

Case Study

THE KHMER ORGANIC PROJECT

INCLUSIVE BUSINESS INVESTMENT ON ORGANIC AGRICULTURE

Objective

Khmer Organic Co., Ltd is a social agribusiness enterprise established since 2014 by working along the whole agricultural supply chains from the farm gate to marketplaces and working in close relationship with farmers and society in rural areas of Cambodia. Khmer Organic provides best available options for all consumers by bringing a real quality of local food and fresh produce in Cambodia. Khmer Organic has increased significant market opportunities for organic products in local markets to all farmers in the country. We are the company for those who want to be a part of pushing economic growth through organic food markets. This approach offered new opportunities for the development of the organic agriculture in Cambodia. We believe that Cambodian smallholder farmers should take advantage of potential market opportunities since it has a number of comparative advantages for producing and supplying organic products.



Context

We are in emerging market in Cambodia. Our competitors are unsafe fresh produces from wholesale wet markets in which contained heavy chemical residues and pathogen contamination. Food safety is the main concern for many people who live in Cambodia. Thus, we are providing only certified organic vegetables and fruits for all consumers. Organic supply is small in Cambodia versus demand while organic market trend in Cambodia is increasing and potential to grow more. We run our business with strong responsibility and ethical values aligned with corporate social responsibility. We engage in and appreciate inclusive business. We engage and work with various stakeholders and development partners to promote sustainable agriculture and support low-income people and farming communities in Cambodia. To be sustainable we are focused on business growth by diversifying our products, increasing project sales and profitability, ensuring environmental benefits, social benefits and socio-economic development by creating jobs for people, especially youth, healthy food for consumer and good living conditions for everyone.

Production model

We grow and sell the products of our own organic farms and farmer producers in Cambodia. The contract farming business development was introduced with agricultural cooperatives and commercial farm operators throughout the country. Khmer Organic is involved through an



entire supply chain to grow its markets in accordance with European Organic standards, US Organic Cambodia Organic Standard and Cambodia food safety standards for each commodity. Khmer Organic is working and cooperating with several Agriculture Cooperatives in some provinces in

Cambodia. Standard to guarantee quality on our product including: EU Organic Standard (Control Union), USDA Organic Standard (Control Union), GMP/HACCP and CSR (Inclusive and Social Business Initiatives)

Conclusion

Base on the production model, Khmer Organic is working along the whole agricultural supply chains starting from the farm gate to marketplaces and working in close relationship with youth, farmers and society in rural areas of Cambodia. We are employing 60% of youth our whole business value chain in Cambodia. We partner with stakeholders, government institutions, development agencies, NGOs and private businesses in Cambodia. We work in close cooperation with relevant smallholder farmers and agricultural cooperatives based on values of honesty, equity, positive encouragement and responsibility to promote income and livelihood of farmers in the rural area.



Impact on livelihood

Throughout our contract farming business development model, 200 youth out of 1000 Khmer Organic contracting farmers have developed and become agribusiness entrepreneurs. They earn an average net profit 1200 US dollars per year. All contracting farmers, youth, and elder farmers have significantly increased business skills and become business partners of Khmer Organic. They supply their produces regularly to the company and received premium price for their products.



Impact on Food Security and Safety

Khmer Organic promotes health of people, by concentrating on food security, safety, and accessibility. We strongly believe that organic farming methods are only a way to generate higher income, but also primarily benefit human health and environment. We are serving and providing consumers with more options and better varieties of organic products from trustable sources of organic farms in Cambodia. We also organize food safety awareness to our customers and stakeholders in the country. Consumers are confident to choose our fresh produce and products from our market. Throughout our shops and wholesale channels, consumers in Phnom Penh access our organic products daily. Our business model is to develop marketplace for smallholder farmers who are growing organic produce, local SME products and other community products in the country.



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Impact on Environment

Our business has contributed to green environment and climate change mitigation in business implementation. Our business approach is focused on making more positive impact on the environment rather than reducing the negative one. Khmer Organic owns two organic farms in different province in Cambodia. Our organic farms were established to promote and develop the cultivation of organic fruits and vegetables using sustainable techniques in order to help farmers to get quality of life and sustainable agriculture in Cambodia. They are environmentally friendly and ensures good harvests to the farmers and healthy fruits and vegetables for customers in Phnom Penh. We promote green agriculture practices while taking care of the environment, and provide healthy foods from the farms for all people. Khmer Organic with the support from Heifer International Cambodia, initiated the project to support and encourage local Agricultural Cooperatives to produce certified organic produce in the target province, by promoting organic farming and environmentally friendly practices in the community. Through this project positive impact has been felt in: soil improvement, clean water access, no single use plastic, biodiversity conservation, clean village and healthy foods for people. It contributed in promoting bio agricultural inputs, organic fertilizer, organic pesticides and high quality seeds with farmers. Khmer Organic organized awareness and environmental campaign at the community level to promote organic farming and care for the environment. All people in the community joined this event to together promote environment protection in the village.



Impact on Social

Creation jobs for people, throughout our green business development, Khmer Organic has currently employed around 120 working staff. We create more jobs and encourage employment in local communities, where work opportunities are often limited. We do that by offering good work environment and decent salary. We also provide jobs to non-graduate students as well as disadvantaged people, such as drug users and migrant workers. We encourage elderly or stay at home mothers to work and participate in their community by learning crafts of agriculture or by selling vegetables of farmers in local markets. We believe in and encourage circular economy in local communities. Khmer Organic was selected for the 4th ASEAN “Rural Development & Poverty Eradication Leadership” Awards in 2019 in Myanmar. This award recognizes the success and achievements of farming community as well as farmers in terms of improvements in poverty reduction as well as enhancing the well-being of people in Cambodia. With this award Khmer Organic are encouraged to continue their pursuit of the sustainable development goals and strategic planning of the government, by contributing to the socio-economic development, job creation, environment protection and quality of food for human health.



