

Introductory statement

Delivered by Khalida Bouzar (on behalf of IFAD Management)

On the occasion of the Cambodia CSPE Workshop, Phnom Penh

24 January 2017

Excellencies,
Ladies and Gentlemen,
Distinguished Colleagues,

I am pleased to be here in Phnom Penh, and look forward to participating in this important Country Strategy and Programme Evaluation Workshop, organized by IFAD's Independent Office of Evaluation and hosted by the Ministry of Economy and Finance of the Kingdom of Cambodia.

First, I would like to say a few words about IFAD. As you know, IFAD has a dual identity. IFAD is a specialized agency of the United Nations. And, it is also an international financial institution that finances smallholder agricultural development projects. At IFAD, we are dedicated to eradicating rural poverty in developing countries. Currently, IFAD is working in 99 countries, and has 235 ongoing projects, for a total IFAD financing of US\$ 6.8 billion.

The Kingdom of Cambodia became a member of IFAD in 1992, soon after the Peace Agreement of 1991. IFAD approved its first loan here in 1996, to co-finance a project with the World Bank. Since then, Cambodia's programme portfolio has comprised 9 projects. With a total financing of US\$ 354 million, these projects have reached 1.32 million rural households.

Since 1992, the country and its rural context have changed dramatically. In more than 25 years, the country has experienced impressive economic growth and poverty reduction. It grew at an average rate of around 7.6 per cent from 1994 to 2015, and became a lower middle-income country in 2015.

These rapid growth processes made Cambodia one of the best performers in poverty reduction worldwide. Poverty rates fell, with the percentage of Cambodians living under the national poverty line declining from nearly 50 per cent in 2007 to 13.5 per cent in 2014, according to official estimates. Rural poverty incidence also fell, from 27.5 per cent in 2009 to 20.8 per cent in 2012. In fact, the UNDP Human Development Index ranked Cambodia as the country with the best improvement in the region from 2000 through 2010 – placing Cambodia above countries like China, Lao PDR and Viet Nam. Steady agricultural growth over the years has also contributed to rural poverty reduction, driven by an increase in rice production and prices, improved rural wages, and improved access to infrastructure and financial services in rural areas.

Still, there is much that remains to be done in the agricultural sector – especially as nearly 80 percent of Cambodians live in rural areas, of whom nearly 50 percent rely on agriculture, fisheries, and forestry for their livelihoods. Because poverty remains mainly a rural phenomenon, with 91 per cent (2011) of poor households residing in rural areas, the agricultural sector is still crucial to rural development.

Despite the remarkable advances made, Cambodia is facing new challenges to sustaining strong economic growth. One-fifth of Cambodians are food deprived, and nearly half of the population (6.3 million) lack access to safe water – with some 3.9 million of them living in rural areas. Many poor rural households are also increasingly engaged in salary work in the domestic garment industry and construction, or through migration to Thailand, which has resulted in labour shortages in rural areas. Competitiveness in the global and the Association of Southeast Asian Nations (ASEAN) markets also remains a challenge, owing to high production costs and cheaper imports from the neighboring countries, such as Viet Nam.

Therefore, for agriculture to serve as an engine for economic growth and food security in Cambodia, the country must improve its production and post-harvest infrastructure, streamline the business environment, promote sustainable management of its rich natural resources, and increase capacity for financial services to reach rural entrepreneurs and expand opportunities for all Cambodians.

IFAD will continue to support Cambodia's efforts to maintain economic growth, reduce poverty and achieve inclusive and sustainable rural transformation. The framework for our partnership in Cambodia is the strategy paper -- COSOP-- prepared by the Asia and the Pacific Division of IFAD, in collaboration with our partners in Cambodia. The focus and approach of IFAD's three COSOPs have evolved over the course of IFAD's work in the country, along with emerging needs and according to IFAD's experience.

The most recent COSOP—from 2013—has marked a transition to a market-oriented approach. It aims at contributing to the reduction of rural poverty through four strategic objectives: i) addressing poverty through extension services; ii) fostering resilience to climate shocks; iii) improving access to markets; and iv) developing a programme-based approach.

With four ongoing projects in Cambodia, we are balancing community development, a social duty to poorest people, and market activities. IFAD hopes the current COSOP will be extended for three more years.

We are proud of our partnership with Cambodia and the collective results that are being achieved. To date, some of main achievements of the IFAD Cambodia partnership include the following:

- more than 16,000 land titles issued;

- some 1,575 functioning group revolving funds established;
- more than 157,000 beneficiaries reporting improved food security; and
- some 8 015 ha of land irrigated.

The results and achievements of previous and on-going investment projects clearly confirm the strong relevance of the Government's commitment to rural poverty reduction as well as IFAD's focus on agricultural development and the rural poor, including women and youth.

The partnership between IFAD and Cambodia is not limited to project financing only. Our strategy and approach to partnership-building have evolved and diversified, from searching for opportunities for co-financing and partnering with organizations that could complement IFAD's experience and expertise in investment projects, to broader partnerships outside the investment portfolio, such as farmer organizations and indigenous peoples' organizations. The latter, realized owing to regional grants and corporate initiatives, is indeed a unique feature of IFAD.

On a more general note, I would also like to inform you that IFAD's business model is evolving. The evolution in the business model aims to ensure that IFAD is "fit for purpose", and can therefore more effectively and efficiently support its partner countries achieve the objectives of Agenda 2030 and the Sustainable Development Goals. For instance and as mentioned before, to complement financing of investment projects and programmes, IFAD plans to devote greater attention to "non-lending activities", such as knowledge sharing from its global experiences, provision of reimbursable technical assistance, policy dialogue, south-south and triangular cooperation, and deeper attention to transparency and results measurement to inform evidence-based policy and programme development. Moving

forward and in partnership with the Government of Cambodia, IFAD will enhance its activities in these areas.

Another dimension of the evolving business model relates to IFAD's organizational decentralization. As you may know, the IFAD Executive Board approved the opening of IFAD's Country Office (ICO) in Cambodia in 2011, which became effective in 2015. The Cambodia ICO is a crucial arm for IFAD's engagement in the country, as well as in IFAD's South-East Asia hub countries – namely Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam. In this regard and under the leadership of IFAD's new President, Gilbert F. Hounqbo, I am pleased to inform you that IFAD is further consolidating and strengthening its hub for the Mekong sub-region, to further enhance the proximity of our assistance and strengthen coordination, knowledge sharing, partnerships and dialogue within the region.

Beyond serving as vehicle for exchange and partnership-building among the various IFAD projects and teams across the South-East Asia hub, the ICO is also opening more ways for cooperation within the wider countries of the Association of Southeast Asian Nations (ASEAN). Thanks to our in-country presence, I'm confident that our partnership will not only continue for many years to come, but will be further strengthened.

Before I conclude, I would like to note that, for us, the work of our Independent Office of Evaluation – or IOE -- is essential. It helps to bring IFAD in contact with government bodies, in order to assess the results and performance of the IFAD-financed strategy and programme. IOE's findings and recommendations are also extremely helpful in indicating the direction we should take, when it comes to future projects, as well as aiding the future partnership between IFAD and the Royal Government of Cambodia.

We are pleased with IOE's conclusions and the way forward proposed in the Agreement at Completion Point (ACP). The ACP's five recommendations are in line with the current COSOP and ongoing projects. Furthermore, they will further enhance the impact of ongoing projects, and pave the way for new investments in Cambodia.

Therefore, we very much look forward to signing this agreement this afternoon.

I take also this opportunity to thank the Royal Government of Cambodia for pledging US\$ 315,000 to the Tenth Replenishment of IFAD, a substantial increase of 50 per cent from IFAD9 level and a genuine reflection of the excellent partnership between IFAD and Cambodia. Looking forward, IFAD is currently going through its 11TH replenishment. The replenishment contributions remain the core pillar of IFAD's financial model. The support of our Member States is key in this endeavor. On behalf of IFAD's President , we count on the continued strong support from your Government, and hope that you will spread the word of support for this important process in your region.

The conclusions and recommendations we will hear today are results of the review and evaluation of our cooperation over the last 25 years. As such, they represent a significant accomplishment in and of themselves.

I look forward to our ongoing cooperation, and very much look forward to seeing your ministers and Secretary of State in Rome, at the upcoming Governing Council in mid-February.

Thank you!