



Darwin Initiative: Half Year Report

(due 31 October 2014)

Project Ref No	20-014
Project Title	Conserving biodiversity and reducing poverty through wildlife-friendly farming in Cambodia
Country(ies)	Cambodia
UK Organisation	Wildlife Conservation Society
Collaborator(s)	Forestry Administration, Ministry of Environment, Royal Government of Cambodia; Sansom Mlup Prey; Imperial College London, Royal University of Phnom Penh.
Project Leader	Wildlife Conservation Society – Cambodia Program (WCS)
Report date	31 October 2014
Report No. (HYR 1/2/3/4)	HYR2
Project website	www.wcscambodia.org

1. Outline progress over the last 6 months (April – Sept 2014) against the agreed baseline timetable for the project (if your project has started less than 6 months ago, please report on the period since start up to end September).

Progress towards Output 1: 2,000 households participating in Ibis Rice

During this period, we worked with Sansom Mlup Prey (SMP) to engage with participating farmers in 18 villages in the Northern Plains and Tonle Sap where we have already established Village Marketing Networks (VNMs), signed conditional agreements, and provided training and seeds to farmers. The Ibis Rice scheme was expanded to three additional villages in the Tonle Sap, where we assisted SMP in developing conditional agreements with 50 participating families and provided training and seeds. In this period, 50 new households were added, bringing the total number of participating families to 831 in 18 villages. Also during this period, a detailed analysis of the Ibis Rice scheme was undertaken, including an impact assessment at the village level. This found more success in development of social institutions for Ibis Rice and land-use planning than in individual incentives, and recommended more work on the strategic direction of the scheme, including identifying new program targets and a strategic roadmap for future implementation. (See Output 5 and section 2a below.)

Progress towards Output 2: Land-use plans finalised in 15 villages

During this period, we worked with VMNs, government agencies and SMP to revise land-use plans for nine participating villages in the Northern Plains. This was required because the Royal Government of Cambodia's Directive 001 legalised land cleared prior to 2012. The revised land-use plans were used as the basis to monitor Ibis Rice compliance (see below). The development of land-use plans also includes the establishment of Community Protected Areas, of which eight have been approved, five submitted and six are under development.

Progress towards Output 3: Implementation of land-use plans by Government agencies

Since our last report, we consulted with government agencies and other authorities involved in land-use plans, and conducting monitoring activities. Teams from the Ministry of Environment and the Forestry Administration have intervened in 343 incidents of illegal land clearance, logging and hunting across both protected areas. This represents an increase in the number of recorded incidents compared to the same period in 2013. Most of this increase is attributable to the activity of Try Pheap's MDS company in the province. Try Pheap is Cambodia's main logging magnate and has very strong links to the ruling government, making it extremely challenging for any government agencies and their non-governmental partners to undertake law enforcement. The activity of Try Pheap's MDS company was the major constraint on activities in the past six months. Monitoring activities are described further under Output 6.

Progress towards Output 4: Protection of threatened bird populations by community members

During this period, we recruited 46 local villagers as bird nest protectors and ensured their effectiveness in protecting threatened bird species. Numbers of species such as Giant Ibis and Sarus Crane were stable compared to previous years; the Northern Plains landscape remains the most important breeding site for these two species in the region. One notable example is the number of successfully protected Giant Ibis nests, which achieved an 83% fledging success rate. Towards the end of the reporting period, late-wet season nesters were beginning to breed. One interesting observation was a Critically Endangered White-rumped Vulture nesting in the same tree as a Vulnerable Woolly-necked Stork, possibly a first record for this behaviour. Lesser Adjutants, which nest colonially, are also now nesting and local villagers are being employed to monitor and protect this Vulnerable species.

Progress towards Output 5: Ibis Rice PES is self-financing and sustainable.

During the period, a team from the Haas School of Business, University of California Berkeley, updated the Ibis Rice business plan. The analysis included folding in all overhead expenses that have been previously funded through WCS and the costs of a new position of SMP Director. This resulted in the break-even point moving further into the future than envisaged under the old business plan (2016), given current costs, sales and growth. The new business plan aims to increase profitability by identifying areas in which costs of goods sold can be reduced and sales increased. A number of key areas for improvement were identified, including increasing yield (by reducing the proportion of rice grains broken during the milling), increasing the volume of rice sales (through developing a better sales pipeline and new customers), and through adjustments to pricing by understanding the market better (increased sales price has potential to contribute most to profitability). The new business plan now more clearly maps out the steps towards financial sustainability required on the post harvest side of the business, and three months after release of the business plan Ibis Rice is tracking ahead of the best-case scenario. New software was purchased to facilitate improved sales, and training in accounting and financial management was provided to SMP staff by an international consultant. A new product was introduced: 'semi-milled rice,' which is rice that is 55% polished. This is seen as a major opportunity in Cambodia as most of the health benefits of brown rice are retained whilst looking and tasting more like the popular white rice. New packaging was developed that enables customers to easily identify the three types of rice now sold. A team of eight people were conducting poverty and well-being surveys throughout the period in eight villages. In the past two quarters, we have added 26 new customers (15 retail and the rest wholesale) bringing the total to 96 regular customers.

Progress towards Output 6: Impacts of Ibis Rice PES programme on poverty and land-use

During the period, we worked with Imperial College London and Royal University of Phnom Penh partners to evaluate the impacts of Ibis Rice on land-use trends, household poverty and well-being. The well-being and poverty studies are on-going with a team of eight researchers – including seven Cambodians – working in eight villages. Evaluation of the impact of Ibis Rice on land-use trends around participating villages made use of two datasets: annual lists of villagers that are reported to have cleared new fields by village committees or local authorities and a database of fields measured periodically by the WCS Participatory Land-Use Plan (PLUP) team. Owing to data constraints, the evaluation focussed on only two villages for which we had adequate data over the entire duration of the program. The study suggested that although land-use trends were unclear over the entire period that the Ibis Rice scheme has been operating, the social institutions that the scheme has established and supported are actively considering conservation in their land-use and development planning, independent of the presence of project workers. This is seen as a first for the province and a foundation on which to build more sustainable planning and development. The studies recommended that compliance monitoring methods should be improved. Accordingly, during the last 6 months an independent Compliance Unit was established, a manual developed and training undertaken. This unit will be responsible for ongoing compliance monitoring.

2a. Give details of any notable problems or unexpected developments that the project has encountered over the last 6 months. Explain what impact these could have on the project and whether the changes will affect the budget and timetable of project activities.

During the last six months the Ibis Rice PES scheme has been analysed from a number of perspectives. These studies will result in changes that may impact the overall outcome of this project in terms of Output 1, Output 2 and Output 5, as detailed in the sections above. Given the scheme has thus far been more successful in the development of social institutions and land-use planning than individual incentives, we predict between 1300-1500 households will have joined the scheme at the end of the grant, not the 2000 originally envisaged. That said, the project will still impact the 10,000 people indicated for this output because of the significant spill-over effects of the Ibis Rice scheme providing benefits across the entire village: in villages where the scheme is undertaken, social capital developed as part of the Ibis Rice scheme benefits all households, and all rice growers are earning more as middle men have been forced to (1) raise their prices in response to the Ibis Rice premium, (2) reduce cheating on weights and measures, and (3) reduce cheating on payments. The potential under performance on Output 1 is also mitigated by better performance in strengthening social institutions and land-use planning such that we now estimate 18-20 villages will have land-use plans rather than the 15 originally envisaged for Output 2, resulting in an increase in between 600-1000 households with clarified tenure and user rights. As detailed under Output 5, business planning has highlighted areas where Ibis Rice can improve profitability, and this has led to immediate improvements in SMP's sales and marketing, although the break-even point will move further into the future than 2016 as envisaged under the previous business plan.

2b. Have any of these issues been discussed with LTS International and if so, have changes been made to the original agreement?

Discussed with LTS:	No
Formal change request submitted:	No
Received confirmation of change acceptance	No

3a. Do you currently expect to have any significant (eg more than £5,000) underspend in your budget for this year?

Yes No Estimated underspend: £

3b. If yes, then you need to consider your project budget needs carefully as it is unlikely that any requests to carry forward funds will be approved this year. Please remember that any funds agreed for this financial year are only available to the project in this financial year.

If you anticipate a significant underspend because of justifiable changes within the project and would like to talk to someone about the options available this year, please indicate below when you think you might be in a position to do this and what the reasons might be:

n/a

4. Are there any other issues you wish to raise relating to the project or to Darwin's management, monitoring, or financial procedures?

None

If you were asked to provide a response to this year's annual report review with your next half year report, please attach your response to this document.

Please note: Any planned modifications to your project schedule/workplan can be discussed in this report but **should also be raised with LTS International through a Change Request.**

Please send your **completed report by email** to Eilidh Young at Darwin-Projects@ltsi.co.uk. The report should be between 2-3 pages maximum. **Please state your project reference number in the header of your email message eg Subject: 20-035 Darwin Half Year Report**