



CPSA



WORLD
ECONOMIC
FORUM



Grow**Asia**

Cambodia

**Cambodia Partnership for
Sustainable Agriculture
Supported by Grow Asia
2018**



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.)

Population

16
million

Population
below the
poverty line

14%

Population in
agricultural
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



Context

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.

Activities

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





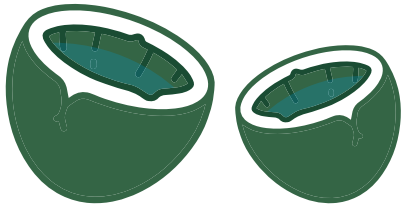
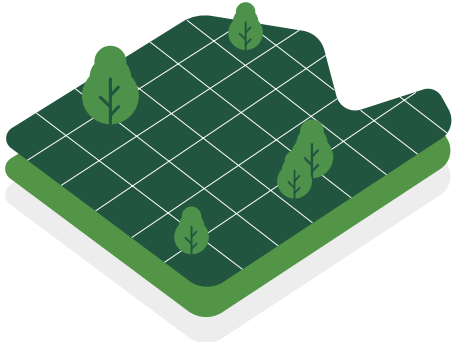
Facts & Figures

13,676 hectares

62 million nuts

4,533 nuts per hectare

(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)

“ 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

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

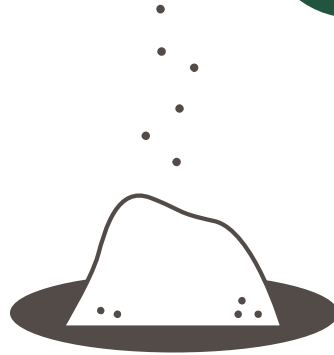


Impact

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)



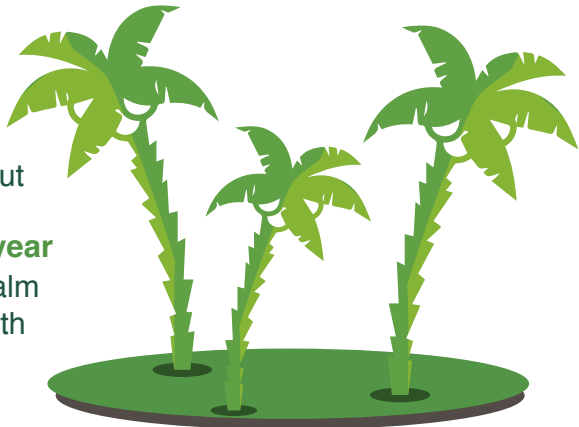
The largest international demand for palm sugar comes from the US at approximately

500 metric ton per month

(Grow Asia)



A farmer can earn about **\$3,000** per year collecting juice from palm trees in accordance with the GI specifications



Fruits & Vegetables



Context

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.

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



Context

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.

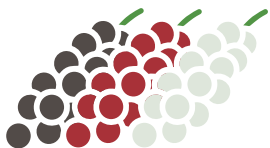
While Kampot pepper was awarded the Geographical Indication (GI) certification from Europe in 2015, the rest of Cambodia's non-GI pepper farmers experienced falling rates due to the lack of a robust market and fluctuations in the international markets.

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
- Improving standards and building a brand for their product
- Post-harvest processing
- 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**

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 to 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% 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 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 to 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 Ponleu 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
Ponleu Agricultural Cooperative Leader,
Kampot province

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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





Engage

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