

Can the Agricultural Sector Help Cambodia Sustain Growth Amid the Pandemic?

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General Background

- COVID-19 not only represents a worldwide public health emergency but has become an **international economic crisis**.
 - ▶ In Cambodia, the three most affected sectors—**tourism, manufacturing exports, and construction**—contributed more than **70%** of growth and **39.4%** of total paid employment in 2019 (World Bank, 2020).
 - ▶ In 2019, total employment in agriculture is 31%, or 2,898,571. (ILO, 2019). [See Figure](#)
- Agricultural growth averaged **5.3% during 2004-2012**, which was among the highest in the world (World Bank, 2015).
 - ▶ Agriculture's contribution to the GDP has been on the **decline for the past five years**. In 2018, it's representing **US\$5.47 billion or 22% of GDP**. [See Figure](#)

The Challenges: Cambodia's Agricultural Sector During the Pandemic

- Never under COVID-19, Cambodian agriculture still faces **many chronic challenges**.
 - ▶ **Climate change** is first among the challenges currently facing Cambodia's agricultural sector.
 - ▶ The **water shortages and other agriculture infrastructures** have obvious implications for Cambodia's farmers.
 - ▶ Cambodia has the lowest fertilizer consumption. [See Figure](#)
 - ▶ Limited spending on R&D could be the major constraint to boost land productivity. [See Figure](#)
 - ▶ Labor productivity remained relatively low. [See Figure](#)
 - ▶ Monopsony and monopoly practice, collusion, and corruption.
⇒ **Lack of market access and information**
 - ▶ **Lack of technical and advanced technology, and high input costs.**

The Challenges: Cambodia's Agricultural Sector During the Pandemic

- The impact of the **20% EBA loss**.
- Some countries **restricted food exports**, making this situation even more challenging.

The Opportunities: Cambodia's Agricultural Sector During the Pandemic

- The **Free Trade Agreement** (FTA) between Cambodia and China.
- The government was preparing to further support the agriculture industry.
 - ▶ The Agricultural and Rural Development Bank received **US\$50 million** in government funds to support the industry, which would **be increased if necessary**.
 - ▶ In June, the government would also invest **US\$100 million** in rural irrigation projects and provide short-term work in the provinces.
 - ▶ Agriculture was also **largely ignored in FDI projects** approved by the government last year. \implies Some policies to support investment (SME Bank, Agro-processing zone).
 - ▶ No Taxation on agricultural technology.

Some Policies to Address Challenges and Opportunities

- We need to use an **econometric and statistical model** for R&D or test the effectiveness of policy implementation and challenges.
- To facilitate **price stability** for agricultural products.
- Promote and develop **agricultural e-commerce** through applications and other online platforms.
- Continue the development and participatory management of **agricultural infrastructure**.
- Continue **good cooperation** with development partners and the R&D institute for technical and financial assistance.
 - ▶ Facilitate **direct and indirect financial and technical support** to farmer and the agricultural industry.
 - ▶ Promote the development of the agricultural community.

Some Policies to Address Challenges and Opportunities

- Promoting **livestock and aquaculture, and vegetable production** aimed at import substitution.
- Promote the development of the **agro-processing industry and diversify potential products** for export.
- The government should use the real muscle behind its stated priorities to **fight corruption** and other agricultural market standards. [Go to MAFF Policy](#)
- To ensure long-term economic growth and facilitate a strong recovery, the government will need to continue to ensure **macroeconomic and financial sector stability**.
 - ▶ Accelerate trade and investment reforms.
 - ▶ Encourage faster adoption of **digital technologies, reduce electricity rates, logistics and raw materials, and loss of land for businesses.**

The State of Technological Penetration

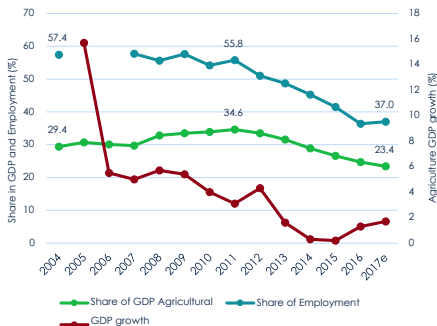
- Cambodian Agricultural Research and Development Institute (CARDI).
- We are seeing many changes in the use of technology. [See Figure](#)

The Role of the Private Sector

- The private sector has a **significant** role in the development agriculture.
- The private sector includes enterprises, companies or businesses, regardless of size, ownership and structure.
 - ▶ It covers all sectors of the **food, agriculture, forestry and fisheries systems** from production to consumption, including associated services: financing, investment, insurance, marketing and trade.

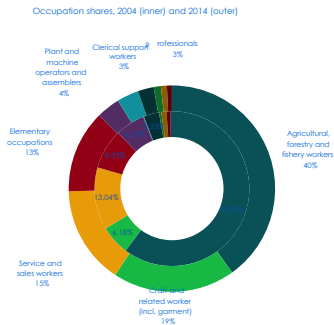
THANK YOU!

Agricultural GDP growth has slowed since 2012, and the share in employment and GDP has declined



Source: Cambodia Economic Diversification Study
Fostering diversification, value chain participation, and upgrading, June, 2019.

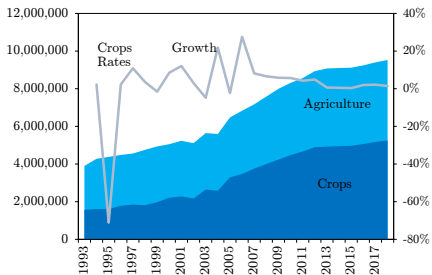
While in decline, more than half of the workforce were still employed in poor-quality jobs in 2014



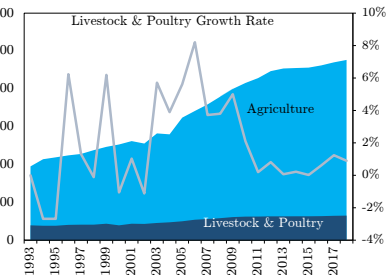
Source: Ly. S (2019). Jobs and Labor Productivity in Cambodia's Agriculture Sector. 6th Annual NBC Macroeconomic Conference. [Back](#)

Value in Million Riels and Growth Rates, at constant 2000 prices [Back](#)

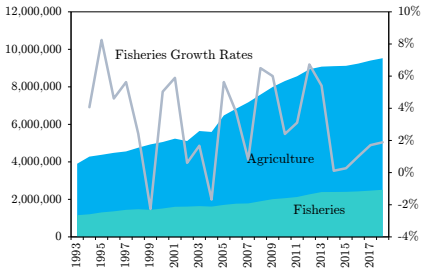
Crops value in Million Riels



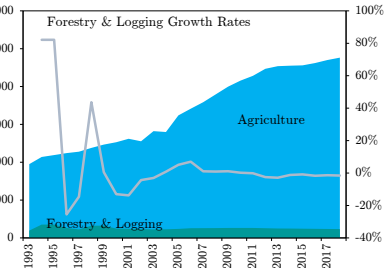
Livestock value in Million Riels



Fisheries value in Million Riels

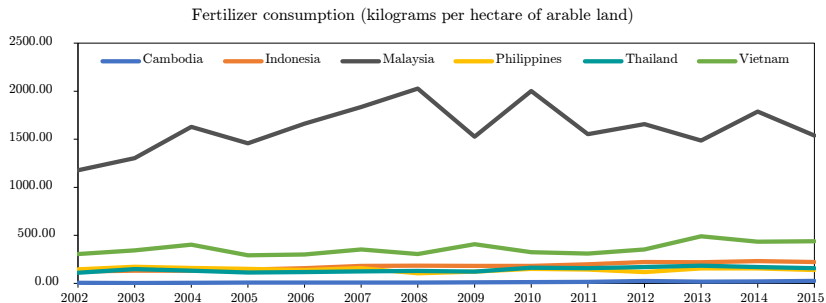


Forestry value in Million Riels



Source: Ministry of Economy and Finance 2018

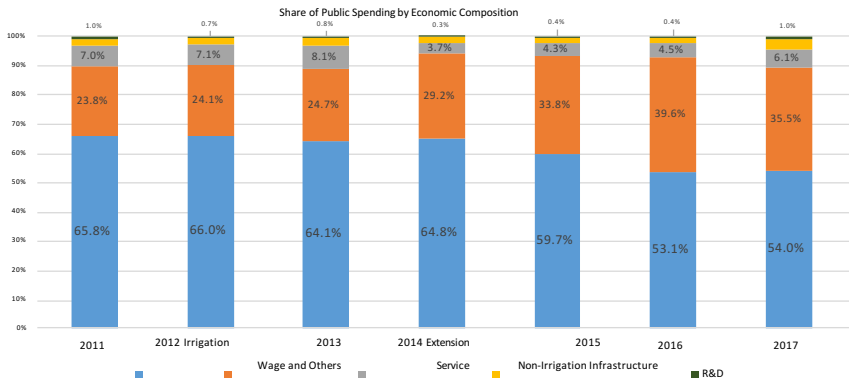
Fertilizer Consumption [Back](#)



Source: World Development Indicators 2018

In 2015, Cambodian farmers used **only 25.77 kilograms** of fertilizer per hectare. Malaysia used 1,539.30 kilograms per hectare, Vietnam used 438.92 kilograms per hectare and Thailand used 157.14 kilograms per hectare.

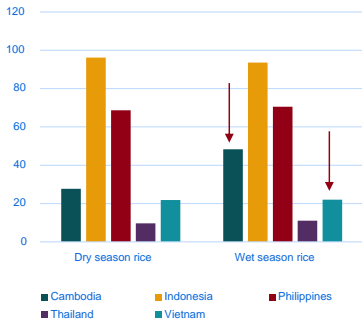
Share of Public Spending by Economic Composition [Back](#)



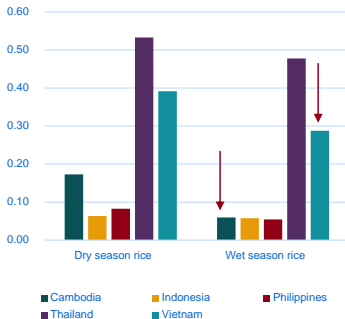
Source: MEF, CDC

Cambodia's labor use falls between labor-intensive and capital-intensive peers, while its labor productivity is relatively low

Labor use (person days/ha), 2013



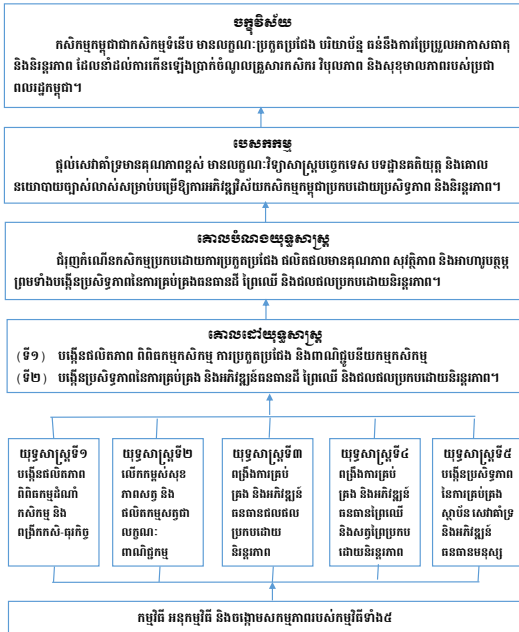
Labor productivity (ton/person day), 2013



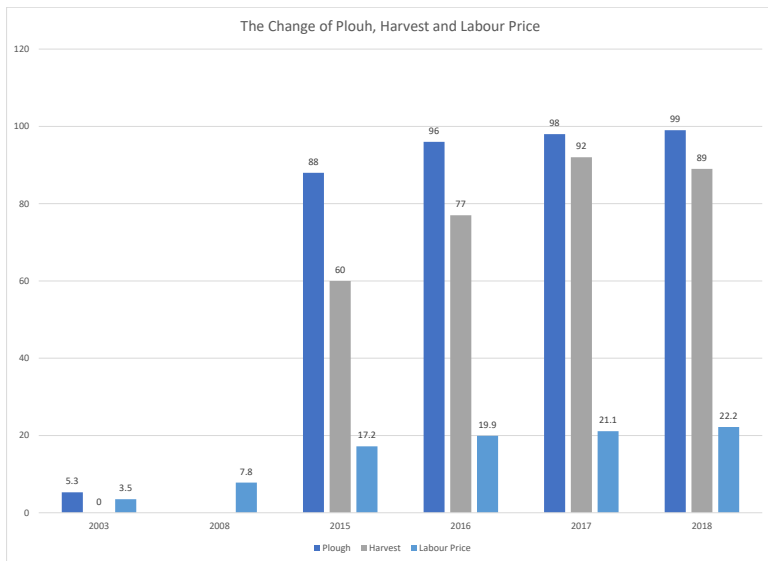
Source: Cambodia Economic Diversification Study
Fostering diversification, value chain participation, and upgrading, June, 2019.

Source: Ly. S (2019). Jobs and Labor Productivity in Cambodia's Agriculture Sector. 6th Annual NBC Macroeconomic Conference.

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Source: MAFF(2019). The Development Strategy of the Agricultural Sector in 2019-2023. [Back](#)



Source: MAFF.(2020). Annual Report of the Agriculture, Forestry and Fisheries 2019-2020 and Plan 2020-2021. [Back](#)