

## Appendix F Summary of Case Studies

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## **Case Study 1. Ms Phay Srey Mom, Farmer, Kampong Speu, 28 February 2006**

### **Background**

Ms. Phay Srey Mom is a 28 years old farmer based in Angsong Kream village. Her parents and her husband's family live in the same village. She married when she was 18 years old and started cultivating rice with her husband, who is the teacher at the secondary school in the village. After work at the school, her husband always helps her in the farm activities.

After marrying, her parent gave her 1 hectare of cultivation land. Through hard work during the first two years of marriage, she and her husband could save enough money to buy two cows for animal draft. Later on, she could buy 1.5 ha of land from the neighbors.

Two years ago she made a contract with Ankor Kasekam (the largest rice mill in Cambodia, renowned for exporting high quality rice) and received quality seed of the Neang Malis variety from the company. The contract requires her to sell paddy to the company after harvest at the price of Riels 730/kg, a price considerably higher than what is normally received for local varieties, selling at Riels 500/kg. The yield of the Neang Malis (an aromatic variety) is 2 tonnes per ha. Besides aromatic paddy, she also grows water melon on 0.5 ha and obtains a net benefit of \$250.

Her current assets include 2.5 ha of land, 2 cows, 2 pigs, and 20 chicken used for family consumption.

Living standards for her, her husband and their 3 children are much better than for other villagers. She is planning to buy more land next year, depending on favorable conditions for farm activities.

Several financial institutions (mostly MFI) have visited her often to try to convince her to borrow money. She has declined these offers, because of high interest rates, at 4 percent per month. She thinks that these interest rates are not viable for agricultural activities. In fact, she believes that these interest rates represent a real concern for the borrowers, since in case the borrowers cannot pay, they will lose their land and other property to the MFI. In her opinion, credit could be useful if the monthly interest rate were not higher than 1 percent.

### **Obstacles in Development**

Ms. Srey Mom indicated the following obstacles to development of her farm activities:

1. Lack of water and dependence on rainfed agriculture makes farm activities very risky
2. Availability of good seed. She occasionally found that seed sold in the market do not germinate.
3. The market is also a problem. Sometimes it is difficult to find good market for her vegetables. She has only limited information about market opportunities for her products. Moreover, when several villagers have high vegetable production the prices offered by the traders are quite low.

4. The road connecting the village to the main road is in bad conditions, and results in high cost of transportation.
5. Her knowledge of agricultural technology is limited and she would like to learn more.



### **Growth Strategy and Future Plans**

Ms. Srey Mom plans to grow include:

1. Investment to carry out a pig raising business
2. Start growing paddy two times per year using available irrigation system
3. Expand the vegetable cultivation from 0.5 ha to 1 ha.
4. Improve her skills in agricultural production
5. Look for cheaper sources of credit.

### **Threats**

The major threats to her business are

1. Drought and flood
2. Health. She is concerned that if she or her husband become sick, her income will suffer dramatically, since the farm depends on the family labor.

### **Success Factors**

The main reason for her success is working hard in good harmony with her husband. She thinks she is lucky to have a good husband to help her with the work on the farm and who shares with her decisions about saving and investment. Moreover, differently from many other villagers in the village, her husband does not waste money in cigarettes, gambling, or cock fighting.

## **Case Study 2. Mr To Kheng, Farmer, Kampong Speu, 28 February 2006**

### **Background**

Mr. To Kheng is a 24 years old farmer. He has become successful over the past 4 years through his efforts in rice production and water melon growing. Mr. Kheng and his wife, Ms. Savy, are owners of 2 ha rice land located in Ang Sang Kream Village, Chung Ruk Commune, Kong Pisey District, Kompong Speu Province. They have 2 sons. Mr. Kheng went to school until 9<sup>th</sup> grade. He was not able to continue his studies due to the fact that his family was poor. After marrying in 2002, he got 1.5 ha of rice land. In 2004 he bought an additional 0.5 ha at the cost of \$700.

His business activities include:

1. Rice
2. Water melon
3. Small retail shop
4. Money Lending

Rice. He cultivates 2 ha of land using a traditional variety, Khpor Daung during the medium wet season and harvests in December or January. He cultivates paddy only one time per year. The average yield is 200 baskets per ha (1basket=17kg) equivalent to 3.4 tonnes per ha. The total production is 6.8 tonnes. He keeps 1 tonne for family consumption and sells the remaining production. Last year he received R570/kg. Currently, rather than selling paddy, he sells rice, since he could get more benefit. His total investment<sup>35</sup> in paddy cultivation was R600,000, implying a net income of R3.276 million or \$819 (\$410/ha). He obtains higher yield compared to other farmers: in his opinion this is due to better soil fertility of his field and better crop and land management.

Watermelon. In 2002 Mr. Kheng started growing water melon on 0.5 ha of land. This activity requires a lot of labor. Both Mr. Kheng and his wife spend considerable amount of time in the field and in addition, during planting time he hired 4 to 5 workers to help him. The financial costs of production amounted to R 300,000 for fertilizer, pesticides, labor and other. The income from selling water melon on average was R 1,5 million (\$ 750/ha). The traders come to buy at the farm and are responsible for picking up the harvest. Mr. Kheng and his wife do not plan to expand this activity because it would imply more management of labor.

Shop. At home his wife set up a small shop selling cake, candy and other things. She can earn from R10,000 to R 20,000 per day.

Money Lending. Besides other businesses Mr. Kheng reserves R 500,000 each year for lending to farmers during planting season. Between 5 to 10 farmers get loans from him every year (each loan between R50,000 and 100,000). They pay back after harvesting rice crop. The interest rate is R 1,000 per month for R 10,000 of loan (10 percent per month).

### **Obstacles in Development**

Mr. Kheng has encountered a number of risks in his business including:

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<sup>35</sup> This does not include family labor.

1. Low quality of fertilizers and pesticides
2. High price of inputs but low price of paddy
3. Pest attack
4. Lack of capital

### **Growth Strategies and Future Plans**

1. Mr. Kheng plans for the next 5 years include:
2. The creation of a new business through buying a set of music equipment, tables and chairs for renting during wedding party and other kinds of ceremonies
3. Buying a truck for hiring during off season
4. Continue to expand the existing business, especially improving the technique of growing rice to obtain more yields.

### **Future Threats**

1. Market and price. Traders come to buy at the farm level, particularly water melon. More and more farmers grow water melon and during harvest prices go down – high competition, now the traders come to buy at farm. They determine the price. When the people grow more water melon the price is going down.
2. Lack of capital
3. Water- if there is no participation from the people the reservoir will become shallow. Not enough water to irrigate. Rehabilitation of the reservoir is needed.

### **Success Factors**

1. Hard working
2. Strong support from the family. His parent take care of his children at home. He and his wife have more time to work in the field.
3. Patient
4. Pay more attention to land preparation
5. They got land from their parents (they have bigger land compared to other farmers in the village)
6. The rice field located in a fertile area
7. Always want to learn new things

### **Case Study 3. Mr Noun Bounly, Rice Miller, Kampong Speu, 1 March 2006**

#### **Background**

Mr Noun Bunly is a 53 years old energetic progressive trader based in Prey Phdau village. He came from Phnom Penh. His parents were always concerned about his business before he started rice milling but he himself does not worry since he has confidence derived from his experience on rice and paddy trading.

He married when he was 26 years old and started doing business with his wife, his wife worked with him and took care of their 2 children. His milling was established in 2001 but he was involved in rice trade since 1987. Rice trading was difficult because of competition from rice millers: when the price of rice was high and there was a good market for rice, the millers did not want to sell rice to the traders and instead conduct the trade themselves and viceversa when the price of rice was low or there was no good market. For this reason he decided to establish his own mill.

At the beginning, his mill capacity was 500kg of mill rice per hour and two year after he expanded capacity by upgrading equipments to 1000kg of milled rice per hour.

Right now he is involved both in selling paddy to wholesalers and milled rice to the local market and Phnom Penh. He has a warehouse where he can store about 1,500 tonnes.

He has low education: he can read but his writing skills in Khmer are quite limited. Since he was born in a business family, he did not spend time on education, but was engaged in business since very young. His grandfather was a Chinese migrating to Cambodia more than 50 years ago and Chinese people trained their children to doing business from young.

He has 6 permanent workers and 13 temporary workers. His pays R 100,000 per month to his permanent workers in addition to food; in the case of temporary workers he pays only on a per tonne basis (handling, loading and unloading). persons for temporary working the permanent workers salary of 100,000 Riel per month and provide them food in mill but for temporary workers just pay per tones.

#### **Obstacles in Development**

The local market is limited and the quality of paddy and rice are poor. Sometimes farmers bring paddy to milling with high moisture content and mixed with stone.

The production technology is old implying a not standard quality of rice with high percentage of broken and small recovery of head white rice. The main obstacle is access to finance and technical know how. He wanted to expand capacity of mill processing but his working capital is limited and the bank charges high interest rate at 3 percent per month.

His main problems include:

- Limited market for milled rice
- Lack of know how about storage management
- Difficult to access credit
- Lack of trained manpower
- Lack of communication infrastructure



- Lack of market information about export of milled rice
- Need to upgrade milling equipment
- Production cost is high (fuel cost is high)

### **Growth Strategy and Future Plans**

Mr. Bunly planned to expand market for his milled rice product to Phnom Penh and other provinces in Cambodia; he does not plan to export milled rice to other countries. He wants to upgrade his milling system (buying new equipment to replace old equipment) for improving quality of rice so that he can target the market in Phnom Penh and Kampong Som. He has recently been able to produce good quality of jasmine rice - around 200 tonnes per year supply to Phnom Penh market.

He has not been able to develop a good business strategy and plans due to lack of management skills but one of his sons and wife support him in managing his business.

### **Threats**

The major threat to his business is drought. In case of drought farmers cannot plant rice and therefore millers do not have paddy to mill. Cost of fuel and interest rate from the bank are very high and market for milled rice in Cambodia is limited.

### **Success Factors**

The main reasons for his success are:

1. A never-give-up attitude
2. Building trust with clients by providing good quality of rice.
3. Building good relationship with farmers and encouraging them when they provide good quality of paddy.
4. Hard work and direct management of his business.

## Case Study 4. Mr Sok Seng, Paddy Trader, Kampong Speu, 1 March 2006

### Background

Mr. Sok Seng is 60 years old and lives with his Ms. Sok Heang and children in in Slaap Leang Village, Pheary Mean Chey Commune, Borsed District, Kompong Speu province. They have 5 children, 4 of whom are still at school, and the oldest is married and has formed a joint venture business with the parent.

Mr. Seng was a taxi driver for 14 years before setting up this business. In 2002 he decided to stop being a taxi driver and started trading paddy. The reasons for changing his job included his getting old, the increasing number of taxis, and competition with the young drivers. However the main reason was that he wanted to work in one place near the family.

In the previous job Mr. Seng could earn R 20,000 per day, now his average income is between R 20,000 and R 50,000 per day ( about \$1,500 per year).

Since 2002 Mr. Seng purchases and sells paddy in his place. He trades three types of paddy: mixed variety, Malis and Chhmar Prum. The total amount of paddy purchased per year is between 700 to 800tonnes.

The purchase and sale prices are shown in the table below:

Variety	Purchase		Sale	
	Riels/Kg	% of total amount	Riels/Kg	Sale location and % amount of paddy to each location
Mixed	540	20	550	Takeo(60%), PP (40%)
Malis	720	30	730	Angkor Kasekam (70%), Takeo(20%),PP(10%)
Chhmar Prum	640	50	650	Takeo(70%),PP(30%)

Normally the customers use their own transport if they buy more that 10 tonnes. Mr. Seng sometime brings the paddy to the customers site by using his truck and he charges to the customers R20,000 per tonne of paddy.

Besides this business his wife Ms. Heang has a shop selling cloth in the market. With an initial investment of \$250 she can earn on average of R10,000 per day. Mr. Seng has a joint venture with his son in paddy trading.

To do the paddy trading Mr. Seng invests 20,000USD. He has 4 permanent labors (3 family and 1 worker) and 1 or 2 temporary workers during high season. He pays R 150,000 per month for a full time worker and between R 5,000 and R 10,000 per day for a temporary worker depending on workload.

He has one warehouse where can store 100 tonnes of paddy. Sometime he kept the paddy for 4 months in the expectation of higher prices.

### Obstacles in Development



Mr. Seng has encountered a number of risks in his business including:

1. Storage losses: the paddy in the warehouse reduces weight (1bag loses 2kg), reduce quality, rat damage
2. Problem of transport. He pays official fees of R 5,000 per trip to road construction company and R 10,000 for unofficial fees along the road. He also pays for the patent of business.
3. Price competition among traders. Some customers stop buying paddy from him.
4. Quality of paddy- sometime is too wet
5. The market determines the price of paddy. Sometime he negotiates with buyers by phone. Sometimes he searches different markets for better price. The market outlets are Takeo, Phnom Penh and Angkor Kasekam
6. Sometimes the customers delay to pick the paddy.

### **Growth Strategies and Future Plans**

Mr. Seng thinks that in the next 5 year he will expand his business through the establishment of a rice mill. The investment of \$ 20,000 will allow him to establish a rice mill with the capacity between 2 to 5 tonnes. In order to achieve the goal he plans to increase the existing business, increase the relationships with farmers and other traders, contact more customers in Phnom Penh and millers in other provinces.

Mr. Seng also plans to buy two second-hand trucks at a cost of about \$6,500 a truck. He wants to form a market group but does not know how to do it.

### **Future Threats**

Price of paddy in Viet Nam.

Lack of capital, and high interest rates.

### **Success Factors**

1. Good relationship with customers and farmers
2. Hard working
3. Strong support from the family
4. Joint venture with his son
5. Additional business (cloth selling shop in the market)
6. Be honest (differently from other traders he does not try to cheat farmers at weighing: his scale gives the correct weight)

## **Case Study 5. Mr Diep Heuy, Fish Farmer, Svay Rieng, 3 March 2006**

### **Background**

Mr. Diep Heuy is a 42 year old farmer. He has become successful over the past 8 years through his efforts in rice production, aquaculture and animal raising. This is quite an accomplishment for a man who was previously a normal soldier, living far away from his family.

Mr. Heuy and his wife, Ms. Hoeun, are owners of 3 ha rice land located in Chup Pring Village, Thmey Commune, Kompong Ro district, Svay Rieng province. They have 5 children, 3 boys and 2 girls. The two older children are married from last two years. The two youngest are at school. Mr. Heuy and his wife are living here with the two children only.

Before 1997, Mr. Heuy joined the army working in the provinces far away from home. His wife and children stay in the village. This village was affected by flood every year. The farmers could not grow rice during wet season. His wife raised 4 cows. She was able to sell 2 cows per year (1 cow = R 200,000) to feed the children. There was no additional business at that time.

When he came back home in 1997, Mr Heuy started to develop his farm through rice production. At that time the irrigation scheme supported by PRASAC/EU was established. Mr. Heuy was able to produce two times a year by direct seeding/ broadcasting. He used 180kg of seeds per hectare which he bought from Vietnam (R 700 per Kg). The average yield was 4tonnes/ha. He obtained 23 tonnes of paddy last year. Mr. Heuy kept 3.5 tonnes for family consumption and sold the rest. The traders often come to buy at his farm (R 550-600 per Kg). For land preparation he hires a tractor to work in his field which costs R 200,000 per hectare. He spent R 600.000 for land preparation. He has 2 water pumps and one pesticides spraying machine.

Important reasons explaining his high yield are that Mr. Heuy has received 4 times training by the Provincial Department of Agriculture, has learned through his visits to Viet Nam, and through listening to the radio.

In 2002 Mr. Heuy started digging fish ponds. He has three fish ponds of 900m<sup>3</sup>. He raises mixed varieties of fish: tilapia, silver carps, Indian and common carps (20kg/pond). He harvests two times in 6 and 8 month. The total amount of fish is from 800 to 1000kg per year. He kept 100kg for fermentation and the rest he sell with 4,000Riels per kg.

Besides rice and fish Mr. Heuy raises 7 pigs and 4 cows; he can sell pigs every 6 to 8 months and 1 cow every 2 years.

### **Obstacles in Development**

Mr. Heuy has encountered a number of obstacles in his business including:

1. There is no machine repairing shop in the village. All spare parts are bought from Vietnam.
2. Fake fertilizers and pesticides.
3. High price of inputs but the price of paddy is low.

### **Growth Strategies and Future Plans**

Mr. Heuy thinks that in the next 5 year he will buy a big house and a tractor. The investment of R25 million for 5 years (12.5MRiels for tractor and the rest for house)

In order to achieve the goal he plans to raise more cows and increase fish raising, plant more fruit trees like mangos, jack fruits, bananas, and improve technique of growing rice to obtain more yields.

### **Future Threats**

1. Market outlet
2. Credit cost remain very high
3. Water- if there is no contribution/participation from the people the canal will become shallow. A regular maintenance is necessary.
4. When the people start doing the business like him the price of fish is going down,
5. He worry about his health and change of climate , if so there will be a problem of pest attacked
6. Big flood

### **Success Factors**

- Persistent through difficulty
- Hard working
- Strong support from family

### **Lessons Learned**

Rice alone can not be a good business. It should be rice, combined with fish and animal raising.

## **Case Study 6. Ms Tuch Savy, Processor, Svay Rieng, 4 March 2006**

### **Background**

Mrs. Tuch Savy is 44 year-old farmer. She has been involved in banana chip and sweet tomato processing since last year (2004). She has learned this skill through training organized by the Provincial Department of Women Affair. After she learned this skill, she has made two types of product, i.e. banana chip and tomato dried/jam during peak period of tomato and traditional ceremony such as Khmer New Year, Flower Ceremony and occasional ceremony in the village and agricultural fair in the province.

Specifically, she can only sell these products in the provincial market, but not in the village, because it is a little bit expensive for local people. She said that, if there is big market and good price for this product, she want to do it as one occupation for her family. Currently, there is no market for this product, because this product cannot compete with import from Vietnam and Thailand. Moreover, she still lacks appropriate techniques and equipment.

Mrs. Tuch Savy and her husband own a rice farm with 1.5 hectares in the village. They plant rice only one time per year, during wet season. They have 6 children, 4 boys and 2 girls. One son is married. Now they have 7 members in the family. Her husband works as teacher in the primary school within the commune. The main occupation is rice farming, battery charging, pig and chicken raising and processing (i.e. banana chip and tomato dried). Total rice production is about 2,400 kg per year. They do rice farming mainly for family consumption and sell some for cash income. It is about 150 kg of rice per year, which amount to R 169,999.

### **Obstacles in Development**

She has no problems related to procurement of raw materials for banana and tomato. This is because her business is very small and she does it occasionally. However, she has a lack of capital and technology to expand this business. She borrowed money from TPC (Thaneakea Phum), an MFI located in the province. The technology is still limited, particularly in the packaging and processing method. The quality of the product is also low compared to the import from Vietnam and Thailand. If she expands the business, she needs to have a truck for transportation. Lack of mark information and low prices are also constraints.

The three most important constraints are:

- Capital: she needs access to lower interest rates.
- Technology and equipments/materials: she needs to improve technology and equipments and materials for this business, if she wants to expand the business in the future.
- Market and price of products: she needs to find a market with appropriate price.

## **Case Study 7. Mr Doc Kren, Fish Farmer, Svay Rieng, 4 March 2006**

### **Background**

Mr. Kren is a 35 years farmer. He and his wife Ms. Saphit are owners of 3ha land (2.5ha rice land+0.5ha farm yard) located in Prey Tayon Village, Pong Teuk Commune, Rumduol District, Svay Rieng province. This village is 5 km far from the Vietnamese border. They have 2 children which are at school.

Mr. Kren is an orphan. After marrying in 1999 Mr. Kren and his wife got 1.5ha of land. He obtained 1,7 tonnes per year. Besides working in the rice field Mr. Kren tried hard to find work in Vietnam. He could earn R 3,000 per day only.

In 2002 he was able to purchase 1ha rice field. He decided to stop working far from his farm. He used local rice varieties: smeur, mong mang and khneng. The total yield varied from 150thang to 200thang (3,300kg-4,400kg). He was able to cultivate one time a year only. The problem facing rice production was that farmers could not control the water. The flood comes and goes quickly; when it is dry there is no water source to irrigate.

In 2004 a project named Catholic Relief Service (CRS) came to work in the village. Mr. Kren was one of their target group. He was selected as nursery fish producer. In 2005 Mr. Kren started digging ponds. He has 4 ponds of which 3 ponds are for nursery and one pond for broad fish raising. To dig a pond with 13mx10m size it costs R 507,000. He has three ponds of that size and one pond at 14mx15m size which costs R 1,260,000Riels. .

In 2005 Mr. Kren started raising mixed varieties of fish: tilapia, silver carps, Indian and common carps, and pangasias. He bought seeds from other CRS project sites at Svay Teap District. The small fingerling cost R30. After 20 to 30 days he sold fingerlings to farmers at R60 per head. In 2005 Mr. Kren invested R 3,399,000 for digging ponds and fish nursing. He was able to sell fingerlings to farmers and realized a total amount of R 2,536,000. He expects to have profit in next two years.

Besides rice and fish nursing Mr. Kren was selected to establish a small scale hatchery. To be able to build the hatchery it would need R 2,145,200. He has spent R 932,000 already to start this business. In order to complete this work he needs to borrow money from his relatives or bank in the district. The hatchery will finish in two weeks.

Rice Wine processing is another important business for Mr. Kren to obtain quick income. He invested R1Million to do this. He can produce 10 to 20 liters daily and realizing R 800 per liter. He get a low income from this activities but he can obtain feed for pigs. He has 9 pigs. He can sell pigs after 8 to 10 months. The income from pig raising is R1 million per year.

### **Obstacles in Development**

Mr. Kren has encountered a number of risks in his business including:

1. The rice wine processing material damages quickly. Most of materials are from Vietnam. It is difficult to find locally.
2. Many farmers in this village are doing the same business, e.g. Rice Wine processing (about 60 percent of households). He thinks to maintain good quality of products all the time.

3. Many farmers are raising fish (40 percent of HH)
4. Vietnamese traders also sell the fingerlings here.

### **Growth Strategies and Future Plans**

1. Mr. Kren thinks that in the next 5 year he will expand his business and buy a tractor. The investment require will be between \$ 4,000 and \$5,000.
2. In order to achieve the goal he plans to increase the existing business, in particular improve the technique of growing rice to obtain more yields, and improve the quality of the products to be attractive

### **Future Threats**

1. Market in one of the threats. Mr. Kren wants to produce what the people like and need.
2. Credit cost is high
3. When the people start doing the business like him the price of fish is going down,
4. He worries about his health. He was ill seriously from last three year.

### **Success Factors**

1. The customers like him
2. Hard working
3. Strong support from CRS
4. Creative
5. On job training



## **Case Study 8. Mr Sok Sovan, Farmer, Svay Rieng, 4 March 2006**

### **Background**

Mr. Sok Sovan is a 43 years old farmer. He has become successful over the past 5 year through his efforts in aquacultures activities (fish raising and fish nursery producer) that was inspired by his desire to use his skills and inherited land to improve the livelihood for his family. Mr. Sok Sovan was selected by villagers as an example for prominent farmer household in aquaculture activities. His annual revenue is \$750. The Svay Rieng Provincial Department of Agriculture introduced him to the Consultant' Team him as somebody with a well-earned reputation for fish raising and fish nursery production in his village. This is quite an accomplishment for a man who was previously a motor taxi driver in Phnom Penh who had difficulty in just making ends meet.

The case of Mr. Sovan shows that success can be derived from the effort of working hard and attention to market demand and high quality of products. The case highlights the need for nascent entrepreneurs to continually innovate and upgrade their production effort in line with emerging market trend in business.

Mr. Sovan and his wife are owners of fish farm with more than 5 years in Svay Chhrom District, Svay Rieng Province, and half hectare of fish farm.

Mr. Sovan was born in 1963 in Svay Chhrom district, Mr. Sovan was a poor farmer; after he married he did not have any income sources besides planting rice. One year after marrying, he migrated to Phnom Penh to find a job and left his wife in village. In spite of working hard as a construction worker, he did not get any benefit. He decided to sell his cow and buy one old motorbike to become a motor taxi driver. Living away from his wife was quite difficult, particularly because of the financial limitations to meet daily expenses for food or sickness of their baby.

Mr. Sovan started fish operations in 2000, after learning a bit from friends and relatives. In order to make the initial investment, Mr Sovan and wife mortgaged his property to dig a pong for fish raising.

In April of 2000 during Khmer New Year he harvested his catfish and sold to the local market around 500Kg. Since the period was one of drought, prices for food were very high. His was the only farm in the commune with fish pond of fish because this time in Svay Chhrom district is drought even cow and buffalo also no water for drinks and only his family has fish farm. Since then, he observed a great demand for fish in his area and decided to put all his money, including the benefit from the initial sales, into expanding his fish farm.

In early 2001 Mr. Sovan and his wife borrowed money from PRASAC, a loan of \$800 with 3.5 percent interest rate per month for 5 month. Unfortunately his business was not so successful because Mr Sovan and his wife had to pay too much interest to the credit institution. After harvesting he paid all his debt to PRASA and decided to stop to depend on credit. He and his wife had learned from this experience that in order to make benefit he should not borrow money with high interest rate.

While his first fish pond produced only catfish, he has now four ponds: two ponds for catfish and two for tilapia. Moreover, his wife brings the fish to the market and sells it directly to the customers; some villagers also come to his farm to buy fish. The revenue

from the fish farm allowed him to improve his livelihood and provide for house repairs, clothing for his family, and also farm improvements.

Besides fish farming, Mr. Sovan is also engaged in pig and chicken farming. Under technical support by CRS project (Catholic Relief Services Project) and through Svay Rieng Department of Agriculture he was contracted to produce 200,000 of catfish nursery in year 2005 and planned to increase production in year 2006.

### **Obstacles in Development**

Mr. Sovan has met a number of obstacles. The high interest he had to pay in 2001 eliminate almost all the benefit from his nascent business.

Mr. Sovan is still facing some technical problems with feed for fish and pigs. He is aware that his technical knowledge is limited: when he compares his fish to the one grown in Phnom Penh, he understands that his use of feed is not correct, since the fish in large fish farm in the capital are much bigger.

Apart from limited technical knowledge, he also faces capital constraints. He knows that to expand his business he should make bigger investment, but at the prevailing interest rates, he thinks that the investment would not be beneficial.

### **Growth Strategies and Future Plans**

Mr. Sovan and his wife are aware that they need to continuously innovate. When he started his business, he visited some fish farm in Kandal province and other locations close to Phnom Penh to learn from others' experiences and also to learn what type of fish are more popular in the market.

Mr. Sovan is optimistic and confident in his fish farm business in Svay Chhrom district because it there is good potential due to the location and the fact that his is the only fish farm Svay Chhrom district and there is a lot of unfulfilled demand for fish in other areas of Cambodia.

In 2006 he plans to produce more fish nursery for supplying the local farmers and wholesalers in Svay Rieng province and buying animal feed production machinery to increase his fish production.

### **Future Threats**

Even though currently Mr. Sovan business is doing quite well, he is concern that new entrants in the market may create a lot of competition and decline in prices.

Moreover, natural calamities such as drought and flood might affect his business very badly.

Fish and pig disease might also be a big threat to this business.

### **Success Factors**

Mr. Sovan has always worked in his farm and planned carefully before making decision on his investments. He also learned from experiences and advice from CRS project experts to produce fish feed and to produce fish nursery.

By working hard and by learning from day to day experience he has been successful.

### **Lessons Learned**

The case of Mr. Sovan provides several lessons for farmers entrepreneurs in Cambodia. The first less is the need to pay careful attention to trend in market demand and identify market opportunities, sot that one can constantly adapt production to market demand. He was also lucky in that nobody else in his district was involved in fish farming. Mr. Sovan has also made the most of limited resources to develop a growing, successful business while he has been blessed with skills in aquaculture and having personal contact with other peoples also involved in fish farm business. Mr. Sovan has taken the opportunities through a careful and patient growth strategy. He has limited capital to expand his business but Sovan is working with optimism and confidence about his future.

## **Case Study 9. Mr Long Saroeun, Farmer, Svay Rieng, 5 March 2006**

### **Background**

Mr. Long Saroeun is 55 year-old farmer. He has 9 children (2 daughters and 7 boys). He was born in this village. During Pol Pot regime, he moved to live in Tachor village in the same commune and district. In 1978, he went to live in Vietnam – Long Thanh district for military training with other Cambodian army. In 1979, after the fall of Pol Pot regime, he came back to stay in this village with his family. He worked as a farmer – rice farming during wet season, vegetable growing in dry season, livestock raising (pig, chicken, and cow) and also nursery planting. In 2000, he started to cultivate rice both in the dry and wet season, with total area of land about 0.8 ha. By end of year 2004, he started his involvement with CRS as a selected farmer. CRS provided training on nursery planting, how to use non-chemical fertilizer such as compost fertilizer dry and wet, how to do fish culture and how to make pickles. He grows vegetable on 0.2 hectare of land and rice on 1.7 hectare for wet rice season.

In 2005, he has 5 main activities related to agriculture including: 1) Wet rice season; 2) growing vegetable – glory morning, wax gourd, bitter gourd, long beans, taro, ridge gourd, and egg plant; 3) nursery tree for planting, which sells in the village and outside of the village; 4) livestock raising – duck, pig, chicken, and cow; 5) fish culture in both pond and rice field. In addition to agricultural activities, his wife has a small retail shop on the farm and he and his children provide repair services (fixing flat tyres).

### **Obstacle in Development (Constrain in Development)**

He has no problems in procurement of raw material and inputs. However, he lacks capital for improving his integrated farming and taking care of other household needs. He also lacks technologies for growing vegetable, nursery tree and fish culture. He has problem with price fluctuations of vegetables; sometimes the price is very low (e.g. glory morning and bottle gourd).

He has three main needs:

- Capital: needs credit with interest rates no higher than 1 percent per month.
- Technology: Needs to improve technology on nursery tree and livestock raising and for disease treatment.
- Low household income: needs more income for household consumption and children education, and for expending integrated farming system.

### **Growth Strategy and Future Plans**

In the next 5 years, he hopes to have better living condition and family income through improving his integrated farming system. In order to achieve that vision, he intends to buy a threshing machine, of cost about \$600, and a power tiller (Koyun) for plowing and land preparation and for renting out in the village. He also intends to expand the tree nursery. In general, the customer for his products is local people and town market only. He wants his son study until Master Degree in Agriculture, but has no money to support him.

### **Success Factors**

He attributes his success to the following factors:

1. Working hard
2. Support from CRS
3. Involvement in integrated farming system
4. Strong support from his wife and children

	Riel			US\$
	Revenues	Costs	Income	
Paddy	800,000	400,000	400,000	100
Vegetables	279,000	139,500	139,500	35
Tree Nursery	1,742,000	871,000	871,000	218
Livestock	1,319,000	923,300	395,700	99
Aquaculture	1,280,000	694,000	586,000	147
Retail Groceries	2,880,000	2,400,000	480,000	120
Repair Tyres	2,216,000	1,551,200	664,800	166
Total	10,516,000	6,979,000	3,537,000	884

## **Case Study 10. Mrs. Sok Near – Paddy Trader Stung Sen District, Kampong Thom Province**

### **Background**

Mrs. Sok Near is 34 year-old. She is married and has 3 children including 2 daughters and 1 son. Since 1979 she has worked as farmer, paddy collector, pig trader and butcher. During rice season, she did rice farming with the total area of 1.30 ha only one time a year. She also grew vegetables such as eggplant, wax gourd, long gourd, cabbage, morning glory, pumpkin. She raised 8 pigs. The production of rice, which is equal to 2400 kg per year, is used for supplying household consumption only. She also grew vegetables in the land surrounding her house, about 1250 m<sup>2</sup>. She could get about R 40,000 to R 50,000 per season, from selling vegetables. Last year, she raised 10 pigs for sale and she could earn around \$1,000. During harvesting time (from October to April), she is involved in paddy trade because many farmers in the village want to sell their paddy. She can buy around 45 tonnes per day and she can earn profit about R 10-20 per kg or about R 45,000 to R90,000 per day. This business is better than pig raising.

The volume of her sales per year is about 10,000 tonnes of paddy and 1,000 pigs.

### **Obstacles in Development**

Related to procurement of raw materials and inputs to production and/or processing, there is no problem. However, there are some difficulties with the capital for doing her business. She needs about \$ 5,000, but she has only \$ 2,000. She borrows money from local/market money lender. She can not borrow money from MFI and bank because they give only about \$ 500 and she requires about \$3,000.

There are no problems related to technology and processing and product quality, but there is some issues related transportation because the road is not good particularly during rainy season. She does not have a truck for transportation. She spends about R 170,00 per truck of 100 bags including labor handling. She does not pay taxes but she has to pay unofficial taxes to the police (about R 5,000 per truck) during the transportation time.

Related to market information, she said that there is no any issue because she can get easily this information from buyers (in Kampong Cham, Kampong Thmor, Neak leang) and sellers through the telephone. There is high competition that leads to unstable prices. There are 15 traders/paddy collectors from the farmers in Stung Sen district. However, she is the biggest paddy trader in that area. There is no problem about marketing. She sold paddy to Kampong Cham, Kampong Thmor and Neak Leang. Related to relations with farmers, she does not perceive any problem since she can rely on a network of more than 100 farmers. She buys in cash and sometime she provides credit to about 30 percent of farmers 5 to 15 days before receiving the paddy, because farmers need money to hire labor for rice harvesting. Sometime, she has to give money to the farmers after getting paddy about 1 to 10 days (about 20 percent).

### **Growth Strategy and Future Plans**

In the next 5 years, she hopes to expand the paddy trading business. To that purpose, she wants to buy a truck and want to have a store for this business. Related to target her



customers over the next 5 years, she will ask the villagers to find farmer who could sell rice. She will give commissions (about R 20,000 per truck of 15 tonnes) to her informants. She has good contact with buyers and sellers with appropriate price and she can find new customers by providing transport for other crops.

### Success Factors

Her success in business depends on the fact that she knows many farmers and she gets support from her husband and her relatives.

Activities	Unit	Volume (kg/year)	Price/unit (riel/kg)	Total value (riel)	Remarks
1. Paddy	Tonne	9400	470	4,418,000	- Buying price at present
			500	4,700,000	- Selling price at present
		2000	470	940,000	- Buying price at 5 years ago
		2000	550	1,100,000	- Selling price at 5 years ago
2. pig trader	Head	1000	3000		- Buying price
			120000		- Selling price

## Case Study 11. Mrs Hout Eng – Miller/Paddy Trader, Stung Sen District, Kampong Thom Province

### Background

Mrs. Huot Eng is 47 year-old. Her education is up to grade 4. She married in 1980 with Mr. Chieu Huoy, 49 year-old, who finished grade 4. They have 7 children, four daughters and three sons. After married, she had only US\$200. She worked as rice farmer with her husband at Bak Tuck village, Lek Bram commune, at provincial town. She lived in that village for three years. She also worked as pig meat trader, she bought pig from the village and sold it in Kampong Thom market and Phnom Penh. After 1984, she went to live at Kampong Thom village and Sangkat Bey, Kampong Thom town. During that time, she still worked as pig collector/trader. She bought pig for provincial governor to distribute to soldiers for meat consumption.

### Obstacles in Development

The key obstacles to development include:

- *Procurement of raw material:*
  - Rice/paddy: Price of paddy has some fluctuations (about 20-30 riel per kg). She gets low profits but never loses.
  - Cashew: it is more risky business in light of high price variations. Last year she lost about \$30,000
- *Inputs to production or processing:* She does not have problems with procurement of paddy. If she cannot process paddy because of high cost of production and little market for rice, she still can sell paddy and make profit.
- *Capital/Credit:* Lack of capital for her business. At present, she borrows \$ 70,000 from ACLEDA bank 0 with 1.5 percent of interest rate per month. She thinks that this is high interest rate. Now, her friend wants to lend her money with 1 percent per month of interest rate only, since she has enough collateral (house and business building)
- *Labor:* no issues for her, because she can find permanent and temporary labor.
- *Technology and processing:* Lack of technology and processing equipments.
- *Quality:* Lack of quality for export market.
- *Transportation:* No issues, because she has three trucks for transportation. However, she got low profits, due to high price of fuel.
- *Taxes and government policies and regulation:* At present, she finds difficult to pay taxes because of low profits:
  - Pay income taxes: 250,000 riel per month.
  - Annual taxes: 650,000 riel per year.
  - Pay to department of energy: USD150 for three years.
- *Market information:* No issues, because she got all information through telephone with customers in different sources, such as from Kampong Cham, Neak Loeung, Suong, and Stung (Kampong Cham).
- *Management:* Not good management yet, because she had low education. Lack of technology and skills for rice processing.
- *Competition:* High competition, because there are many paddy collectors directly from rice farmer. So it is difficult for her that just buys at her place. Now, she has to collect directly from rice farmer too.
- *Marketing:* This year, there is market for paddy from Vietnam, but last year there was no market.

- *Relationship with farmer:* Before, she never had relationship with farmers, only with middlemen. She just bought from middlemen who brought the paddy at her place.
- *Prices:* She bought higher price than other trader. The margins were between R 5 R 10 per kg, excluding labor cost and weigh losses.

The most important constraints include:

- A lot of competition: many traders come from outside of the province to buy paddy
- Capital: she borrows money with high interest rate and yet she often has to provide credit to farmers

### Growth Strategy and Future Plans

She thinks to change her business from milling to farming. Over the next 5 years, she and her husband want to do land preparation for dry rice season and wet season on concession land of about 2,100 ha. If she can find enough capital, she will prepare irrigation and water storage in that area and distribute to the local farmers to do rice planting. Than she get paddy as water service, about 800 Kg per hectare per season. She needs to invest about \$150,000. She will target local and export markets.

The major investments for the next 5 years will be to establish an irrigation system in Beung Mul Lake, and expand the production to cow raising for meat (about 100 head). But unless she can get the capital, it will be difficult to do such investment.

The main factors to success were

1. Patience and Hard Work
2. Focus on thinking to develop a new business
3. Honesty
4. Support from family
5. Willingness to take high risks.

Product name	Unit	<u>Volume</u> sales (2005)	of	<u>Volume</u> of sales years ago	5	<u>Value</u> sales (2005) (riel/kg)	of	<u>Value</u> sales 5 years ago (riel/kg)	of
1. Paddy trader	Tonne	7,000		2,000		510		380	
2. Rice trader	Tonne	500		300		900		650	
3. Cashew	Tonne	1,500		700		3,800		4,000	
4. Mung bean	Tonne	800		200		1,200		800	
5. Sesame	Tonne	300		No		2,500		No	

#### Type of customer

1. Middlemen – from Neak Loeung (come to buy at her place)
2. Middlemen – from Takeo province – sale to Vietnam
3. Middlemen – from Kampong Cham province

#### % of sale

- 50%  
7%  
43%

Size of labor force:

Permanent: 7 persons

Temporary: 5 Persons

## **Case Study 12. Mrs. Nhean Kim Song (Farmer), Baray District, Kampong Thom Province**

### **Background**

Mrs. Nhean Kim Song is 38 year-old farmer. She married in 1988. She has 3 children (1 daughter and 2 sons). She is involved in rice and vegetable farming and tofu processing since 1979. In 2001, ADRA (an NGO) organized an election of Village Development Committee (VDC) members and she was elected as a member of VDC with the position as cashier. At the same time, she works with ADRA as nutritionist (she explains and shows how to cook a meal with good nutrition at household level).

Mrs. Nhean Kim Song and her husband own a rice farm of 2 hectares and 0.17 ha of vegetable farm. They plant rice only one time per year, during wet season and they plant vegetable such as head cabbage, morning glory and some other edible vegetable. They also raise 3 pigs. Total rice production of 2 ha is about 3520 kg per year. They do rice farming for household consumption and for sales. They sell about 1760 kg or 50 percent of rice per year, which amounts to R 770,000.

### **Obstacle in Development**

Related to procurement of input for rice farming, she uses only local seed such as Pka Mlis and Neang Mon. The quality of the pesticide is not good since it is ineffective in killing pests. She does not have access to irrigation so she can plant only one time a year but she wants to grow rice two times a year. She also lacks capital, labor and technology to do rice farming. She borrowed \$ 100 from Chinese money lender in Baray district. The labor in their family is not enough, in particular, during transplanting and harvesting time, so that they have to hire labor. But it is sometime difficult to find labor during that time because most of the people are also involved in their own rice farming. The technology used is low level and so she gets low yield of rice. The quality of rice is also low, because the rice grains become harder from year on year. She does not have transportation means such as motorcycle.

Regarding tofu processing, her family produces and sells to the local market. The market is limited since the local people in the village don't like to eat tofu very much. If she could find a larger market, she would like to expand this business since she could make more profit.

Since she does not have market information, she only sells the product in Kampong Thmar and Baray market. Due to many vegetable growing households (about 60 households), she faces some difficulties to sell the vegetable during peak period and she gets a low price.

## Case Study 13. Chea Pin – Farmer Baray District, Kampong Thom Province

### Background

Mr. Chea Pin is a 46 year-old farmer. He was born in this village. His wife Mrs. Duong Samat is 43 year-old. They have four children, one daughter and three sons. During Pol Pot regime (1975), he stayed in Kok commune, Baray district. In 1974, he learned to be an electrician at Speu village/commune, Chamka Ley district. In 1979, he came back to live in his home town again and started to do rice farming. In 1980, he married, and he started to work as a ox-cart maker for 5 years and he bought 3 hectares of rice field. In 1995, he stopped to make ox-cart, because there were no many customers and he shifted to grow vegetable and raise pig. He planted the vegetable on 0.20 ha of land and raised about 4 to 6 pigs. In 2006, his daughter got married with a lathe operator. His son-in-law has two lathes and he bought a dynamo for iron welder (Machine Psa Dek) for making ox-card.

### Obstacles in Development

The main obstacles to development include:

- *Procurement of raw material and input:* Lack of seed from outside which give high yield. Currently, he uses local seed such as Pka Mlis, Pka Kgey, Pka Mean, and Neag Mich. In addition, the fertilizer is not good as before and its price is also high compared to before.
- *Water:* there is lack of water in the existing irrigation which was constructed during Pol Pot regime. In 2006, they rehabilitated a canal which leads the flow of water to rice field. Then, the water will be enough for vegetable and dry rice farming.
- *Capital:* Lack of capital. Currently, she borrowed money from VDC, with support by ADRA (an NGO). He used to borrow about R 200,000 for 3 months with interest rate about 4 percent (monthly).
- *Labor:* Lack of labor, due to many young people look for work outside of the village. Now, he wants to change from transplanting to broadcasting.
- *Lack of technology:* last 2 years (2003), an IPM trained him to plant rice and identify pest and insect that destroy or give benefit to rice. However, he thinks that he still does not have enough knowledge about good technology for rice farming.
- *Quality of rice is good.* If he did not use fertilizer, the quality becomes low.
- *Transportation:* he uses animal draft, so it is not on time (i.e. take long time). He thus hires a truck during dry season and uses an ox cart during wet season for transporting paddy from rice field to home.
- *Government policies and regulation:* he has only land certificate, but no land title.
- *Market information:* he gets the information once he reaches the market.
- *Competition:* there is competition of vegetable from outside village (i.e. Kampong Cham, Tain Kok and outside province)
- *Marketing:* he sells only in the Kampong Thmor market, but sometime there were middlemen from PP who go buy his vegetable at home in order to sell at Tang Kror Saing Market.
- *Relation with farmer:* he has good relation with farmers and shares experience on vegetable and rice growing.
- *Price:* he gets lower price due to imported vegetable from other provinces and outside the village.

There are three most important constraints:

- Water irrigation and insecticide on vegetable growing and caring of vegetable. He digs a pond to make the natural insecticide.
- Lack budget for rice production such as buying fertilizer, animal draft and lack of technique for agriculture.
- Land size is small but the family size is large, so that he needs more money for buying land.

### **Growth Strategy and Future Plans**

In the next 5 years, he will keep the same rice land but wants to increase the rice yield. He also plans to do two crops in a year, depending on water availability.

He plans to dig a pond, to apply the fertilizer and to find good seed. He intends to sell the land that is far from his house and buy a new land near the village. He also wants to buy the power tiller for replacing the labor and a water pumping machine.

### **Success Factors**

He has strong commitment and follows the technical of agriculture and he uses the labor force of family. He works and tries hard to achieve the success. The key factor of success is related to agriculture input and technique information of agriculture as well.



## **Case Study 14. Mr Sim Meth, Rice-Soybean Farmer, Kampong Thom**

### **Background**

Mr. Meth and his wife, Ms. Oeun, are owners of a farm including 2ha lowland and 5ha upland located in Sralao Torng Village, Ballaing Commune, Baray District, Kompong Thom Province. They have 4 children. The two older children help in the farm and the two younger children are still at school.

Mr. Meth lives on this farm since 1979 when he started farming on 0.5ha of rice land 1ha of upland crops. He planted sesame in May-June followed by mungbean in July-August on the upland. At that time he produced only 400kg of mungbean and 100kg of sesame. He produced about 1.2 tonnes of rice which kept for family consumption. He sold mungbean and sesame for buying food, cloth, medicine and other necessities. He made no profit at that time. He thought that if he could improve land preparation he would obtain a higher yield. The soil was hard. He used cows for ploughing.

Through hard work, Mr. Meth and his family could improve their business. In 1983 he was able to purchase 1.5ha rice land. In 1993 he bought a hand tractor. In 2000 he bought 3ha of upland. Last year he bought a tractor and a thresher.

Now Mr. Meth has 2ha of rice field and 5ha of upland where he plants soybean and sesame. He uses the tractor and the thresher not only to work on his farm, but also to provide services to other farmers. Mr. Meth has 4 full time family labors and 10 temporary workers (for 2 months only).

Last year Mr. Meth sold 5 tonnes of soybean, 2 tonnes of sesame and about 1.6 tonnes of paddy. He earned about \$1,125 from mungbean, \$1,350 from sesame, \$196 from paddy, \$400 from tractor service, and \$125 from thresher service. The gross income is \$3,196. The net profit is between \$250 and \$500 per year only.

### **Obstacles in Development**

Mr. Meth has encountered a number of obstacles in his business including the following:

1. The second-hand tractor is easy to break down. It is hard to find quality spare parts.
2. High price of inputs but low price of products.
3. Pest attacks.
4. Late payments: Often the customers do not pay back on time for the service provided.
5. The price of product is not stable. The price of sesame and soybean is particularly volatile.

### **Growth Strategies and Future Plans**

1. Mr. Meth plans to buy one more tractor, one thresher and one truck of 2.5t capacity over the next 5 years
2. Continue the existing business
3. Increase service providing of tractor and thresher.

### **Future Threats**

1. Market: Most of the products are going to Vietnam. If one day Viet Nam stopped buying soybean or sesame the producers will face a very hard situation.
2. Price competition: the traders determine the price. When the people grow more the price is going down.

### **Success Factors**

1. Hard working
2. Strong support from the family. All members jointed work.
3. Patient

## **Case Study 15. Mr Khlang Khoeun, Soybean Sauce Processor, Kampong Thom**

### **Background**

Mr. Khoeun is a primary school teacher living in Daung Village, Balaing Commune, Baray District, province of Kompong Thom. He teaches at a primary school near his village. He has three young children. Before 2003 his wife was running a small shop selling second hand cloth at the market about 1km from the home. As a teacher Mr. Khoeun receives about \$7 per month. His wife also can not have profit from selling cloth because there are many sellers engaged in a similar activity.

Mr. Khoeun and his wife thought about other business activities from which they could obtain more profit. After long consideration, they decided to start processing soybean. The reason for this choice was the availability of the raw materials in the area and not many people being engaged in processing. At the beginning Mr. Khoeun and his wife started with 10kg of soybean. After 15 days of processing they could get 30kg of soybean sauce.

Mr. Khoeun started producing soybean sauce by his own knowledge and learned more from the experience of other processors. Now Mr. Khoeun can produce about 60kg of soybean from which he obtains 180kg of soybean sauce.

Since the business is at the beginning Mr. Khoeun does not have many customers. He sell to the wholesalers at local market with R800 per kg. Sometime he sells at R 900 per kg to wholesalers at Kompong Thom market which is about 40km from his home. He uses his bike or motorbike to transport to the local market and use the public transport to Kompong Thom market.

Up to now he has no profit but he is able to buy the raw materials and keep under his house (about 2 tonnes of soybean).

### **Obstacles in Development**

Mr. Khoeun has encountered a number of risks in his business as following:

1. The raw materials using for soybean sauce processing are soybeans, sugar, and salt. Soybeans and salt are available at the local market, but the sugar is hard to find.
2. The quality of raw materials sometime is bad. It affects the quality of sauce.
3. Lack of transport- For markets which are far from home he uses public transport, and takes more time.
4. The price of raw materials is up but the price of soybean sauce remains the same.
5. To do this business it needs more labor. He uses all family labor in the house.

### **Growth Strategies and Future Plans**

1. Mr. Khoeun plans to buy one truck with the capacity of 2.5t in the next 5 years
2. Continue the existing business
3. Improve soybean sauce quality.
4. Increase number of market outlets.

### **Future Threats**

1. So far Mr. Khoeun uses rice husk and wood ash to heat the soybean sauce, which is cheap. He just collects the husk from milling machine nearby. He thinks that one day he could not find it.
2. Price competition- There is 4 to 5 processors in this village. He is worried that he can not compete with these people in terms of price.

### **Success Factors**

1. He tried hard to manage this business. All family members are involved in this work.
2. He is always keeping in mind that the quality of the soybean sauce is a key success in finding market.
3. Patient

## Case Study 16. Taur Tieng- Fish Processor, Tang Krasang Commune, Santuk District, Kampong Thom Province

### Background

Mrs. Taur Tieng is 55 year-old farmer. She was born in this village. She married with Mr. Sek Un who is now 56 year-old. They have 10 children including 6 daughters and 4 sons. After Pol Pot regime (1987), she came back to live in this village again. She has been involved in rice farming and fish processing since that time. Mrs. Taur Tieng and her husband own a rice farm with 1.5 ha. They do rice farming in both wet and dry season. Rice farming is only for household consumption. Her husband and son do fishing during the whole year at Stung Slap at Kampong Chhnang province border. Mrs. Taur Tieng is also going to that place for fish processing with her four children and producing fish paste, fermented fish, smoked fish, and salted dry fish. She sells these products to the middlemen within the village of her house.

### Obstacle in Development

The main obstacles include:

- Procurement of raw material: She has not enough capital for buying equipments/materials for fishing and rice farming activities
- Capital/Credit: Lack of capital to improve her business. Currently, she borrows R 300,000 from a Chinese money lender with 20 percent of interest rate per month. The purpose of borrowing was to buy a fishing net, and fish processing materials – salt and some rice for family consumption.
- Transportation: Since her village is far and the road is in bad condition.
- Market information and prices: Lack of market information. At present she sells to only one middleman within the village and nearby her house with low price.

The most important issues for her:

- Dry rice farming: lack of money to buy fuel for pumping water to irrigate rice field.
- Capital: lack of money for daily consumption and to buy equipments/materials for fishing activity. She need credit provider with low interest rate as much as possible to develop her business.

Product name	Unit	Volume sales (2005)	of Value of sales (2005) (riel/kg)
Paddy (for family consumption)			
Fish processing			
Fish paste	Kg	600	1,800
Smoked fish	Chankak	400	300
Fermented fish	Kg	100	1,500
Salted dry fish	Kg	20	10,000
Salted dry fish (Kanchos)	Kg	150	1,800
<b>Type of customer</b>	<b>% of sale</b>		
Local middlemen	100		
Labor force	Family labors		

## **Case Study 17. Mr. Keun Ron – Vegetable Trader Baray District, Kampong Thom Province**

### **Background**

Mr. Keun Ron is 39 year-old. He married with Loch Yen and has 2 daughters. He finished his study at class 8 and his wife finished at class 6. In 1984, he came to live in this village, where he worked as farmer on the land area of 3 ha and was also a fish collector from Boeung Chdor village of Kampong Chhnang province and selling in Kampong Thom market. In 2003, he started to work as vegetable trader (i.e. buying vegetable from Kampong Cham, Kampong Thom and Phnom Penh and selling in Siem Reap province). He brings all types of vegetables including cucumber, head cabbage, Chinese cabbage, green cabbage, lettuce, turnip, egg plant, tomato, chili, big chili, wax gourd, long gourd, ginger and banana flower. He usually spends 3 days per trip.

### **Obstacles in Development**

Related to procurement of raw materials, has no problem because he has loyal vegetable collector in each province. He has his own truck for transportation of vegetables. Due to the fact that the price of fuel is increasing, he spends high cost for transportation, thus the profit become low and he has to pay unofficial money to the customs and police in Kampong Thom province about R 15,000 per trip.

Related to the capital use in his business, he needs R 5 millions per trip. He uses R 4 millions of his own money and buys on credit R 1 million from the collector. He has 3 workers and has no problem with them because they are permanent labor and he pays R 50,000 riel for those 3 workers per trip.

There is some problem with the quality of vegetable during the transportation. About 10 percent of products get rotten because the vegetable producers use pesticide and they pile the vegetable in the truck with no air-conditioner.

There is no issue related to the market information, because he contacts easily with buyers and sellers through telephone. He also has good relationship with farmers and he can contact directly with those farmers and collectors in case that he wants to visit at one of vegetable farms.

Competition is increasing. There are more competitors from different provinces, about 6 trucks of vegetable traders per day. Concerning the marketing, before there was only one market, to sell the vegetables. But now there are two markets so that the buyers in the market are spread out and sales become low. Anyway, the price is based on the market every day. He said that vegetable price is not stable, for example, he buys sometime with high price and sells at low price.

There is a most important constraint related to the marketing. He told that he has fixed customers in Siem Reap for certain vegetables like cucumber. He has to constantly supply them; otherwise he will lose the market. Occasionally, he makes a loss on the transaction because the price is higher in the field than in Siem Reap.

### **Growth Strategy and Future Plans**



He will be continuing this business because there are no alternative businesses providing similar income; however he faces difficulties in expanding his business because there is an increasing competition.

## **Case Study 18. Ms San Kimheun, Processor, Battambang, 16 March 2006**

### **Background**

Ms. San Kimheun is 35 years old entrepreneur based in Chin village, Prek Taton Commune, Sangker District, Battambang province. Her husband lost his parents during Pol Pot time and lived in the same village. Before marrying her husband was working in chili sauce, soy sauce and fish sauce factory in Phnom Penh and she was selling watches in Sangker market in Battambang.

She got married when she was 28 years old and after getting married she was still selling watches in the same market and her husband was working in the factory. Three years after marriage she had the idea of establishing a sauce processing business and discussed the idea with her husband. Since her husband had previous knowledge and experience about chili sauce, fish sauce and soy sauce processing, acquired while working in Phnom Penh, they agreed to start the new business.

In its first year the business is produced 100 to 120 dozens of three kinds of products (one dozen is 12 bottle); however both she and her husband has put considerable effort in promoting the products among various villages and districts in Battambang. Even though she was aware her products was not of high quality, she and her husband continuously made an effort to improve the quality in face of the high competition from imported products. She is also aware that to further increase quality, she will need more capital to invest in new equipment.

Every morning, her husband loads the products on a small truck and delivers the products to various districts in the province. He comes back home in the afternoon after completing the deliveries.

As a result of hers and her husband's effort to promote the products, she has established a good network of customers in the province. Currently, she is selling about 300 dozens of chili sauce, soy sauce and fish sauce per day and she can make a benefit of around \$25 per day. She buys the raw material for the fish sauce from Phnom Penh, and the raw materials for chilli and soy sauce she gets from Battambang province.

With her business she can make a decent income and provide for her family of 3 children; she was able to build a nice house and her livelihood is much better than most of the villagers and farmers in her neighborhood.

Even though many financial institutions have visited her to convince her to borrow money to invest in her business, so far she has not applied for any loans, since she believes that after paying a monthly interest of 3 or 4 percent per month, there would be very little benefit for her. So, rather than borrowing, she prefers to wait and save her own money and invest out of her savings.



### **Obstacles in Development**

Ms. Kimheun said that her small business depends on the demand of farmers for her products. Therefore when there is a crop failure and farmers face difficulty, also her business faces difficulty.

The quality of her products is still low. Laboratory tests conducted by the Department of Industry showed that several microbiological or physical parameters were not acceptable. However, the department apart from getting the dues and providing the results of the analysis did not provide any technical advice on how to improve quality. The departments come regularly (every 3 months) to visit her and get the dues (\$415 per year), but does not provide much services.

The roads connecting to the villages are not good and that is reflected in high cost for transportation

### **Growth Strategy and Future Plans**

Ms. Kimheun said that she planned to increase production by 30 percent through a sales plan targeting all districts in Battambang and Pailin.

She also plans to learn more about methods to improve quality of products and meet market standard requirement. She plans to buy equipment to increase productivity.

### **Threats**

The major threat to her business is natural disaster (drought and flood) that may affect farmers and therefore decline demand for her products.

She is also concerned about the family health: as both she and her husband are involved directly in processing she is afraid that they may get sick and the overall business may suffer.

The low quality of her products might affect the health of the consumers and decline demand.

## **Success Factors**

The main reason for her success is working hard and in harmony with her husband.

Her husband having done a lot of promotion directly to farmers and villagers and created a distribution network.

She and her husband have tried to improve quality even their knowledge and skills are limited.