



Cambodia Sustainable Business Development Project

Inclusive market systems development

Contributing to livelihoods, stability and social benefits in Cambodia

The context

Despite Cambodia's rapid economic growth in recent years, patterns of poverty remain entrenched, especially in rural areas where poverty is concentrated. As of 2017, agriculture was the main income source for 80 percent of Cambodians, but represented less than 30 percent of Gross Domestic Product (GDP)¹. As of 2014, 13.5 percent of Cambodians lived below the national poverty line, with 90 percent living in rural areas² and 75 percent being women³. Around 4.5 million people remain near-poor, vulnerable to falling back into poverty when exposed to economic and other external shocks. Most of them are smallholder farmers⁴, producing at barely

above subsistence levels. Women are more likely to grow subsistence crops than cash crops, with female headed households particularly vulnerable.

World Vision's Cambodia Sustainable Business Development Project worked with agricultural cooperatives in three provinces to promote pro-poor growth, with economic growth, poverty reduction and gender equality outcomes in the agriculture sector. The project supported farmers to equitably participate in and benefit from agricultural markets. At the same time it worked with the private sector to promote inclusive business models that reach the poor as consumers, producers and employees.

Project overview

The Cambodia Sustainable Business Development (CSBD) Project was a five-year (2014-2019) rural economic development project supported by the Australian Government through the Australian NGO Cooperation Program. The project targeted 38 Agricultural Cooperatives (ACs) in Kandal, Kampong Thom and Preah Vihear provinces. It aimed to improve rural livelihoods through an inclusive market systems development approach that focused on:

- building the capacity of AC Steering Committees to engage in agricultural markets;
- helping AC Steering Committees to facilitate collective buying and selling between AC members and market actors; and
- supporting profitable AC Steering Committee-run businesses, focused on selected value chains including organic rice, vegetables, cashews and chickens.

Project goal: 3,690 active AC members from 38 ACs have improved livelihood supporting children's wellbeing in Preah Vihear, Kampong Thom and Kandal provinces by 2019.

Outcomes:

1. ACs develop strong internal governance with leadership and transparency.

Achieved through:

- strengthening AC Steering Committee financial management skills and practices;
- building the leadership capacity of AC Steering Committee members; and
- ensuring diversity in AC Steering Committee membership with a focus on women and people living with a disability.

2. ACs develop and run profitable agricultural businesses that support AC members.

Achieved through:

- increased AC Steering Committees' business skills and knowledge; and
- increased AC Steering Committee networks for business development including contract farming.

3. AC members increase their productivity and farming profits.

Achieved through:

- farmers' increased capacity and knowledge to engage in available markets;
- increased agricultural technical knowledge to increase production; and
- increased access to capital.

1. World Bank. 2017. Cambodia - Sustaining strong growth for the benefit of all. Washington, D.C.: World Bank Group. <https://hubs.worldbank.org/docs/imagebank/pages/docprofile.aspx?nodeid=27520556>

2. World Bank. (2019). 'Cambodia: Overview', <https://www.worldbank.org/en/country/cambodia/overview> (Updated 25 September 2019)

3. World Bank cited in Socheata, H. 2016. 'Cambodia women Empowered in Farming Sector, VOA News, March 12, available online: <https://www.voanews.com/east-asia-pacific/cambodian-women-empowered-farming-sector>

4. The Food Agricultural Organisation (FAO) definition of a smallholder farm is agriculture that supports a single (or extended) family, without employees, on a plot of land less than two hectares. Available online: <http://www.fao.org/3/a-i5251e.pdf>

As per the Government of Cambodia’s 2014 AC Law, an Agricultural Cooperative is a private legal entity and agricultural-based economic enterprise. ACs are governed by a Steering Committee, which provides leadership for AC members. Members are required to purchase shares in the cooperatives and receive dividends on their investments from AC businesses.

In the Cambodian context, ACs are an important means to help rural farmers progress from subsistence to more commercial agricultural practices. Through the AC mechanism, farmers can organise collectively to buy agricultural inputs and sell their products to achieve higher profits. Meanwhile, large agriculture companies can engage with ACs to increase their supply of quality agricultural products or distribution of agricultural inputs.

Evaluation purpose and methodology

In 2019, World Vision commissioned an evaluation to compare project goals and intended results with actual gains, setbacks and unexpected outcomes. Conducted by independent consultancy Causal Design, in partnership with World Vision International-Cambodia and World Vision Australia, the approach followed the Organisation for Economic Co-operation Development Assistance Committee (OECD - DAC) criteria on impact, effectiveness, relevance and sustainability.

The evaluation used a mixed methods approach to address the evaluation questions:

- a questionnaire survey of 383 active AC members (75 percent female respondents) across all 38 targeted ACs;
- records from project monitoring and AC reports;
- 12 focus groups (male, female, mixed) across six ACs;
- 12 key informant interviews with project stakeholders and partners;
- quantitative data analysis including mean, median and outlier considerations, including comparison to the baseline study undertaken in 2016; and
- qualitative data grouping to confirm trends of feedback and insight, including female/male comparison.

Sustainable Development Goal (SDG) contribution:

2
ZERO HUNGER



SDG 2:
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

5
GENDER EQUALITY



SDG 5:
Achieve gender equality and empower all women and girls

8
DECENT WORK AND ECONOMIC GROWTH



SDG 8:
Decent work and economic growth

10
REDUCED INEQUALITIES



SDG 10:
Reduced inequality within and among countries



The CSBD Project primarily worked on the organic rice value chain in the remote region of Preah Vihear.

Project models and approaches

The CSBD project adopted World Vision’s approach for inclusive Market Systems Development (iMSD). Markets are all-pervasive; however, the benefits of market participation do not always reach the poor, especially poor women. To promote markets that are more inclusive of poor women and men, World Vision adopts a hybrid iMSD “push-pull” approach, which seeks to build the productive capacity of small-scale producers while also seeking to strengthen market systems.

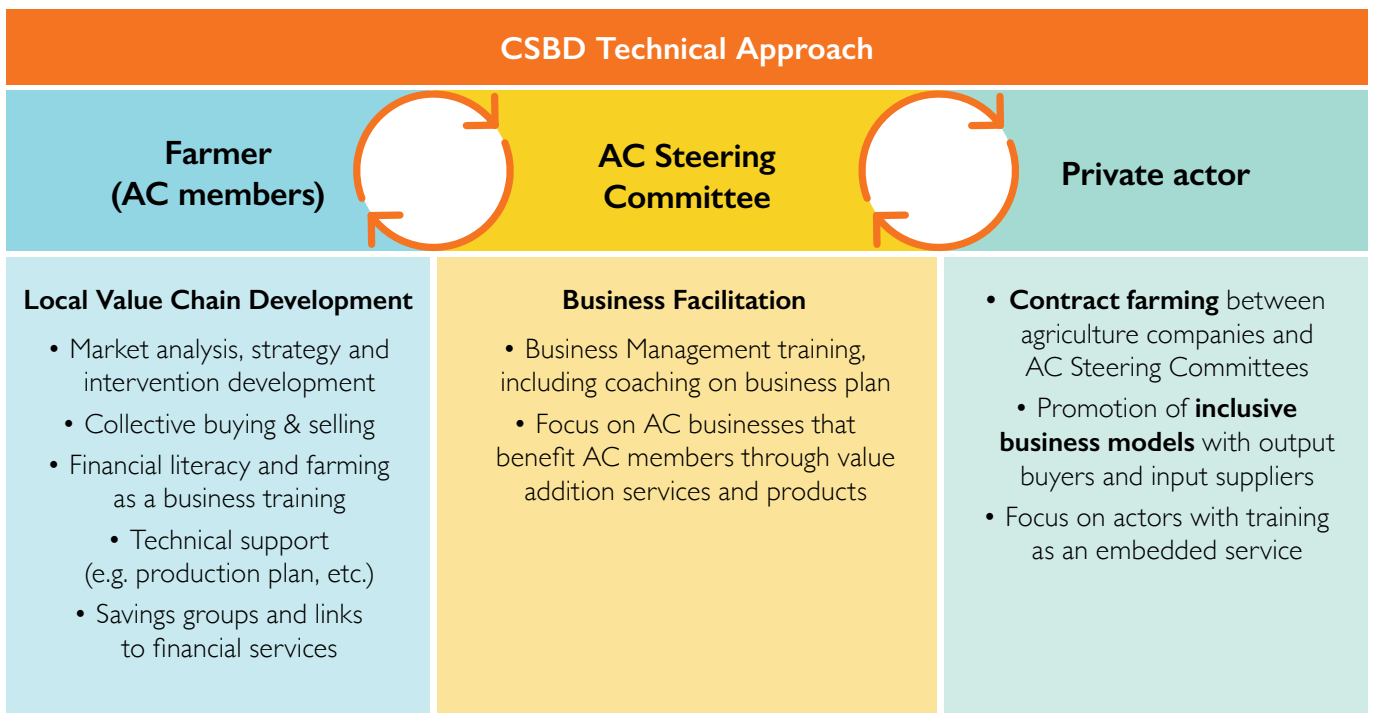
To promote growth, pro-poor and gender equality outcomes, World Vision works with the private sector on inclusive business models, which engage poor women and men as producers, employees and consumers. Recognising that people at different levels of poverty require different types of support, World Vision integrates “push strategies”, which include direct engagement such as household engagement, business and financial literacy training, and savings groups.

In Cambodia, the project combined two evidence-based economic development models to achieve push-pull: Local Value Chain Development (LVCD) and Business Facilitation.

Key components of LVCD implemented in CSBD were to:

- Empower producer groups through market-orientated skills and knowledge;
- Support producer groups with collective buying and selling (input suppliers/output buyers);
- Project Market Facilitators connect producer groups to market actors and train Local Market Facilitators to take up this work after the project’s end;
- Direct engagement with via farmer trainings (financial literacy, farming a business) and savings groups.

The project piloted an integration of the Business Facilitation model by providing the support, advice and skills development required to run a successful business. It focused on AC Steering Committee businesses that could support AC members largely through agricultural services and products. For example, in the organic rice value chain, in addition to facilitating contract farming with Cambodia’s top rice exporters, the project helped AC businesses to engage in value addition services like rice milling.



Summary of findings

Goal: Improved livelihood supporting children's wellbeing in three target provinces.

The evaluation found notable increases in income and some reduction in household poverty.

- There were some 4,500 active AC members, with women making up 72 percent of the membership base.
- Average household income from agricultural produce increased by 62 percent between 2016 (**\$1,158**) and 2019 (**\$1,880**).

- Using a simplified multi-dimensional poverty index⁵, poverty decreased by nine percent between 2016 (22 percent of households surveyed) and 2019 (20 percent).
- In 2016, 83 percent of AC members were able to cover children's health costs without assistance, and 78 percent were able to cover education costs. By 2019, those able to cover health costs had risen to 86 percent and education remained the same.
- However, there was less evidence that the project had led to increased investment in children's wellbeing (health, education).

Outcome 1. ACs develop strong internal governance with leadership and transparency.

By emphasising leadership and financial management skills, as well as transparent, inclusive practices, the project helped ACs to become functional. By focusing on AC governance structures, the project promoted sustainable outcomes where contract farming and businesses could continue after the project.

The project supported the development of bookkeeping and financial management skills in AC committees, and improved transparency of governance processes through ongoing training and assessment against government standards. The evaluation found participating ACs had developed a strong and transparent governance structure. By the project's end, 93 percent of survey participants agreed or strongly agreed that their AC had a strong commitment to its members. A significant number of ACs improved their status to mature (compared to the other two lower categories: growing and building).

Outcome 1: Impact

Outcome 1 Indicators	Baseline	Endline
# AC reach mature stage	12%	26%
% of AC members having high to very high trust in AC Steering Committees	21%	67% high or very high (36% very high)

Outcome 2. ACs develop and run profitable agricultural businesses that support AC members.

By helping AC Steering Committees to participate and engage in markets via business skills development and market orientation, the project helped the 38 ACs achieve contract farming arrangements for their members. It also supported small businesses where AC members benefitted from agricultural services and products.

The evaluation found many benefits for members in contract farming through AC Steering Committee facilitation. The committees received a small fee from AC members for playing this role on their behalf. Over 90 percent of AC members surveyed said that collective selling was very beneficial (66 percent) or somewhat beneficial (27 percent). The other AC small business were also profitable for the Steering Committee as well as providing services and products for the AC members. AC Steering Committee businesses have supported AC member access to inputs (e.g. loans and credit, safe fertiliser, animal feed, etc) and services (threshing, post-harvest storage), and irrigation management.

Outcome 2: Impact

Outcome 2 Indicators	Baseline	Endline
# ACs increased annual profit by 15%	19%	32%
% of AC members received benefit from AC businesses rather than dividend	70%	90%

5. The multi-dimensional poverty index measures not only household income but also how a household lives and what they can afford without support from others.

Outcome 3. AC members increase their productivity and farming profits.

The project’s hybrid iMSD “push-pull” approach encouraged the private sector to include smallholder farmers in their business models. At the same time, “push” strategies were implemented directly with farmers – such as training in financial literacy and farming as a business – to ensure farmers could equitably participate and benefit from agricultural markets.

CSBD fostered “win-win” private sector partnerships with agricultural partners in organic rice, paddy rice, vegetables, cashew nuts and chicken production, with the majority of farmers engaged in rice production (73 percent). It helped the 38 ACs achieve contract farming arrangements with 11 private sector partners, including Signature of Asia, Amru Rice, Golden Rice, Agro Angkor, Satana, Bayon Heritage, Cambodia Singapore Vietnam Development, Natural Garden, Phsmer, Eco-Agri-Co. Ltd and Angor Green.

From 2016 to 2019, household agricultural income increased by 63 percent on average for AC members. Ninety percent of AC members increased their own profits from participation in the project (in addition to AC dividends), a major improvement from the baseline measure of 70 percent. Interviews with key informants highlighted the value that the private sector placed on the project.

The evaluation found mixed results linked to productivity. Yield increased for most, though not all, crops. With some seasonal vegetables affected by drought, a small decline in overall yield (six percent) was noted. Likewise, income from most crops increased, except for vegetables and other seasonal cash crops which registered a slight decrease.

“Through engagement with the AC, I improved on agriculture techniques, production plans and post-harvest management [and worked] toward organic standards required by buyers in the market. In 2018, my family was able increase our land size from three to five hectare for organic rice production, increasing our yields from five metric tons to nine metric tons to sell [to] Amru Rice, which gives a higher than average price. My income in 2018 was US\$3,125, more than double what I earned in 2017.”

– Sao Chamreun, AC Member Preah Vihear Province.



Sao Chamreun (far left) sells organic rice to Amru Rice. Photo: World Vision International, Cambodia, 2019.

Outcome 3: Impact

Mean annual household income from agricultural activities					Median
	Kampong Thom	Kandal	Preah Vihear	Total mean	Total median
Baseline	\$665	\$1,038	\$1,340	\$1,158	\$875
Endline	\$1,575	\$2,552	\$1,873	\$1,880	\$1,348

Outcome 3 Indicators	Baseline	Endline
% of AC members who applied the improved agriculture techniques	29%	82%
% of AC members utilising formal financial services for agriculture production	56%	60%

Lessons on inclusive Market Systems Development in Cambodia

The Organisation for Economic Co-operation and Development’s Development Assistance Committee (OECD DAC) Criteria Scoring System

0	1	2	3	4
Low or no visible contribution to this criterion	Some evidence of contribution to this criterion but significant improvement required	Evidence of satisfactory contribution to this criterion but requirement for continued improvement	Evidence of good contribution to this criterion but with some areas for improvement remaining	Evidence that the contribution is strong and/or exceeding that which was expected of the intervention

The CSBD project generated several important learnings for iMSD programs in Cambodia. These can be considered in relation to OECD DAC criteria.

- Impact (4):** The hybrid iMSD push-pull approach had a strong impact amongst the beneficiaries, especially on income generation. However, the project was highly focused on the ACs and farmers, with limited documentation of the impact on the private sector in terms of profits and business performance. The project was effective in achieving its intended outcomes, but there were some mixed results linked to productivity and increased yields under Outcome 3, attributed to difficult seasonal conditions. Project benefits from the CSBD project were not just monetary in nature. Participants found it very helpful in increasing community ties.
- Effectiveness (4):** The hybrid iMSD push-pull approach was effective. Key to this was strong market analysis, value chain selection and intervention strategy development in light of the project’s growth and pro-poor objectives. The contract farming model worked well, especially targeting the private sector with training as an embedded service. Technical training from the private sector was highly valued. AC members found it more effective to engage with the AC as the intermediary, compared to the “middleman” actors they dealt with in the past, with reduced price volatility. The evaluation highlighted the important role that World Vision played in the facilitation process between farmers and the private sector.
- Relevance (3):** There has been some debate in Cambodia about the value of working with ACs, including the sustainability of NGO program outcomes. The evaluation, including key informant interviews with private sector representatives, found that this was a relevant structure to work with in the Cambodian context. However, the project could have strengthened intentionality around gender responsiveness. The LVCD model targets smallholder farmers, however, the evaluation found the emphasis on investment of



Financial literacy training and savings groups were an important part of CSBD. Some women said that this helped improve their decision making ability within their households.

“Things have changed. This year we collect to sell with the company ... so that the middlemen just don’t play with the price with us ... because we have the contract so our products can be sold at a good price.”

– AC committee member, Kampong Thom

capital for growth could exclude poorer households. They had difficulty affording shares in ACs, were less likely to participate in savings groups, and continued to sell directly to middlemen because of dependency on immediate cash flow.

- **Sustainability (4):** Commercial viability is key to ensuring the project outcomes are sustained in the long term. The project was successful in facilitating contract farming with the private sector, and at the project's end, both parties were satisfied with arrangements. The evaluation confirmed participating ACs felt they could continue after the end of the project. However, some private sector partners expressed a further need for capacity development. During the project's implementation, World Vision sought to improve the capacity of Local Market Facilitators in the ACs, who could continue to provide advice on agricultural markets and AC businesses after the end of the project.

“In the past we didn’t track income and spending and so didn’t know where it went. Women are now the ones to keep the money; they know how much they spend and generate [on the farm] and on medical and educational expenses ... It prevents family conflict ... and domestic violence.”

– Female focus group participant, Preah Vihear province

Lessons on Women’s Economic Empowerment (WEE), gender and social inclusion

The evaluation found that the project improved women’s “access” to opportunities, networks and resources. Women made up 72 percent of AC members within the target 38 ACs. As a result, there was progress in women’s income generation outcomes. However, it was clear that female headed households were a particularly vulnerable sub-set of women. Comparing the baseline and endline, income in female headed households (23 percent) remained lower than male headed households. However, it increased at around the same proportion over time. Women had lower productivity outcomes compared to men.

The project endline findings showed that women had challenges balancing livelihood activities with domestic duties, like housework and childcare. There were mixed findings linked to decision making. By the end of the project, women held 44 percent of all AC Steering

Committee positions, including director roles. Women reported that they had gained new skills and that transferring them to men improved their position in the household. Further, the findings showed that increasing women’s financial literacy skills could improve financial decision making. However, they also suggested that harmful social and gender norms prevail regarding women and leadership, and gendered roles and responsibilities in agriculture. For example, in the household survey, 87 percent of respondents said female household members don’t play a leadership role in the community, despite women’s participation in Steering Committees.

The project reported good progress in engaging people with disabilities, at 7.6 percent of overall AC membership and up to 21 percent in ACs in Kandal province. Two out of three people with a disability were female. Disability representation in leadership was at a lower rate of just three percent; only two were female.



Board Director of Strei Ratanak Agriculture Cooperative Mrs San Soub said that women have now proven themselves in the marketing processes normally done by men.



CSBD provided opportunities for women to step into leadership roles. Pom Sophren from Preah Vihear Province was the Treasurer for her local AC.

Recommendations

The evaluation made the following key recommendations for future iMSD programming in the agricultural sector in Cambodia.

General

- **Private sector development:** Future programs should improve their monitoring and evaluation systems and adaptive management linked to private sector partnerships, especially the inclusive business model.
- **Pro-poor outcomes:** Given poor households had specific barriers, future programs should consider more nuanced poverty sub-categories and responsive designs.
- **Women's economic empowerment and gender equality:** Future programs should have comprehensive gender analysis and intentional strategy and design to meet the needs of women, considering relevant sub-groups and including different poverty categories such as male/female headed households, etc,
- **In addition to gender mainstreaming:** New targeted activities could be developed on women's leadership, harmful gender norms and financial decision making. This could be implemented World Vision or via private sector partnerships and gender inclusive business models.
- **Child wellbeing outcomes:** The evaluation measured only slight change in the proportion of households able to provide for their children's needs. Therefore, future programming should consider directly promoting and addressing households' spending on health and education through household budgeting and other trainings, as well as savings for improved livelihoods.

Outcome 1

- **AC Steering Committee capacity building needs:** More training should be given to AC committee members on basic numeracy (financial literacy) and bookkeeping so that private sector partners can feel more confident in their AC partners.

Outcome 2

- **Sustainability:** The use of a transparent, standardised incentive program that provides financial motivations to Steering Committees, Local Market Facilitators and AC Unions could promote sustainability and self-sufficiency in ACs. While this occurred in CSBD, documentation was not strong. Future programs should strengthen intentionally around this.

Outcome 3

- **Access to capital:** ACs need increased access to affordable capital in order to compete for and comply with larger contracts. While the required collateral needed to access capital was accounted for in the project design, interest rates still pose a barrier to AC members, especially poorer AC members. Addressing this barrier should be explored in future programs. One of the key areas highlighted was the need to ensure private sector partners are more timely with payments to ensure increased cash flow.
- **Enhance environmental sustainability and land management:** Improved use of fertiliser and irrigation supports yield and environmental health of farmland, and may have helped to protect farmers from the negative impacts of drought during this project.
- **Formalise household/peer information sharing and training:** AC members often shared what they had learned, but the information was not always consistent or accurate. Future designs should anticipate this with reference materials and upskilling of interested participants in training techniques ("train the trainer").

The evaluation's findings and recommendations have since been used to help shape new rural economic development initiatives for World Vision in Cambodia. The findings have also been important for informing similar projects in other contexts, particularly in relation to key learnings linked to women's economic empowerment and private sector development.



The CSBD project evaluation was conducted by Causal Design and the full report co-authored by Nathan Rupp and Nate Ives. Technical review of the evaluation design, analysis and report was completed by Anne Crawford and Ellie Wong.

For more information, please contact:

Anne Crawford

Senior Evidence and Learning Advisor
World Vision Australia
anne.crawford@worldvision.com.au

Ellie Wong

Senior Economic Development Advisor
(Women's Economic Empowerment)
World Vision Australia
ellie.wong@worldvision.com.au