

Transforming the Rice Industry and Building Export Capacity in Cambodia

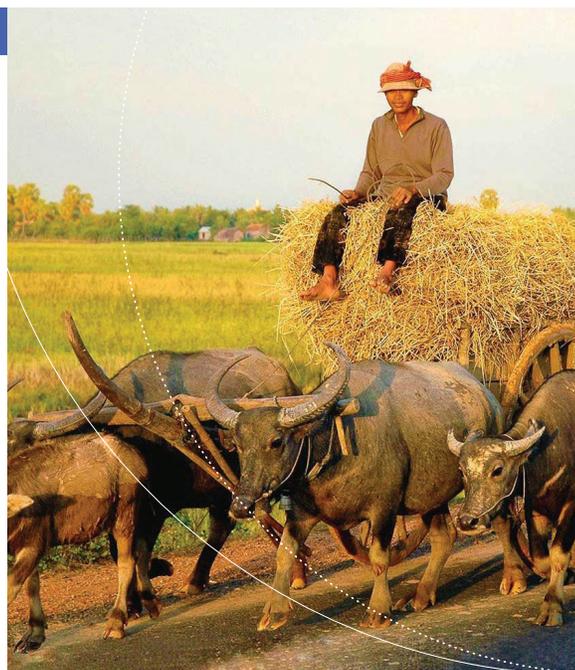
IFC is strengthening the Cambodian rice sector by helping to add value along every step of the supply chain, with key interventions at the farming, milling and export stages.

Through the Rice Sector Support Project, IFC is working with and through local millers to help farmers access higher-value seed varieties and increase the efficiency and yield of their farms.

To boost Cambodian rice competitiveness on the international market, IFC is also working with 70 percent of the nation's rice exporters.

“The fact that I am the number one rice exporter [in Cambodia] today can be attributed to a great extent to what I learned and the opportunities I seized in the course of the project implemented by IFC. It has also helped [my company] in terms of reputation and credit-worthiness.”

—Song Saran, Chief Executive Officer, AMRU Rice Cambodia



RESULTS AND IMPACT

- Advised around 100 medium-sized and large rice millers and exporters in eight provinces on:
 - Upgrading production facilities.
 - Efficient mill management.
 - Complying with food safety standards.
- Built the capacity of Cambodian rice millers and exporters to participate in international trade fairs and market their products successfully.
- Improved the international perception of Cambodia's rice, resulting in the country's premium jasmine rice winning the "World's Best Rice" award in 2012 and 2013 at the Rice Trader World Rice Conference.
- Facilitated \$14.5 million of rice exports in 2013; twice the value and volume of the previous year.

*This series provides examples of IFC's impact, expertise and lessons learned working with clients and partners.

The Opportunity

Agriculture, led by rice production, represents approximately one third of Cambodia's GDP and employs 80 percent of the population. The use of a phrase meaning "white gold" to describe the grain in Cambodia reflects its economic and cultural importance.

However, relative to neighboring countries Thailand and Vietnam, Cambodian rice paddy yield is low. Cambodian rice farmers cultivate one crop per year, compared to farmers in Vietnam who are able to produce crops three times a year. According to the Asia Foundation, the lower output levels are due to the high costs associated with expensive fuel and limited transportation options and port facilities.

Despite low yield, Cambodian farmers produce a surplus of rice every year. According to figures released by the Cambodian Ministry of Commerce, exporters only brought 10 percent of that excess product to market in 2012. Lower-quality rice varieties, outdated and inefficient milling technology and a lack of compliance with international food safety standards have limited the ability of Cambodian exporters to find international buyers.

IFC's Approach

IFC works to bring about transformational change by pursuing a comprehensive, sector-wide strategy in the Cambodian rice industry. IFC aims to contribute to increasing national rice exports by 300,000 metric tons annually, at a value of \$180 million.

In addition, the goal of the project is to increase and improve sustainable farming opportunities for 30,000 farmers.

IFC's holistic approach targets key processes along the value chain by:

FARMER LEVEL

- Increasing access to improved rice seed to increase their yield and the quality of the paddy.
- Offering training on farm management.

RICE MILLER LEVEL

- Advising on equipment and technology upgrades to improve efficiency and quality.
- Introducing food safety management systems and certification.
- Strengthening management through the use of mill software and financial literacy training.

RICE EXPORTER LEVEL

- Developing and implementing a strategy to increase rice exports, especially for high value, aromatic rice products.
- Supporting rice industry associations in building capacity of exporters.
- Strengthening brand identity of Cambodian rice on the international market by participating in international rice events.

At the national level, IFC, together with the World Bank, advised the Cambodian government on developing and promulgating its first milled rice standard since 1956.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector.

IFC CLIENTS AMRU Rice and others