

RECOMMENDATIONS TO ACCELERATE PRIVATE INVESTMENT IN CLIMATE-SMART AGRICULTURE AND FORESTRY PRODUCTION IN CAMBODIA

BACKGROUND

On March 29, 2017, the USAID-funded Climate Economic Analysis for Development, Investment, and Resilience (CEADIR) activity organized a regional workshop in Bangkok, Thailand on “Convening Private Sector Investment in Climate-Smart Commodity Production in Southeast Asia.” Private sector leaders and government officials discussed regional needs, opportunities, challenges, and priority actions to accelerate investment in climate-smart, low-emission agriculture and forestry production.

Based on the regional recommendations from the March workshop and on additional discussions, CEADIR developed country-specific recommendations for improving communication and collaboration to scale up private investment in climate-smart agriculture and forestry in Cambodia, Indonesia, the Philippines, and Vietnam. CEADIR administered a survey and conducted interviews to gather stakeholder input for the recommendations, which are intended to support and guide country governments, USAID missions and implementing partners, and other donors and development partners.



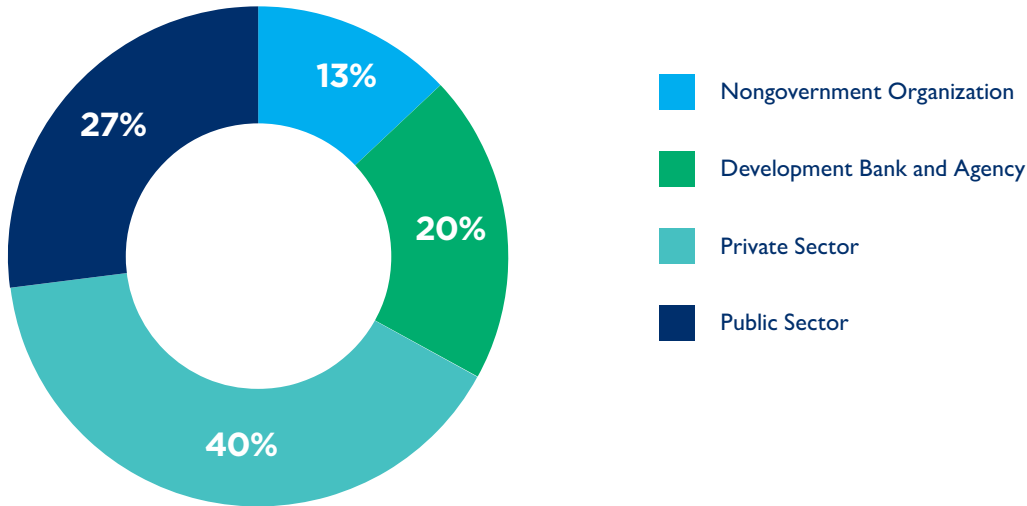
INTRODUCTION

This brief provides an overview of key challenges and recommendations for improving public-private sector communication and collaboration to facilitate investment in climate-smart commodity production in Cambodia. It also gives profiles of respondents in Cambodia. The data in the figures below show that 40 percent of respondents were from the private sector. This includes 13 percent from financial institutions and banks, 7 percent from small and medium enterprises (SMEs), 7 percent from consulting firms, 7 percent from certification platforms, and 6 percent from multinational corporations in the country. Twenty-seven percent of respondents were from the public sector, including 20 percent from government agencies and 7 percent from state-owned banks. The remainder included 20 percent representing development banks and development agencies and 13 percent from nongovernmental organizations (NGOs).

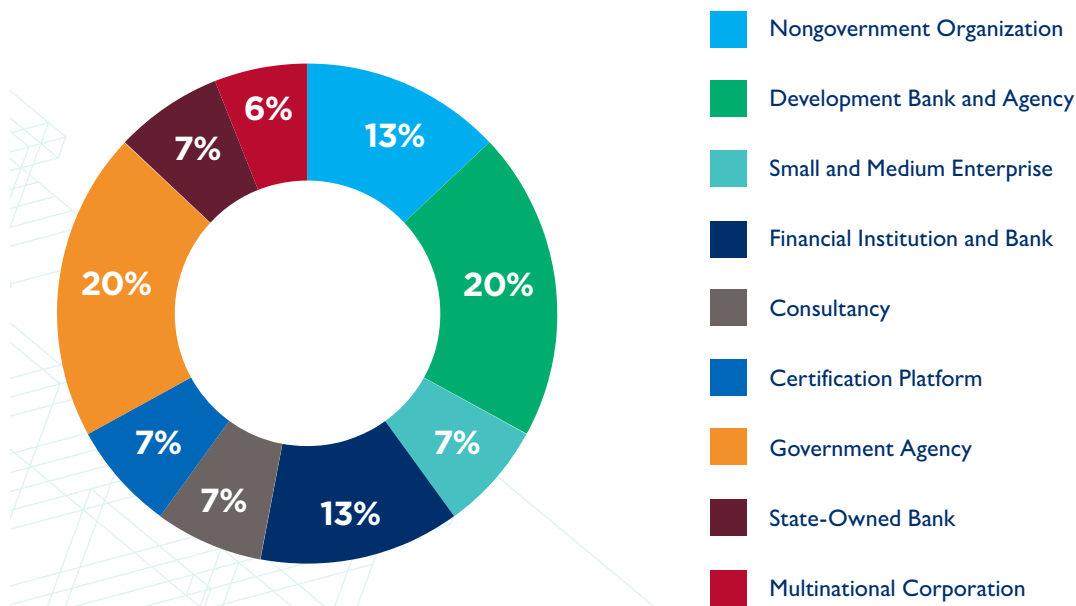
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CAMBODIA RESPONDENTS BY STAKEHOLDER GROUP



CAMBODIA RESPONDENTS BY TYPE OF ORGANIZATION



Row 1 in the table below provides an overview of the key challenges and recommendations for improving public-private sector communication and coordination in Cambodia, as identified by respondents. Row 2 presents the top-priority actions for improving dialogue (those identified by at least 20 percent of survey respondents), while row 3 shows the most often cited expectation for the outcome of regular dialogue. Finally, the table highlights the recommended methods and formats for communication (row 4) and role for the government (row 5).

SUMMARY OF CHALLENGES AND RECOMMENDATIONS TO IMPROVE PUBLIC-PRIVATE SECTOR COMMUNICATION AND COORDINATION FOR CLIMATE-SMART AGRICULTURE AND FORESTRY IN CAMBODIA

TOPIC	DESCRIPTION
Challenges	<ul style="list-style-type: none"> • Insufficient private sector inputs during policy preparation and review; • Lack of common understanding on climate-smart practices; and • Limited channels to exchange views on the policy or regulatory environment.
Recommended top-priority actions	<ul style="list-style-type: none"> • Facilitate regular dialogue on policy or regulatory environment; and • Facilitate regular dialogue to share information on technical and financial viability of climate-smart technologies and practices.
Expected outcome of regular dialogue	<ul style="list-style-type: none"> • Development of policy incentives to promote climate-smart investment.
Recommended communication methods and formats	<ul style="list-style-type: none"> • Hold in-person meetings or workshops; and • Select participants by geographic area and commodity.
Recommended role for government	<ul style="list-style-type: none"> • Convene communication channels to build momentum in regular public-private sector dialogue.

CHALLENGES

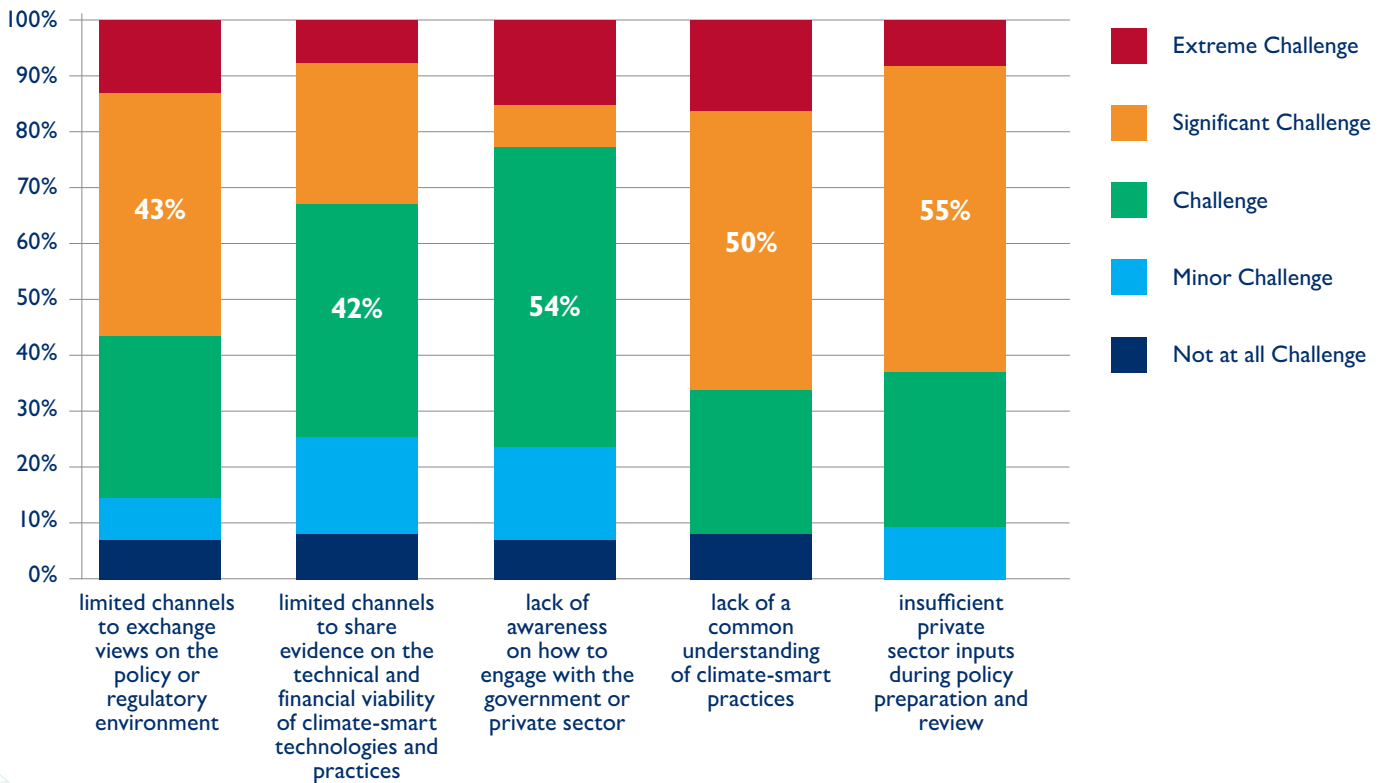
CEADIR asked respondents to identify the key challenges for public-private sector communication and collaboration related to climate-smart commodity production in Cambodia. They were asked to start from the regional challenges identified at the March 2017 workshop. CEADIR also invited respondents to identify additional challenges not addressed at the workshop. The questionnaire asked respondents to rank challenges on a scale ranging from “not at all a challenge” to “extreme challenge.”

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The figure below shows that two categories stood out: “significant challenges” (shown in orange) and “challenges” (shown in green). Large portions of respondents in Cambodia ranked the following challenges as “significant”: insufficient private sector inputs during policy preparation and review (55 percent), lack of a common understanding of climate-smart practices (50 percent), and limited channels to exchange views on the policy or regulatory environment (43 percent). In addition, portions of respondents in Cambodia classified the following topics as “challenges”: lack of awareness on how to engage with the government or private sector (54 percent) and limited channels to share evidence on the technical and financial viability of climate-smart technologies and practices (42 percent).

RANKING OF COMMUNICATION AND COORDINATION CHALLENGES IN CAMBODIA



The following table expands on respondents’ views about challenges to improving public-private sector communication and coordination to facilitate investment in climate-smart commodity production. For each of the three challenges named “significant” by respondents, the table provides a sampling of survey answers.

SAMPLE RESPONSES ON COMMUNICATION AND COORDINATION CHALLENGES IN CAMBODIA

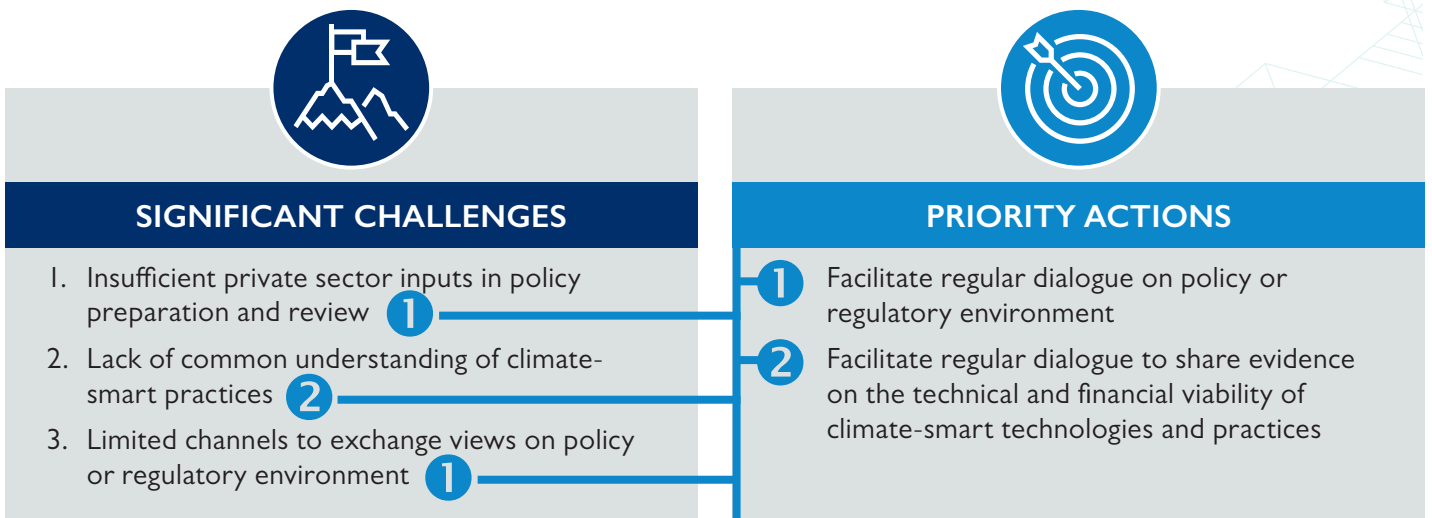
CHALLENGE	SAMPLE SURVEY AND INTERVIEW RESPONSES
Insufficient private sector inputs in policy preparation and review	<ul style="list-style-type: none"> • There is insufficient private sector consultation and feedback in policy preparation and implementation review. • Small-scale producers are generally not aware of new or existing government policies.

CHALLENGE	SAMPLE SURVEY AND INTERVIEW RESPONSES
<p>Lack of common understanding of climate-smart practices</p>	<ul style="list-style-type: none"> • The financial constraints of climate-smart businesses (e.g., affordability and bankability) are not widely understood by the public sector. • Understanding of and expectations for forest product certifications differ between the public and private sectors. • There is insufficient understanding of climate-smart practices in the public and private sectors.
<p>Limited channels to exchange views on the policy or regulatory environment</p>	<ul style="list-style-type: none"> • It is difficult for the private sector to voice concerns on policies for various types of forest products. • Regional channels exist (including the Asia-Pacific Rural and Agricultural Credit Association, ASEAN, and Asia-Pacific Economic Cooperation), but there are inadequate channels for the national government and financial institutions to discuss financial inclusion, risk management, and climate-smart agriculture and forestry practices. • Small-scale producers are generally not aware of information channels on policies, incentives, and practices for sustainable rice production.

RECOMMENDATIONS

The figure below shows the highest priority actions to address communication and collaboration challenges in climate-smart agriculture and forestry in Cambodia and illustrates how they stem from the key challenges named by respondents. Twenty-five percent of Cambodian respondents recommended regular dialogue on the policy or regulatory environments, while 24 percent wanted to see information shared on the technical and financial viability of climate-smart production practices.

SIGNIFICANT CHALLENGES AND RECOMMENDED TOP PRIORITY ACTIONS IN CAMBODIA



Note: Priority actions were those identified by at least 20 percent of respondents.

EXPECTED OUTCOMES OF PUBLIC-PRIVATE SECTOR DIALOGUE

CEADIR asked respondents what they considered to be the key objectives or expected outcomes of more effective communication channels between the government and private sector for climate-smart agriculture and forestry. About 34 percent of the respondents identified improved policies or regulations as the primary expected outcome of increased public-private sector dialogues on climate-smart investment. An additional three items were each mentioned by 22 percent of respondents: greater access to financing, improved access to data or data-sharing, and increased capacity within the public or private sectors. The following table contains examples of responses on the desired outcomes of more effective public-private sector dialogue.

SAMPLE RESPONSES RELATED TO EXPECTED OUTCOMES OF PUBLIC-PRIVATE SECTOR DIALOGUE IN CAMBODIA

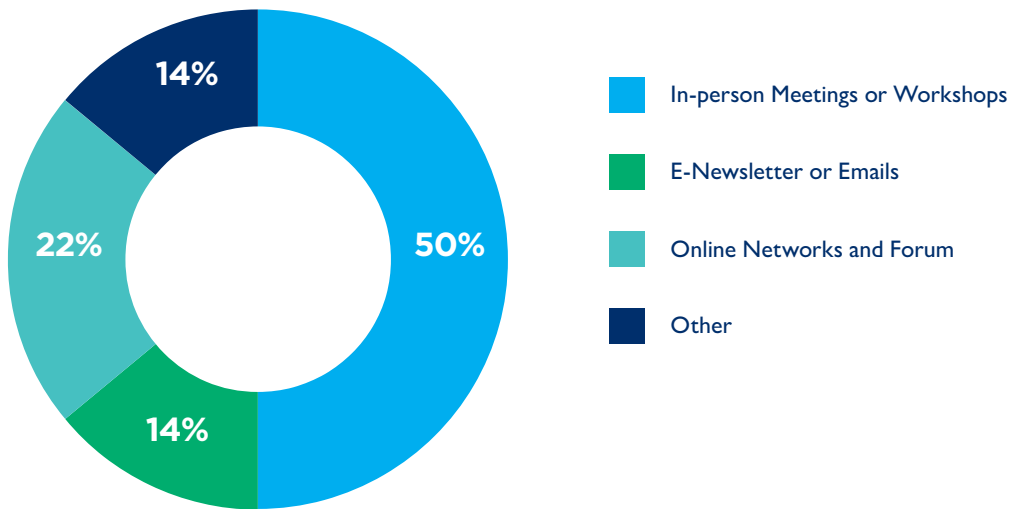
EXPECTED OUTCOMES	SAMPLE SURVEY AND INTERVIEW RESPONSES
<p>Policy: Policy incentives developed to promote climate-smart investments</p>	<ul style="list-style-type: none"> • Policy incentives can be important to open up opportunities for climate-smart investments and to promote replication. • Limited policies to support organic and sustainable rice intensification in Cambodia should be addressed. • Policies that are disincentives for climate-smart practices (e.g., subsidies for chemical fertilizers, pesticides, and herbicides) should be removed. • Government capacities for monitoring and enforcement of regulations should be strengthened.
<p>Finance: Access to finance facilitated for small-scale producers and SMEs</p>	<ul style="list-style-type: none"> • Financing should be scaled up for smallholder farmers to implement climate-smart and other environmentally beneficial practices. • Financing should be increased for postharvest storage and processing (including community warehouses and grain mills).
<p>Data: Increased confidence in climate-smart technologies through data-sharing and peer learning</p>	<ul style="list-style-type: none"> • Climate-smart technologies should be developed, adapted, and demonstrated before promoting widespread adoption by small-scale producers and processors.
<p>Capacity: Strengthened capacity of small-scale producers and SMEs to adopt climate-smart practices and sustainability certification systems and to monitor GHG emission reductions; strengthened capacity of governments for MRV, to track progress toward national climate change commitments</p>	<ul style="list-style-type: none"> • Access to financing should be improved before or together with technical assistance for small-scale producers and processors. • Donors can play an important supportive role in capacity development. • Infrastructure improvements may be needed to make sustainability certifications viable. • The national government and firms or organizations in the value chain may need funding and technical assistance for MRV systems to ensure that climate change mitigation and adaptation objectives, NDC targets, and license or permit conditions are being met.

COMMUNICATION METHODS

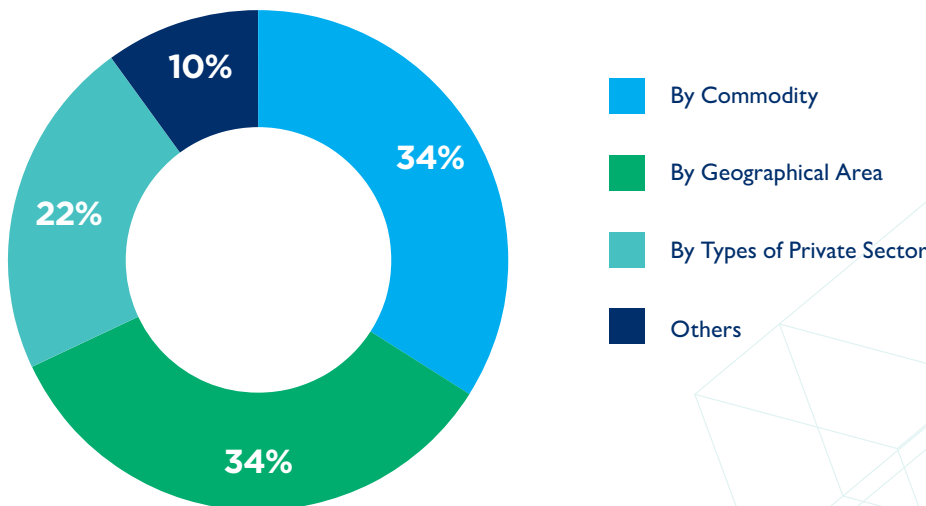
Respondents identified their preferred methods for improving public and private sector communication on climate-smart agriculture and forestry. The figure below shows that 50 percent of respondents preferred in-person meetings or workshops, while 22 percent wanted online networks and forums, and 14 percent preferred e-newsletters or emails. Two respondents recommended flexible communication methods, to address emerging needs or allow more frequent information sharing.

PREFERRED COMMUNICATION METHODS

FOR INCREASING PUBLIC AND PRIVATE SECTOR COORDINATION FOR CLIMATE-SMART AGRICULTURE AND FORESTRY IN CAMBODIA



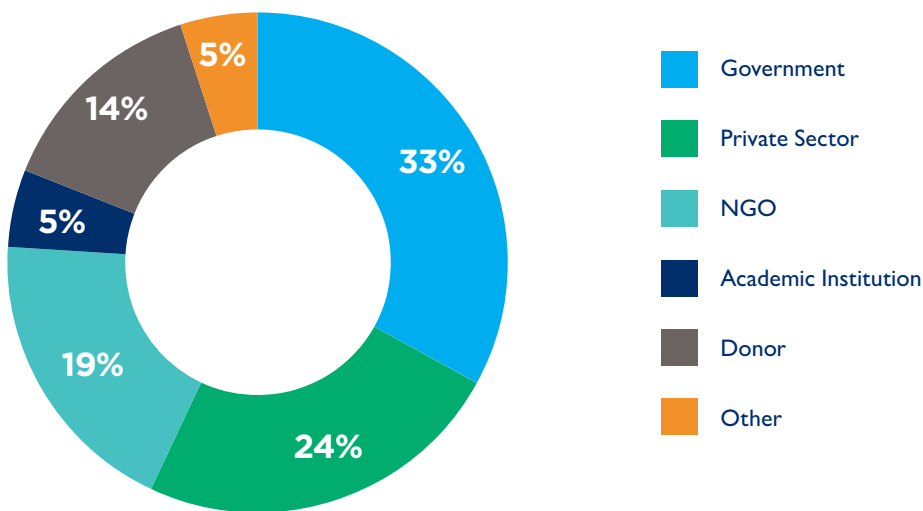
The next figure shows that 34 percent of respondents stated that communication methods should be selected based on commodity (since some issues pertain specifically to one commodity), and another 34 percent thought they should be based on geographic area (as other issues may be best addressed by location). One respondent suggested using a combined commodity-geographic focus.



CONVENERS OF COMMUNICATION CHANNELS

CEADIR asked respondents to identify and explain their views on the most appropriate conveners of these communications. Thirty-three percent of respondents identified the government as the most appropriate convener, while 24 percent listed private sector entities or business associations, 19 percent listed NGOs, 14 percent suggested donors, and 5 percent recommended academic institutions (see figure below). Two respondents felt that only the national government has the capacity to ensure sufficient participation by public and private sector stakeholders.

PREFERRED CONVENERS OF COMMUNICATION



PRIORITIES IDENTIFIED BY GOVERNMENT REPRESENTATIVES TO IMPROVE PUBLIC-PRIVATE SECTOR COMMUNICATION

At the regional workshop on Climate Action for Agriculture in Asia, organized in Bangkok, Thailand on October 10-12, 2017, government participants from Cambodia discussed these issues and developed private sector engagement strategies with priority actions to improve public-private sector communication and coordination. Government participants highlighted a lack of awareness within the private sector on climate-smart investment opportunities as a key challenge, particularly in rice, cassava, and maize production. This aligns with one of the significant challenges identified through CEADIR analysis – specifically, a lack of common understanding on climate-smart practices. Government participants also identified priority near-term actions to accelerate private sector investment in climate-smart agriculture and forestry, including greater information sharing on climate-smart technologies and creating enabling policies to promote climate-smart investments.