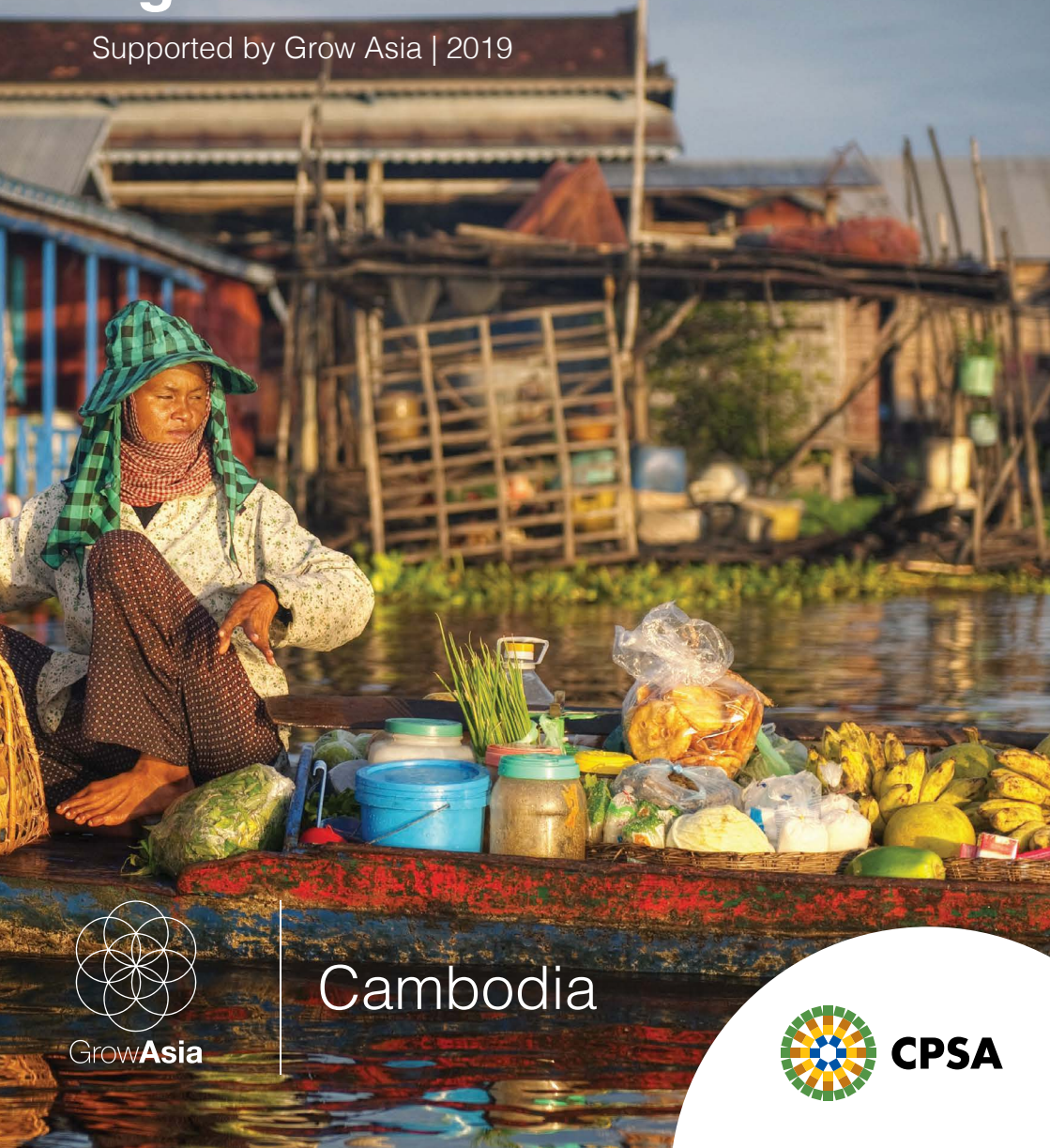


Cambodia Partnership for Sustainable Agriculture

Supported by Grow Asia | 2019



WORLD
ECONOMIC
FORUM



Cambodia



CPSA

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 the 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 high-value agricultural products (cashew, mango, palm sugar, etc.).

Cambodia statistics

Population:

16
million

Population below the
poverty line:

14%

Population in
agriculture employment:

45%

Land area devoted
to agriculture:

31%

Agricultural contribution
to national GDP:

30%



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







Cashew

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 (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.

Activities

CPSA – in collaboration with HEKS/EPER, Cambodian Institute for Research and Rural Development (CIRD), and the Ministry of Commerce – facilitated the “Cashew Value Chain Consultation Workshop” on 29 March 2019.

The half-day workshop aimed to highlight the opportunities that should be seized in the sector. It was attended by 57 participants from key sectors of the cashew value chain. Opportunities for improvement that were identified included the need for more technical training for cashew producer groups/agricultural cooperatives; collaborating with logistics companies and financial institutions; building a logistics center at the district level; a contract farming model that is fair for all parties and working on cashew varieties that are climate change resilient.

“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 no 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

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 US\$2.1 billion, and is anticipated to reach US\$4.2 billion by 2024, whereas the worldwide market for coconut water is expected to grow at a compound annual growth rate (CAGR) of roughly 14.4% over the next five years, and will reach US\$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, together with the MAFF, put us in touch with a local cooperative in Kampot – close to where our facility is, and brought 1,200 farmers on board to supply us with coconuts. ”

Robert Esposito
Founder
Coco Khmer

“ 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. ”

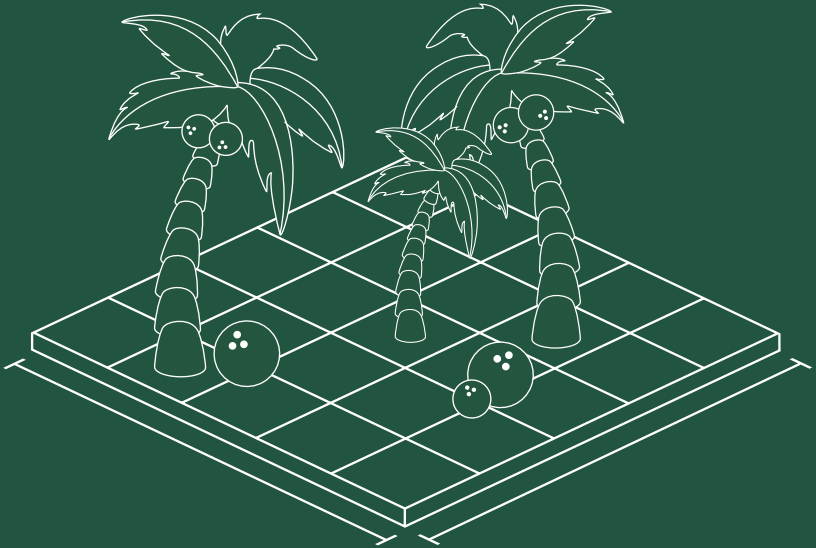
Mao Thach
Ponleu Agricultural Cooperative Leader
Kampot province

13,676 hectares

62 million nuts

4,533 nuts per hectare

(Food and Agriculture Organization's
figures for Cambodia's coconut sector)



Global estimates:

The global market for coconut water is expected to grow by **27%** through 2020.

The global market for coconut milk will experience a CAGR of over **15%** by 2020.



Finding Niche Premium Markets

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, 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 prices 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

On 25 October 2018, CPSA brought together 60 participants from the network to discuss Cambodia's developing niche and premium agriculture sector. The workshop convened stakeholders interested in new growth markets (i.e. palm sugar, cashew, avocado, mango, etc.), examined bottlenecks to participation, and explored policies, investments, and institutional arrangements that may alleviate these constraints.

The dialogue drew on the experiences of entrepreneurs who have successfully tapped into this opportunity and aimed to:

- (1) Identify challenges and opportunities in Cambodia,
- (2) Explore the changes or interventions needed in the institutional and business environment and
- (3) Provoke action, lifting smallholder livelihoods.

“ 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

President

Kampong Speu Palm Sugar Promotion Association

Facts & Figures

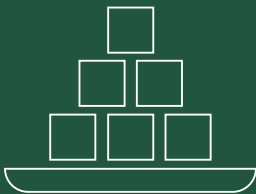
300
tons



Kampong Speu Palm Sugar Promotion Association (KSPSPA) stated that the association's **168 members** produced about **300 tons** of Kampog Speu palm sugar in 2018.

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

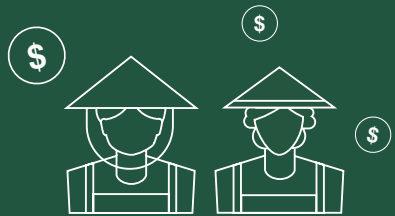
(Phnom Penh Post)



The largest international demand for palm sugar comes from the US at approximately

500 metric ton per month.

(Grow Asia)



A farmer can earn about

\$4,000 per year

collecting juice from palm trees in accordance with the GI specifications.





Fruits & Vegetables

Research conducted by the Centre for Policy Studies found that Cambodia imports between 200 to 400 tons of vegetables daily from neighboring countries, and between US\$150 million to US\$250 million is 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 US\$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.

Activities

- Training for farmers to realize full potential in vegetable production.
- Marketing of Cambodian produce to increase the value for smallholders.
- The project targets three major markets, namely Phnom Penh, Siem Reap, and Suong (Tbong Khmoum province).

Facts & Figures



The **Boosting Food Production Project** aims to generate

60,000 tons

of additional vegetable products per year in 2018 and 2019.





Pepper

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 labor, 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.
- Supporting the establishment of Cambodia's Pepper and Spice Federation.

Pepper farmers have been struggling to make a profit as a result of declining pepper prices. In a vicious cycle, this has led to farmers reducing labor and input investment on the maintenance of their current pepper crops, which has resulted in a dip in pepper productivity, quality, prices and income.

Within this context, CIRD and HEKS—in close collaboration with the Ministry of Commerce, IFC-World Bank and CPSA—provided support for the establishment of the Cambodian Pepper and Spice Federation (CPSF) to achieve national-level coordination and support in promoting Cambodian pepper on both production and marketing. CPSF was officially established in Siem Reap on November 9, 2018 and was officially registered on June 15, 2019.

On June 21, 2019 the CPSF held its inaugural event to discuss (a) the enabling business environment for a more competitive Cambodian pepper sub-sector, (b) how to increase production output with less production cost and (c) improving the quality of pepper and how to incentivize producers.

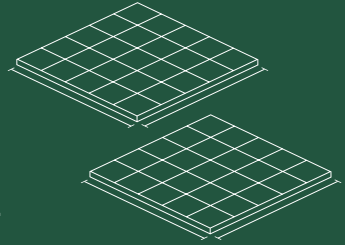
Facts &
Figures



Cambodia now ranks as the **fifth largest** producer of pepper, based on estimates of 2018 yields.

861 hectares in 2010 to 6,678 hectares in 2017.

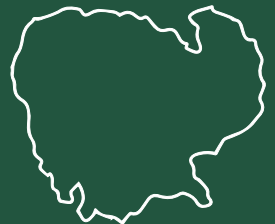
2019 production is forecasted at 29,380 MT based on average yields.



Due to an oversupply of pepper in the global market in recent years, the price of pepper decreased dramatically from between **US\$9 – US\$10** per kg in 2016 to between **US\$4 – US\$5** in 2017 and to between **US\$2.5 – US\$3** in 2018.

Pepper is planted in **19 provinces**

throughout Cambodia, with Tbong Khmom, as eastern province contributing about **75% of the total production.**



Cambodia Coconuts

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 with the farmers of Ponleu 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% CAGR per year, equating to US\$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 are either disposed of or sold cheaply before they can ripen. Meanwhile, processors have difficulty securing adequate 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 for Chhay's small factory 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 Ponleu 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.

Multi-stakeholder platform: Grow Asia is helping local farmers in Cambodia address the lack of stable supply of mature coconuts

Grow Asia has aligned best practices, aggregated networks and provided a central platform for change

- Established CPSA jointly with MAFF
- Supported CPSA by developing and implementing a clear governance structure and providing secretariat support to the Working Groups
- Brought in new projects and partners to the Coconuts Working Group
- Through regional events such as the Grow Asia Forum and Practitioners' Workshop, Grow Asia gives members a space to learn and grow their membership

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 US\$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)

Coconut

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

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



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

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



A photograph of a traditional wooden house on stilts with a blue balcony and a person in a boat on the water. The house has a decorative gable with a sunburst pattern. The boat is in the foreground, and the water is calm. The sky is a mix of blue and orange, suggesting sunset or sunrise.

Engage

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