



FEED ^{THE} FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



FEED THE FUTURE CAMBODIA HARVEST II QUARTERLY PERFORMANCE REPORT: FY18 QUARTER I JANUARY 30, 2018



USAID
FROM THE AMERICAN PEOPLE

Recommended Citation: Abt Associates. “Feed the Future Cambodia Harvest II Quarterly Performance Report.” Prepared by Abt Associates, Bethesda, Maryland, January 30, 2018.

Submitted to: Vuthy Theng, Contracting Officer’s Representative (COR)
USAID/Cambodia
Food Security and Environment Office
Phnom Penh, Cambodia
+855-23-728-362
vtheng@usaid.gov

Photo Cover: Ms. Chanthan sells cucumbers supplied by farmers in Battambang province at Doem Kor market in Phnom Penh.
Photo Credit: Feed the Future Cambodia Harvest II



Abt Associates Inc. | 4550 Montgomery Avenue | Suite 800 North | Bethesda, Maryland 20814 | T. 301.347.5000 | F. 301.913.9061 | www.abtassociates.com

With iDE and EMC

FEED THE FUTURE CAMBODIA HARVEST II QUARTERLY PERFORMANCE REPORT: FY18 QUARTER I

Contract No.: AID-442-C-17-00003

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government.

CONTENTS

Acronyms.....	ii
Introduction and Highlights	1
1. Sub-Purpose 1: Improved Capacities for Market Participation	4
1.1 Introduction.....	4
1.2 Major Activities by Key Intervention Area (KIA)	5
1.3 Challenges and Learning	6
1.4 Plans for Next Quarter.....	6
2. Sub-Purpose 2: Improved Market Linkages	7
2.1 Introduction.....	7
2.2 Major Activities by Key Intervention Area (KIA)	9
2.3 Challenges and Learning	10
2.4 Plans for Next Quarter.....	10
3. Sub-Purpose 3: Improved Governance and Enabling Environment	12
3.1 Introduction.....	12
3.2 Major Activities by Key Intervention Area (KIA)	13
3.3 Challenges and Learning	13
3.4 Plans for Next Quarter.....	14
4. Cross-Cutting Issues	15
4.1 Gender and Youth	15
4.2 Environment	16
5. Operations and Grants.....	17
5.1 Operations.....	17
5.2 Grants Management.....	18
6. Communications and Collaboration with Partners	19
6.1 Communications.....	19
6.2 Collaboration with USAID projects and other partners	20
7. Monitoring, Evaluation, and Learning.....	22
7.1 Activities	22
7.2 Progress toward Targets.....	23
7.2 Challenges and Solutions	26
Annex A: Success Story	27
Annex B: Financial Report (Provided Separately)	28

ACRONYMS

AbB	Agribusiness Booster
AC	Agriculture Cooperative
AMIS	Agricultural Market Information System
AIMS	Accelerating Inclusive Markets for Smallholders
ASMP	Agriculture Sector Master Plan
APS	Annual Program Statement
CAM-GAP	Cambodia Good Agricultural Practices
CODES	Commercial Development and Strengthening of Horticulture
CWBF	Cambodia Women's Business Federation
CP	Commercial Partnerships
CRP	Climate and Resilience Practices
EMC	Emerging Markets Consulting
EU	European Union
FTF	Feed the Future
FY	Fiscal Year
GDA	General Directorate of Agriculture
HARVEST	Helping Address Rural Vulnerabilities and Ecosystem Stability
HCD	Human Centered Design
IFAD	International Fund for Agricultural Development
KIA	Key Intervention Area
MAFF	Ministry of Agriculture, Forestry and Fisheries
M&E	Monitoring and Evaluation
MFI	Microfinance Institutions
MSME	Micro, Small and Medium Enterprises
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
PPD	Public-Private Dialogue
PDAFF	Provincial Department of Agriculture, Forestry and Fisheries
REMIC	Rural Enterprise Market Inclusion in Cambodia
RGC	Royal Government of Cambodia
SME	Small and Medium Enterprise
SOW	Scope of Work
SVVC	Scale Safe Vegetable Value Chains
USAID	United States Agency for International Development
USG	United States Government
ZOI	Zone of Influence



Farmer Chun Sokhom collects eggplants to supply to buyer Oeurn Chanthan in Phnom Penh.
Photo Credit: Cambodia Harvest II

INTRODUCTION AND HIGHLIGHTS

PROJECT BACKGROUND

Feed the Future Cambodia Harvest II (“Harvest II”) builds upon years of USAID investment, including the Helping Address Rural Vulnerabilities and Ecosystem Stability (HARVEST) program, which demonstrated success in increasing horticultural production and strengthening private input supply networks. Continuing to work across the Feed the Future zone of influence (ZOI) in the provinces of Pursat, Battambang, Siem Reap, and Kampong Thom, Harvest II will devote particular attention to building market linkages. It will use a buyer-led approach and will support expansion of commercial partnerships that will ultimately allow horticultural producers and buyers to compete more effectively in domestic and international markets. To increase sustainable economic opportunities within a market-based and inclusive horticulture sector, Harvest II has three interconnected sub-purposes:

- **Improve capacities for market participation:** Leveraging the success of other USAID programs, Harvest II will work with buyers, producers, and other actors in the sector to increase financial and business capacity, as well as to stimulate the use of market and climate information toward more informed decision making and greater market competitiveness.

- **Improve market linkages:** In Cambodia, relationships between value chain actors – in particular producers and buyers (usually wholesalers or collectors) – can often be tenuous. In order to help build trust and mutually profitable commercial relationships in the sector, Harvest II will first identify buyers interested in expanding their supply of horticultural products from the ZOI. From there, Harvest will help establish commercial partnerships where buyers and sellers can gradually work to expand their business with each other over time, partly by improving their mutual understanding, partly through better planning and coordination, partly through increased investment.
- **Improve governance and enabling environment:** Harvest II will work with private sector and producer organizations at the national and provincial levels to strengthen their advocacy capacity and ability to engage in public-private dialogue. At the same time, Harvest II will also support the Cambodian government to develop a private-sector friendly horticulture growth strategy.

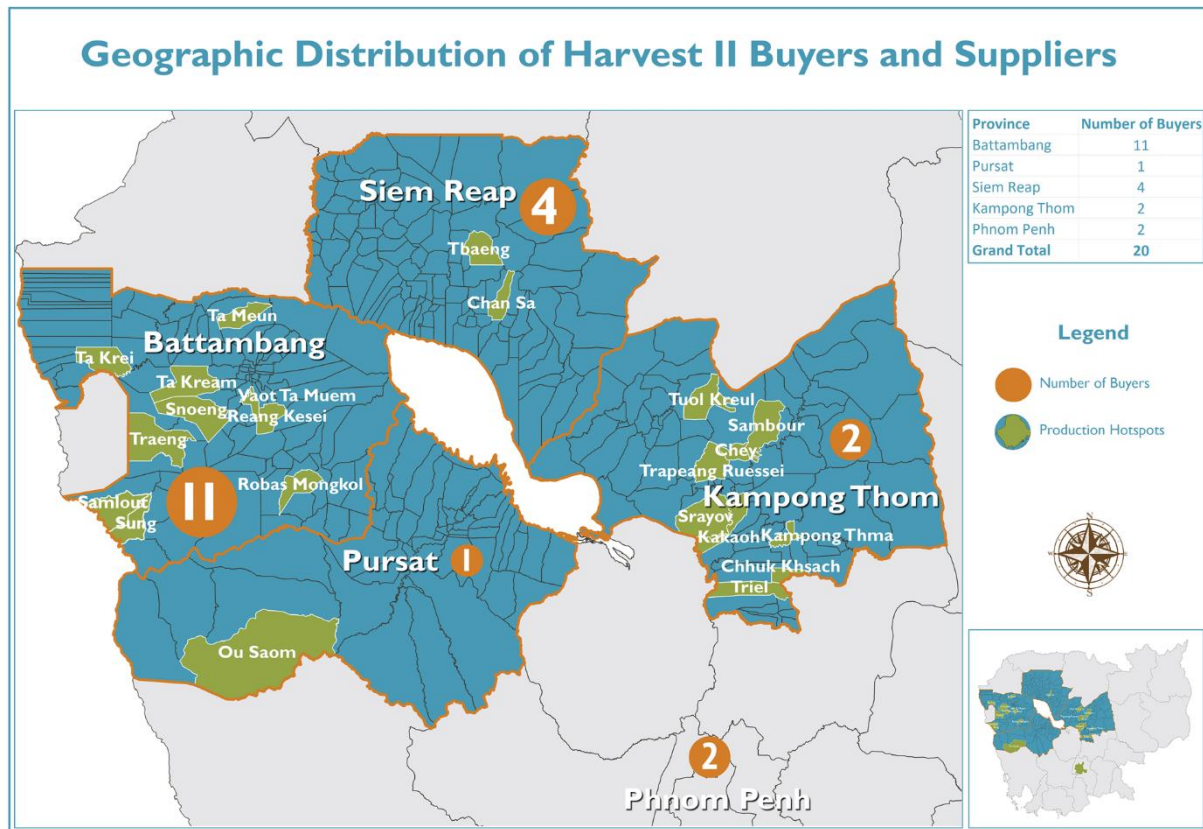
The project devotes particular attention to building market linkages using **a buyer-led approach** and puts a high priority on developing sustainable commercial partnerships between buyers (often wholesalers) and suppliers. The buyer-led approach begins with an understanding of specific buyers' needs in terms of quality, quantity, price, and timing. Harvest II helps each buyer engage with producers to ensure a reliable and consistent supply of products. The project both provides technical assistance and plays a facilitator role to develop buyers' and producers' capacity, facilitate their access to finance, and strengthen the enabling environment – all with the goal of helping buyers and producers create sustainable commercial relationships.

QUARTERLY HIGHLIGHTS

- **Expanding the program.** The project continued to facilitate connections between buyers and suppliers and help them begin to establish commercial partnerships. The project is now working with 20 buyers – 11 in Battambang, 1 in Pursat, 4 in Siem Reap, 2 in Kampong Thom, and 2 in Phnom Penh. Suppliers are providing mixed vegetables, mushrooms, ginger, pineapple, cashew, mango, and longan. (See Figure 1)
- **Identifying opportunities to increase sales.** The project worked with 16 buyers and 24 producers/producer groups to complete collaborative assessments of opportunities and key constraints to increasing sales. Sixteen of 20 partners have identified opportunities to carry out \$2.3 million of sales. These transactions would involve buyers' sourcing a planned \$2 million from suppliers) from October 2017-September 2018.
- **Identifying and addressing constraints.** The assessments identified a range of constraints to increasing sales, including a lack of organized producer groups, a lack of consistent supply, and a lack of technical knowledge on behalf of producers. This lack of technical know-how can include lack of ability to mitigate pest and disease pressures, improper knowledge of input application, and limited understanding of production planning to meet buyers' demand. Low trust and poor coordination among actors in the value chain were also identified as problems. The project helped producers begin to address key constraints, working with 16 groups during the reporting quarter. For example, the project helped some buyers and producers share production technology. It also helped organize production planning, enlisted input suppliers to provide technical assistance to producers, explored options for accessing finance, and coordinated market linkages in commercial partnerships.

- **Progress toward Year I targets.** As demonstrated in the chapters below, the team expects to meet or exceed five of its seven contractual targets for Year I. At this point, it is too early to project results for the remaining two contractual targets, but work is well underway.

Figure I: Geographic Distribution of Harvest II Buyers and Suppliers





Harvest II facilitates a meeting between input supply company and producers on varieties of seeds.
Photo: Cambodia Harvest II

I. SUB-PURPOSE I: IMPROVED CAPACITIES FOR MARKET PARTICIPATION

I.1 INTRODUCTION

During the reporting quarter, the project worked to build the capacity of market actors – both those who have agreed to invest considerable time and effort to form commercial partnerships (CPs) and others interested in learning specific practices or getting help with access to finance. Much of the work involved identifying and beginning to address specific needs within commercial partnerships. In terms of key accomplishments, Harvest II:

- Helped 16 buyers complete assessment and growth plans, which laid out the buyers' intentions to source approximately \$1 million from suppliers by April 17, 2018.
- Identified common problems and constraints of suppliers, who are engaging in CPs for capacity building on technical production and management.
- Signed MOU with ICCO's Agribusiness Booster program to help Harvest II clients become investment ready.
- Conducted a training needs assessment for MFI lending staff and developed a training proposal to improve their ability to make loans to the horticulture sector.

I.2 MAJOR ACTIVITIES BY KEY INTERVENTION AREA (KIA)

KIA 1.1: Financial and Business Skills Improved

- *Conducted assessments for buyers and suppliers in CPs to prepare growth plans for implementation.* Simple and practical guidelines for the assessments were developed. Sixteen buyer assessments together with sales growth plans were completed in consultation with the potential suppliers. The buyer assessments and growth plans include a business profile (business transactions, relation to primary actors in the value chain, strategy for growth/expansion activities), objectives, constraints, opportunities, areas for improvement and proposed interventions with specific timeframes.
- *Signed MOU with Agribusiness Booster, a social enterprise of ICCO Cooperation.* An MOU was signed between Harvest II and ICCO's Agribusiness Booster (AbB) in order to direct AbB to Harvest II's buyers for consideration in AbB's investment program, which aims to assist SMEs to become investment ready through capacity building and direct investment opportunities. An initial linkage was made between AbB and a cashew nut exporter in Kampong Thom province to assess the business's current capacity and the opportunity for investment.
- *Designed training program in management practices for agro-input retailers, and production for cashew nut suppliers.* In quarter 2, Harvest II will facilitate the delivery of training on marketing skills to enhance sales capacity of 200 agro-input retailers in the 4 provinces of ZOI. The trainings will specifically orient to agro-input retailers on marketing and management skills of agricultural products; these elements of marketing and knowhow will enable agro-retailers to better sell their products and provide associated services to producers. In addition, to meet buyers' demand, production training for 180 cashew nut producers was planned for Kompong Thom and Siem Reap provinces.
- *Conducted training needs assessment for MFI lending staff and developed training proposal to improve their lending capability to horticulture sector.* Harvest II agreed with key MFIs (and DCA partners) like AMK and LOLC, as well as input suppliers, to conduct agri-finance training in the next quarter in order to assist the MFIs to increase loans (or in the case of input suppliers, sell inputs on credit) within the sector.

KIA 1.2: Access to and Use of Market and Climate Information Increased

- *Promoted climate and resilience practices (CRP) through radio program.* CRP messaging including tips on selection of stress tolerance seeds, production for healthy seedlings, benefits of drip irrigation and mulching, as well as other improved practices. This content was developed and produced into short radio dramas (10-15 minutes) as well as one-hour talk shows with guest speakers from East West Seed (Cambodia) Company, iDE's CODES project, and the World Vegetable Center. During this quarter, four weekly dramas and one talk show were aired on Women's Media Center FM102 and broadcast across the ZOI. These and future dramas and talk show will be available on-demand on Harvest II's Facebook page ("Cambodia Harvest II").
- *Promoted CRP through grant fund.* In November 2017, Harvest II issued a Request for Applications for organizations to support the project's effort on promoting climate change adaptation and resilience production practices. Seven applications were received and during this quarter, one submission was approved.

KIA 1.3: Financial Opportunities Increased

- *Conducted quick assessment on access to finance for key actors in the horticulture sector.* Finance and Investment Specialist met several banks and MFIs, chambers of commerce, business associations in the ZOI to identify more financeable SMEs. These include, cashew wholesalers (Kampong Thom); longan wholesaler; corn wholesaler, grape wine producer (Battambang); orange association, palm sugar agriculture coop, wild grape wine (Pursat).
- *Linked financial institutions such as MFI and banks with CP actors to improve their working capital and investment.* To help solve the financial constraint of the buyers and suppliers in the commercial partnerships, Harvest II met with Idemitsu Saison Microfinance (Cambodia) Plc. which does not require collateral for the farmer associations or cooperatives. With a list of buyers within commercial partnerships provided by Harvest II, Idemitsu Saison Microfinance (Cambodia) Plc. will conduct an assessment to determine areas for potential investment.

I.3 CHALLENGES AND LEARNING

- *Buyers lack finance readiness.* Some buyers in CPs, who need more financial capital for business expansion, have requested significant loans from banks and MFI, which are unrealistic when compared to their own capital investment and operation capacity. In addition, they have little record keeping with minimal collateral. To address these problems, Harvest II initially selected 1-3 buyers to collaborate with social enterprises such as AbB (ICCO) and/or service providers to offer business development services for better understanding of loan readiness and how to improve business operations.

I.4 PLANS FOR NEXT QUARTER

KIA 1.1: Financial and Business Skills Improved

- Implement growth plans and enhance finance and business skills of SMEs based on identified activities in each growth plan.
- Conduct training needs assessment for producers/producer groups on financial management.
- Conduct training on marketing skills for 200 agribusiness input suppliers in the ZOI.
- Conduct agri-finance training for MFIs and input supply retailers in Siem Reap and Battambang.

KIA 1.2: Access to and Use of Market and Climatic Information Increased

- Continue promotion of climate resilience practices through radio program and grant funds

KIA 1.3: Financial Opportunities Increased

- Link actors in CPs with financial institutions and facilitate access to finance.
- Link MFIs with producer groups and CPs.
- Link input suppliers to financial institutions to promote access to finance, toward stimulating input supplier credits to producers/producer groups.



Farmer Chun Sokhom (left) collects eggplants to supply to vegetable buyer Lach Nam (right) and his wife, Oeurn Chanthan in Phnom Penh.
Photo: Cambodia Harvest II

2. SUB-PURPOSE 2: IMPROVED MARKET LINKAGES

2.1 INTRODUCTION

Under this sub-purpose, the team helped improve market linkages -- both linkages between buyers and producers based on the buyer-led approach and other linkages, for example, between input suppliers and producers. A good deal of the work during the quarter centered around identifying more buyers and suppliers interested in committing to commercial partnerships and helping them begin to address key constraints to increasing sales. In terms of key accomplishments, Harvest II:

- Signed an additional 14 MOUs with buyers, bringing the total to 20.
- Worked with 20 buyers and suppliers to identify, and begin to prepare for, up to \$2.8 million of transactions between October 2017 and September 2018. It is assumed that some of these will not come to fruition, but also that other transactions will be added in the coming months.
- Developed an initial pipeline of potential investments, including some that have qualified for some project assistance and others that are still in the exploratory stage.

The table below lists the 20 commercial partnerships currently under development, along with the sales and investment forecasts for each.

Table 1: Commercial Partnerships with Sales and Investment Forecast

#	Buyer Type	Buyer Location	Crop	Production Hotspot	April Sales Forecast	September Sales Forecast	April Investment Forecast*	September Investment Forecast*
1	Exporter	Kampong Thom/ Phnom Penh	Cashew nut	Kampong Thom	\$315,000	\$787,500	\$160,000	\$260,000
2	Processor	Phnom Penh	Pineapple	Battambang	\$103,125	\$262,500	\$0	\$70,000
3	Wholesaler	Battambang	Wet-market vegetable	Battambang	\$38,325	\$76,650	\$10,000	\$50,000
4	Wholesaler	Phnom Penh	Fruit & vegetable	Battambang	\$66,375	\$117,000	\$4,000	\$4,000
5	Wholesaler	Battambang	Rice straw mushroom	Battambang	\$69,498	\$138,996	\$500	\$5,500
6	Wholesaler	Battambang	Wet-market Vegetable	Battambang	\$45,000	\$90,000	\$2,500	\$2,500
7	Wholesaler	Battambang	Wet-market Vegetable	Battambang	\$50,119	\$91,885	\$2,000	\$2,000
8	Wholesaler	Battambang	Longan	Battambang	\$142,500	\$142,500	\$0	\$28,000
9	Wholesaler	Siem Reap	Wet-market Vegetable	Siem Reap	\$31,500	\$57,750	\$0	\$800
10	Wholesaler	Siem Reap	Local Fruits	Siem Reap	\$115,342	\$115,342	\$0	\$0
11	Wholesaler	Battambang	Mango/chili	Battambang	\$55,000	\$55,000	\$0	\$0
12	Wholesaler	Battambang	Mango/chili	Battambang	\$142,500	\$142,500	\$5,000	\$10,000
13	Wholesaler	Battambang	Wet-market Vegetable	Battambang	\$35,000	\$70,000	\$0	\$0
14	Wholesaler	Battambang	Wet-market Vegetable**	Battambang	\$30,000	\$60,000	\$0	\$0
15	Wholesaler	Battambang	Wet-market Vegetable	Battambang	\$30,000	\$60,000	\$1,000	\$1,000
16	Association/ Wholesaler	Siem Reap	Melon	Siem Reap	\$250,000	\$250,000	\$0	\$10,000
17	Collector	Siem Reap	Wet-market Vegetable	Siem Reap	\$24,000	\$24,000	\$0	\$0
18	Collector	Kampong Thom	Wet-market Vegetable	Kampong Thom	\$30,010	\$30,010	\$0	\$0
19	Processor/ Exporter	Pursat/ Phnom Penh	Ginger	Pursat	\$0	\$140,000	\$0	\$220,000
20	Collector	Battambang	Water melon	Battambang/ Pursat	\$83,750	\$83,750	\$0	\$0
TOTAL					\$1,657,044	\$2,795,383	\$185,000	\$663,800

*Remaining balance of both investment targets will be met as a result of investment outside of CPs such as potential investment by Infunde, an exporter of mango to China, which will source mango from

Harvest II's suppliers. In addition, loans from LOLC, AMK and other financial institutions to buyers, producers and/or other value chain actors within project target provinces will be captured after Harvest II provides MFIs with agri-financing training.

2.2 MAJOR ACTIVITIES BY KEY INTERVENTION AREA (KIA)

KIA 2.1: Create Linkages between Value Chain Actors

- *Formalized and supported commercial partnerships of buyers and suppliers.* Harvest II continues to coordinate commercial partnerships through selection of buyers, production hotspots and suppliers. Fourteen additional MOUs were signed with buyers in the quarter, bringing the total to 20. Sixteen CP buyer and supplier meetings were conducted to prioritize constraints to and opportunities for semi-formal business agreements to strengthen their specific sale transactions.
- *Collaborated with agribusiness input suppliers to link them with producers for improving technology and management practices.* Harvest II worked with both national and provincial agribusiness input suppliers to build technical capacity and promote use of quality inputs among producers in the ZOI. For example, Harvest II met with East West Seed (Cambodia) Company, a national input supplier, to discuss building capacity of producers and agro-input retailers on horticulture technical production especially on understanding and application of vegetable seeds.

KIA 2.2: Develop Market Incentives for Private Sector Engagement and Investment

- *Identified investment funds, development funds, and financing facilities who are interested in financing horticulture sector.* There were several discussions with a number of potential investors from the Cambodia and the region (Vietnam, Taiwan/Korean, Thailand, China), including impact investors. Prince Finance (China); Yuanta (formerly Toing Yang Securities, Taiwan/Korea), InFunde (Singapore), Dragon Capital, Uberis Capital (France/Vietnam), Obor Capital, Insitor Fund Management, EMIA (Cambodia). Further discussions and ongoing support need to be done to realize these investment deals.

KIA 2.3: Improve Market Chain Coordination

- *Organized suppliers in response to buyer demand as agreed in CP.* In the buyer needs assessments, Harvest II defined buyers' specific market demand in terms of quantity, quality, timing, delivery and price for produce to be sourced from suppliers. To date, seven existing horticulture groups (vegetables, cashew nuts and fruit) have been connected to buyers. Harvest II has also identified individual suppliers in production hotspots and is working to facilitate their cooperation in working together toward supplying in bulk to meet buyers' requirements. For example: in Veal Veng district in Pursat province, ginger growers and a collector organized their members in order to supply 20 tons of raw ginger to a new processor and exporter, and in Thmar Koul district in Battambang province, Taksey Agriculture Cooperative organized their members in order to transport vegetables directly to a wholesaler, REMIC, in Phnom Penh.
- *Coordinated production planning of suppliers for supply management and planning to match buyer demand.* Harvest II has facilitated existing producer groups and individual suppliers to collect current production information by crops, land size, crop cycle seasonality, yield and potential production for discussion and bargaining with buyers to make business agreements.
- *Introduced buyers to potential production seasonality of crops and opportunities to partner with suppliers.* Harvest II has shared production information from suppliers with buyer for consideration and planning. Supplier information is useful for buyers' decision making before they approach the suppliers to discuss commercial partnerships.

2.3 CHALLENGES AND LEARNING

- *Challenges for farmer organizations or producer groups.* The early assumption that there are many existing producer groups in the ZOI to link to buyers is not entirely true. The Harvest II team is observing that in fact there are not many groups from previous projects still functioning. To overcome the challenges, Harvest II has had initial discussions on collaborating with groups under the MAFF-implemented Boosting Food Production Project, which provides technical production assistance (especially on vegetables) in the ZOI. Further collaboration will be made with the IFAD-funded, MAFF-implemented ASPIRE project, IFAD-funded, MOC-implemented AIMS project and other relevant interventions to leverage their ongoing work with producer groups.
- *Production volume and consistency remain a challenge for suppliers in building long-term business relationships with buyers.* Harvest II will make joint efforts with key actors including buyers, suppliers, input dealers and services providers to have a clear production and action plan for the business agreement.
- *Paper-based agreement between buyers and suppliers is only the first step toward building lasting business relationships and increasing sales.* While semi-formal agreements between buyers and suppliers is a step in adequately articulating expectations from each side, it is also necessary for buyers to take their time in the field to understand precisely the supplier capacity and constraints. Through direct interaction, a common understanding will allow both parties to adjust and enter into a sustainable business agreement.
- *Political concerns affect potential investment.* Recent political developments and the proximity of the election are causing international investors to wait until the political risk associated with the election outcome has abated. For example, Indian Chamber of Commerce in Cambodia has potential 3 cashew investors who are interested, but will wait till after the election.

2.4 PLANS FOR NEXT QUARTER

KIA 2.1: Create Linkages between Value Chain Actors

- Continue to strengthen relationship of buyers and suppliers in CPs. Harvest II will facilitate information sharing between suppliers and buyers toward common understanding.
- Identify new potential buyers (and suppliers), particularly on high value crop for commercial partnerships.
- Collaborate with agribusiness input suppliers to build technical capacity of suppliers on proper input application.

KIA 2.2: Develop Market Incentives for Private Sector Engagement and Investment

- Work with Harvest II team to design innovative grant options to incentivize private sector investment of their resources in order to address their business constraints or expand their purchase capacities.
- Work to broker financing for existing pipeline of investments. Priorities include three potential cashew investors (domestic and international).
- Work with existing partners (investors, business associations, lead firms) to identify strong pipeline of projects for next FY.

KIA 2.3: Improve Market Chain Coordination

- Strengthen capacity of farmer organizations in both production and management capacity to respond to buyer demand.
- Deliver training to cashew nut suppliers on pest and disease management to improve their technology and management practices to meet buyer requirements.
- Prepare guidelines for collecting information from suppliers to assist with coordination with buyers.
- Continue to collaborate with donor and government projects for strengthening the technical capacity of suppliers.



Farmer Chun Sokhom collects cucumbers to supply to buyer Oeurn Chanthan in Phnom Penh.

Photo: Cambodia Harvest II

3. SUB-PURPOSE 3: IMPROVED GOVERNANCE AND ENABLING ENVIRONMENT

3.1 INTRODUCTION

Under this sub-purpose, the project began its work to strengthen the enabling environment affecting the horticulture sector and meet its policy target. In terms of main accomplishments, the project:

- Agreed on the SOW and profile for a private sector consultant to serve as part of the EU-MAFF team developing the 2030 Agriculture Sector Master Plan in early 2018.
- Met the Department of Horticulture and Subsidiary Crops and Department of Plant Protection, Sanitary and Phyto-Sanitary to confirm their priorities to formulate a Horticulture Strategic Plan and 5-year Plant Quarantine Strategic Plan, respectively.
- Introduced Cambodia Harvest II to and sought collaboration on PPD promotion from provincial deputy governors of Siem Reap, Kampong Thom, and Battambang.
- Discussed with the president of the Cambodia Women's Business Federation (CWBF) about potential areas for collaboration.

3.2 MAJOR ACTIVITIES BY KEY INTERVENTION AREA (KIA)

KIA 3.1: Horticulture Sector Advocacy and Coordination Platforms Strengthened

- *Discussion with CWBF on selecting advocacy platforms.* In order to select two potential platforms with which to work, Harvest II team met with the president of Cambodia Women Business Federation (CWBF) and a few other members to introduce Harvest II, learn about the CWBF, and discuss potential areas for collaboration. CWBF welcomed and supported Harvest II's mission and expressed its interest to collaborate with the project.

KIA 3.2: RGC Capacity to Address Horticulture Constraints Improved

- *Discussion with Director of Department of Horticulture and Subsidiary Crops (DoHSC) on National Horticulture Policy/Strategy.* Harvest II had two meetings with the director of DoHSC/GDA to confirm its priority to create a horticulture strategy plan by 2025 and discuss Harvest II's support to its formulation procedure.
- *Discussion with Deputy Director of Department of Plant Protection, Sanitary and Phyto-Sanitary (DoPP&SPS) on Plant Quarantine Strategy.* Harvest II staff met the deputy director of DoPP&SPS twice to discuss the Plant Quarantine Strategy. Subsequently, the DoPP&SPS has confirmed its priority 5-year plant quarantine strategy plan and recommended that it be endorsed by the General Directorate of Agriculture (GDA) Director General (DG). This 5-year plant quarantine strategy plan will contribute to better pest management, GAP promotion and implementation, inspection and control of imported agricultural goods, human resource development, and infrastructure development.
- *Harvest II support to the Agriculture Sector Master Plan (ASMP 2030).* In support of efforts on the preparation and acceptance of the ASMP 2030, which seeks to establish “a modern agriculture sector which is competitive, inclusive, resilient and sustainable to contribute to food security, safety, and nutrition for prosperity and wellbeing of Cambodian people” USAID requested that Harvest II identify and field a consultant to work on aspects relevant to the private sector. During this quarter, the consultant was identified and will consult with a cross section of stakeholders representing the private sector in relation to four sub-sectors under the 2030 ASMP namely, crops (of which horticulture is a sub-sector), livestock, fisheries and forestry.

KIA 3.3: Public-Private Dialogue Encouraged

- *Support private sector, civil society, and public sector stakeholders on PPD.* Harvest II staff met with H.E. Pov Piseth, Provincial Deputy Governor of Siem Reap, H.E. Huon Vannith, Provincial Deputy Governor of Kampong Thom, and H.E. Buth Kimsean Ph.D, Provincial Deputy Governor of Battambang to introduce Harvest II, learn about Provincial Government Coordination Meetings platform, and discuss areas for collaboration. Overall, the three provincial governors expressed their support to the project's mission and approach and welcomed further discussions with the project on introducing and promoting PPD. It was suggested that after an official agreement or MoU between the project and those respective provinces on PPD promotion, the provincial governor or his/her representative of each province will chair the PPD.

3.3 CHALLENGES AND LEARNING

- *Clarifying approval requirements at RGC level.* Discussions with Department of Horticulture and Subsidiary Crops (DoHSC) have revealed that higher level approvals are desired before working

with Harvest II on the Horticulture Sector Strategy. To address this situation, Harvest II has requested that USAID schedule a meeting with the Director General of General Directorate of Agriculture (GDA) to seek guidance on how USAID can effectively support efforts at GDA, such as through the DoHSC or other.

- *PPDs are relatively new to governmental authorities.* The concept of PPDs is new to the government and cannot easily be incorporated into the existing platforms at the sub-national level. Therefore Harvest II will be required to launch its PPD independently. To effectively promote the PPDs, Cambodia Harvest II will identify and engage all potential relevant stakeholders in the ZOI.

3.4 PLANS FOR NEXT QUARTER

KIA 3.1: Horticulture Sector Advocacy and Coordination Platforms Strengthened

- Continue to work with CWBF to identify areas for collaboration.
- Approach Cambodia Women Entrepreneur Association (CWEA) to introduce Harvest II and seek possible areas for collaboration.
- Investigate other relevant platforms.

KIA 3.2: RGC Capacity to Address Horticulture Constraints Improved

- Follow up and cooperate with ASMP private sector consultant to ensure that the private sector is being integrated into the ASMP preparation.
- Kick off initial activities of horticulture strategy plan formulation in conjunction with DoHSC.
- Kick off initial activities of 5-year Plant Quarantine Strategy formulation in conjunction with DoPP&SPS.

KIA 3.3: Public-Private Dialogue Encouraged

- Set meetings with relevant stakeholders in horticulture value chain in the four provinces under the ZOI to investigate their interest in participating in and promoting PPD.



Vegetable buyer Van Chanpeth and his wife, Tith Loeub, sell cabbages at Phou Poy market in Battambang province. Photo: Cambodia Harvest II

4. CROSS-CUTTING ISSUES

4.1 GENDER AND YOUTH

During this period, Harvest II's Gender Action Plan (GAP) was approved by USAID. In this document, Harvest II lays out its strategy to help women and youth contribute to, and capture the benefits of, the accelerating growth of the commercial horticulture sector. Harvest II intends to mainstream activities pertaining to gender and youth and will approach this by: 1) enhancing staff's understanding of the problem and prepare them to identify opportunities; 2) use learning from M&E to track progress and plan; 3) target women and youth with tailored capacity building (and other) opportunities; 4) assist with access to finance; and 5) incorporate gender in youth into policy work. To date, more than half the buyers and producers participating in commercial partnerships under the project are women, and roughly 10% are youth.

During the next quarter, Harvest II will continue its discussions with CWBF and other women's organizations (such as the Cambodia Women's Entrepreneurs Association) as well as investigate youth innovation opportunities with TRYBE. In addition, a gender and/or youth consultant may be retained to assist the team in conceiving new avenues for women and youth integration.

4.2 ENVIRONMENT

Three sets of material were created and made available to Harvest II staff during this reporting period, including: 1) MSME environmental screening checklist; 2) information/ training materials on CAM-GAP; and 3) information/training material on climate smart agriculture.

Specifically:

- *MSME environmental screening checklist.* The use of this checklist will be led by the recently identified Climate and Market Information Specialist (CMIS) The template will be a useful tool to assess environmental risk for any MSME who requests assistance from Harvest II.
- *Information/training materials on CAM-GAP.* Preliminary¹ Cambodia National GAP standards (CAM-GAP), which was developed in harmonization with ASEAN GAP, has been made available internally among Harvest II team members. In the absence of final standards, Harvest II is working with buyers like REMIC and some producer groups to a) identify areas for improvement on current production practices; b) agree on the quality standards between buyers and producer groups, and c) get actors in Harvest II CPs prepared for CAM-GAP when certification is instituted.
- *Information/training materials on Climate Smart Agriculture.* To improve resilience to climate change, short dramas and talk shows were developed and broadcasted through a local radio station covering all four provinces of the ZOI and is also available on-demand on Harvest II's official Facebook page. In addition, training handouts and materials related to these climate resilience practices including production of healthy seedlings, trellis systems, mulching, drip irrigation, compost fertilizers, and botanical insecticides will be developed by grantees in quarter 2.

¹ Preliminary because the RGC is still in the process of developing training materials and pilot testing this standard, which is anticipated to take several years before official release.

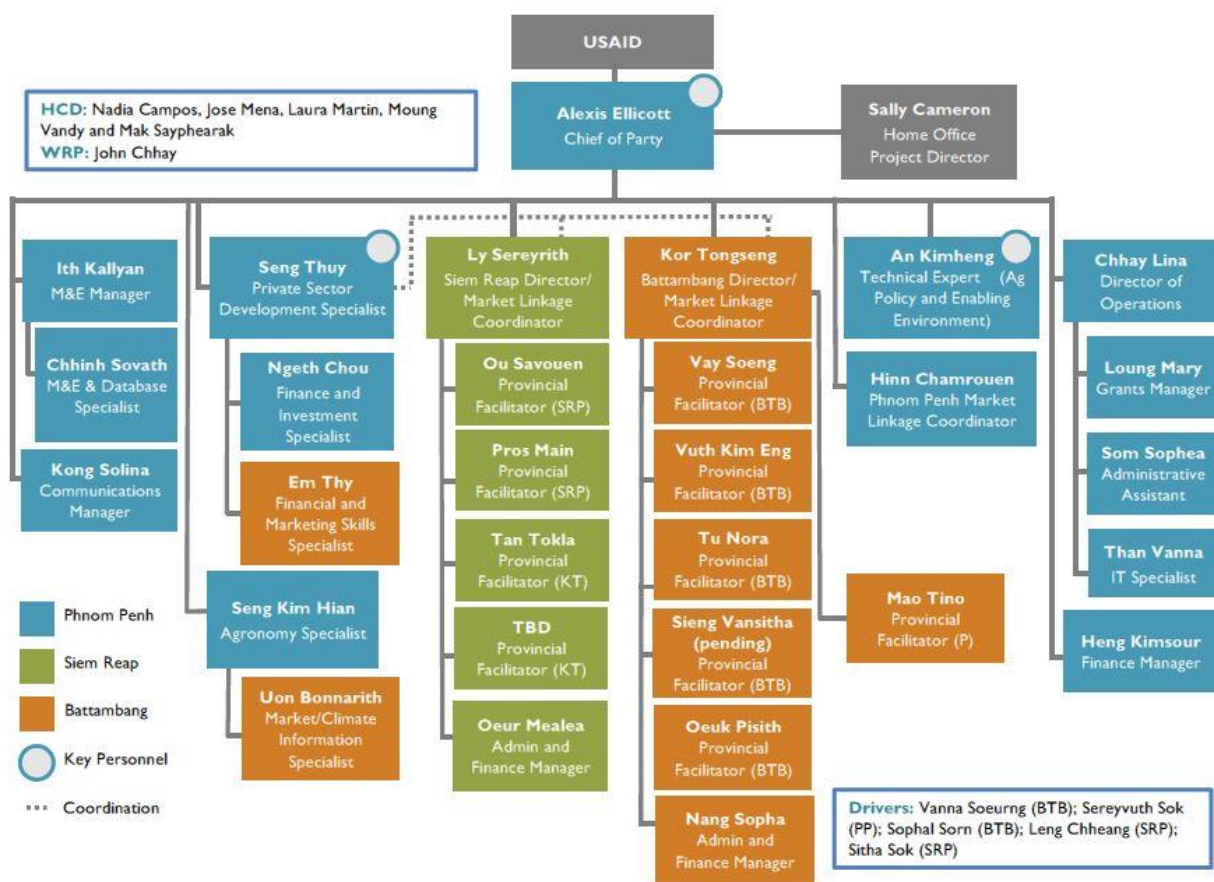


Vegetable Buyer Van Chanpeth collects mangoes to supply to Phou Poy market in Battambang province.
Photo: Cambodia Harvest II

5. OPERATIONS AND GRANTS

5.1 OPERATIONS

Recruitment and hiring. In FY18 Q1, the Policy and Enabling Environment Expert began work and Harvest II identified candidates for all remaining open technical positions. The updated organization chart is shown below.



Training. As part of Abt's commitment to compliance and employee safety, new staff completed training modules on ethics, IT security, sexual harassment, and land mine safety. In addition to these standard trainings, a senior subcontracts manager from Abt traveled to Cambodia in December 2017 to train the new Grants Manager and other relevant staff on best practices for grants management; she also trained Abt and subcontractor staff on ethics, compliance, and procurement under USAID contracts.

Procurement. In the reporting quarter, the project finalized the procurement of all furniture and IT supplies for site offices in Siem Reap and Battambang. In Q2, the project will wrap up procurement of all outstanding major government property items, including project motorcycles and one vehicle.

5.2 GRANTS MANAGEMENT

First Request for Applications. Harvest II's grants program kicked off in November with the issuance of the project's first RFA seeking applicants to receive funding related to the project's Climate Change Adaptation and Resilience activity. Applications were received in December and two grantees were selected.

Annual Program Statement. Also in December, the project issued an Annual Program Statement (APS) inviting applicants to submit concept papers for funding related to constraints facing the horticultural sector. In the next quarter, this APS will be periodically to call for innovative private sector solutions that will stimulate growth in the horticulture sector.



Farmer Chun Sokhom collects cucumbers to supply to buyer Oeurn Chanthan in Phnom Penh.
Photo: Cambodia Harvest II

6. COMMUNICATIONS AND COLLABORATION WITH PARTNERS

6.1 COMMUNICATIONS

Harvest II uses multiple communication tools to convey project messages to stakeholders and the public at large. Our approach relies heavily on social media, primarily Facebook. The project's Facebook Page "Cambodia Harvest II" has reached almost 1,500 followers. The project also develop different communication channels such as SoundCloud and YouTube page to post audio and video, recently focusing on climate resilience practices' radio program.

Harvest II also use stories, fact sheets, infographics, short video, SMS message, photography, reports and other forms of media (print, broadcast) to keep the donor, partners and general public informed about Harvest II activities. The project has recently produced a short story about the beginning of a commercial partnership between a vegetable buyer and producers for the FTF newsletter, and will develop a short video on Harvest II initial activities for its Facebook and YouTube page in the coming months.

During this quarter, the communications manager conducted communications training on photography tips to field staff at provincial level to help them take better photos with smartphones to contribute to a

monthly photo contest to encourage photo submission from field activities. Plans for the coming quarter are as follows:

Timing	Communications Activities and Products
Weekly	Project updates to USAID
January	Develop story for FTF newsletter FY18 Quarter 1 Performance Report
February	Create Harvest II infographic for field-based partners (producer groups, collectors, wholesalers)
March	Create 60 second video on Harvest II initial activities for Facebook, YouTube
April	FY18 Quarter 2 Performance Report
May	Develop initial Success/Partnership Stories
June	Create 60 second video on Harvest II commercial partnership for Facebook, YouTube
July	FY18 Quarter 3 Performance Report
August	Create 60 second video on Harvest II commercial partnership for Facebook, YouTube
September	Develop Success and Partnership Stories Conduct Harvest II refresher communications training

6.2 COLLABORATION WITH USAID PROJECTS AND OTHER PARTNERS

During the reporting quarter, Harvest II collaborated with donor projects and government agencies to identify synergy and linkages among actors in the horticultural sector. For example, Harvest II engaged World Vision Cambodia to organize and facilitate meetings with 10 cashew nut agricultural cooperatives (1,000 households) in Kampong Thom province. The meetings served to define how these cooperatives can respond to the requirements of Harvest II buyers.

In addition, Harvest II had meetings with Provincial Department of Agriculture, Forestry and Fisheries (PDAFF) in Siem Reap and Kampong Thom provinces to discuss a possible collaboration with Boosting Food Production Program at the provincial level. The two departments welcomed this collaboration idea and will seek approval from the National Project Director. Meetings with PDAFF in Battambang and Pursat are planned for the next quarter.

Harvest II staff also met with the USAID-funded Horticulture Innovation Lab: Innovations to Build and Scale Safe Vegetable Value Chains (SVVC). During this introductory meeting, the projects shared information on their mandates and working areas. In the next quarter, Harvest II and SVCC will meet to discuss how Harvest II can work with SVCC producers to strengthen market linkages and how Harvest II producers may benefit from SVCC's recently inaugurated packing house.



7. MONITORING, EVALUATION, AND LEARNING

7.1 ACTIVITIES

In this reporting quarter, the M&E team completed all required activities as described below:

Baseline survey report submission. The M&E team prepared and submitted the baseline survey report on October 18. The baseline survey report includes key findings from the baseline survey and baseline values for performance indicators. Key findings included in the report provide insight about constraints that buyers and suppliers face as well as possible solutions that Harvest II could provide.

Needs assessment. The M&E team participated in the development of human centered design (HCD) and non-HCD assessment tools to identify buyer constraints and opportunities. The team supported technical staff in refining the tools as well as ensuring any possible solutions resulting from the assessments would contribute to project indicators.

Project web-based database. The M&E and Database Specialist began working at the end of October, and Harvest II's web-based M&E database was developed and completed by the end of December 2017. In the beginning of Q2, the M&E team will test the database and then provide training on database use and data collection procedures to staff in each respective sub-office in early February.

7.2 PROGRESS TOWARD TARGETS

As of the end of Quarter 1, about three and a half months remain until the end of Project Year 1. At this point:

- The project is on track to meet or exceed 11 of its 13 targets.
- It is too early to tell whether the project will meet its investment and jobs targets, but progress is under way.

Progress according to each target is shown below.

Table 2: Cambodia Harvest II Indicator and Results Table, FY18 Q1

#	Indicator	Target		Results	Comments
		Project Year 1 Ending April 17, 2018	FY18 Ending September 30, 2018	FY18 Q1 October – December 2017	
1	Value of incremental sales (collected at farm-level) attributed to FTF implementation (4.5.2-23) (EG.3.2-19 'NEW').	\$1,426,613	\$2,500,000	\$122,125	<ul style="list-style-type: none"> - As required, Harvest II measures this indicator at farm level. Separately, the project also captures sales at the buyer level, where 7% in value addition was reported, for a farm/firm sales total of \$130,591. - 14 MoUs were added this quarter, resulting in 20 total MoUs signed by December 2017. Sales are small since much of the quarter focused on assessments and planning. In addition, many farmers were almost fully engaged in rice harvesting and just started planting and harvesting vegetables in December. - Significant sales will be generated from cashew and fruit producers during the harvesting season between February and April. - Harvest II is on track to meet this target.
2	Number of [organizations] that applied improved organization-level technologies or management practices with USG assistance (4.5.2-42) (EG.3.2-20 'NEW')	165	225	11	<ul style="list-style-type: none"> - In this quarter, 11 buyers applied improved business management practices in sourcing from suppliers using agreements. - Harvest is on track to meet the April target. In quarter 2, the project will conduct training on improved business management practices to various stakeholders (buyers, input suppliers, MFIs, etc.)
3	Number of people using climate information or implementing risk-reducing actions to improve resilience to climate change as supported by	1,092	1,360	n/a	<ul style="list-style-type: none"> - In this reporting quarter, Harvest II identified two NGOs to conduct training on climate change resilient practices. In addition, Harvest II created content for a radio broadcast series on the same subject matter. Execution of these activities and data

#	Indicator	Target		Results	Comments
		Project Year I Ending April 17, 2018	FY18 Ending September 30, 2018	FY18 Q1 October – December 2017	
	USG assistance (EG.11-6)				collection will take place quarter 2 – quarter 4 and results are expected to meet both the Year I and FY18 targets. - Harvest II is on track to meet this target.
4	Number of firms (excluding farms) or civil society organizations (CSOs) ... that have increased profits or become financially self-sufficient with USG assistance (4.5.2-43) (EG.3.2-21 'NEW')	90	100	n/a	- To be measured semi-annually
5	Number of full-time equivalent (FTE) jobs created with USG assistance (4.5-2) (EG.3-9 'NEW')	94	109	n/a	- To be measured semi-annually.
6	Value of new private sector investment in the agriculture sector or food chain leveraged by Feed the Future implementation (4.5.2-39) (EG.3.2-22 'NEW')	\$624,000	\$726,000	n/a	- The investment team is working on two transactions within CPs; these are projected to reach fruition by April. In Q2, the team will provide training to financial institutions so they can expand their horticulture lending and will help 1-3 cashew companies obtain working capital. - To be measured semi-annually.
7	Number of agricultural and nutritional enabling environment policies analyzed, consulted on, drafted or revised, approved and implemented with USG assistance 4.5.1(24) (EG.3.1-12 'NEW')	1	1	On-going	- Output of one policy step will be completed by mid-April 2018. - Harvest II is on track to meet this target.
8	Number of micro, small, and medium enterprises (MSMEs), including farmers, receiving agricultural-related credit as a result of USG assistance	21	30	0	- In quarter 2, the team will provide training to financial institutions so they can expand their horticulture lending to buyers and producers within or outside CPs. Results are expected to meet both the Year I and FY18 targets.
9	Percentage of female participants in USG-	15%	15%	38.4%	- As of this quarter, 71 or 38.4% of 185 members within CPs are women (45% of 20

#	Indicator	Target		Results	Comments
		Project Year I Ending April 17, 2018	FY18 Ending September 30, 2018	FY18 Q1 October – December 2017	
	assisted programs designed to increase access to productive economic resources (GNDR-2)				buyers; 37.6% of 165 producers). - Harvest II is on track to meet this target.
10	Percentage of participants in USG-assisted programs designed to increase access to productive economic resources who are youth (15-29) (GFSS-24)	10%	10%	9.2%	- As of this quarter, 17 or 9.2% of 185 members are youth (5% of 20 buyers; 9.7% of 165 producers). - Harvest II is on track to meet this target.
11	Percentage of commercial partnership members who achieve at least 80% of their commercial partnership growth plan targets (Custom Indicator)	20%	25%	n/a	- To be measured semi-annually.
12	Percentage of individuals adopting new innovative technology, climate-smart agricultural, market information and/or management practices (Custom Indicator)	50%	50%	55%	- As of this quarter, 11 of 20 buyers applied improved business management practices in sourcing from suppliers using agreements. - Harvest II is on track to meet this target.
13	Percentage of commercial partnerships maintained and/or expanded over time (Custom Indicator)	65%	65%	55%	- As of this quarter, 11 of 20 buyers started and maintained sales transactions with their suppliers. - Harvest II is on track to meet this target.

Note: 'NEW' indicates new indicator number updated based on the latest version of the FTF Indicator Handbook, July 2016.

7.2 CHALLENGES AND SOLUTIONS

- *Data collection challenges.* Without M&E staff in the Battambang and Siem Reap offices, Harvest II has initially relied on field staff to collect sales data from buyers and producers. However, given that the field team is simultaneously helping form the commercial partnerships and facilitating their sales, the M&E team has developed an alternative solution for data collection from suppliers. Harvest II will hire enumerators to collect data from producers within and outside commercial partnerships, including data on production, sales, climate resilient practices, and other innovation adoption or production planning practices. Harvest II will hire enumerators in the beginning of Q2.
- *Challenge in forming commercial producer groups.* Harvest II's Indicator #2 measures organization-level change and adoption of improved management practices by groups. The project aimed to work through groups of producers to achieve part of this indicator target. However, project staff have learned that commercial producers are often located in different villages or communes, which makes it difficult to encourage them to work and sell produce collectively due to distance. Therefore, an alternative approach is to link individual commercial producers to project buyers directly. While this approach will still result in sales and improved practices for individual suppliers and their buyers, it is not possible to measure *organization-level* change at the producer level when they are not working in groups. Harvest II is exploring other ways to improve organization-level management practices among market actors, such as by supporting input suppliers and other service providers to improve their management practices.

ANNEX A: SUCCESS STORY



Helping Buyers and Producers Work Together



Photo: Cambodia Harvest II

Vegetable buyer Lach Nam collects eggplants from farmer Chun Sokhom to supply to the wholesale market in Phnom Penh.

“We have the market, but lack the produce.”

Lach Nam, buyer.

Harvest II aims to accelerate growth of Cambodia’s commercial horticulture in Pursat, Battambang, Siem Reap, and Kampong Thom provinces.

Telling Our Story

U.S. Agency for International Development
Washington, DC 20523-1000
<http://stories.usaid.gov>

Cambodia is now a lower-middle income country, with a growing demand for fruits and vegetables. Many farmers could work their way out of poverty if they could increase sales, yet many buyers find it easier to source their produce from neighboring countries. USAID’s Feed the Future Cambodia Harvest II project (“Harvest II”) is working with buyers to make it easier to do business with local producers.

Chanthan and Nam are vegetable wholesalers working with Harvest II. Nam collects about one and half tons of mixed vegetables every day, including cucumber, eggplant, pumpkin and chili from 25 farmers in his local community and send them by bus to his wife, Chanthan, working at a market in Phnom Penh, 200 kilometers away. Together, they earn barely enough to make a living, but they know they could sell even more vegetables. Nam wants to increase his sales to three tons per day because the demand is high, but it requires a lot of work with producers. He says “Farmers do not always have a regular supply. We have the market, but lack the produce.”

Under its buyer-led approach, Harvest II helps with buyers of all sizes, including Nam and Chanthan, increase sales by entering into a win-win relationship with local producers, based on a clear understanding of buyer demands. Harvest II first helped Nam and Chanthan diagnose constraints to increased sales among their existing farmers and identify new farmers to work with. Then, they all met to devise solutions to increase sales in the immediate term and envision how they could grow their businesses over the longer term.

To date, Harvest II has connected Chanthan and Nam to ten new farmers. Sokhom is a farmer who can produce 200 kg of cucumber per day. She supplies cucumber to four different buyers including Nam but is willing to supply more to him with a fair price agreement. By adding these new producers, Chanthan and Nam can increase their sales to three tons per day. However, supply is not stable due to a lack of technical know-how at the farmer level.

Harvest II will help improve the production capacity of Chanthan and Nam’s farmer clients by arranging a production schedule that aligns to the needs of their customers in the wholesale market while providing targeted capacity building on technical production and business management, as well as access to finance.

ANNEX B: FINANCIAL REPORT (PROVIDED SEPARATELY)