CAMBODIA RICE SECTOR SUPPORT PROJECT
2012 - 2016

Sustainability Plan for the Development and Transformation of the Cambodian Rice Sector
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IFC AGRO SME PROGRAM – BACKGROUND AND CONTEXT

- “Development of SMEs in the Agro Industry Sector” – EU program (5 years: 2008 – 2012)
- 2-year extension in 2012 until December 31, 2014
- Multi-donor trust fund of EU, “MPDF” donors (Finland, IFC, Ireland, New Zealand, Netherlands, Switzerland) and Enhanced Integrated Framework/EIF (2013-2016)
- Implemented by IFC, Government counterparts MIH and MoC, also working with various other governmental and educational entities
- Building on IFC’s Advisory Services experience in Cambodia since 1999

Private Sector Development & Poverty Reduction

Improve the business enabling environment by developing & implementing policy reforms and capacity building activities

Enhance the development of SMEs in the agro-processing industry on the basis of a value chain approach for selected sectors
Overall Goal of the Project
To improve the competitiveness of the Cambodia rice export sector. This will contribute to an increase of 300,000 metric tons of annual national rice exports with a value of USD 180,600,000. The project will contribute to IDG by increasing/improving sustainable farming opportunities for 30,000 farmers.

The overall project goal will be realized through a holistic approach targeting interventions of key processes along the value chain covering farming, milling and exporting practices.

Improving paddy quality
**AIM:** Increase 8,000 farmers’ access to improved inbred planting seed for high value rice varieties.

Enhancing milling efficiency
**AIM:** Increase the efficiency and output quality of 20 rice mills/re-processors (incl FS certification).

Marketing Cambodian rice
**AIM:** Develop and implement a strategy to increase Cambodian rice exports. US$49,000,000 in rice export value facilitated.
BACKGROUND

- Since the design phase in 2010, an exit strategy with a hand-over for self-sustainable development is high on the agenda of IFC’s RSSP.

- During the absence (2010/2011) of a business organization, IFC supported the establishment of the informal Working Groups (TWGRS and EPWG) to leverage the direction of IFC’s supports.

- Following that, associations were formed in 2012, however, not only one but three: Cambodia Rice Exporters Association (CREA), the Alliance of Rice Exporters of Cambodia (ARPEC) and the Federation of Cambodian Rice Exporters (FCRE).

- FCRE and IFC signed an MoU in 2013 that aimed to assist FCRE’s development and strengthen as an organization to the extent that in the future it would guide and lead the continued sector development, driven by exports.

- With MoC’s great effort, the three separated business association merged – CRF was established in mid 2014 – IFC has been working with since then.
OBJECTIVES

Two intertwined objectives:

1. To sustain the continued development of the Cambodian Rice Sector

2. To strengthen the CRF so that the Federation and its ExCos can sustain the development of the rice sector

For: CRF to sustain the development and transformation of the Cambodian Rice Sector achieved by the EU and WTO/EIF supported IFC RSSP
What Is | Sustain | Scale-Up | Beyond RSSP

Key nine areas in the sustainability plan as follows:

- Sector Association: CRF strengthening, guide to sustainability
- Component 1: Increased farmers’ access to improved quality seed
- Component 2: Mill Level – Quality Management, Certifications
- Component 3: Export Readiness and Export Promotion

- **Products:** Export Product Portfolio
- **Providers:** Exporters
- **Compliance:** Specification and Standards
- **Export Promotion:** Strategy and Implementation
- **Branding and Brand Promotion**
CRF STRENGTHENING, GUIDE TO SUSTAINABILITY

**Sector Association – well representative**

- The CRF, relative young as the latest sector-wide business organisation, and needs support;
- The sustainability of the sector development and can be best accomplished through consistent *working together* and excellent communication.

*Cambodian rice exporters should understand the CRF as their own-interest organisation and not rely on it like a third party support entity. “Take your cause into your own hands, manage your association!*

- The CRF in turn has to prove its value to its members: what is the benefit to be part of this group;

*The CRF should establish and promote a needs and demand-based*) service catalogue and annual calendar of key events that serve the common promotional interests at a level an individual company cannot easily achieve or afford.*

*) conduct needs/demand analysis (update the RSSP one) - also to show to the membership to care, and raise expectations.
CRF STRENGTHENING, GUIDE TO SUSTAINABILITY (COUN’T)

Advocacy issues:

CRF initiated and driven, the RCG should

- through MOC, set up a trade portal
- through MAFF, declare publicly a non-GMO rice policy
- publish regulations on pesticides (in trade portal)
- Set up a trade promotion network involving commercial counsellors of RCG Embassies overseas.
- Call for inter-ministerial cooperation (agriculture, commerce, tourism) for synergistic export promotion of Cambodian products and services.
Type of services, examples (free and chargeable):

Member list with online profiles
Rice Prices quoted by grade
Rice News
Market Reports
Statistics
Synopsis of Laws/Regulations
Advocacy
Valuable links & linkages
Hosting of technical working groups
Market missions, trade fairs, exhibitions, business networking

• CRF: Establish communication strategy and action plan, ensure timely
• publication under headings that communicate members’ benefits
COMPONENT 1:
INCREASED FARMERS’ ACCESS TO IMPROVED QUALITY SEED

- Scaling-up of the successful seed multiplication pilots is urgent and of high importance
- Besides scaling-up, the continued usage of the better quality (inbred) seeds by farmers requires continued encouragement and facilitation

HOW:
- The CRF as an inclusive federation of all relevant actors in the market chain is best positioned to solicit donor projects’ support to scale-up the seed multiplication and to advice the RCG to open the seed market;
- The RSSP created radio programs and the Verboice* IT system can be taken over and .
- Seek support from AFD/SNEC’s and CAVAC’s supported projects
COMPONENT 2:
QUALITY MANAGEMENT, FOOD SAFETY CERTIFICATIONS

- More mills shall and will follow or they will find themselves out of the export markets. Reportedly, already 10 additional mills outside the RSSP obtained HACCP certification.

- Next (beyond RSSP): Add ISO 22000, BCR, IFS certifications as requested by certain international buyers (e.g. distributors, retail chains)

- Add fulfilling the criteria for sustainable and responsible sourcing

- Several corporate buyers have expressed their willingness to help committed companies to attain these added certifications/accreditations. An excellent opportunity for CRF as a facilitator/catalyst to speed this up/make it happen.
COMPONENT 2:
QUALITY MANAGEMENT, FOOD SAFETY CERTIFICATIONS (COUN’T)

HOW:

- **CRF can facilitate agreements with consulting firms and certifiers (negotiate a group discount and even earn on services rendered. Lessons learnt by advanced companies should be shared with new applicants (peer-to-peer) in CRF organized meetings.**

- **CRF can build on the RSSP produced mill management software, offer the customization to mills at a cost and select a consulting company to guide mills throughout the implementation phase.**

- **CRF should scale-up the popular technical training on efficient mill operation and work with e.g. the previous RSSP consultant.**

  Both types of capacity building services for members offer income generating opportunities for the CRF!
COMPONENT 3: EXPORT READINESS AND EXPORT PROMOTION

Product portfolio:

- An Export Portfolio of types of Cambodian rice (white and fragrant) with two seasonal / value subdivisions each and the genetic varieties represented in each group was created.

- DNA fingerprints of the most relevant Cambodian rice strains were established that allow, when required, to proof authenticity and purity.

HOW:

- A CRF task force should guide periodic (2 years?) reviews of the export product portfolio to keep it aligned with market demand. The portfolio should remain ‘simple’ and short without giving up raising awareness of authentic Cambodian specialties.

- DNA: CRF can build on the relations established and expand the network of testing facilities. CRF can use its bargaining power, gain benefits for its members and earn income through facilitating the DNA testing process (ranging from logistics, providing anonymity, injecting control samples).
COMPONENT 3: (COUN’ T)
RICE PRODUCTS DIVERSIFICATION AND TECHNOLOGIES

HOW:
As a contribution to the sector’s development CRF should:

- monitor, support and encourage the nascent investment in Parboiled Rice, Organic products, Bran Oil production through building an information resource (repository) in its website and maintain a network with international experts).

- in the same sense and way explore and support the use of rice by-products with technical know-how and market intelligence (silica from rice husk ash would be one recent example).
COMPONENT 3: (COUN’ T)
COMPRENDIUM OF COMPANY PROFILES*

- A voluntary listing of exporters in form of a compendium of company profiles had been facilitated (since 2012) and the latest edition (v 8) comprises now of 39 companies.

- The **Standard Terms of Sale**, quoted in the Compendium, had been established in connection with bringing Cambodian rice prices into global publications.

**HOW:**

- *CRF should take the lead to maintain and expand the directory (advertising its members) and complement it with an electronic database. This is a membership service by CRF with added income options for CRF.*

- *A CRF task force composed of rice exporters, should review and update these terms periodically, taking into account improved supply capabilities and buyers’ expectations while remaining realistic/truthful.*
COMPONENT 3: (COUN’ T)
CAMBODIAN MILLED RICE STANDARDS

- The Cambodian Milled Rice Standards were established in 2012 (first since 1956) and revised in 2013/14: CS053:2014-Rev.1

- Rice products that comply with the standard specifications should receive a certification mark (seal) from the appropriate government institution as an endorsement of quality and authenticity. (CRF is being considered to assume that role.)

HOW:

- In connection with the branding of Cambodian Premium Jasmine Rice a specific standard for this type of rice (the varieties it comprises) should be formulated (completed) and promulgated and publicised. (Formulation is now already in progress by task force with consulting company.)

- CRF should offer/facilitate capacity building for millers (training courses) so that they can sustainably comply with the standard specifications. CRF can build on the ground work done by the RSSP.
COMPONENT 3: (COUN’ T)
EXPORT (BRAND) PROMOTION STRATEGY AND IMPLEMENTATION

- The fundament of the Export Promotion Strategy was/is its focus on Cambodian Highest Value Jasmine Rice as a champion in the portfolio with Thai Hom Mali defined as the benchmark.

- The Branding process that has just begun will be decisive to give Cambodian rice it’s own identity to compete better with Thai Hom Mali and position it in the “high value-high quality” quadrant.

HOW:

- CRF, as a gate keeper, must ensure
  (a) compliance of members with the collective brand positioning.
  (b) continual and consistent brand promotional messaging at all CRF facilitated collective events.
- The basis for that will be the Brand Profile and Brand Promotional Strategy (including tools) currently under development.
COMPONENT 3: (COUN’ T)
BRANDING AND BRAND PROMOTION

- Developing a Cambodian National Brand (collective trade name) combined with a seal of authenticity and quality (collective mark) for premium Jasmine rice is well under way.

HOW:

- *CRF must guide its members/the whole sector to build on this ‘game changing’ event to add profitability along the supply chain;*
  
- *Key to that is clear communication of the expected profit gains (high quality-certified products) from exporters to millers to farmers;*
  
- *The CRF as the sector organization must take the lead to conduct collective brand promotional campaigns in cooperation with rice exporters (financial contribution) in the identified highest potential markets (China, USA, EU);*
  
- *It is tantamount for the continued success and to achieve sustainability to carry-on with common, export promotion activities and the CRF members must not allow interruptions of the established showing of CRXs as a national group in global food fairs and at rice conferences.*
CRF’S STRATEGIC PLAN
PROPOSED SUSTAINABILITY PLAN HAS BEEN INCORPORATED

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THANK YOU