Cambodia Partnership for Sustainable Agriculture

The Cambodia Partnership for Sustainable Agriculture (CPSA) brings together companies, government agencies, civil society organizations, farmer groups and financial institutions to link smallholder farmers to the market with the shared goal of increasing farmers’ profits and productivity while improving the environmental sustainability of their farms.

CPSA does this by:
- Being an inclusive platform for networking and information exchange
- Prompting sectoral or market systems transformation through its Working Groups
- Providing education and advisory for SMEs, entrepreneurs and farmer organizations
- Supporting sustainable smallholder agricultural development

Key strategic focuses for the year ahead:

**Focus Area 1**
Strengthening CPSA secretariat to become the leading resource for learning and advisory for members

**Focus Area 2**
Promoting visibility and creating linkages for Cambodian growers and companies

**Focus Area 3**
Seeking new markets and opportunities for Cambodia’s agriculture in high-value agricultural products (cashew, mango, palm sugar, etc.)
<table>
<thead>
<tr>
<th>Category</th>
<th>Cambodia</th>
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<tbody>
<tr>
<td>Population</td>
<td>16 million</td>
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<tr>
<td>Population below the poverty line</td>
<td>14%</td>
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<td>Population in agricultural employment</td>
<td>45%</td>
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<td>Land area devoted to agriculture</td>
<td>31%</td>
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<td>Agricultural contribution to national GDP</td>
<td>30%</td>
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CPSA Governance and Structure

CPSA Core Chairs
- Ministry of Agriculture, Forestry and Fisheries (MAFF)
- Private Sector Co-Chair
- Farmer Co-Chair

Core Committee
- Co-Chairs
- Working Group Leads

Secretariat
- Country Director
- Operations Manager

Working Groups

Cashew

Coconut

Finding Niche Premium Markets

Fruits & Vegetables

Pepper

Grow Asia: Cambodia
While Cambodia is the ninth largest producer of cashew, demand outstrips supply due to a lack of processing facilities and production technology, regulatory challenges and changing tastes (for e.g. increasing demand for organic products).

In January 2018, Cambodia’s Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Vietnamese Cashew Association (Vinacas) signed a Memorandum of Understanding (MoU) to increase Cambodia’s cashew exports to 1 million tons by 2020, compared to approximately 73,000 tons exported in 2017.

As part of the MoU, Vinacas agreed to educate local farmers on related technology for planting and harvesting to boost investment in local plantations, contract farming and research.

CPSA initiated a “Cashew Dialogue” to gather interest and relevant stakeholders to engage in a discussion on the current cashew situation in Cambodia. Following the dialogue, a Working Group was created to focus on:

- Conducting stakeholder and export market analysis
- Analyzing domestic processing feasibility
- Sharing of information and networking
- Engaging in policy dialogue

“Cashew is the most popular crop selected by farmers due to its low investment in capital, labor and input. Cashews require low harvesting labor as it can grow on sandy and less fertile soil without irrigation, and even with little or without regular crop maintenance. Additionally, some farmers grow beans, sesame or Chamkar rice to intercrop with cashew for additional income while waiting for cashew to provide yield.”

Prak Sereyvath
Director,
Cambodian Institute for Research and Rural Development (CIRD)
Coconut

Context

The global market for coconut has been growing rapidly due to rising consumer interest towards natural food and beauty products. In 2016 the Virgin Coconut Oil (VCO) market size was USD $2.1 billion, and is anticipated to reach USD $4.2 billion by 2024, whereas the worldwide market for coconut water is expected to grow at a CAGR of roughly 14.4% over the next five years, and will reach USD$13.8 billion in 2023.

However, a recent study has found that the coconut sector in Cambodia remains largely underdeveloped and untapped, despite the industry’s potential to generate larger profits if other uses of the ubiquitous commodity were considered, such as using coconuts and its derivatives for cooking, building materials and fuel.

A lack of infrastructure and know-how when it comes to coconut processing is keeping the sector stuck at a very primal stage of development. Businessmen and investors have failed to seize opportunities in the production of a range of coconut-related products, including cosmetics, cooking oil, and house-building materials. Additionally, selling young coconuts for quick money and a lack of awareness among villagers on coconut processing techniques are factors keeping the sector away from more advanced and profitable stages of development.

Activities

- Linking companies to farmer cooperatives
- Identifying promising farmer groupings and providing training and quality control measures
- Creating value addition activities
Grow Asia: Cambodia

Coco Khmer explained the importance of mature coconuts and how farmers could produce them in an organic way and export them abroad. We learnt that the first and most important step is to connect with each other, and collectively gather the coconuts to sell to Coco Khmer.

Robert Esposito
Founder, Coco Khmer

Mao Thach
Ponleur Agricultural Cooperative Leader, Kampot province

Facts & Figures

<table>
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<th>13,676 hectares</th>
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<td>62 million nuts</td>
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<td>4,533 nuts per hectare</td>
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(Food and Agriculture Organization’s figures for Cambodia’s coconut sector)

Global estimates:

Coconut water is expected to grow by 27% until 2020

The global market for coconut milk will experience a Compound Annual Growth Rate (CAGR) of over 15% by 2020

(Development Finance International)
Finding Niche Premium Markets

Context

In recent years, Cambodia has been gaining traction for its niche products – Kampot Pepper and Kampong Speu Palm Sugar, in key ASEAN markets such as Thailand and Vietnam, and Europe; gaining itself the Geographical Indication (GI) status.

This has had direct economic benefits, allowing farms to hire more people and pay them better wages by raising the price of the premium products it produces.

However, the industry is still underdeveloped with limited production and processing capacity.

In addition, other niche products rumored to be considered for GI also include Kampot salt, Phnom Srok silk, fragrant milled rice from Battambang province and Kampot durian.

Activities

· Convening stakeholders who are interested in new growth markets such as palm sugar, cashew and mango to collectively fund market studies

· Learning from pioneers in the region who have created or capitalized on new markets

“While my cooperative operates like a business, we are a team that shares benefits with one another. We are proud to be registered as a GI, and each member values the recognition and importance of producing quality sugar. We are pleased to be part of the Palm Sugar network and will continue to learn and build our business relations.”

Sam Saroeun
Leader of Palm Sugar Cooperative of Kampong Speu
Kampong Speu Palm Sugar Promotion Association (KSPSPA) stated that the association’s 178 members produced about 250 tons of Kampong Speu palm sugar in 2016.

The GI-designated palm sugar fetches 5,000 riel per kilogram, which is about 50% more than its non-GI counterpart.

(Phnom Penh Post)

The largest international demand for palm sugar comes from the US at approximately 500 metric tons per month.

(Grow Asia)

A farmer can earn about $3,000 per year collecting juice from palm trees in accordance with the GI specifications.
Research conducted by the Centre for Policy Studies found that Cambodia imports between 200 to 400 tons of vegetables daily from neighboring countries, and USD $150 million to USD $250 million are spent annually on vegetable imports from Vietnam, Thailand and China.

However, the rise of Cambodia’s middle class and a booming service and tourism industry has resulted in an increasing demand for safe to eat local fruits and vegetables.

This provides smallholder farmers and processors an opportunity to increase their income and food security.

In 2016, the Ministry of Economy and Finance and the Ministry of Agriculture, Forestry and Fisheries introduced the USD 20 million, “Boosting Food Production Project” to enhance local agro-food production, aiming to improve production capacity, strengthen food safety, and reduce vegetable and fruit imports from abroad.

The project targets three major markets, namely Phnom Penh, Siem Reap, and Suong (Tbong Khmoum province).

The Boosting Food Production Project aims to generate 60,000 tons of additional vegetable products per year in 2018 and 2019.

Activities

- Training for farmers to realize full potential in vegetable production
- Marketing of Cambodian produce to increase the value for smallholders

Facts & Figures

Phnom Penh, Siem Reap, and Suong (Tbong Khmoum province)
According to a report from Cambodia’s MAFF, Cambodia had 5,000 hectares of pepper fields in 2016. Pepper exports grew from 1,050 tons in 2016 to 2,698 tons in 2017.

While Kampot pepper was awarded the Geographical Indication (GI) certification from Europe in 2015, the rest of Cambodia’s non-GI pepper farmers experienced falling rates due to the lack of a robust market and fluctuations in the international markets.

Organic techniques for pepper cultivation can be difficult to implement as they require intense labour, advanced skills and can be costly to put into effect.

**Activities**

- Conducting training for farmers
- Post-harvest processing
- Improving standards and building a brand for their product
- Facilitating market linkages between cooperatives, processors and companies

**Facts & Figures**

One ton of Kampot black pepper is currently valued at $15,000, while red pepper and white pepper cost $25,000 and $28,000 per ton respectively.

The European Union, the United States and Japan are the biggest markets for the product.

Kampot pepper output is forecast at **70 or 75 tons in 2018**, compared to the **80 tons** that were produced in **2017**.

Pepper is planted in **19 provinces** throughout Cambodia, with Tbong Khmom, an eastern province that shares a border with Vietnam, contributing about **75% of the total production**.
Connecting farmers with coconut trees to producers of coconut products creates a win-win solution that increases farmers’ incomes while securing stable supply for producers. Through connecting to the farmers of Ponleur Agriculture Cooperative, coconut oil processor Oil of Joy is able to supply its customers in Phnom Penh, enabling them to produce high value coconut products.

About the Cambodia coconut industry

Owing to the high nutritional value and diverse application across the personal care industry, the demand for organic virgin coconut oil is expected to grow by 11% per year (CAGR) equating to USD $1.28 billion by 2022.

Cambodia has an abundance of coconut trees, and many farmers have these trees within their holdings. Yet, not knowing the high market price that mature coconuts can fetch, they are often an afterthought and either disposed of or sold cheaply before they can ripen. Meanwhile, processors have difficulty securing sufficient supply, due to limited and scattered production.

The challenge

Oil of Joy, Chouk District, Kampot province

A virgin coconut oil processor

Oil of Joy is a coconut oil processing facility owned and managed by Chhay Sinoeun in the Chouk District of Kampot Province on the eastern coast of Cambodia. The facility produces virgin coconut oil for customers in Phnom Penh including Bong Dong Thom, a coconut oil and personal care product company. However, sourcing a stable supply of mature coconuts from local farmers in his district has proven to be difficult and unreliable, which means he has to import between 60% - 70% of mature coconuts from Vietnam, while purchasing the remaining from the surrounding villages in his district.

My wish is to buy all coconuts from local farmers in my district to make my coconut oil, but they don’t have the resources which means I have had to import from neighboring countries.

Chhay Sinoeun

The solution

The Cambodia Partnership of Sustainable Agriculture (CPSA):

A partnership broker and sustainable business enabler

- Approached the Department of Farmer Cooperative Promotions at the Ministry of Agriculture, Forestry and Fisheries (MAFF) to identify an appropriate local farmer cooperative that had the capacity to supply Oil of Joy’s factory
- Facilitated a networking meeting in Kampot province between the members of Ponleur Agriculture Cooperative and Oil of Joy to discuss the supply of mature coconuts
- Identified and explained the many opportunities that could result from providing mature coconuts to Oil of Joy’s coconut oil processing facility
- Secured supply of mature coconuts that Oil of Joy needed
Smallholder Impact

Improving practices and increasing yield to help farmers grow sustainably

Target: 1,000 farmer households of the Ponleur Agricultural Cooperative

Income effect: Farmers sell their mature coconuts for double (200%) the previous price (for mature coconuts), leading to an average of additional USD $700 income per year.

I wasn’t sure at first whether the farmers were serious and could deliver the coconuts I needed. Now as you can see, I have more than enough. If the demand for coconut oil continues to increase, I will in turn increase my production from 1,500 liters a month up to 5,000 liters.

Chhay Sinoeun
Owner,
Oil of Joy (coconut oil processor)

My cooperative members are really happy with the outcome. I would like to thank Grow Asia and CPSA for linking us together. My members can now sell their coconuts for a fair price, providing a regular income for our community’s farmers and their families.

Mao Thach
Ponleur Agricultural Cooperative Leader,
Kampot province
Partners

Cashew
- HEKS-EPER Cambodia
- Amru Rice Cambodia Co Ltd
- CACC (Cambodian Agriculture Cooperative Corporation) PLC
- Cambodia Institute for Research and Development (CIRD)
- Confirel
- Farmer Nature Net (FNN)
- IVY (International Volunteers of Yamagata)
- Khmer Organic Cooperative
- Ministry of Agriculture, Forestry and Fisheries (MAFF)
- Ministry of Commerce (MOC)
- SK Plantation
- Toyota Tsusho Corporation
- WVI-C (World Vision Cambodia)

Fruits & Vegetables
- Khmer Organic
- East-West Seeds
- Agency Francaise de Development
- Cambodia Institute for Research and Development (CIRD)
- Department of Agricultural Legislation (Ministry of Agriculture, Forestry, and Fisheries)
- Farmer Nature and Net (FNN)
- Green Fresh Market
- Green Leaf Farm
- Ministry of Agriculture, Forestry and Fisheries (MAFF)
- SOMA Group

Coconut
- Coco Khmer
- Cambodia Institute for Research and Development (CIRD)
- Ministry of Agriculture, Forestry and Fisheries (MAFF)
- One Earth Foods
- Pacific Asia Holding
- Swisscontact

Pepper
- Cambodia Institute for Research and Development (CIRD)
- Agriculture Soils
- Confirel
- Co-operative Association of Cambodia
- HEKS-EPER Cambodia
- Ministry of Agriculture, Forestry and Fisheries (MAFF)
- NEDSpice
- Olam
- SK Plantation

Finding Niche Premium Markets
- Cambodia Institute for Research and Development (CIRD)
- Confirel
- Khmer Organic Cooperative
- Ministry of Agriculture, Forestry and Fisheries (MAFF)
- Palm Sugar Association of Kampong Speu
Contact

Boreth Sun
Country Director, CPSA
sboreth.cpsa@growasia.org

CPSA Secretariat
phatlida.cpsa@growasia.org

Ishwinder Kaur
Manager, Partnerships
ishwinder@growasia.org

Engage
www.cpsa-growasia.org