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# CAMBODIA MSME 2/BEE PROJECT

## QUARTERLY REPORT No. 3

(APRIL 1 - JUNE 30, 2009)

TASK ORDER NO. 04

**JULY, 2009**

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI.



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CAMBODIA MSME 2/BEE PROJECT

# QUARTERLY REPORT No. 3

**TASK ORDER NO. 04**

**Program Title:** Strengthening Micro, Small and Medium Enterprises in Cambodia

**Sponsoring USAID Office:** USAID/Cambodia

**Contract Number:** EEM-I-00-07-00009-00/04

**Contractor:** DAI

**Date of Publication:** JULY 30, 2009

**Author:** Cambodia MSME 2/BEE Project

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# Contents

<b>Tables, Figures, Maps and Case Studies.....</b>	<b>iv</b>
<b>Tables.....</b>	<b>iv</b>
<b>Figures .....</b>	<b>iv</b>
<b>Maps .....</b>	<b>v</b>
<b>Case Studies.....</b>	<b>v</b>
<b>Introduction .....</b>	<b>7</b>
<b>Background .....</b>	<b>7</b>
<b>Project Objectives and Approach.....</b>	<b>7</b>
<b>Summary of Project Highlights in the Third Quarter .....</b>	<b>8</b>
<b>Component 1: Strengthening Value Chains .....</b>	<b>9</b>
<b>Summary of Actions, Activities and Accomplishments This Quarter .....</b>	<b>9</b>
Embedded Technical Training .....	9
Interest Group Formation .....	12
Rural Trade Fairs .....	12
Cross-Provincial Exposure Missions.....	13
International Technology and Governance Exposure Missions .....	14
Garment Industry Productivity Centre (GIPC).....	16
Water and Sanitation.....	20
Water Value Chain Strengthening.....	20
Water Investment Strategy.....	21
Sanitation Marketing .....	21
Biodiversity .....	22
Sustainable Tourism .....	24
<b>Constraints Encountered and Unresolved Issues This Quarter.....</b>	<b>27</b>
<b>Main Events Planned for Next Quarter.....</b>	<b>28</b>
<b>Component 2 - Strengthen Private Sector Voice .....</b>	<b>29</b>
<b>Summary of Actions, Activities and Accomplishments This Quarter .....</b>	<b>29</b>
Government-Private Sector Forum (G-PSF) Support .....	29
Public-Private Dialogue.....	29
Workshop on Provincial Investment Promotion .....	33
Association and Business Membership Organization (BMO) Strengthening .....	35
Cooperation with Royal University of Agriculture .....	35
<b>Constraints Encountered and Unresolved Issues This Quarter.....</b>	<b>36</b>
<b>Main Events Planned for Next Quarter.....</b>	<b>36</b>

<b>Component 3 - Public Sector Strengthening to Improve the Business Environment .....</b>	<b>37</b>
<b>Summary of Actions, Activities and Accomplishments This Quarter .....</b>	<b>37</b>
Developed Framework for Private Water Service Provider Contracts .....	37
Policy and Legal Advice on Laws and Regulations.....	37
Capacity Building for Regulators .....	40
<b>Constraints Encountered and Unresolved Issues This Quarter .....</b>	<b>42</b>
<b>Main Events Planned for Next Quarter.....</b>	<b>42</b>
<b>Operations and Administration .....</b>	<b>44</b>
<b>Summary of Actions, Activities and Accomplishments This Quarter .....</b>	<b>44</b>
General Operations.....	44
Procurement.....	44
Staffing .....	45
<b>Constraints Encountered and Unresolved Issues This Quarter .....</b>	<b>46</b>
Staffing .....	46
Procurement.....	46
<b>Activities Planned for the Next Quarter .....</b>	<b>46</b>
General Operations.....	46
Procurement.....	47
Staffing .....	47
<b>Communications and Media Outreach.....</b>	<b>48</b>
<b>Summary of Actions, Activities and Accomplishments This Quarter .....</b>	<b>48</b>
<b>Results from Monitoring of MSME Business Radio Callers and Listeners .....</b>	<b>49</b>
<b>Impact of the Program on the Listeners .....</b>	<b>54</b>
<b>Results of Interviews with MSME Radio Partners.....</b>	<b>54</b>
<b>Summary Table of Audience Interaction .....</b>	<b>57</b>
<b>Broadcasting Summary of MSME Project, from April-June 2009.....</b>	<b>60</b>
<b>Constraints Encountered and Unresolved Issues This Quarter.....</b>	<b>62</b>
<b>Monitoring and Evaluation .....</b>	<b>63</b>
<b>Summary of Actions, Activities and Accomplishments This Quarter .....</b>	<b>63</b>
Total Private Sector Clients in the Third Quarter (April-June 2009).....	63
Monitoring Indicators Follow up Within the Third Quarter, April-June 2009 .....	65
<b>Constraints Encountered and Unresolved Issues This Quarter.....</b>	<b>70</b>

# Tables, Figures, Maps and Case Studies

## Tables

Table 1: Summary of Large Service Procurements in the Third Quarter .....	44
Table 2: Summary of Staff Recruited in the Third Quarter.....	45
Table 4: STTA Mobilized During the Project’s Third Quarter.....	45
Table 5: Project Positions To Be Filled in the Fourth Project Quarter .....	47
Table 6: STTA Anticipated to be Mobilized in Fourth Project Quarter .....	47

## Figures

Figure 1 – Analysis of Number of Embedded Technical Training Sessions by Value Chain, April-June 2009 .....	10
Figure 2 – Analysis of Interest Groups Formed by Value Chain from April-June 2009 .....	12
Figure 3 – Analysis of Total Number of Visitors and Booths at USAID-funded Trade Fairs April-June 2009.....	13
Figure 4 – Analysis of Cross-Provincial Exposure Missions by Value Chain, April-June 2009 .	14
Figure 5 – Analysis of International Technology and Governance Exposure Missions, April-June 2009.....	15
Figure 6 – Analysis of Private Sector Water Service Provider Working Group Formation, April-June 2009.....	20
Figure 7 – Analysis of Public-Private Dialogues, April-June 2009.....	30
Figure 8 – Analysis of Workshop and Business Forums Conducted, April-June 2009 .....	33
Figure 9 – Analysis of Community Working Groups Formed April-June 2009 .....	36
Figure 10 – Analysis of Total Private Sector Clients by Value Chain, April-June 2009.....	63
Figure 11 – Analysis of Total Cumulative Number of MSME 1 and MSME 2 Private Sector Clients by Value Chain, October 1, 2008 to June 30, 2009 .....	64
Figure 12 – Analysis of Total Cumulative Active and Prospective Private Sector Clients by Value Chain, October 1, 2008 to June 30, 2009 .....	64

## Maps

Map 1 – Map of Private Sector Clients by Value Chain, October 1, 2008-June 30, 2009 .....	15
Map 2 – Summary of Project Target Communes for Water and Sanitation .....	22
Map 3 – Map of Project Biodiversity Target Areas with Beneficiaries, October 1, 2008-June 30, 2009 .....	27

## Case Studies

Case Study 1 – Swine Raisers’ Intervention in Local Feed Production Facilities Leads to Increased Income for Rural Households .....	11
Case Study 2 – Biodiversity Conservation – Bettering the Honey Business Environment through a Cross-Provincial Visit.....	26
Case Study 3 – Cambodia MSME Forums Clearing Doubts of Swine Value Chain Actors on Prevailing H1N1 Influenza .....	31
Case Study 4 – Swine Forum Resolves Unofficial Fee Collections in Svay Rieng Province.....	32
Case Study 5 – International Technical and Governance Exposure Mission to the Philippines .	34
Case Study 6 – USAID Supports Better Regulation for Strong Industry Growth .....	41



# Introduction

Pursuant to the requirements of the Cambodia Micro, Small and Medium Enterprise 2/Business Enabling Environment (MSME 2/BEE) Contract No. EEM-I-00-07-00009-00, Task Order No. 4, Development Alternatives, Inc. (DAI) is pleased to submit the third Quarterly Report covering the period April 1 – June 30, 2009.

## Background

The Cambodia MSME 2/BEE project, referred to throughout this document as MSME 2 or the MSME Project, is implemented by a consortium led by DAI. Consortium partners include Nathan Associates, Agriculture Development International (ADI), Emerging Markets Consulting (EMC), Equal Access, Indochina Research Limited (IRL), and Development & Training Services, Inc. (dTS).

The Cambodia MSME 2 project is managed by Chief of Party, Mr. Curtis Hundley and supported by Deputy Chief of Party, Ms. Vishalini Lawrence; Value Chain Advisor and Component Team Leader, Mr. Sun Boreth; Private Sector Voice Component Team Leader, Mr. Chan Narith; and during this quarter, Public Sector Strengthening Component Leader, Mr. Kem Sambaddh. The core technical team is comprised of 24 Cambodian Value Chain Advisors, Business Enabling Environment Specialists, Communications Specialists, Water and Sanitation Specialist, Monitoring and Evaluation Specialist and Monitoring and Evaluation Coordinator, including three dynamic females. In addition, the Phnom Penh office and field offices in Prey Veng, Battambang, Kampong Thom and Kampong Cham are supported by ten Administrative, Finance and IT staff.

## Project Objectives and Approach

The MSME Project operates in twelve provinces in Cambodia: Battambang, Siem Reap, Kampong, Thom, Kampong Cham, Kampong Speu, Kandal, Kratie, Prey Veng, Svay Rieng, Pursat, Takeo and Kampot. The MSME 2 project improves the performance of firms in several value chains, supports public-private dialogue and strengthens the capacity of the public sector through targeted technical assistance. Program strategies include:

1. Leverage and expand the value chain efforts in the swine, aquaculture, and clay tile value chains, where a market exists from which information can flow to improve relationships and expand the incomes throughout the value chain, add additional agricultural value chains, such as high-quality fruit, in addition to non-timber forest products, such honey and resin, through an innovative market-led, value chain centered approach in biodiversity;
2. Take an innovative approach to expanding access to safe drinking water and rural sanitation using a value chain approach to engage the private sector and develop sustainable private sector enterprises that will continue the project's efforts after project activities end;
3. Improve the ability of the MSMEs with whom the project engages, to organize effectively among themselves through interest groups, working groups, or associations and then engage with the government to improve their business enabling environment;

4. Support the Government-Private Sector Forum (G-PSF) process by assisting the efforts of the IFC to make the G-PSF sustainable;
5. Assist various levels of the government to create a better business enabling environment by improving their ability to draft and implement good legislation, and helping them effectively communicate with other government agencies and officers and the private sector; and:
6. Facilitate the Garment Industry Productivity Center to create a sustainable Cambodia Development Skill Training Center.

The project improves firm productivity, builds relationships across the selected value chains, and increases investments in enterprises to improve competitiveness. MSME 2 assists enterprises to become and remain cost competitive relative to other national and regional firms, while improving quality and capabilities to provide a consistent supply of quality products to local and national markets. The project facilitates business membership organizations (BMOs) among the MSME clients to develop service based associations that facilitate delivery of technical and business training and help lobby for improvements to the business enabling environment; making their businesses more competitive and profitable.

This quarterly report provides an update of significant activities and achievements in the three Program Technical Components, Operations, Communications and Media Outreach, Monitoring and Evaluation.

## Summary of Project Highlights in the Third Quarter

- Facilitated two provincial investment promotion strategy development workshops in Kampong Cham and Svay Rieng Province. Dr. Peter Brimble, Investment Promotion Advisor led the capacity building training for Provincial Investment Promotion Sub-Committee members and other government representatives in the two provinces. H.E Sun Chantol, Senior Minister and Vice-Chairman of CDC was the guest of honor at both workshops.
- Completed an assessment of 36 Private Water Service Providers (WSPs). Kosan Engineering administered the survey and compiled data analysis.
- In close collaboration with the Ministry of Industry, Mines and Energy (MIME), GRET, a local NGO conducted an assessment of 32 small towns in 6 provinces with potential for expansion of piped water supply.
- Conducted a honey bee baseline survey with Crossroads to Development in five communes in two districts of Sre Ambil and Botum Sakor, Koh Kong province.
- Conducted an End-Market Study for the Swine and Aquaculture value chain. Marian Boquiren, Business Strategist led this assessment with members of the project technical team.
- Broadcast 18 episodes of the bi-weekly Business Radio Program, “Success Starts with You.” Also 5 live radio roundtable discussions/call-in programs. The radio programs are produced by Equal Access in close coordination with the Cambodia MSME team.
- Finalized the Water Investment Strategy for expanding piped water supply to rural households.

# Component 1: Strengthening Value Chains

## Summary of Actions, Activities and Accomplishments This Quarter

### Embedded Technical Training



#### *Swine value chain*

Feed constitutes more than 60% of production costs for swine producers, clients continue to struggle with high price of commercial animal feed. To respond to this constraint, the MSME team facilitated and coordinated with 3 input supply companies (Medivet, BKP, and LDI) and a district veterinarian to provide feed making training as a means to reduce production costs. This quarter the team facilitated 15 technical feed making/business trainings to 625 clients including 196 female (31%) in 10

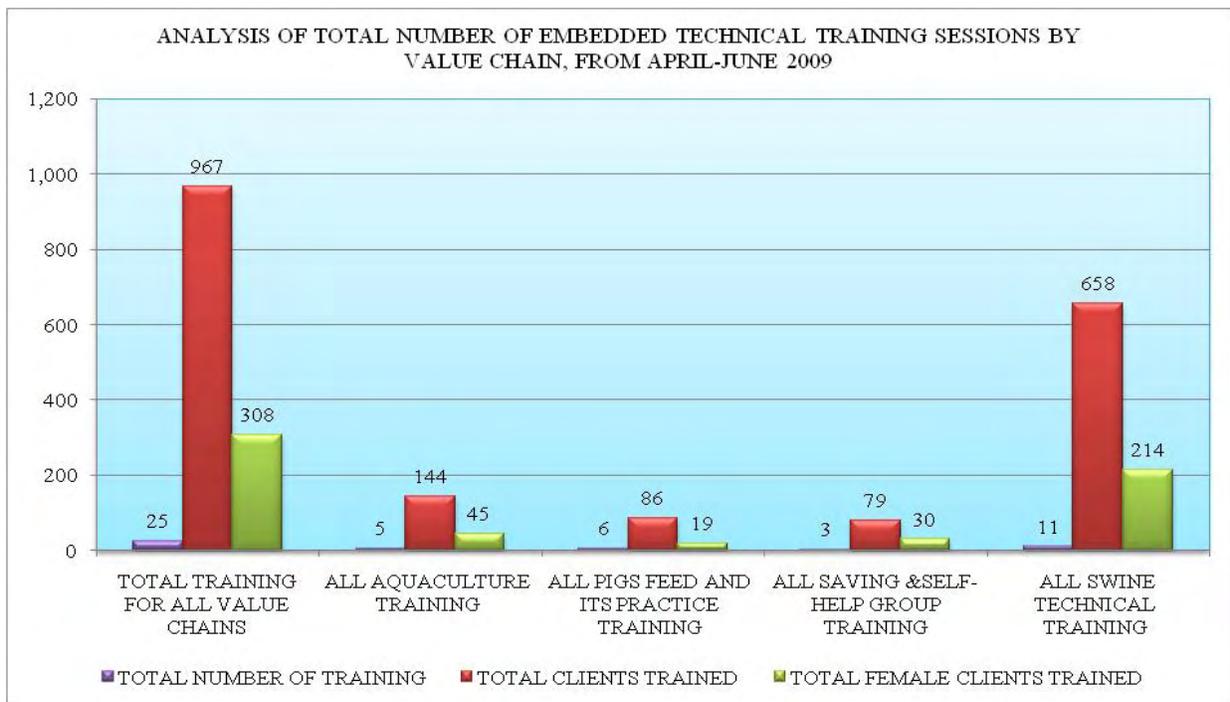
provinces: Battambang, Pursat, Prey Veng, Svay Rieng, Kampong Cham, Kratie, Takeo, Kampong Speu, Kampong Thom, and Kampot. The result from the training saw swine clients investing in the establishment of 9 feed mills in 6 target provinces. Linkages with cassava, corn producers and feed equipment suppliers also established to purchase feed materials. These feed mills not only provide feed to the investors, but to the broader communities of animal raisers as well.

*Aquaculture value chain*

The MSME Project facilitated aquaculture technical/business training to 173 clients (21women) in 12 target provinces by collaboration with fingerling producers and input suppliers in each province who have practical business and technical knowledge on aquaculture. The impact on this embedded training begins to show as traders and producers are now more coordinated and in Batheay areas of Kandal province, some producers have become traders by contracting and purchasing fish from small holders to sell. In addition, producers have established formal linkages with a local rice millers to purchase bran on credit to make fish feed.

This quarter, the project facilitated a total of 25 embedded technical trainings for 967 clients, 32% of whom were women. One of the guiding principles of MSME 2’s value chain approach is to introduce interventions that are sustainable. Therefore, the MSME team seldom provides direct technical training; instead we facilitate embedded technical assistance within each value chain. Embedded technical trainings help value chain clients gain new knowledge and skills to improve the productivity of their business, improve business-to-business relationships and help training partners increase sales and outreach for their products and services (**Figure 1**).

**Figure 1** – Analysis of Number of Embedded Technical Training Sessions by Value Chain, April-June 2009



## Swine Raisers’ Investment in Local Feed Production Facilities Leads to Increased Income for Rural Households

**The USAID Cambodia MSME Project’s approach to association development is to bring together firms to discuss and resolve common business problems. In Takeo, swine community working group members collectively invested in a domestic feed production facility to address the issue of high input cost of manufactured animal feed.**



*A group of local swine raisers in Takeo gather together to produce their own pig feed*

**By producing their own feed, and lowering their cost of production, swine raisers in Takeo have increased their profit margins by 40%.**

The Swine industry in Cambodia is dominated by micro and small enterprises involved in swine raising and trading. The industry has been adversely affected by unregulated import surges, high input costs and low live pig prices at the market. The high input costs are primarily because of the high cost of commercial animal feed which comprises 70-80% of total input costs.

Nevertheless, swine raisers are realizing that they have a major advantage in that they can produce their own animal feed using ingredients like soy, maize and cassava that are available in abundance in Cambodia. The ability of producers to invest in their own animal feed manufacturing operations, using locally available raw materials is key to sustaining and growing these businesses because it helps lower swine raising input costs, increase profit margins and thereby increase household incomes of small entrepreneurs.

Recognizing the need to address the issue of high input costs which affects the competitiveness of the swine industry, the USAID Cambodia MSME project launched an initiative to encourage private sector investment into animal feed production. The project located an experienced local feed production technical expert who was interested in conducting technical training on feed production to leading MSME clients in Takeo province. The Project paid for transportation, lodging and meals. The embedded technical training focused on domestic feed production using locally-available ingredients and introduced them to new feed production technologies. The technical training was followed by a one-day cross-provincial exposure visit to raw material input suppliers and feed making plants in Phnom Penh and Kampong Speu. The visits helped participants relate what they had learned at the technical training with exposure to feed production technology and processes.

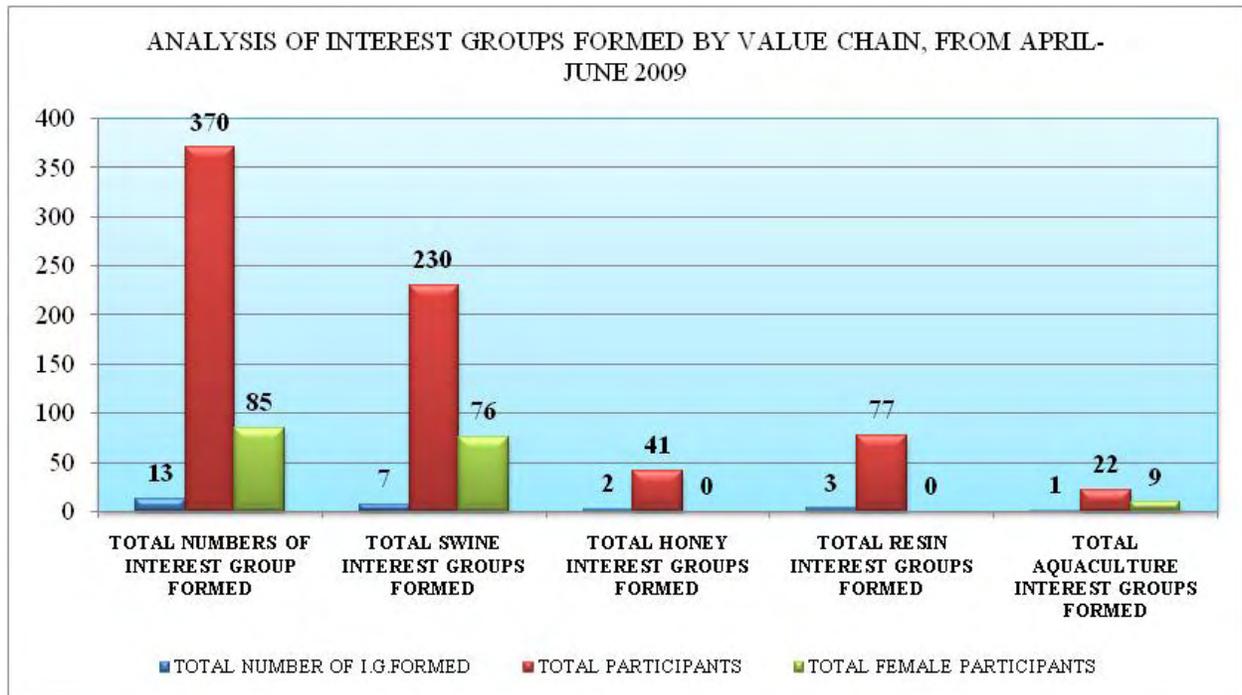
Immediately after the training, a group of eleven swine raisers in Samrong district, Takeo province pooled together their resources and made a joint investment of about \$1,000 to buy raw materials, supplies and equipment from Phnom Penh to produce their own pig feed. By producing their own animal feed, swine raisers in Takeo have been able to lower their cost of production and increase profit margins by 40%. So far, Cambodia MSME clients in Takeo have produced 5,300 kilograms of pig feed and sold the product to community working group members and other animal producers in their village.

Swine raisers in Kampot, Prey Veng, Kampong Cham, Svay Rieng and Kratie are enjoying similar results by replicating the same model of working together to overcome business constraints and expand their business. Nine domestic animal feed production facilities have been established in six of the twelve project assisted provinces. By investing in family-owned feed making plants, entrepreneurs are able to reduce input costs and to diversify their business operations and thereby increase household income. “By facilitating technical training and cross-provincial visits on local feed production, it is as if the Cambodia MSME project has helped me earn more money.” said Mr. Ith Thoun, a swine producer from Prey Veng.

## Interest Group Formation

Forming Interest Groups is one of the first steps to identifying leading entrepreneurs to include in MSME 2's client roster. This quarter, the team facilitated the formation of 13 interest groups for a total of 370 entrepreneurs, 23% of whom were women. Interest group meetings are forums at which entrepreneurs identify key business and technical constraints and the MSME facilitates discussions of potential interventions and solutions. Individual interest group size varies from 14 to 46 entrepreneurs. The resulting interventions often include embedded technical training, cross-provincial exposure visits, and participation in trade fairs, international technology and governance exposure visits or value chain specific business forums.

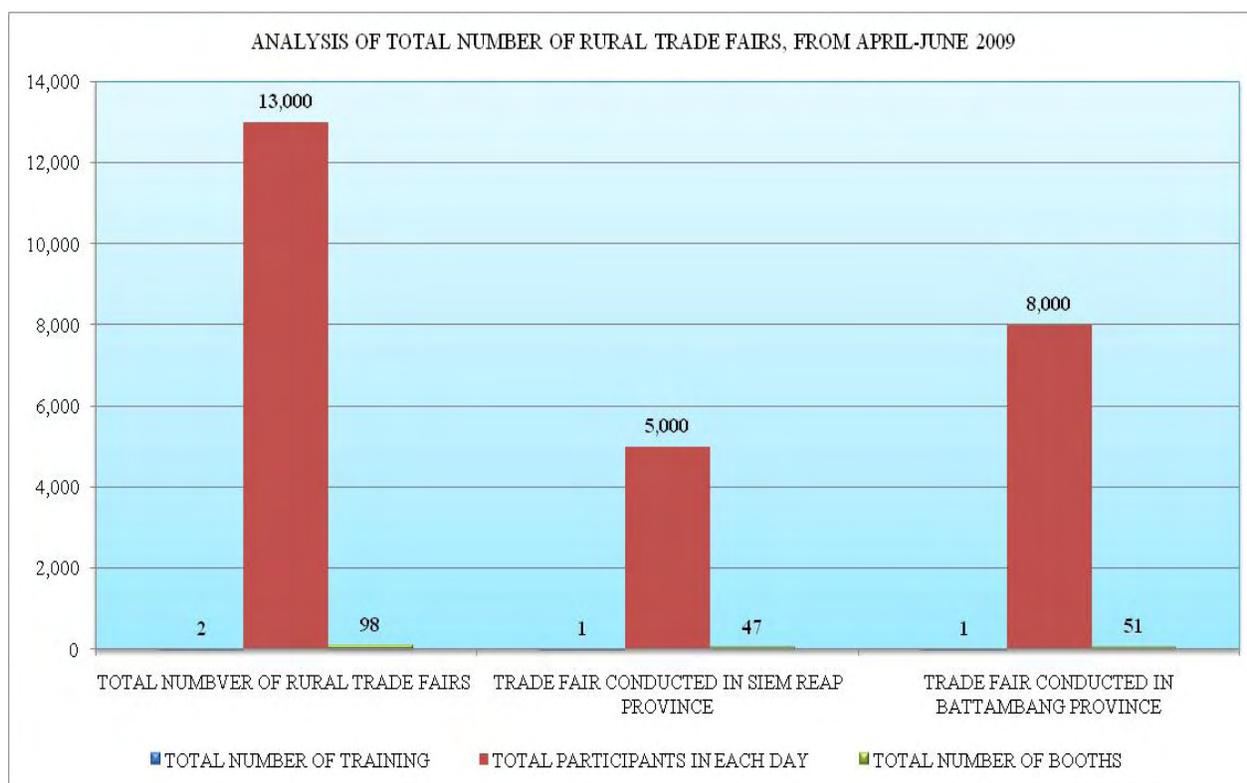
**Figure 2** – Analysis of Interest Groups Formed by Value Chain from April-June 2009



## Rural Trade Fairs

In April, the MSME 2 Project team worked with sub-contractor Gateway Communications to facilitate two rural trade fairs in Siem Reap and Battambang provinces. The Governor of Siem Reap, H.E. Sou Phirin and the Deputy Governor of Battambang, H. E. Sun Heng were the respective guests of honor at the two events. Rural trade fairs promote local entrepreneurs and showcase local businesses. More than 50 businesses displayed products and services for more than 14,000 potential customers who attended the fair.

**Figure 3 – Analysis of Total Number of Visitors and Booths at USAID-funded Trade Fairs April-June 2009**



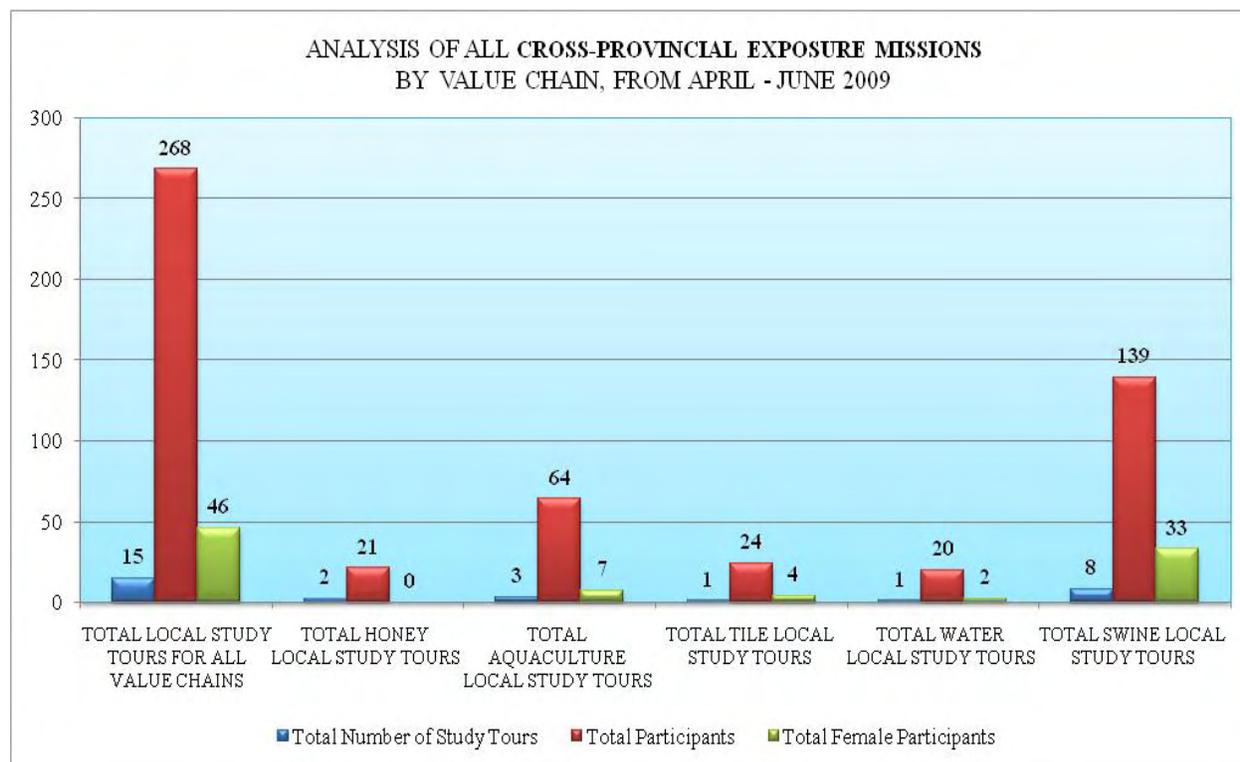
### Cross-Provincial Exposure Missions

MSME 2 facilitated 15 cross-provincial exposure missions for 268 entrepreneurs, of which 17% were women, in the swine, aquaculture, honey, water and sanitation, and tile value chains. Participants observed new and improved production techniques, new models of swine and aquaculture farm management, new breeding technology, such as artificial insemination for swine, and ways in which successful entrepreneurs plan and invest in their businesses.

A typical cross-provincial mission entails facilitating 10-29 participants representing a range of firms in each value chain to visit a successful commercial farm or production facility, as well as input suppliers and government officials. In the swine value chain, many of the cross-provincial visits have been on the subject of feed and pigs productions.

Currently, the high price of feed is a one of the highest production costs for swine producers and they have expressed an interest in investing in domestic feed and pig production facilities. Further, they also learned more on the market links and sharing the business production issues from each other and from province to provinces. Figure 4 provides additional information of cross-provincial exposure missions by each value chain.

**Figure 4 – Analysis of Cross-Provincial Exposure Missions by Value Chain, April-June 2009**



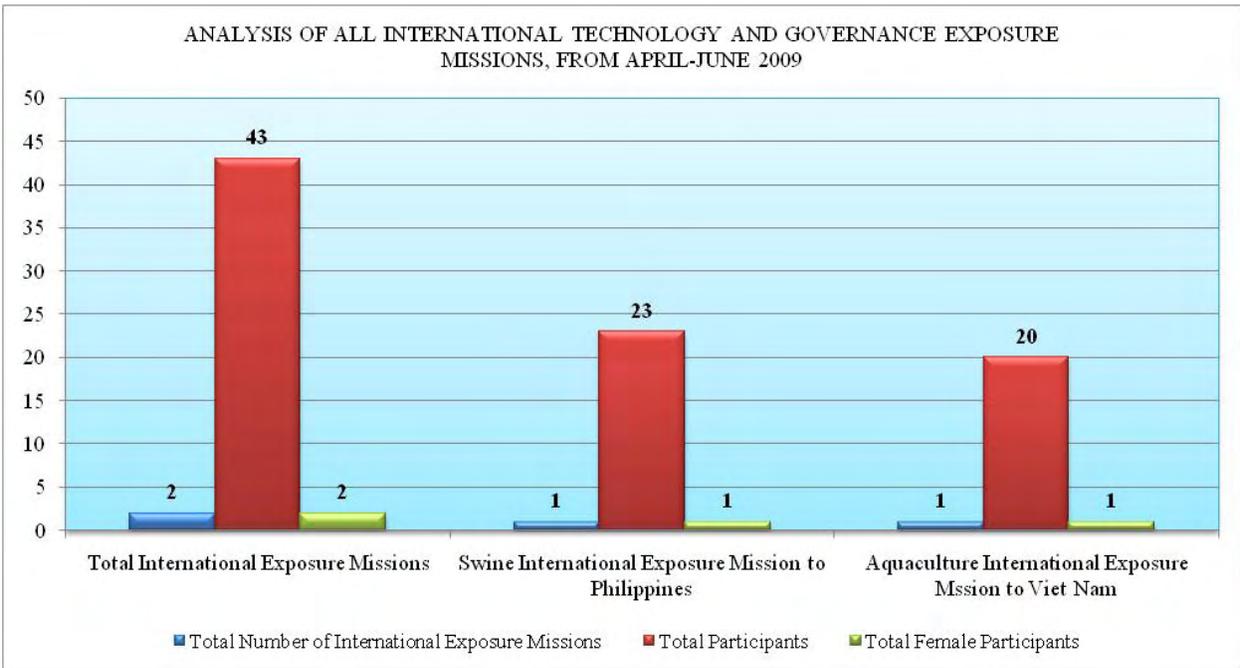
### International Technology and Governance Exposure Missions

International technology and governance exposure missions have been an extremely effective way in which to build relationships between Cambodian government and private sector participants and expose them to new and improved technology and governance systems.

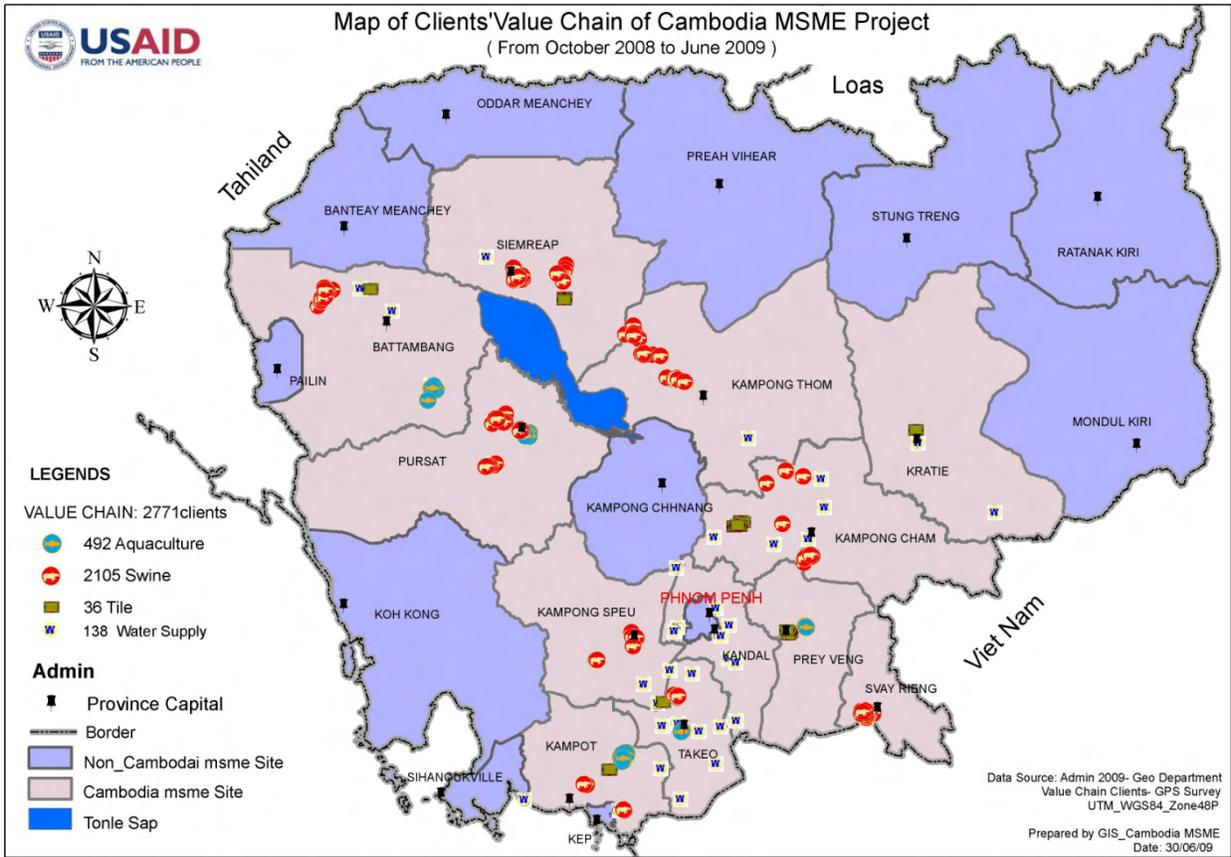
Finding a suitably qualified host firm to facilitate study tours is a critical aspect of ensuring success of this intervention. To ensure open and transparent procurement process, the project advertised in leading newspapers in the Philippines, Malaysia and Vietnam for a host firm to facilitate the exposure missions.

International Exposure missions comprised a mix of national and provincial government official and private sector clients to observe strategies employed by other countries to proactively promote small and medium enterprises, investment promotion and trade facilitation. In this quarter, the project facilitated two international technology and governance exposure missions to the Philippines on Swine value chain and to Vietnam on Aquaculture value chain with the total participant of 43, of which only 2 were female, due primarily to cultural norms where it is not acceptable for single females to travel in the company of men.

**Figure 5 – Analysis of International Technology and Governance Exposure Missions, April-June 2009**



**Map 1 – Map of Private Sector Clients by Value Chain, October 1, 2008-June 30, 2009**



## **Garment Industry Productivity Centre (GIPC)**

Designed by the Cambodia Skills Development Center (CSDC), the NGO housed within the GIPC, a new course, Introduction to Pattern Making was launched in beginning of April. Twelve students with pattern making backgrounds participated in the pilot course which ended on April 10th. The Certification Ceremony took place at a Showroom event held May 6. This was Cambodia's first course on pattern making and it was acknowledged by the Ministry of Labor and Vocational Training which delivered an official certificate. USAID Representative, Ms. Ronit Gerard and General Director of Technical Vocational Education Training (TVET), H.E. Laov Him handed over the certificate to 12 students (4 female) coming from factories and SMEs. It also attracted support from USAID through the regional ACE project.

The one-day Showroom event on technical expertise and technology available in Cambodia was held at the Cambodiana Hotel. The purpose was to show garment industry and apparel handicraft sector representatives the availability to develop their workforce. The other purpose was to position CSDC as leader in the technical expertise. More than 65 participants attended the showroom. The event demonstrated collaboration of garment equipment companies and the Foreign Trade Bank, who participated as exhibitors.

*A Conference on Cambodia Garment Industry: Building a Strategic Vision of the Future* was held on June 12, 2009 at the Sunway Hotel. US Ambassador Carol Rodley and Senior Minister and Minister H.E. Dr. Cham Prasidh of Ministry of Commerce spoke during this conference. The conference welcomed David Birnbaum, an eminent specialist in the textile and apparel industry and R.J. Gurley in charge of the regional ACE Project, a USAID value chain integration project for textile and apparel industry at the regional level.

The conference was intended to bring closer key players of the industry and develop actions and strategy that will help boost the competitiveness of Cambodia garment industry. It was also an opportunity to organize and pursue a quarterly Tripartite Strategic Forum (13<sup>th</sup> Session) to mobilize interest and actions of regular group participants: industry, labor and government.

From 22 to 24 June, 2009, GIPC-CSDC made a market exploration trip to Vientiane, Laos, where the World Bank has proposed a project launching a training center to help Lao garment industry and other manufacturing industries. The Resource Mobilization Plan for sustaining CSDC includes participating in such projects, so David Van, Chairman, Mona Tep, Director and Industry Specialist Jane O'Dell met with stakeholders including the World Bank Trade specialist, the Chairman of Lao Garment Association and the National Implementation Unit to discuss how GIPC-CSDC could bid on the proposal. The Lao project is to start by end of 2009.

The Lao contingent was keen to learn of the Cambodian experience with GIPC-CSDC. The director will submit a qualifications statement to be eligible to provide services as contractor to the World Bank. Also the Lao Garment Association was very keen to acquire some funds to make immediate use of our consulting services. The director is maintaining the contact and discussions with the Lao contingent.

Noting that the technical group needed a better grasp of consulting skills, including meeting clients, conducting meetings, and organizing proposals based on the clients' needs, GIPC-CSDC conducted a 20-plus hour consulting skills workshop. Technical advisor Jane O'Dell drew on her 15 years of consulting experience and 15 years hiring consultants to organize a combination of lectures, role playing, and discussion of the key points. Short essays required before and after the course illustrated the participants' progress.

Senior Engineer Bill Mackenzie provided technical assistance and training to GIPC-CSDC technicians from June to July on the topic: *Coaching on Planning and Costing*. Mackenzie, a Senior Engineer, has a solid background in SME and production management and this represented an opportunity for the technical team to learn new concepts and implement them.

In June, Rodrigo Soto, the Project Manager from Nathan Associates, Inc., responsible for GIPC-CSDC, visited Cambodia to meet the donor community and begin to draft the Resource Mobilization Plan, to accompany the CSDC business plan.

## Accomplishments

Services	Objective		Third Quarter	
	8M/#*	8M/\$*	Quantity	In dollars
New garment industry clients for any business advisory service	8	N/A	2	N/A
			Total up to date: 7	
Garment factories purchasing services	15	\$45,000	8	\$7,408
			Total up to date: 9	Total up to date : \$20,392.75
Other industry clients for any business advisory service	3	\$1,000	3	\$1,600.00
SME clients for any services	10	\$3,000	1	\$3,147.50
			Total up to date: 8	Total up to date: \$3,147.50
Number of short/specialty courses developed	2	\$1,000	2	\$2,535.00
Courses taught by GIPC-CSDC -trained clients	30	N/A	6	N/A
			Total up to date: 9	

\*The following work plan defines the objectives, activities, and target results for the 8 months from February 1<sup>st</sup>, 2009 to September 30, 2009.

Individuals Trained	Objective		Third Quarter	
	8M/#*	8M/\$*	Quantity	Completed
Women	125	N/A	63	31 (+27 pending)
			Total up to date: 102	Total up to date: 70 (+27 pending)
Men	8	N/A	2	2
			Total up to date: 15	Total up to date: 14
Improved income/promotion	45	N/A	N/A**	**
			Total up to date: N/A**	**

\*\* Will carry out by end of fiscal year a survey on Trainees to measure impact of our training on their professional abilities and advancement.

MIG, a Cambodian-Hong Kong owned garment factory, is a 2-year old customer of GIPC and has grown since they started working to implement GIPC programs, including Standard Time, Quality Control System and IE Component and Team development. From 780 workers initially, they have grown to 915 workers and have open four new lines, in all about 1,123 workers by end July.

Within this quarter, GIPC-CSDC created 3 new courses: “Production Management”, essentially for the SME clientele, “Introduction to Pattern Making”, for factories and SMEs, and “Industrial Engineering (IE) Component and Team Development”, essentially for the factories. Among them, the IE course has been already used for another client-factory, as for the Production Management, a costly consulting and training service; two SMEs have followed the course.

- The IE Component program to develop a reliable structure to produce and plan efficiently the production; allows cutting on cost and lost time when receiving new orders. In addition, it helps create an accurate incentive system for the workers. In the new world of garment demand and due to economic downturn, the factories are facing different orders within one month, styles are changing very fast and the suppliers are being confronted to higher internal cost and price negotiations with buyers. Some finally realized how much they need to be more competitive.
- The Production Management course is designed to provide a better monitoring and control system to small manufacturing structure. The aim is not to increase the productivity, but much more to stabilize and control the cost of it. In the SME sector, owner is often the designer and his/her production is based on experience and driven by clients’ demands; there is a tremendous lack of techniques and competence. The course allows them to measure the steps to take for a better structure and systematic control (product and its quality) of their production. It will permit as well to plan better and to expand eventually their market to export.

## Constraints Encountered and Unresolved Issues

- Despite acknowledgement from the industry and factories, reaching new clients still demands a good telemarketing implementation. There is very minimal support from GMAC to promote GIPC-CSDC services to their members.
- CSDC was not able to increase fee by 10% in most courses due to clientele low budgets for training; income has exceeded the minimum requirement of the contract (~\$4,000/month) but CSDC has not been able to achieve the growth planned.
- For sustainability purposes, the development of the CSDC brand, the local NGO entity of which GIPC has now become a program, needs to be advertise and position quickly in the industry and donor community to attract funding and clients from other sources.

## Activities Planned for the Next Quarter - July 1-September 30, 2009

We have met targets for GIPC-CSDC's contribution to operating costs every month. The organization was able to take over 30% of the operating costs, exclusive of executive salaries.

The new Industrial Engineering consulting contracts with two client factories will continue until October 2009 and continue to be a healthy contribution to income. We should reach the contract minimum of \$40,300.50 by the end of September. Our target is \$45,000.00 and we trust we will be able to reach it.

To be sustainable, resource mobilization will focus on 5 main actions:

1. Development of the network with Association Lao Garment and Training Center project in Lao coordinate by the World Bank. The project is at TOR draft and the meetings held in June suggest that CSDC might qualify as a service provider to the project.
2. Networking with UNDP on the effort to re-train garment workers for other industries. The actual crisis believed to have left around 62,000 workers jobless and UNDP has been mandated by the Government to find solution to reorient these persons. The proposed strategy suggested by GIPC-CSDC and considered by UNDP are: to reinforce skills in the production process and to diversify the skills to other labor-intensive manufacturing sectors.
  - The trend in future investment in Cambodia is toward food-processing and motor and car assembling, footwear and small enterprises. We hope to find some support from UNPD or any other donors to sponsor technical assistance in these areas.
3. Develop footwear expertise with our technicians as the sector is growing steadily and starting to have interest in consolidating their production. The market survey conducted in February suggested this direction, and the engineer supporting us during June and July has background in this area and is coaching our Technicians.
4. The success of survey course launched last year, has attracted interest from University and Engineering school to implement two programs develop for Production Manager and Factory Manager, a 3 months to one year program. This university finds opportunity to develop its pool of student with these diplomas. GIPC-CSDC will be exploring this avenue but it is unclear who might provide financial support.
5. In conjunction with expanding its pattern making course, GIPC-CSDC will contribute to the definition of Pattern Making competency and certification process in conjunction with the AFTEX Skills Taskforce. GMAC is coordinating this effort.

## Water and Sanitation

The MSME 2 Project’s water and sanitation program has three major objectives:

1. Expand access to safe drinking water to rural households through improved piped water supply.
2. Increase sales of point-of-use water filters.
3. Promote improved sanitation and strengthen the supply chain around sanitation products.

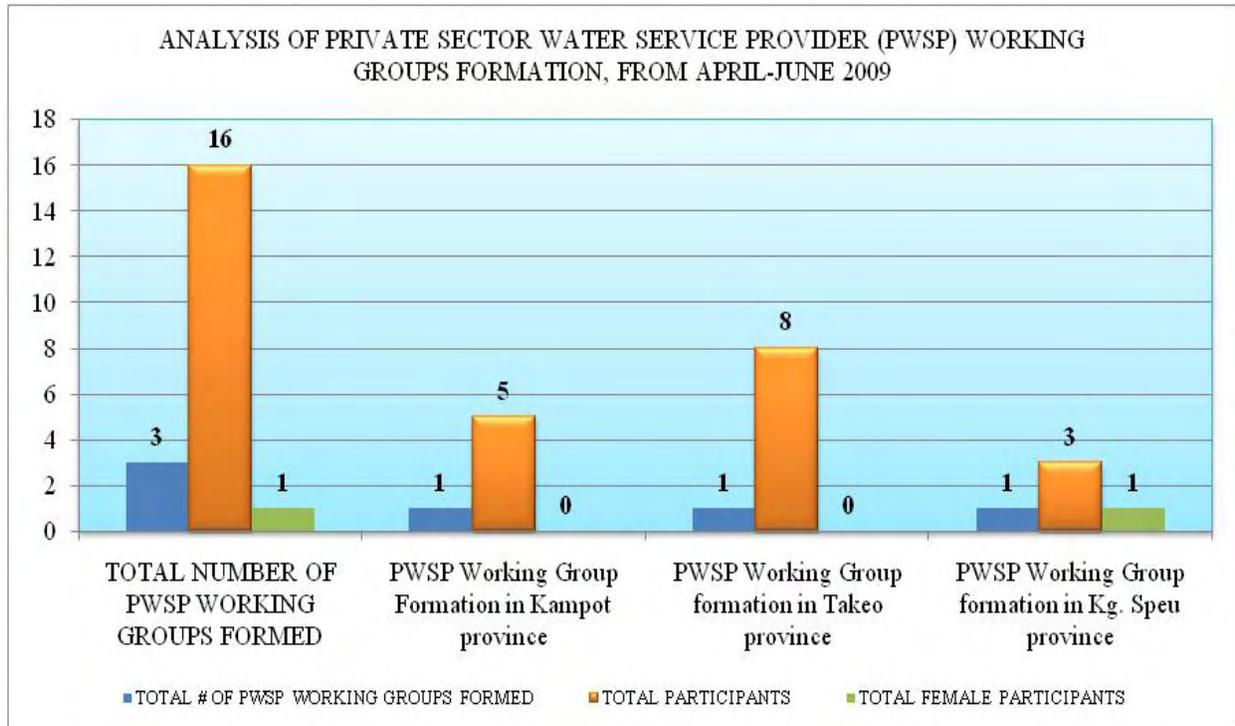
The water and sanitation team is working work in close partnership with Ministry of Industry, Mines and Energy both at the national and provincial level. This quarter:

### Water Value Chain Strengthening

During the reporting period the water and sanitation team is working in close partnership with Ministry of Industry, Mines and Energy both at the national and provincial level. This quarter the team designed and facilitated a Water Business Forum in Kampong Speu for almost 100 private water suppliers, end users, and Provincial government officials. The Deputy Governor of Kampong Speu, H.E. Sok Bon, Mr. Leng Kim Lieng, Director of PDIME and Mr. Reed Aeschliman of USAID made opening remarks at the workshop.

The team also facilitated a cross provincial visit with 16 WSPs (1 woman) from Kampot, Takeo and Kampong Speu to visit 2 WSPs in Kampong Cham. Three working groups in Kampot, Takeo and Kampong Speu were formed with a total numbers of 16 people (1 woman).

**Figure 6** – Analysis of Private Sector Water Service Provider Working Group Formation, April-June 2009



## **Water Investment Strategy**

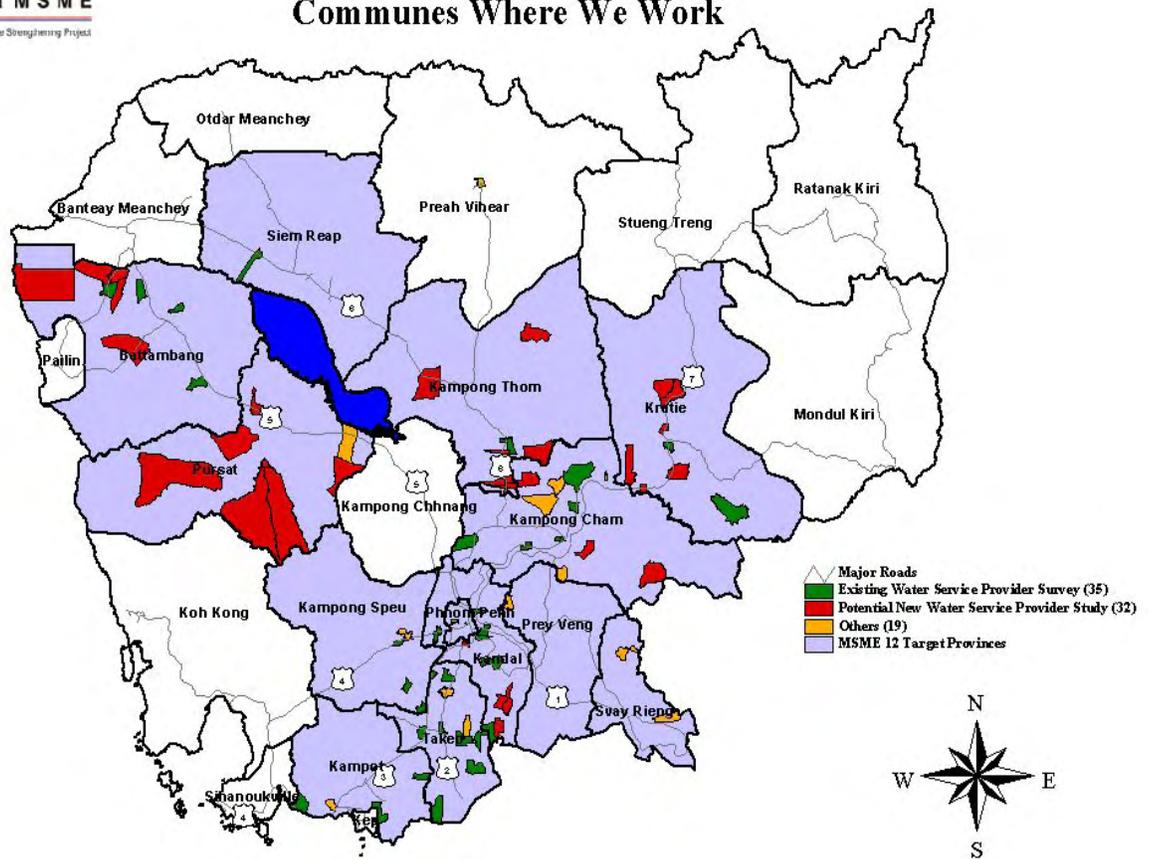
- Received 25 Expressions of Interest from existing water service providers wanting to expand their businesses.
- Visited water treatment facilities and discussed potential expansion with 38 private WSPs in 11 of the 12 provinces
- Kosan Engineering and the Cambodia MSME team conducted a workshop in Battambang on April 28 to present and share results of survey with representatives from PDIME, MIME, and 5 WSPs. All 20 participants (2 female) agreed that the results accurately reflect the private water sector.
- Kosan Engineering completed an assessment of 35 existing private WSPs. The results indicated that at least within those WSPs surveyed, private WSPs do make reasonable profits of around 20-25% and that licensing is not concerned.
- GRET completed a survey of 32 potential new towns which MIME had identified as not having a piped water system. The survey found that there was an 80% chance that a piped water system already exists in areas where there is an electric grid and access to raw water is easy. The survey also found that many provinces and communes were unaware but are now interested in potential public-private partnership opportunities.
- USAID accepted the project of Water Investment Strategy.

## **Sanitation Marketing**

- International Development Enterprise (IDE) completed Phase 1 of the Sanitation Marketing program.
- Using the Human Centered Design approach developed by IDEO, Jeff Chapin, an IDEO Designer, supported the project with assembling a Core Design Team, research on existing latrine designs, location socio-economic factors, and field-testing of models. IDE also enlisted support from engineer and concrete-specialist, Ben Clouet, for innovations and cost-savings in latrine design and production.
- Willing and motivated supply chain actors (concrete ring producers) have been selected and training workshops are on-going.
- A marketing and sale plan has been created that outlines specifics of our promotional campaign. The strategy has evolved and changed from a hand's off mass media approach to direct behavior change and supply chain linking interventions.

**Map 2 – Summary of Project Target Communes for Water and Sanitation**

**USAID/Cambodia MSME Project  
Communes Where We Work**



**Biodiversity**

The overall aim of the Biodiversity Component is to promote biodiversity conservation through community based natural resource management best practices and through a value chain-market based approach on supporting Non-Timber Forest Products (NTFP).

In this quarter, the team facilitated exchange of appropriate technology on honey harvesting best practice, post harvest management, forest protection and resource management and value chain networking. This included:

- Organized two honey cross-provincial exposure mission, involving 21 people from 5 provinces (Preah Vihear, Kampong Thom, Koh Kong, Kratie and Stung Treng) and Forestry



Administration officials to visit honey associations and honey processing areas in Pu Chrey village, Pich Chrea Da district, Mondulkiri province. Participants learned about the experiences of the honey associations; including information related to honey processing, packaging and marketing (**Figure 4**).

- Conducted NTFP assessment visits and meetings with 3 Community Forestry groups in Kbal Ou Tnong, Kbal Ou Takong, and Srae Chong in Prey Long area of Kampong Thom province and facilitated the formation of five interest NTFP group. Below is a summary of the working group formation activities

#### Summary of the interest group formation (Figure 2)

NTFP Interest Group	# Participants	Date	Village	Commune	District	Province
Honey interest group	27 honey collectors (no women)	May	Bosh Veng	Salavisai	Prasath Balangk	Kampong Thom
Honey interest group	14 honey collectors	May	Peuk	Putrea	Chey Saen	Preah Vihear
Resin interest group	18 resin collectors (no women)	May	Siem Bouk	Siem Bouk	Siem Bouk	Stung Treng
Resin interest group	32 resin collectors (no women)	May	Tonsoang	Siem Bouk	Siem Bouk	Stung Treng
Resin interest group	27 resin collectors (no women)	May	Ou Long	Siem Bouk	Siem Bouk	Stung Treng

- Participated in a forum with Global Institute for Tomorrow (GIFT) on Cambodia NTFP Business Opportunity in Cambodia.
- Joined Resin business plan workshop in Kampong Thom province, coordinated and facilitated by NTFP-EP and the provincial Forestry Administration. The workshop brought together CF members from Prey Lang areas in Kg. Thom to discuss the situation of Resin production/tapping, business challenges, resin trade licensing guidelines and informal fees imposed by local authorities on resin community traders. It was reported that present resin production has decreased about 50% due to deforestation.
- Contracted Crossroad to Development to design and conduct Wild Honey Bee Baseline Survey two districts in Koh Kong and Kampot province. The team completed individual interviews with 120 households, three focus group discussions with over 40 people, 3 eco-walks to observe bee habitats in forest and protected sites of honey CF groups. The three eco-walks in three unique ecosystems (flooded forest, mountainous forest and mangrove forest).
- Worked with Equal Access on topics of NTFP (honey and resin enterprise) to develop story board to broadcast on radio to promote NTFP and biodiversity conservation.
- Coordinated with PACT Cambodia and Prang Honey Association committees and official from provincial department of environment to conduct zoning of honey resources area in Prang village with a total area mapped out of 2215 ha. In addition the team completed GIS mapping for 6 CFs. Below is a summary of the mapped areas.

**Table of Community Forestry That Has Been Mapped**

No	CF Name	Area in Ha	Villages	Commune	District	Province
01	Kbal Ou Takong CF	2204	Sampor Thom and Sampor Toch	Dong Kambet	Sandan	Kg. Thom
02	Trapeang Tralach CF	1952	Trapeang Tralach	Mean Rith	Sandan	Kg. Thom
03	Svay CF	1790	Svay	Sandan	Sandan	Kg. Thom
04	Kbal Khla CF	2533	Kbal Khla	Sandan	Sandan	Kg. Thom
05	Phnom Torpcheang CF	3167	Preah Angkeo	Dong Pang	Srae Ambel	Koh Kong
06	Prang & Chamkar Kroam CPA	872	Prang & Chamkar Kroam	Dong Pang & Srae Ambel	Srae Ambel	Koh Kong
<b>Total Area</b>		<b>12,518 Ha</b>				

## PACT

The project team conducted field visit and identified 7 CF sites in Kg. Thom province in 3 communes (Sandan, Mean Rith and Dong Kambet), 1 CPA site in Preah Vihear, 1 CPA and 1 CF in Koh Kong province through consulting with local NGO partner, FA, and own field knowledge. Following the site selection the team conducted PRA assessment on resin resources and prepared sketch map of their resin area in five communities in Sandan district and Chiok CPA in Preah Vihear. Among 6 communities, 4 communities have resin potentials.

The quarter also saw the completion of training modules in English and Khmer for CFA and CPAs in target sites. These are the CF development modules with the “7 steps” as required by FA which include CF Regulations Formation and CF Boundary Demarcation and Mapping; and 6 NTFP Enterprise Development. Training activities during this period on CF development and NTFP enterprise development and field implementation are going smoothly with good collaboration and communication with stakeholders and supporters. A total of 10 trainings were delivered to communities:

- “Introduction to Sustainable Resin Management” to 5 CFs including Kbal Ou Takong, Kbal Klar, Svay, Trapeang Tralach, and Rang Khnay CF in Sandan district, Kg. Thom province. A total of 97 participants participated including 26 women, 5 local FA, and 6 commune councils
- “CF Boundary Demarcation” in 4 CF sites: Svay CF, Kbal Kla CF, Kbal Ou Takong CF and Kbla Ou Thnong CF in Sandan district, Kg. Thom province. A total of 87 participants participated including 8 women, 6 local FA and 4 commune councils. All 4 CFs map were digitized and shape files were sent to DAI and FA Kg. Thom Cantonment and FA Phnom Penh.
- “CF Development Management Structure” to Torb Cheang CF in Koh Kong province. A total of 260 participants including 106 women, 1 local authority, 3 NGO staff, and 4 FA attended. As a result they elected 7 CF committee members and 10 subcommittee members for two villages.

## Sustainable Tourism

- Conducted meetings with 10 Chambak Eco-Tourism Management Committees in Chambak, Kampong Speu on the 1<sup>st</sup>- 2<sup>nd</sup> to discuss the tourism supply chain, site management, and benefit sharing opportunities.

- Assisted Andrea Chartock, from the DAI home office, to collect tourism information from relevant stakeholders (CCBEN, CATA, Asia Exotic Tour, Hanuman Tour, Ministry of Tourism's Department of Statistical and Tourism Industry, Koh Kong provincial Departments of Environment and Tourism). Additionally, field visits were conducted to three ecotourism destination sites including, Chambak Waterfall in Kampong Speu, Bang Kayak Mangrove Forest and Chi Phat ecotourism site in the Koh Kong province.

## Biodiversity Conservation – Bettering the Honey Business Environment through Cross-Provincial Visits

**The USAID Cambodia MSME Project supports biodiversity conservation through cross provincial trips that lead to capacity-building of honey collectors and other stakeholders by teaching various techniques such as harvesting, processing and marketing. It also supports the formation of honey associations that show collectors the benefits of working together.**



*A member of the Krang Tes honey association demonstrates honey harvesting best practices to trip participants during the cross provincial trip to the Krang Tes honey association.*

**“From working individually, to working as a team in the association, I believe we can overcome the challenges we are facing, increase member knowledge and income, and make similar progress as other leading honey associations,” said Mr. Kheng Bunna, one of the members of the honey association management committee.**

Harvesting and selling Cambodian wild honey is an important source of income for many rural poor, especially those who live in or near forested areas and depend heavily upon the natural resources found there. In the past, due to a lack of knowledge about sustainable practices, honey was collected through the use of damaging methods. This process killed the honey bees in the process and disturbed their environment, preventing future honey harvests.

However, if honey collectors use sustainable harvesting techniques by collecting only the honeycomb where the honey is found, rather than the entire hive, then honey can be harvested three times per hive, as opposed to only one. This sustainable practice could potentially increase profits from honey sales, while simultaneously conserving the bee colonies and their habitat. With the proper processing techniques collectors could sell high-quality wild Cambodian honey at competitive prices.

To address the challenges honey collectors face, the USAID Cambodia MSME Project conducted a cross-provincial trip on May 28, 2009, bringing together 14 honey collectors from Koh Kong, Kampong Thom, Preah Vihear, Kratie, Stung Treng and 1 Forestry Administration official. These participants visited the Krang Tes Honey Association and Processing Area to learn about honey harvesting techniques and business best practices. The trip focused on sustainable harvesting techniques, processing and marketing honey products, and the importance of collaboration and networking among collectors to build a strong honey association.

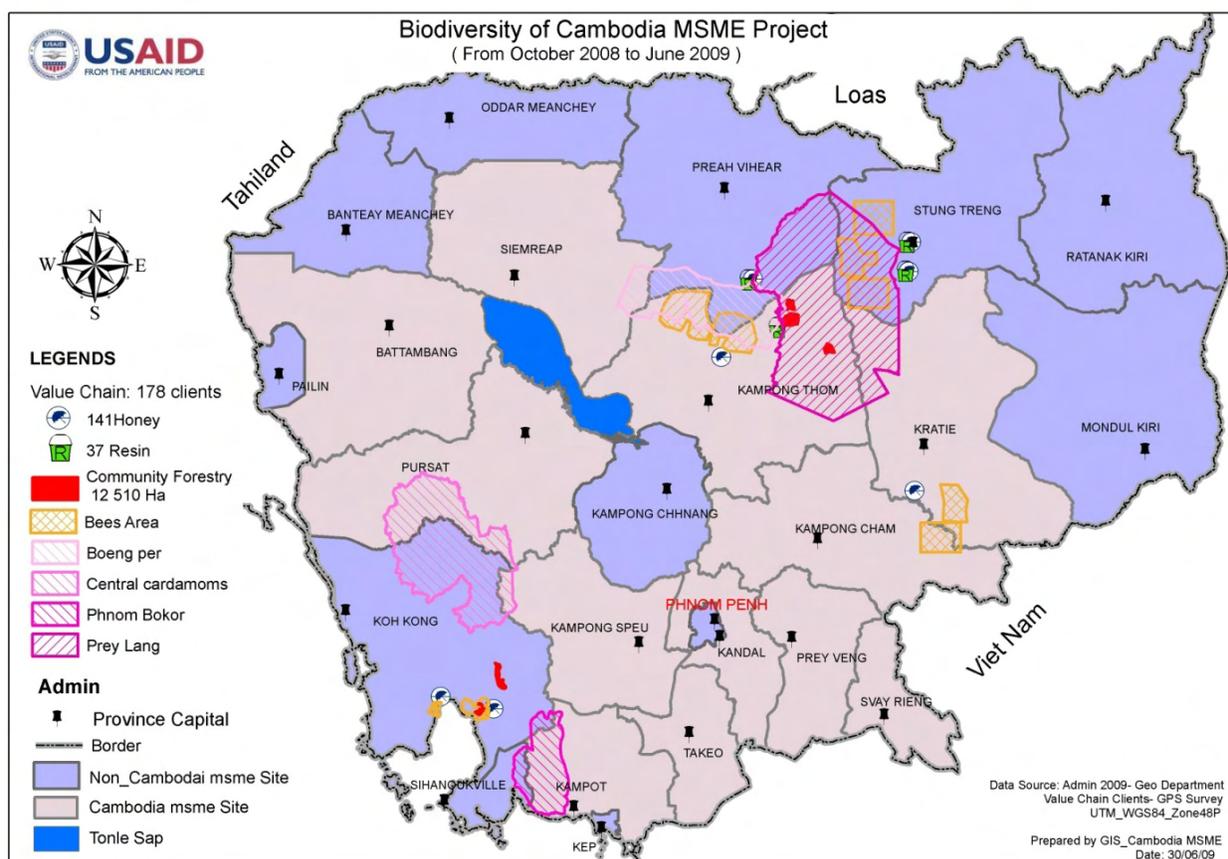
Shortly after the cross-provincial trip, the honey collectors who attended held additional meetings with other honey collectors within their respective communities, to promote the new lessons learned from the Krang Tes Honey Association. These lessons included harvesting best practices, marketing techniques and honeycomb processing techniques that yield high-quality wild honey. Additionally, the trip participants discussed the function of a honey association and proposed its formation to community members.

After this meeting, the honey collectors in the Bosh Veng Community Forestry Group in Kampong Thom province gathered together to discuss the formation of a honey association. These activities attracted other honey collectors from the two surrounding villages and they suggested that all three communities work together to form a honey association.

Consequently, on June 18, 2009, 67 honey collectors from the 3 villages of Bosh Veng, Trapeang Kroal, and Russey Duoch officially formed a honey association and elected 12 members to form an association management committee, under the observation of 2 commune officials.

“From working individually to working as a team in the association, I believe we can overcome the challenges we are facing, increase member knowledge and income, and make similar progress as other leading honey associations!”, said Mr. Kheng Bunna, one of the members of the honey association management committee.

**Map 3** – Map of Project Biodiversity Target Areas with Beneficiaries, October 1, 2008-June 30, 2009



## Constraints Encountered and Unresolved Issues This Quarter

- Many WSPs are interested in the expanding their businesses to increase access to safe water but find the short project time frame and the performance based payments difficult to meet.
- Sanitation Marketing may be affected by an announcement that an IMF's debt-forgiven loan will be used to provide fully-subsidized latrines to all households in many of our target areas.
- Swine disease has wiped out up to 50% of pigs for some MSME clients.
- Accelerating deforestation in Kratie province is a serious threat to biodiversity and the potential for working in the resin value chain.

## Main Events Planned for Next Quarter

### *a) Water and Sanitation*

- Workshop/Conference for signing MOU's with private water service providers and planning.
- International Technology and Governance Exposure visit to Philippines.
- IDE to launch a pilot program at the end of August to test marketing and sales strategies. Rationale behind this strategy and timing is that it gives ample time to make adjustments to the program before full-scale behavior-change initiatives launch in the beginning of early October

### *b) Biodiversity*

- Pact/CFP intends to continue to assist local communities by providing 19 trainings during the next quarter.
- Honey and Resin business forum to be held in Siem Reap province.
- "Hidden Treasures Cambodia Contest," to identify sites with the greatest potential for sustainable tourism development.

### *c) Swine, Aquaculture and Brick and Tile*

- Two international technology and governance exposure visits to Malaysia and Vietnam.
- Swine Business Forum on the impact of Swine Diseases affecting the industry in Cambodia

# Component 2 - Strengthen Private Sector Voice

## Summary of Actions, Activities and Accomplishments This Quarter

### Government-Private Sector Forum (G-PSF) Support

Consortium partner, Emerging Markets Consulting (EMC) drafted a report on G-PSF Sustainability Options. The report will be reviewed by IFC and finalized in the next quarter.

### Public-Private Dialogue

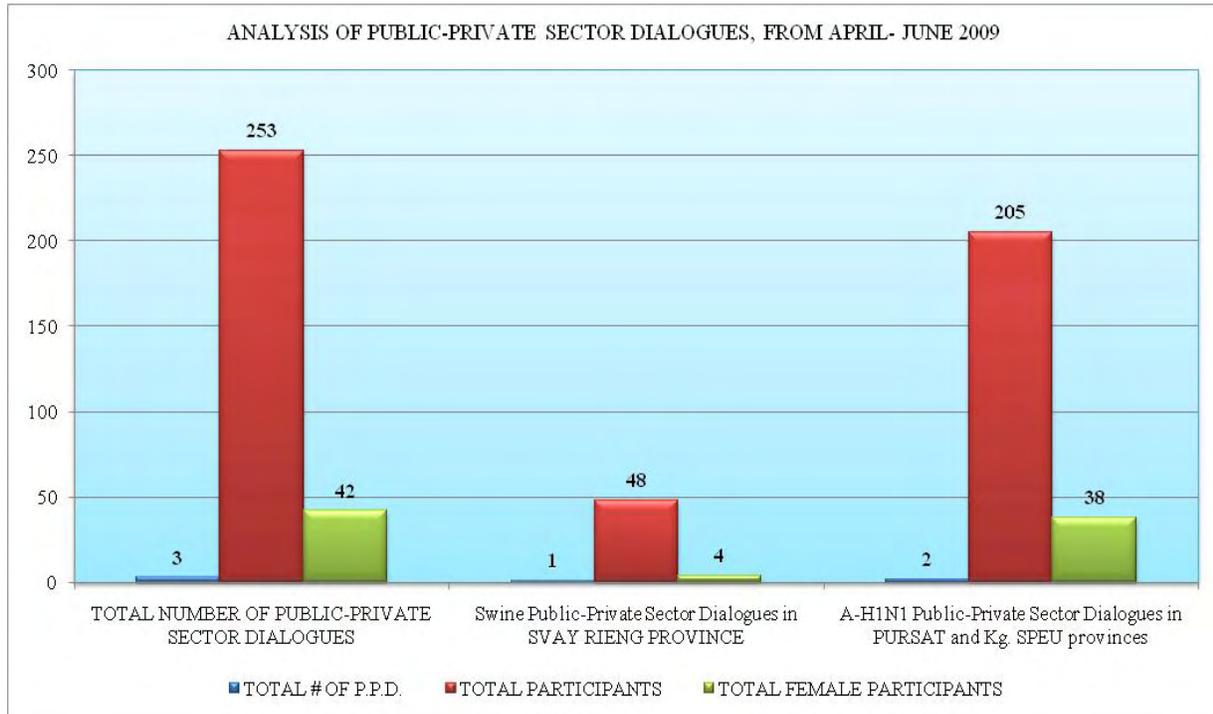
In close coordination with the Svay Rieng Department of Agriculture, the team facilitated the Participation of 48 clients included 4 provincial officers (3 From DAFF and One from Taxation Department) in Provincial Public-Private dialogue between Pig Traders of Swine Cooperative in Svay Rieng and Taxation Provincial Department.

At the end of meeting, Deputy Director of Taxation Department instructed his customs officers to not impose unofficial transportation fees in the transport of live swine in intra-provincial trade. Swine traders in Svay Rieng have reported that they are no longer being charged informal fees in transporting their goods within Svay Rieng Province. **(Figure 7)**

In May and June, upon the request of Provincial Officers from Pursat and Kampong Speu, facilitated 2 Forums on “Influenza H1N1: Strategies and Policy Support to Combat Potential Impact on Swine Industry in Cambodia.” An estimated 100 participants including private sector, provincial and local authorities, attended each of the two forums.

Guest panelists included representatives from USDA, WHO, FAO and the Head of Department of Animal Health and Production, Ministry of Agriculture, H. E Kao Phal. The PPD forum helped dispel many of the myths about the transmission of H1N1 from pigs to humans. **(Figure 8)**

**Figure 7 – Analysis of Public-Private Dialogues, April-June 2009**



## Cambodia MSME Forums Clear Doubts of Swine Value Chain Actors on the H1N1 Influenza

**The USAID Cambodia MSME Project’s forums invited participants from the swine value chain to share information on the disease and discuss preventative measures, including how to reduce the potential impact on the Cambodian swine industry**



*Participants attentively listening to a seminar on current strategies being used to combat H1N1 influenza and the potential impact on the domestic swine industry.*

**“I am so thankful to the USAID Cambodia MSME Project for organizing this forum in a timely manner. Otherwise, I would have sold my pigs at a cheaper price, as quoted by the local traders. I will share the information from this forum with all of my neighbors.” – Mr. Bon Chanrith, swine raiser.**

The pandemic H1N1 influenza has spread rapidly and is now present in over 100 countries, including Cambodia. According to the World Health Organization (WHO), there have been about 94,000 reported cases, yet the true number of infections and number of the countries involved, are both likely much higher.

While Cambodia has few reported cases of H1N1, local industries, especially local swine businesses, are feeling the effects of the flu outbreak on their balance sheets, if not their health. Early reports of a “swine flu” created a number of myths that have scared both consumers and swine producers and left the swine industry reeling. Local swine producers and swine value chain stakeholders do not have adequate factual information, leaving them with feelings of confusion and vulnerability. Furthermore, messages about flu outbreak prevention have not yet been effectively relayed to relevant business owners.

To support broader information sharing about H1N1, the USAID Cambodia MSME Project, in cooperation with the Cambodian Ministry of Agriculture, Department of Animal Health and Production, organized two high-profile discussion forums in the provinces of Pursat and Kampong Speu. Each forum attracted more than 100 participants, including government officials, provincial and district authorities, input suppliers, swine producers, butchers, and international organizations. Through these forums, organizations shared information about the disease, including preventative measures, potential problems, and how to reduce any potential impacts on the domestic swine industry.

Each event was also covered by local media outlets to increase public awareness of the issue. A live radio talk show about the project complimented the two workshops to dispel some common myths about H1N1 and to broaden the reach of these messages to include those value chain actors that were unable to attend the forums.

The workshop received widespread praise from participants due to the timely manner of the forums, which were held prior to the recent confirmation of domestic cases of H1N1.

“Before, I got it wrong. I thought that the virus was transmitted from the pig to humans and I felt frustrated that false information would decrease pig prices. But now I’ve heard the correct information from several guest speakers, including the Director of the Department of Animal Health and Production and officials from the WHO. Now, I’ve got it clear”, said Mr. Bon Chanrith, 39, a swine producer.

“I am so thankful to the USAID-Cambodia MSME Project for organizing this forum in a timely manner. Otherwise, I would have sold my pigs at a cheaper price, as quoted by the local traders. I will share the information from this forum with all of my neighbors,” Mr. Bon said.

## Case Study 4 – Swine Forum Resolves Unofficial Fee Collections in Svay Rieng Province

### Swine Forum Resolves Unofficial Fee Collections in Svay Rieng

**The USAID Cambodia MSME Project’s approach to association development brings firms together to discuss and resolve common business problems. In Svay Rieng, members of the swine association collaborated with authorities, from Svay Rieng and other provinces, to bring up the issue of an unofficial collection fee for swine transportation.**



*Members electing their management committee for the Svay Rieng Swine Value Chain Actor Cooperative; Mr. Neang Chantha was elected as president.*

**With an active and cooperative approach between provincial authorities of the Department of Agriculture and private sector swine raisers and traders, an issue such as this unofficial collection fee was resolved.**

**M**r. Neang Chantha is a friendly pig raiser and trader. Due to his outstanding performance in encouraging the growth of the swine sector in his community, he was elected as the president of the Svay Rieng Value Chain Actors Cooperative, which was established on March 30, 2009 with support from the Provincial Department of Agriculture and the USAID Cambodia MSME project.

Mr. Chantha owns 200 pigs and has contracted with casinos in Bavet, where a Special Economic Zone is located, to supply 30 pigs per day. He must comply with this demanding order otherwise it will not be renewed. To deliver pigs sufficiently and timely, he needs to collaborate with other members from the cooperative and collect pigs. In this way, more profits and motivation are ensured for the community’s pig raisers.

The members transport pigs each day to the casinos, but the pig transport was stopped frequently by tax officials and charged an unofficial fee of \$2.50 per head. However, because of Mr. Chantha’s positive relationship with and support from the provincial department’s leadership in the agricultural sector, he received exemptions at times.

This can only be solved on a case-by-case basis and did not guarantee that his and other smaller swine transport businesses are exempted from an unofficial tax levied on transport across district boundaries. Having learned that the checkpoint was irregular and unofficial, the issue was raised among the team and information was presented to the USAID Cambodia MSME project team.

The issue was also discussed with Mr. Thach Ratana, Director of the Svay Rieng Department of Agriculture and an active supporter of the MSME project. Mr. Ratana participated in the Technology and Better Governance Experience Sharing Mission to the United States in May 2008 and had observed how, when government and industry work together, markets improve and more households can earn a living in a growing economy.

The MSME Project team introduced the Svay Rieng community to Mr. Teung Vuthy, Deputy President of the Kampong Cham Swine Association and chief of a swine slaughterhouse, to explain that unofficial fee collections did not exist in his province and to provide advice on how the Svay Rieng community might address this issue publicly with the government. With support from the Director of the Svay Rieng Department of Agriculture, a forum with relevant stakeholders was organized to discuss the issue.

On April 30, 2009, 48 participants gathered for a discussion, including officers from the Department of Agriculture and the Department of Tax, swine traders and other members of the Svay Rieng Swine Cooperative and facilitating members from the USAID Cambodia MSME project. During the forum, relevant laws and regulations were discussed and any irregular cases of unofficial tax collection, for live swine transport, were clarified.

With an active and cooperative approach between provincial authorities from the Department of Agriculture and private sector swine raisers and traders, the issue of unofficial collection fee was resolved. At the end of the dialogue, the Deputy Director of the Tax Department agreed to refocus the efforts of his taxation officers by ensuring that unofficial taxes were not imposed against swine farmers.

Now, all swine traders in Svay Rieng are quite happy with this result and no subsequent cases concerning unofficial fee collection and disturbances have arisen.

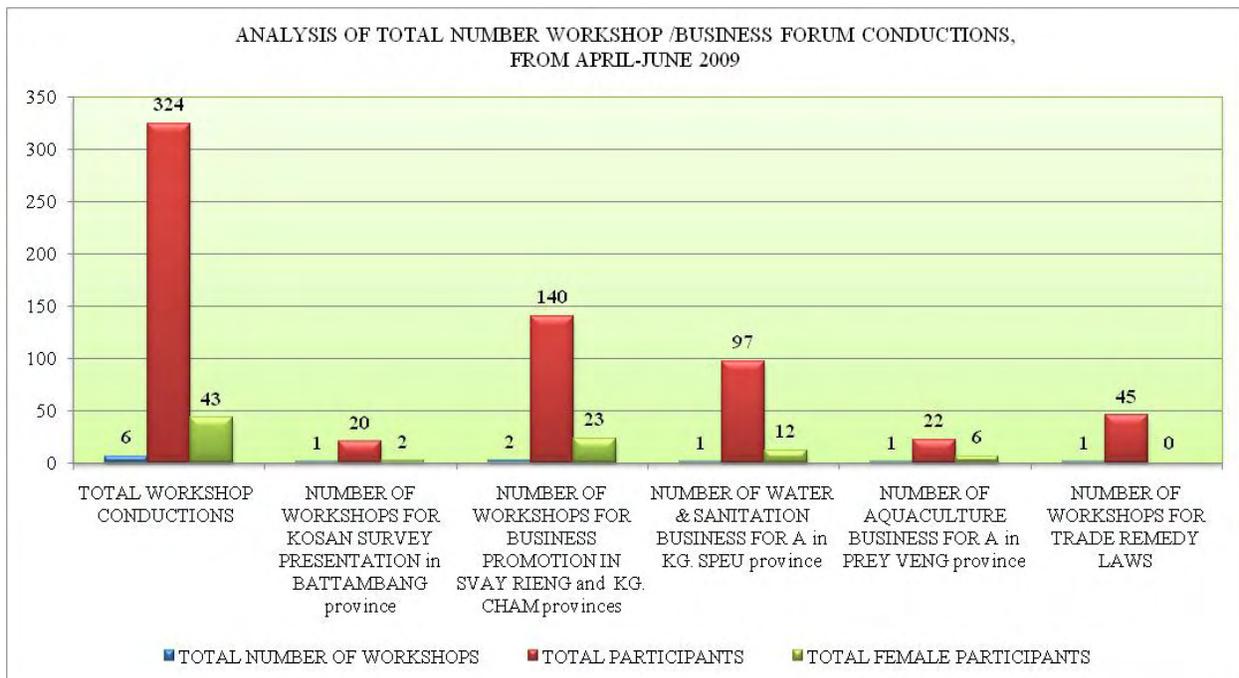
## Workshop on Provincial Investment Promotion

In June 2009, Investment Promotion Advisor, Peter Brimble and the Component 2 team facilitated two provincial investment promotion workshops in Svay Rieng and Kampong Cham. H.E. Sun Chantol, Senior Minister and Vice-Chairman of CDC presented at both workshops and committed to supporting both Provinces in their Provincial Investment Promotion efforts.

Seventy private sector and provincial administration (particularly Provincial Investment Sub-Committee members) representatives attended each of the two day long workshops. In addition to presenting a broad overview of the steps involved in putting together an investment promotion strategy, the workshops served as an interesting forum for public-private dialog on issues concerning investment promotion.



**Figure 8 – Analysis of Workshop and Business Forums Conducted, April-June 2009**



## Case Study 5 – International Technical and Governance Exposure Mission to the Philippines

### Cambodian Value Chain Actors Honored at the Philippines National Hog Convention

The USAID Cambodia MSME Project's approach to international visits seeks to expand existing relationships between value chain actors. From previous experience, it was realized that trust and conversation barriers quickly dissolve once participants have a common objective, such as learning a new skill, observing a new process, or discussing common problems



*Interacting with vendors at the National Hog Convention and Trade Exhibits in Manila*

After the mission to the Philippines, Sau Vitho, Chief of the Provincial Animal Health and Production Office of Kampot Province, stated that he would like to establish a Swine Association in his province, in coordination with the MSME project. He will help facilitate all of the legal and regulatory work involved and would be able to provide technical assistance.

Experience demonstrates that most Cambodian value chains with which the Project engages are operating sub-optimally due to a dearth of existing relationships between value chain participants. Moreover, there are few mechanisms to define and improve these relationships in a meaningful way.

For example, producers have few options for marketing their products and are usually ill-informed of the available methods to sell them more competitively. Although the promotion of relationships between value chain participants seems simple, in Cambodia, one observes considerable fragmentation in value chains and considerable apprehension in making initial contacts with other persons.

Since the swine value chain consists of feed and medicinal input suppliers, veterinarians, sow raisers, fattening pig raisers, technicians, traders, transporters, processors and retailers, members of the value chain must work together to provide local consumers with quality products.

In order to build upon business relationships and offer insight upon technical know-how and issues concerning governance, the USAID Cambodia MSME project gathered 22 participants from various regions – 10 public officials and 12 private sector actors – for an international exposure mission to the Philippines from April 20-24, 2009.

The trip's participants were shown several new practices through the observation of improved production practices. Knowledge was also shared, by Filipino businessmen and government officials, on the importance of business associations and effective cooperative management. Participants were able to realize their own competitive weaknesses and also learn how government services can support small and medium enterprises in the swine industry.

From past experiences, with Cambodian MSMEs that participated in international exposure trips, it was demonstrated that trust and conversation barriers quickly dissolved once participants shared a common objective, such as learning a new skill, observing a new process, or discussing a common problem. This mission was no different, as participants were able to develop lasting business relationships and contacts with similar entrepreneurs, both in their own working groups and in other provinces and other countries.

Sau Vitho, Chief of the Provincial Animal Health and Production Office of the Kampot Province, stated that he would like to establish a Swine Association in his province. He will help facilitate all of the legal and regulatory work involved and will provide technical assistance.

As of yet, the swine producers in Kampot do not have a clear structure and are unable to share information on production, disease, and current market prices. Through the establishment of a swine association, the private sector will be able to share information and enable collaboration with the public sector.

## PROVINCIAL INVESTMENT PROFILES

- In May, the Cambodia MSME team and EMC held a series of provincial government consultations to discuss plans to develop six new Provincial Investment Profiles. The team met with Provincial Governors, Deputy Governors, Secretary Generals, Directors of Department of Agriculture, Department of Commerce, Department of Industry and Department of Tourism in Takeo, Kompot, Pursat, Battambang, Kampong Thom and Siem Reap.

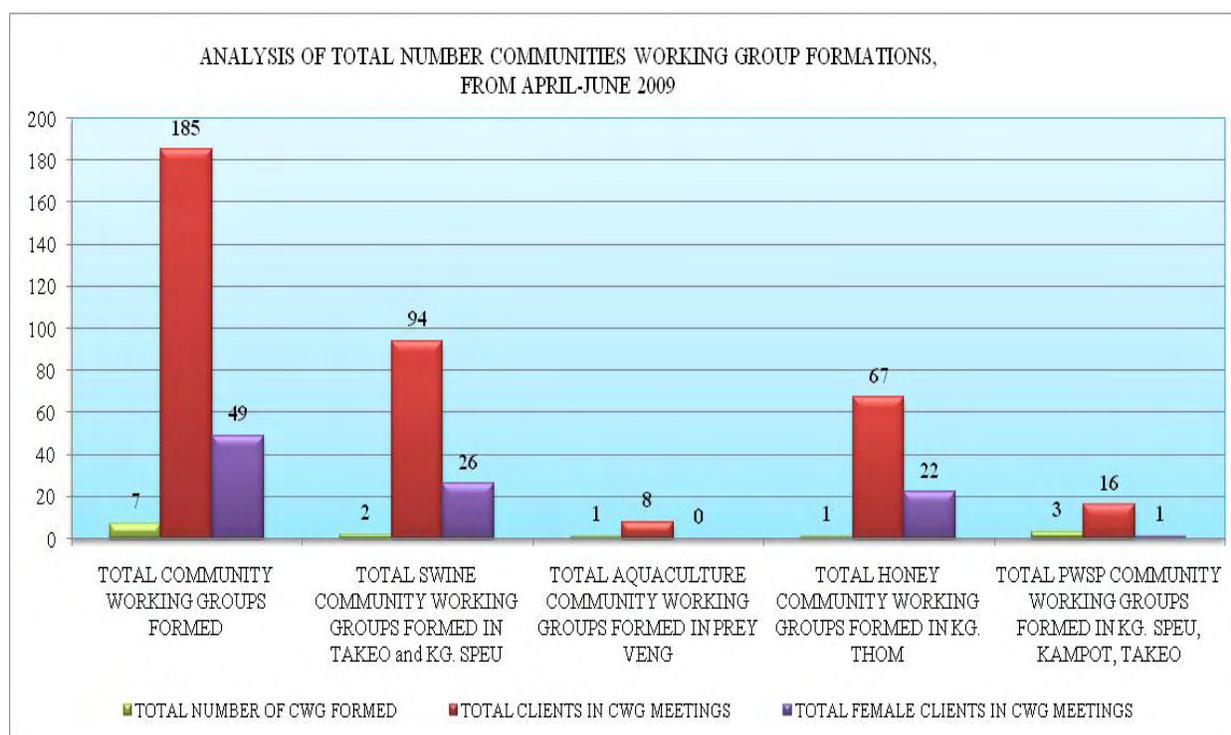
## Association and Business Membership Organization (BMO) Strengthening

- In partnership with the International Labor Organization (ILO)'s Women's Entrepreneurship Development and Gender Equity Program, facilitated a Savings and Self Help Groups training for 3 Communities Working Groups (CWG) in the Swine Value Chain for 29 members (11 female) at Kratie province; 27 members (6 female) in Kampong Speu province and 23 members (13 female) for Resin Collectors in Stung Treng province (**Figure 1**).
- Facilitated a discussion for 17 members of the Swine Value Chain Cooperative in Svay Rieng on drafting Internal Policy and Regulation which hold on 4th June 09.
- On May 25<sup>th</sup>-26<sup>th</sup>, two staff of the project attended a Policy Advocacy Training organized by IFC.
- On May 28<sup>th</sup>, three leaders of Swine CWGs from Kratie, Kampong Cham and Kampot attended a training program on Policy Advocacy organized by IFC.
- On June 25<sup>th</sup>, one leader of the Swine CWG from Kampong Cham and two leaders from Cambodia Pig Raisers Association attended the project sponsored workshop on “Developing Trade Remedy Laws in Cambodia.”
- On June 26<sup>th</sup>, 4 leaders of Kampong Cham Swine Association, 3 Aquaculture producers from Kandal and 2 members of Cambodia Pig Raisers Association attended a meeting with Oknha Mong Reththy, Co-Chairman of Agriculture and Agro-Industry Working Group to plan the formation of a new Agro-Industry Association.
- This quarter, 7 community working groups were formed for a total of 185 members (of which 26% were female). The CWGs included 2 swine community working groups in Takeo and Kampong Speu provinces, 1 Aquaculture working group in Prey Veng province, 1 Honey community working group in Kampong Thom province, 3 PWSP community working groups in Kampot, Takeo and Kampong Speu provinces (**Figure 9**).

## Cooperation with Royal University of Agriculture

Team leaders at the MSME Project met with representatives from nine faculties of the Royal University of Agriculture (RUA) to discuss potential areas of collaboration with the USAID Cambodia MSME project. Several interesting areas for collaboration on technical training and research opportunities were discussed.

**Figure 9 – Analysis of Community Working Groups Formed April-June 2009**



## Constraints Encountered and Unresolved Issues This Quarter

No significant constraints were encountered this quarter.

## Main Events Planned for Next Quarter

- Facilitate an International Aquaculture Technology and Governance Assessment Mission to Malaysia from July 12 to July 18, 2009.
- Upon the request of provincial officers, organize 2 or 3 workshops on Influenza A (H1N1), “Strategies and Policies Support to Combat Potential Impact on Swine Industry in Cambodia.”
- Strategic Communication Training for Provincial Private Sector and Public Sector representatives, facilitated by Equal Access, scheduled for August, 2009.
- Cooperate with Oknha Mong Reththy, Co-Chairman of Agriculture and Agro-Industry Working Group and President of Agro-Industry Association on supporting to Swine Industry and Fish Sector in Cambodia

# Component 3 - Public Sector Strengthening to Improve the Business Environment

## Summary of Actions, Activities and Accomplishments This Quarter

### Developed Framework for Private Water Service Provider Contracts

- Worked closely with Water Team to develop and refine the framework for water service providers.
- Developed first draft of a detailed overall plan for how support to the water services providers should be implemented, including step-by-step breakdown of client selection, contracting, approvals, review, payment, etc. This draft formed the basis of the project strategy paper approved by USAID.
- Prepared Memorandum of Understanding and draft purchase order form for water clients for review and approval.
- Reviewed USAID environmental guidelines and prepared recommendations to ensure project compliance with guidelines.
- Otherwise assisted Component 2 Water Team to structure project as a simple, Cambodia-appropriate and effective way to provide innovative support, scaled and designed to work well for the needs of private water service providers.

### Policy and Legal Advice on Laws and Regulations

#### MIME

- Continued to work closely with H.E. Meng Saktheara, Director General of Department of Industry, Ministry of Industry, Mines and Energy (MIME) to develop both the Establishment Regulation and the Operation Regulation under the Law on Administration of Factories and Handicrafts. The Establishment Regulation is in the process of internal MIME approval, and appears to be moving forward. The Operation Regulation is complex, as it deals with on-going industrial safety issues for all factories and handicrafts which use dangerous chemicals, processes or equipment. To help regulators draft the Operation Regulation, we completed a detailed analysis of the Law on Administration and Handicrafts and submitted it to MIME for review and discussion.
- We have begun a draft outline of a possible Operating Regulation. The discussions are focused, substantive and productive, with real concern about how MIME can use the regulation to foster industrial investment, minimize problems of overlapping authority, focus on its core tasks of

ensuring industrial and product safety, gradually help raise quality standards and minimize regulatory burdens.

- Continuing the pattern set in the last quarter, the typical working method is for us to submit detailed recommendations to MIME. After a week or so, we will have a meeting where the Director of Industry and all his chief deputies are present – and have copied and read the recommendations (in English). These meetings will last several hours, where real “brainstorming”, usually in Khmer, takes place among participants focused on the documents the MSME policy team submits. Based on the consensus reached, we and the Department of Industry staff then conduct legal and policy research and complete assignments to move to next draft documents.
- The Director of Industry has never asked for any kind of payment or contribution, and instead used his own departmental resources to pay for his provincial officers to attend training in Phnom Penh and to host a session for the private sector to provide input on the draft Establishment Regulation.

### **Ministry of Commerce – Trade Remedies**

- Building upon on-going discussions and in partnership with the Ministry of Commerce, organized a one-day technical workshop in Phnom Penh to introduce the Cambodian government’s intention to draft a trade remedy law with USAID/MSME support. Close to 40 participants from the Ministry of Commerce, related state agencies, and the private sector attended. The workshop focused on three trade remedy processes – anti-dumping, countervailing duties, and safeguards; each of which provide transparent, data-driven procedures with due process and the right to appeal to allow Cambodia to protect its local business sectors if imports are sold in the local market below normal costs or if imports unexpectedly surge. Opened by MOC Secretary of State Mao Thora, Cambodian and U.S. experts introduced the relevance of trade remedies for Cambodia, and the technical underpinnings provided by three WTO agreements. Private sector representatives from the cement and swine sectors noted their views on the importance for Cambodia to upgrade its procedures toward imports. Support to develop a trade remedy law responds to the needs expressed by the private sector – difficulties raised by what are perceived as dumped imports were raised in MSME’s initial meetings and presentations throughout the provinces – and it meets a requirement in its WTO accession agreement.
- The MSME team is working with MOC leadership to develop a 3-year plan for supporting the development of a) a trade remedy law with implementing regulations; b) the institutional and human resource capacity to implement the law; and c) a program for public education of the private sector and government officials regarding trade remedies. The MOC is in the process of finalizing a Prakas to establish a Working Group that will lead the drafting process, and a first draft of a trade remedy law that includes all three trade remedy processes in one package is being developed, building upon the initial work of the EU/GTZ technical assistance program several years ago. This work will be supported by Steve Parker and Andrew Stephens. Mr. Stephens is a trade lawyer currently working for the USAID STAR Vietnam Project in Hanoi, also implemented by DAI, with experience working both in the U.S. Department of Commerce on anti-dumping investigations and in USTR. Mr. Parker, as the former Chief of Party for the STAR

Project in Vietnam, supervised the development of three trade remedy laws in Vietnam during their WTO accession process.

- Met with H.E. Mao Thora, H.E. Sok Sopheak and other key Ministry of Commerce officials to discuss their legal and regulatory needs for trade remedies, and the support needed for moving forward in the drafting of a trade remedy law.

## **Ministry of Agriculture, Fisheries and Forestry and the Department of Animal Health and Production**

- The team continues to coordinate closely with the FAO to try to understand the goals and interests of the Ministry of Agriculture, Forestry and Fisheries (MAFF) in its proposed draft Law on Animal Health and Production. In November 2008, the FAO funded a team of two attorneys from Rome and a Khmer-speaking Australian veterinarian to spend three weeks working with the Department of Animal Health and Production (DAHP) to draft a Law on Animal Health and Production. The FAO team produced an excellent framework discussion draft of most of the articles of a law, after daily, detailed sessions with the local legislative drafting team.
- Confusingly, in December, USAID – MSME was then asked to prepare the same draft Law, after the FAO mission had been in Cambodia. We were not told by DAHP about the FAO efforts. There have been multiple drafting groups at both DAHP and MAFF. There is now a later MAFF prepared partial draft, which bears little relation to the FAO draft. A newly formed drafting group of the DAHP is preparing what may be yet another draft. We have been invited to give comments on that draft when it is completed, but not yet invited to participate in drafting group sessions. This new drafting group appears to have an ambitious timetable to complete a draft, but may be challenged to do so.
- In June we had a lengthy meeting jointly with the FAO with H.E. Kao Phal, Director of the DAHP and the last legislative working group to discuss the FAO draft and the latest MAFF draft law to attempt to understand MAFF's goals and plans for the draft and drafting process. H.E. Kao Phal repeated his requests for technical assistance from the MSME project with the draft, as well as for financial support and equipment of various kinds.
- In all its versions, this draft law is very broad reaching and, if passed could have a major impact on the entire Cambodian livestock industry. It is thus important for our value chain clients that we remain involved and provide input as possible. We have not yet provided detailed written comments on any of the various drafts, while we and the FAO seek instead to get clarity about the internal MAFF/DAHP decision processes behind the drafts. See below, Constraints Encountered. We participated in an FAO working session to plan their project support for SPS initiatives (support involving coordination of multiple ministries). If the FAO plans further drafting missions, they are trying to time them to coincide with times the Senior Regulatory Advisor is in Phnom Penh.

## **Fisheries Administration**

- We continue to participate in Technical Working Group for Fisheries meetings and to coordinate with DANIDA and JICA about aquaculture. We prepared a summary of our recommendations about an aquaculture rule and have given it to the DANIDA and JICA for review. This will be

submitted to the FiA after comments are received. DANIDA is providing almost \$2,000,000 in direct payments to FiA this fiscal year, and strongly supports the need for an overarching regulation.

- Began to coordinate closely with JICA resident aquaculture/mariculture advisor Hatori Tatsuyo, who is planning a multi-million dollar JICA mariculture facility to spawn sea bass and possibly grouper. As part of this, JICA is also planning to conduct a detailed study of the status of aquaculture in Cambodia, which he hopes to coordinate with the MSME project. Mr. Hatori is a fish health expert, with very useful insights about how to structure an aquaculture regulation to protect biodiversity and the environment, while supporting rapid growth of aquaculture and mariculture. He sees good regulation as needed to ensure the success of various JICA funded projects in aquaculture and mariculture, and is encouraging the FiA to think systematically about it. This is developing into a good, detailed and mutually supportive working relationship.

### **Ministry of Tourism**

- Met with Director General of Tourism H.E. Tith Chantha and several of his key department heads to discuss training and regulatory drafting needs for the next quarter, as the Ministry of Tourism seeks to implement the new Tourism Law. Met with SNV tourism experts Trevor Piper and Tommi Tenno to understand their programs and support to ensure coordination with the current lead tourism donor and get their insights about the tourism law and possible MoT counterparts.

### **Others**

- Met with Mr. Richard Fritz and US Embassy staff to discuss how the MSME project can coordinate with USDA funded efforts to train Cambodian counterparts in establishing SPS rules and procedures, which harmonize with US exporters' needs.

### **Capacity Building for Regulators**

- Provided a one day training course on regulatory drafting to more than 38 participants from the MIME General Department of Industry, coming from all over the country and including many Department Directors and provincial office heads. Revised and simplified drafting training for regulators, structuring it so that more than half the training was provided by MSME local staff, without having to use outside counsel to facilitate.
- As noted above, worked very closely with MIME – Department of Industry Central staff in several drafting and legal analysis sessions which the Director of Industry used as on-the-job training in how to analyze regulatory drafting problems and reach workable solutions to enable MIME to regulate to the real risks and opportunities, while providing support for business.
- Provided one day training-workshop for 45 people from MoC, MIME, MOI, Customs, other agencies, private industry and academia as an introduction on Developing Trade Remedy Laws in Cambodia, presented by Andrew Stephens of the USAID funded, DAI implemented STAR project in Vietnam.

## USAID Supports Better Regulation for Stronger Industry

**The USAID Cambodia MSME Project is an integral part of the bilateral agreement between Royal Government of Cambodia and the United States. The project supports the government's goal to spur economic development by encouraging private development and strengthening the public sector.**



*H.E. Meng Saktheara, General Director of Industry for the Ministry of Industry, Mines and Energy (MIME) gave the meaningful opening speech for the Training Workshop on Rule Making for SME Regulators of MIME.*

**At the end of the training, everyone shared the same goal: To build a predictable, rational regulatory environment so safe, quality industrial production thrives in Cambodia.**

In the midst of traditional agricultural society, Cambodia has a clearly focused plan for poverty alleviation, and at the same time, has set goals in promoting long-term development and industrialization. Some issues and solutions, including new initiatives in the sector, are called for and promoted within responsible departments and ministries, government counterparts, the private sector and communities.

When H.E. Meng Saktheara was appointed General Director of Industry for the Ministry of Industry, Mines and Energy (MIME) in 2008, he came with a strong commitment to encourage investment in industrial production in Cambodia. He is especially interested in encouraging Cambodian factories to make high-quality products safely. He is constantly looking for ways to train his staff to support industrial development and to take a risk-based approach towards enforcement.

In June 2009, nearly staff members of the Provincial Departments of Industry and National Ministry staff attended a one-day training session in Phnom Penh on regulatory practice and training, which was facilitated by the MSME Project's legal and policy team.

MIME paid for all of their staff expenses, including travel and per diems, as part of their commitment to build the team's capacity.

The MSME team is deeply involved with helping the General Department of Industry develop rules for registration and the operation of factories and handicrafts, under the 2006 Law on Administration of Factories and Handicrafts.

The team has provided detailed comments on the law and comprehensive suggestions for a draft regulation on establishing new businesses, which is being readied for Ministerial approval.

Work has begun on the detailed outline of a draft regulation concerning factory operations – focusing on the core areas of industrial and product safety. It is anticipated, that with recent technical assistance, the MIME team will write a substantial portion of future regulations, by working to complete an outline the MSME and MIME teams jointly developed.

Mr. Saktheara and his team always read and respond quickly – and in detail – to documents and questions the MSME team presents them. After documents are submitted, the two teams collaborate, often in half-day sessions with active participation all parties present. This helps to resolve open issues, decide what research is needed and assign responsibility for the next steps.

Everyone shares the same goal: To build a predictable, rational regulatory environment so safe, quality industrial production thrives in Cambodia.

## Constraints Encountered and Unresolved Issues This Quarter

- The internal MAFF/DAHP decision making processes around the draft Law on Animal Health and Production are still in need of clarification. Until this happens, it will be quite difficult to provide effective assistance. We are in close touch with FAO representatives here, in Thailand and in Rome to coordinate our and their actions. Since the FAO has over a decade of close working relationships with MAFF – and has invested far more in working on this law than we have - the FAO is now taking the leadership now to get MAFF/DAHP focus on the draft they provided, and to encourage discussion around that. When and if the FAO can get a clear, high level MAFF/DAHP response to the FAO’s work to date, we should all know better how to proceed. Assuming this happens, MSME, as an advisory team with longer term local presence than the FAO’s experts, can provide meaningful support to the drafting team. Otherwise, we will limit our involvement to providing comments on MAFF or DAHP independently prepared drafts, preferably coordination with FAO experts.
- Trade remedies are by nature very complicated, and it expected that it will take quite a while to develop a workable package of remedies, and even longer to assist the RGC to develop the capacity to use them effectively. There is a possibility that, at least as an interim measure and perhaps permanently, it would be possible to satisfy WTO requirements and Cambodian law by enacting a sub-decree for trade remedies, rather than a law. Research is needed to determine if this is possible and desirable. If it is, it could shorten by as much as two years the time needed before implementation can begin. Trade remedies may also present quite complicated issues of intra-ministerial coordination, which the project has not yet fully researched.
- The team suffered two major setbacks in June with the loss of team attorney San Kim, who went to work for the ECCC at a salary increase with which we could not compete, and the loss of team leader Sambaddh Kem, who went to work for the ADB as governance coordinator. This reduced the team to one expat advisor, in Cambodia about 2/3 time. We are actively seeking replacements, but have not hired any yet. It should be expected that it will take several months for replacements to be trained and able to be effective in their work.
- Going forward, we are hoping that the new team members will be able to develop their direct relationships with ministry counterparts more actively than has been our experience in the past. This is especially important to establish a basis for our advice to be understood and accepted among counterparts in the FiA and MAFF, and will probably be important at MoT. Our team members need to be “plugged in” with counterpart ministries in a way that has not yet happened, but needs to, to ensure the effectiveness of policy advice, especially in counterpart agencies where guidance is less clear – and our value chain clients need good regulation for their business to thrive.

## Main Events Planned for Next Quarter

Continue to work with MIME on Factory Operations Regulation to develop detailed outline to help drafting team. Assistance to be provided will include:

- Preparing detailed outline of possible draft regulation for MIME drafting team to use as basis for work

- Assist MIME legal staff to research laws and regulations of other ministries with possibly overlapping authority, including fire inspectors, Ministry of Commerce, Ministry of Labor and Ministry of Environment
- MIME has requested the team to join in meetings with other ministries to resolve problems of coordination and overlapping authority.
- As requested by MIME, help MIME to secure private sector input on draft regulations and respond to questions raised.
- Prepare and present rulemaking seminar to Ministry of Tourism officials. Following successful advisory model for MIME, prepare analysis of Law on Tourism and regulatory needs under it, and outline of regulations, which Ministry of Tourism can issue under it.
- Prepare combined draft law/decreed for trade remedies to present to MoC and other counterparts for their review and consideration. Hire full time project staff member to work with MOC on trade remedies issues. Plan further detailed trainings and perhaps retreat to draft remedies package.
- Continue to support water team with contracting, legal and policy advice to help ensure smooth implementation.
- Continue to work with FAO and MAFF on the draft Law on Animal Health and Production as it evolves.
- Continue to work with FiA on aquaculture regulation, as and when counterpart interest is evident.
- Recruit, hire and train Component 3 local staff experts.
- Recruit a National Consultant to work with the MOC and MSME leaders to support the development of a trade remedy law.
- Develop a first draft of a trade remedy law, to be discussed in the first round of meetings with the government drafting Working Group, currently planned for September.

# Operations and Administration

## Summary of Actions, Activities and Accomplishments This Quarter

### General Operations

- Customized and refined project monitoring and evaluation database (TAMIS), in coordination with IRL and DAI's GIS expert.
- Completed IT equipment installation and networks in Phnom Penh and all provincial offices.
- Opened provincial offices Battambang and Kampong Thom and hired and trained staff to run them. Established record keeping systems in the new offices.
- All project vehicles ordered were delivered to the project in its third quarter.
- A member of DAI's Internal Audit team reviewed the internal controls and records of the Cambodia MSME project. The Project received the lowest risk rating possible, implemented all audit recommendations, and trained staff on changes recommended by the auditor.
- Revised the project Finance Manual and Operations & Personnel Manual to incorporate audit recommendations
- In the third quarter, the operations, administration, and finance teams supported 7 large workshops, 2 provincial trade fairs, 2 international study tours, and a number of procurements.
- Provided additional training and guidance to subcontractors who had questions on their administrative requirements under the Cambodia MSME 2 contract and GBTI II IQC.

### Procurement

- Finalized the purchase order and budget for PACT's biodiversity work.
- The Project prepared for upcoming water service provider procurement, customizing the contract template for the water contracts.
- Cambodia MSME 2 requested and collected proposals for water service providers, organizations to lead multiple study tours, and a honey baseline assessment. From the proposals submitted, Cambodia MSME selected firms based on cost, qualifications, and merits of proposals submitted. Current status on these procurements is listed on the table below:

**Table 1: Summary of Large Service Procurements in the Third Quarter**

Work	Company Selected	Status
Honey Baseline Survey	Crossroads to Development	Started June 8, 2009, baseline survey is underway
Biodiversity Training/Implementation	PACT/CFI	Finalized the SOW/budget and contract. Work is underway and will go through January 2010.
Philippine Study Tour for Swine	University of Philippines Los Banos	Finalized SOW/budget; study tour occurred in late April 2009. No USAID contracts approval was required
Vietnam Study Tour for Clay Tile	Asian Institute of Technology in Vietnam	Solicited proposals and finalized the contract. No USAID contracts approval was required.
Vietnam Study Tour for Aquaculture	Research Institute for Aquaculture	Solicited proposals and finalized the contract. No USAID contracts approval was required.

Malaysia Study Tour for Aquaculture	Springboard4Asia	Solicited proposals and finalized the contract. No USAID contracts approval was required.
6 Provincial Investment Profiles	EMC	Finalized SOW/budget, and is currently underway. No contracts approval needed

- All project vehicles procured in the second quarter were shepherded through customs and delivered to the Project during the third quarter.

## Staffing

The following full-time staff started in the project's third quarter:

Employee	Position
Nhem Cheabunly	Training Coordinator/Translator (replacing Kim San, Training Coordinator in the proposal)
Song Chhem Leang	Biodiversity Specialist (new position, based on the realignment of the project's biodiversity strategy)
Phoung Ponreay	Rattan VC Specialist/CBNRM Specialist (TBD position)
Riel Vira	Water Enterprise Specialist (TBD position)
Nguon Chantha	Kampong Thom Office Manager (TBD position)
Det Sotha	Battambang Office Manager (TBD position)
Ouen Hoeun	Monitoring & Evaluation Coordinator (new position based on project needs)
Tit Nita	Accountant (replacing the prior accountant)
Marina So	Director of Operations (new position based on project needs, starts at the end of July)
Rhem Khemara	Project Driver (TBD position)

In addition, the Project launched an internship program, hiring both Cambodian and expatriate interns for the summer. Two Cambodian interns from the Don Bosco School assisted with finance and administration during the month of June. Three American interns are assisting with Cambodia MSME's biodiversity, water, and M&E work. Although the interns all started in June, they have already made substantial contributions to the Project and Cambodia MSME anticipates continuing the internship program in the future.

The Project mobilized the following short term technical assistance in the third quarter:

Consultant	Main Objective
Bob Bouvier	Trained the GIS specialist and team on GIS systems and provided inputs on modification to the TAMIS M&E system related to GIS
Paul Dodds	Supported Component 3 BEE activities; provided trainings on rulemaking and draft legislation improvements on handicrafts and aquaculture
David Whitfield	Customized finance manual, developed earmark financial tracker and provided additional training to project accountants.
Steve Parker	Worked on trade remedies issues, WTO compliance, and project strategy regarding transparency and business regulation
Andrew Stephens	Assisted with the trade remedies workshop
Ulrich Ernst	Identified Business Enabling Issues with the greatest impact on the competitiveness of swine value chain in Cambodia

James MacKenzie	Apparel Production Engineer
Jane O'Dell	Assisted with GIPC capacity building and business plan development
Richard Rapier	Finalized the water investment strategy
Tanja Lumba	Customized TAMIS for M&E in conjunction with GIS Specialist and IRL
Erik Bjers	Installed IT equipment in Phnom Penh and the provincial offices
Merillene Peramune	Business strategy development for the honey and resin value chain and training for Cambodia MSME staff
Andrea Chartock	Conducting a sustainable tourism value chain assessment
Marian Boquiren	Conducted retail, end market study for swine and aquaculture
Then Theoun	Equal Access Finance Director
Mike Roberts	IDE Program Director for water
Cordell Jacks	IDE Program Coordinator
Ork Sokunna	IDE Marketing Coordinator
Klann Mab	IDE Partnership Coordinator
Ken Savath	IDE R&D Coordinator
Sdoeung Yuthea	IDE M&E Coordinator
Choun Serey Manith	IDE M&E Assistant
Prak Lang	IDE Finance & Administration Manager
Chhou Chhar Daphea	IDE Accountant

## Constraints Encountered and Unresolved Issues This Quarter

### Staffing

- Most of the positions vacant at the start of the third quarter have been filled, with the exception of two positions: Legal Advisor and Community-Based Natural Resource Specialist. The project has had difficulties finding strong, qualified candidates for Legal Advisor positions since the first quarter.
- During the third quarter, the Project's Component 3 Team Leader, Kem Sambaddh, and Legal Advisor, Kim San, resigned their positions. Cambodia MSME is currently in the process of recruiting for replacements, but law-trained professionals are very difficult to locate.

### Procurement

- The project experienced delays in clearing procurements from customs. All project vehicles ordered in the second quarter of the project were received by the end of the third quarter, but one piece of computer equipment, a color printer, remains in customs and we continue to try to meet their changing requirements. We expect this printer to be released in August.

## Activities Planned for the Next Quarter

### General Operations

- Development of the Year 2 Annual Work Plan
- Project budget realignment
- Support for study tours in Malaysia, Vietnam and Philippines

## Procurement

- Cambodia MSME will evaluate bids from water service providers and issue contracts

## Staffing

- In the fourth quarter, the project will seek to fill the following positions:

**Table 5: Project Positions to Be Filled in the Fourth Project Quarter**

Person	Position
TBD	Component 3 Team Lead (replacement, based on attrition)
TBD	BEE Legal Advisor (2 positions, 1 based on attrition, 1 based on project needs)
TBD	Biodiversity Specialists (new position, based on realignment of biodiversity strategy)

- The Operations and Administration team will be working on mobilizing the following short-term consultants in the fourth quarter of the project:

**Table 6: STTA Anticipated to be mobilized in Fourth Project Quarter**

Person	Position/ Objective
Steve Parker	Senior Trade Expert – Business Regulation
Shannon Sarbo	Poverty Assessment Tool Specialist
Lief Doerring	Senior Strategist
David Whitfield	Additional training for the new Director of Operations and assistance with the upcoming budget realignment
Andrew Watson	Biodiversity Program Monitoring and planning year 2 activities
Andrea Chartock	Continuation of tourism value chain analysis
Merillene Peramune	Continuation of work for biodiversity and training for Cambodia MSME staff
Marina Krivoshlykova	Acting DCOP in September, 2009
Giovanni Marelo	GIPC Engineer

# Communications and Media Outreach

## Summary of Actions, Activities and Accomplishments This Quarter

The Cambodia MSME project's integrated Communications and Media Outreach Program has three main objectives:

1. **Promote a branded approach to all project outreach activities.** A branded approach to the MSME Project will strengthen project themes and messages and help attribute project outputs, results, and impact to USAID, support from the American People, the Royal Government of Cambodia and key project stakeholders. Communication material includes USAID and Royal Government of Cambodia branded technical training posters, manuals, newsletters and video documentaries.
2. **Nationwide and local information dissemination and dialogue strategy.** The project will use pre-recorded and live radio programming to provide information and generate dialogue about technical, business and governance issues. Radio is a powerful tool in rural Cambodia for publicizing key project activities, themes and messages to micro, small and medium enterprises, as well as national, provincial and district government officials.
3. **Communications and media capacity building for public and private sector to provide BMOs** and key government officials and agencies with skills to better communicate with one another and the general public on issues related to economic development and better governance.

Cambodia MSME project consortium partner, Equal Access is implementing a weekly business radio program and a bi-weekly live roundtable discussion/call-in show. The following are the results of Equal Access monitoring of the radio broadcasts, conducted to give a sense of the popularity of the programs, the amount and type of audience interaction created by these broadcasts, and some indication of other topics our listeners would like to hear in future programs. Also included here are brief summaries of two Panel discussions that were broadcast live in Phnom Penh on the state Radio National Kampuchea and then were rebroadcast by eight radio stations throughout the MSME target region. The MSME Business Radio initiative offers the first time journalistic radio programs have been broadcast on both the state run

and on private radio broadcasters, representing the largest potential audience ever for a regular radio broadcast in Cambodia.

## Results from Monitoring of MSME Business Radio Callers and Listeners

Equal Access randomly selected 16 phone numbers from our database of listeners who contacted the Cambodia MSME Business Radio program in some manner. These 16 callers were selected from 7 provinces (Kampot, Pursat, Kampong Thom, Kampong Cham, Kratie, Siem Reap and Takeo) to participate in a phone interview. In addition, to get feedback from the general audience of FM listeners in the provinces, we sent a short questionnaire out with the content producers of the radio team to conduct interviews with people they met during their field trips. The overall objective of this research was to collect feedback from the audience to gauge listener satisfaction with the programming over a three month period and to inform the further development of future radio programs.

### Objectives of this Research

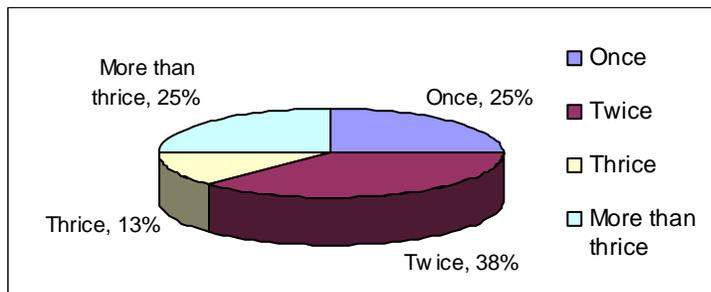
1. To collect information from the audience, particularly what they have learned from the program;
2. To gauge the level of understanding and popularity of the programs – both the pre-recorded program and the live panel and call-in program;
3. To determine the appropriateness of the topics explored in the radio programs according to audience preferences.

### Respondents' Age and Professions

- 38% between 18 and 25
- 38% between 26 and 35
- 19% between 36 and 45
- 6% over 45 years of age

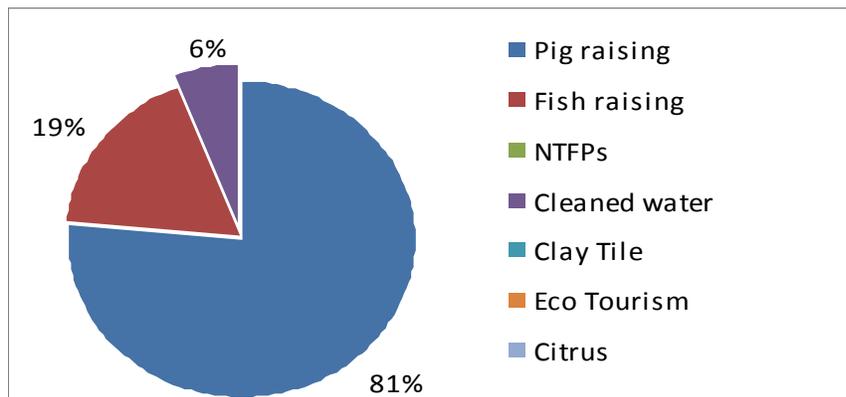
Most of the callers were businessman; they tried to call to the program to ask questions and share ideas in order to improve their businesses like, for example, swine raising.

### How Often People Listen to the Cambodia MSME Programs Per Month



We can see that 38% of the listeners listened to the program three times per month and 25% listened more than three times each month. This shows that the listeners are loyal to the program and seek it out as a “destination” program.

## Programs of Most Interest to Listeners:

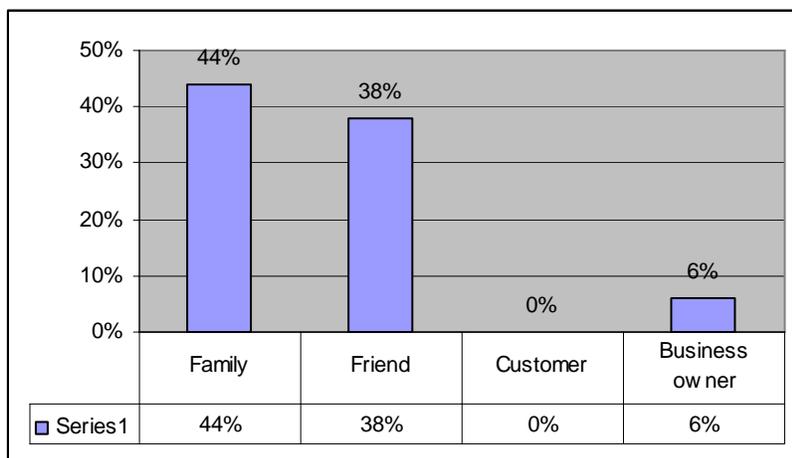


This chart illustrates that the majority of the listeners said they are most interested in pig raising programs because some have experienced failure in pig raising, due to high pig feed prices, and too little market for their pigs. The listeners told us that the price of pigs was too low, that their pigs got sick and died, and there was no market for their healthy pigs. Other listeners, who are not pig raisers, were also interested in this program because they could share what they have learned from their relatives who are pig raisers. Others said that although they have not started raising pigs they aim to do so in the future, and that is why they listen to this program. However, pig programs alone are not enough for them; they want to hear more about fish raising and fowl raising because they also want to raise these animals in the future.

**Quote:** “I really like this program because this program talks about swine raising; and I experienced failure in raising pigs. My pigs were sick and died, but now I hope that this program can help me.”

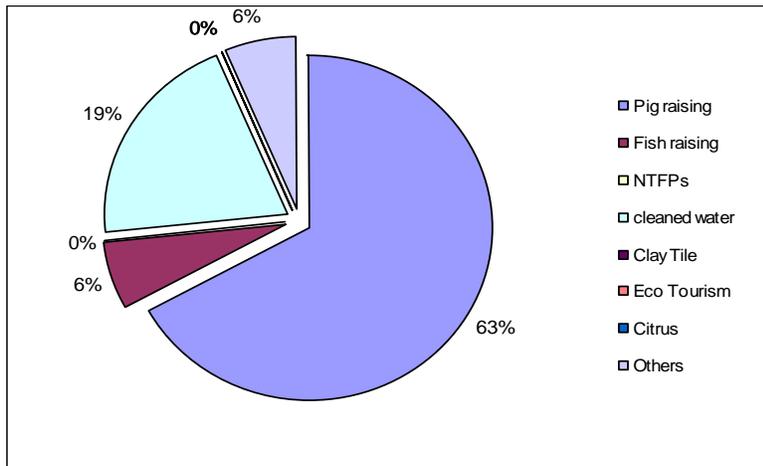
It is important to note that Cambodia MSME Business Radio has yet to address in depth the clay tile, citrus fruits, non timber forest product and local tourism subjects in depth; we expect these subjects to rate higher in popularity with listeners as we explore them in more detail in the coming months.

After listening to the programs, who did listeners share their new information in their community?



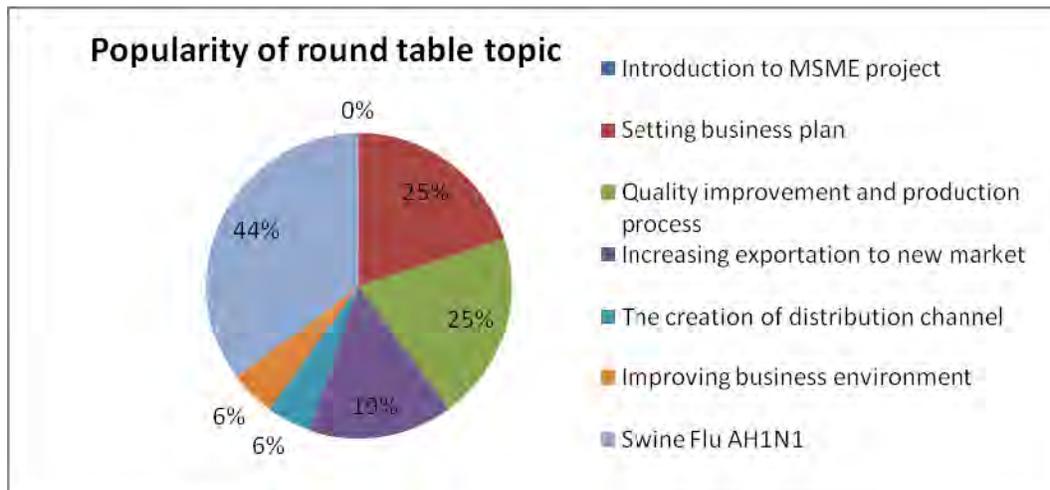
In this table, it shows that the most of the listeners talked with other people in their community about the radio programs. The highest bar, almost 50% of the listeners, illustrates that the listeners took the information and knowledge from the program to talk with their families to improve their businesses. The topics that the listeners talked with others about were swine raising, fish raising and access to clean water.

### Topics Listeners Want to Hear on Future Programs.



This pie chart shows that 63% of respondents want to hear more programs about the swine raising business. Some said people in their community like raising pigs because they can earn more profit doing this than other types of farming, and so they want this type of program to be broadcast more in the future. They not only want to know about pig feeding methods, but also about current issues such as H1N1 (also known as Swine Flu) because they think they will be able recognize the symptoms if their pigs are affected by this flu. It should be noted that listeners to the special live MSME Business Radio panel discussion about H1N1 heard that the virus is not swine related at all and that the name H1N1 is the correct term to use. Listeners also want to hear more about gaining access to clean, piped water.

### Popularity of Round Table Topics Among Callers and Listeners



This data shows caller and listener interest in the live show topics. The most popular show was *‘Topic H1N1’* followed by *‘Setting a Business Plan’* and the *‘Quality Improvement and Production Process’* topic.

**Radio Roundtable Discussion at Radio National of Kampuchea (RNK)  
May 6, 2009 at 12:00 – 01:00 pm  
Topic: Influenza A H1N1**

**Guest Speaker:**

1. Dr. Ly Sovann MD, DTMH, MCTM, Deputy Director, Communicable Disease Control Department, Ministry of Health
2. Dr. Suon Sothoeun, Engineer of Animal and Production, Ph.D in Veterinary Sciences, Deputy Director
3. Dr. Chea Nora, Employee of World Health Organization (WHO), Communicable Disease Control Department
4. Mr. Kieng Sokpheng, Communication/Programme Assistant, Avian Influenza Programme, FAO

**Hosts:**

1. Mr. Sok Sothea, Communication Specialist, Equal Access
2. Mr. Sy Parinha, Script Writer Coordinator, SSWY Team, Equal Access

The Hosts asked the guest speakers to describe the H1N1 virus and what connection it has, if any, to swine, which is a great concern of MSME Business Radio listeners. Dr. Ly Sovann (MoH) said:

The Ministry of Health produced a public release with WHO to alert people about swine flu but after the WHO and other NGOs did surveys and research, we changed from calling it swine flu to influenza A H1N1, which can spread from human to human, but does not come from pigs. Mostly cases have appeared so far in America, Europe and some parts of the Asian continent. I would like to inform listeners that this is a new influenza, so we don't have full knowledge and information yet. The symptoms of influenza A H1N1 are: Fever 38 degrees Celsius, cough, sore throat, fatigue, and sometimes diarrhea.

Dr. Chear Nora, of WHO, said:

The WHO published a media release to say there is no swine flu, but it is called influenza A H1N1. We did this because there are no cases to show that it is transmitted by pigs; it is transmitted human-to-human only. So don't be confused about that anymore.

Mr. Kieng Sokpheng of FAO, said:

On behalf of FAO, I would say that this virus has only happened abroad, so people living in rural area in Cambodia don't be afraid or worry about this. MAFF and FAO were together to research and strongly monitor and then we will report to the public about this influenza A "H1N1".

**Conclusion:** The Guest speakers were able to describe the origins and nature of H1N1 clearly to the listeners, and their calm explanations helped the national audience to dispel any myths about the virus. A recording of this radio program was broadcast on FM stations in Pursat, Battambang, Siem Reap, Kampong Thom, Kampong Cham, Kratie, Svay Rieng, and Kampot.

## Impact of the Program on the Listeners

### The Reaction of the Listeners to the Program

Most of the people interviewed said that these programs provide them with good knowledge about ways to select good pigs, how to care for and feed pigs and fish, and ways of making pigs live comfortably so that they will grow bigger and faster. They also got more knowledge about treating or curing sick pigs and recognizing the symptoms when pigs get sick. One person said that before listening to our program, he knew nothing about the way of raising his pigs, but after listening he knows much more. Fish raisers expressed their appreciation to our program and said this program helps them a lot in their trade.

**Quote:** “This program helps me a lot; before I did not know how to raise pigs. I wanted to know how to spend less money and get more profit from raising pigs and fish; now this program helps me to solve these problems.”

**Quote:** “Throughout this program, I have learnt about the way to raise pigs effectively and avoid losing money, and I think that I will not lose money the next time.”

## Results of Interviews with MSME Radio Partners

We called to the FM radio partners to ask some questions related to the programs’ popularity and interaction in terms of listenership.

### Interaction with the Programs

In every panel discussion and call-in-show, listeners called our program to ask questions, share their ideas related to business development and request further help in order to increase their business productivity.

Our radio partners told us that during a one-hour talk show, on average at least 9 callers ask their questions on air, while many more call but are not put on air due to time restraints, or because they have asked off-topic questions or questions that have already been answered by the in-studio experts. Radio wisdom tells us that for every one person who calls a talk radio program, there are thousands of others who listen but will never call a show, and so we can conclude from the high number of callers to the MSME Business Radio call-in shows that the programs have healthy listeners. Without formal surveying it will not be possible to accurately determine the number of listeners to these radio programs, however.

Our radio partners told us that most callers were interested in topics related to the business of pig and fish raising and providing clean water. Moreover, they were willing to learn new techniques from the MSME project. Some callers shared their ideas related to pig prices and pig imports; they said that if imported products were cut off entirely, their businesses would be stronger.

Some callers asked that we cover not only pig and fish business development, but also other businesses such as orange plantations and honey collection. The honey market in Cambodia will be the focus of future MSME radio programs. The callers were mostly farmers and small businessmen and they were interested in becoming participants in the MSME Project after listening to our programs.

The radio presenters at the stations said the callers really like the live panel and call-in shows and want these shows to be aired every week, not just every two weeks. Some callers who are not in swine and aquaculture requested the MSME Project provide them with a practical training course on ways to raise

fish and pigs and ways to set up these businesses because they now want to try to do it themselves. Others want the MSME project to publish and distribute documents related to business development to people in their community so that they can learn by following written instructions.

### **Live Panel radio show on**

#### **Advantages of Using Piped Water**

On Wednesday June 24, 2009 from 12:00 to 01:00 pm, MSME Business Radio broadcast a live national panel discussion program titled "Increasing access to water and improved sanitation" on Radio National of Kampuchea (RNK AM 918 KHz). Equal Access radio presenters Sok Sothea and Sy Parinha welcomed four special guests for the program:

1. Mr. Sun Saonin, Deputy Director of Primary Health Department, Ministry of Industry, Mines and Energy (MIME).
2. Mr. Khan Sao Khoeun, Director of the Rural Economic Department, Ministry of Rural Development (MRD).
3. Mr. Ky Sophal, Deputy Director of Primary Health Department, Ministry of Rural Development(MRD).
4. Dr. Chea Visoth, Deputy Director General of Phnom Penh Water Supply.

These guests discussed the many activities their departments are conducting in cooperation with the Cambodia MSME project to provide clean water to more and more Cambodians. There was great caller interest in this program. While the show received 25 callers, there was time only for 7 callers to ask their questions on air. One caller, from Kampong Cham, asked "What are the effects of using untreated water and when will people in the countryside have access to clean water like people in the city have?"

Mr. Ky Sophal, Deputy Director of Primary Health Department from the Ministry of Rural Development, said MRD has worked a lot to provide clean water, especially in the rural communities. Recently, the ministry as well as the department supplying clean water is trying to reduce the use of unclean water that can affect health by improving the sources of water. The ministry has also worked with other developing partners and using the national budget to build pumps, and wells with covers to prevent bacteria from getting in the wells. In places that have no water sources, we build water containers to filter the rain water; this water also is good quality water. Now in the rural areas, according to the last report by the ministry of planning, we have provided 46% of Cambodians with access to clean water.

Another caller, also from Kampong Cham, asked: There are many water service providers - does the government have any plan to help them?

Mr. Sun Saonin, Deputy Director of Primary Health Department from the Ministry of Industry, Mines and Energy (MIME) replied that the medium goal of his ministry, the Millennium Development Goal (MDG) is by 2015 to supply 80% of Cambodians with clean water. We also have a long-term plan; in 2025, all people will be able to access clean water. But now we can supply 55% of people in cities and towns. Now we have 87 private sector water service providers and they can link their supply network to at least 300 families for the small companies and the big companies can link to between 2000 to 3000 families each.

From a Monk calling from Takeo, we heard the question “What should be done to get clean water?” The Deputy Director of Phnom Penh Water Supply replied that the ways of making clean water are divided into three categories according to the type of water:

1. To make limpid water
2. To kill all viruses
3. Chemical treatment: though we boil it, we are still not able to kill all of the chemical substances in it. Thus, we need high technology to extract these substances from the water.

Ky Sophal from the Ministry of Rural Development urged listeners to seek out clean water options to protect their health. If you can, use purified piped water that MRD has cooperated with other developing partners, like USAID, to provide, he said. If you cannot access this water, drink boiled water because boiling water kills many of the impurities in water.

A recording of this radio program will be played on FM stations in Pursat, Battambang, Siem Reap, Kampong Thom, Kampong Cham, Kratie, Svay Rieng, and Kampot.

### **Cambodia MSME Success Story**

In June the MSME radio team reported on a problem a MSME partner was experiencing in the Koh Kong region. The Community Forest Project, a PACT project working with honey collectors to improve their business practices and become more successful, discovered that a honey collecting community in Koh Kong had a large surplus of honey as their main buyer had backed away from the sale at the last minute. Our presenters appealed to the Business Radio listeners to help, and asked anyone listening who thought they could buy some of this honey to call the PACT project office number. We learned from the staff at the Community Forest Project that 10 listeners from around Cambodia called to ask how they could buy the honey and 6 made purchases. They purchased small amounts that did not amount to solving the surplus problem, but the radio did stimulate thinking on where products like honey come from and how much work goes into the production and collection of non-timber forest products. Equal Access plans to make use of the radio platform to make more connections among the listeners and clients of the MSME project.

Mr. Virak, living in Moug Russey District, Battambang Province, called our program to tell us how popular the programs are in his community; he asked for further information about the MSME project related to the brick and tile business. He added that he thinks these programs are new programs that he had never heard before on the radio; he said he likes these programs very much and wants to become a member of the MSME project.

We also got a call from a listener named Ms Chanheang, a student living in Kratie District, Kratie Province. She called our program to say that she is interested in running her own pig raising business. She called us to ask for the MSME contact number in order to ask for technical advice to run this business.

## Summary Table of Audience Interaction

Listeners' comments/sharing idea	Listeners' request	Listeners' questions
<ul style="list-style-type: none"> <li>• This is a very good program, I have never heard before in the other programs.</li> <li>• This MSME project is good for Cambodian people because it provides knowledge and the way to increase productivity of our business in order to gain more profit.</li> <li>• This MSME project is a business oriented such as pig raising business. I am very interested in this business and I intend to set it up, but I feel that the feed price is very expensive in Cambodia, so I am afraid that I cannot.</li> <li>• I was experienced in the pig raising business a few years ago, but failed in this business because my pigs were sick and I did not have enough experience or knowledge to handle this problem. Now I want to try this business again when I heard this MSME program.</li> </ul>	<ul style="list-style-type: none"> <li>• I request that the MSME project provide the practical way to set up a new business because I want to try this business.</li> <li>• MSME project should cooperate with the government to ensure about price stability and sustainability of our products and to avoid or decrease the import of pigs from other countries.</li> <li>• This MSME program is a very good program; we would like to request MSME project to provide a training course such as the way to raise fish and pigs with high productivity.</li> <li>• I want the MSME project to publish important documents related to business development such as business of pig, fish and others and distribute it to the Cambodian people in the community to learn and follow the instruction easily.</li> <li>• The callers interacting to our program by call-in-show program are mostly farmers and small businessmen. They are willing to be the MSME member after listening to our program.</li> <li>• Some presenters themselves said that the callers really like the round table talk show; thus, they want this show to be conducted every week.</li> </ul>	<ul style="list-style-type: none"> <li>• I am very interested in this project and I am willing to change my current job from ice-cream seller to a pig raiser. What are the good ways to start this business?</li> <li>• There are different ways or methods of raising pig. What are the pig raising methods with good outcome according to MSME?</li> <li>• What is the medical treatment that can cure pigs when they are sick?</li> <li>• I am very interested in this MSME project and want to become a member of this project. How can I be a member of this project?</li> <li>• How to contact the MSME project? Where? How many provinces is MSME project working in?</li> <li>• Why has the price of pork been so cheap? What should producers do about the low price of pork?</li> <li>• What kind of pig should people raise? How do you make pigs grow fast?</li> <li>• What kind of fish should people raise? How do make fish grow fast?</li> </ul>

## Survey of MSME Clients

In June the MSME communications specialists conducted a survey of 54 MSME clients to gauge their opinions of the MSME Business Radio programs. Between five and ten clients were selected from each of the MSME provinces. An impressive 46 of 54 respondents said that they listen to the MSME radio programs; 35 are regular listeners, 7 said they listen from time to time, 4 knew about the programs but said they are too busy to listen to the radio. Forty-six clients said the topics covered in the programs are very useful for them, and 32 could recall specific topics that they heard and were of interest to them in their work. Not surprisingly, 40 clients said they liked the radio dramas which address client issues in an entertaining way, while 19 said they liked the feature stories best and 18 said they liked the case studies. Equal Access will continue to engage the clients of MSME and adapt our programming based on their comments and preferences.

## Other Communications Activities

Equal Access met with other MSME partners to advise on their communications strategies and to make plans to produce radio and television public service announcements to promote their issues. Equal Access Communications Specialist Sok Sothea traveled regularly with MSME teams to cover their activities and documented these activities in newsletter articles and activity updates. EA's Programs Coordinator Graham Gardner provided editing support to newsletter and activity update production, and Graham and Wayne Sharpe conducted two Success Story training sessions with MSME staff to prepare them to collect good stories about the MSME project in action and to put ideas on paper in a clear and engaging manner.

## Conclusion

The MSME Business radio programs are proving to be popular with general listening audiences, the FM stations that are broadcasting the programs, and with MSME clients throughout the country. Equal Access will continue to produce programs that put forward the goals of Cambodia MSME and will continue to work to build a public dialogue about how micro, small and medium enterprise can flourish in challenging economic times.

Beside these, the media and communication team has produced and distributed with some materials as below:

#	TOPICS	UNIT	NUMBER
1	<b>Project Newsletter Publication</b>	Copies	<ul style="list-style-type: none"><li>• 1,500 project newsletters published and distributed (in Khmer).</li><li>• 500 project newsletters published and distributed (in English).</li></ul>
2	<b>Newspaper Publication through Reak Smey Kampuchea</b>	Time	<ul style="list-style-type: none"><li>• 1 Swine flu forum in Kampong Speu</li><li>• 1 Rule Making Seminar for MIME regulators.</li><li>• 1 Trade Remedy Laws Seminar</li></ul>

3	<b>Television Broadcasting</b>	Time	<ul style="list-style-type: none"> <li>• 1 Swine flu forum in Pursat province through TVK and Bayon channels.</li> <li>• 1 Investment Promotion Workshop, in Svay Rieng province through TVK, CTN and Bayon channels.</li> </ul>
4	<b>Radio Broadcasting</b>	Time	<ul style="list-style-type: none"> <li>• 1 Swine flu forum in Pursat province through a local radio channel of Khemara FM 98.5MHz.</li> <li>• 1 Swine flu A-H1N1 forum conducted in Kampong Speu through a local radio of FM 102MHz.</li> </ul>
5	<b>Aquaculture Technical Manuals</b>	Copy	<ul style="list-style-type: none"> <li>• 1000 copies of Aquaculture Technical Manuals in Khmer were published disseminated.</li> </ul>
6	<b>Swine Technical Manuals</b>	Copy	<ul style="list-style-type: none"> <li>• 1000 copies of Swine Technical Manuals were published disseminated.</li> </ul>
7	<b>Swine Business Manuals</b>	Copy	<ul style="list-style-type: none"> <li>• 500 copies of swine business record keeping manuals were printed.</li> <li>• 500 copies of pig risk management guides were printed.</li> <li>• 500 copies of swine business Planning were printed.</li> </ul>
8	<b>Project's Brochure</b>	Copy	<ul style="list-style-type: none"> <li>• 1000 copies of Brochure in Khmer were disseminated.</li> <li>• 200 copies of Brochure in English were disseminated</li> </ul>
9	<b>T-Shirt</b>	T-Shirt	<ul style="list-style-type: none"> <li>• 1000 project's T-shirts were disseminated.</li> </ul>
10	<b>Videos</b>	Copy	<ul style="list-style-type: none"> <li>• 500 copies of VCD of swine technical training videos were disseminated.</li> <li>• 500 copies of DVD on Technology and Better Governance Experience Sharing Mission to the USA and Information Sharing Mission to Vietnam to Exchange Experiences on WTO Implementation and Improving the Business Enabling Environment delivered.</li> </ul>

## Broadcasting Summary of MSME Project, from April-June 2009

### Pre-recorded Program: (April – June)

NO	DATE	FM STATION	LOCATION	# OF BROADCAST
1	05/04/09 – 28/6/09	FM 95 MHz	Phnom Penh	Episode 6-18
2	01/04/09 – 24/06/09	FM 102 MHz	Phnom Penh	Episode 5-17
3	04/04/09 – 27/06/09	FM 92.70 MHz	Battambang	Episode 5-17
4	03/04/09 – 26/06/09	FM 91 MHz	Battambang	Episode 5-17
5	06/04/09 – 29/06/09	FM 105.5 MHz	Siem Reap	Episode 6-18
6	04/04/09 – 27/06/09	FM 98.5 MHz	Kratie	Episode 5-17
7	04/04/09 – 27/06/09	FM 93.25 MHz	Kampot	Episode 5-17
8	03/04/09 – 26/06/09	FM 98.7 MHz	Svay Rieng	Episode 5-17
9	04/04/09 – 27/06/09	FM 98.5 MHz	Pursat	Episode 5-17
10	04/04/09 – 27/06/09	FM 88.5 MHz	Kampong Thom	Episode 5-17
11	06/04/09 – 29/06/09	FM 92.5 MHz	Kampong Cham	Episode 6-18

### Noted for the Program Topics of Each Episode

- Episode 6: The exhibition for our products.
- Episode 7: The quality improvement of product.
- Episode 8: The business investment.
- Episode 9: The product and services advertisement.
- Episode 10: The business' capital.
- Episode 11: The creation of distribution channel of product and service.
- Episode 12: The customer service.
- Episode 13: The discussion between businessmen and government.
- Episode 14: Am I earning profit.
- Episode 15: The importance of business association.
- Episode 16: The importance of using tap water.
- Episode 17: Hygiene and the use of latrine.
- Episode 18: Making pig feed.

## Round Table Discussion: (April – June)

- Round table 2: Creating Business plan.
- Round table 3: Strengthening swine business quality (recorded at EAC studio).
- Round table 4: Marketing products and services (FM 98.5 Pursat), and Virus AH1N1 (RNK).
- Round table 5: Rebroadcast Virus AH1N1.
- Round table 6: Creating products and services distribution network.
- Round table 7: The discussion between businessmen and government for better business environment.
- Round table 8: Clean water and Hygiene.

No	DATE	FM STATION	LOCATION	TOPICS			# OF CALLS Rcvd	# OF SMS
				APRIL	MAY	JUNE		
1	10/04/09 - 19/06/09	FM 91 MHz	Battambang	- R2 ® - R3 ®	- R5 ® - R6	- R7 ® - R8 ®	145	298
2	07/04/09 – 30/06/09	FM 105.5 MHz	Siem Reap	- R2 ® - R3 ®	- R5 ®	- R6 - R7 ® - R8 ®		
3	05/04/09 - 28/06/09	FM 98.5 MHz	Kratie	- R2 ® - R3 ®	- R5 ® - R6	- R7 ® - R8 ®		
4	23/04/09 – 29/06/09	FM 93.25 MHz	Kampot	- R2 ® - R3 ®	- R5 ®	- R6 - R7 ® - R8 ®		
5	07/04/09 – 30/06/09	FM 98.7 MHz	Svay Rieng	- R2 ® - R3 ®	- R5 ®	- R6 - R7 ® - R8 ®		
6	02/04/09 – 25/06/09	FM 98.5 MHz	Pursat	- R2 ® - R3 ® - R4	- R5 ® - R6	- R7 ® - R8 ®		
7	02/04/09 –	FM 88.5 MHz	Kampong Thom	- R2 ®	- R5 ®	- R6		

	25/06/09			- R3 ®		- R7 ®		
8	07/04/09 – 30/06/09	FM 92.5 MHz	Kampong Cham	- R2 ® - R3 ®	- R5 ®	- R6 - R7 ® - R8 ®		
9	01/04/09 – 24/06/09	AM 918 KHz	Phnom Penh	- R2 - R3 ®	- R4 - R5 ®	- R6 - R7 - R8		

Note: ®: Rebroadcast / Repeat

R: Round table discussion

## Constraints Encountered and Unresolved Issues This Quarter

Nothing to report.

# Monitoring and Evaluation

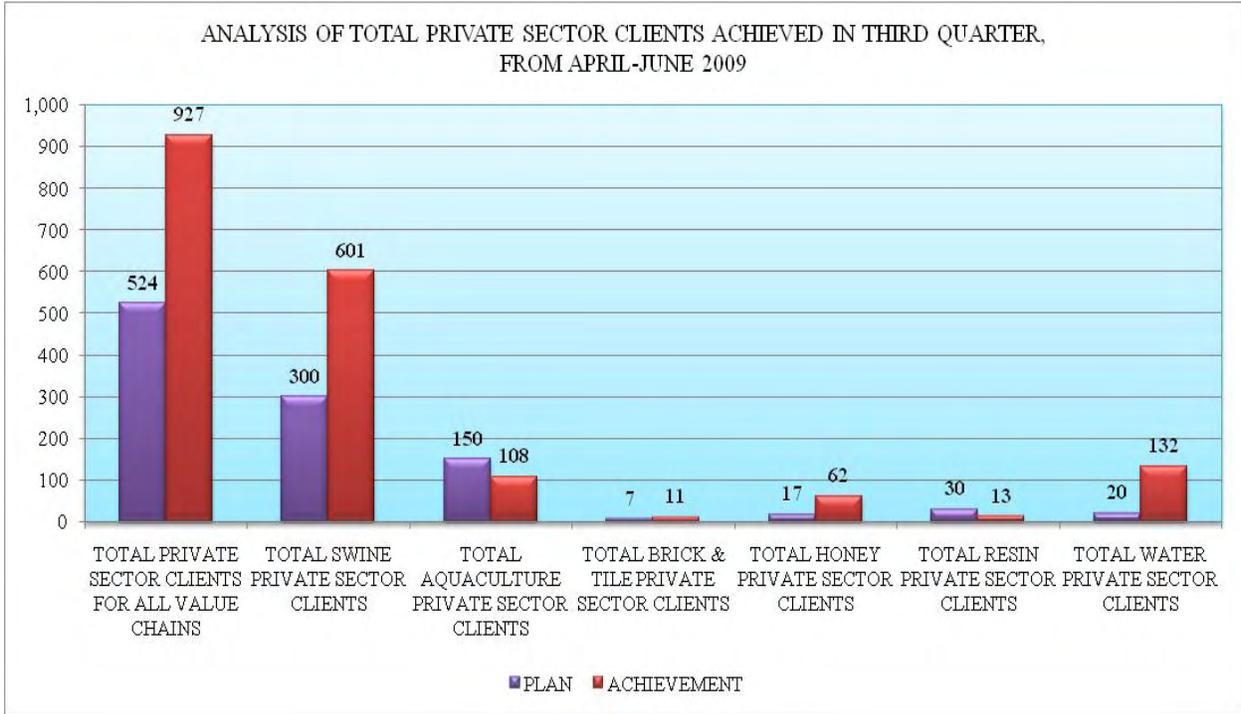
## Summary of Actions, Activities and Accomplishments This Quarter

- Recruited a monitoring and evaluation coordinator, Ms. Hoeun Oeun and selected an American intern student, Mr. Giovanni Dazzo, to assist the M&E team.
- Attended the Donor Committee for Enterprise Development (DCED) Measuring and Reporting Results Workshop, 19th-20th May 2009 in Indonesia.
- Finalized survey questionnaires for the Baseline and Year 1 results survey.

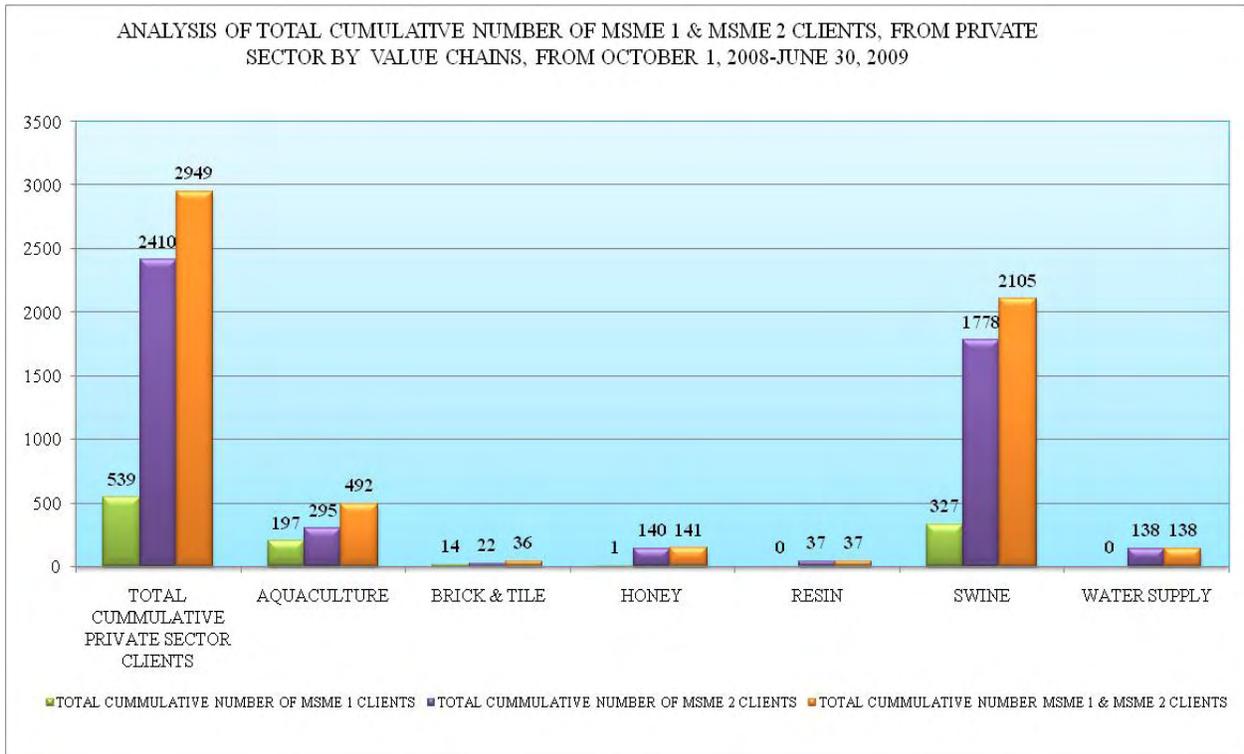
### Total Private Sector Clients in the Third Quarter (April-June 2009).

This quarter, the project worked with 927 new clients, of which 601 are in swine value chain, 108 in Aquaculture, 11 in the Clay Tile value chain, 62 in the honey value chain, 13 in the resin value chain and 132 were from water value chain (**Figure 10**). By the end of the third quarter, the project has worked with 2, 949 private sector clients, for further analysis please see Figure 11 and 12.

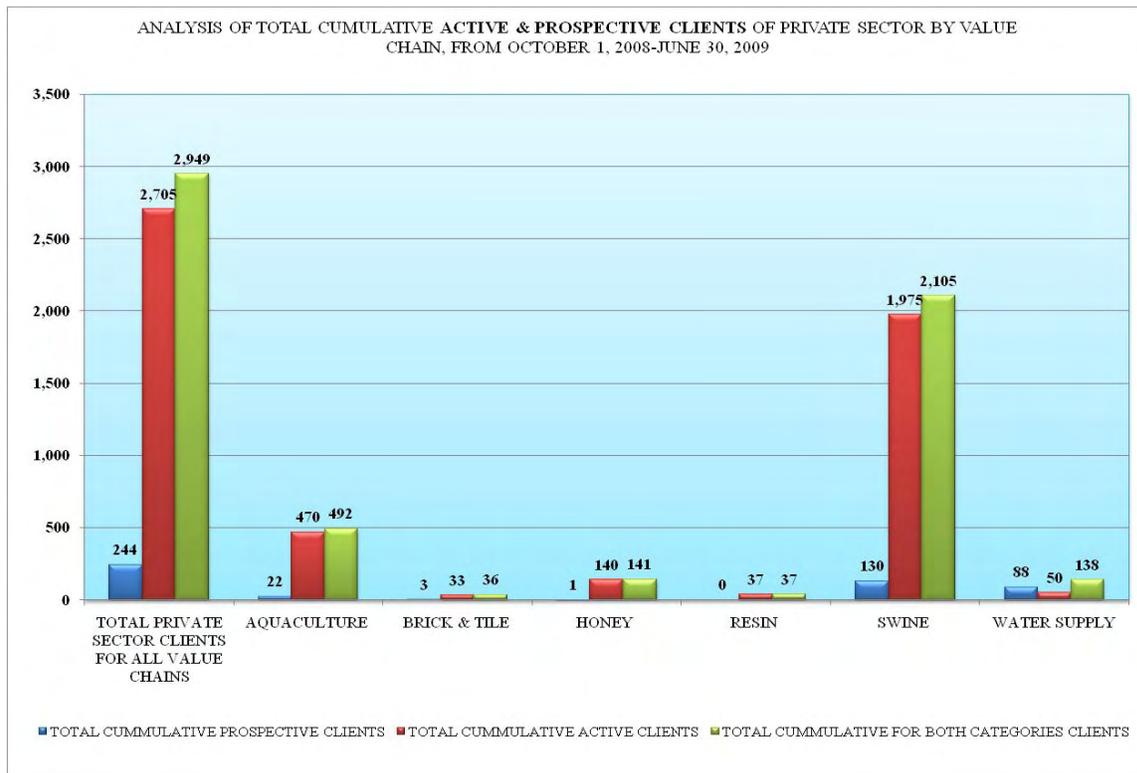
**Figure 10** – Analysis of Total Private Sector Clients by Value Chain, April-June 2009



**Figure 11** – Analysis of Total Cumulative Number of MSME 1 and MSME 2 Private Sector Clients by Value Chain, October 1, 2008 to June 30, 2009



**Figure 12** – Analysis of Total Cumulative Active and Prospective Private Sector Clients by Value Chain, October 1, 2008 to June 30, 2009



## Monitoring Indicators Follow up Within the Third Quarter, April-June 2009

M&E CODES	Monitoring Indicators	Unit	Source	Baseline	New	TARGET YEAR 1	QUARTER 3			CUMULATIVE QUARTER 3		
							Planned	Achieved	% Achievement	Planned	Achieved	% Achievement
<b>1</b>	<b>COMPONENT I: STRENGTHEN SELECTED V.C</b>											
1.1	Number of enterprises benefiting from USAID development assistance*/**	No.	MSME 2/BEE	1500	1500	3,000	524	927	177%	2,650	2,949	111%
1.2	Number of provinces supported by MSME 2/BEE	No.	MSME 2/BEE	6	6	12	0	0	0%	12	12	100%
1.3	Percentage change in value of sales of project assisted enterprises*	%	MSME 2/BEE	0	Baseline Survey	10%	0	0	0%	0	0	0%
1.4	Percentage change in income of project assisted enterprises	%	MSME 2/BEE	0	Baseline Survey	15%	0	0	0%	0	0	0%
1.5	Percentage change in volume of production in project assisted enterprises	%	MSME 2/BEE	0	Baseline Survey	10%	0	0	0%	0	0	0%
1.6	Number of full-time equivalent jobs created*	No.	MSME 2/BEE	0	Baseline Survey	1-600 2-500	0	0	0%	0	0	0%
1.7	Percentage change in investments by project-supported SMEs	%	MSME 2/BEE	0	Baseline Survey	15%	0	0	0%	0	0	0%
1.8	Number of people with increased economic benefits derived from sustainable natural management and conservation	No.	MSME 2/BEE	0	Baseline Survey	1-800; 2- 200	0	0	0%	0	0	0%
1.9	Number of people receiving USG-supported training in natural resources management and/or biodiversity	No.	MSME	0	1-400;	1-400;	252	415	165%	252	415	165%

	conservation		2/BEE		2-100	2-100						
1.10	Number of hectares in areas of biological significance under improved natural resource management**	HA	MSME 2/BEE	0	8,500	8,500	8,500	12,510	147%	8,500	12,510	147%
1.11	Number of private sector water service providers	No.	MSME 2/BEE	0	3	3	1	35	3500%	1	35	3500%
1.12	Number of people with improved access to drinking water supply**	No.	MSME 2/BEE	0	10,000	10,000						
1.13	Sales of point of use water filters	No.	MSME 2/BEE	0	2,500	2,500		0	0%		0	0%
1.14	Sales of point of use latrines	No.	MSME 2/BEE	0	2,500	2,500	0	0	0%	0	0	0%
<b>2</b>	<b>COMPONENT 2: STRENGTHEN PRIVATE SECTOR VOICE</b>											
2.1	Number of laws, policies, regulations, etc. reviewed, changed, or promulgated with private sector input	No.	MSME 2/BEE	0	2	2	0	0	0%	1	1	100%
2.2	Number of provincial PPD mechanisms developed and utilized as a result of USG assistance**	No.	MSME 2/BEE	0	5	5	2	3	150%	3	5	167%
2.3	Number of BMAs/unions 50% self-funded by dues paying members**	No.	MSME 2/BEE	0	1	1	0	1	0%	1	2	200%
2.4	Number of MSMEs, community working groups, and BMAs participating in policy advocacy meetings and PPDs	No.	MSME 2/BEE	0	125	125	33	268	812%	125	360	288%
2.5	Number of community working groups that have clear market linkages in NTFP value chains	No.	MSME 2/BEE	0	17	17	9	8	89%	12	8	67%
2.6	Number of project activities including of WSPs	No.	MSME 2/BEE	0	2	2	1	1	100%	1	1	100%

2.7	Number of policies and regulations reviewed or modified to improve the business environment for private WSPs**	No.	MSME 2/BEE	0	1	1	1	0	0%	1	0	0%
<b>3</b>	<b>COMPONENT 3: STRENGTHEN THE PUBLIC SECTOR</b>											
3.1	Number of BEE issues identified by private sector and government officials	No.	MSME 2/BEE	0	3	3	1	2	200%	2	3	150%
3.2	Number of proposed laws and regulations affecting the operations of microenterprises analyzed with USG assistance**	No.	MSME 2/BEEs	0	5	5	1	1	100%	3	3	100%
3.3	Number of relevant officials at the national and provincial levels demonstrating improved understanding of WTO compliance issues	No	MSME 2/BEE	0	40	40	20	45	225%	20	45	225%
3.4	Improved legal and regulatory transparency, including increased communications of normative acts and regulatory procedures/fees	No.	MSME 2/BEE	0	1-3; 2-3; 3-2	1-3; 2-3; 3-2	3	0	0%	5	0	0%
3.5	Number of policies, laws, agreements or regulations promoting sustainable natural resource management and conservation	HA	MSME 2/BEE	0	1	1	1	0	0%	1	0	0%
3.6	Number of policies and regulations reviewed or modified to improve the business environment for private WSPs	No.	MSME 2/BEE	0	1	1	0	0	0%	0	0	0%
<b>4</b>	<b>BIODIVERSITY</b>											
4.1	Number of people with increased economic benefits derived from sustainable natural management and conservation	No.	MSME 2/BEE	0	Baseline Survey	1-800; 2- 200	0	0	0%	0	0	0%
4.2	Number of people receiving USG-supported training in natural resources management and/or biodiversity	No.	MSME	0	1-400;	1-400;	252	415	165%	252	415	165%

	conservation		2/BEE		2-100	2-100						
4.3	Number of community working groups that have clear market linkages in NTFP value chains	No.	MSME 2/BEE	0	17	17	9	8	89%	12	8	67%
4.4	Number of policies, laws, agreements or regulations promoting sustainable natural resource management and conservation	HA	MSME 2/BEE	0	1	1	1	0	0%	1	0	0%
4.5	Number of hectares in areas of biological significance under improved natural resource management**	HA	MSME 2/BEE	0	8,500	8,500	8,500	12,510	147%	8,500	12,510	147%
<b>5</b>	<b>WATER</b>											
5.1	Number of private sector water service providers	No.	MSME 2/BEE	0	Baseline Survey	3	1	35	3500%	1	35	3500%
5.2	Number of individuals with improved access to drinking water supply**	No.	MSME 2/BEE	0	Baseline Survey	10,000						
5.3	Sales of point of use water filters	No.	MSME 2/BEE	0	2,500	2,500		0	0%		0	0%
5.4	Sales of point of use latrines	No.	MSME 2/BEE	0	2,500	2,500	0	0	0%	0	0	0%
5.5	Number of project activities including WSPs	No.	MSME 2/BEE	0	2	2	1	1	100%	1	1	100%
5.6	Number of policies and regulations reviewed or modified to improve the business environment for private WSPs	No.	MSME 2/BEE	0	1	1	1	0	0%	1	0	0%
<b>6</b>	<b>GIPC</b>											
6.1	Number of factories/firms receiving USG assistance to improve management practices	No	MSME 2/BEE	0	10; 15	10; 15	10	12	120%	19	20	105%

6.2	Number of PPDs in the garment sector	No.	MSME 2/BEE	0	1	1	1	2	200%	1	4	400%
6.3	GIPC is a 100% self-sufficient Non-governmental organization	--	MSME 2/BEE	0		50%	0	0	0%	0	0	0%
6.4	Number of participants in vocational trainings	No.	MSME 2/BEE	0	1 – 10; 2-115	1 – 10; 2-115	43	65	151%	87	117	134%
6.5	Number of individuals reporting gains from USG assistance	No.	MSME 2/BEE	Survey	50	50	0	0	0%	0	0	0%

## **Constraints Encountered and Unresolved Issues This Quarter**

- The baseline survey was delayed due to difficulties getting the correct updated geo-administration village codes from the relevant RGC Ministry. The field survey led by Indochina Research Limited (IRL) was postponed from May to July, 2009.

## **Main Events Planned For the Next Quarter**

- Complete baseline and Year 1 results survey and submit draft report to USAID by September 30, 2009.
- Facilitate Year 2 Annual Work Plan development workshop and submit Year 2 Annual Work Plan by August 30, 2009.