



Technical/Narrative Report

Quarterly Consolidated Report

Submitted by the National Implementation Unit (NIU) to
The Executive Secretariat (ES) for the Enhanced Integrated Framework
and the EIF Trust Fund Manager (TFM)

Tier 2 project in Cambodia

Project title: Cambodia Export Diversification and Expansion Programme (CEDEPII)-Cassava Component.

Date of approval by EIF Board: **13th January 2014**

Date of signature of MoU: **8th April 2014**

Starting date: **8th April 2014**

Duration of project: **3 years**

Total project budget: **USD1,303,485**

Amount received under this Agreement: **USD 997, 026.00**

Amount received from other sources of funding: **USD 306,459.00**

Contribution of UNDP: **USD 137,574.00**

Type of report: **Quarterly progress report**

Time period covered by this report: **January-March 2015**

Amount spent during the period (US\$): **USD 40,344.41**

Date: June 2015

Name of person reporting: Ratana Norng

Function of person reporting: Programme Analyst

Name of contact person: Ratana Norng

Function of contact person: Programme Analyst

Telephone/fax: **+855 16 581 596**

E-mail address: Ratana.norng@undp.org

Setsuko Yamazaki,
Country Director

Authorized Official Name, Date, Signature and Stamp:

PART I. SITUATION ANALYSIS AND STATUS

I.1 Overview of the country situation in project implementation

- Please briefly describe any significant economic, social, political and trade developments that influenced project implementation in the reporting period.

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.

I.2 Effects on project objectives

- Please describe how the above changes affected or will potentially affect the project objectives.

The current system is friendly for Cambodian traders and companies to collect and sell products to neighboring countries but less favorable for direct export. They can generate reasonable gain and work well together with trust through long period of time and well-organized supporting systems. In contrast, the country trade system still needs improvement and costs relating export needs to be lower in order to make Cambodian Cassava product competitive. Moreover, the distance from the areas to sea ports (Phnom Penh and Sihanouk Vill Ports) are far which taking longer time to transport the products and creating more costs. Some exporters said that local transportation 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 that they do not have enough finance to afford for long transaction as required by formal export procedure. All these factors discourage traders to think of export directly through the country ports. In contrast, some companies intend to export cassava by transit through neighboring countries. They hope that ASEAN integration in 2015 will create opportunities for them to do business in this way easily.

Farmers can get better prices if some of the key challenges are addressed. Market information should be accessible, product specification should be developed based on local market, and farmers are organized into groups, and financial support given to farmers during harvesting season so that they can keep cassava trees mature and sell at better price period.

PART II: IMPLEMENTATION UPDATE

II.1 Overview of the results

- Outline the key activities of the project against the work plan during the reporting period as well as achievements vis-à-vis planned outputs.

The following activities were undertaken in the period

No	PLANNED OUTPUT	CORRESPONDING ACTIVITIES
	Preparatory quarter	<ul style="list-style-type: none"> ○ <i>The project was formally launched by H.E Sun Chanthol, Senior Minister of the Ministry of Commerce on 21 February 2014</i>

		<ul style="list-style-type: none"> ○ <i>The project was endorsed by the Local Project Appraisal Committee on 31 March 2014</i> ○ <i>The agreement between UNOPS and UNDP was signed on 8 April 2014.</i> ○ <i>A project implementation team was established. The National Management Specialist and Project Assistant was recruited and started works in Mid-August 2014</i> ○ <i>The first project board meeting was organized in 16 October 2014</i> ○ <i>As advised by EIF, the first Annual Work-Plan and Budget was developed and approved by the project board</i> ○ <i>The project implementation strategy was drafted, consulted with experts and will be finalized when the value chain study completes</i> ○ <i>Through the intensive literature reviews about the potentiality of all provinces growing cassava in the country and consultation with key stakeholders, the project identified four provinces (Pailin, Battambang, Kompongcham and Thborngkhmum) as its target provinces.</i>
1	<p>A working group of cassava processors and collectors is organized and an agenda of key issues is identified (including, but not limited to, updated study of value chain and export opportunities; availability of standards; SPS needs; environmental issues; others)</p>	<p><i>Key stakeholders in country are identified. Most of them has been introduced about the project.</i></p> <p><i>The project is still exploring global and regional organizations and networks working on Cassava with main focus on export. The networks are useful for access to update information.</i></p>
2	<p>An up-to-date Cassava Value Chain study is prepared. The study focuses on the two main components of the export value chain: export of cassava chips; and, export of processed cassava (starch, flour, ethanol, other). SPS requirements for key</p>	<p><i>The project provides briefing and guidance to International Consultant and Local Firm about the assignment, expectation, and approval of data collection tools and work-plan.</i></p> <p><i>The consultants completed field work at the target areas and interview with key informants. The report is drafting.</i></p>

	export markets are identified, as would be the role of women in value generation. The value chain study builds upon the 2010 VCA produced by the Ministry of Commerce under UNDP support	
3	The current ISC standards for cassava (currently 2 standards) are reviewed and updated if/as needed. Additional standards are developed if needed. Information of importing market requirements (SPS, TBT, NTM) is disseminated widely.	<p><i>Five separate meetings with individual dry chip and starch processors were done to seek their views on the standards of cassava based products. Next step, it needs a broad-scale discussion among key business players and experts on this field.</i></p> <p><i>The project is now considering the impacts (pros and cons) of having local standards on cassava export.</i></p>
4	A manual on export procedures/trade facilitation issues for cassava-based products has been prepared and is disseminated	<p><i>Manuals on trade facilitation and export were collected. The useful and relevant ones include 1) Handbook on Export Procedures: Practical Guide for Small and Medium Enterprises in Cambodia, and 2) Business Process Analysis: Export of Cassava and Maize in Cambodia.</i></p>
5	Association(s) of cassava farmers, processors or traders is established	<p><i>One cassava association was established at Tombe District of Thborng Khmum Province.</i></p> <p><i>It will discuss further with MoC about the legal procedure relating to the cassava association.</i></p> <p><i>The project will work with the leaders of association to submit the statute to MoC and to register with Mol as required by law.</i></p>
6	Formal dialogue mechanisms are identified and implemented	<p><i>The project has worked very closely with CCC to learn about the procedure of G-PSF, dialogue protocol, formats used to raise issues, and back-up evidences on statement.</i></p> <p><i>The project has built relationship with CCC in order to get it support on cassava export promotion in its organized events and existing networks.</i></p> <p><i>On March 2015, in Kompong Cham and Thborng Khmum, SNAs including Provincial Deputy Government, District Governors, and Commune Chiefs were invited to</i></p>

		<p><i>attend the process of establishing cassava association. During the event, they informed their knowledge on issues facing by cassava farmers and traders and expressed their commitment to solve problems by prioritizing cassava as a key intervention in SNA development plans.</i></p>
7	<p>One (several) groups of processors and collectors (and exporters) is/are identified for in-depth support to strengthen their export readiness. The targets under this outcome are processors and collectors of dried chips.</p>	<p><i>Key project beneficiaries in target province area are identified and selected based on criteria.</i></p> <p><i>On 23 March 2015, the project organized a meeting with the presence of IFC, SNV, Departments of Agriculture, Departments of Commerce, DICO, Agriculture Universities and core team to validate selection criteria and list of project beneficiaries. The list and minute were submitted to donor.</i></p> <p><i>The project shared the contact list of exporters and processors to 3C Co.Ltd for identifying business partners and discussed areas of cooperation.</i></p> <p><i>The project facilitated one meeting, between SRSI Co.Ltd and traders in target provinces, to explore opportunities for cooperation of cassava collection and export.</i></p>
8	<p>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.</p>	<p><i>Not applicable</i></p>
9	<p>SPS plan is implemented successfully</p>	<p><i>Not applicable</i></p>
10	<p>A survey of environmental risks and mitigation is carried out</p>	<p><i>Not applicable</i></p>
11	<p>Some of low-cost economically sustainable solutions are implemented</p>	<p><i>Not applicable</i></p>
12	<p>Three new potential markets are identified (trade fair ect.)</p>	<p><i>At the stage, the project has built knowledge about cassava market and explored its networks for access to market information and business partnership. The project has used ITC tools for market analysis and other networks to trace international prices of cassava</i></p>

		<i>products.</i>
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- Evaluate the overall progress –or setback – of the project against the work plan and log frame during the period.

The Value Chain Study takes longer time than its schedule because the complexity of problem demands in-depth analysis and more time is needed in order to collect data which are reliable for analysis. Now international and local firms are working on the assignment.

- Note problems/obstacles or positive developments that were met during the period, how they may have affected the target delivery and how they have been addressed.

The project has started activities of other outputs with no delay while waiting the VC study to be completed. The project used the studies from CCP II project, field-work and expert advices as guidance to start its activities. Now the project starts mobilizing resource people and consultants to work on each output, mainly developing ToRs and consultant recruitment. By doing so, the project can go smoothly as its plan.

II.2 M&E and reporting

- Please describe any M&E work, including reporting to Ministry and other stakeholders, and incorporation of results into Government reporting tools.

*- The ongoing project M&E is conducted by UNDP Programme Analyst
 - The first project board meeting was held on 23 Feb 2015 to comment and advise the strategic direction, and approve the work-plan and budget 2015
 - The project updated its progress and activities regularly to the DICO through various means such as IC Meetings, SCC-TRTRI meetings and reporting*

II.3 Training and capacity building

- Describe any progress made on the development of the capacity-building plan in line with the work plan.
- Describe any capacity-building measure that was implemented during the reporting period. Include beneficiaries.
- What were the outcomes (positive or negative) of such measures?

The project has conducted training as reported 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	30/0232015	Contract farming Training	MoC	30	12
4	30/03/2015	Capacity Development Plan of Core Team	Hanami Restaurant	5	

II.4 Sustainability and exit strategy

- ❑ Please describe any actions taken towards the integration of the NIU or its functions into the Ministry framework.
- ❑ Please describe any progress regarding the implementation of the exit strategy for the project while sustaining the dynamics that it has initiated.
- ❑ Please describe the Government's contribution to the project over time, including in-kind and financial contributions.

The exit strategy was put as a priority within the three year activity plan. It will be developed and finished by the third quarter of 2016.

II.5 Communication and dissemination

- ❑ Describe outreach activities that have been undertaken (e.g., publicity, press, digital stakeholder engagement) and what has been the impact.
Project's just started, there is no output to be produced
- ❑ Are there any good practices or lessons learned to share from outreach efforts that have been undertaken during the period?

The project has collaborated with a communication officer of the DICO's M&E team to develop a factsheet and X-stand. Both materials are shared to the project beneficiaries and stakeholders working in the cassava sector.

PART III: FIDUCIARY AND ORGANIZATIONAL ARRANGEMENTS

III.1 Organization and fiduciary management of the project

- ❑ Please describe and report on any significant procurement activities undertaken by the unit, including problems faced, during the reporting period.
- ❑ Please describe any major organizational or fiduciary management issues that were faced during the reporting period, including efforts made to improve the organization/ management of the project.
- ❑ Please describe personnel and administrative management issues and progress.

There are no major issues to date.

III.2 Financial management

- Please describe any major financial and accounting management issues that were faced during the reporting period.

There are no major issues to date.

- Indicate any financial support/resources received from the Government and other donor sources.
 - UNDP Cambodia: USD 137,574.00
 - Private sector: USD 128,000.00
 - Government: USD 40,885.00

III.3 Implementation of past ES/TFM recommendations

- Brief update on the status of the implementation of the ES and TFM recommendations (in the EIF Board approval letter or from previous missions).

#	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	<p>The project has worked very closely with DICO for information sharing and M&E. The key events which the project involved include:</p> <p>On 6 January 2015, the project reported its 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</p>	The project will update the project progress and share information to DICO and attend the meetings as per request

#	ES and TFM recommended actions	Status as of ...	Description	Next Steps
			<p>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.	