

CFLI Strategy FY 2009/2010

FIRST ROUGH DRAFT

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1. INTRODUCTION

1.1. Cambodia

Cambodia is a low-income and poor country, with a Human Development Index (HDI) of 0.598. Cambodia ranks 131st out of 177 countries, according to the UN Human Development Report 2007/2008. Poverty incidence was estimated to stand at 30% in 2008, with the majority of the poor residing in the rural countryside. With a population of 13.4 million, the poor numbers approximately 4 million. The rural poor rely totally on the rural economy, which, in the Cambodian context, is characterized by dependency on agriculture.

The global economic downturn, which was caused by the world financial crisis and could be potentially compounded by the pandemic of swine flu, has put a lot of pressure on the Cambodian economy. The hardest hit sectors are garment and tourism. The garment sector with more than 90% women workers has discharged 51,000 workers. Majority of these workers will return home to rural villages, and will, of course, retake their ex-farming jobs – no alternative livelihoods opportunities exist in rural Cambodia. Government and development agencies look to agriculture as the sector that could help Cambodia journey through this crisis.

However, agriculture is plagued with myriad of constraints. These constraints put many strains on, women who make up more than half of the agricultural workforce and about one fourth of heads of households. Such constraints lead to low factor productivity, lack of incentive for diversification, and limitations in value optimization. The result is negative social and economic outcomes that affect the poorest and the poor disproportionately. Some of the key constraints are:

- (a) **Landlessness, small landholding and lack land tenure security:** About 20% of farmers are landless, and 45% have than one hectare or less per household, on average. Those who have a small piece of land are threatened with lack of legal rights and eviction in favor of large agribusiness/private investors.
- (b) **Lack of agri-services:** Farmers' indigenous technical knowledge (ITK) in agriculture cannot help them cope with changing environment (such as global warming, soil fertility degradation, fast population growth, limited availability of land, etc.). Their knowledge of adaptable, improved agricultural technologies through education does not exist. Their access to agricultural services (inc. technical extension, marketing extension, livestock/veterinary service, etc.) that may help to offset this lack of technical education is extremely limited.
- (c) **Limited value addition activities and lack of market integration:** Most agricultural commodities produced by smallholder farmers are sold direct, if there were any surplus or if the commodities were tradable. They do not have any storage capacities, processing skills, and appropriate / favorable linkage with domestic processors/agro-businesses. Agri-businesses evolve around rice milling operations rather than other high-value added activities and other commodities such as cassava, maize and soybean. Backward and forward linkages in agriculture, and business enabling environment are missing.

1.2. CIDA in Cambodia

CIDA programming over the past five years has been focused on two sectors: a) rural livelihoods development, and b) democratic governance. Rural livelihoods development portfolio consists of projects covering areas such as clearing for results and mine action, agricultural development, and land management whereas governance portfolio comprises projects supporting capacity building for legislative institutions, elections, and aid management. These projects are implemented by both bilateral and multilateral agencies. A Local Fund for Land Rights – Cambodia Land Sector Support Fund (CLASS) – is under development. This fund, when operational, will provide financial assistance to both NGOs/CSOs and GOs to work in constructive partnership in addressing land rights issues.

In addition, Canadian Partnership Programming has contributed to and complemented the two sectors by working through partners such as International Development Enterprise, Food for the Hungry International, Marine Institute, Nova Scotia Agricultural College, the Federation of Canadian Municipalities, Canadian Bar Association, Canadian Cooperative Association, Mennonite Central Committee, Oxfam Quebec, etc. CIDA also has funding arrangement with multilateral and global organizations, inc. UNDP, WFP, and the World Bank, which in support of these and other sectors that are of priorities for Cambodia's development.

2. CANADA FUND FOR LOCAL INITIATIVES (CFLI)

2.1. MAIN THRUST

The Canada Fund for Local Initiatives (CFLI) is expected to contribute to the existing Branch Programming Strategy. It adds an element of flexibility to existing bilateral program activities and provides Missions with a means of responding quickly to local requests and needs in countries of accreditation.

The Overall Goal of the Canada Fund for Local Initiatives is to enhance the economic, cultural and social life of the people of eligible developing countries. This is to be achieved by financing small projects involving technical, economic, education, cultural, and/or social development assistance to the local populations in eligible countries of accreditation of the Canadian Mission.

2.2. Program Scope

The Canada Fund for Local Initiatives is funded by CIDA on a yearly basis. The allocation to Cambodia for 2009/2010 Fiscal Year is \$125,000.00. Of this amount, 15% is earmarked for administration. This leaves \$100,000.00 available for projects. Specific objectives of the Canada Fund Program for this fiscal year are to:

- Protect land rights of poor rural Cambodian women and men; and
- Improve food security and/or income of poor rural Cambodian women and men.

These objectives will contribute well to the Overall Goal of the Canada Fund Program in economic and social dimensions. The availability of fund, albeit limited, will enable the Canada Fund Program (CFLI) to finance at least 4-5 five small projects in the fiscal year, which will end in March 2010.

The objectives of the Canada Fund Program fit well with the existing bilateral programming. The projects that will be financed by it will clearly increase and consolidate CIDA's footing and positive impacts on Cambodia.

2.3. Crosscutting Themes

CIDA programming is always designed towards delivering on sustainable development, gender equality, and aid effectiveness. These three dimensions remain and continue to be key elements in all Canada's development assistance. This is in line with the global and country effort. The three crosscutting themes are taken to the heart of the Canada Fund Program. Any project that the Canada Fund Program will finance has to highlight and address implications for these aspects. CIDA's Development Policy Suite¹ will be referred to for direction. In addition, all projects will be subject to the requirements of the Canadian Environmental Assessment Act.

2.4. Expected Results

Major expected results of the Canada Fund Program 2009/2010 are:

- Reduced number of land conflicts in rural areas;
- Enhanced application of land rights of women and men in rural areas;
- Enhanced food security for poor rural households (inc. female-headed households);
- Improved and diversified income of poor rural households (inc. female-headed households); and
- Reduced poverty incidence in rural communities.

2.5. Risks

Five key risks that could threaten the accomplishment of the CFLI are identified below. Overall level of these risks ranges from "very low" to "medium"². This could simply suggest that any CFLI's intervention would not be a high risk investment.

Description	Level (probability)	Mitigation
Government issues policy actions that adversely affect smallholders	Very low to low (0.1-0.45)	CIDA continues dialogues with Government and DPs on policies that are in favor of smallholders / small producers / rural poor
Progress on key reform areas in land and agricultural sectors falls back	Low to medium (0.26-0.65)	Continue dialogues on reform agendas in these sectors with Government and DPs through

¹ Relevant policies, strategies and guidelines in this suite include: (a) CIDA's Policy for Environmental Sustainability, (b) CIDA's Policy on Gender Equality, (c) Policy Statement on Strengthening Aid Effectiveness, (d) Promoting Sustainable Rural Development Through Agriculture, (e) Sustainable Development Strategy: 2007 – 2009, and (f) CIDA's Sustainable Development Strategy 2004 – 2006: Enabling Change.

² Level of risks is defined by probability, which is divided on five scales in this strategy: (a) Very low (p = 0.1-0.25), (b) Low (p = 0.26-0.45), (c) Medium (p = 0.46-0.65), (d) High (0.66-0.85), and (e) Very high (p = 0.86-1.00).

		TWGs, GDCC and CDCF
Discrimination against women	Low to medium (0.26-0.65)	Promote understanding of women's roles and qualities, and implementation of gender-related legislations and/or clauses in laws Encourage and facilitate involvement of women in projects, and monitor impact
Environmental degradation	Very low to low (0.1-0.45)	Encourage use of environmentally friendly technologies in projects Apply Canadian Environmental Assessment Act, and monitor impact
Serious natural disasters (esp. drought and flood) occur	Low to medium (0.26-0.65)	Build simple disaster-preparedness actions in projects Introduce adaptive technologies

2.6. Program Management

2.6.1. Fund Management

The Canada Fund Program will be managed out of the CCO. A Canada Fund Coordinator – to be recruited – will be responsible for overall operation and management of the fund. He/she will receive proposals, undertake initial screening, prepare recommended projects for review by the Project Selection Committee (PSC), prepare Project Approval Document (PAD) and Contribution Agreement (CA) for Head of Mission (HoM), monitor progress of projects, and prepare semi-annual and annual reports of the fund. The CCO Director will provide overall day-to-day guidance and ensure compliance with CIDA's rules and regulations. He/she will be also supported by the CCO Program Assistant (PA) for general matters, and the CCO Accounting Officer (AO) for financial aspects.

The PSC will be set up by CCO. The PSC will be composed of 4-5 members, who could be CCO Director, a representative of NGOs/CSOs, a representative of donors, a representative of the UN

Country Team, and/or a CCO Analyst, if relevant³. Representative or staff member of any NGO/CSO who has interest⁴ in the project proponent will not be part of the PSC.

2.6.2. Project Selection Criteria

The Canada Fund is open only to NGOs/CSOs, which must be legally registered and recognized. Eligible organizations must:

- have presence and operate in region/s where they want to have funding from the Canada Fund;
- have adequate staff capacity to undertake proposed interventions;
- have appropriate administrative and financial management system; and
- demonstrate the ability or willingness to use result-based management principles and framework.

All project proposals must:

- be developed with participation of target beneficiaries or based on Commune Development Plan / Commune Investment Plan;
- articulate realistic results that address one or all of the specific objectives of the Canada Fund (see Section 2.2);
- integrate gender equality measures;
- consider environmental sustainability actions, if relevant, and
- provide all information needed as outlined in the Project Application Form.

All potential project proposals must be submitted before the deadline of “call for proposals” issued by the CCO. Project proposals that are submitted behind the deadline of “call for proposal” will not be considered.

2.6.3. Project Monitoring and Management

Regular reporting on project progress and financial aspects will be required of project partners. The requirements will be specified in the PAD and CA. Regular monitoring of projects by the Canada Fund Program Coordinator, CCO (i.e. Director, PA and/or AO), members of PSC, and/or HoM will also take place. This undertaking will be to review progress and/or issues of project implementation, and where appropriate, corrective measures taken. This will be an opportunity for hands-on capacity building for project partners, if needed.

³ A CIDA representative shall be involved if he/she would not approve the PAD and sign the Contribution Agreement.

⁴ This includes, for example: member of Board of Directors, staff, etc. of the project proponent.

ANNEXES

A. PROJECT APPLICATION FORM (TO BUILD ON EXISTING FORM)

B. PROJECT SELECTION MATRIX (TO DEVELOP BASED ON THIS STRATEGY)

C. RESULT MATRIX (TO BE REFINED)

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