

Ways Forward for Resilient Cambodian Food MSMEs

By Ra Thorng

Beginning in 2020, Mekong Institute (MI) and the New Zealand Aid Program (NZAP) launched a series of hybrid PROSAFE forums in Cambodia, Lao PDR, Myanmar, and Vietnam to come out with a cohesive multi-sectoral approach that will scale up the competitiveness and resiliency of the agri-food industry against a pandemic climate.

In this feature, MI highlights findings from the first PROSAFE Forum in Cambodia on [“Challenges and Coping Strategies for Food Enterprises in the Time of COVID-19.”](#)



Micro-, small- and medium-sized enterprises (MSMEs) are the backbone of the Cambodian economy, contributing 58 percent to the national gross domestic product. They take up 99.8 percent of businesses and account for 70 percent of employment, helping provide much needed income and jobs to vulnerable sectors of the population.¹

As the prolonged pandemic continues to cause widescale health emergencies, the Food and Agriculture Organization of the United Nations, Cambodia's Ministry of Agriculture, Forestry and Fisheries, and the Council for Agriculture and Rural Development also assessed COVID-19's compounding impacts on the country's food processing sector, particularly MSMEs, which have been gravely affected by border closures, quarantine measures, and travel restrictions.

These have disrupted local food supply and demand chains, reduced consumer consumption, as well as limited access to food, raw products, and maintenance services, resulting to a sharp downturn in revenue and higher food prices.

To support the urgent call for the recovery and strengthened resiliency of MSMEs in Cambodia, MI and NZAP have been working with government agencies, business groups, and the private sector to come up with cohesive public-private solutions in protecting these valuable growth engines, who are the country's line of defense in ensuring all Cambodians can equitably access affordable, safe, and nutritious food.

As such, various perspectives were pooled to generate country-tailored recommendations that will help food businesses increase food production outputs, adapt better business e-strategies, and appropriately adhere to health protocols to mitigate the spread of COVID-19.

Get to know these expert and practical Cambodian viewpoints that will help MSMEs better mobilize their strengths, fragilities, and opportunities to build forward better a more sustainable, resilient, and inclusive food processing industry.



Prioritize production and marketing of in demand food products for profitable return of investments.

Leading food manufacturers advised MSMEs to re-assess market potentials and streamline their best-selling products. In doing so, food businesses can re-direct investments on products that generate optimum revenue, while reducing unnecessary production costs.

Strengthen transparent financial management of food enterprises to become viable candidates for projects grants and/or business loans.

Government initiatives and international organization aids are made available to MSMEs in Cambodia. To be eligible, however, food enterprises must present sound financial bookkeeping with detailed proposals and budget plans.



Optimize business operations by tasking food enterprise workers with various roles.

Business owners acknowledged that in this protracted pandemic climate, downsizing may well be an inevitability. To maintain staff as long as possible, they recommended for MSMEs to diversify the roles of their employees by assigning them multiple tasks in production, distribution, and delivery to increase outputs, save on costs, and generate more revenue.

Sustain a conducive policy and financial environment to help food enterprises remain in operations and generate stable income.

Based on policy guidelines in supporting women-owned MSMEs affected by the pandemic, measures such as ensuring liquidity through the recently launched SME Finance Fund, as well as providing part income guarantees and relief in terms of debt restructuring were made available. Simultaneously, the Cambodian Government continues to enhance MSMEs' competitiveness by facilitating their ease of access to SME banks and digital payments. In view of the long-term recovery strategy, the Government has also been finalizing SME laws and policies to create an enabling environment for the revitalization of local economies.



Digitalize business models and strategies to reduce business costs and meet consumer demands safely.

E-commerce was cited as the prevailing strategy of helping businesses survive. Prior to the pandemic, e-commerce created lucrative niche markets tailored to consumer demands. It has since grown in popularity because MSMEs who run online businesses can process payments faster at reduced transaction costs. They can also access wider markets not generally found in traditional business-to-business transactions. Social media platforms such as Facebook have also been reported to help MSMEs gain income spikes. Now a competitive field, experts recommended for MSMEs to focus on building their online brand by consistently providing quality products and efficient services to cement a loyal customer base.



Comply with global food safety standards to enhance consumers' trust and widen entry of food enterprises to international and regional markets.

The business environment has been reshaped by the pandemic. As such, new standards and regulations will increasingly govern cross-border trade, requiring MSMEs' compliance to meet updated market requirements.² These include management system standards on quality, food safety, occupational health and safety, and social accountability, as well as specific product standards. High-level representatives of food companies in Cambodia such as Hyundai Agro, who has the only quarantine facility for Vapor Heat Treatment, detailed how compliance measures kept their operations going as these opened their mango products to Korean, Chinese, Japanese, and the European Union markets.



Ra Thorng is a Program Coordinator under MI's Agricultural Development and Commercialization Department. Ra has been with MI for the last nine years, contributing his expertise to help build a food safety culture in Cambodia, Lao PDR, Myanmar, and Vietnam under the PROSAFE project. For more information on the project, contact adc@mekonginstitute.org.

¹ Ministry of Industry, Science, Technology, and Innovation, 2020. See <https://cutt.ly/ObAPIVI>.

² International Trade Centre, 2020. See <https://cutt.ly/fbO97vC>.

