



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Investment Facilitation for Sustainable Development in the Agro-Industry — Cambodia



Nature of the Project & Focus on Agro-Industry

Objectives, Methodology, Outputs



Multi-stakeholder approach

- **48 separate interviews** in Cambodia between May and July 2019
- **Key stakeholders** across policymakers, firms, business associations, researchers, and civil society



Aims to identify

- (1) The main **development benefits** that investment into the agro-industry can bring to Cambodia
- (2) Investment challenges and **facilitation measures** to address those challenges in the agro-industry
- (3) Of these, which measures are more likely to lead to sustainable **development impact**?



Practical action-oriented draft measures

- **18 agro-industry** facilitation measures
- complementing the **20 economy-level** facilitation measures
- For each draft measure a **rationale** is provided for why this might be useful
- Aim is to **prioritize a subset** for further development and potential implementation

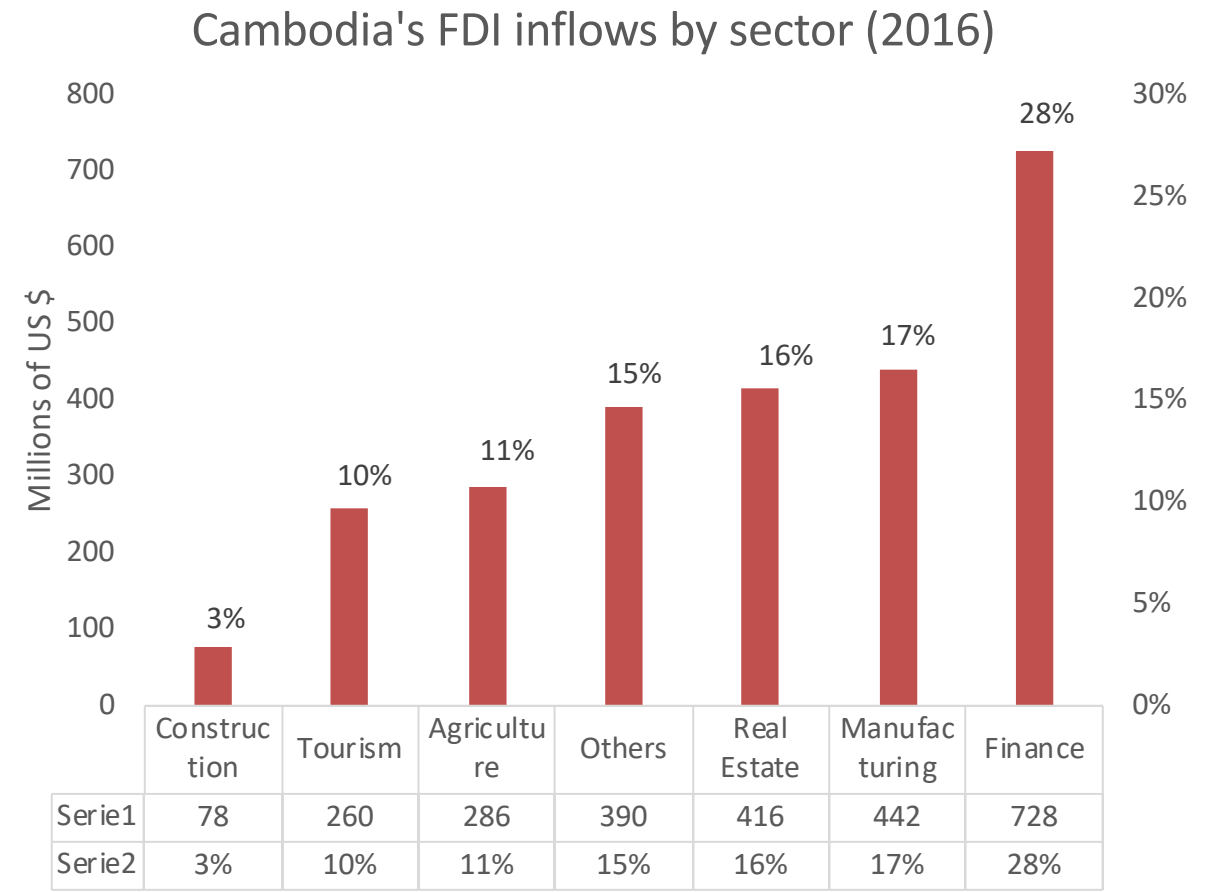
Why Focus on the Agro-Industry?

Three reasons



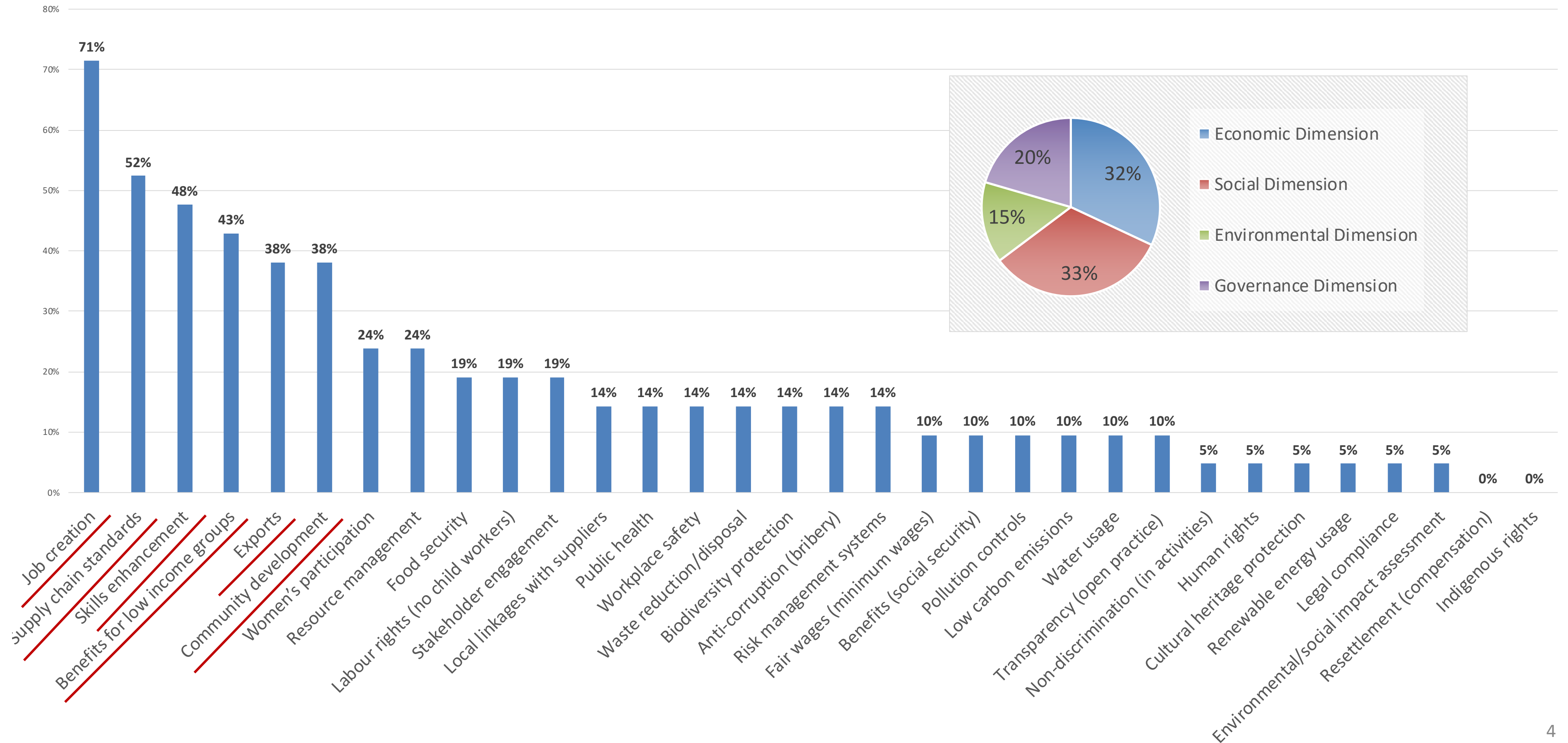
30% of Cambodians employed in agriculture sector (2018)

Sector accounts for 25% of GDP (2017)



Development benefits from investment

48 interviews



Draft Investment measures in Agro-Industry



Overview

International Frameworks (World Bank/ UNCTAD)



Overview

Regional Frameworks (ASEAN)



**1. Food nutrition
security**



**2. Economic
development**



**3. Women &
young people**



**4. Tenure
rights**



**5. Natural
resources**



6. Technology



**7. Climate
change**



**8. Rule of law
& governance**



**9. Impact
assessment
& accountability**



**10. Regional
approaches**

Overview

Categories of measures

**GOVERNMENT
SCHEMES**

**TRANSPARENCY
AND PREDICTABILITY**

**STANDARDS AND
CERTIFICATIONS**

ICT SOLUTIONS

**AGRICULTURAL
DATABASE**

CONTRACT FARMING

**ENVIRONMENTAL
MANAGEMENT AND
COMMUNITY
ENGAGEMENT**

**PUBLIC-PRIVATE
PARTNERSHIPS**

GREEN INVESTMENT

**INTERNATIONAL
VISIBILITY AND
YOUTH
ENGAGEMENT**

Overview

Draft for discussion

GOVERNMENT SCHEMES

1. RICE TAX INCENTIVES
2. BEHAVIOURAL TAX INCENTIVES
3. LOAN SCHEMES

CONTRACT FARMING

TRANSPARENCY

5. TERMINOLOGY

CERTIFICATIONS & STANDARDS

6. INTERNATIONAL CERTIFICATION
7. GOOD AGRICULTURAL PRACTICES (GAP)
8. DOMESTIC CERTIFICATION AUTHORITIES

ICT SOLUTIONS

9. EPHYTO ADOPTION
10. DIGITALIZE C/O APPLICATION

AGRICULTURAL DIGITAL DATA

11. AGRICULTURAL DATABASE & PLATFORM

ENVIRON. MANAGMENT & COMMUNITY ENGAGEMENT

12. GUIDELINES
13. LEARNING EXCHANGES

PPPs

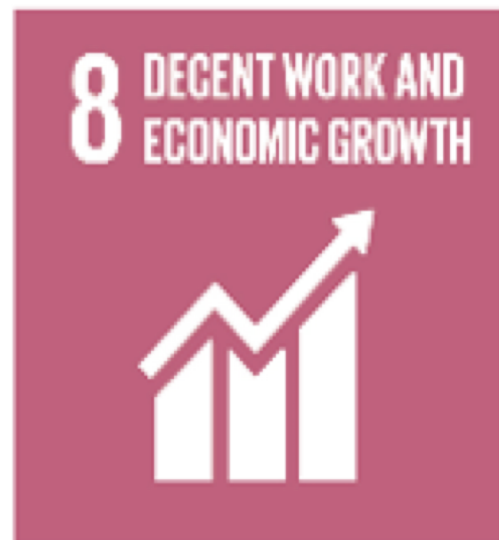
GREEN INVESTMENT

15. SME BANK AND IN LOW-CARBON DEVELOPMENTS

16. SUSTAINABLE WASTE MANAGEMENT

INTERNATIONAL VISIBILITY & YOUTH ENGAGEMENT

17. KHMER PRODUCTS PROMOTION ABROAD
18. AGRI-PRENEURSHIP INCUBATION PROGRAM



Agro-industry measures draft for discussion

RICE INCENTIVES EXTENDED

Extend to other priority commodities and crops the existing tax incentives that are currently applied to the rice commodity

BEHAVIORAL Tax INCENTIVES

Provide tax incentives conditional on foreign firms contributing to Cambodia's development objectives

LOAN SCHEMES

Continue the successful loan service for smallholders provided by the Rural Development Bank (RDB), and diversify the focus from the rice commodity to other priority commodities

“We can borrow money at an interest rate of only 5. Moreover, we are using our rice stock as collateral – this is not possible with a regular bank”

CONTRACT FARMING

Contribute to the expansion of the contract farming mechanism, by strengthening its legal framework and extending their advocacy to a wider pool of relevant actors (including farmers, agricultural cooperatives, private sector and local authorities).

Agro-industry measures

draft for discussion

TERMINOLOGY AND DEFINITION

Issue a glossary containing clear terminology and definitions in relation to the Agro-Industry taxes and customs

INTERNATIONAL CERTIFICATION

Publish a list of international certification bodies and private companies who are licensed to issue international certification for major crops in Cambodia and the region, in order to promote their uptake and use

DOMESTIC CERTIFICATION AUTHORITIES

Encouraging and supporting certification bodies to train local certification authorities

GOOD AGRICULTURAL PRACTICES (GAP) STANDARD

Strengthen the operationalization of the national GAP standard

(e.g. through regular consultation workshops with primary producers, processors, distributors, consumers and public servants)

Agro-industry measures draft for discussion

E-PHYTO

Prioritize the adoption of ePhyto, the electronic phytosanitary certificate, by GDA (MAFF)

AGRICULTURAL DIGITAL DATA AND PLATFORM

Consider creating a digital database with MAFF to collect and store data on

- (i) agricultural production output
- (ii) trade volumes of the agri-food industry

Digital Platform has proving as an effective mechanism for many sectors. Agriculture is also not an exceptional from the technology revolution. Ex. AgriBuddy and CropIn.

ONLINE C/O APPLICATION

Making the C/O application available online

“This would speed up application processes and contribute to preserving optimal quality of agricultural products»

Agro-industry measures

draft for discussion

GUIDELINES

Encourage more investment in Sustainable Economic Land Concessions (ELCs) through clear environmental management and community engagement guidelines

LEARNING EXCHANGE

Encourage learning exchanges between MOE accredited EIA firms and international firms

SUSTAINABLE WASTE MANAGEMENT

Develop fiscal and non-fiscal instruments to recognize, encourage and incentivize agribusinesses' initiatives to reduce, separate and recycle their waste

SME BANK

Expand the priorities of the new SME Bank to include investments in low-carbon use by SMEs, including in the agribusiness sector.

“This approach would improve access to low-interest, long term financial instruments for SMEs that already recognize the economic benefits of low-carbon operations, and would also mainstream efforts to advance the green economy in Cambodia”

Agro-industry measures draft for discussion

AGRI-PPPs

Initiate more Agri-PPPs, for instance in the areas of research and development (R&D), agro-processing, and crop insurance)

(E.g. R&D can strongly help mitigate the impact of climate change and help Cambodia remain competitive and achieve export targets in an increasingly competitive global market)

AGRI-PRENEURSHIP INCUBATION PROGRAM

Support MAFF to run programs such as an “agri-preneurship incubation program”, targeting ACs and universities and aiming to make ACs more productive and especially engage youth in the agri-sector

INTERNATIONAL VISIBILITY

Support international visibility of Khmer agri-food industry products

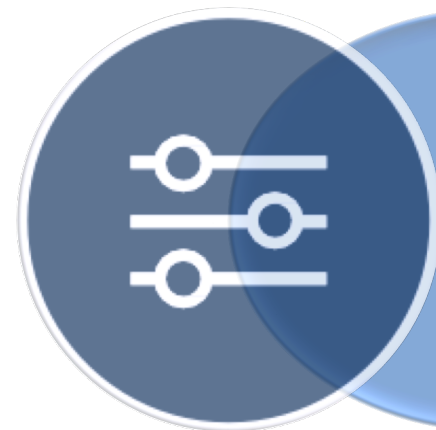
“There is lack of visibility internationally, despite the high quality and uniqueness of Khmer products. By creating more opportunities for visibility, local agribusiness would benefit from it, but also more foreign investors would have a chance to be expose to them”

Goals of the Workshop



FEEDBACK

from firms, policymakers, civil society,
international organizations



PRIORITIZE

those measures that are most
feasible and impactful



FINE-TUNE

prioritized measures refined for
potential implementation

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INTERNATIONAL VISIBILITY & YOUTH ENGAGEMENT

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Panel 2

Agro-industry measures



Mr. Kong Pheach

Director, Department of Agro-Industry (MAFF)



Dr. Tan Monivann

Vice President Cambodia Chamber of Commerce (CCC)



Ms. Sokha The

Chairwoman – Agriculture Working Group, Cambodia Women Entrepreneurs Association (CWEA)



Mr. Saran Song

CEO & Chairman, Amru Rice Co., Ltd and President of Cambodia Rice Federation