

IFC ADVISORY SERVICES FOR THE RICE SECTOR CLIENTS



Creating Markets, Creating Opportunities

Annual SRP Planetary, Siem
Reap, Cambodia, January,
2019



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•ICSID

•International
Centre for
Settlement of
Investment
Disputes

•Conciliation
and arbitration
of investment
disputes

What We Do in Cambodia

IFC supports private sector in Cambodia through innovative investments and advisory services that help create job, raise income and reduce poverty.

Since 2000, IFC has committed and mobilized more than one billion dollars for IFC's investments in Cambodia with a focus on financial, infrastructure, agribusiness and education sectors.

IFC's advisory service in Cambodia has been focused on Agriculture, Trade and Competitiveness and Financial sectors, and recently expanding to corporate governance and logistic and tourism sectors through our PPP transaction advisory services.

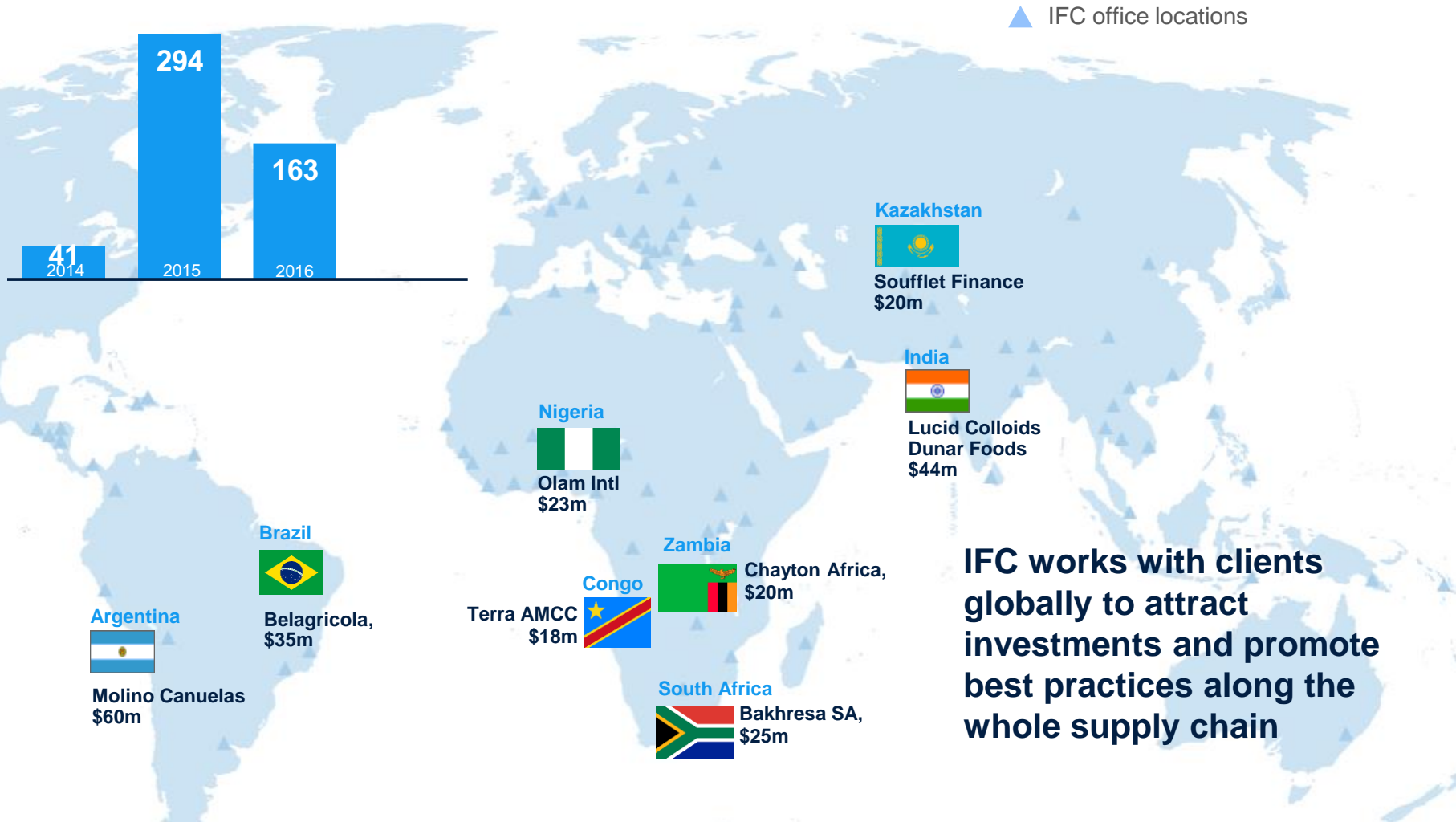


Source: Red Dot (Cambodia) Co., Ltd.

IFC INVESTMENTS IN GRAINS SECTOR GLOBALLY (INCL. RICE)

Grains and Bean (incl. Grain Processing) Portfolio

Committed IFC portfolio \$m (IFC own account)



IFC works with clients globally to attract investments and promote best practices along the whole supply chain

[Data 2017]

CAMBODIAN RICE SECTOR

*TYPICAL CHALLENGES ALONG THE SUPPLY CHAIN,
DESPITE THE UNDISPUTED DEVELOPMENT, TAKEN PLACE OVER THE PAST YEARS:*



Insufficient and inadequate supply from farmers

Inconsistent and non-uniform paddy quality due to:

- Lack of access to improved planting seed
- Lack of proper post-harvest handling, including drying and storage
- Low level of organization & business management of farmer cooperatives
- Limited access to technical know how of farming techniques



Poor processing quality

- Lack of knowledge on milling efficiency, storage capacity
- Poor control over supply chain management and lack of extension services
- Lack of access to finance (incl. capex and working capital)



Poor market access

- Lack of proper export strategy (both at company and industry level)
- Lack of knowledge on potential markets, and products/market diversification
- Limited experience with business networking & professional presence

Early Engagement

In the Cambodia rice sector

(2009 – 2016)

THE IFC 'CAMBODIA RICE' PROJECT

To improve the competitiveness of the rice export sector. This will contribute to an increase of 300,000 metric tons of annual national rice exports with a value of USD 180,600,000. The project will contribute to IDGs by increasing/improving sustainable farming opportunities for 30,000 farmers.

Improving paddy quality

AIM: Increase 8,000 farmers' access to improved inbred planting seed for high value rice varieties.

Enhancing milling efficiency

AIM: Increase the efficiency and output quality of 20 rice mills/re-processors (incl FS certification).

Marketing Cambodian rice

AIM: Develop and implement a strategy to increase Cambodian rice exports. USD49,000,000 in rice export value facilitated.

INTERVENTIONS ALONG RICE SUPPLY CHAIN

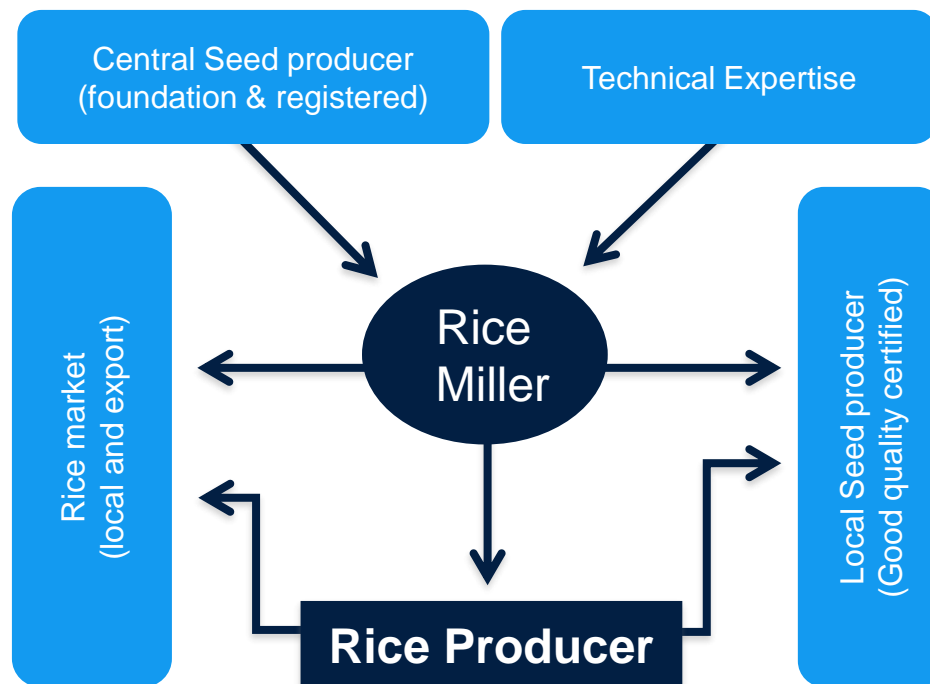
Example 1: Improving paddy quality

Three main solutions:

- Seed multiplication with rice millers/exporters and their suppliers
- Mass Media – Outreach to farmers (radio)
- Innovative ICT – Interactive Voice Response System (Verboice)



LEAD FIRM APPROACH IN SEED MULTIPLICATION



INTERVENTIONS ALONG RICE SUPPLY CHAIN

Example 2: Enhancing Milling Efficiency

Three main solutions:

- Rice mill management software
- Milling operations and equipment advise
- Food safety certification (GMP, GHP, HACCP, ISO 22000)



FIRM LEVEL SUPPORT APPROACH IN FOOD SAFETY CERTIFICATION

Phase 1

- Gap Assessment
- Management presentation
- Proposal/Plan



Agreement

- Discussion with IFC
- Professional Service Agreement



Phase 2

- Training
- Consulting Service
- Certification

INTERVENTIONS ALONG RICE SUPPLY CHAIN

Example 3: Export Promotion

Develop and implement a strategy to export Cambodian rice through:

- Build capacity of rice exporters and its representative association
- Identify target markets, export strategies and implementation
- Develop and promote Cambodian rice brand



On-going Engagement in the rice sector:

Cambodia and beyond

(2017 – present)



AMRU RICE CAMBODIA

Client Needs

Amru Rice, a top Cambodia rice exporter, needed to develop the SRP supply chain to diversity its products offered, expand international market access, and improve livelihood of farmers

IFC Solutions

- Design and implement AS to develop SRP supply chain for 2,000 farmers;
- Establish and build capacity ACs in managing and implementing SRP supply chain;
- Gap assessment and build Amru capacity to manage and implement SRP supply chain;
- Facilitate linkages and contract farming; and
- Traceability – ICT tool – farmforce.



Progress Results

- More than 1,200 farmers trained on SRP standards
- Farmers behaviors and practices changes
- 8 contracts signed between AMRU and ACs
- More than 7,000 tons of SRP paddy purchased by AMRU as of December 2018.



MARS AND BRICo



Client Needs

- Develop upgraded, climate smart, traceable and inclusive rice supply chains and introduction of SRP standards and practices.
- 1,200 direct commercially- oriented growers and 7,000 farmers indirect reach, sustainably SRP paddy supplied through built good infrastructure

IFC Solutions

- IFC Designed and Implemented Advisory Services on:
- Increase access to SRP verified rice;
- Farmer group/cooperatives establishment and strengthen;
- Traceability system development;
- Support farmers adoption of climate smart agriculture (CSA) technologies and practices;
- Increase farmers access to improve seed; and
- Access to finance and improved business management skills.



Results

- 13ACs selected/registered: 2,300ha, expected 6,440T of SRP paddy;
- Baseline survey: Gender Mapping; Financial Literacy, ScopeInsight ...;
- Piloting of seed multiplication (32 tons of foundation seed multiplied); and
- Conduct training on seed production and updating technical training material;

Loc Troi Group (LTG - Vietnam)

Developing sustainable rice cultivation with small holder farmers

• Client Need

- Loc Troi Group (LTG) is moving away from a commodity focus to become more of a niche, high-end market player on the global rice scene and domestically.
- LTG wants to enhance the sustainability of its rice supply chain and strengthen its agri-extension services & social responsibility as it sees significant business prospects through increased sales of Sustainable Rice in local and international markets.
- Key challenges: Unsustainable Mekong Delta rice farming practices related to high water use, pesticide & fertilizer use, poor post harvest methods, including storage.

• IFC Solutions

- Advisory Services pilot and scale up the application of Sustainable Rice Platform standards (SRP) within Loc Troi's supply chain with TA from the International Rice Research Institute (IRRI).
- Train LTG agronomists/warehouse operators to more effectively train farmers and oversee the consistent application of the SRP standards and performance indicators.
- Development of market linkages with international rice traders.

- *IFC advisory projects: 1 (current) – 2 (development)*
- *SRP Project duration: Dec 2016 – Dec 2018*
- *Client Strategy: develop a sustainable rice supply chain and move away from a commodity to a specialty rice focus*

• Project Results

- Developed a more competitive and sustainable rice supply chain thru training and coaching of 3,494 smallholder farmers (11,523 ha across 7 provinces) in adopting Sustainable Rice Platform (SRP) practices within LTG supply chain. Currently LTG scaling up to 4,500 farmers (13,200 ha).
- 219 LTG agronomists were trained by IRRI, using 161 field schools in the process. Impressive impact at farm level: increased yields (17%) and increased profit/ha (20%). 29 warehouse operators were trained by IRRI to improve post-harvest handling and warehouse management practices.
- LTG has signed an off-taker agreement for SRP rice with international rice trader Phoenix Commodities in Dubai in November 2018. The MOU is focused on SRP rice supply and covers 10,000 smallholders, starting 2019 Summer-Autumn season.
- Triggered wider impact in the Vietnamese rice sector through a demonstration effect by industry leader LTG. Multiple SRP projects have started since in Vietnam through Public-Private Partnerships and the government has included SRP in its agri industry planning strategies.

MYANMAR AGRIBUSINESS DEVELOPMENT



Early stage, but solid engagement in the rice sector on:

- ✓ Support MRF to improve MYN milled rice standards/specs and develop paddy grading system;
- ✓ Food Safety AS with large local firms
- ✓ Develop AS on rice supply chain with leading exporters (i.e. SWY)
- ✓ Support international off-takers to enter Myanmar rice market.



THANK YOU FOR YOUR ATTENTION!

