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QUARTERLY REPORT

CAMBODIA MSME PROJECT

Implemented by Development Alternatives, Inc.

USAID Contract No. GEG-I-00-02-00014-00, Order 02

JANUARY-MARCH, 2008

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

FOREWORD

Pursuant to the requirements of the Strengthening Micro, Small and Medium Enterprises (MSMEs) in Cambodia Contract No.GEG-I-00-02-00014-00, Order 02, Development Alternatives, Inc. (DAI) is pleased to submit the ninth quarterly report, covering January-March, 2008. DAI brings 30 years of development experience and an outstanding team of international and Cambodian technical staff to the Cambodia MSME Project, which employs a market-driven, grassroots strategy aimed at alleviating poverty, fostering economic growth, and improving the business enabling environment in eastern Cambodia.

The project works in three value chains in some of the country's poorest provinces: Kratie, Prey Veng, Kampong Speu, and Svay Rieng, as well as the more economically developed Kampong Cham and Kandal. During its final year, the project has continued to assist firms in the aquaculture, pig raising and tile manufacturing value chains.

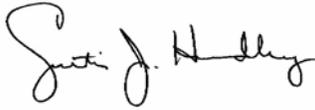
This report tracks activities identified in the Cambodia MSME Year 3 work plan and documents outcomes and achievements arising from those activities. This report also describes how its activities relate to the components and indicators contained in the Mission's new Operational Plan. The report describes relevant meetings and events, project publications, problems encountered and problems resolved.

Key activities, accomplishments this quarter:

- Organized two Rural Trade Fairs in Kampong Cham and Prey Veng provinces that drew in an estimated 25,000 Cambodian residents and more than 100 participating enterprises, mostly local firms, that paid for booth space.
- Extensive media coverage for project activities especially in Khmer print media, television and radio.
- Participated in the high-level Southeast Asia – Commercial and Institutional Reform (SEA-CLIR) Conference in Siem Reap and conducted a follow-up workshop in Phnom Penh to discuss with RGC representatives priority action items and areas for potential technical assistance form the project.
- Recruited a high-level Better Regulations Advisor, Paul Dodds who has over 15 years experience working on regulatory reform in Emerging Economies. Mr. Dodds brings significant rigor to the project's efforts to improve the business enabling environment in Cambodia, especially relevant now that the project can begin working directly with government officials.
- Began developing a Branding Strategy for the three project assisted value chains that will lay the groundwork for firm level and industry level branding strategies.
- Met with Provincial Government officials to discuss plans to develop six Provincial Economic Profiles that will serve as a platform from which to engage Provincial Government officials in a discussion on how they can improve the business environment in their respective provinces to attract new investments and promote rural private sector development.

- As a result of successful pilot initiative, EDVP Program, implementing partner COSECAM received a \$3 million grant to expand its program coverage nationwide with European Commission funding.

By March 2008, the project is gearing up for a significant increase in the number of firms assisted and results to be achieved. The MSME Project team continues to be motivated by the results being achieved in significant increases in enterprise development, investments in new technologies, strides in quality improvement and increased sales and volumes. The project is actually expanding the number of activities going into the final six months of the project.



Curtis Hundley
Chief of Party
Cambodia MSME Strengthening Project

ABBREVIATIONS

ADB	Asian Development Bank
ANZ	ANZ Royal Bank (Cambodia) Ltd.
AQIP	Agriculture Quality Improvement Project
BDS	Business Development Service
CADF	Cambodia Agribusiness Development Facility
CDC	Council for the Development of Cambodia
CEB	Cambodian Entrepreneur Building
CEDAC	Centre d'Etude et de Development Agricole Cambodgien
CFI	Community Finance Institution
CIDA	Canadian International Development Agency
CIDS	Cambodian Institute for Development Studies
CIPE	Center for International Private Enterprise
CIS	Credit Information System
CIEDC	Cambodia-India Entrepreneurship Development Center
CMA	Cambodia Microfinance Association
COSECAM	NGO Coalition to Address Sexual Exploitation of Children in Cambodia
CRS	Catholic Relief Service
DAFF	Department of Agriculture, Forestry and Fisheries
DAI	Development Alternatives, Inc.
DIME	Department of Industry, Mines and Energy
DOC	Department of Commerce
EIC	Economic Institute of Cambodia
FI	Financial Institution
GIS	Geographic Information Systems
GPS	Global Positioning System
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation Agency)
HEDC	Human Earth Development Center
IDE	International Development Enterprises
IDLO	International Development Law Organization

IFC	International Finance Corporation
IG	Interest Group
ILO	International Labor Organization
KPP	Khmer Product Promotion
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprise
NAI	Nathan and Associates, Inc.
NBC	National Bank of Cambodia
OGD	Office of General Development, USAID/Cambodia
PACT	PADCO/Pact Cambodia Program
PADEK	Partnership for Development in Kampuchea
PfD	Partners for Development
PSP	Private Sector Promotion
PUAC	Peri-Urban Agricultural Center
SME	Small and Medium-size Enterprise
TAF	The Asia Foundation
TAMIS	Technical and Administrative Management Information System
TPC	Thaneakea Phum (Cambodia)
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VC	Value Chain
VCA	Value Chain Assessment
VDC	Village Development Council
VLA	Village Livestock Agent (Veterinarian)

I. INTRODUCTION:

Rural Economic Development Through a Value Chain Approach

DAI began implementation of the Cambodia MSME Project in October 2005, and the project has entered the mid-point of its final year. Funded by the U.S. Agency for International Development (USAID), Cambodia MSME is designed to promote economic and private sector firm growth in the provinces of Kratie, Kampong Cham, Svay Rieng and Prey Veng, located in the southeastern corner of the country. In year 3, the project added two more provinces, Kandal and Kampong Speu.

Three of these provinces comprise some of the poorest economic areas in Cambodia – Kratie, Prey Veng and Svay Rieng. Kampong Cham and Kandal are economically advanced, and Kampong Speu is advanced in the eastern-most districts. To achieve maximum impact within the three-year project time frame, Cambodia MSME decided to focus on four value chains that, after a complex value chain assessment, DAI determined had the greatest potential for market growth, revenue generation, job creation and increased opportunities for women and other underserved groups: aquaculture production and processing, swine production and processing, clay tile production and marketing, and agricultural equipment manufacturing. The expansion to two new provinces will assist the project to improve market linkages with the firms located in the existing four project-assisted provinces and promote productivity-related investment throughout all the value chains. At the end of Year 3, the Project determined that further investments in the agriculture machinery value chain were not warranted due to an almost total lack of willingness by leading forms to engage and cost-share project activities.

The project strategy is to identify key constraints and opportunities in these value chains and then facilitate the services, inputs and other forms of support necessary to address them. DAI's demand-driven strategy emphasizes a grassroots approach to working with MSMEs to find sustainable private sector solutions to entrepreneurs' problems in each of the four value chains. Almost all project activities are sustainable after the project ends and concentrate on improving inter-firm relationships that increase overall industry investment and performance, which expand market linkages and information.

Project-assisted MSMEs face a range of serious problems. Some of the challenges that they face, such as poor infrastructure and low levels of education, are beyond the scope of the MSME Project to address. The most important problems that the project addresses include limited business understanding and technical expertise, weak market relationships, almost no advocacy for business constraints that inhibit economic and firm growth, and access to formal and informal credit. Cambodia MSME's strategy is to first improve firm and industry productivity and quality to ensure products can meet market demands for quality and consistency in supply, expand entrepreneurs' awareness of market opportunities and available services through local, cross-provincial, and international governance and technical assessments and trade-related events, and to improve commercial provision of technical and business products and services demanded by MSMEs. To promote sustainability, DAI facilitates mutually-beneficial relationships between private sector participants across the

value chains, such as introducing producers to more and better input suppliers, traders, processors, and credit suppliers.

As it is becoming clear that the initial objectives of productivity, quality and quantity of production will be reached, the Project must now focus more on product marketing and the business enabling environment. The area of growing importance for the MSME Project is to improve the business enabling environment and reduce the widespread corrupt practices that discourage MSME productivity and competitiveness. Cambodian MSMEs operate in a commercial system where the rule of law is weak, leading to capricious and arbitrary enforcement of regulations and contracts and a pervasive atmosphere of insecurity and mistrust. In most areas, formal private sector associations are either not well developed or do not exist at all. This environment creates a type of “vicious circle” that perpetuates poverty and slows economic growth.

To improve economic conditions in the four target provinces, the Cambodia MSME Project facilitates technical and financial solutions to value chain constraints together with new modes of thought and behavior among entrepreneurs that emphasizes cooperative “win-win” interactions among target MSMEs. It comprises five components:

Component 1: Improved Performance of USAID-Assisted Enterprises in Targeted Value Chains. Upgrading value chain competitiveness by building the knowledge, capacity and skills of MSMEs within the selected value chains.

Component 2: Enhanced Capacity of Value Chain Firms and Service Providers to Support Value Chain Competitiveness. Improving the capacity of providers of both stand-alone and embedded services and linking these providers with MSME customers within target value chains.

Component 3: Improved MSME Access to Finance. Fostering the “bankability” of MSMEs and promoting new and more appropriate financial products for enterprises within target value chains.

Component 4: Improved Business Environment. Building institutional and inter-firm trust, improving the capacity of MSMEs to engage in local policy advocacy and talk to government, fostering the development of provincial business associations, and making the local business environment more conducive for MSME growth.

Component 5: Economic Development Support for Vulnerable and Trafficked Persons (EDVP). A new set of PRIME-funded activities for FY 2007-8 designed to help people from vulnerable and trafficked groups in Svay Rieng, Prey Veng and Kampong Cham through vocational training and micro-enterprise business counseling.

Although achieving lasting impacts in the challenging environment of provincial Cambodia is a gradual process, the Cambodia MSME Project has carefully chosen interventions at key leverage points in the selected value chains. The “demonstration effects” already achieved in the project’s work with leading firms and entrepreneurs during the first two years have lent momentum to program activities in FY 2008, as Cambodia MSME broadens and deepens its interventions and replicates successes achieved.

Table 1: Activities Matrix from January-March, 2008

N	Type of Assistance	Value Chain	Indicators	Total by Province(Jan-Mar, 2008)						Grand Total
				KC	KRT	PV	SR	KD	KgS	
1	Technical Training	Swine	Number of Events	2	1	2	2	2	1	10
			Participants(All)	123	95	233	125	121	54	751
			Women(All)	20	26	80	20	12	7	165
			MSMEs(New)	78	12	67	93	121	54	425
			Women(New)	14	0	29	17	12	7	79
		Fish	Number of Events	2	0	1	0	0	0	3
			Participants(All)	49	0	28	0	0	0	77
			Women(All)	10	0	5	0	0	0	15
			MSMEs(New)	0	0	0	0	0	0	0
			Women(New)	0	0	0	0	0	0	0
	Total 1	Number of Events	4	4	1	3	2	2	13	
		Participants(All)	203	172	95	261	125	121	828	
		Women(All)	24	30	26	85	20	12	180	
		MSMEs(New)	154	78	12	67	93	121	425	
Women(New)		21	14	0	29	17	12	79		
2	IG Formation	Fish	Number of Events	0	0	0	0	1	0	1
			Participants(All)	0	0	0	0	10	0	10
			Women(All)	0	0	0	0	0	0	0
			Number of Events	0	0	0	0	1	0	1
	Total 2	Participants(All)	0	0	0	0	10	0	10	
Women(All)	0	0	0	0	0	0	0			
3	Cross Provincial Tour	Pig	Number of Events	1	0	2	1	1	0	5
			Participants(All)	23	0	52	27	27	0	129
			Women(All)	5	0	8	3	6	0	22
		Fish	Number of Events	1	0	0	1	0	0	2
			Participants(All)	21	0	0	27	0	0	48
			Women(All)	6	0	0	8	0	0	14
	Total 3	Number of Events	2	0	2	2	1	0	7	
	Participants(All)	44	0	52	54	27	0	177		
Women(All)	11	0	8	11	6	0	36			
4	International Tour	Pig	Number of Events	2						2
			Participants(All)	11	7	7	3	0	0	28
			Women(All)	3	1	2	0	0	0	6
		Total 4	Number of Events	2						2
		Participants(All)	11	7	7	3	0	0	28	
		Women(All)	3	1	2	0	0	0	6	
5	Business Meeting	Fish	Number of Events	1	0	0	0	0	0	1
			Participants(All)	33	0	0	0	0	0	33
			Women(All)	11	0	0	0	0	0	11
			Number of Events	1	0	0	0	0	0	1
	Total 5	Participants(All)	33	0	0	0	0	0	33	
Women(All)	11	0	0	0	0	0	11			
6	BEE Meeting		Number of Events	3						3
			Participants(All)	17	17	15	4	0	72	125
			Women(All)	5	8	5	0	0	25	43
			Number of Events	3						3
	Total 6	Participants(All)	17	17	15	4	0	72	125	
Women(All)	5	8	5	0	0	25	43			
GRAND TOTAL			Number of events							27
			Participants	61	103	294	1	62	54	1148
			Women	20	27	91	0	8	7	258

II. ACTIVITIES DURING JANUARY-MARCH, 2008

PROGRAM COMPONENT 1: IMPROVED PERFORMANCE OF USAID-ASSISTED ENTERPRISES IN TARGETED VALUE CHAINS	START DATE	END DATE	ACTIVITY UPDATE
ACTIVITIES			
1.1. Broaden activities to 1,500 MSMEs			
1.1.1. Identify more leading firms in the four project-assisted provinces.	Jan, 08	Mar, 08	425 new leading firms including 79 women entrepreneurs were included in project activities in the first quarter of 2008.
1.1.2. Expand project assistance to new districts in Kandal and Kampong Speu provinces	Jan, 08	Mar, 08	Senior Project Managers visited the Provincial Government administration in Kandal and Kampong Speu to brief them on the Cambodia MSME project's plans to expand geographical coverage to include these two provinces. Three embedded technical trainings were conducted in Kandal and Kampong Speu this quarter. A total of 175 (20% of the participants were women) entrepreneurs in the Swine value chain participated in the training.
1.2 Upgrade MSME competitiveness, build knowledge, capacity, skills and services of firms			
1.2.1. Facilitate improved market linkages through business forums and local business strategy development.	Jan, 08	Mar, 08	Organized two Rural Trade Fairs in Kampong Cham and Prey Veng. The trade fairs were designed to provide rural enterprises with an opportunity to rural enterprises to attract new customers and practice business promotion. An estimated 25,000 potential customers attended the two events. Each fair had around 60 booths with displays of products and services from local MSMEs and Phnom Penh based companies and service providers. Trade fair visitors were drawn to the wide array of games with themes from the project assisted value chains, and entertainment featuring comedy, music and dance.
1.2.2. Facilitate quality improvements through the introduction of new technologies and processes through cross-provincial and regional exposure missions.	Jan, 08	Mar, 08	Swine: <ul style="list-style-type: none"> • Introduced new technology of swine raising techniques by facilitating two international exposure visits to Thailand and Vietnam. 13 participants (including 2 women) from four provinces attended the visit to Thailand and 15 swine raisers (including 4 women) went to Vietnam.

PROGRAM COMPONENT 1: IMPROVED PERFORMANCE OF USAID-ASSISTED ENTERPRISES IN TARGETED VALUE CHAINS	START DATE	END DATE	ACTIVITY UPDATE
ACTIVITIES			
			<ul style="list-style-type: none"> • Exposure to bigger and more sophisticated farms in Kampot and Takeo by facilitating four cross-provincial visits for a total of 102 participants (including 19 women) from Prey Veng and Kandal Provinces. <p>Fish:</p> <ul style="list-style-type: none"> • Introduced new technology on Fish raising techniques by conducting a cross-provincial trip for 26 fish farmers from (including 6 women) from Kampong Cham to several farms in Kandal and Phnom Penh.
1.2.3. Facilitate improved business skills through the introduction of MSME-developed business training modules.	Mar, 08	Mar, 08	<p>Three business training modules developed by the Cambodia MSME project were given to COSECAM and SEDOC:</p> <ul style="list-style-type: none"> • COSECAM tested two training modules on “how to care for the customer,” and “Am I making a profit” to 19 beneficiaries of the EDVP program (including 5 women) in Svay Rieng • SEDOC used the training module “What should I invest in?” in Kampong Speu for 35 of their project clients (including 12 women). <p>DAI staff observed and advised on training methodology for all of the above training events.</p>

PROGRAM COMPONENT 2: ENHANCED CAPACITY OF VALUE CHAIN FIRMS AND/OR STAND ALONE PROVIDERS TO SUPPORT COMPETITIVE VALUE CHAINS	START DATE	END DATE	ACTIVITY UPDATE
ACTIVITIES			
2.0. Facilitate business and technical training to more MSMEs.			
2.0.1. Facilitate additional business and technical training partners, such as NGOs, MFIs, and educators.	Jan, 08	Feb, 08	In the first two months of this quarter, the project marketed the Business Training modules to two Microfinance Institutions and ten NGOs. While all the organizations expressed an interest in the training modules, two of them (COSECAM and SEDOC) have adopted them and begun customizing them to suit the needs of their clients.
2.0.2. Facilitate and formalize traditional service providers to copy the MSME Project model of selecting leading firms and providing specialized training.	Jan, 08	Feb, 08	Met with Best Cure and Medivet, Input Supply companies to promote the Cambodia MSME model and encourage these firms to provide embedded training services without project assistance. Some firms are already doing this on a limited scale.
2.1. Expand access to technical and business training services provided by value chain participants.			
2.1.1. Improve and facilitate access to and distribution of technical and business publications.	Jan, 08	Mar, 08	The project disseminated over 1,100 copies of the Pig Production Manual in Khmer language. Project clients, local NGOs, Provincial Government Departments and Agricultural Education institutions in the six project assisted provinces reported appreciating the value of the manuals.
2.1.2. Facilitate expansion of services to link producers to markets, improve product quality and delivery, and educate MSMEs on business policy advocacy.	Jan, 08	Mar, 08	Facilitated six technology transfer cross provincial exposure visits to introduce best practices, link and build relationships among MSMEs and between MSMEs and large firms. 135 entrepreneurs in the Swine Value Chain and 71 from the aquaculture value chain benefited from the technology transfer exposure visits.
2.1.3. Facilitate advanced services training to encourage productivity and market expansion investments.	Jan, 08	Mar, 08	Facilitated 7 embedded technical trainings for 521 entrepreneurs in the Swine Value Chain and 37 entrepreneurs in the Aquaculture Value Chain. The trainings introduced new and improved productions methods that will result in increased productivity and expansion of businesses.
2.1.4. Facilitate the linkage of the national pig association to provincial CWGs.	Jan, 08	Mar, 08	The Cambodia Pig Raisers Association demonstrated their support to the Kampong Cham Branch of the Pig Raisers Association by supplying them with 1,000 piglets. They also provided 60 piglets to the Swine Community Working Group in Prey Veng (the CWG in Prey Veng is considering formalizing into an association). The project continues to facilitate linkages between the national association and the provincial CWGs on

PROGRAM COMPONENT 2: ENHANCED CAPACITY OF VALUE CHAIN FIRMS AND/OR STAND ALONE PROVIDERS TO SUPPORT COMPETITIVE VALUE CHAINS	START DATE	END DATE	ACTIVITY UPDATE
			advocacy efforts to improve the competitiveness of the swine sector in Cambodia.
2.1.5. Facilitate business working groups and associations to concentrate on market development and branding.	Jan, 08	Mar, 08	In partnership with the Emerging Markets Group, the project has completed the first phase of developing a Branding Strategy for the Swine, Aquaculture and Brick and Tile Value Chain. The final report will be submitted to USAID/Cambodia in the next quarter.

PROGRAM COMPONENT 3: ONGOING IMPROVED MSME ACCESS TO FINANCE	START DATE	END DATE	ACTIVITY UPDATE
ACTIVITIES			
3.0. Improve access to credit for MSMEs in the selected value chains			
3.0.1. Facilitate improved trade and credit relationships between value chain actors to decrease risk and increase lending.	Jan, 08	Mar, 08	Project activities lead to improved relationships between value chain actors which in turn facilitates improved trade and credit relationships.
3.0.2. Facilitate increased understanding within value chains of the value of using credit for market and product expansion.	Jan, 08	Mar, 08	The project has identified an expert to implement some of the recommendations from the research findings of Brett Matthews, Access to Finance Specialist. New interventions will focus on developing credit management tools for deepening the availability of embedded credit.
3.1. Facilitate training in basic accounting.			
3.1.1. Facilitate business trainings that include bookkeeping fundamentals, improve MSME understanding about profitability, and improve the ability of MSMEs to invest resources in the most productive assets or processes.	Jan, 08	Mar, 08	Business training was provided in two provinces in an effort to encourage other institutions active in the six project assisted provinces to use the MSME-designed business and financial development training modules.
3.1.2. Facilitate MFIs, NGOs, and private firms to promote basic accounting training.	Jan, 08	Mar, 08	Staff from COSECAM and SEDOC were trained on how to facilitate the MSME-designed training modules which include modules on basic financial literacy.
3.2. Facilitate increased lending by firms upstream in the value chain, such as processors and large input suppliers.			
3.2.1. Facilitate innovative mechanisms for increasing credit flows throughout the value chain that result from early Year-3 research.			This activity will begin in May, 2008
3.2.2. Facilitate discussions about credit practices at community working group and association meetings.	Jan, 08	Mar, 08	Access to credit has been a dominant theme in meetings of the Kampong Cham Branch of the Cambodia Pig Raisers Association. Merrilene Peramune, Business Strategist will return to Cambodia in mid-May to facilitate additional discussions on this topic with the Association and Community Working Groups in Prey Veng.

PROGRAM COMPONENT 4: IMPROVED BUSINESS ENVIRONMENT	START DATE	END DATE	ACTIVITY UPDATE
4.0 Facilitate the development of advocacy capacity and action.			
4.0.1. Facilitate local NGOs to train and build capacity for private and public sectors to engage in dialogue.	Feb, 08	Feb, 08	Project staff engaged directly with Swine Community Working Group representatives from Kampong Cham, Kratie, Prey Veng on advocacy training and facilitated their participation at the Government-Private Sector Forum's Agriculture and Agro-Industry Working Group meeting and raised issues that will be on the Prime Minister's agenda at the G-PS Forum in April, 2008.
4.0.2. Facilitate events where the private and public sectors can discuss issues openly and with the goal of resolution.	Jan, 08	Mar, 08	Facilitated a Public-Private Dialogue forum for 57 members of provincial Community Working Groups and Provincial administration at Senator Mong Reththy's farm in Sre Ambel. Senator Mong Reththy is the Co-Chairman of the Agriculture and Agro-Industry Working Group. This high profile event gave MSMEs the opportunity to openly discuss challenges facing rural enterprises. It resulted in improved relationships between MSMEs, Provincial and National Government representatives and received wide media coverage on television, radio and newspapers.
4.1 Facilitate meetings with private and public sectors to identify issues.			
4.1.1. Facilitate interest groups, community working groups, and association meetings with a goal of identifying new business issues, while presenting successes in solving previous issues.	Jan, 08	Mar, 08	Facilitated meetings with the Kampong Cham Branch of the Pig Raisers Association to discuss strategic advocacy efforts that the association can lead on behalf of it's members. Formed a Aquaculture Interest Group in Kandal to initiate the idea of working together to settle issues that affect their businesses and to present important business environment issues to provincial and national government for resolution.
4.1.2. Facilitate meetings with private and public sectors – individually and collectively – to resolve business environment issues.	Feb, 08	Mar, 08	In mid-February, 2008, Senior Better Regulations Advisor, Paul Dodds joined the project team. Mr. Dodds is an Attorney with over 15 years of experience working on regulatory reform in emerging economies. Mr. Dodds met with a wide range of rural and urban private sector representatives and provincial and national level RGC officials to identify critical BEE issues relevant to the clients in the three project assisted value chains. In the next quarter, the project will implement a set of activities designed to address these issues and track their progress.

PROGRAM COMPONENT 4: IMPROVED BUSINESS ENVIRONMENT	START DATE	END DATE	ACTIVITY UPDATE
4.2. Facilitate the identification of issues with the greatest economic development potential for the value chains in particular and the provinces in general.			
4.2.1. Raise awareness of important business issues presented and track their progress.	Jan, 08	Mar,08	<p>At the Government-Private Sector Forum, scheduled for April 18, 2008, the following pig industry issues were raised on behalf of Swine Value Chain clients:</p> <ol style="list-style-type: none"> 1. Regulate to maximize price and quality competition among slaughterhouses and traders; 2. Improve slaughterhouse licensing, to ensure both higher sanitary standards and new investment in the industry; 3. Simplify pig inspection, trading and transport rules and practice so that market players can predict compliance requirements; and 4. Simplify veterinary medicine regulations, so Government can better protect pig raisers from sellers of bad medicine, under rules which encourage compliance by responsible companies.
4.2.2. Promote multiple advocacy mechanisms at the national and provincial levels for presenting and resolving issues.	Jan, 08	Mar, 08	The project continues to engage with Interest Groups, CWGs, and Associations at the provincial level; and with other Donor funded programs and National Ministries to present and resolve issues affecting rural private sector development.
4.3. Facilitate media coverage of important issues.			
4.3.1. Facilitate working relationships with different media - print, radio, television.	Jan, 08	Mar, 08	<p><u>Newspaper:</u></p> <ul style="list-style-type: none"> • Facilitated working relationship with newspapers to produce article such as Pig Farming Technique raise living standard, Study visit to farm development zone expands knowledge of business environment in Cambodia, Pig Raising manual and Rural Trade Fair in Kompong Cham province in Koh Santepheap and Rasmey Kampuchea. • Coordinated Koh Santepheap to write article on Agriculture and Agro-industry working Group Meeting at Chamber of Commerce.

PROGRAM COMPONENT 4: IMPROVED BUSINESS ENVIRONMENT	START DATE	END DATE	ACTIVITY UPDATE
			<p><u>Radio:</u></p> <ul style="list-style-type: none"> • Coordinated Radio FM 102 to broadcast article on Agriculture and Agro-industry working Group Meeting at Chamber of Commerce. <p><u>Television:</u></p> <ul style="list-style-type: none"> • Edited 13-minutes television report on the Visit to Mong Reththy farm. It is broadcasted on National Television of Cambodia (TVK). • Coordinated a television news on Rural Trade Fair in Prey Veng Province.

PROGRAM COMPONENT 4: IMPROVED BUSINESS ENVIRONMENT	START DATE	END DATE	ACTIVITY UPDATE
4.3.2. Facilitate awareness of media on the important issues and encourage advocacy through media.	Jan, 08	Mar, 08	<p><u>Newspaper:</u></p> <ul style="list-style-type: none"> • Three articles printed in Koh Santepheap and Rasmey Kampuchea newspaper: <ol style="list-style-type: none"> 1. Pig Farming Technique raise living standard 2. Study visit to farm development zone expands knowledge of business environment in Cambodia. 3. Pig Raising manual 4. Rural Trade Fair in Kampong Cham province. • One article on Agriculture and Agro-industry working Group Meeting at Chamber of Commerce was printed by Koh Santepheap Newspaper. <p><u>Radio:</u></p> <ul style="list-style-type: none"> • Broadcast by Radio FM 102 a news clip on Agriculture and Agro-industry working Group Meeting at Chamber of Commerce. <p><u>Television:</u></p> <ul style="list-style-type: none"> • Broadcast a 13-minutes television report on the Public-Private Dialogue Forum at Senator Mong Reththy's farm. It is broadcast by National Television of Cambodia (TVK). • Broadcast a television news on Rural Trade Fair in Kampong Cham and Prey Veng Province on Apsara Television station, • Broadcast a 14 minute television documentary on the International Exposure Trip for 15 Provincial Government Officials to Vietnam <p><u>Trade Fair</u></p> <ul style="list-style-type: none"> • Assisted in preparing Information, Education and Communication material on the Cambodia MSME project and set up booths at the Rural Trade Fair in Prey Veng and Kampong Cham,. <p><u>Media to cover Rural Trade Fairs</u></p> <ul style="list-style-type: none"> ○ Rasmey Kampuchea: Newspaper article on Rural Trade Fair in Prey Veng Province. ○ FM 103 Radio station: Radio news on Rural Trade Fair in Prey Veng, broadcasted twice. ○ Television stations broadcasted news on Rural Trade Fair in Prey Veng and Kampong Cham. <p><u>Veng:</u></p> <ol style="list-style-type: none"> 1. TV 5: one news broadcasted with two incidents. 2. TV 2: one news broadcasted

PROGRAM COMPONENT 4: IMPROVED BUSINESS ENVIRONMENT	START DATE	END DATE	ACTIVITY UPDATE
4.4. Facilitate increase participation of the provincial governments in national policy and administrative reform.			
4.4.1. Facilitate mechanisms for improved communications between provincial departments and governors with national ministries in national regulatory and administrative reform efforts.	Jan, 08	Mar, 08	<ul style="list-style-type: none"> • Met with the Governor of Prey Veng to report on results from the first two years of project implementation and discussed plans for new activities in Yea 3. • Met with provincial department of Agriculture(DoA), Industry(DIME) and Commerce(in Prey Veng, Svay Rieng, Kampong Cham, Kratie and Kampong Speu provinces to): <ol style="list-style-type: none"> a. Update them on new project activities, b. Challenges in implementing better regulations, c. Project plan to develop Provincial Economic Profiles in the next quarter.
4.4.2. Facilitate improved performance by provincial governments to perform their economic development functions by defining and improving their understanding of the provincial government's role in economic development and support to the private sector.	Jan, 08	Mar, 08	International exposure visits for Government officials at the provincial level has proven to be an effective means to facilitate greater understanding of the important role they can play in stimulating economic growth by supporting the private sector. Plans are underway to conduct a international exposure trip to Malaysia for provincial government officials will held on 30 March to April 5, 2008.

PROGRAM COMPONENT 5: ECONOMIC DEVELOPMENT SUPPORT TO VULNERABLE AND TRAFFICKED PERSONS	START DATE	END DATE	ACTIVITY UPDATE
ACTIVITIES			
5.1.1 Facilitate trainings for at least 50 vulnerable persons with willing enterprises using SCR concept.	Jan, 08	Mar, 08	This Quarter 22 beneficiaries received skills training. As of March, 2008 a total of 68 beneficiaries have received skills training on 18 different skills.
5.1.2 Provide life skills training for at least 50 vulnerable persons to be placed in jobs or self-employed.	Jan, 08	Mar, 08	19 new beneficiaries were given seed money ranging from \$80 to \$230 to be self-employed by setting up their own small businesses. The small businesses ranged from ice-cream selling, sugar cane juice production, bicycle repairing, fish selling, vegetable selling, meat selling, noodle preparation and sale, papaya salad preparation and sale and soy milk production.
5.1.3 Monitor and follow up training progress and job placement or self-employment.	Jan, 08	Mar, 08	The EDVP team at COSECAM conducted monitoring and follow-up visits three times in the first month after the grant is given to new beneficiaries and subsequently once a month visits. In addition COSECAM NGO partners and Government agencies conduct regular monitoring visits to provide business counseling, life skills training and encouragement to beneficiaries. 31 visits were made this quarter.

Short Term Technical Assistance Visits

Last Name	First Name	Date(s)	Purpose
Dodds	Paul	2/4/08 - 3/31/08	Senior Better Regulation Advisor Strategic Planning Expert for the
Eddy	Trent	2/1/08 - 3/31/08	Branding Strategy Development
Krivoshlykova	Marina	2/21/08 - 3/31/08	Provincial Economic Profiles
Millis	Bryanna	2/21/08 - 3/31/08	Provincial Economic Profiles
Parker	Steve	1/31/08 - 3/26/08	Senior Trade Expert
Powell	Michael	1/1/08 - 3/31/08	BDS Curriculum Developer Facilitator – Technology and
Sparkman	Tim	1/1/08 - 3/31/08	Governance Study Tour to the USA

Challenges Encountered

The most significant challenge encountered this quarter are rising input prices (feed, medicine, raw materials etc.) for firms in all three project assisted value chains.

It is becoming increasingly obvious that there is a lack of understanding by government officers on the importance of effective regulatory drafting and its effects on the rural businesses.

Lessons Learned:

The Government is willing to make arbitrary and significant changes to the business environment without warning, such as the elimination of the disease-inhibiting swine embargo. This unpredictability creates havoc for enterprises, reduces profits and places their investments at risk.

Quarterly Financial Reporting

The following table reflects expenditures this quarter.

Budget Line Item	Budget Ceiling Amount	Expenses Inception to last Period through December, 2007	Expenses this Quarter January 1 - March 31, 2008	Cumulative Expenses Through March, 2008	Remaining Amount From Budget
Workdays Ordered/ Labor	\$2,579,754.00	\$1,823,215.42	\$250,202.66	\$2,073,418.08	\$506,335.92
Other Direct Costs	\$2,227,339.00	\$1,198,047.73	\$271,502.37	\$1,469,550.10	\$757,788.90
G&A	\$200,595.00	\$108,942.85	\$24,597.59	\$133,540.44	\$67,054.56
Grand Total	\$5,007,688.00	\$3,130,206.00	\$ 546,302.62	\$3,676,508.62	\$1,331,179.38