



Initial Poverty and Social Analysis

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Cambodia: De Heus Sustainable and Inclusive Feed Supply Chain Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ESMS	–	environmental and social management system

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Project Title:	De Heus Sustainable and Inclusive Feed Supply Chain Project
Lending/Financing Modality:	Corporate Finance	Department/ Division:	Private Sector Operations Department Office of the Director General-Agribusiness Investment Team

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The government of Cambodia is working towards upper middle-income status by 2030. While poverty has declined, poverty is concentrated in rural areas. Given that agriculture still accounts for 22% of the GDP, the government aims to promote development by addressing major reasons for the country's agricultural low productivity, including underdeveloped agricultural value chains. ADB, in the Country Partnership Strategy supports agricultural development through Pillar I of the strategic framework which focuses on Economic diversification, Private Sector and Market Development. The CPS's aims to increase the value of agricultural products through a "whole systems" approach to improve the productivity and commercialization of agriculture.^a The proposed De Heus Sustainable and Inclusive Feed Supply Chain project aligns with the CPS by supporting the underdeveloped feeds sector in Cambodia, contribute to sufficiency of domestic production of meat and fish, and support local production and value-addition of key inputs.

B. Poverty Targeting:

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The proposed project is expected to support the expansion and processing capacity for animal feed of the De Heus TMH facility in Cambodia and provide capital support for working capital needs for raw material inventory. The expansion of the facility will benefit small and independent livestock and fish farmers in the country. Meanwhile, corn farmers would also benefit due to higher and stable corn procurement from smallholder corn farmers. Eventually, consumers would benefit from the improved livestock and fish production.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The expected beneficiaries of the proposed project are the following: De Heus TMH Company Limited, its employees, small and independent farmers engaged in meat and fish production, and the consumers. Cambodia has underdeveloped agricultural supply chain, particularly on animal feed sector. The country imports almost 50% of its animal feed, primarily from Vietnam, which affects food security and poverty incidence in rural areas.
2. Impact channels and expected systemic changes. The proposed project is expected to support the expansion and processing capacity for animal feed of the De Heus TMH facility in Cambodia and provide capital support for working capital needs for raw material inventory. The expansion of the facility will benefit small and independent livestock and fish farmers in the country. Meanwhile, corn farmers would also benefit due to higher and stable corn procurement from smallholder corn farmers. Eventually, consumers would benefit from the improved livestock and fish production.
3. Focus of (and resources allocated in) the transaction TA or due diligence. The due diligence will focus on corporate audit of the company's ESMS, environment and social compliance audit of the feed mill, development of a corrective action plan, and enhancement of the ESMS. Land acquisition, including legacy issues will be checked and presence of Indigenous Peoples will be determined. Company policies on core labor standards, stakeholder engagement, grievance redress mechanism, and corporate social responsibility will also be reviewed.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Cambodia is mainly dependent on agriculture, which is a primary source of employment for both men and women. This is especially true for small farm holders who depend on subsistence production. In 2016, the agriculture sector employed 33.7 percent of men and 39.3 percent of women.^b Only 37 percent of agriculture households have access to credit, with men-headed households having more access at 38.1 percent compared to only 33.4 percent for women-headed households.^c Nationally women represent about 60% of agricultural cooperative members, and they run 65% of all enterprises, over a third of all fruit and vegetable processing enterprises and almost half of all wholesale agricultural raw materials enterprises. Women produce 70% of the country's food, but are only 24% of household agricultural holding managers, and 12% of agricultural extension officers.^d Of the 60% women agricultural cooperative members only 34% of agricultural cooperative Board of Directors are women.^e Despite serving as the backbone of one of the most economically important sectors, women in agriculture are marginalized and often have

little access to financial resources, knowledge, and technology to improve their crop yields and livelihoods.^f When compared regionally, the quality of vocational agricultural training in Cambodia remains low, and the engagement of the private sector is not regularly practiced, especially with agricultural producers.^g In rural areas, only 1 percent of total farmers had access to extension services in 2007 (compared to 0.7 percent in 2002), and of that 1 percent of beneficiaries only 10 percent were women.^h Female-headed households, on average, have less land and less access to farm equipment, tools, and communications services.ⁱ Access to extension and other agricultural services remains a large constraint to increased productivity for women in agriculture. Women's needs are often neglected, partially due to the low number of female extension workers and the lack of training and information tailored to women.^j Research shows that a major barrier to increasing female farmer productivity is lack of female extension agents with women unfortunately representing just 15% of the world's agents.^k Female farmers who are trained by female extension officers, receive more extension services, learn more and apply more best practices, than female farmers trained by male extension officers.^l

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women access to and use of opportunities, services, resources, assets, and participation in decision-making? Yes No

During gender due diligence potential gender measures which will be examined may include: training for female poultry and maize farmers, engaging female trainers to deliver the poultry and maize training, increasing the proportion of women holding management roles, providing internships for women, and implementing an anti-sexual harassment policy.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design. The main stakeholders of the project are De Heus TMH and its employees, the residents within the Kbal O village, Preah Sre Commune, Kampong Speu Province, local suppliers of raw materials, and independent livestock and fish farmers.

2. Who are the key, active, and relevant CSOs in the project area? There are no reported CSOs operating within the area. However, a stakeholder engagement framework will be developed, together with a grievance redress mechanism to provide opportunity for stakeholders to provide feedback to the company.

3. Are there issues during project design for which participation of the poor and vulnerable is important?

Yes No If yes, what are these issues?

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues? De Heus TMH and its employees will be involved in the enhancement of the ESMS. However, there will be limited opportunity for participation outside the company. A grievance redress mechanism and a stakeholder engagement plan will be part of the ESMS that will cater to external complaints and ensure that there are regular consultation activities.

5. What level of CSO participation is planned during the project design?

 L Information generation and sharing Consultation Collaboration Partnership

IV. SOCIAL SAFEGUARDS

- A. Involuntary Resettlement Category** A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

The proposed project involves expansion of storage and processing facility of an existing feed mill and permanent working capital for raw material inventory. The expansion will be limited within the footprint of the existing facility and no additional land is required. There are also no legacy issues identified during the compliance audit.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

- B. Indigenous Peoples Category** A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No
The facility is in a private land leased by the client outside any territories used or claimed by Indigenous Peoples. The nearest ethnic minority group is located about 3 km. east of the facility.
3. Will the project require broad community support of affected indigenous communities? Yes No The project will not result to commercial development of the cultural resources and knowledge of Indigenous Peoples, physical displacement from traditional or customary lands, and commercial development of natural resources within customary lands that will trigger broad community support requirement.
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?
 Indigenous peoples plan Indigenous peoples planning framework Social impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?
 Creating decent jobs and employment Adhering to core labor standards (L) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____
2. How are these additional social issues and risks going to be addressed in the project design? An enhanced ESMS will be developed that complies with ADB Safeguards Policy Statement and Social Protection Requirements.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks? Are the relevant specialists identified?
 Yes No
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis; and the participation plan during the transaction TA or due diligence? A consultant was engaged by the client to undertake environmental and social compliance audit and enhancement of the ESMS.

ADB = Asian Development Bank, CSO = civil society organization, ESMS = environmental and social management system, MFF = multitranches financing facility, IPSEA = initial poverty and social analysis, TA = technical assistance.
Sources: Asian Development Bank and De Heus TMH Company Limited.

- a ADB. 2019. Cambodia, 2019-2023 – Inclusive Pathways to a Competitive Economy. Manila
- b Leapheng, Phoung et.al. 2018. [The Important Role of Cambodian women in the Agriculture Sector](#). Parliamentary Institute of Cambodia. Phom Penh.
- c Leapheng, Phoung et.al. 2018. [The Important Role of Cambodian women in the Agriculture Sector](#). Parliamentary Institute of Cambodia. Phom Penh
- d Green Climate Fund. 2018. [Gender Assessment](#). FP076: Climate-Friendly Agribusiness Value Chains Sector Project.
- e Green Climate Fund. 2018. [Gender Assessment](#). FP076: Climate-Friendly Agribusiness Value Chains Sector Project.
- f Food and Agricultural Organisation of the United Nations. 2017. [The future of food and agriculture Trends and challenges](#). Rome
- g US Agency for International Development (USAid). 2014. [Agricultural Education and Training Systems in Cambodia: An Assessment of the Current Status and Future Opportunities](#)
- h Japan International Cooperation Agency. 2007. [Cambodia: Gender country profile Cambodia](#), p.32
- i ADB. 2021. Cambodia Agriculture, Natural Resources and Rural Development Sector Assessment, Strategy and Road Map. Manila
- j World Bank and Australian Aid. 2015. [Cambodian Agriculture in Transition. Opportunities and Risks](#).
- k Food and Agricultural Organisation of the United Nations. 2011. [The State of Food and Agriculture 2010-11](#). Rome.
- l Lahai, B.A.N. & Goldey, P. & Jones, G.E.2000. [The gender of the extension agent and farmers' access to and participation in agricultural extension in Nigeria](#). The Journal of Agricultural Education and Extension. 6. 223-233.