

Socio-economic context and role of agriculture

Cambodia is a low income country in the Southeast Asia region. Agriculture contributed 37 percent to the GDP and employed about 67 percent of the workforce in 2012. Most Cambodian farmers are smallholders with less than two hectares per household. The country's agricultural resources consist primarily of 3.7 million hectares of cultivated land, of which 75 percent is devoted to rice, primary commodity and source of income for the majority of farmers and 25 percent to other food and industrial crops, primarily rubber. Freshwater and marine fisheries and aquatic resources provide employment to over three million people. Fish is also a major source of protein in the domestic diet.

On average, agricultural GDP growth in Cambodia has lagged behind the industrial and service sectors but maintained a sustained annual rate between 4 and 5 percent during the last decade. In 2013, agricultural production increased by 4.3 percent with a paddy harvest at record levels (about 9.3 million tonnes). Rice production has registered significant productivity improvements in terms of both labour and land. Paddy is also a key commodity for exports: in 2013, Cambodia exported a record level of 1.2 million tonnes of rice, accounting for more than 3 percent of the total worldwide rice exports.

The country has experienced rapid economic growth since 1993, with an annual GDP growth of 7.3 percent in 2012. The poverty rate has decreased by more than half since 2007, but one-fifth of the population is still living below the poverty line and income inequality has increased. Despite good success in reducing undernourishment over the last two decades (proportion of undernourished in total population declined from 39 percent in 1990/92 to 15 percent in 2011/13), the country seems unlikely to meet the 4th Millennium Development Goal of reducing child mortality rate by two thirds by 2015.

| Selected indicators | | 2007 | 2009 | 2012 | |
|--|--|---|---|----------------------|------|
| SOCIO-ECONOMIC | GDP (current billion US\$) * | 8.6 | 10.4 | 14 | |
| | GDP per capita (US\$) * | 537 | 735 | 944 | |
| | Agricultural value added (% of GDP) * | 32 | 36 | 36 | |
| | Agricultural value added (annual % growth) * | (average 2007-2012) | 4.6 | | |
| | | (2012) | 3.1 | | |
| | Total population (thousand) | 13 670 | 13 978 | 14 865 | |
| | Rural population (% of total) | 80.7 | 80.2 | 79.9 | |
| | Agricultural labour force (% of total labour force) | 67.1 | 66.3 | 65 | |
| | Human Development Index ** | (2012) | 0.543 (ranking 138) | | |
| | AGRICULTURAL PRODUCTION & TRADE | Per capita cultivated land (ha) | 0.29 | NA | 0.29 |
| Area equipped for irrigation (ha) | | 354 000 (2011) | | | |
| Value of total agriculture production (current million US\$) | | 3 540 | 5 025 | 7 905 (2011) | |
| Value of cereals production (current million US\$) | | 1 319 | 1 967 | 2 433 (2011) | |
| Yield for cereals (hg/ha) | | 26 773 | 29 386 | 31 778 | |
| Cereal import dependency ratio (%) | | (2007-2009) | 1.4 | | |
| Top 3 commodities | | Production quantity | Rice paddy, Cassava, Maize (2012) | | |
| | | Production value | Rice paddy, Cassava, Meat indigenous (2012) | | |
| | | Import quantity | Food wastes, Veg prod for feed, Malt (2011) | | |
| | | Import value | Cigarettes, Food wastes, Veg prod for feed (2011) | | |
| | | Export quantity | Rubber, Sugar raw centrifugal, Palm oil (2011) | | |
| | | Export value | Rubber, Palm oil, Sugar raw centrifugal (2011) | | |
| Top 3 trade partners | | Import value | Indonesia, Thailand, Viet Nam (2011) | | |
| | | Export value | Viet Nam, China, China Mainland (2011) | | |
| FOOD SECURITY & NUTRITION | | Top 3 commodities available for consumption | Rice, Maize, Pig meat (2009) | | |
| | Per capita food supply (kcal/capita/day) | 2 372 | 2 382 | NA | |
| | General (g) and Food (f) CPI (2000=100) | 126.5 (g), 136.6 (f) | 159.0 (g), 99.7 (f) | 179.5 (g), 114.2 (f) | |
| | People undernourished (million) | (2008-2010) | 2.9 | | |
| | | (2011-2013) | 2.2 | | |
| | Proportion of undernourished (%) | (2008-2010) | 20.8 | | |
| | | (2011-2013) | 15.4 | | |
| | Prevalence of underweight children under 5 years of age (%) | 28.8 (2008) | 29 (2010) | NA | |
| | Prevalence of stunting among children under 5 years of age (%) | 39.5 (2008) | 40.9 (2010) | NA | |
| | Prevalence of wasting among children under 5 years of age (%) | 8.9 (2008) | 10.8 (2010) | NA | |
| Global Hunger Index ^ | (2013) | 16.8 (Serious) | | | |
| Access to improved water sources (% of population) * | 59 | 63 | 67 (2011) | | |

Sources: FAOSTAT; *WB; **UNDP; ^ IFPRI (accessed on 20 March 2014)

Note : Food CPI 2009, 2011; 2008=100



1. Government objectives in agriculture, food and nutrition security¹

Improving food security and nutrition (FSN) is a government priority as reflected in the national strategic frameworks of the country, which include the **Cambodia Millennium Development Goals (CMDGs)** adopted in 2003, the **Rectangular Strategy (RS)** setting out the country's long-term development vision since 2004, and the **National Strategic Development Plan (NSDP)** update 2009-13 as reported in the figure below.² The strategic approach of the RS and NSDP is to promote agricultural productivity and diversification by land intensification, not through cultivated land expansion. They also recognize rice as key crop for exports, by assigning it a very relevant priority in the policy formulation.

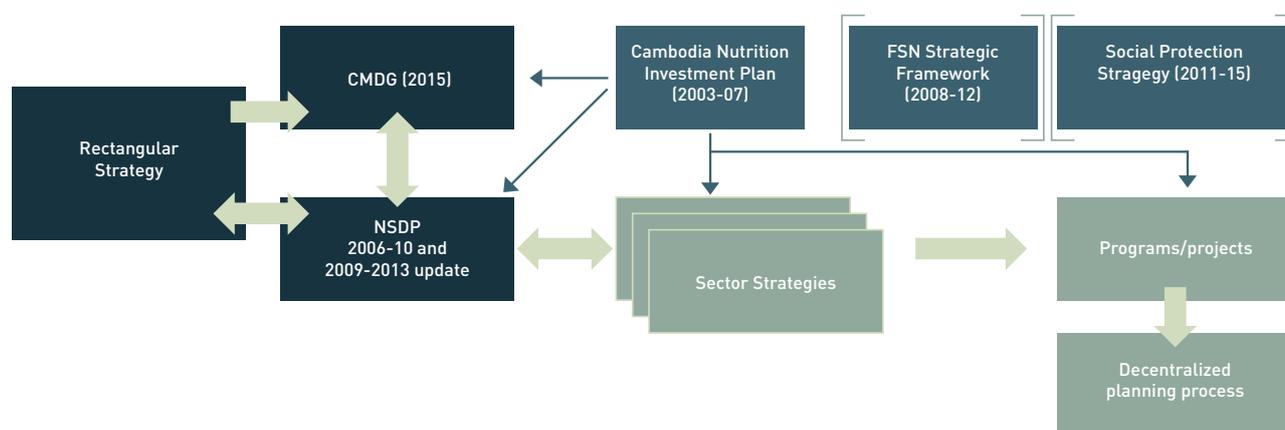
FSN is considered a cross-cutting issue in Cambodia and therefore mainstreamed in a broad range of sector policies, from agriculture to health and education sectors. A specific high-level policy-making body, the Council for Agriculture and Rural Development (CARD), is responsible for formulating the government's road map for agricultural and rural development. It supervises the formulation of the **Strategic Framework for Food Security and Nutrition (SFFSN)**³ which pursues a holistic approach to

address food security and to achieve the goal "to improve, by 2012, the physical and economic access to sufficient, safe, and nutritious food for poor and food-insecure Cambodians".

The government has been engaged in reforming the agriculture sector for the past twenty years, pursuing food self-sufficiency (particularly in rice production), price liberalization and improved land law. The **Strategy on Agriculture and Water (SAW)** 2006-10, and the 2010-13 harmonized version, adopted by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and Ministry of Water Resources and Meteorology (MoWRAM), was the key policy framework for agricultural development. The main focus of SAW is on rehabilitation and construction of physical infrastructure to enhance crop productivity.⁴

Recently, some programmes addressing food utilization issues have been formulated in the framework of the **National Nutrition Strategy (NNS)** 2009-15 and the National Nutrition Program (NNP), to improve maternal and young child nutrition. A diagram of the current policies and strategies related to FSN in Cambodia can be found in Annex I.

POLICY FRAMEWORKS FOR FOOD SECURITY AND NUTRITION IN CAMBODIA



Source: Kato M., Kosal O., Mischler F. (2011), *Mainstreaming food security and nutrition in development planning at sub-national level in Cambodia*

1 This section is compiled based on: CARD (2011), *Review Report of the Strategic Framework for Food Security and Nutrition in Cambodia 2008-2012 (SFFSN)*; Ministry of Planning (2011), *Food Security Trend Analysis Report, Cambodia socio economic surveys 2004-09* and FAO, MAFF (2010), *National Medium Term Priority Framework 2011-2015*.

2 The four components of the RS are (i) agricultural development, (ii) infrastructure rehabilitation and development, (iii) private sector development and employment creation, and (iv) capacity building and human resource development; good governance is at the core of the strategy. RS was first launched in 2004 then updated in 2008. The RS 2014-18 is now finalized. Also the NSDP 2014-18 is under finalization (as of January 2014).

3 The SFFSN 2008-2012 will be updated to be an implementable strategy for 2014-18 (to be approved by early 2014) with three core areas: (i) improve availability and sustainable access to food at household level, (ii) improve child and maternal nutrition; and (iii) reduce vulnerability of the food insecure and protect them against risks.

4 SAW was structured into five national programmes for its implementation: (1) Institutional capacity building and management support programme for agriculture and water resources; (2) Food security support programme; (3) Agriculture and agri-business (value chain) support programme, (4) Water resources irrigation management and land programmes, (5) Agricultural and water resources research, education and extension programmes.

2. Trends in key policy decisions (2007-2013)

2.1 Producer-oriented policy decisions

Even before the 2007/08 food crisis, the government had begun considering various policies and programmes to increase agricultural production through productivity enhancement and increased value addition especially in the rice production, marketing and export chain. In Cambodia, the government does not provide direct price support to farmers and intervenes only marginally in the market. However, VAT exemptions on agricultural inputs are available and some recent decisions have addressed the necessity to ensure access to seeds and fertilizers at affordable prices, especially in times of emergency.⁵ The Law on Farmer Cooperatives was promulgated in 2013. It defines the establishment, functioning and management of farmer cooperatives and provides a framework for better coordination.

Growing support to rice value chain development

In the recent years, higher priority has been given to commercial agricultural production, especially rice and other agribusiness crops such as rubber and cassava. In 2010, the government adopted the new Rice Export Policy based on an ambitious five-year plan aimed at expanding rice production and boost exports.⁶ This policy aims to:

- i. increase rice milling capacity, through investments by both local and foreign investors, facilitate trade by reducing informal fees and improve export processing (including the certification and grading of products) to meet the standards of importing countries;
- ii. raise productivity by increasing paddy rice yields, using higher yield seeds, expanding irrigation systems, and modernizing farming techniques;
- iii. improve land titling to enable farmers to use land as collateral for loans to finance necessary investments and working capital;
- iv. develop infrastructure and reduce energy costs.

Increased attention to land management policies

Increased attention has been directed to land management policies. Under the framework of the Land Management Policy and Land Law (2001), but also in the framework of the Rice Export Policy, the government reinforced initiatives of land titling and distribution. In particular, measures were recently taken to promote the effectiveness of the Economic Lands Concession

(ELC) management, whose stated aim is to develop intensive and industrial agricultural activities and generate employment in rural areas and to settle land disputes between the concessionaire companies and land occupants.⁷ In addition, the poorest have also benefited from the allocation of social land concessions for farming and residential purposes over the last years within the framework of the Social Land Concession (SLC) Programmes, in place in the country since 2003 (Social Concession Sub-Decree).

Relevant reforms in favour of the fisheries sector

Reforms were undertaken in the last few years in favour of the fisheries sector towards a community based approach. Given its importance for food security and the country's economy, the sector has gained attention and a specific Law on Fisheries was promulgated in 2006, aiming at promoting effective fishery resources management and enhancing aquaculture. The law incorporates several issues from natural resources protection to trade of fisheries products, with a prominent focus on strengthening post-production infrastructure and encouraging large-scale private investments. The Strategic Planning Framework for Fisheries 2010-2019 has been finalized in support to the Law on Fisheries.

Through the implementation of the Royal Decree on the Establishment of Community Fisheries (CFs) dated 2005, the government has also sought to reinforce the community-based approach whereby local CFs play a bigger role in managing local fishing grounds.⁸ In March 2012, all fishing lots were abolished and rights given to local users, including women and young people, to be managed through CFs establishment (516 CFs were established throughout the country).



Fishery sector reform culminated in the removal of all commercial inland fishing lots, providing new opportunities for the co-management of fisheries resources to improve local incomes and food security particularly in the heart of the most productive fishing grounds in Cambodia, the Tonle Sap Lake.

Battambang, Cambodia - © FAO/J. Thompson

5 Along with the creation of a food reserve in the country, the Sub-Decree on the Establishment of Cambodia's Food Reserve System (2012) also provides for the setup of a rice and vegetable seeds stockpile (totalling about 3 000 tonnes) to be sold at discounted prices (50 percent subsidy) in response to disasters and emergency. The government also provides free rice seeds and subsidized fertilizers to target communities in the framework of the Emergence Food Assistance Project (see note 10).

6 The full name is "Policy Document on Promotion of Paddy Rice Production and Export of Milled Rice", available at: <http://www.foodsecurity.gov.kh/sites/default/files/Rice-Policy-Eng.pdf>

7 According to the Sub-decree on Economic Land Concessions (2005), ELC is a mechanism to grant state private land, through a specific contract, to a concessionaire for use in agricultural and industrial agricultural exploitation. See FAO (2013), Trends and impacts of foreign investment in developing country Agriculture: evidence from case studies.

8 A Community Fishery is based on a cooperative arrangement between the government and a group of local people.

2.2 Consumer-oriented policy decisions

Encouraging the setup of strategic food stockpile to deal with emergencies

Emphasis on rice reserves grew during and after the 2007/08 food crisis, when the government decided to increase the financing to the Green Trade company (to US\$ 4 million)⁹ and the Rice Millers Association (US\$ 6 million) in order to set up a strategic stockpile. In 2008, the Rural Development Bank also increased funding for private rice millers to stockpile rice for domestic supply to US\$ 10 million, from the US\$ 6 million granted in 2007. Release of these stocks has been practiced over the past years to control food price inflation when necessary.

In 2012, the government set up the Cambodia Food Reserve System as a permanent mechanism to assist people affected by disaster or crisis through the establishment of food (rice) and seed (rice and vegetable) emergency reserves. In addition, the Food Reserve System Management Committee was created in order to manage stocks and related information systems.

Continuation of ad hoc food assistance and food subsidies

Distribution of food and provision of food subsidies have been undertaken frequently but only in emergency context, especially under the Emergency Food Assistance Project (EFAP).¹⁰ EFAP is a major operation that took place in October 2008 to mitigate the effects of soaring food prices on poor households with in-kind food assistance disbursed in eight provinces surrounding the Tonle Sap Lake. Also during the massive floods in 2011, the government responded by distributing food to the worst affected provinces and rice seeds to farmers. Other food based safety net programmes consist primarily of emergency food aid and food-for-work initiatives managed by the MOWRAM and the Ministry of Rural Development (MRD) in coordination with the World Food Programme.

Growing commitment to social protection programmes

Government spending on social protection has increased during the past six years to 3.9 percent of GDP in 2010 but it is still lower than the regional average of 4.3 percent. Financial contributions from development partners (DPs) are fundamental to run many of the social protection schemes in the country. The framework of these interventions is the Law on Social Security Schemes for Persons promulgated in 2002, along with the Labour Law and the Insurance Law (2000).

The adoption of the National Social Protection Strategy for the



The government has paid special attention to the rice sector, the dominant crop in Cambodia. Rice occupies more than 80 percent of cultivated land and is a key export commodity. As the staple of the traditional diet, rice provides more than three quarters of daily energy intake for the average Cambodian.

Poor and Vulnerable 2011-2015 was a turning point, as it is meant to be an umbrella for coherent and long term social protection schemes in the future. It focuses on meeting basic needs of the poor in times of emergency, reducing vulnerable children and maternal poverty, providing the poor with work opportunities and access to quality health, social care and financial protection in case of illness. The main safety net programmes currently in place are reported in Annex II.¹¹

Increased focus on nutrition and health-related policies benefiting children

The government has accelerated the implementation of the National Nutrition Strategy 2009-2015 and constituted the Technical Working Group on Food Security and Nutrition including nutritional focal points at government decentralized levels. In the last six years, some specific programmes have been strengthened or expanded, including: (i) micronutrient supplementation programmes for children and women; (ii) mandatory salt fortification with iodine and (iii) pilots on iron fortification of fish and soy sauce that were scaled up by the newly established National Sub-committee for Fortification of Food with Micronutrients. In addition, 30 hospitals have been equipped to manage severe acute malnutrition and the national guidelines on management of acute malnutrition were finalized.

9 The Green Company is the public enterprise which manages the national rice reserve through purchases and sales made at market prices.

10 EFAP started in 2008, encompassing three components: (i) compensatory consumption support through free rice distribution, cash-for-work, food-for-work, school feeding etc; (ii) productivity enhancement support through distribution of subsidized quality seeds and fertilizers, extension services and support during disaster, and (iii) capacity development on emergency response to food crisis and project management. The initiative was implemented and co-financed by the Ministry of Economy and Finance and the ADB.

11 CARD, World Bank, World Food Programme (2009), *Cambodia Safety Net Review, Draft Policy Note*.

2.3 Trade-oriented policy decisions

Increasing trade liberalization both on food imports and exports

Food trade policy in the country is characterized by increasing liberalization. In recent years, Cambodia has gradually reduced the simple average Most Favoured Nation (MFN) tariff on imports of agricultural products to 14.5 percent from 20.6 percent in 2003, in line with WTO commitments, and entered into several free trade agreements as member of the Association of South-East Asian Nations (ASEAN). Import duty on milled rice is at 7 percent plus a 10 percent VAT (2011). During the food crisis,

import duties on other food items, such as pork, were decreased and import restrictions lifted. Import duties on key agricultural inputs and machinery, such as those for rice milling, were eliminated by the Rice Export Policy (2010).

Export restrictions on rice were lifted in July 2001, but in view of rapidly increasing food prices, a ban on rice exports was imposed in March 2008 for two months (with the exception of three of the provinces along the Vietnamese border), followed by quota restrictions for an additional few months. Under the Rice Export Policy, license requirements for rice exporters were removed. An export tax was imposed in 2011 on rubber, the second strategic crop in Cambodia.¹²

3. Emerging issues

Strong focus on rice production support. Clear emphasis has been placed on increasing paddy production and productivity in order to boost exports through input provisions and subsidies, investments in irrigation systems and modern farming techniques, and facilitation of export procedures. While rice production and exports have expanded significantly in recent years, the potential of Cambodia to enter the world markets has not yet been fully exploited. Post-harvest losses, lack of processing and warehousing capacity, as well as weak formal export arrangements and respect for international sanitary and phytosanitary standards often eliminate the advantage of production surpluses. Furthermore, actions to promote crop diversification, adopt sustainable production practices and support other key subsectors - such as livestock and poultry - have attracted less attention so far.

Malnutrition is an emerging issue. The high incidence of child malnutrition in Cambodia is a critical development challenge: demographic surveys show 28 percent of children under 5 years of age underweight in 2005 with no improvement 5 years later. Indeed, severe malnutrition increased, with the incidence of wasting among children rising from 8.4 to 10.9 percent. Nutritional programmes recently developed by the government, in collaboration with DPs, are in some cases affected by

lack of coordination with decentralized administrations and scarce alignment with other sectoral plans in terms of priority intervention.

Weakness at policy implementation level. One of the main challenges posed in the FSN policy context is the weak capacity of the government to implement the policies formulated and adopted, due to scarce technical capacity and lack of financial resources. This is particularly visible in social protection programmes and policy interventions against risk and vulnerability of the poor population and smallholder farmers.

Policy coherence and harmonization is improving. Food security policies and programmes appear in line with the objectives incorporated into the national strategic frameworks (CMDGs, RS and NSDP). Harmonization and coherence between the government policies and donors' priorities have also gradually improved, especially in the formulation and implementation of policies and programmes related to agriculture. The establishment of institutions (i.e. CARD and Technical Working Groups) to coordinate and align food security strategies, policies and priorities of different sectors and stakeholders, has been the main factor leading to improved policy coherence.

¹² Rubber is a key strategic crop in Cambodia: the sector contributes significantly to employment and is strongly export-oriented. The sector was dominated by state-owned enterprises (48 percent of total plantation area in 2007) followed by smallholders (44 percent) and private companies. By late 2008, six of the seven state-run plantations had been privatized and the General Directorate of Rubber was tasked to implement sectoral policies and programmes.



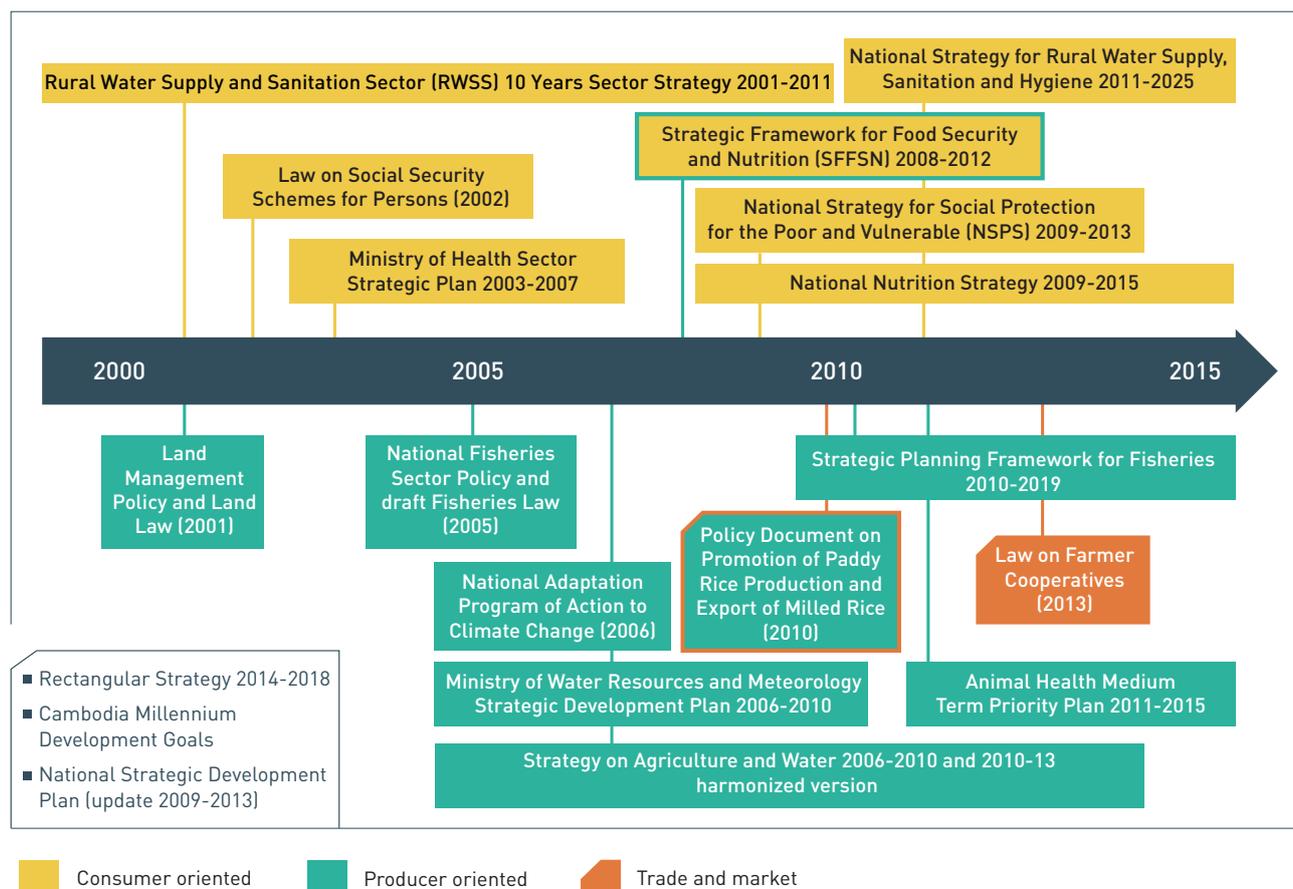
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ANNEX I. MAIN STRATEGIES AND POLICIES RELATED TO FOOD SECURITY AND NUTRITION (SINCE 2000)



ANNEX II. MAIN SOCIAL PROTECTION PROGRAMMES

| Implementing ministries | Programme | Supporting development partners |
|---|---|--|
| Ministry of Health (MoH) | <ul style="list-style-type: none"> Health equity funds (HEF): health care for patients below the poverty line Community-based health insurance (CBHI) schemes Child survival: components on improving maternal health and newborn care, promotion of key health and nutrition practices Maternal & Child Health and Nutrition Programme | <ul style="list-style-type: none"> USAID, BTC, WB, ADB, DFID, AusAID GTZ and others UNICEF WFP |
| Ministry of Economy and Finance (MEF) | <ul style="list-style-type: none"> Emergency Food Assistance Project with Food-for-Work and Cash-for-Work programmes Agriculture smallholder and social protection development policy operation | <ul style="list-style-type: none"> ADB WB, AusAID |
| Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY) | <ul style="list-style-type: none"> Child protection (support to develop laws, policies and raise awareness) Food Assistance to people living with HIV and AIDS Food assistance to TB Patients Emergency relief to vulnerable and victims of emergency Elderly persons' association support and services Invalidity pensions and care services (contributory system) | <ul style="list-style-type: none"> UNICEF WFP WFP UNICEF |
| Ministry of Labour and Vocational Training (MoLVT) | <ul style="list-style-type: none"> Technical and Vocational Education and Training (TVET) voucher skills training programme (non-formal) TVET post-harvest processing National Social Safety Fund (NSSF) health insurance Maternity benefits, maternity leave | <ul style="list-style-type: none"> ADB ADB |
| Ministry of Rural Development (MRD) | <ul style="list-style-type: none"> Food for work programme | <ul style="list-style-type: none"> WFP |
| Ministry of Education, Youth, Employment and Sports (MoEYS) | <ul style="list-style-type: none"> School Feeding Enhancing Education Quality Project (EEQP) | <ul style="list-style-type: none"> WFP ADB |

Source: CARD (2010), National Social Protection Strategy for the Poor and Vulnerable