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The 6th Regional Forum
for Sustainable Agricultural Mechanization in Asia and the Pacific
- Enabling Environment for the Private Sector
25 October 2018, Wuhan, China
The Role for the Public Sector in agricultural mechanization in Cambodia

Presented by
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I. General situation of Agriculture in Cambodia

- **70%** of Cambodian population depends on agriculture
- **60%** of total population has employed in agriculture sector (MAFF, 2015)
- **28.6%** of RGC-GDP contribute by Agriculture sector (MAFF, 2015)
I. General situation of Agriculture in Cambodia – cont’d

Agricultural subsectors’ contribution to agriculture from 2013 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Crops</th>
<th>Livestock &amp; Poultry</th>
<th>Fisheries</th>
<th>Forestry &amp; Logging</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>18.4%</td>
<td>3.5%</td>
<td>6.9%</td>
<td>2.3%</td>
</tr>
<tr>
<td>2014</td>
<td>17.1%</td>
<td>3.3%</td>
<td>6.4%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2015</td>
<td>15.6%</td>
<td>3.0%</td>
<td>5.9%</td>
<td>1.8%</td>
</tr>
<tr>
<td>2016</td>
<td>14.6%</td>
<td>2.8%</td>
<td>5.7%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2017</td>
<td>13.0%</td>
<td>2.6%</td>
<td>5.5%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Source: MAFF, 2018
II. Prime mover of agricultural mechanization in Cambodia

- At present, more farmers are using agricultural machineries in farming. However, the use of traditional tools and local made machineries and equipment are still practice by some farmers, especially those whose farms are not suitable to use machineries since their farm size is small or not leveled. These farmers cannot afford to use expensive machines and cannot use them to their full capacities;

- Agricultural mechanization in Cambodia has been increasing widely since 1990s especially in land preparation, irrigation, threshing and recently harvesting. The numbers of tractors increase repeatedly in the last 10 years (3,857 units in 2004 and 9,467 units in 2013); and

- The provinces around Tonle Sap Lake and dry season rice areas in the south have higher growing rate. The number of power tiller significantly increased from 77,421 units in 2011 to 366,195 units in 2017.
II. Prime mover of agricultural mechanization in Cambodia – cont’d

- Labor force in agriculture from 1993 to 2030

Only agricultural machines will replace the current and future labor shortages

Source: MAFF, 2017
II. Prime mover of agricultural mechanization in Cambodia – cont’d

- Statistical data of ag machinery from 2011 to 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Tractors</th>
<th>Power Tillers</th>
<th>Engine Pumps</th>
<th>Harvesters</th>
<th>Threshers</th>
<th>Dryings</th>
<th>Millings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6,786</td>
<td>77,421</td>
<td>183,502</td>
<td>1,548</td>
<td>15,210</td>
<td>-</td>
<td>48,753</td>
</tr>
<tr>
<td>2012</td>
<td>8,961</td>
<td>128,806</td>
<td>231,942</td>
<td>4,820</td>
<td>16,146</td>
<td>-</td>
<td>54,328</td>
</tr>
<tr>
<td>2013</td>
<td>9,466</td>
<td>151,698</td>
<td>255,955</td>
<td>4,598</td>
<td>17,067</td>
<td>94</td>
<td>55,270</td>
</tr>
<tr>
<td>2014</td>
<td>11,940</td>
<td>228,456</td>
<td>326,832</td>
<td>5,503</td>
<td>17,532</td>
<td>178</td>
<td>54,062</td>
</tr>
<tr>
<td>2015</td>
<td>13,701</td>
<td>266,004</td>
<td>344,633</td>
<td>5,893</td>
<td>17,169</td>
<td>180</td>
<td>55,364</td>
</tr>
<tr>
<td>2016</td>
<td>18,317</td>
<td>343,764</td>
<td>352,240</td>
<td>6,605</td>
<td>13,765</td>
<td>18,442</td>
<td>34,7203</td>
</tr>
<tr>
<td>2017</td>
<td>20,046</td>
<td>366,195</td>
<td>367,117</td>
<td>6,905</td>
<td>52,612</td>
<td>20,046</td>
<td>36,6195</td>
</tr>
</tbody>
</table>
III. Involvement of private sector in agricultural mechanization

- The private sector is also contributing in promoting and scaling up agricultural mechanization in Cambodia. Currently, the private sector has participated in three main activities related to agricultural machinery in Cambodia, which include:
  - 1) Import of agricultural machinery and equipment from abroad;
  - 2) Local manufacturing company for producing agricultural machinery and equipment; and
  - 3) Local service provider on agricultural machine to consumers, especially farmers.
In order to respond the farmer’s need and reduce the price of agricultural machine and equipment, the Government of Cambodia offers zero tariffs for the import of farm machines and equipment;

In addition, a VAT of 10% is also exempted;

At present, the policy on agricultural mechanization does not exist, but the strategic plan on agricultural mechanization was prepared by the Department of Agricultural Engineering in 2015;

The plan aims at enabling access to mechanization, skill development, strengthening of commodity chains, and improving policy, legal and regulatory environment.
IV. Involvement of public sector in agricultural mechanization – cont’d

- It serves as the four key drivers in promoting agricultural mechanization:
  1. Enabling Access to Mechanization;
  2. Promoting of self-help group (saving group) among farmers to mobilize local financial resource to invest in mechanization;
  3. Commercialization of Agriculture Technologies; and

- The government policy to promote paddy production and rice export also has good influence on agricultural mechanization, especially modernization of rice mills;
V. Conclusion

- The involvement of the private sector with the public institution is an important and essential at present and in the future for the development of agricultural mechanization in Cambodia due to rural migration and climate change;

- However, if structured poorly, the public and private partnership can also lead to be obstacle on agricultural machinery development;

- The sustainable public and private partnership transaction structures or models need to be established first to take into consideration the distinct characteristics of the sector, particularly the attendant risks; and

- It is seen that new innovations and technology, as well as adaptive measures, will play an important role to make agriculture mechanization activities more attractive for private sector participation.
VI. Recommendations

- There are some key driving factors should be considered as below:
  - Develop national policy to enhance agricultural mechanization sub-sector to ensure the import of agricultural machineries and equipment with high quality, suitable for country conditions and affordable price;
  - Support and encourage local manufacturers to produce local products with reasonable price, safety, quality and suitable for local geographical conditions;
  - Establish laws, guideline, and other related regulations to improve the efficiency of the management of agricultural mechanization and protect the benefits of all stakeholders;
  - Provide in-service training for agricultural machinery officers and manufacturers to improve their knowledge and skills;
Strengthen agricultural machinery and equipment supply networks;
Introduce credit scheme that is available for all sizes and types of agricultural machinery and equipment;
Enhance research and development of new agricultural machineries and equipment which are needed at the present and the future for different geographical conditions; and
Improvement of collaboration both inside and outside the region as well as building good relationships between public institutions, private sector, development partners, farmers and other stakeholders to enhance efficient management of agricultural mechanization in Cambodia.
Thank you for your attention