

QUATERLY PROJECT REPORT 2015

United Nations Development Programme - Cambodia Cambodian Export Diversification and Expansion Programme II- CEDEP II Cassava Component Project

1 January -31 March 2015



Cassava dried chips are loaded into a ship to export to China, Sihanouk Vill Port, 2015

Project ID & Title: 00089852

Duration: 2014-2017

Total Budget: 1,303,485

Implementing Partners/Responsible parties: UNDP, Cambodia

Country Programme Outcome: Strengthening national and sub-national capacities to develop a more diversified, sustainable and equitable economy

CPAP Output 1: “Evidence-based policy options provided; institutional capacities of selected sector strengthened and local income generation schemes scaled-up in support of inclusive and equitable growth”.

Table of Content

- I. Executive Summary
- II. Implementation progress.....
 - PROGRESS TOWARDS PROJECT KEY DELIVERABLES/SUB-OUTPUT.....
 - PROGRESS TOWARDS PROJECT/COUNTRY PROGRAMME (CPAP) OUTPUT.....
 - PROGRESS TOWARDS SP OUTPUT.....
 - PROGRESS TOWARDS COUNTRY PROGRAMME (CPAP) OUTCOME.....
 - PROGRESS TOWARDS SP OUTCOME.....
 - Capacity Development.....
 - Gender Marker.....
 - Environment and Social Safeguard.....
 - Lessons Learnt.....
- III. Project implementation challenges.....
 - Updated project risks and actions.....
 - Updated project issues and actions
- IV. Financial status and utilization.....
 - Financial status.....
 - Financial utilization

I. Executive summary

CEDEP II- Cassava is a project aiming to increase the quality of Cambodia cassava production, to improve processing and transforming techniques, to raise the standards of Cambodia’s cassava exporters and their products to meet existing and new export markets. It also seeks to improve the organization of the Cambodia’s cassava sectors, by encouraging producers, processors and exporters to join forces, in their negotiations with their trading partners as well as with the government. The project has total budget of USD1,303,485 which is funded by the Enhanced Integrated Framework for US\$997,026, by in-kind contribution from UNDPs for USD137,574, by cost-sharing contribution from private sector for USD 128,000; and by the government for USD40,885. The project plans to work with 40 exporters and processors locating in Battambang, Pailin, Kompongcham and Thborng Khum Provinces. The project started in April 2014 and will finish in April 2017.

From January to March 2015, the project has achieved its work as indicated in the quarterly work-plan. The key milestone includes the establishment of one local cassava association in Tombe District in Thborngkhmum Province and the validation of selection criteria and list of project beneficiaries. Moreover, the value chain study is going well as the field work is completed and the international consultant is working on the draft report. The project met with five cassava export and processing companies to discuss and learn their views about having or updating cassava standards. At the same time, the project has cooperated with the Cambodian Chamber of Commerce to find out ways to engage representatives of the cassava sector and association leaders into the working groups and G-PSF. Importantly, the project has facilitated the sharing of contract farming experience of the C3 Co.Ltd to MoC, Core Team, and Project team.

For knowledge sharing, the project has shared its experience on building relationship with project stakeholders and governance arrangement to UNIDO. The project has also kept informed DICO about the project progress on regular basis and as needed.

II. Implementation progress

PROGRESS TOWARDS PROJECT/COUNTRY PROGRAMME (CPAP) OUTPUT

CPAP OUTPUT: Evident-based policy options provided; institutional capacities of select sectors strengthened; and local income generation scheme scaled up for inclusive and equitable growth.

Key Indicators	Deliverable/Sub-Output	Baseline (month/year)	Target (month/year)	Current status (month/year)
Updated Value Chain study produced		Value Chain study produced in 2007 by Trade Promotion Department, MoC	1 Updated Value Chain Study for 2015	The field work is completed by local firm while the international consultant is drafting the report.
Association (s) of cassava exporters, processors and producers is (are) established to engage in policy dialogue, to find markets and to disseminate agricultural techniques for their members		There is no associations or gathering and representative mechanisms, so the sector is fragmented	Form the association for the target beneficiaries of the project	One local cassava association is established. President and Two Vice-Presidents were elected by farmers and traders in their areas.

Update Cassava Value Chain Study:

The fieldwork is completed and the report is been drafting by the international consultant. Hopefully, the report will be finished as plan.

ISC standards for cassava products

Five separate meetings with individual dry chip and starch processors were done to seek their views on the standards of cassava based products. This will be useful inputs for argument of the impact of having local standards on cassava exports.

A manual on export procedure and trade facilitation

Existing manuals on export procedure and trade facilitation were collected. The useful and relevant ones includes Handbook on Export Procedure: Practical Guide for Small and Medium Enterprises in Cambodia, and Business Analysis: Export of Cassava and Maize in Cambodia.

Establishment of the cassava exporters/processor association:

One cassava association was established in Tombe District in Thborngkhmum Province. The leaders of the association were selected by election and the event was presided over by Deputy Provincial Governor, Provincial Department of Commerce, District Governor, commune chiefs, farmers and traders.

Engagement in formal dialogue mechanisms

The project has worked very closely with CCC to find out ways to engage representatives and association leaders into the working groups and G-PSF. In addition, the project looks for opportunities which CCC can help promote the export of cassava products in its organized events and existing networks. This areas of cooperation needs to explore further.

Identification of project beneficiaries

On 23 March 2015, the project organized a meeting with the presence of IFC, SNV, Departments of Agriculture, Departments of Commerce, DICO, Agricultural universities in the target areas, and core team, to validate selection criteria and list of project beneficiaries.

In addition, the project has facilitated the sharing of contract farming experience of the C3 Co.Ltd to MoC, Core Team, and Project team. The project initiates the collaboration among project beneficiaries to promote the export of cassava-based products from Cambodia to end markets. At this stage, they are very pleased with the opportunities to know each other and to work together to address issues in the sector.

Identification of export markets

The project has explored organizations having database on agricultural products and business networks active in cassava trade for the access to market information. Consequently, the project can mobilize support from ITC to train the project team and five starch processing companies how to use its online market analysis tools. So far up to now, the project keeps monitoring the trend of cassava market and export, both formal and informal ways, in the country.

Progress toward the recommendations raised by EIF are well taken.

#	ES and TFM recommended actions	Status as of ...	Description	Next Steps
1	Recommendation 1	On-going	On 16 March 2015, the project shared its experience on project management and relationship building with key stakeholders to UNIDO Team.	The project will conduct a meeting with IFC and UNIDO to get comments on ToR of SPS, ToR of Environment and ToR of Manual on Export and Trade Facilitation
2	Recommendation 2	On-going	The project has worked very closely with DICO for information sharing and M&E. The key events which the project involved include: On 6 January 2015, the project reported its	The project will update the project progress and share information to DICO and attend the meetings as per request

			<p>progress to IC meeting</p> <p>On 4 February 2015, the project provides briefing about the project strategy, work-plan and capacity building of Core Team to DICO team, especially new staffs</p> <p>On 23 February 2015, the project organized the 2nd Project Board Meeting</p> <p>On 6 March 2015, the project updates its progress to SSC-TRTRI meeting</p> <p>In addition, the project shares views and experience as NIE to the meetings such as the first EIF-MIE meeting held On 5 March 2015 and Mid Term Plan Mission held on 31 March 2015</p>	
3	Recommendation 5	N/A		
4	Recommendation 7	On-going	The project has worked with the core team to develop a capacity building work-plan for 2015. The proposed work-plan was submitted to DICO for comment and feedback.	The project will arrange a meeting with DICO to discuss about activities which can be funded and in its plan.
5	Recommendation 8	On-going	On 23 March 2015, the project held a meeting with IFC, SNV, agriculture universities, Provincial Departments of Agriculture, and Provincial Department of Commerce, and DICO to get comment on select criteria and to validate the list of project beneficiaries. The minute and list of project beneficiaries was submitted to donor	<p>The project will follow up comments of donor.</p> <p>The project will work with project beneficiaries and SNAs of target provinces to identify key areas or local communities to trace the project impacts on poverty reduction and income, mainly the poor.</p>
6	Recommendation 11	Not yet started	The exit plan was included in the three year rolling plan.	It will be develop developed and completed by the Q3 of 2016.

7	TFM-Recommendation 1: Agreement between UNDP and government should do within three months of the signature of agreement between UNDP and UNOPS	Done	The agreement was signed on 8 April 2015.	
<input type="checkbox"/> delivery <i>exceeds</i> plan		X delivery <i>in line with</i> plan		<input type="checkbox"/> delivery <i>below</i> plan

PROGRESS TOWARDS SP OUTPUT

OUTPUT: (state the SP output in full)

Output 7.5 South-South and Triangular cooperation partnerships established and/or strengthened for development solutions Output

Output Indicators	Baseline (month/year)	Target (month/year)	Current status (month/year)
<input checked="" type="checkbox"/> 7.5.1.A.1.1 Total number of national South-South and Triangular cooperation partnerships that deliver measurable and sustainable development benefits for participants (national, regional, sub-regional, inter-regional entities)	Baseline: 2013 = 1 (China)	Milestone: 2014 = 1	On-going
<p>To leverage impacts on the cassava sector and project beneficiaries, the project will explore business networks built by CCP II project and assist them to identify Chinese buyers. Moreover, the project will continue to share training materials (production, processing techniques and quality requirement of Chinese market) to exporters and processors which the project is working with. Once the website of the cassava associations/federation is finished, the project will upload all materials in it for public access.</p> <p>The project will use opportunities available through UNDP Country Office and MoC to disseminate the knowledge generated by CEDEP II-Cassava and CCP II as well as share to foreign delegates wishing to learn from Cambodia about the export promotion of cassava.</p>			

PROGRESS TOWARDS COUNTRY PROGRAMME (CPAP) OUTCOME

OUTCOME: (state the Country Programme outcome in full)

Outcome 1: By 2015, national and sub-national capacities strengthened to develop more diversified, sustainable and equitable economy

Outcome Indicators	Baseline (month/year)	Target (month/year)	Current status (month/year)
■ Extent to which the agreed post 2015 agenda and sustainable development goals reflect sustainable human development concepts and ideas	Baseline: 2013) = 1 (2017 trade dev. strategy)	Milestone: 2014) = 1 (Updated trade dev. strategy 2014-18 developed with inclusion of pro-poor aspect)	In line with trade development strategy, the implementation approach of the project is developed and the dimension of inclusiveness of the poor is seriously considered

The project has a strategy and plan to build the capacity of core team assigned from Ministry of Commerce, Ministry of Agriculture, Ministry of Rural Development, Ministry of Environment and Trade Training and Research Centre to mainstream trade into policies and action plans. By the time, the project has collaborated with DICO to facilitate and support them to engage in the project activities and to attend in related trainings.

The project has a plan to recruit one Field Coordinator to work closely with established cassava associations at the grassroots level, so the activities of all stakeholders can be facilitated and aligned to leverage the impacts of all projects to the poor.

PROGRESS TOWARDS SP OUTCOME

OUTCOME: (state the SP outcome in full)

Outcome 7: Development debates and actions at all levels prioritise poverty, inequality and exclusion, consistent with our engagement principles

Outcome Indicators	Baseline (month/year)	Target (month/year)	Current status (month/year)
■ Extent to which the agreed post 2015 agenda and sustainable development goals reflect sustainable human development concepts and ideas	Baseline: 2013) = 1 (2017 trade dev. strategy)	Milestone: 2014) = 1 (Updated trade dev. strategy 2014-18 developed with inclusion of pro-poor aspect)	The project will support the establishment of the dialogue between the processors/exporters and the relevant stakeholder. The concept on the way forward and its scope is generated and to be confirmed by Q1 2015.

The project has worked with Department of Private Sector Development to architecture a sectoral structure which exporters, processors and producers can work together. Initially, local cassava associations at target areas are established as a focal point of connection at local level. Afterwards, these associations can represent its members to join with export and processing companies to establish a Cassava Federation as a national mechanism to represent the sector and to dialogue with the Government and relevant stakeholders. Currently, its process of establishing cassava association is still on-going and hopefully it will complete by the end of this year.

Capacity Development

The project has conducted a series of training to upgrade the capacity of project team, core team and MoC staffs as demonstrated in the table below.

No.	Date Conducted	Title/ Topics	Location/ Venue	Total	
				M	F
1	02/02/2015	Standard Map I Training	Cambodiana Hotel	4	1
2	18-19/03/2015	Standard Map II Training	Inter-Continental Hotel	4	1
3	30/02/2015	Contract farming Training	MoC	30	12
4	30/03/2015	Capacity Development Plan of Core Team	Hanami Restaurant	5	

Gender Marker (GEN1)

The value chain study has focused on gender roles in the entire chain of cassava. The study findings will tell what should be intervened to improve the status of female in the cassava context.

The project provides enabling environment for female to participate and benefit from the project. For instance, female headed households and farmers are invited to stand for election of any positions of the cassava association and vote to select their preferred candidates. In addition, female core team is encouraged to joint training and provided easy access to project information as male peers.

The project is reviewing existing research documents about gender in agriculture, business and trade in the context of Cambodia. The findings will be used as a guide to mainstream gender into the project and to create enable platforms for female to benefit from the project and play their roles effectively as their male peers. The work is still on-going.

Environment and Social Safeguard

Environment and social safeguard are the key concerns of the project. The project will conduct a survey of environmental risks and mitigation and at the same time to develop a plan to assist its project beneficiaries to implement a number of low-cost, economically sustainable remedial solutions to address those negative impacts. The environmental survey will start soon after the value chain study completed and project beneficiaries are identified.

Lessons learned

During the report period, cassava business across border is very active. All silos are operating to purchase cassava fresh roots to process into dry chip as well as dry chip directly from farmers at farm gates and at their silos. Unfortunately, only three local and one Chinese starch processing plants are operating while other processing plants are not operated but just trying to release the last year stock. On the other hand, some plots of cassava are ploughed and start growing again while there are plots which cassava trees already grow longer than 20 cm. These plots are estimated to be cultivated on the fourth quarter of this year.

From the business perspective, it is seen that there is a strong link between Cambodian and foreign traders in neighboring countries. More and more silos become the joint venture while some of them are rented to foreign traders. They work together very well to buy cassava from farmers, transport to their countries, and export to China. This system is working well with back-up support service providers, mainly Thai and Vietnamese Truck Companies entering 30 km or deep into the country and enabling to provide cheap and effective transport and logistic services. Regrettably it

is reported that only five out of 60 Cambodian companies registering in MAFF for export of cassava to China, can actually export. Many companies just collect and sell cassava to neighboring traders and few companies do export directly to China through transshipment in Thailand and Vietnam.

The price of cassava fresh root and dried chip are little fluctuated between \$ 2-4 per ton. The price falls down during February and it was explained that this is a holiday period which Chinese companies stop working for a while so there is no business transaction. In the country context, the price is fluctuating unpredictably and each trader/buyer can set price at their own convenience. Observably, most silos in Pailin, like other provinces, has changed its price more than 10 times per day. The price is generally high at the morning and lower gradually.

The practice and method of assessing quality of cassava-based product is a critical matter. Most farmers does not like to get starch content as a criteria for pricing which this is important for starch processing factories while dry content, cleanliness, smell and color content are important to traders. The farmers reported that they do not know why their products deserve that price.

Learning from the current situation, farmers take less advantages from such price setting. They have no reliable and comprehensive market information, cannot bargain price with traders/buyers, and urgent needs for cash. The price is a complex issue which needs to be studied in details.

III. Project implementation challenges

The current informal system set up by foreign traders is friendly for Cambodian traders and companies to collect and sell cassava-based products to them while the direct export from Cambodia is less favourable and not competitive.

On the one hand, they can generate reasonable gain and work well together with trust through long period of time and well-organized supporting system.

On the other hand, the country trade system still needs lot of improvement and costs relating export and transportation needs to be lower as much as possible in order to make Cambodian Cassava products competitive. Moreover, the distance from the project areas, especially provinces along Thailand borders, to sea ports (Phnom Penh and Sihanouk Ville Ports) are far which taking longer time for transportation and creating more miscellaneous costs. Some exporters also concerns that transportation companies cannot guarantee that their products are not lost by any reasons which this is not a case for foreign truck companies. Most of exporters raised the same that they do not have enough finance to afford for long transaction as they have limited working capital while most buyers prefer to enter a contract with big volume of supply which they are not confident and capable to do. All these factors discourage traders to think of export directly through the country system.

Even so, there are some companies trying to export cassava by transshipment through neighbouring countries to end markets in the name of Cambodia. They hope that ASEAN integration in 2015 will create fruitful opportunities for them to export by this way easily.

a. Updated project risks and actions

Through the observation during the harvesting period, the project notes that the traditional trade system of cassava is still operating as usual. Farmers sell fresh roots and dry chips to local collectors as the intermediaries of Vietnamese and Thai traders while the export of dried chip to existed markets such as China, Slovakia and Taiwan is still in small volume. The project assumes that the direct export may be low this year again because export cost remains the same, trade and supporting facilities of Cambodia are still shortage, and trade system is not yet ready to make export of cassava competitive.

Project Risk 1: Export costs (transportation and paper related costs) and trade facilities of Cambodia are not competitive with neighbouring countries. The export price may not provide a reasonable incentive for Cambodian exporters to export their products and to encourage foreign buyers to shift supply sources from Cambodia.

Actions taken 1: the project will cooperate with the government, World Bank and relevant stakeholders to speed up the trade reform and address particular issues of the cassava sector by establishing dialogue mechanisms.

b. Updated project issues and actions

Project Issue 1: While the project focuses on the capacity building of cassava processors/exporters) to be ready for export, there are number of issues which are outside the project scope. It includes shortage of storage/warehouse, working capital, high transportation cost, and complicate export procedure.

Actions taken: The project will speed up to establish dialogue mechanisms enabling the government, development partners and private sector to work together to find out ways to address the issues.

IV. Financial status and utilization

Table 1: Contribution overview [08 April 2014 – 07 April 2017]

Donor	Contributions		Contribution Balance
	Committed	Received	
PCS-30000 (11445-UNOPS)	997,026.00	600,000.00	397,026.00

Table 2: Annual expenditure by Activity [01 Jan 2015 – 31 March 2015]

Activity	2015 APPROVED BUDGET	2015 Jan-Mar EXPENDITURES	BALANCE	DELIVERY (%)
Activity 1: A working group of cassava processors and collectors is organized and an agenda of key issues is identified	7,268.40	871.10	6,397.30	12%
Activity 2: An up-to-date Cassava Value Chain study is prepared and disseminated	22,242.60	9,277.00	12,965.60	42%
Activity 3: The current ISC standards for cassava (currently 2 standards) are reviewed and updated if/as needed. Additional standards are developed if needed	12,787.20	-	12,787.20	0%
Activity 4: A manual on export procedures/trade facilitation issues for cassava-based products has been prepared and is disseminated.	46,729.44	-	46,729.44	0%
Activity 5: Association(s) is (are) created and engaged in G-PSF discussions.	38,016.00	-	38,016.00	-

Activity 6: Formal dialogue mechanism(s) between cassava private sector and Government is (are) identified and implemented	5,728.32	-	5,728.32	-
Activity 7: One (several) groups of processors and collectors (and exporters) is/are identified for in-depth support to strengthen their export readiness	5,529.60	2,258.81	3,270.79	41%
Activity 8: A survey of SPS needs is carried out for each pilot group of processors identified under output 7	42,703.20	-	42,703.20	0%
Activity 9: SPS plan is implemented successfully during the project through on-site advisory services and training	14,796.00	-	14,796.00	-
Activity 10: A survey of environmental risk and mitigation needs is developed for the pilot groups of processors.	41,148.00	-	41,148.00	-
Activity 11: The project helps implement 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.	12,744.00	-	12,744.00	-
Activity 12: Three new potential markets have been identified by groups of export-ready processors.	46,980.00	-	46,980.00	0%
Activity 13: Project Management	123,323.52	27,937.50	95,386.02	23%
Total	419,996.28	40,344.41	379,651.87	10%