad hoc manner than integrating them into the existing planning, budgeting and M&E cycle for SNAs. Currently, the existing Commune Development Plans and Investment Programmes are used to identify climate-sensitive investments and retrofit resilience into these investments, rather than working through the entire process of climate-smart development planning, adaptation target setting, and execution of investment. Second, due to the implementation timeframe of the pilot test, the performance assessments are planned to be carried out over two budget cycles (2 years) which is too short to instill the principle of the incentive scheme. To overcome these weaknesses, the LDCF resources will be invested in reinforcing this incentive mechanism as an integral element of climate-smart sub-national development process. In other words, in the sequence of development planning and budgeting process that was described in the Adaptation Alternative section for Component 1 (which proceeds as 1. a vulnerability assessment; 2. identification of existing development assistance programmes within the territory on the sub-national planning platform; 3. vulnerability reduction target setting; 4. budgeting; 5. execution; and 6. monitoring and review), this incentive mechanism will be integrated in the sixth element of this process. Hence, this project, with three interlinked Components that will be implemented in a coordinated manner, will address 1-4 in Component 1, 5 in Component 2, and 6 in Component 3.

More specifically, the sub-national dialogue platform strengthened under Component 1 will be used to discuss performance of SNAs in terms of the level of compliance with the climate resilient water infrastructural standards, targeting vulnerable populations, and the overall achievement of the annual vulnerability reduction targets set as part of the annual Commune Investment Programme. The level of top-up adaptation grant the following year is directly linked with the achievement of these targets. The proposed project envisages expanding this incentive mechanism to at least additional seven districts in two provinces. By selecting target districts/provinces in alignment with the location of the NCDDS pilot programme and applying the enhanced vulnerability assessment methodology (promoted in Output 1.2) to the NCDDS pilot areas, it is expected that a greater level of climate considerations will be introduced to not only the planning process (through Component 1) but also to the incentive mechanism that is currently pilot tested by the NCDDS.

Additionally, acknowledging that public finance alone will not be sufficient to achieve long-term resilience of rural livelihoods in Cambodia and that general understanding within the Government and development sector about innovative incentive mechanisms to attract private sector finance is low, the LDCF resources will finance at least two technical studies to assess the feasibility of private sector engagement/financing that can supplement the shortages of public or donor schemes, especially for water infrastructure or relatively capital-heavy on-farm investments for more resilient livelihoods. For example, one of the potential topics includes a feasibility assessment of a more structured private pumping mechanism substantiated by the willingness to pay from farmers and an establishment of a "climate resilient loan guarantee mechanism" which essentially leverages public/donor funding to reduce the risk of private sector financiers, such as MFIs, to facilitate investments towards livelihood resilience measures, rather than using limited public/donor financing for direct investments.

B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT AT THE NATIONAL AND LOCAL LEVELS, INCLUDING CONSIDERATION OF GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS. AS A BACKGROUND INFORMATION, READ Mainstreaming Gender at the GEF.:

This project will deliver measurable socioeconomic benefits to the most vulnerable populations in Cambodia. LDCF resources in Component 2 will target at least 5,000 farmers who currently do not have secure access to irrigation, land-poor farmers, women-headed households, and the landless so that their livelihoods are made more resilient to an increasing variability in rainfall patterns under a changing climate. Investments in small-scale rural infrastructure, especially on-farm water management infrastructure for agricultural purposes, are thought to deliver high economic return given their low level of current irrigation coverage. Cambodia has one of the lowest levels of irrigation in Southeast Asia and accordingly, productivity is also among the lowest in the region. This is also reflected in a statistics where a 20% of loss in rice production was attributed to droughts in 1998-2002. By strengthening the sub-national dialogue platform with LDCF resources as a platform to bring together existing development partners, identify existing support and adaptation gaps, and providing a package of adaptive livelihood support – a combination of irrigation, SRI, integrated farming, soil management, seed purification techniques and climate resilient post-harvest techniques – the productivity of agriculture is likely to be enhanced (or potential losses averted). Potential economic benefits to the landless are expected to be high as the project will promote diversification of their livelihoods by introducing home gardening and livestock rearing practices.

Effectiveness of targeting the most vulnerable populations in rural areas will be enhanced through the use of objective tools that will be embedded in the vulnerability assessments (VRA) such as the IDPoor methodology or the NSPS Monitoring Framework, mapping of access to irrigation and use of resilient agricultural techniques. This will be further enhanced by the performance-based incentive mechanism that will reward those SNAs comply with certain pre-agreed conditions such as targeting of beneficiaries and climate resilient building standards, with greater volume of adaptation grants the following year. These measures are often overlooked but critical as rural Cambodia is fraught with power struggles, and the voices of the most vulnerable are least heard.

The VRA process that will be administered under the proposed LDCF project will largely build on the assessment that was developed by the first UNDP-assisted LDCF project. In designing and implementing the VRA in the first LDCF project, gender, especially capturing differential impacts of climate change on men and women, has been at the center of the process. This principle will be fully inherited in the VRA in the proposed project. Women-headed households will be considered as one of the key target groups under the project. It should also be noted that the existing manuals for SNAs published by NCDD Secretariat for promoting the D&D reform includes a manual on mainstreaming gender issues in the local development planning process. The climate resilient development process which will be promoted under this project will fully utilize this manual. Moreover, building on a good practice from the first LDCF project, key project Outputs take account of the specific gender related concerns and targets. Gender integration must start with the design phase during project formulation and key assessments on will be undertaken during the PPG, such as the extent to which the existing design elements for rural infrastructure take into account the needs of women, help align the LDCF interventions with the Ministry of Women's Affairs (MoWA) ongoing work and detail out a specific gender activity that addresses the gender-differentiated needs and impacts of climate change on female farmers and women-headed households.

The inclusion of the Ministry of Women's Affairs (MoWA) in the implementation arrangement in the first LDCF project demonstrated a significant improvement in the ability to mobilize women to community consultations and identify women's specific needs. In the proposed project too, MoWA is likely to play a key role both at the national and sub-national level.

B.4. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS

Risk	Level	Mitigation
Large scale climate resilience building investments, such as SPCR, channelled through sectoral budget allocation, undermine the incentives for climate resilient planning perceived by SNAs	I – 3 P - 2	The ongoing influx of climate adaptation financing, especially prominent in the last three years, are channelled largely through sectoral ministries, and the potential volume of financing is significantly larger than the available discretionary budgets to which SNAs have currently access. If these "sectoral" investment programmes work in the same districts as the proposed LDCF project, it is in fact likely that the incentive grant that will be introduced, in the tune of $40,000 per district per year, may be dwarfed by the volume of such investments, potentially undermining the perception of the need for integrating the genuine development/adaptation needs of local communities. To avoid this, the selection of the project target sites under the LDCF project will avoid the same areas that are targeted under SPCR/PPCR and potentially other large scale "sectoral" programmes. At the same time, however, it is important to reiterate that the use of these sectorally allocated resources are determined independent of the locally-specific development needs identified by SNAs and communities. Thus, it is likely that the additional resources introduced by the LDCF project, in line with Commune- and District-level development planning, despite their volume, will be a critical source of finance to supplement the miniscule discretionary grants. Furthermore, the national strategic direction for the D&D reform bolstered by the NP-SNDD is likely to provide continuous impetus for advancing climate-resilient local development process. Furthermore, by leveraging the baseline initiatives described above such as ACCESS and Citizens Scorecard, it is likely that the spirit of downward accountability is likely to be reinforced with an introduction of a greater volume of discretionary resilience building budgets (coupled with CSF and DMF) made available to SNAs through the proposed LDCF project.
Confusion caused at national and sub-national levels due to the number and volume of externally funded projects and programmes.	I – 3 P – 2	The LDCF project will be closely aligned with UNDP's long-standing and well-established local governance support programmes using the same entry points at different levels of administration. At the subnational level, the potential impact of this risk is deemed low since, as described earlier, much of the ongoing adaptation financing is sectorally planned and executed with little inputs from or coordination required by sub-national administrations. At the national level, this project will work closely with NCDDS at the national level, who coordinates the IP3 implementation and as they do not necessarily play a big role in these adaptation projects, the confusion caused is likely to be minimal.
The cycle of sub-national development planning process limits the window through which climate risks are mainstreamed.	I – 2 P – 3	Currently, sub-national development planning cycle has dual timeline: At the commune level development plans are formulated every five years and subordinate investment programs every year. At the district and province level, the equivalent plans and programmes are formulated every five- and three-year interval, respectively. While the likely timing of the formulation of the development plans and investment programmes will be explored more in detail during the PPG process, a four-year project would allow working on at least three consecutive years of commune investment program formulation process and the formulation of the next commune development plans are expected in 2015, which is within the implementation timeframe of this project.

Risk	Level	Mitigation
Power dynamics and political-economic structure at the sub-national level undermine the adaptive impacts of the LDCF investments	I – 4 P – 2	The series of support provided in this proposed LDCF project throughout the development planning process will collectively contribute to strengthening proper targeting of beneficiaries. In particular, the adaptation target setting within the context of development planning process on a sub-national dialogue platform will set objective targets for beneficiary setting as well as vulnerability reduction target. The incentive grant that will be provided under Outocme 3 will be disbursed based on the performance of the SNAs on meeting these targets. Furthermore, the project approach for using the CSF and MDF enables citizens to provide closer scrutiny on the use of the project resources through Citizens Scorecard. The use of these measures in an integrated manner is likely to contribute to a significant increase in an effective use of the project resources for adaptation objectives.

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT INCLUDING THE PRIVATE SECTOR, CIVIL SOCIETY ORGANIZATIONS, LOCAL AND INDIGENOUS COMMUNITIES, AND THEIR RESPECTIVE ROLES, AS APPLICABLE:

STAKEHOLDER	RELEVANT ROLES
Ministry of Environment (MoE)	Ministry of Environment is responsible for coordinating government efforts on environmental issues including climate change. The Climate Change Office was established in MoE in 2003 and then upgraded to CC Department in 2009. CCD is the secretariat of the UNFCCC. CCD was designated as the secretariat for the National Climate Change Committee (NCCC). The CCD has five units: the Administration Office; the GHG Inventory and Mitigation Office, the Vulnerability and Adaptation Assessment Office; the Policy Coordination Office and the Education and Outreach Office. MoE will act as the Implementing Partner for this project.
National Climate Change Committee (NCCC)	NCCC is an inter-ministerial body established in 2006 whose responsibilities include, inter alia, coordinating and cooperating with concerned ministries and institutions in the preparation of draft policies, strategies, regulations, plans and programs on climate change, and coordinating and cooperating with concerned ministries and institutions in the preparation of draft policies, strategies, regulations, plans and programs on climate change. Thus, the overall progress of the LDCF project will be periodically reported to this Committee.
Climate Change Technical Team (NCTT)	Along with the NCCC, CCTT was established as an advisory body to NCCC members on climate change issues. It comprises representatives from government ministries and agencies.
National Committee for Sub-National Democratic Development (NCDD)	NCDD is an inter-ministerial coordination mechanism to promote the D&D reform agenda. It was established in 2008 and is chaired by the Minister of the Ministry of Interior. NCDD's primary mandate is to strengthen institutions at sub-national levels – provinces, districts/municipalities, and communes/sankgats. NP-SNDD was formulated by NCDD and IP3 will be executed by NCDD through its secretariat (NCDDS). As the proposed LDCF project intends to strengthen the sub-national development process while mainstreaming climate risks, as such, NCDDS will be an important interface for the project.
Ministry of Agriculture, Forestry and Fisheries (MAFF), Provincial Department of Agriculture (PDA)	MAFF consists of five departments: Agriculture, Livestock, Fisheries, Forestry, Rubber and Economic Land Concession. Representatives of the agriculture, fisheries administration, and Forest Administration (FA) are members of the CCTT. The Department of Agricultural Extension (DAE) is charged with contributing to the improvement of food security, rural income and agricultural production in Cambodia. DAE adopts and uses the participatory training and extension approach

	and methodology for delivering and transferring agricultural knowledge, information and technology including farming system development, farmer organization development and extension and household food security. MAFF currently hosts the PMU of the first UNDP-supported LDCF project and is also an implementing entity of PPCR/SPCR in partnership with MoWRAM.
Ministry of Water Resources and Meteorology (MoWRAM), Provincial Department of WRAM (PDoWRAM)	MoWRAM is mandated to be responsible for 1) water resources management and development; 2) flood and drought management; 3) water-related legislation and regulation; 4) water resources information management; and 5) administration, management and human resources development. MoWRAM has been maintaining, rehabilitating and developing a number of irrigation infrastructures, but in recent years, in line with the D&D reform, it is promoting irrigation management transfer and Participatory Irrigation Management and Development (PIMD). MoWRAM is a responsible party for the first UNDP-supported LDCF project and is coordinating programmes on Climate Risk Management and Rehabilitation of Small- and Medium-scale Irrigation Schemes in the Tonle Sap Basin, and on the Enhancement of Flood and Drought Management, with support from PPCR/SPCR. MoWRAM also oversees the establishment and provides technical/administrative assistance to Farmer Water User Committees (FWUCs), who in turn are responsible for community management of water resources. At the provincial level, PDoWRAM provides technical support to provincial, district and commune councils in designing/construction of water infrastructure. The LDCF project will train engineers in PDoWRAM for climate-resilient construction of small-scale water infrastructure.
Ministry of Women's Affairs (MoWA) and Provincial Department of Women's Affairs (PDoWA)	MoWA/PDoWA is responsible for promoting gender equality and empowerment of women. In the first UNDP-assisted LDCF project, MoWA is playing a critical role in ensuring that adaptation activities are gender-sensitive and integrating adequate criteria in the vulnerability assessment (VRA). Their participation in the project enabled a Rapid Gender Assessment as an integral part of the VRA and strengthened the gender aspect of the project significantly. In the proposed LDCF project, MoWA is expected to assist in ensuring that a gender perspective is integrated into the development of this climate change adaptation programme and female farmers and women headed households gain full benefit from the intervention.
Sub-national Administrations (SNAs)	SNAs are divided into three tiers of sub-national administrations: Commune/Sangkat, District/Municipality, and Provincial Councils. The Commune/Sangkat Councils, which represent the lowest tier of administration in Cambodia, were first elected by the popular vote in 2002 and 2007. Each council consists of five to 11 members and one clerk hired by the Ministry of Interior. The councils are given a broad mandate of representing the state and addressing local needs, ranging from security and public order and basic public services to social and economic development and the environment (RGC 2001). Commune/sangkat councils are required to present their development priorities, through Commune/Sangkat Investment Program, in a district integration workshop. Currently there are 1,633 communes/sangkats. District and Provincial councils are elected by commune/sangkat council members. So their election is not directly by citizens. District and Provincial Governors are appointed by the Ministry of Interior. IP3 explicitly states that the responsibilities of bulk of service delivery will be transferred gradually to districts while provinces build capacity for strategic planning and investments as well as provision of effective support and oversight of districts/municipalities. District-level administrations are the main target of the IP3 implementation as their functional roles and responsibilities, as well as financial autonomy, have been vague in the D&D reform process. Their capacity as a key service provider to C/S is likely to be enhanced significantly through IP3.
National League of Communes and Sangkats (NLC/S)	NLC/S was originally established by the UNDP/EU Democratic and Decentralized Local Governance project (DDLG 2006-2011), the predecessor of ACCESS project, as a membership organization that advocates for commune and sangkat council's

	interests to national- and provincial-level counterparts such as MoI, NCDD and provincial councils. NLC/S is currently the only local government association in Cambodia. It has representatives from all of 1,633 C/S councils and each of the 24 provinces has Capital/Provincial Associations of Communes and Sangkats. NLC/S is registered as "associations" by the MoI and IP3 envisages that NLS/C will provide support to local councils as "autonomous governance bodies responsible for policy and decision making" supervising the local unified administrations, and promoting and coordinating democratic development. In the Access project, reflecting greater inclusion and functional reassignment of district councils envisaged in IP3, it is expected that NLC/S will expand its membership to district councils. In the proposed LDCF project, NLC/S is envisaged to play a critical role to disseminate best practices and lessons learned for wider replication and expansion of project results leveraging the nation-wide membership of NLC/S.
NGOs	Within the context of climate resilient development, NGOs, both international and national, are currently playing an important role by filling the public service delivery shortfalls. Like many other countries, Cambodian NGOs are characterized with their small scale operations and fragmentation of their support. Oxfam is currently promoting a civil society network focusing on climate change adaptation and during the PPG phase, the way in which the project can support this network, in delivering resilient livelihood related services, will be explored.

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

As described in Section B.1, this proposed project will work closely with a UNDP-supported initiative (**ACCESS**), which is currently providing technical assistance to the National League of Communes and Sangkats (NLC/S), as they provide a key entry point for the proposed LDCF project in working with SNAs. Capacity building targeted at SNAs will primarily be delivered through the NLC/S platform. Best practices and lessons learned from climate resilient development planning process at the commune and district levels will also be disseminated to members of the NLC/S. Moreover, the national support mechanism represented by **the Commune/Sangkat Support Units**, within NCDDS, will also be an important conduit as the proposed LDCF project will enhance development planning, budgeting and execution, which is the principle area that they are mandated to support, by integrating climate risks into this process.

The performance of SNAs for delivering concrete adaptation services at the end of their planning cycle, in turn, will be evaluated and well-performing SNAs rewarded by the performance-based grants for the following year. This mechanism is currently being pilot tested by NCDDS with the financial support from CCCA Trust Fund and Sida. The LDCF project will most likely include the current target districts under the NCDDS pilot as part of its target sites so that the strategic environmental/vulnerability assessments that will be introduced by the LDCF project – with more objective, scientific assessment at the regional scale – will complement the perception-based vulnerability reduction assessments (VRA) that is currently being used in this pilot.

The first NAPA follow-up project, supported by UNDP, will present critical lessons learned not only in delivering climate resilient water infrastructure and agricultural services, but also the technical know-hows in undertaking the Vulnerability Reduction Assessment (VRA) and mainstreaming gender into the project implementation. The first NAPA project spearheaded, along with GEF-SGP/UNCDF/CCBAP, introducing a VRA into the sub-national development process. The current proposed LDCF project will inherit the VRA process developed by the first NAPA project and strengthen it by introducing additional elements such as the IDPoor methodology or the NSPS Monitoring Franework, more objective mapping of existing development services, and the Strategic Environmental/Vulnerability Assessment (SEA) at the provincial level or at the level of cluster of districts.

Finally, **the Cambodia Climate Change Alliance (CCCA)** will provide an overarching forum to which the progress of the LDCF project will be reported, and in turn, overall guidance to the project. Key government ministries and committees, such as MoE, MAFF, MoWRAM and NCDDS, are part

of CCCA and Climate Change Technical Team, which provides technical advisory services to CCCA, and thus high level coordination and dissemination of lessons learned from the project is ensured.

C. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

UNDP's comparative advantage in implementing this project is underpinned by its long-standing assistance in the area of promoting democratic governance and climate resilient development in Cambodia. As described earlier, UNDP has been a key development partner to RGC since the restoration of peace in 1993 for strengthening local administrations. RGC's commitment for promoting accountable local governments has been continuously supported by UNDP, in collaboration with a number of bilateral donors, starting with the Cambodia Reintegration and Rehabilitation (CARERE) project, followed by the Seila Programme from 1996, Partnership for Local Governance (2001-2006), Project to Support to Democratic Development through Decentralization and Deconcentration (2007-2011), and ACCESS. Uninterrupted commitments manifested in the succession of these programmes have been pivotal in seeing what RGC has achieved to date in the area of local administration support.

In the area of climate change, UNDP was the first GEF designated agency to be invited by RGC to support the implementation of the LDCF project "Promoting Climate-Resilient Water Management and Agricultural Practices in Rural Cambodia" (2009-2013). A vulnerability assessment methodology that was tested in 16 communes in this project has been adopted in the LGCC project for wider replication and is proposed to be enhanced in the second LDCF project. UNDP Country Office has accumulated hands-on knowledge and experience in this process, which will be critical in providing technical support in the proposed LDCF project. UNDP is providing technical assistance and coordination support to CCCA, and as part of this support, UNDP has a full-time climate change advisor embedded in the Climate Change Department in MoE. UNDP also has an extensive experience in working with NGOs in supporting community level climate change adaptation through GEF/SGP (ongoing), Cambodia Community Based Adaptation Programme (2010-2012), and CCCA.

Apart from CCCA, UNDP also has a demonstrated track record in assisting MoE for facilitating cross-sectoral discussions and coordination for meeting Multilateral Environmental Agreements. In particular, UNDP provided assistance for the NAPA formulation process (2007); INC (2002); SNC (ongoing); and NBSAP (2002, in collaboration with FAO). UNDP has also assisted the NCSA process. The long-standing partnership between UNDP and RGC is likely to alleviate the potential coordination challenges during the implementation stage which envisages involvement of a wide range of partners. And in turn it will provide an opportunity to affect catalytic impacts at different levels of society.

C.1. INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:

UNDP will provide $1,050,000 in parallel grant co-financing to the proposed project through ACCESS projects. Additional potential co-finance will be explored during the PPG phase.

C.2. HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

The proposed project is fully aligned with the UNDAF for Cambodia for 2011-2015. It corresponds, inter alia, with UNDAF Outcome 1 "By 2015, more people in Cambodia benefit from, and participate in, increasingly equitable, green, diversified economic growth" and Outcome 4 "By 2015, national and sub-national institutions are more accountable and responsive to the needs and rights of all people living in Cambodia and increased participation in democratic decision-making."

UNDP Country Programme Action Plan operates within the broader framework of UNDAF. UNDAF and CPAP, by design, are set out to address the Government's development priorities and thus high

degree of conformity can be found between the proposed LDCF project and UNDP's overall guiding framework. This project is aligned with CPAP Outcome 2 "By 2015, national and local authorities, communities and private sector are better able to sustainably manage ecosystems goods and services and respond to climate change" and Outcome 4 "Sub-national administrations have capacity to take over increased functions."

The UNDP Cambodia Country Office is sufficiently well resourced to provide the oversight necessary to support the RGC in implementing the proposed LDCF project. The project will primarily be led by the Environment and Crisis Prevention and Recovery Unit while engaging programme officers from other units drawing on different expertise. The overall oversight and quality assurance are provided by the Deputy Resident Representative and Assistant Resident Representatives for programming. In addition, since 2010, UNDP has deployed an additional national climate change policy advisor within the Country Office. The role of the climate change policy advisor includes advisory services to the government in climate change policy areas as well as extracting and synthesizing relevant lessons from ongoing adaptation (and mitigation to a lesser extent) projects so that climate change related policies are substantiated by on-the-ground activities. One of the responsibilities of the advisor is to identify outcomes and outputs from the ongoing climate change programmes that have bearing on larger policy and strategic implications beyond the project sphere, and the contributions that this LDCF project has on, inter alia, building medium- to long-term resilience of the country will be continuously sought.

A regional technical adviser on climate change adaptation based in Bangkok will provide ongoing implementation oversight and support throughout the project, as well as the UNDP lead adviser on adaptation, also resident in Bangkok.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this OFP endorsement letter).

NAME	POSITION	MINISTRY	DATE
H.E. Dr Lonh Heal	GEF Operational Focal Point for Cambodia Director General, Ministry of Environment~	MINISTRY OF ENVIRONMENT	04/22/2013

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	**Signature**	**DATE**	**Project Contact Person**	**Telephone**	**Email Address**
Adriana Dinu Officer-in-Charge and Deputy Executive Coordinator UNDP/GEF		April 23, 2013	Yusuke Taishi (Green-LECRDS)	+66 (2) 304 9100 ext 5015	yusuke.taishi@undp.org