



The 20th Sub-Steering Committee on Trade Development and Trade Related Investment (SSC-TD-TRI)

CEDEP II-Cassava Component

26 February 2015

MoC Angkorwat Conference Room

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1) Project background

- 1- The government has identified **agriculture as the top priority** for Cambodia's socio-economic development, focusing **on increasing productivity** and **diversifying** within this sector
- 2- **Cambodia Trade Integration Strategy 2014-2018** recommends emulating the rice policy strategy for other commodities as as to increase expansion and diversification of the country's export base
- 3- Cambodia Trade Policy Review by the **WTO in 2011 recommends further diversification** of Cambodia's export base
- 4- Project part of **Cambodia's Export Diversification and Expansion Programme** (CEDEP) implemented by the Ministry of Commerce

(Cont.)

- **Expected Impact and Outcomes**

- **Impacts:**

- ❑ Positive development of the sector supports Cambodia's efforts to meet its MDGs through **improved income of farmers**
- ❑ The **competitiveness of Cambodian cassava increases** resulting in opening of new markets (geographical and products) and improved pricing of its exports

- **Outcomes:**

1. The **needs of the cassava export sector are better understood** and the sector is structured to better focus the policy dialogue with the Government and improve the enabling environment
2. A group of **cassava processors has been identified and made export-ready** and has succeeded in developing competitive exports to new markets

Project outputs

Outcome 1: analysis, dialogue, research

KEY OUTPUTS:

1. A **working group** of cassava processors and collectors is organized and an agenda of key issues identified
2. An up-to-date **Cassava Value Chain study** is prepared. SPS requirements for key export markets are identified.
3. The current **ISC standards for cassava** are reviewed, updated and new ones developed if/as needed.
4. A **manual on export procedures/trade** facilitation issues for cassava-based products has been prepared and is disseminated
5. **Association(s)** is (are) created and engaged in **G-PSF** discussions (if sector ready)
6. **Formal dialogue mechanisms** between cassava private sector and Government are identified and implemented

Outcome 2: export, products, markets

KEY OUTPUTS:

1. One (several) groups of processors and collectors (and exporters) is/are identified for in-depth support to strengthen their export readiness.
2. A **survey of SPS needs** is carried out for each pilot group of processors identified under output 1. A plan to assist processors and collectors in meeting SPS requirements for key target export markets is developed.
3. **SPS plan** is implemented successfully during the project
4. A **survey of environmental** risk and mitigation needs is developed for the pilot groups of processors.
5. A number of low-cost, economically sustainable remedial solutions to address some of the negative environmental impacts of cassava cultivation among a pilot group of processors are implemented
6. **Three new potential markets** have been identified by groups of export-ready processors

Project budget (USD) and duration

Programme Period:	2014-2017	Total resources required	1,303,485
Key Result Area (Strategic Plan):		Total allocated resources:	_____
Atlas Award ID:	<u>00079996</u>	• Regular	_____
Project ID:	<u>00089852</u>	• Other:	
		○ EIF Tier 2	997,026
Start date:	Apr 8, 2014	○ Private sector	128,000
End Date	Apr 7, 2017	○ Government	40,885
LPAC Meeting Date	Mar 13, 2014	Unfunded budget:	
		UNDP In-kind Contributions	137,574
Management Arrangements	DIM		

2) World Cassava Market

List of importers for the selected product in 2013

Product : 071410 Manioc (cassava), fresh or dried, whether or not sliced or pelleted

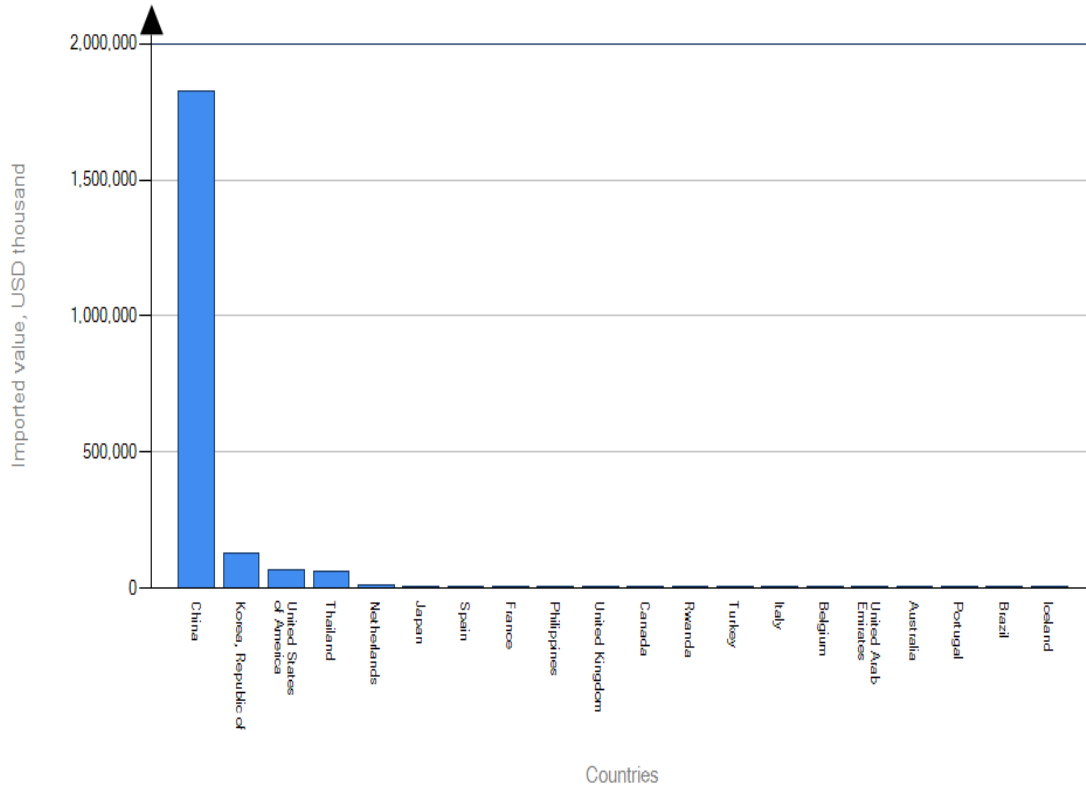
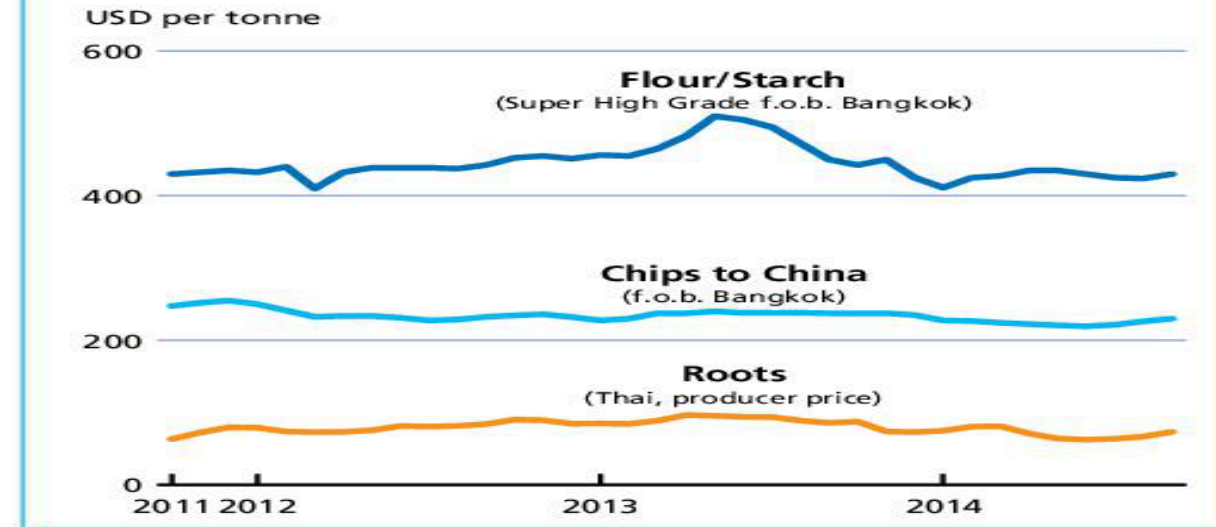


Figure 1. International cassava and Thai Domestic prices (Oct 2011 - Sept 2014)



List of importing markets for a product exported by Cambodia in 2013

Product : 071410 Manioc (cassava), fresh or dried, whether or not sliced or pelleted



3) Project progress update as of Feb 2015

Outcome	Outputs	Progress
Outcome 1: Needs of cassava sector are understood and the sector is well structured	Output 1: Organize a working group for cassava	<ul style="list-style-type: none"> -Identified key stakeholders working in the cassava sector (Core Group, SNV, GIZ, FAO, CIAT, KSCA, RUA, CARDI, Cassava Development Association, etc.) -Reviewed the existed mechanisms utilizing for dialogue related to the cassava sector (WG-Agriculture)
	Output 2: Update the cassava value chain study	<ul style="list-style-type: none"> -International consultant and local research team submitted the initial report and work-plan -The assignment is on-going
	Output 3: ISC standard or meeting quality requirements	<ul style="list-style-type: none"> -<i>Met with the officers of ISC (one local standard for cassava flour)</i> -<i>Some starch processors expressed that a standard for cassava starch should be developed</i>
	Output 4: Develop a export manual for cassava	<ul style="list-style-type: none"> - Collected and reviewed existed export modules (Handbook on Export Procedures, IFC 2008)
	Output 5: Establish the association(s) of cassava farmers, exporters and processors	<ul style="list-style-type: none"> -Engaged in the establishment of a cassava association in Kompongthom (MoC) -Lessons learned will be used to improve the establishment of associations in the project target provinces
	Output 6: Formal dialogue mechanisms are identified and implemented	<ul style="list-style-type: none"> -Met the leaders of the cassava association/KT to discuss about the needs (loans for stocking and contract farming) -<i>Met with the CoC to find out ways to include the cassava sector into the agenda of G-PSF 2015</i>

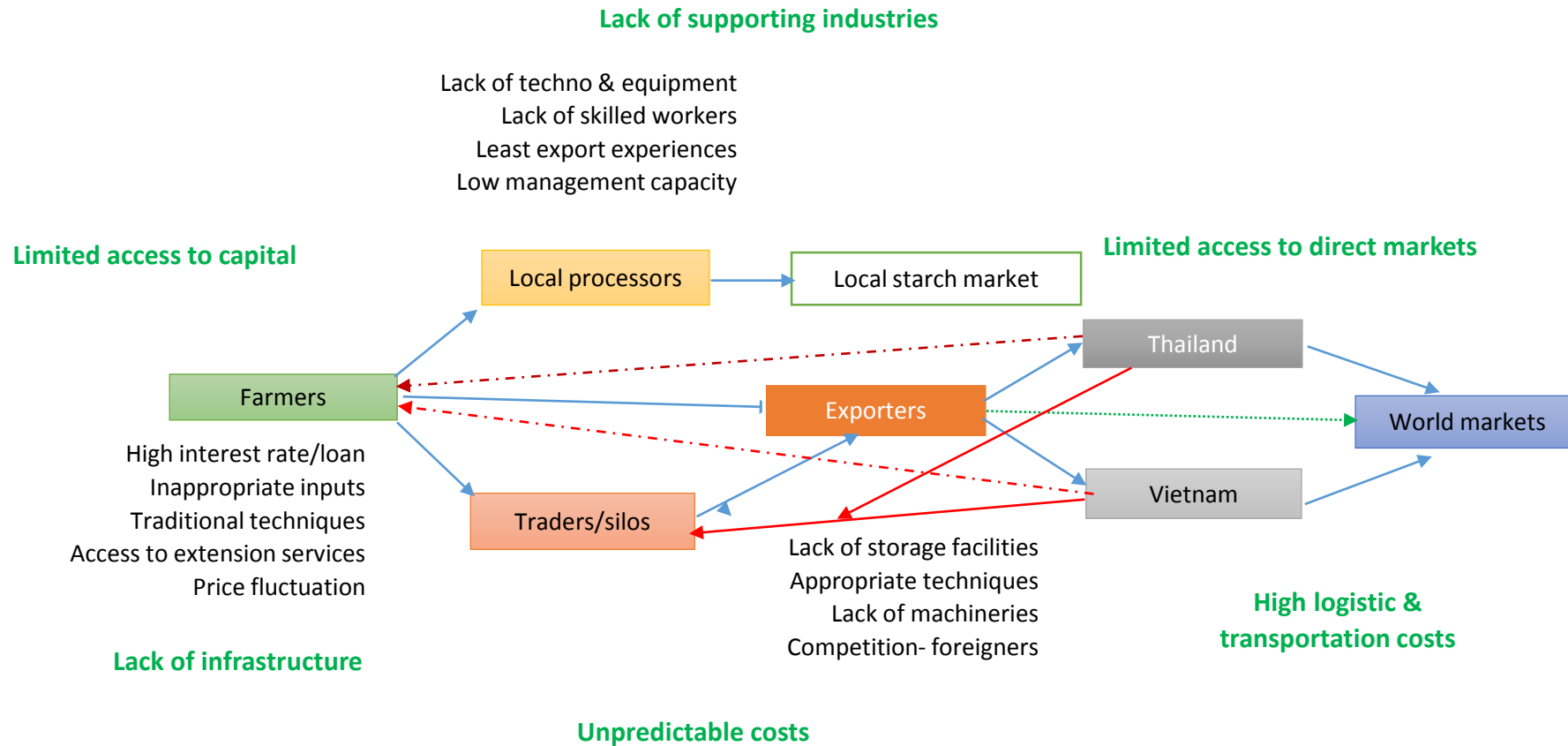
Project progress (Cont.)

Outcome	Outputs	Progress
Outcome 2: Groups of exporters and processors have export readiness and access to new markets	Output 7: Identify groups of cassava processors and exporters	-Met with four cassava processors (BAI, TTY, Siang Fong, Song Heng & Sun Ath) -Met with one exporters (S.R.S.I) and 20 dry chip processors (silos)
	Output 8: SPS survey (not yet started) Output 9: SPS plan (not yet started) Output 10: Environmental survey (not yet started) Output 11: Environmental plan (not yet started)	Not yet started
	Output 12: Identify three new markets	-Did market analysis through ITC's tools to keep track of the world cassava market -Identified key cassava forums which buyers and traders around the world meet each other (work with BAI)

Expenditures and budget plan

CEDEP II- Cassava	Actual Expenditures 2014	Budget Plan 2015
Outputs/Activities		
Output 1: Organizing a working group for cassava & regular meetings	269.57	7,268.40
Output 2: Study on cassava value chain	-	62,754.48
Output 3: Update and development of the ISC standards for cassava	-	12,787.20
Output 4: A manual on export procedure/trade facilitation		46,729.44
Output 5: An association of cassava farmers, processors and traders	-	38,016.00
Output 6: Engage in the policy dialogue (G-PSF)	-	5,728.32
Output 7: Groups of cassava processors and traders are identified	--	5,529.60
Output 8: A survey of SPS (SPS requirement and target export markets)	-	42,703.20
Output 9: SPS plan is implemented during the project	-	14,796
Output 10: A survey of environmental risks and mitigation	-	41,148
Output 11: Low-cost sustainable solutions are implemented	-	1,0692
Output 12: Three new potential markets are identified (trade fair ect.)	3,770.28	46,980
Project management	29,585.39	123,323.52
Total	33,625.24	458,456.16

4) Current structure of the Cambodia cassava sector



How to build collaboration of all actors in the cassava value chain

- **Export promotion**
 - Export promotion focusing on direct access to end markets and market diversification by creating opportunities for business matching, trade mission, and integrating the sector into the global and regional cassava networks
 - Strengthening the competitiveness through building capacity of the exporters and processors to make their exports readiness
- **Collaboration with stakeholders intervening in the sector to set up a linkage of all actors in the supply chain and export**
 - Cassava production: MAFF, GIZ, SNV, UNDP
 - Processing: MoE, MIME, GIZ, UNDP
 - Export: MoC, MAFF, Ports, CAMFEBA, UNDP
- **Developing a structure of the cassava sector** which have mechanisms to gather all actors together to have common voice on the issues/needs and representatives to engage in policy dialogues (G-PSF)
 - Associations of Cassava exporters, processors and farmers
- **Collaboration with all stakeholders working in export promotion** focusing on fundamental issues such as logistics and transportation, trade facilities, and export procedure

5) Key challenges for the export promotion of cassava

- **Price fluctuation-** Cambodia is a marginal supplier of the neighboring countries which its role is to provide the extra amount of the products (dry chip or fresh root) whenever they lack. Cambodia has no influence on price setting as it has limited contacts with end buyers
- **Transportation cost** is still high comparing to the neighboring countries. Such cost makes the export of cassava based products through the Sihanoukville and other Cambodian ports not competitive. Most of the traders and exporters along the borders prefer to sell their products to foreign traders (Thai, Vietnamese and Chinese) as they can get reasonable profits. On the other hand, it is a quick transaction which they can get payment quickly and need not to spend much time and resource for logistical arrangement and paper works.
- **Paper work (export documents)** requires lots of time and efforts which exporters need to go to different institutions for submitting applications and seeking permissions and licenses.
- **Electricity is still a big challenge** for Cambodia cassava starch processing factories. If its price can be reduced, it will help lower the production cost and make the starch products competitive.

Thank you very much!!!