

		Not targeted	Significant objective	Principal objective
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line: 14.020131</p> <p>Total estimated cost: EUR 24 300 000</p> <p>Total amount of EU budget contribution EUR 17 000 000</p> <p>This action is co-financed in joint co-financing by the German Federal Ministry for Economic Cooperation and Development (BMZ) for an estimated amount of EUR 7 300 000.</p> <p>The action is part of a Team Europe Initiative (TEI-1) “Sustainable landscapes, forests and agriculture”</p> <ul style="list-style-type: none"><li>• Key member states of TEI 1: Czech Republic, Germany (KFW and GIZ), European Investment Bank (EIB), France (AFD).</li><li>• Total indicative amount: EUR 1 142 000 000, including ongoing and future programmes, and potential blending operation.</li></ul>			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)			

## 1.2 Summary of the Action

Agriculture is a crucial sector of Cambodia’s economy with a largely untapped opportunity for investing in green growth and decent jobs. The sector remains a significant contributor to the country’s total GDP (22.8%), and engages 32% of the total labour force<sup>[1]</sup>. The sector has undergone a significant structural transformation characterised mainly by diminishing GDP share, labour force outflows, and decelerated growth rate, with a growth model based on farmland expansion, cheap labour and high commodity prices<sup>[2]</sup>.

The sector is both a cause and a victim of environmental degradation and climate change. It constitutes the biggest emitter of greenhouse gas (GHG) with 60% of Cambodia's total emissions in 2016 linked to forestry and other land use<sup>[3]</sup>. Farmland expansion that fuelled past growth, for instance, contributed to deforestation and land degradation<sup>[4]</sup>. At the same time, agriculture is among the most vulnerable sectors to climate change. Cambodia’s Nationally Determined Contribution (NDC) notes, for instance, that most of Cambodia’s land areas will be exposed to higher risks of droughts, which can negatively impact production, leading therefore to a breakdown of the food systems, and deterioration of food and nutrition crises for the vulnerable groups.

To contribute to Cambodia’s green growth and decent jobs creation, the sector has to transform into a greener, more productive and competitive sector, with increased value addition through local processing and compliance with higher quality and sustainability standards required by premium export markets such as the EU. Cambodia has already taken initiatives in this direction. The National Agriculture Development Policy (NADP) 2022-2030, for instance, lays down key measures to transform agriculture into a modern, competitive, inclusive, climate-resilient and sustainable sector. Other relevant policies are the NDC, with a clear target for emission reduction from the sector, and the Law on Food Safety and Law on Plant Protection and Phytosanitary adopted in 2022.

Agricultural policies, strategies and plans recognise the crucial role played by women in environmental conservation and production processes in agriculture. The Agricultural Sector Master Plan 2030, together with

<sup>[1]</sup> ADB 2021: Cambodia Agriculture, Natural Resources, And Rural Development Sector Assessment, Strategy And Road Map

<sup>[2]</sup> World Bank 2021: Resilient development-A strategy to diversify Cambodia’s growth model

<sup>[3]</sup> Cambodia’s Updated Nationally Determined Contribution

<sup>[4]</sup> World Bank 2015: Cambodia Agriculture in Transition: Opportunities and Risks