

Agri-Food SMEs

Micro, Small and Medium Enterprises (MSMEs) play an important role in Cambodia's economy, contributing to 70% of the total employment and 58% of the sales value in industry (Ministry of Industry and Handicraft, Department of SMEs). **Additionally, 33% of MSMEs are women-owned.**



The agriculture, food processing and retailing sectors are where the majority of Cambodian MSMEs are based. While the number of SMEs sourcing, producing and retailing agri-food products locally is increasing, most of them are still facing significant hurdles along the value chain, such as: accessing capital; lack of infrastructure and skilled workers; high cost of raw materials; challenges with marketing and achieving quality standards and lack of capacity to export.

In order to address some of these challenges and engage with private sector stakeholders coming from MSMEs in the agri-food sector, CPSA decided to create the Agri-Food SMEs Working Group dedicated to local agri-food SMEs after consultations with agri-food actors in Cambodia.

Activities

- CPSA met with local agri-food SMEs to understand their challenges and the needs of the industry. This led to the formation of a new Working Group.
- A roundtable discussion was organized with 15 agri-food SMEs to formally launch the Working Group.
- On 27 November 2019, the first public event of the Agri-Food SMEs Working Group was held as a business-to-business (B2B) match-making event between 28 SMEs of the Working Group and 10 guest local retail chains.

In 2020, the plans for the Agri-Food SMEs Working Group are to formalize its structure (with a term of reference and by selecting its lead and co-lead) and to focus on advocacy work with the Ministry of Industry and Handicraft. In addition, the CPSA team is planning public-private dialogues on quality standards and certification, in order to support members of the Working Group in scaling-up their businesses and ultimately exporting their products.



Agri-Food SMEs, Local Retailers and B2B

Match-Making Event

Agriculture, accounting for approximately 25% of Cambodia's GDP, is key for the country's economic and social development. While the number of SMEs sourcing, producing and retailing agri-food products locally is growing, many are still facing significant hurdles along the value chain, especially around gaining access to local markets. To address this challenge, CPSA organized a B2B match-making event on 27 November 2019, extending the invitation to Khmer Agri-Food SMEs and local retail chains. In total, 130 participants joined the event in Phnom Penh, and among these were 28 SMEs and 10 retail chains. The event aimed to understand the practices and challenges of SMEs in marketing and branding their products, foster connections between local agri-food SMEs and big local retail chains in Cambodia, and promote the former's local products.

The challenge

Among the various challenges along the value chain (including marketing, certification and packaging) mentioned by SMEs during consultations in previous months, challenges in accessing retailers and getting to know their supply requirements were discussed by many.

“ Some of the local retailers don't trust new products or brands in the market. When renting their shelves, their products do not get promoted effectively. Moreover, raw materials are costly and add to the already expensive tax compliance services and packaging costs, so it is difficult to connect with supermarkets when the income margin is so small.”

Kenneth Matthews

General Manager of Moo Moo Farms

“In my experience with the rice commodity, there are several factors contributing to low local consumption. One of the reasons is the high price due to the high cost and small scale of local production, leading to high production cost per unit. This can be seen in retail prices where imported products are still cheaper than local products, even after taxes and transportation costs. Local consumers are still price sensitive and prefer cheaper products, even when they are of lesser quality and have no traceability.”

Sokunthea Hor

Owner of Kunthea Natural Rice



The solution

By creating an opportunity for networking and matching, the event raised the profile of local retailers and the advantages of supporting safer and higher quality local products amongst consumers. The half-day event featured a keynote presentation by Sela Pepper, a Cambodian pepper production company, a panel discussion from SMEs to discuss their experiences, and culminated in an agri-food fair for showcasing products and networking.

“As a suggestion to retailers, they could plan regular meetings with SMEs (for e.g. every six months) to understand their challenges and areas of improvement. Retailers can also explore setting up a special day to promote domestic products or, provide a space in their shops exclusively for the promotion of local products.”

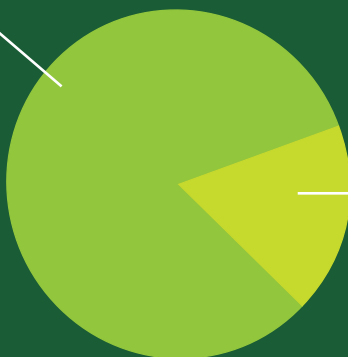
Num Dima

Owner of Coffee Mondulkiri

Impact

To understand the impact of the event, CPSA surveyed and interviewed participants from the SMEs and retailer sectors. Overall, participants appreciated the event and found it relevant to their businesses, with more than 80% of respondents stating that they found new interested buyers and strengthened relationships with existing buyers who were present at the event.

82% of SMEs respondents rated **"good to very good"** in terms of numbers of retailers who approached them.



18% of SMEs respondents rated that **only a few retailers** approached them

Comments from the survey

“The event was a good opportunity for my company to connect and interact with consumers and retailers.”

“We found the event relevant for us retailers and useful for directly meeting with our local suppliers; it encouraged us to listen to each other and especially the success experiences shared by SMEs.”

82%

of SMEs respondents **have been in contact with retailers met**

91%

of the SMEs that had a follow up with retailers after the event are **“in the process to secure or have already secured new buyers”**

Read the full report **here.**

