



Cambodia MSME Project – Final Activity Update

Mending Shattered Value Chains Brings Startling Results

The USAID-funded Cambodia MSME Project has shown that strengthening value chains in rural Cambodia generates increased investment and growing enterprises in provinces that have been trapped in extreme poverty.



The Cambodia MSME Project team helped to sustainably improve the lives of thousands of rural Cambodia families. The team thanks the many development partners, NGOs, government officials, and, most of all, the thousands of private sector firms, who collectively made themselves and the project a success.

Pioneering efforts to strengthen value chains in four of Cambodia’s poorest provinces have been so successful they are sparking ‘copycat behavior’ among rural entrepreneurs and among Cambodia’s and other international development partners.

Of the many attempts to alleviate extreme poverty in rural Cambodia, few have succeeded in creating long-term self-generating solutions. Immense challenges, including isolation from markets, knowledge, and input suppliers, have left rural entrepreneurs mired in subsistence activities with little incentive for rational investment or growth. MSMEs approach to strengthening value chains has led to an overall surge in rational investment, productivity, diversification and profitability for more than 1,800 project assisted client-enterprises.

An average 244% return on investment was achieved during the two years in which performance was measured. Clients invested more than \$12 million in new capital improvements. The astonishing income improvement for the enterprises and surging investment benefited the economies in the four target provinces: Kampong Cham, Kratie, Prey Veng and Svay Rieng.

The final review of the project, which ended in September 2008, found major improvements in all three value chains identified for assistance: pig, aquaculture, and brick and tile. Investments by pig value chain clients exceeded the \$1,200 per enterprise target by more than four times at \$5,256 per enterprise. Moreover, these investments were 86% self-financed.

In the aquaculture value chain, the average gross profit per enterprise was \$2,800, a rise of 489% compared to the year before joining the Project. Gross sales revenue in the year to April 2008 was \$3,637 per enterprise, or 169% of the Project’s target. Total sales volume rose 163% due to increases in the size of fish ponds, improved productivity and increased size of fish sold. The brick and tile value chain saw a startling increase in investment in fixed assets in the year to April 2008, reaching 640% of the target, or \$115,160 per enterprise. Due to improved quality of tiles and bricks produced and better access to better markets, average gross sales revenue for tile production was \$39,967 per enterprise, or 189% of the target.

One other vital outcome of the project has been the formation of local business associations in each of the value chains. These associations allow members to share knowledge, attract input suppliers and lobby local governments to implement more business-friendly regulations.

The Cambodia MSME’s Final Project Report can be downloaded from www.cambodiamsme.org