



GLOBAL LEADERS PROGRAMME

BUILDING A FARMER-CENTRIC COCONUT INDUSTRY IN CAMBODIA

NOVEMBER 2017

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Executive Summary (1/2)

- The global market for coconut water is a US\$2.2 billion industry. Virgin Coconut Oil (VCO) captured a market size of US\$2.1 billion in 2016, and is anticipated to reach US\$4.2 billion by 2024 driven mainly by rising consumer interest towards natural food and beauty products. This demand growth for coconut products is currently occurring in the context of stagnate or declining production.
- Cambodia has an under-developed coconut industry. The majority of coconuts are rain-fed and planted irregularly by smallholder farmers for whom coconuts are not their main crop.
- Most coconuts are sold while they are young for coconut water. Smallholder farmers also do not know about the high value added products that can be derived from mature nut processing.
- Currently only 10% of Cambodia's agricultural goods are processed. Expanding value-added agricultural processing has been identified by the Industrial Development Policy as an important export to diversify the Cambodian economy beyond the garment and footwear sector. At the same time, it has the added benefit of strengthening the rural economy thereby resulting in better livelihoods and less rural migration.
- Mature coconuts are a zero-waste crop. All of its components can be made into products such as VCO and desiccated coconut from the meat, vinegar from the water, coir and coco peat from the husk, and charcoal and activated carbon from the shell.
- The proposed Business Model recommends that SOMA establish the **Cambodia Coconut Company (CCC)**, an entity that will offer smallholder farmers a coconut planting incentive scheme, start virgin coconut oil (VCO) processing at village level hubs, offer agronomy training, demonstration and R&D for coconut development at its Technology Centre, and at the same time create its own plantations of non-fragrant coconut varieties, and process VCO and coconut water at a centralised facility.



Executive Summary (2/2)



- The “**Grow More Get More**” coconut tree planting incentive scheme ensures that CCC have access to a accessible and stable supply of mature nuts for its processing. It involves CCC contributing \$2 per new tree over two installments for farmers, and quality seedlings that can be exchanged. This scheme will be monitored using a simple barcode system tied to each tree, and the tree planting scheme can be used to accrue carbon credits.
- **Village Hubs** processing VCO will initially be 90% owned by CCC with 10% ownership by local entrepreneurs. After an incubation period of 3 years, entrepreneurs will gain 40% in the hubs, while 30% will go to Farmers Groups and CCC’s stake to reduce to 30. It is expected that 50 Village Hubs will be established by the 6th year.
- While coconut water will be marketed to consumers and the wholesale market, VCO will be sold in bulk in wholesale markets. Distribution and packaging for which will be done at the centralised packaging facility.
- Potential partnership with Coco Khmer, an existing downstream processor of VCO and body balms. Since supply of VCO will dramatically increase, CCC could invest in Coco Khmer to scale up its operations, while Coco Khmer can lend its expertise in product branding and access to markets.
- It is expected that 17,500 trees will be planted by smallholder farmers in the first two years, with a total of 500,000 trees to be planted by the end of the 10th year. CCC’s 1000 ha plantation will also provide an additional 200,000 non-fragrant trees over the next ten years.
- An initial capital investment of US\$6M will provide CCC with a break-even point after 3.7 years, an IRR of 37.9% and revenues of 113 million by the 10th year. Each Village Hub will require just US\$35,000 investment, for an IRR of 21.8% and a pay-back period of 2.7 years.
- The Village Hubs will not only help ensure the supply of VCO but will also generate employment and entrepreneurial opportunities for the local communities. Farmers’ incomes from coconut is expected to increase 6-fold under this business.
- Since VCO production creates byproducts that can also be sold or processed, future development could involve CCC establishing byproduct processing facilities, or encouraging local communities to do so.
- The following proposal also includes recommendations for public policy that will enable the growth of the nascent coconut industry in Cambodia, including the establishment of a Cambodia Coconut Development Board, a **Centre of Excellence for Coconut Research & Development**, and collaborative extension services.



INTRODUCTION & BACKGROUND



The **Global Institute for Tomorrow (GIFT)** is an independent pan-Asian think tank providing content-rich and intellectually challenging executive education from an Asian worldview.

The **Global Leaders Programme (GLP)** is GIFT's flagship executive education programme designed for managers from leading global organizations to think critically about the drivers of change in the 21st Century and develop new business models that address the defining challenges of our time.

Project Team

- 22 participants from 14 nationalities and 11 companies joined the GLP in Hong Kong and Cambodia in November 2017.
- In partnership with SOMA Group - one of Cambodia's leading industrial conglomerates - participants worked to produce business recommendations for building a high value added coconut industry in Cambodia.



COLLECTIVE17



International team of professionals exploring the opportunities and challenges of the nascent coconut sector in Cambodia

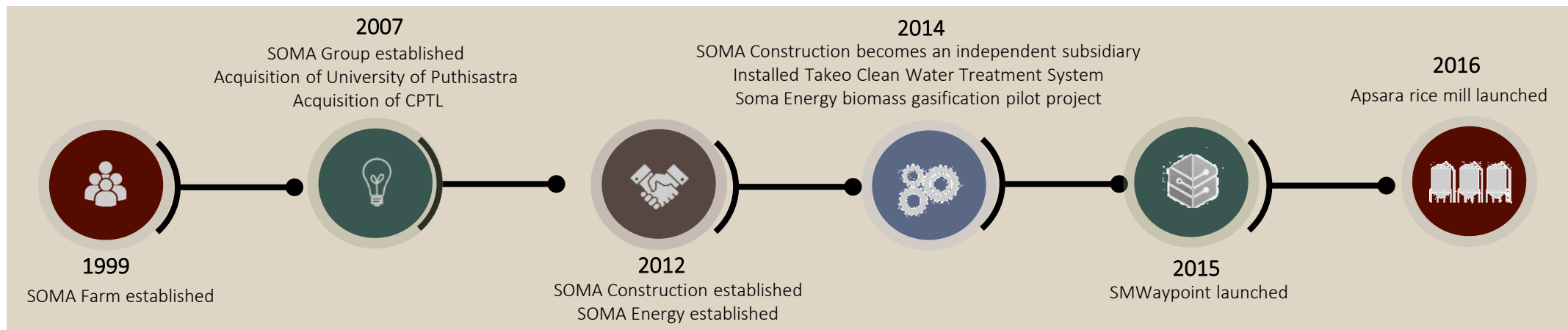
Project Partner – SOMA Group

Established in 2007, SOMA Group is one of Cambodia's leading industrial conglomerates with a strong focus on the country's development. The company is committed to addressing Cambodia's socio-economic development challenges through its businesses while concurrently nurturing the country's next generation of business leaders.



There are currently eight subsidiary companies under the umbrella of SOMA Group:

- **SOMA Agriculture:** SOMA Farm was established in 1999 as the predecessor of SOMA Group, with the aim to further Cambodia's agricultural development, promote environmental sustainability, and enhance local livelihoods.
At present, SOMA Agriculture manages more than 1,000 hectares, with operations in seven locations in three provinces. In addition to being the country's top producers of fragrant coconuts, it also produces rice, beef, eggs, limes and jackfruit.
- **APSARA Rice:** a joint venture between SOMA and CP Group to create an integrated rice milling facility in Cambodia.
- **SOMA Trading:** a leading import and export company in Cambodia focusing on consumer goods and agricultural products.
- **SOMA Construction Services:** a leading provider of high-quality buildings and building materials in Cambodia.
- **SOMA Energy:** a leader in integrated renewable energy solutions providing Biomass Gasification for electricity generation.
- **SMWaypoint:** a remote sensing company with an integrated flight department that uses unmanned aircraft to collect and analyse data.
- **Cambodian Power Transmission Line (CPTL):** a single-purpose company set up to develop a transmission network in Northwestern Cambodia.
- **University of Puthisastra (UP):** a comprehensive university established in 2007.



Scope of Project (1/2)

Programme Objectives

- Gain deeper insights into Cambodia; the challenges faced by the country's coconut sector; and the opportunities for a new business model to have a positive impact on the livelihoods of smallholder farmers.
- Create a proposal for SOMA Group to build a high value-added coconut industry in Cambodia and improve the livelihoods of smallholder farmers.
- Develop a financially viable business model that is attractive for investors, partners and other key stakeholders who share the company's vision and takes into account the balance between the commercial viability and social mandate of the business.
- Propose recommendations for SOMA that take into account:
 - Country context, including the social, economic and environmental factors that impact the coconut industry;
 - Supply side of the industry, including the need to engage smallholder farmers to increase the supply of mature coconuts and create high value-added local processing capacity;
 - The potential for adaptation/replication and scalability across Cambodia and the wider region.



Scope of Project (2/2)

The GLP is a two-week leadership programme combining classroom and field-based learning.

Methodology for Field Project

- Site visits, meetings and focus groups with diverse stakeholders to critically evaluate the coconut sector.
- Information gathering and analysis; business model generation and business planning sessions in-country.

Insights from key stakeholders including:

- Site visits include SOMA coconut plantation, Coco Khmer – a social enterprise producing VCO and downstream products, entrepreneur Chhay Vuthy's VCO processing facility and smallholder farmer households.
- Participants also met with representatives from the SOMA Group management team, Kampot Department of Agriculture, local coconut traders, and staff at Coco Khmer and Vuthy's facility.

Outcomes

- Development of a business plan with analysis of five key areas: Business Model, Strategy, Governance & Organisational Structure; Operations; Sales & Marketing; Financial Analysis; and Community Benefit & Social Impact.
- Presentation of highlights of business plan to representatives from the government and the agricultural industry, professionals from international NGOs, representatives from local businesses, university students and the media.



Cambodia



Photo Credit: Quang Nguyen

Background Information

Population	15.7 million
Urban Population	21.2%
GDP	USD 20.02 billion
Per capital income (PPP)	USD 3,510
GDP growth rate	6.9%
GDP composition by sector	Agriculture: 26.7% Industry: 29.8% Services: 43.5%
Inflation Rate	3%

Agriculture is the mainstay of Cambodia's economy

- Despite its declining share in GDP, agriculture remains the lifeblood of Cambodia with 67% of the total labour force depending on it for their livelihoods.
- The government has highlighted the promotion of agricultural development as the primary strategy for achieving higher growth.
- The agricultural industry has lifted four million people (~30% of the population) out of poverty over the past decade.
- Rice is the dominant crop, taking up 75% of the 3.7 million hectares of cultivated land in the country. Other major crops include maize, cassava, sweet potatoes, groundnuts, soybeans, sugarcane, rubber, cashew, coconuts and banana.

Significant opportunities to create financial and social value in Cambodia's agricultural sector



MARKET OPPORTUNITIES

Market opportunities - Summary

As consumers become increasingly health conscious, the market for high-value coconut products, such as coconut water and virgin coconut oil, is experiencing exponential growth. At the same time, strong niche based markets are also emerging for coconut-based snacks, beauty and wellness products.

While the demand for these products is steadily increasing, aging trees in large coconut producing markets such as The Philippines are threatening global market supply. This is particularly a concern for Virgin Coconut Oil (VCO), for which supply is expected to significantly decrease over the next ten years.

This imbalance in demand and supply presents an excellent opportunity to grow Cambodia's coconut sector. It is recommended that SOMA diversify its offering of coconut products and pursue opportunities to expand into new export markets.

In this section we will further explore:

- Product derived from coconuts
- The increased demand for coconut water and virgin coconut oil (VCO) products
- The growing imbalance in supply and demand
- Recommendations for how SOMA can enter these markets



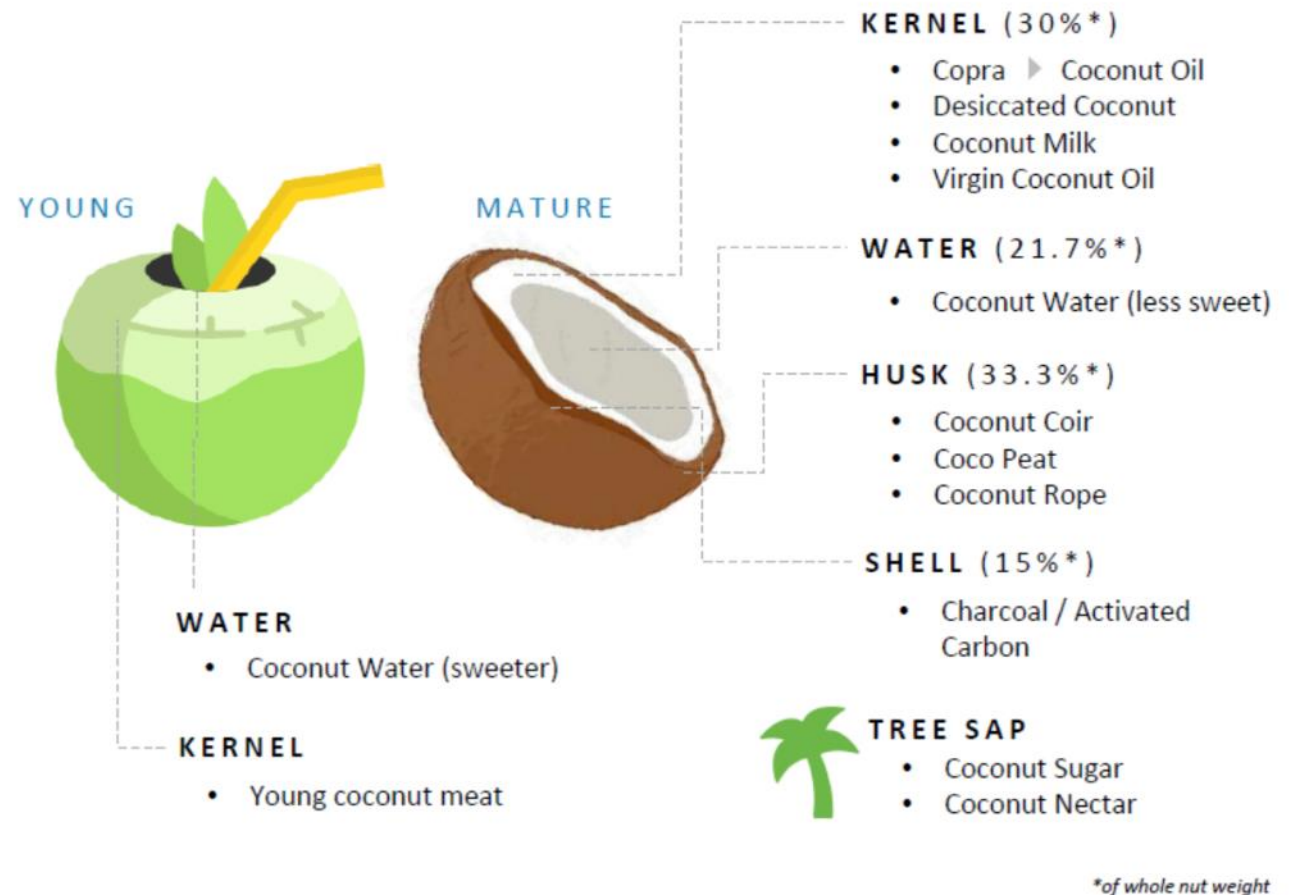
Growing imbalance in the supply and demand of coconuts presents a significant growth opportunity for Cambodia

Coconut Overview

The coconut is one of the most versatile and nutritious fruits and foods, and for centuries it has been a staple crop for many islands and Asian countries.

All parts of a coconut can be utilised. Coconut products are used to make everything from food and animal feed, to clothing and beauty creams.

Coconuts are planted in 86 countries with a total of 12 million hectares. More than 80% of the global supply comes from Asia and are grown on smallholdings under 4 hectares.



Source: Development Finance International, 2017, *Coconuts in Cambodia: A State of Play*; Philippine Coconut Authority.

Growth in global demand for coconut products provides opportunity for value-added local processing

Products Derived from Coconuts

Below are some of the high value-added products that can be derived from coconuts:



Coconut water is the clear liquid found inside young coconuts. More mature coconuts have less water inside as it gradually solidifies to form the kernel. Coconut water contains carbohydrate in the form of glucose and the electrolytes sodium and potassium – the crucial components in commercial sports drinks. It is a relatively low-calorie drink with far less sugar compared to many soft drinks.



Coconut Vinegar can be made either with fermenting coconut sap or coconut water. It is a natural source of probiotics, minerals and vitamins and contains all nine essential amino acids. It is used in salad dressings or mixed with drinks and is rising in popularity.



Virgin Coconut Oil (VCO) is extracted from fresh coconut milk obtained from mature coconut kernel (meat) by mechanical and natural means at a temperature below 40°C. VCO is known for its medium chain saturated fatty acids such as Lauric and Capric acid, antioxidants, vitamins and minerals. It has a natural fresh coconut scent and is used in cooking and beauty products.



Charcoal can be produced from the coconut shell. Carbonisation of one tonne of coconut shells produces of the order 300 kg of charcoal, which can be converted into 120 kg of **activated carbon**. The market for activated carbon in filter materials, absorbents and similar uses could be increased substantially if controlled processing and product certification were available.



Coconut Flour is made from ground and dried coconut meat, a by-product in the making of VCO. It is a gluten-free and healthy alternative to other flours. It is a low glycemic food that helps maintain a healthy blood sugar level.



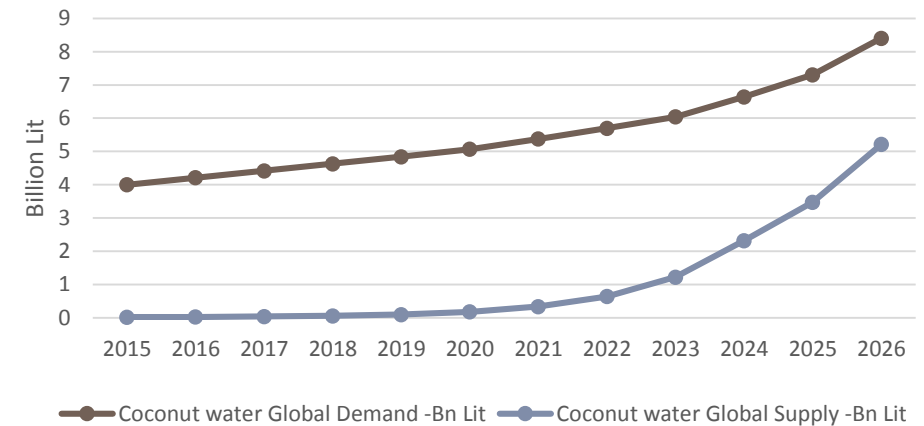
Products derived from coconut coir include **geotextile** for erosion control and other civil engineering applications, **rubberised coir pads** for automotive and mattress industries, **fibre reinforced composite materials**, **fibreboard** and similar building materials for **insulation**. Coco pith is the powder by-product from the husk and can be processed into **coco peat**, which is used as a plant substrate.

Global Market for Coconut Products

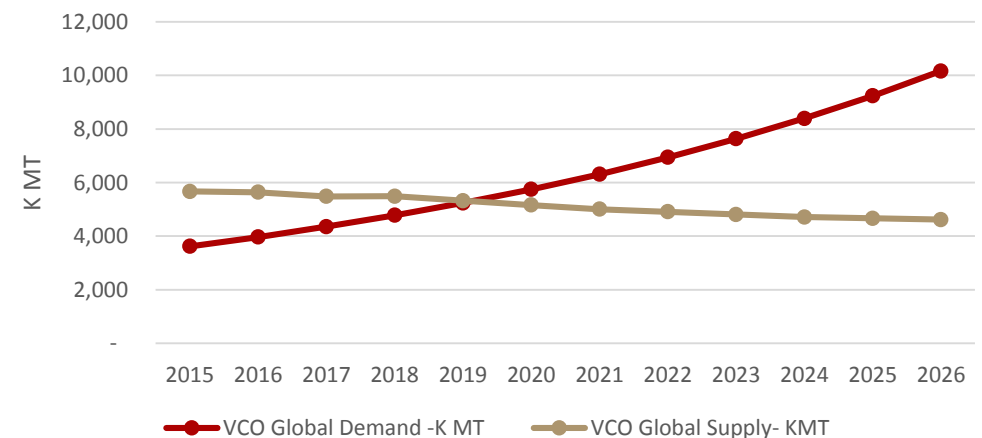
- The global market for coconut water reached US\$2.2 billion in 2016, up from US\$533 million in 2011 and is forecast to grow at 26.75% compound annual growth rate (CAGR) until 2020.
- The market for Virgin Coconut Oil (VCO) in 2016 captured a market of US\$2.1 billion and is projected to increase at 9.75% CAGR from 2017-2021 to reach US\$ 4.2 billion by 2024.
- While the demand for these products is steadily increasing, aging trees in large coconut producing markets such as the Philippines are threatening global market supply . This is particularly a concern for VCO, for which supply is expected to significantly decrease over the next ten years.



Coconut Water Global Supply-Demand Balance next 10 years



VCO Global Supply-Demand Balance next 10 Years



Sources: <http://www.centrafoods.com/blog/supply-and-demand-in-the-coconut-oil-market-market-update>
<https://www.foodbev.com/news/global-coconut-water-market-forecast-for-growth-of-over-25/>

Slowing production in other countries presents opportunity for Cambodia’s coconut industry to grow

Opportunity for SOMA to diversify its offering of coconut products



Young Fragrant Variety Coconut Products

- Bottled coconut water for export and retail distribution.
- Continued production of Fresh (unbottled) water for domestic markets.



Desiccated coconut



Coconut milk



Vinegar



Coir and peat



Activated charcoal

Other Byproducts

- Processed coconut byproducts (husks, shells) for local application (e.g. charcoal, vinegar, milk.)
- Room for other business opportunities and employment creation



Mature Non-Fragrant Coconut Products

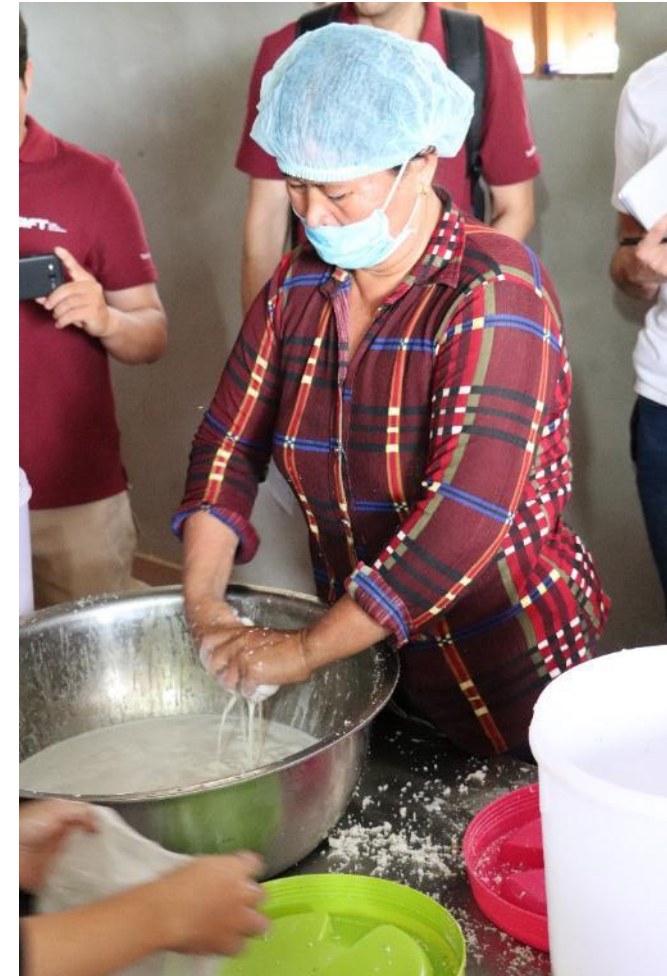
- VCO for wholesale export and local distribution.
- VCO for sale to secondary processors of downstream products (export & domestic).



CURRENT SITUATION & CHALLENGES

Current Situation and Challenges - Summary

- In Cambodia, coconut is cultivated in the Southern coastal provinces such as Preah Sihanouk, Kampong Speu and Kampot which receive higher rainfall.
- Coconuts are mostly produced by smallholder farmers on their landholding as a side crop. Most coconuts are naturally grown and provide regular income to supplement rice production.
- The scale of production is relatively small, and coconut prices are relatively high compared to neighbouring countries such as Vietnam and Thailand due to a shortage of supply.
- Farmers usually sell young coconuts through traders who come to their village. The need for immediate cash is often cited as a reason for harvesting coconuts young.
- The market potential from mature coconut has not been tapped. A shortage of mature coconuts hinders the development of the high value coconut processing industry.
- Coco Khmer is a pioneer and one of the few VCO and downstream products processors in Cambodia. Working with local entrepreneur Vuthy who runs a village processing facility, Coco Khmer produces artisanal VCO and beauty products with a unique Cambodian identity.
- At present, Coconuts is not a priority for the government. Rice, pepper and fruits are prioritised over coconuts.

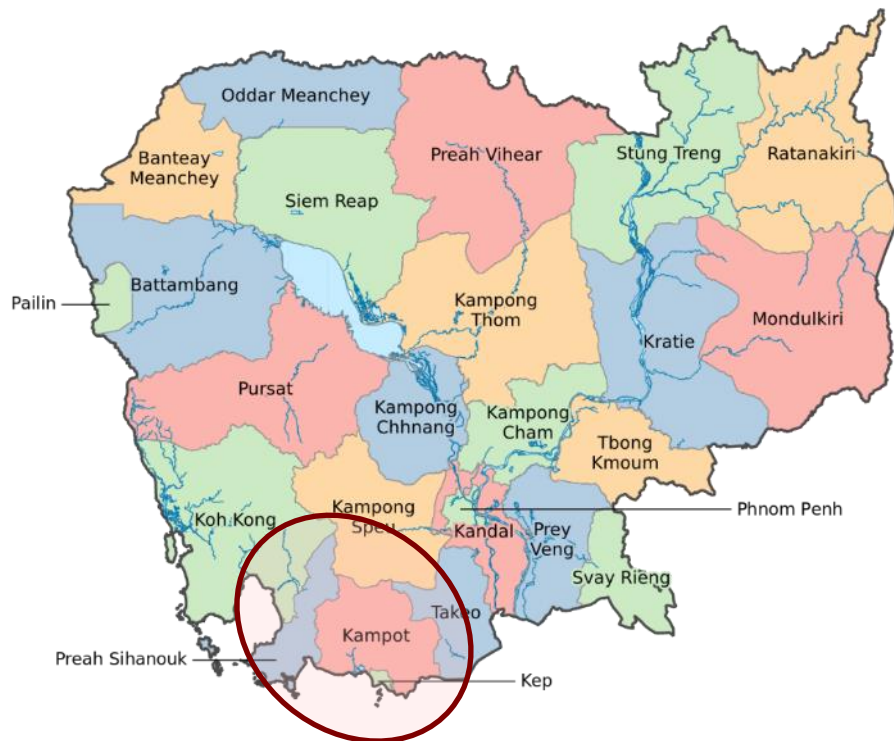


The market potential of mature coconut has not been tapped

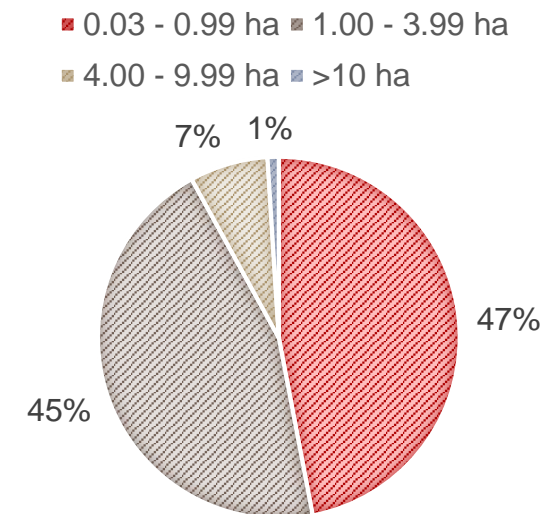
Coconut and Smallholder Farming in Cambodia

- In Cambodia, coconut is cultivated in the Southern coastal provinces such as Preah Sihanouk, Kampong Speu and Kampot with a total of 16,935 hectares.
- Kampot alone has 4868 hectares of coconut with a total of 598,764 trees.

- Coconuts are mostly produced by smallholder farmers with 20-40 coconut trees on their 1-2 hectares plot of land on average.
- Most coconuts are naturally grown and provide regular income to supplement rice production.



Cambodia farms by size



For a majority of farmers in Cambodia coconuts is a side crop

Coconut Processor Case Study: Coco Khmer

- Coco Khmer is currently one of the few local downstream VCO processors in Cambodia. It was founded by Robert Esposito in 2013 in Phnom Penh and now employs 12 workers, mostly women, from neighbouring homes.
- Coco Khmer has developed 23 products with nine distinct product categories. These include bottled virgin coconut oil, lip balm, aftershave balm, baby balm, massage balm, naga balm, and body scrub. 11 Coco Khmer products are sold in over 10 boutique stores in Phnom Penh, Siem Reap, and Kampot.
- All products are handmade using artisan methods.
- Since 2017, Coco Khmer has outsourced its VCO production to a local entrepreneur Vuthy in Kampot. The VCO supplied are classified into three grades:
 - Class A – most fragrant and clear; used for bottled VCO
 - Class B – less fragrant or a little astringent; mostly used for antibacterial cosmetic products
 - Class C – yellowish and not fresh smelling/tasting; used for soaps



Coco Khmer is a pioneer in VCO processing in Cambodia

Coconut Processor Case Study: Vuthy

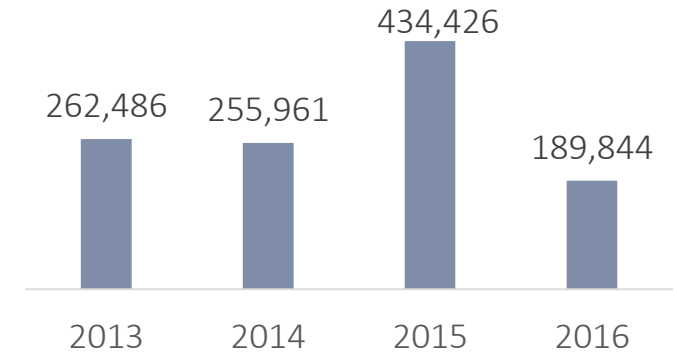
- Chhay Vuthy is a local entrepreneur based in Kampot. He produces VCO exclusively for Coco Khmer.
- His small-scale artisanal facility employs 15 workers who are mostly neighbours and relatives of Vuthy in surrounding villages. To educate farmers to grow mature coconuts for processing, Vuthy has built a network of 600 families over the years.
- The VCO produced is handmade using the traditional “fresh-wet” method originated in the Philippines. Oil is separated naturally through fermenting cold pressed coconut milk. Workers are trained in hygienic practices when handling the raw material. 90% of Vuthy’s VCO are Grade A oil.
- Due of high prices and the lack of local mature nut supply, Vuthy sources 70% of his coconuts from Vietnam. His capacity is 900 nuts per day and can produce 1,600L of VCO per month. Each litre of VCO requires 14 mature nuts.
- Workers speak of better working conditions than factories, and the added benefit of children who can come to Vuthy for his volunteer English lessons.
- Vuthy wishes to expand to processing other byproducts, but he has no means of doing it currently. He currently sells the mature coconut water and shell to Vietnam, and uses the desiccated coconut for animal feed.



Village level processing facility provides employment for local villagers and retains the value added locally

SOMA's Coconut Operations

- SOMA started the first coconut plantation in Cambodia and currently has 150 and 65 hectares planted in Bati and Kampot respectively. Over 90% of coconuts are fragrant varieties grown for coconut water. Over 17,000 trees are at harvesting stage, while a further 28,420 trees are below 4 years old.
- SOMA's plantation currently employs 122 staff.
- SOMA's production of coconuts during 2016 was significantly reduced by a severe drought. Caterpillars and beetle continue to affect their crops.
- SOMA owns a processing facility to process young coconuts before selling them to the market through SOMA Trading Co.
- SOMA has plans to invest in additional non-fragrant plantations and plans to establish an integrated processing plant for VCO, coconut milk, coconut flour, coir fibre, coco peat, shell powder and coconut sugar in the future.



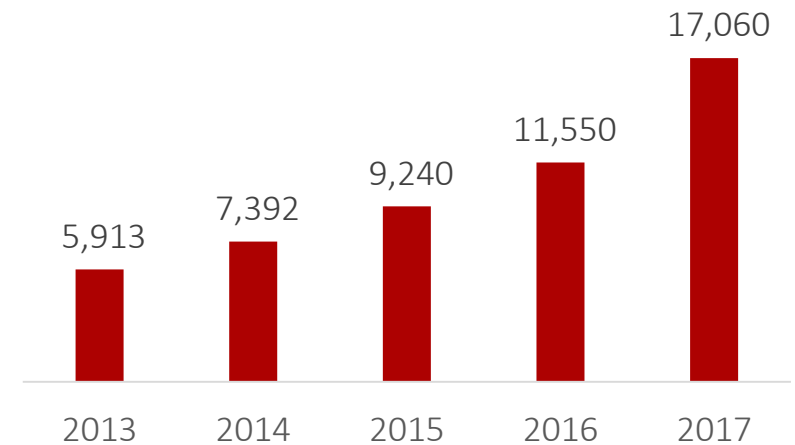
SOMA Farm coconut production (fragrant variety),
Number of young coconuts



Bati plantation



Kampot plantation



SOMA Farm number of trees at harvesting stage

SOMA has the foundation to become a market leader in Cambodia's coconut sector

Key Challenges

Lack of Mature Coconut Supply

- Farmers sell coconuts while young for quick cash
- Mature coconut in Cambodia mainly comes from Vietnam
- Farmers lack agronomy training for improving coconut yield

High Coconut Prices

- Market prices of mature coconuts is controlled by a few dominant traders who import coconuts from Vietnam
- Mature coconut prices in Cambodia (USD 0.50-0.75/nut) is 2-3 times higher than mass producing countries such as Philippines and Indonesia (USD 0.19/nut)
- Mature coconut sourced from Vietnam is subject to severe price fluctuations (USD 0.31-0.75/nut) and affects downstream processing cost
- Many layers of middlemen with cartelised pricing and expensive transport push prices up

Lack of Coconut Processing Industry

- Lack of downstream processing hinders the production of mature nuts among farmers
- Farmers lack awareness on the value of mature coconut and its derived products

Inadequate Government Support

- Lack of government support for coconut production, processing and trade hinders the development of the industry
- Farmers lack trust in government initiatives



Key challenges can translate into opportunities for SOMA



BUSINESS MODEL & STRATEGY

Business Model – Summary

The proposed business model supports SOMA's vision of establishing a vertically integrated coconut value chain that engages smallholder farmers. It describes the creation of The **Cambodia Coconut Company (CCC)**, a company co-invested by SOMA Agriculture and private investors to lead the development of the coconut industry in Cambodia. SOMA can consider partnership with Coco Khmer in the venture to leverage its expertise in the coconut sector.

CCC will lead and support the following initiatives:

Planting Drive – “Grow More Get More” Scheme

- A “Grow More Get More” Coconut Planting Incentive Scheme to be initiated to promote coconut planting among smallholder farmers on underutilised land to rapidly increase coconut supply.

Village Hubs

- Working in partnership with MAFF, PDA and local commune committees, it is recommended that CCC incubate Village Hubs which will be run by local entrepreneurs.
- Village Hubs will start with collecting young coconuts for water to build relationship with farmers and slowly shift to collecting mature coconuts for high value products. VCO will be produced at Village Hubs' processing facility.
- It will coincide with CCC's own non-fragrant coconut plantations, a central packaging facility to package VCO sourced from village hubs, as well as a central VCO processing facility that will come into operation in Year 5 when the plantation starts delivering mature coconuts.
- Village Hubs will receive dividends from CCC based on transaction volume.

Cambodia Center of Excellence for Coconut Research & Development

- CCC will engage in a public-private partnership with local PDA, NGOs, CARDI and universities to develop a Cambodia Centre of Excellence for Coconut Research & Development to lead the R&D of the industry and support smallholder farmers and processors.



Rationale of Business Model

- In order to develop a high value-added downstream industry such as VCO and its derived products and by-products, Cambodia first needs to increase its mature coconut supply and keep prices at a stable and reasonable level.
- CCC's **Grow More Get More** planting drive and **Village Hubs** will engage with smallholder farmers and place them at the forefront of the coconut industry.
- Establishing village-level processing facilities will create employment locally and keep a major share of the value created in the community. Transport cost of raw materials can also be minimised.
- SOMA together with business partners such as Coco Khmer can play a crucial role in supporting the planting drive and village hubs by working with the government and research institutes to provide technical, logistical and financial support as well as working with downstream clients to develop product markets.
- In addition, by establishing its own plantation and central processing and packaging facility, CCC can contribute to the growth of the industry and ensure that the quality of the products sourced from village hubs is at a high standard.
- Carbon credits can potentially be sold and the income generated be used to support the planting drive.



A business that creates value in the communities

Introducing the Cambodia Coconut Company (1/2)

Proposed logos for the Cambodia Coconut Company:

Option 1



Option 2



Pure Goodness. Farmers First.

- Established as a new entity, **Cambodia Coconut Company** will
- ✓ Introduce sustainable coconut cultivation and processing technologies
 - ✓ Create social value through supporting smallholder farmer livelihoods
 - ✓ Create a vertically integrated coconut value chain in Cambodia
 - ✓ Ensure product quality and quantity to meet market demand

Partnership with Leading Local Coconut Processor

Partnership of SOMA with leading local coconut processor such as Coco Khmer brings the following strengths to develop CCC and the Cambodian coconut value chain:



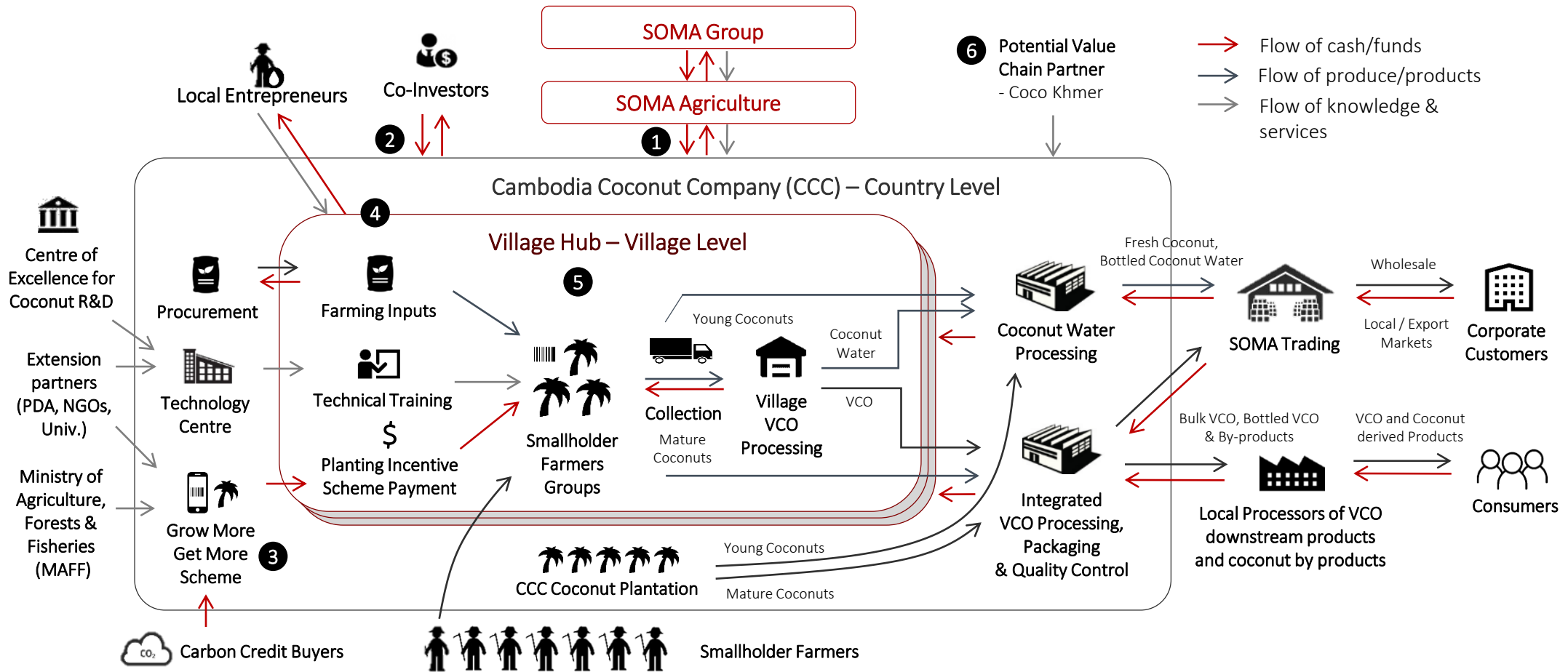
- A pioneer in fragrant coconut plantation in Cambodia
- An established conglomerate in Cambodia
- Team of agronomists specialised in coconut
- Existing customer base for coconut water in Cambodia and abroad
- Strong connections to the Cambodian government and the ability to influence policy
- Significant internal capital resources, with additional access to investors and financing at favourable terms
- A pioneer in VCO and downstream beauty products in Cambodia with a wealth of experience.
- A recognised brand in Cambodia
- Knowledge of the coconut industry and processing techniques
- Understanding of local coconut value chain
- Experience with VCO and innovative downstream products processing
- Access to existing markets for coconut products

Win-Win cooperation

The supply of mature coconuts will dramatically increase under this business plan. SOMA can invest in Coco Khmer to scale up its operations and absorb the increased supply in return for a share of its profits, while Coco Khmer can be offered a small stake in CCC in return for opening up markets for CCC in the artisan VCO products segment.

Partnering with leading processor to capture markets and expertise is key to early success

Proposed Business Model



1 SOMA Agriculture, a subsidiary of SOMA Group to invest in the **Cambodia Coconut Company (CCC)** and build a coconut value chain incorporating **Village Hubs** run by local entrepreneurs and the community.

2 Proposed Co-investors include private equity funds, companies in the coconut value chain, social investment funds and other investors. The co-investors will invest in CCC and/or its associated processing facilities, including village facilities and central facilities.

3 A “**Grow More Get More**” coconut planting incentive scheme to be initiated to promote coconut planting on underutilised land and increase local coconut supply.

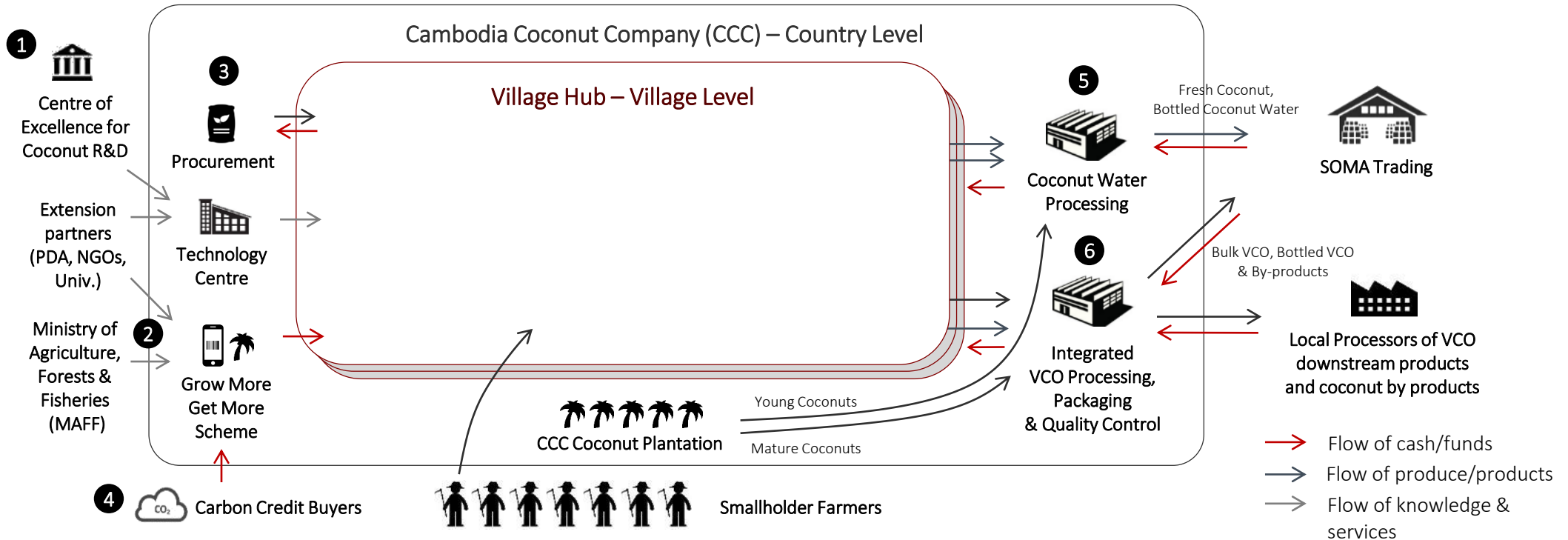
4 CCC to establish **Village Hubs** and incubate local entrepreneurs who will gain sweat equity in the hubs. CCC will provide supporting services to the hubs and establish processing facilities to create a high value-added coconut industry in Cambodia.

5 Working in partnership with CCC, PDA and local commune committees, the **Village Hubs** will support farmers in planting and harvesting coconuts at the village level. A VCO Processing Facility will be setup to process VCO locally.

6 Partnership with existing players such as Coco Khmer will play a crucial role in developing the coconut value chain.

Proposed Entity: Cambodia Coconut Company (CCC)

The **Cambodia Coconut Company** creates a vertically integrated coconut value chain and supports smallholder farmers through establishing **Village Hubs**. With support from the Government, CCC will initiate a **“Grow More Get More” (GMGM) Scheme** to promote coconut cultivation among smallholder farmers. In addition to sourcing coconuts from smallholder farmers, CCC also scales up existing SOMA plantation to produce mature non-fragrant coconuts to supplement production and ensure stable supply. CCC can consider partnership with Coco Khmer to develop the value chain, including processing and market development.

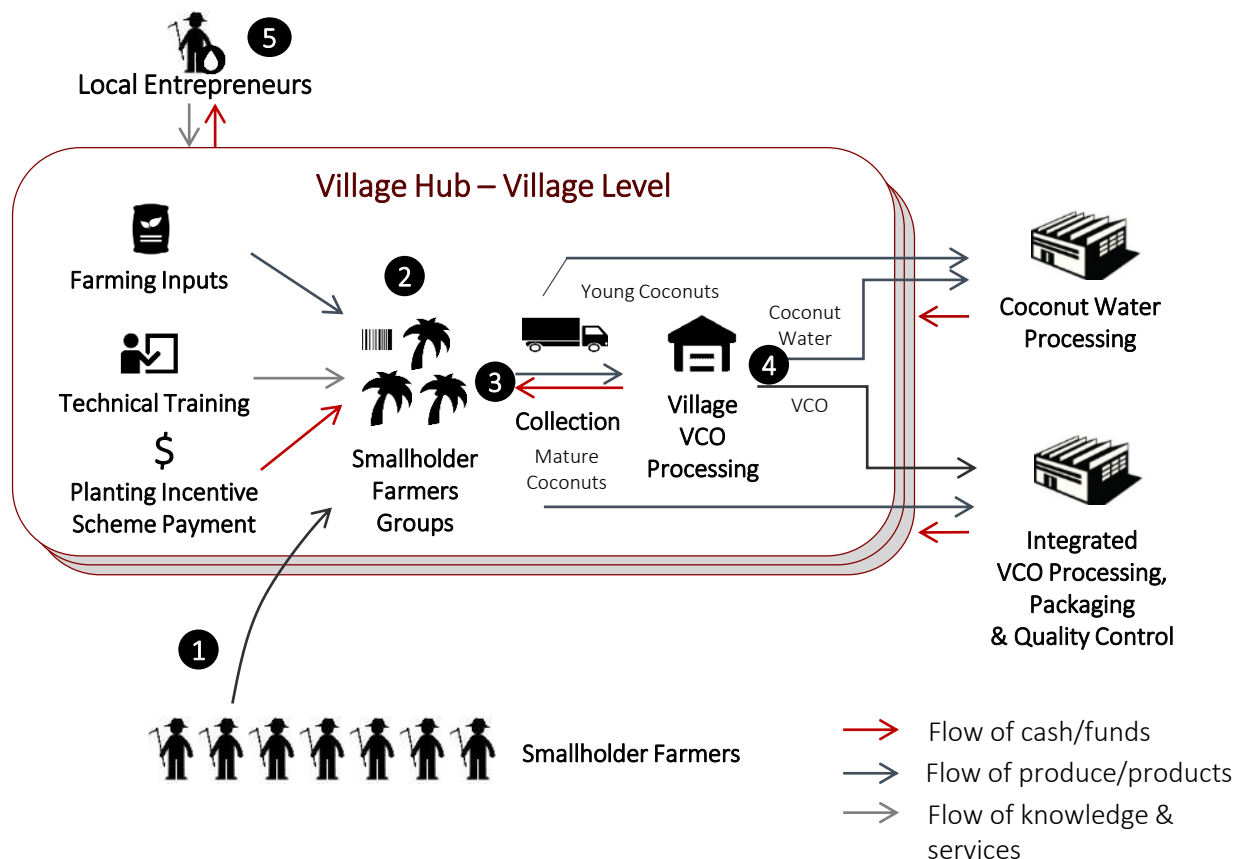


- 1 A Public-Private partnership with local PDA, NGOs, CARDI and universities to develop a **Cambodia Centre of Excellence for Coconut Research & Development** and perform R&D for coconut development and support CCC & Village Hubs.
- 2 CCC, MAFF, PDA and NGOs will form a multi-stakeholder platform to develop the GMGM scheme to incentivise farmers to grow more coconut trees and shift to the production of mature nuts.
- 3 CCC will work with input suppliers to source high quality inputs for farmers at a lower price with bulk purchase.
- 4 Working with corporate carbon credit buyers, carbon credit from newly planted coconut trees can be developed to fund the GMGM scheme.
- 5 CCC will establish a central coconut water processing facility to produce fresh coconuts and bottled coconut water for local and export market. Young coconuts will come from both village hubs and plantations.
- 6 CCC will establish an integrated VCO processing and packaging facility. It will package VCO sourced from village hubs and perform QC check. Starting from Year 5, it will also produce VCO from mature nuts collected from village hubs and plantations. Village hubs and central facilities are intended to complement each other.

Proposed Entity: Village Hub

Village Hubs each servicing up to 400 households are established at the village level initially by CCC. After three years, when CCC have recovered the set-up cost, 70% of the share will be transferred to a local entrepreneur and the local community. In the initial three years, CCC will run an incubation programme to support the entrepreneur to develop the business and community. The first hub will be a demonstration hub and training centre for other hubs. It is proposed that Vuthy’s current facility can be upgraded into a demonstration hub with investment from CCC in exchange for a share to be negotiated, or a new hub can be established by CCC. Village Hubs will receive dividends from CCC based on transaction volume as incentive.

With support from CCC, Village Hubs recruit smallholder farmers and facilitate group purchase of farming inputs, technical training, and the GMGM scheme. Village Hubs can also facilitate group learning and other social activities to build cohesion among the members.



- 1 Smallholder farmers can join the hubs freely to enjoy the services offered and be part of the GMGM scheme. PDA and NGOs can support recruitment by leveraging existing farmers organisations for other agricultural projects such as rice, vegetables or pepper farming.
- 2 Smallholder farmers who join the hub will form Farmers Groups to support each other. Existing trees owned by each farmer as well as new trees in the GMGM scheme will be tagged and tracked with a barcode. Farmers will report regularly on the condition of trees (through an app or by phone).
- 3 CCC will track the growth of the trees and organise harvesting and collection centrally. The harvesters and collectors can be existing traders or staff hired by the hub. The harvested coconuts are sent to the hub for local processing or sent to central processing facilities directly.
- 4 Coconut water produced from VCO processing as a byproduct is sent to the central coconut water processing plant for processing. VCO produced by Village Hubs is sent to central VCO plant for quality check and packaging.
- 5 Local entrepreneurs are offered 10% in sweat equity in the hubs initially. After the incubation period of 3 years they can acquire up to 40% stake.

Key Stakeholders & Interests

SOMA GROUP

- Expand SOMA agriculture’s coconut business and move up the value chain
- Play an active role in supporting farmers to apply sustainable farming practices and improve their livelihoods
- Support raise Cambodia’s competitiveness in global markets



CAMBODIA COCONUT COMPANY

- Set a new benchmark; establishing CCC as a market leader in the coconut sector
- Build an integrated coconut value chain in Cambodia that supports smallholder farmers
- Develop processing facilities to capture a higher value in the coconut value chain
- Increase the production of mature coconuts



FARMERS

- Access to reliable, high-quality and affordable agronomic and farm management services including inputs, technology and financing
- Increase in quantity and quality of coconut and thus income, improving livelihoods
- Access to market for coconuts and its by-products
- Local job opportunities



INVESTORS

- Invest in an integrated coconut value chain that has high growth potential
- Support sustainable farming and social development
- Acceptable rate of return on invested capital with a manageable level of risk and social/environmental impact
- Transparency and accountability in management



GOVERNMENT

- Diversify and modernise the agriculture sector in Cambodia
- Promote agricultural development to achieve higher growth and reduce poverty
- Enhance agricultural productivity and processing capacity
- Promote export and the development of foreign markets
- Support the organisation of farmer groups



VALUE CHAIN PARTNERS

- Input supplies – connect with farmers groups
- Downstream processors – reliable access to high quality and price competitive VCO and coconut water; growing supply with the growing market demands globally; provide sustainability verified products for specific customers



UNIVERSITIES & RESEARCH INST

- R&D in sustainable coconut cultivation and high value processing
- Develop talent to grow the coconut industry
- Opportunities for students to learn practical farming and farm management skills
- Support agricultural extension services



NGOS

- Support marginalised rural communities, help smallholder farmers to grow and increase their economic well-being
- Promote knowledge transfer and education in rural communities
- Ensure equitable distribution of profits in agricultural systems
- Support the development and provision of social and community services



It is important to address all stakeholders’ interests in setting up the Cambodia Coconut Company

SWOT Analysis and Confrontation Matrix

The SWOT analysis allows a structured examination of the internal and external factors that will influence the success of **Cambodia Coconut Company**. Following that, a confrontation matrix has been applied to outline the various strategies that can be used to take advantage of the strengths and opportunities, as well as defensive and protective strategies to manage the threats and weaknesses.

	<h3>Opportunities</h3> <ol style="list-style-type: none"> 1. Coconut water and VCO markets are growing quickly in large developed markets 2. Cambodia has a climate and soil favourable to coconut cultivation 3. Coconut productivity is falling in some of the larger supplier countries 	<h3>Threats</h3> <ol style="list-style-type: none"> 1. For some customer segments, VCO is a commodity input with compressed margins 2. Coconut farmers are accustomed to selling their young coconuts for quick cash 3. Farmers have a lack of trust in large companies
<h3>Strengths</h3> <ol style="list-style-type: none"> 1. Well run fragrant coconut plantation and agricultural expertise 2. Strong connections to the Cambodian government and the ability to influence policy 3. Significant internal capital resources, with additional access to investors and financing at favourable terms 	<h3>Offensive Strategies</h3> <ul style="list-style-type: none"> ▪ S3,O1,O2: Offer small upfront and periodic payments to incentivise the planting of coconut seedlings ▪ S2,O1,O3: Lobby the government of Cambodia for tax and regulatory changes to decrease the cost of imported inputs and the barriers to export markets 	<h3>Protective Strategies</h3> <ul style="list-style-type: none"> ▪ S3,T2: Pay a premium for the mature coconuts with upfront payments to create a greater economic incentive to grow mature coconuts ▪ S2,S3,T3: Frequent CCC visits to villages and the heavy involvement of the Provincial Department of Agriculture (PDA) will build trust with farmers
<h3>Weaknesses</h3> <ol style="list-style-type: none"> 1. No existing non-fragrant coconut trees and no established relationship with coconut farmers or traders 2. Lacks direct export channels to markets apart from China 3. No experience or expertise in coconut processing 	<h3>Improvement Strategies</h3> <ul style="list-style-type: none"> ▪ W1,O1,O2: Establish an additional CCC Farm with a focus on highly productive non-fragrant coconut types ▪ W2,O1,O3: Find wholesale customers with a strong presence in attractive markets ▪ W3,O2,O3: Partner with academia and experienced experts to increase capability 	<h3>Defensive Strategies</h3> <ul style="list-style-type: none"> ▪ W2,T1: Actively seek partners who value the differentiation of sustainably and responsibly produced coconut products from Cambodia ▪ W1,T2,T3: Engage local entrepreneurs who have relationships with local farmers for the hubs

Cambodia Coconut Company Value Proposition

The new company **Cambodia Coconut Company** will have the unique value proposition of creating services that support rural livelihoods and products that are high quality and responsibly sourced.

Product features:

- Artisanal
- Healthy
- Ethical

Unique values:

- Responsible processing
- Environmental stewardship
- Fair for Farmers

Approach:

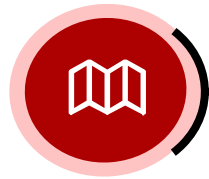
- Collaboration with smallholder farmers and village hubs to create employment opportunities and improve quality of life in local communities.
- High quality production (Good Manufacturing Processes (GMP), Hazard Analysis and Critical Control Point (HACCP), ISO Certifications)
- Environmentally friendly farms, minimal water and agrochemical usage, and byproduct distribution/processing



There is value in responsibly produced and healthy coconut products

Key Milestones of the Business Plan

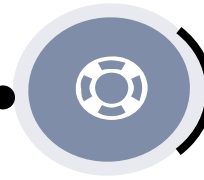
Year 1



Year 1 – Year 4



Year 5 – Year 10



Year 10 & Beyond



- Establish **Cambodia Coconut Company**
 - Start **Grow More Get More** scheme to increase supply
 - Encourage farmers to form Farmers Groups
 - Train farmers on better agronomy practices to grow mature nuts
 - Start collecting young coconuts from smallholder farmers to build relationship and slowly convert them to grow mature coconuts.
 - Set up demonstration **Village Hub** for VCO processing and demonstration farm at Kampot
- Identify local entrepreneurs and set up 5 new **Village Hubs**
 - Entrepreneurs offered 10% sweat equity and training from CCC
 - Each hub to manage and promote the “Grow More Get More” scheme
 - Each hub to have local trainers to support farmers in transition to growing mature coconuts.
 - CCC to process and distribute coconut water from existing SOMA fragrant plantations and smallholder farmers
 - CCC to establish new non-fragrant coconut plantation - 250ha per year for 4 years
 - Establish **Center of Excellence for Coconut R&D** with Govt & academia to undertake R&D including pilot processing for byproducts such as charcoal from shell, vinegar from water, and coconut flour from meat.
- CCC equity in hubs to reduce to 30% after CCC recovers cost, while local entrepreneurs can own up to 40%, and Farmers Groups up to 30%.
 - 30 hubs by beginning of Y4, with a target of 50 hubs by Y6
 - Each hub will service 10,000 new trees in the Grow More, Get More scheme
 - Total trees in the scheme will be 500,000 for the 50 hubs
 - Set up central VCO processing facility to utilise mature nuts from CCC plantation
 - Sell carbon credit from the new plants and redistribute to farmers and reinvest in the hubs
- Goal of 700,000 trees, including 200,000 by CCC plantation to be planted by Y10, and 50 **Village Hubs**

Phase 1

Phase 2



OPERATIONS

Operations – Summary

In order to capitalise on the coconut market opportunity, it is recommended that CCC employs an operations strategy designed to increase market supply and produce high-value coconut products. The business plan proposes to:

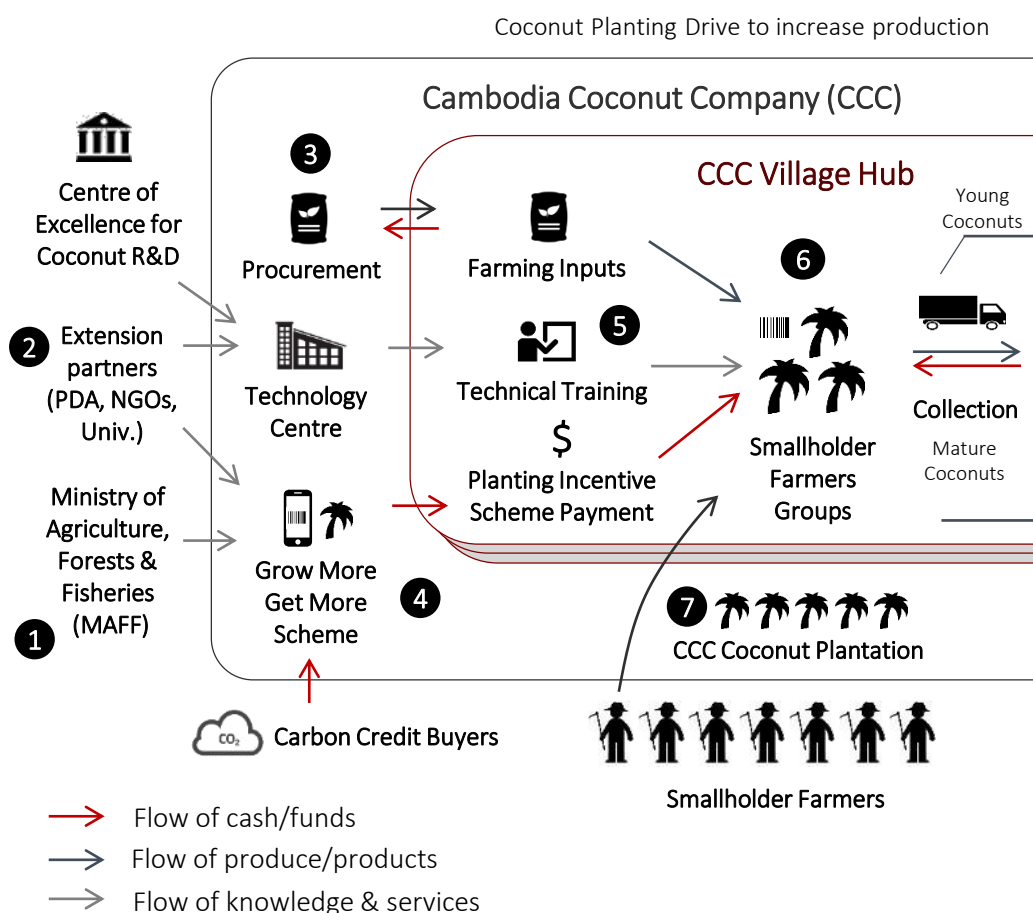
- Increase the quantity of non-fragrant coconuts supplied by the Smallholder farmers through the **Grow More Get More** scheme
- Establish **Village Hubs** to manage village level operations, including farmers recruitment, organisation and training, coconut cultivation and collection, as well as VCO and byproducts processing
- Establish a new CCC non-fragrant coconut plantation to achieve stable and efficient production of mature coconuts
- Establish central coconut water and VCO processing packaging facilities to ensure a sustainable supply of high quality products for both domestic and export markets
- Ensure that the processing and packaging of VCO and coconut water operates in a cost-effective manner and meet environmental and safety standards.
- Establish a **Centre of Excellence for Coconut R&D** with public enterprises to support research and development
- Plan to oversee and centralise the procurement process for all the relevant materials and machinery to be used along the supply chain
- Work with strategic partners to develop market for coconut derived products



Planting Drive

The “Grow More Get More” scheme **ដាំច្រើន បានច្រើន** aims to add 700,000 coconut trees to the current 3 million* over 10 years by incentivising smallholder farmers to grow more coconut trees on unutilised land within their landholding.

Smallholder farmers are paid \$2 for each tree planted after a group target of 1250 trees per 50 households has been achieved. Farmers will receive first payment of \$1 after 6 months, and second payment after 18 months if 80% of the seedlings survive. Farmers are encouraged to save their own seedlings from existing trees or exchange better seedlings with farmers nearby.



- 1 CCC to get MAFF’s support in launching a nationwide planting drive. MAFF to advise on areas suitable for promoting coconut planting.
- 2 CCC to work with PDA, Commune Authority and NGOs with local presence to organise local farmers and identify their needs.
- 3 CCC to supply the needed farming inputs to farmers via Village Hubs. Seedlings exchange can be coordinated by Village Hub.
- 4 Farmers will be paid based on planting success as part of a group scheme. Seedlings are tracked using an App after planting and farmers need to provide regular updates through phone or the app.
- 5 As coconut may be water intensive during the dry season, proper design and training is crucial in launching the planting drive. Support such as agronomy training, irrigation design and site selection will be given to smallholder farmers through Village Hubs with support from the Centre of Excellence for Coconut R&D, local PDA and research institutes
- 6 Both existing trees and new trees planted will be assigned a barcode, and a mobile app will be created for farmers to track planting progress and schedule harvest with GPS support. Village Hub will start with buying young coconuts to engage farmers and gradually convert them to grow mature coconuts.
- 7 SOMA to invest in 1000ha of new plantation with 200,000 trees in phases to supplement production and ensure stable supply of mature coconuts

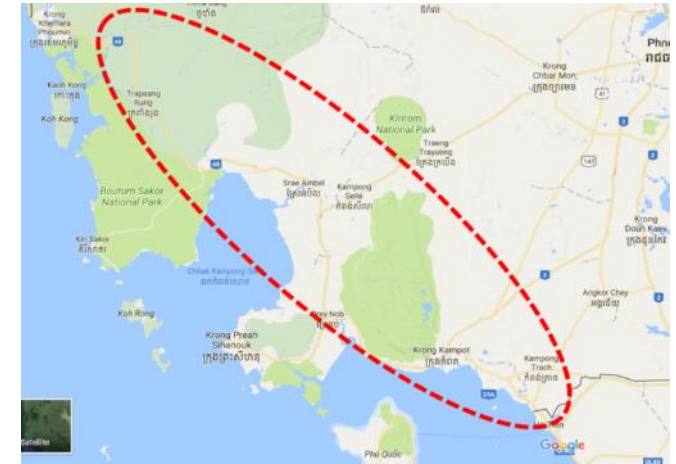
*Estimation by DFI, 2017, *Coconuts in Cambodia: A State of Play*

New CCC Non-Fragrant Coconut Plantation

It is recommended that CCC invest in 1000 hectares of non-fragrant coconut in Kampot, producing up to 24 million mature nuts per year for VCO production. The plantation will also operate a demonstration site to run agronomy training for farmers.

The plantation will be developed in 4 stages of 250 hectares each over 4 years. Hybrid variety and advanced technology will be introduced.

- **Hybrid coconuts:** Early and high yielding hybrid coconuts are available that offer significant advantages over traditional tall and dwarf varieties. Latest generation of certified hybrid coconuts can produce in excess of 200 large nuts per year under good irrigation, fertilisation and plant protection. This hybrid coconut variety can be sourced from India.
- **Advanced agronomy practices and technology :**
 - **Nutrient management:** Manure from SOMA Farm will be applied as fertiliser.
 - **Plant protection:** Spraying equipment to effectively control disease (stem rot), insect pests (weevils, beetles) and weeds.
 - **Mulchers:** Mulching of cover crops to improve soil structure and control weeds.
 - **Coconut harvesting:** Self-propelled elevating platforms for one-man picking operation in conjunction with a tractor and trailer.
 - **Tipping trailers:** Collection of coconuts.
 - **Tractor units :** Orchard tractors (102hp) to run Air Blast Sprayer, Mulchers and other major tasks in the orchard.



Targeted area for new non-fragrant coconut plantation

1000 hectares
200,000 trees
24 million nuts

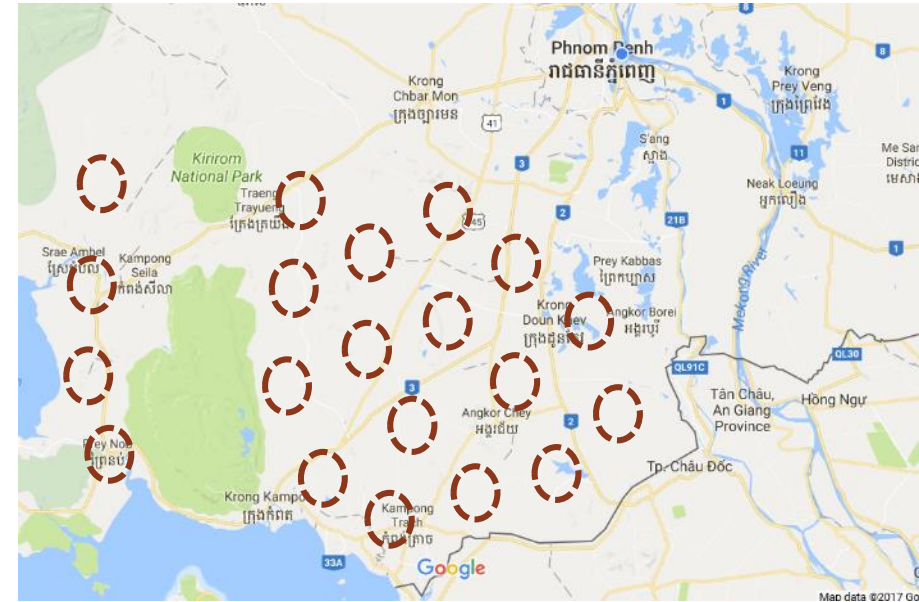


Tomorrow Matters.

Village Hub Operations

- CCC will establish **Village Hubs** to manage village level operations, including farmers recruitment, organisation and training, coconut cultivation and collection, as well as VCO and byproduct processing.
- Each Village Hub will be set up with initial investment from CCC and a local entrepreneur will be identified to lead the hub, where he will receive 10% in sweat equity.
- The entrepreneurs will go through a three year incubation period before 40% of the ownership is transferred to the entrepreneur and 30% to the local community. The actual share of ownership between local entrepreneur and local community will be determined after three years based on engagement and distribution of work. CCC will retain 30% share and provide services to the Village Hub.
- A demonstration hub with planting demonstration will set an example for farmers and other hubs.
- Technical training will be organised by Village Hubs and learning circles will be initiated within smallholder farmers groups to improve farming skills. In addition to coconut agronomy and VCO processing, training on intercropping will also be introduced to diversify production and increase farmers' income.
- It is estimated that 50 hubs will be established by Year 6 and each hub will plant 10,000 new trees and source from a total of 20,000 trees, including 10,000 existing trees.

Village Hub locations



Village Hub location criteria:

- Suitable environment for coconut – Kampot and coastal provinces
- Readiness of farmers community
- Logistically feasible

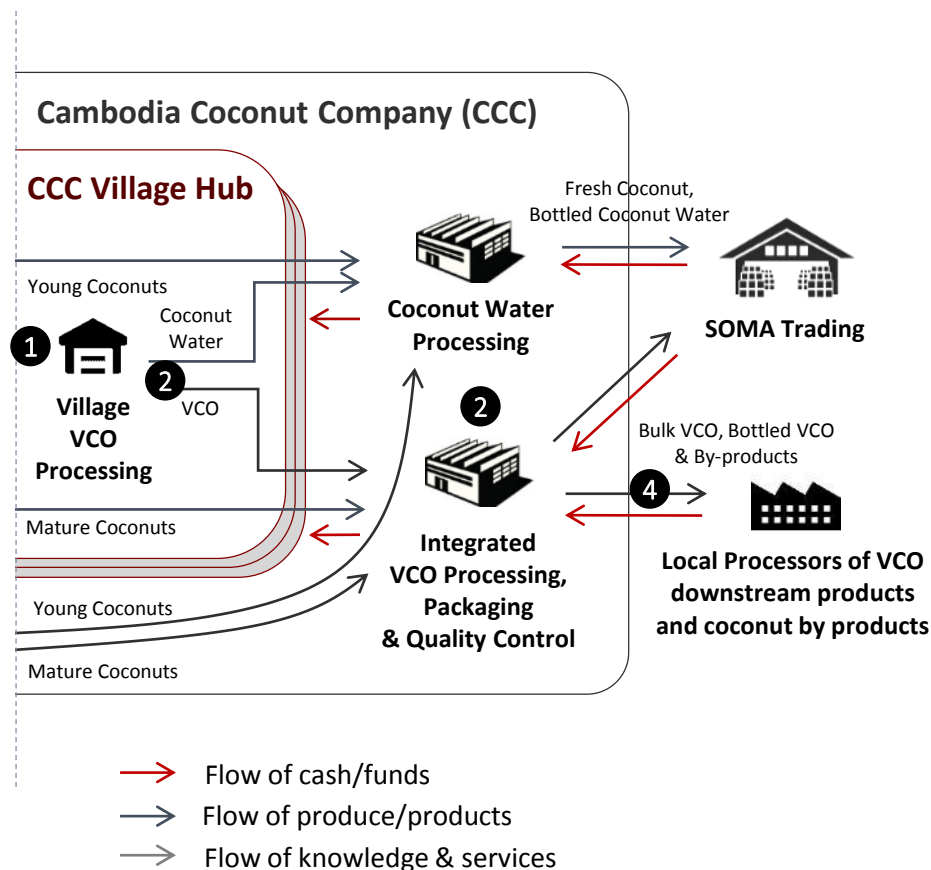
Each hub is designed with capacity of:

- 400 households
- 8 Farmers Groups each made up of 50 households
- Each household owns 25 existing trees and will plant an additional 25 new trees
- Source from a total of 20,000 trees, collecting up to 1 million nuts (50 nuts/tree)
- Producing up to 3300 Liters of VCO per month

Processing

In order to guarantee long term supply and to engage farmers and members of the local community, it is recommended that CCC invest in **small scale, entrepreneur-led processing facilities**.

In addition, central coconut water and VCO processing and packaging facilities will also be established. Central VCO processing facility will be industrial scale with a capacity of 2,000 MT per year to support export volume. It will come online in Year 5 when the CCC Plantation starts producing mature coconuts. It will also source coconuts from Village Hubs.



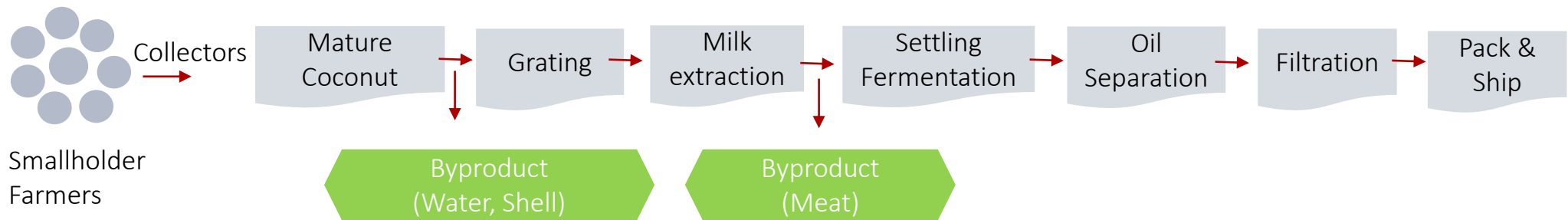
- 1 Run by local entrepreneurs, the village VCO processing facility will employ local staff, creating employment and retaining young talent in villages.
- 2 Products produced by the village VCO processing facility will include cold-pressed VCO and its byproducts such as coconut water and desiccated coconut. Coconut water can be sold to CCC's coconut water processing plant and desiccated coconut can be sold as animal feed.
- 3 CCC's central integrated VCO processing, packaging and quality control facility receives VCO from village processing facility and performs quality check to ensure product quality and consistency. The facility will also produce VCO using an automated production line by Year 5 when CCC's plantation is able to supply mature coconuts.
- 4 VCO supplied by the village processing facility can be sold to local processors such as Coco Khmer to make artisan VCO products and differentiate itself from VCO produced by the central processing facility.

Village-level Processing Facility

A **Village-level processing facility** will be setup using affordable technology. CCC will ensure uniform practices, quality standards and appropriate technology. The Hubs will start with VCO processing and gradually expand to other byproducts processing.



Process Flow at Small Scale Hubs



- Initially mature coconuts will be imported from Vietnam to supplement local coconuts to make VCO production viable. Once mature nuts production is ramped up by Year 5, the Hubs will also start supplying a third of mature coconuts produced locally to CCC's central facility.
- VCO produced by village processing facility will be sold to CCC's central processing plant for packaging and sold in bulk through SOMA Trading. Village Hubs can also sell their VCO to other processors.
- In the initial stage, collecting and selling young coconuts will also be an important revenue stream for the hub to support its operations.



CCC Central Processing and Packaging Facilities

- CCC will establish a central coconut water processing facility and an integrated VCO processing and packaging facility. The VCO processing facility will come online later in Year 5. CCC will work with leading equipment manufacturers to establish automated state-of-the-art facilities. The central processing facilities can be wholly owned by CCC or established as a joint venture with other industry partner or investors.
- **Key role:** producing **bottled coconut water** and **VCO** for export and wholesale.
- **Capacity:** 400,000 L coconut water and 2000 MT VCO per year
- Facility to comply with international standards for safety and quality control such as Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP), and ISO22000.



Tetrapak's high-performance filing machine



Example: COCOROSCO's 60,000 square feet VCO factory in Gudang, Malaysia

Cambodia Centre of Excellence for Coconut Research & Development

The **Cambodia Centre of Excellence for Coconut Research & Development** is suggested to be set up in partnership with government, universities and CARDI to develop best practices and appropriate technologies for the rural communities.

- Conduct research on coconut agronomy to develop practices adapted to Cambodian climate and soil type.
- Develop and improve appropriate technologies for village-level processing.
- Support Village Hubs in knowledge transfer

Proposed key partners:

- MAFF, PDA
- NGOs
- Research Institutes: CARDI
- Universities: Royal University of Agriculture, Prek Leap National College of Agriculture, Battambang University, Svay Rieng University, University of Kamchay Meas, University of Puthisastra, University of Management Economics, and Meanchey University.
- Foreign institutes: PhilMech (Philippines), MARDI (Malaysia), Tetrapak Coconut Knowledge Centre (Singapore)



Pressing equipment



Grating equipment



Filtration equipment



Coconut water
pasteuriser and chiller

Procurement and Partnership

- In order for CCC to be cost-efficient and successful, strategic partnerships should be considered as a core operational priority.
- Transparent, fair and 'Win-Win' collaborations across the operations with mutual trust are essential.
- CCC should also be mindful of the scale of operations in order to bring about effectiveness of operations.
- Process efficiencies can be obtained by optimising inventory, minimising wastages, and a robust cash flow management.

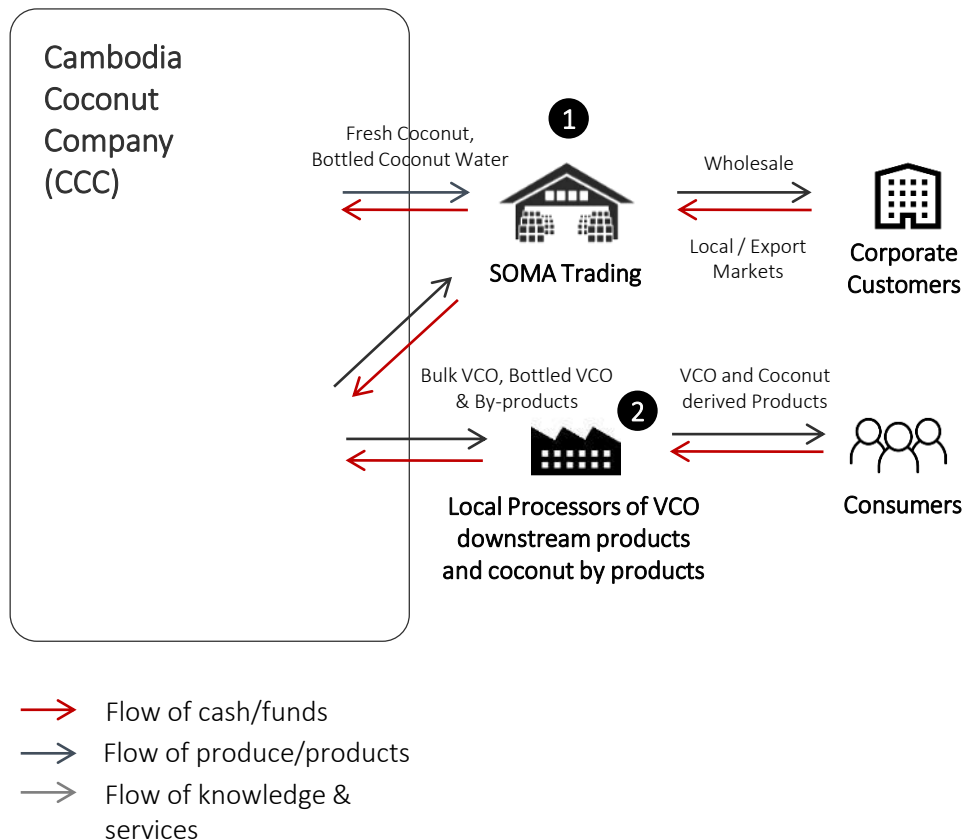


Area of Operations	Key Partnerships
Farming inputs	Input suppliers (e.g. Nutrients, Pesticides etc.)
Procurement of coconut	Local traders
Processing technology	Technology providers and research institutes
Logistics	Logistic company
Packaging	Designer and material suppliers
Downstream products	Local processors (E.g. Coco Khmer)
Promotion	Chamber of Commerce
Farmer training	Government, MAFF, PDA, Commune authority
Mobile App	IT developer

Sales & Marketing

Favourable market conditions and an imbalance in supply and demand present a unique opportunity for CCC to grow Cambodia's coconut sector and expand its offering of coconut-based products.

The CCC brand value proposition highlights the company's commitment to collaborate with smallholder farmers to deliver high-quality products that are responsibly sourced. From the start CCC can sell fresh and process bottled coconut water from its existing plantations, and bulk VCO from the hubs, for local and export markets. Over the next 5 to 10 years it is recommended the company expand its portfolio to offer bottled VCO from its own non-fragrant plantations, and other byproducts. Further downstream products can be marketed through the partnership with Coco Khmer.



- 1 **SOMA Trading** is the trading arm of SOMA Group and has existing relationship with many corporate clients in Cambodia and abroad. The VCO and coconut water produced by village processing facilities and central processing facility will mainly be sold through SOMA Trading in bulk to corporate customers.
- 2 CCC can also develop partnership with local processors such as Coco Khmer to further develop downstream products targeting consumers.

Market segmentation

The coconut water and VCO produced at CCC can be marketed in response to global customers' preference for high-quality, responsibly produced and healthy coconut products.



CCC-branded, bottled coconut water

- **Target segment:** middle to upper income individuals and families
- **Target markets:** high-end supermarkets in North America, Asia Pacific, and Europe (e.g. Whole Foods, Seijo-Ishii)



Bulk VCO

- **Target markets:** Wholesale domestic and export to secondary processors (e.g. Coco Khmer, P&G)



Fresh coconuts

- **Target segment:** tourists, retailers
- **Target markets:** Wholesale to domestic groceries, restaurants, hotels



CCC-branded, bottled VCO

- **Target segment:** middle to upper income individuals and families
- **Target markets:** high-end supermarkets in North America, Asia Pacific, and Europe (e.g. Whole Foods, Seijo-Ishii)



ORGANISATIONAL STRUCTURE AND GOVERNANCE

Organisational Structure & Governance – Summary

The proposed business plan involves SOMA establishing the Cambodia Coconut Company as a standalone company that places sustainable coconut farming and processing at the core of its business, whilst implementing a corporate governance structure to manage its operations.

Governance & Management

- In order for the Cambodia Coconut Company to be successful, transparent, and to ensure that all stakeholder interests are met, a robust management team and a **Board of Directors** will be set up to oversee the operations and its management.
- An **Advisory Council** made up of representatives from local NGOs, PDA/government, village-hubs, community, and academia, will provide oversight and advice to the Board of Directors in decision-making processes based on their respective knowledge and experience.
- The **CEO** of the Cambodia Coconut Company will be in charge of strategic direction and be responsible for overall performance and management of the business, including its community outreach programs.
- **Directors** will be appointed in the areas of Finance and Administration, Operations, and Community Outreach and Government Relations to lead the various components of the business.

Proposed shareholding structure

- The proposed shareholding structure for the company will be 60% SOMA, 35% outside investors, and 5% Coco Khmer.
- The proposed shareholding structure of the Village Hubs will be initially 90% CCC and 10% Entrepreneur. This will be changed to 30% CCC, 40% Entrepreneur, and 30% Farmers Group after the incubation period of 3 years.



Corporate Governance & Policy



Why does Cambodia Coconut Company need corporate governance?

To establish a productive and equitable value chain in the Cambodia coconut sector, Cambodia Coconut Company requires a strong relationship between the village hubs, smallholder farmers, key partners and stakeholders.

Cambodia Coconut Company will need to address key governance challenges in Cambodia related to hub shareholding structures, smallholder farmer relations and natural resource management.

- **Partner relations:** Cambodia Coconut Company's governance mechanism will ensure that local entrepreneurs and farmer associations are given access to real-time information on performance, growth and strategic plans of the business.
- **Smallholder farmer relations:** Cambodia Coconut Company will invest in the planting incentive Grow More Get More scheme, which will involve building close relationships with participating farmers. It will also take part in the carbon credit market, which requires an independent auditor to confirm the fair distribution of relevant credit disbursements to smallholder farmers fairly.
- **Environmental governance:** Coconut production and processing can create stresses on the environment. Cambodia Coconut Company will engage with a 3rd party to track, and mitigate any negative impacts. Cambodia Coconut Company will also publish an annual report on the environmental impact of the coconut business.

Proposed Governance Framework

Governance plays an important role in establishing business direction and control of a company. Within **Cambodia Coconut Company's** business, the following governance framework is proposed to ensure smooth business management and operations.



Objectives

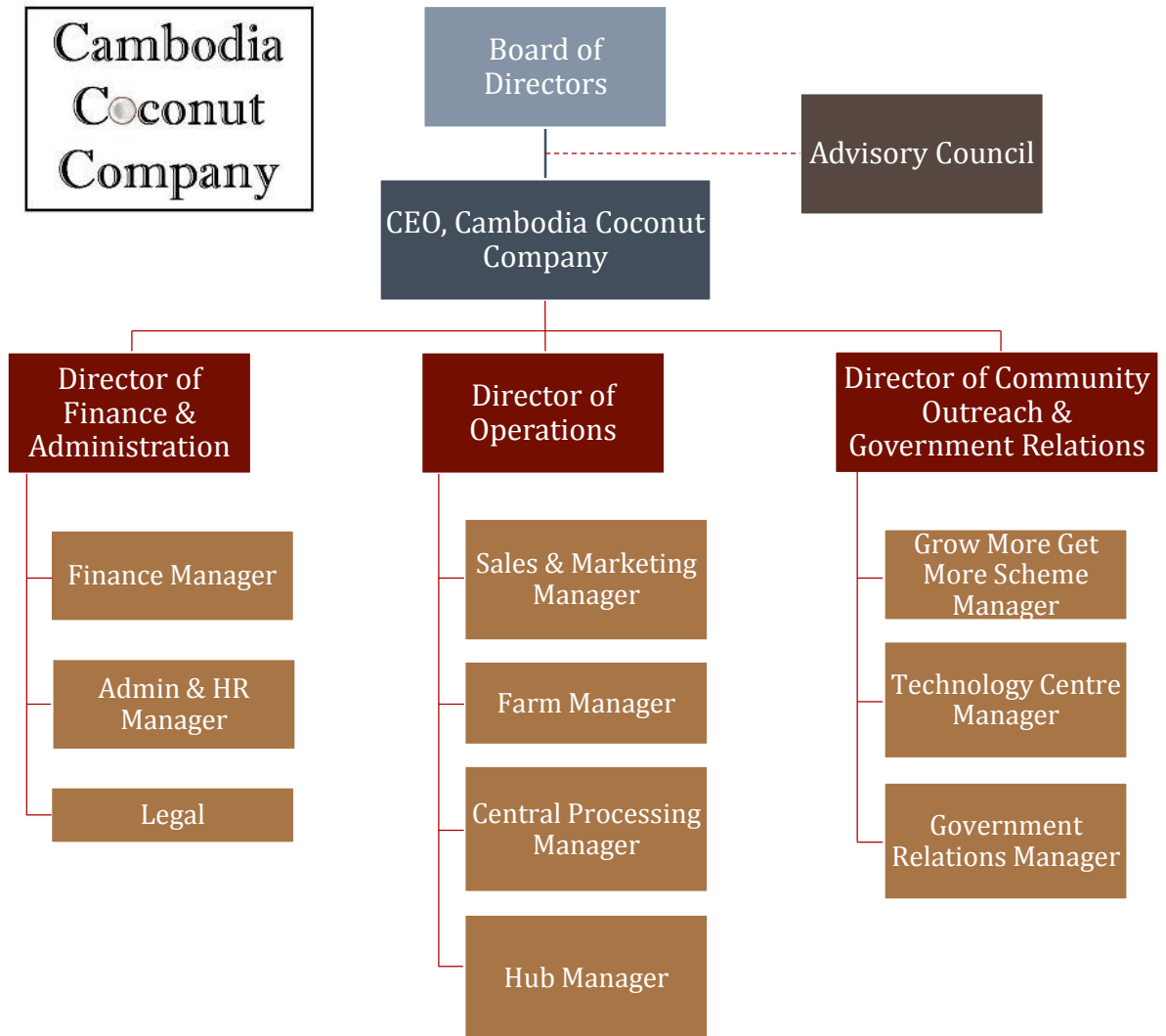
- Enabling alignment of interests, promoting mutual benefits and expanding the coconut business.
- Ensuring a sustainable partnership with hub entrepreneurs, buyers and smallholder farmers to make sure all activities of the business have a positive impact on local communities.
- Enhancing Cambodia coconut products and contributing to the local economy.
- Confirming that fair trades between CCC, Village Hubs, partners, buyers, and smallholder farmers are carried out.

Principles

- Compliance with all national laws relevant to the business.
- Fulfilling social obligations, including commitment towards partners and stakeholders, commitment towards the community and product safety.
- Advocates management and finance transparency, accountability and disclosure.
- Safeguarding interests of the company and its various stakeholders.
- A guide against unethical practice.

Organisational Structure

- The **Board of Directors** is the main governing body of the Cambodia Coconut Company responsible for corporate governance, overall strategy, financial oversight and risk management.
- An independent **Advisory Council** to be made up of representatives from local NGOs, PDA/government, Village Hubs, community, and academia, to provide oversight and advice to the Board of Directors in decision-making processes based on their respective knowledge and experience.
- The **CEO** will be responsible for leadership and decisions in the daily operations of the business.
- A key to success is the establishment of the **Community Outreach and Government Relations** team to facilitate the plantation incentive scheme, training and demonstration programs, and to build on government relations.



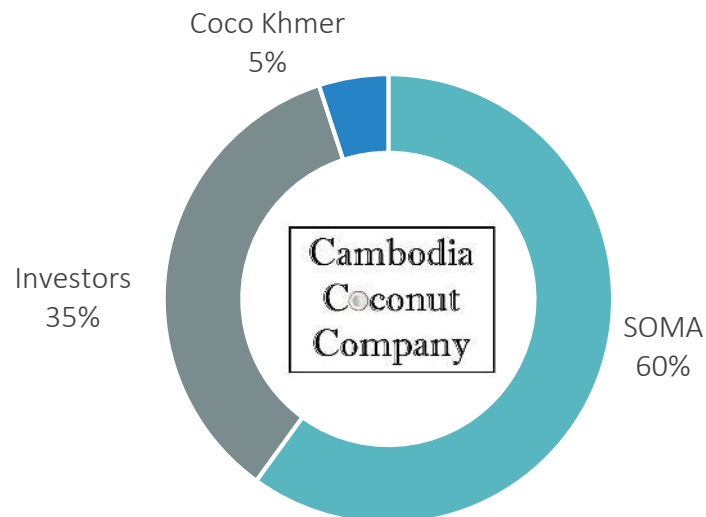
Key Roles and Responsibilities

Roles	Responsibilities
CEO	<ul style="list-style-type: none"> Responsible for strategic direction and overall performance of CCC Manage key stakeholder relations Report to the Board of Directors
Director of Finance & Administration	<ul style="list-style-type: none"> Budget preparation, financial management and forecasting Human resources management and development General administration Legal compliance and best-practices
Director of Operations	<ul style="list-style-type: none"> Provides oversight for operations including sales & marketing, farm management, and processing operations at the centralised and hub levels
Director of Community Outreach & Government Relations	<ul style="list-style-type: none"> Lead plantation, community outreach and training programs Lead R&D and demonstration farm/hub activities Leads strategic partnerships with academia and local/central government
Sales & Marketing Manager	<ul style="list-style-type: none"> Manage and promote the brand of CCC Manage relationships with key customers Identify markets for the sale of the CCC products
Farm Manager	<ul style="list-style-type: none"> Manage farm plantations
Central Processing Manager	<ul style="list-style-type: none"> Responsible for processing operations and quality of products at the centralised facilities
Hub Manager	<ul style="list-style-type: none"> Manages overall hub operations, entrepreneur training, and processing quality
Plantation Scheme Manager	<ul style="list-style-type: none"> Manages the Grow More Get More scheme, procurement of seedlings, and barcode technology Manages the carbon credit scheme and coordinates with external auditor
Technology Centre Manager	<ul style="list-style-type: none"> Manages the agronomy training program for farmers and coordinates with Centre of Excellence for measures such as Demonstration Farms, seedling cultivation, and byproduct processing Coordinates with PDA and academia on extension services and internal R&D Coordinates interaction with local hub owners, farmers and community
Government Relations Manager	<ul style="list-style-type: none"> Advocates for national policies that will enable the growth of the coconut sector

Proposed ownership structure of CCC

- In order to align interests, ensure operational excellence and facilitate transparent decision making at **Cambodia Coconut Company**, it is proposed that SOMA retain majority share over the company, while allowing for external investors and Coco Khmer to take a minority stake in the company.
- Coco Khmer can be offered a 5% stake in CCC in exchange for opening up markets for CCC in the artisan VCO market. The proposal also includes a potential investment by SOMA to scale up Coco Khmer's operations so CCC can also negotiate to take a share of the profits in the secondary products.
- Partnership with Coco Khmer can also mean that CCC can leverage their existing markets and expertise with producing and marketing downstream products

Proposed shareholding structure of CCC

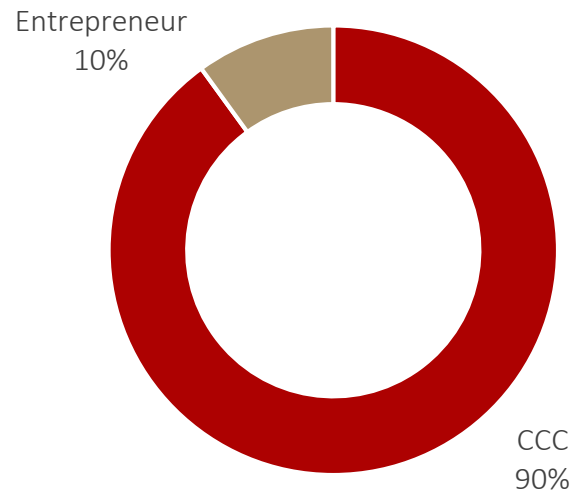


Cambodia Coconut Company should seek external investors and partner with Coco Khmer

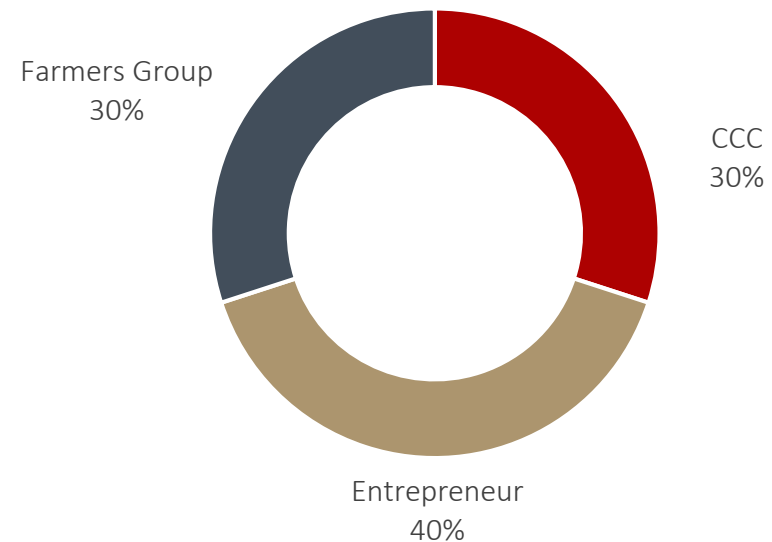
Proposed ownership structure of Village Hubs

- The **Village Hubs** will operate based on a CCC majority at the initial stage, with local entrepreneurs being awarded a 10% share in the hubs.
- It is intended that over time the hubs will become self-sustainable with less input from CCC. Entrepreneurs will take up to 40% ownership of the hubs while Farmers Groups will be offered a 30% stake, with CCC decreasing its share to 30%.

Proposed shareholding structure of village hubs (Y1-Y3)



Proposed shareholding structure of village hubs (Y4-)



Ownership empowers and motivates entrepreneurs and farmers

Role of the Village Hub Entrepreneur

- The role of the entrepreneur is to manage all the hub operations. This includes management of the processing plant, coordination with CCC on the Grow More Get More scheme, organisation of farmers in the community, organisation of training programs, collection of mature nuts, and distribution of the processed VCO to the CCC packaging facility.
- He will start with 10% share in the hubs, while 90% will be owned initially by CCC. CCC will spend the first three years to incubate the entrepreneur, after which depending on his performance and the hub output, will be given a higher share of up to 40% in the hubs (with another 30% for Farmers Groups, and 30% for CCC)
- Local entrepreneurs will be identified by CCC. The entrepreneur is required to have adequate land for the construction of the hubs, and be in good relations with the community.



Entrepreneurs selected have the role of community leaders

Advisory Council

CCC has a strong commitment to value creation within the rural communities of Cambodia. There must be a mechanism for external voices to be heard in order to fulfill this commitment. To create a platform to hear these voices, CCC will create an advisory council within the first year of operation. This advisory council will meet quarterly to craft and present recommendations to the Cambodia Coconut Company management team.

Cambodia Coconut Company Advisory Council

NGO Partner Representative	Government Representative	Local Hub Representative	Community Representative	Academic Representative
<ul style="list-style-type: none"> Keeps a focus on sustainable practices as operations expand Helps to access aid in making a positive social impact 	<ul style="list-style-type: none"> Represents the overall position of coconut production and processing within the Cambodian economy Advises of relevant changes government policy 	<ul style="list-style-type: none"> Identifies the concerns of sweat equity holders Connects business interests with the local communities' interests 	<ul style="list-style-type: none"> Presents the voice of the farmers Brings the perspective of the communities critical to success 	<ul style="list-style-type: none"> Provides a connection to the latest agronomy knowledge Facilitates collaboration with academic institutions to train farmers

External assessment from all stakeholders contributes to better outcomes for everyone

Monitoring & Audit

Three monitoring levels are recommended to ensure the Cambodia Coconut Company business model adheres to best practice:

Performance monitoring and reporting mechanism

- CCC's local processing hubs are obliged to follow the Code of Conduct and protocols and manuals provided by CCC.
- CCC's local processing hubs are obliged to submit Monthly Progress Report including Key Performance Indicators.
- Independent audits and spot-check would be conducted by CCC.

Village Hub entrepreneurs

- Entrepreneurs of the local processing hubs will conform to CCC's monitoring and performance policies.
- CCC's Board of Directors needs to ensure that the hubs' ownership will initially be split 90% CCC and 10% local entrepreneurs. Local entrepreneurs will be identified by CCC's senior management and trained by the training centers. Relevant records need to be maintained in respect of staff, training and number of trees planted per hub. By Year 4, CCC's Board of Directors will restructure its ownership to allow 30% to be owned by CCC, 40% to be owned by local entrepreneurs and 30% by Farmers Groups.
- CCC to develop conditions that need to be met to allow for sweat equity structure to be implemented. The sweat equity structure is highly dependent on the production levels of the hubs.

Smallholder farmers and local communities

- Smallholder farmers will have an established mechanism to bring concerns within the value chain directly to CCC through the Village Hubs.
- Local community committees can bring issues to the CCC central office.

Transparency and Disclosure

Adopting JV structures where the ownership of the small local processing hubs will be split between Cambodia Coconut Company, local entrepreneurs and farmers groups through sweat equity means that mechanisms need to be put in place with regards to disclosure of financials, the plantation and training efforts being undertaken and the management and monitoring of the Village Hubs.

Monitoring by Board

- Establish CCC's risk appetite with regards to its social responsibility to smallholder farmers, other stakeholders, the future sweat equity that will be provided to farmers and generally the increase in supply of mature coconuts;
- Quarterly board meetings to evaluate performance of CCC's Village Hubs;
- Oversight of CCC's Village Hubs;
- Review the internal and external audit reports;
- Authority to hire, fire and compensate top management;
- Set up the Advisory Council; and
- Set the terms of references for the Board and the Advisory Council.

Internal control

- Regular reporting from the Advisory Council to Board and Management;
- Establish policies with regards to conflicts of interest, corruption and fair distribution of carbon credit back to smallholder farmers in respect of their trees;
- Appoint internal auditors to test design and implementation of governance and control mechanisms. The scope of the internal audit will need to be set by senior management;
- Spot check on Village Hubs and operators to ensure reliability of financial reporting; and
- Maintain updated records in terms of number of trees planted versus the output, the external stakeholders and partnerships involved and the extent of their performance.

Public disclosure

- Declaration of interest;
- Audited financial reports including Annual Reports;
- Local entrepreneurs and smallholder farmer groups invited to attend forums and training sessions; and
- Annual report on the environmental impact of the coconut business.



COMMUNITY BENEFIT & ENVIRONMENTAL IMPACT

Community Benefit & Environmental Impact – Summary

- The business model encourages maximum community benefit and social impact by bringing together farmers, offering them training, and helping them reap the returns from actively participating in the coconut value-chain.
- In this section the social and environmental benefits stemming from the creation of CCC will be outlined, namely:
 - Community benefits such as employment creation and training;
 - Higher income for farmers and communities from new plantations and mature coconut processing;
 - Environmental benefits from carbon sequestration and income generated from carbon credits;
 - Byproduct processing to minimise wastage and environmental impact
- At the end of this section there will be some suggested indicators for measuring social and environmental impact.



Wide-ranging community benefit from coconuts and village-level processing hubs

Community Benefit

Employment Creation

- Creating **Village Hubs** allows the added value generated from mature-nut production and processing to be retained in the communities that grow them, and the increasing equity structure allows entrepreneurs to take ownership of their enterprises, and ideally generate more employment through further local processing expansion.
- Coconuts are relatively easy to grow and even small plots of land can produce some yields. This means that it is possible for many people to create an income from growing coconuts, either as part of a small-scale farm, or as a supplemental income.
- There will be new jobs for agronomists, farm managers and labourers, traders, truck drivers, processing plant workers, and attract service providers for the new workers.
- Low-tech processing of VCO (in Village Hubs) creates jobs for unskilled, uneducated people
- The hubs can also create a community space and a centre of learning and activity in the villages

Farmer Training

- The farmer training delivered in partnership by CCC, MAFF extension services and universities will dramatically improve the smallholders' capability to grow more higher value coconuts
- Higher yields will result in increased incomes per smallholder
- Training will also enable smallholders to better manage their yields and take advantage of intercropping for a more stable cash flow.
- Additional financial management training is possible for better financial planning practices



Training for smallholder farmers (1/2)



Gov't Extension
Services



University Agronomy
Departments



Cambodia Coconut
Company



University-Business-Government Collaboration

- PDA and CCC can work together to provide extension services to farmers to offer training on the value of mature coconuts, how to plant seedlings, unacceptable practices, water usage, and fertiliser and chemicals use. Academic institutions and CCC agronomists can share scientific knowledge to farmers and extension officers on how to maintain the crop, produce higher yield and promote intercrop opportunities.
- It is hoped that the role of the **Centre of Excellence for Coconut Research & Development** will be to conduct R&D in coconut agronomy and technologies, and coordinate knowledge transfer to businesses, MAFF/PDA, and farmers.
- CCC will have Technology Centres that will coordinate agronomy knowledge and incorporate them into the training programs along with extension services.
- The Centre of Excellence and Universities are welcome to collect data from the field for their research. The technology used to tag and monitor trees can also be used to record and manage data used for research in diseases, pests, and yield.
- Where the Centre of Excellence for Coconut Research and Development provides national-level R&D, the Technology Centre at CCC provides the training services and works with the Centre of Excellence on research initiatives.

Training for farmers should be a collaborative process among CCC, government and academic institutions

Training for smallholder farmers (2/2)



Extension Services with CCC

- The extension services offered by the local communes and CCC can coincide with the “**Grow More Get More**” offering. This can occur at the commune level, at commune halls, local pagodas, or at a model farmer’s home. At critical stages of the tree growth, extension officers, along with CCC agronomists, can go to participating farms directly to check on the condition of the trees, offer any advice, and disburse the tree payments.

CCC Demonstration Farm

- The CCC Demonstration Farm, to be set up at the existing SOMA Kampot plantation, will be a place where smallholder farmers can come to learn about best-practices to grow coconuts. There will be a nursery of seedlings, and existing coconut varieties will be on display to visually guide farmers on growing practices. Agronomists or trainers will also be able to demonstrate hands-on practices, and promote the **Grow More Get More** scheme to farmers. Once new plantations of non-fragrant trees have matured, the demonstration farm can incorporate more mature-nut specific agronomy training.
- A Call Center can also be set up so that farmers can call in and seek advice should they encounter problems at the farm.
- Universities will have the opportunity to send students on internships to learn about coconut growing practices from the demo farm, as well as partner with overseas universities who can send students to this farm for knowledge exchange. The newly established Centre of Excellence for Coconut R&D would also provide collaborative research here.
- It is hoped that through this demonstration farm CCC will gain trust with local farmers as a reliable source of advice, as well as a preferred customer for the farmers’ coconuts.

Demonstration is the best way for farmers to learn best-practices

Community Awareness

CCC Scholarship for University students

- CCC can offer scholarships to graduating students who will first do an internship, and upon graduation gain employment at CCC. This will enable CCC to gain trust from the educational institutions and with the local communities as well.

Raising Community Awareness

- CCC needs to raise awareness of the **Grow More Get More** scheme to ensure maximum participation. This can be done through strategic community engagement and communications such as:
 - Launch of scheme and roadshow to communes with MAFF
 - Promotional material for participants such as free T-shirts
 - Engage demonstration farmers
 - Award model farmers and appoint farmer ambassadors
 - Facebook and social media campaigns
 - Newspaper, radio and rural billboard advertisements



Environmental Impact

Reducing Negative Impacts of Agriculture

- Agriculture impacts the environment and poor agriculture practices - such as over-tilling and excessive use of chemicals - can increase the negative impacts of agriculture. Through improved agronomy practices and use of appropriate inputs, the environmental impact of coconut trees can be minimised. This requires:
 - Training on good farming practices
 - The selection of the most appropriate seeds
 - Responsible use of agrichemicals, such as fertilisers, herbicides etc.

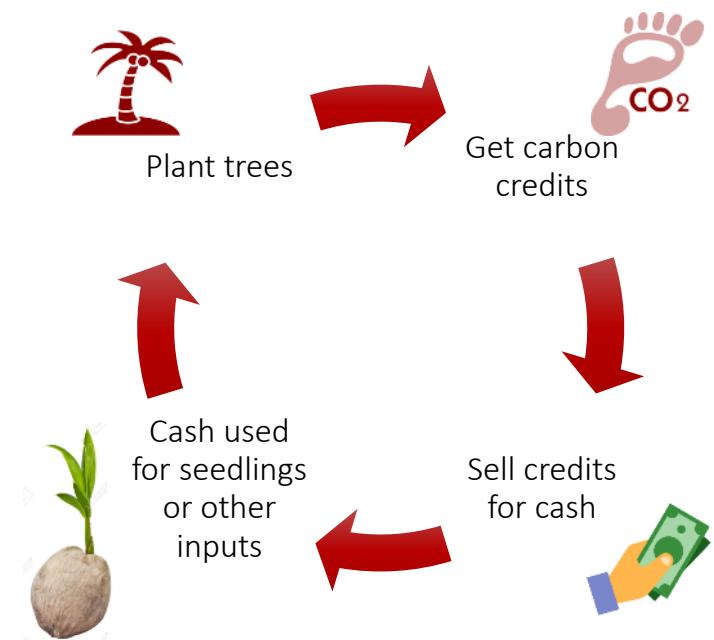
Carbon Credit Trading

- The planting of coconut trees may qualify for carbon credits, which can be sold to companies that exceed their emissions quota.
- When multiplied by the number of new trees planted in the Grow More Get More scheme and the CCC plantations, the carbon credits potentially gained is substantial.
- Revenues from carbon credits could be used to buy seedlings or distributed back to the smallholder farmers. Revenues generated from CCC plantations can be used to reinvest into the business, while those from the GMGM scheme will be distributed back to the farmers.
- Carbon credit trading can only commence once the seedlings grow to a certain age and start to sequester more carbon. In this proposal it is estimated that the income generated from carbon credits in the planting drive will commence in Year 5. An external auditor for this scheme will be required to monitor its growth and administer the carbon credits.

Byproduct Processing for Zero-waste

- Longer-term, the aim is for the Village Hubs and CCC processing centres to become "zero waste": using, processing and selling all the byproducts.

Carbon Credit Trading mechanism



Measuring Social Impact

For long term assessment of the success of the business model and the scheme, the following social impact indicators should be measured. The results can be recorded on the Barcode system that is used to track tree plantations.

Potential Indicators

- Number of unique smallholder farmers reached
- % change in mature coconut yield
- % change in average smallholder farmer net income from coconuts in one season
- % change in household income
- Number of smallholder farmers engaged in training programs
- Number of local people employed at the hubs
- Number of women employees at the hubs
- Carbon credits gained from the plantations
- Volume of agrichemicals used

Methodology & Partners

- Data collection will be done by CCC agronomists and PDA extension officers on their periodic visits to the maturing trees
- Potential to partner with NGO to provide short interviews with standard questionnaire on farmer and agrichemicals indicators
- Hub and carbon credits indicators to be recorded by CCC





POLICY RECOMMENDATIONS

Policy Recommendations – Summary



The coconut industry in Cambodia can only flourish if there are accompanying support from the government and enabling policies in place. The government can do more to support farmers and industry by offering subsidies, extension services support, reducing barriers to entry, promotion of trade, and concessions for farmers in land grants, financial services, or insurance schemes. At the same time, the government needs to see that coconuts is a profitable crop to invest in, so CCC and SOMA have to work closely with the government to provide evidence of a positive net benefit to Cambodia's society and economy.

The Business Plan proposes the following major policy recommendations:

- A **Cambodia Coconut Development Board** to oversee, support and develop programs related to coconut planting, production and processing, as well as drive technological development related to improving coconut yields and processing efficiency and productivity.
- Partnership in the establishment of a **Cambodia Centre of Excellence for Coconut Research & Development**. Government can also help raise awareness for coconut farming and production, reduce duties and taxes on inputs, tariffs on equipment, and encourage local agricultural universities to collaborate on joint R&D.
- Engage in **collaborative extension services** by raising the profile of coconuts, working with CCC to deliver agronomy extension services, and promoting the Grow More Get More scheme to farmers.

Bold policies and investment are needed for the coconut industry to grow

Cambodia Coconut Development Board

- It is recommended that the Cambodian government establish a **Cambodia Coconut Development Board**. It will have the mandate to oversee, support and develop programs related to coconut planting, production and processing, as well as drive technological development related to improving coconut yields and processing efficiency and productivity.
- The Board can also offer funding and subsidies for further plantation schemes, intercropping practices, and subsidies for the planting of nurseries to produce good seedlings.
- The Board can also coordinate coconut awareness programs, plan a Coconut Week, and participate or run international/regional conference on coconut products.
- The Board can also work with the government to offer land concessions to farmers for the growing of higher yield varieties of coconuts.
- Provinces that are ideal for the growing of coconuts should be prioritised, such as Kampot, Battambang, Takeo, and Sihanoukville.
- The Board can also be a channel for producers to connect with other global players for knowledge exchange through collaborations with other country associations such as the Asia Pacific Coconut Council.



Cambodia Centre of Excellence for Coconut Research & Development

- The **Centre of Excellence for Coconut Research & Development** is proposed to be set up in partnership with government, academic institutions and CCC. This Centre will undertake R&D in coconut seedlings, agronomy research, VCO and other byproduct processing technology.
- It will facilitate knowledge exchange to CCC Technology Centre and Demonstration Farms and its trainers who will offer agronomy and best-practices training to farmers.
- The Cambodian government is encouraged to offer its support in:
 - Establishing the Centre and provide suitable regulatory framework in its establishment
 - Getting MAFF and PDA to cooperate with the Centre on projects to heighten awareness and provide funding or resources where necessary
 - Reduce any import duties and taxes on inputs and seedlings for research purposes, and encourage or subsidise local seedling production
 - Encourage universities to partner with the Centre for joint R&D, and promote the Centre in international/regional events
 - Encourage and award environmentally sustainable practices, or model farms/farmers
 - Offer land concessions for R&D in coconuts
 - Reduce tariffs on coconut harvesting/processing technologies, and encourage local technological R&D



Collaborative Extension Services

- Extension services offered by PDA should extend to coconut farming. The government should recognise that coconuts is a profitable and environmentally friendly crop. The government should divert more resources into coconut extension services, and raise the profile of coconut farming to the level of rice, cassava and rubber.
- The government should encourage the planting of more non-fragrant varieties of coconuts at the farm level, mature nuts of which can be sold at a higher price than young nuts, and promote the value of mature nut production. This can be done through frequent visits to farming communities and offering them advice.
- MAFF and PDA extension services should partner with CCC's **Grow More Get More** scheme and promote and offer training for farmers on this scheme, promote the scheme to new farmers, and advise on favourable regions for initial pilot. Where possible, it should also subsidise the seedling exchange for farmers.
- It should also partner with the **Centre of Excellence for Coconut Research and Development** to facilitate data gathering and farmer coordination.



Case study: Coconut Development Board of India

India has established the **Coconut Development Board of India** that addresses the following aspects of the national coconut sector:

- **Production and Distribution of Planting Material** – demonstration farms with the aim to produce quality seednuts, coconut nurseries, and aid to private nurseries
- **Expansion of Area Under Coconut** – planting incentive for farmers at 8000 Rs per hectare, disbursed in two annual instalments
- **Integrated Farming for Productivity Improvement** – financial assistance for demonstration plots, encouraging coconut clusters on a community basis, and promotion of organic manure
- **Technology Demonstration** - Maintenance of Pilot Testing Plant and Quality Control laboratories; techno-economic studies on product diversification and byproduct utilisation; consultancy service on production, processing and marketing; training programmes on convenience foods
- **Market Promotion and Statistics** – marketing info and intelligence, financial assistance to modernising equipment
- **Coconut Palm Insurance Scheme** – to minimise risk for farmers against natural shocks such as climate, disasters, pests and diseases
- **Information and Information Technology** – production of publications, participation in fairs, conducting workshops, awards to best growers & processors, training youths and farmers, training in production of handicrafts, award for best R&D worker, coconut awareness programs
- **Human Resource Development** – improving technical and managerial skills
- **Financial Assistance under Technology Mission** – financial incentive for modernising and expanding processing units and promoting value-added products
- **Replanting and Rejuvenation of Coconut Gardens** in traditional states in India – assistance with removing unproductive and diseased coconut trees and replanting with quality seedlings



<http://coconutboard.nic.in/>



FINANCIAL ANALYSIS

Assessment Year:

10

- CCC will establish a coconut value chain that includes a network of distributed **Village Hubs** as well as centralised plantation and processing facilities.
- CCC will package and distribute VCO made by **Village Hubs** and also source young coconuts and mature coconuts from the hubs, thus providing a stable market channel for farmers.
- CCC will require an initial investment of USD 6 million to cover capital expenditures and expenses.
- Additional USD 9.7 million will be invested through retained earnings over 10 years.
- CCC will generate an annual revenue of 113.8 million and net profit of 6.5 million by year 10.
- CCC will have a Net Present Value of USD 34 million in Year 10, and a payback period of 3.7 years.
- The model shows that CCC offers investors an attractive IRR of 38% over a 10 year period.
- Farmers will receive a CCC profit sharing of 7-15% from year 4 onwards based on 3% of transaction value, which incentives higher production.

Key underlying financial assumptions are highlighted in the following page.

	Metrics	Results
Investors	Total Investment	\$ 6,000,000
	Net Present Value	\$ 34,311,899
	Internal Rate of Return	37.9%
	Payback Period	3.7Years
Business Stakeholders	Avg Gross Margin (%)	26.4%
	Avg Net Profit (%)	4.3%
	Avg Return on Capital Employed	17.8%
	Gearing Ratio	(Cash amount exceeds the debt)

- The launch of **Village Hubs** presents an excellent opportunity for smallholder farmers to participate in the coconut value chain.
- A demonstration **Village Hub** will be set up in Y1 and the number of **Village Hubs** will be scaled up to 6 by Y2, 30 by Y4, and 50 by Y6.
- **One Village Hub** will require an initial investment of USD 35,000 to cover capital expenditures and expenses.
- A **Village Hub** will have a Net Present Value of USD 23,109 in Year 5, and a payback period of 2.7 years.
- The model shows that **Village Hubs** offers CCC an attractive IRF of 22% over a 10 year period for fronting up the capital required to launch each hub.
- Compared to large plantation and central processing facility, a network of **Village Hubs** is less capital intensive as it leverages smallholder farmers' assets and apply artisanal methods for processing.
- Smallholder farmers are encouraged to double their coconut cultivation through the **GMGM** scheme.
- Farmers will be able to increase their income from coconut by 6-fold through doubling their production and switching to harvesting higher value mature coconuts
- Entrepreneurs and farmers will receive 40% and 30% respectively from the **Village Hub** profit from year 4 onwards.

Key underlying financial assumptions are highlighted in the following page.

Assessment Year:

5

	Metrics	Results
Investors	Total Investment	\$ 35,000.00
	Net Present Value	\$ 23,109.69
	Internal Rate of Return	21.8%
	Payback Period	2.7Years
Business Stakeholders	Avg Gross Margin (%)	12.1%
	Avg Net Profit (%)	4.8%
	Avg Return on Capital Employed	27.9%
	Gearing Ratio	(Cash amount exceeds the debt)

Key Financial Assumptions

Revenue Assumptions

Bottled Coconut Water (Wholesale)

Y1: USD1.3 /500ml bottle (29% gross margin)
 Y10: USD 1.70 /500ml bottle (59% gross margin)

Young Coconut (Wholesale)

Y1: USD 0.8 /nut (33% gross margin)
 Y10: USD 1.04 /nut (33% gross margin)

Bulk VCO (Wholesale)

Y1: USD12.94 /L (23% gross margin)
 Y10: USD15 /L (23% gross margin)

Branded Bottled VCO (Wholesale)

Y1: USD 13 /500ml bottle (23% gross margin)
 Y10: USD 16.96 /500ml bottle (23% gross margin)

Operating Assumptions

- Central Coconut Bottled Water processing facility will start operations in Y1. It will use 80% of the young coconuts from CCC plantations, young coconuts collected from Village Hubs as well as mature coconut water collected from Village Hubs as a byproduct.
- From Y1-Y3, Village Hubs will use mature coconuts from Vietnam to supplement local supply. In Y4 it will use mature coconuts supplied by CCC plantations. From Y5 onwards, it will use 100% of mature coconut supplied locally to produce VCO.
- Central VCO processing facility starts operation in Y5, and will use mature coconuts supplied by CCC plantations to produce Bulk VCO for export. It will also use 30% of the mature coconuts from Village Hubs.

Scale of Operations

Village Hubs

- 1 Demonstration Hub in Y1, 6 in Y2, and scale up to 50 hubs by Y6
- 400 households per hub
- 25 existing trees and 25 new trees per households
- Process 29 million mature coconuts per year

SOMA Plantation

- Mature coconuts: 1000 hectares (new)
- Young coconuts: 214 hectares (existing)

Production Volume by Y10:

Bottled Coconut Water

- 25.8 million bottles of 500ml water

Young Coconut

- 1.4 million nuts

Bulk VCO

- 1831MT

Branded Bottled VCO

- VCO from Village Hubs: 1.9million L
- Coconuts from Village Hubs: 558,333 L

Cost Assumptions

Bottled Coconut Water

Young coconut from CCC plantation: 0.4/nut
 Young coconut from Village Hub: 0.24/nut
 Mature coconut water (byproduct): 0.15/L

Young Coconut

Young coconut from CCC plantation: 0.4/nut

Bulk VCO

Mature coconut from CCC plantation: 0.4/nut

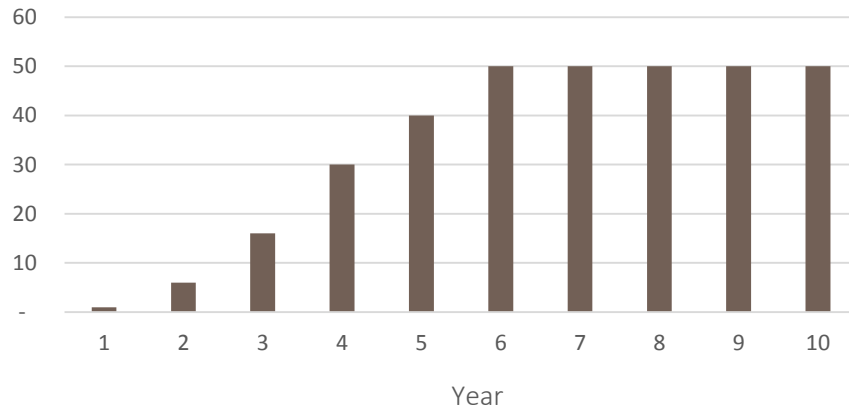
Branded Bottled VCO

VCO from Village Hubs: 9.5/L
 Mature coconuts from Village Hubs: 0.55/nut

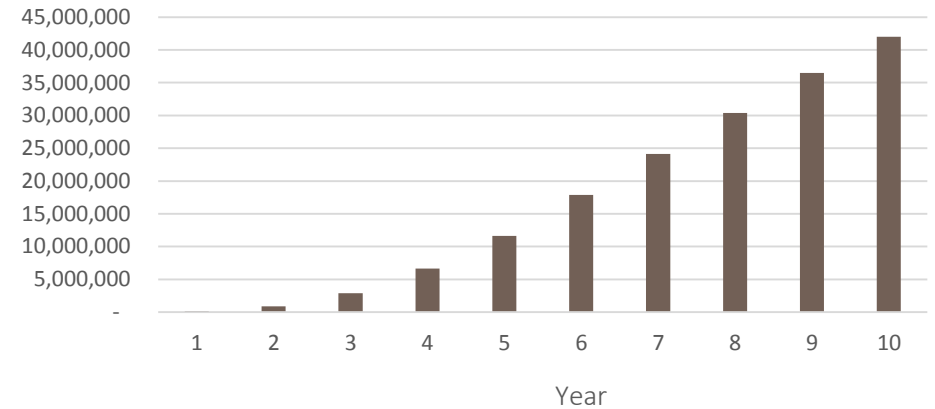
Investment

- Initial investment of USD 6 million to cover investment in plantations, bottled water processing, Village Hubs and VCO processing.
- Additional USD 9.7 million will be invested through retained earnings over 10 years.
- Total investment is 15.7 million.

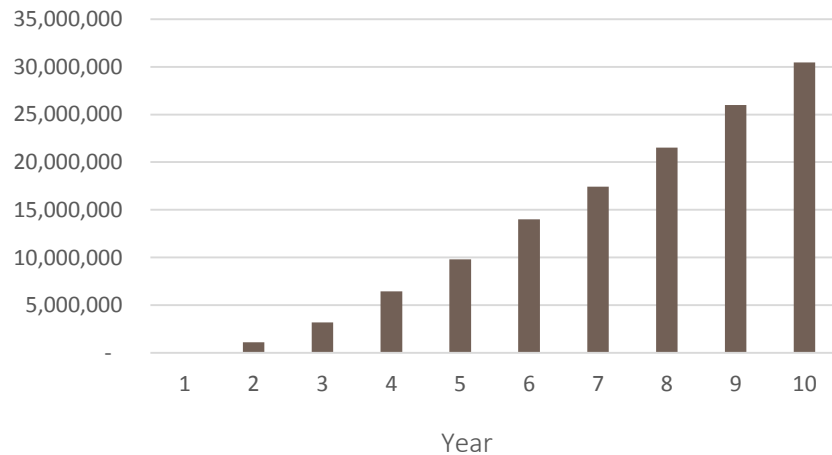
Total Number of Village Hubs



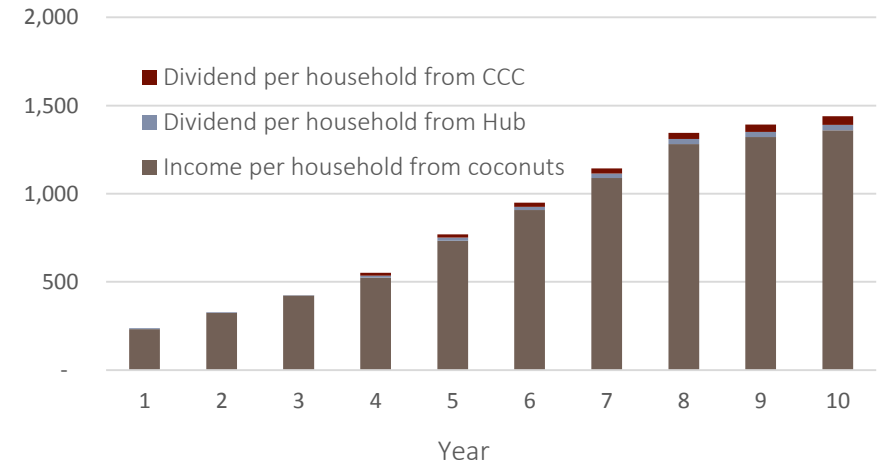
Total Mature Coconut Collected by Village Hubs



Total Revenue of Village Hubs

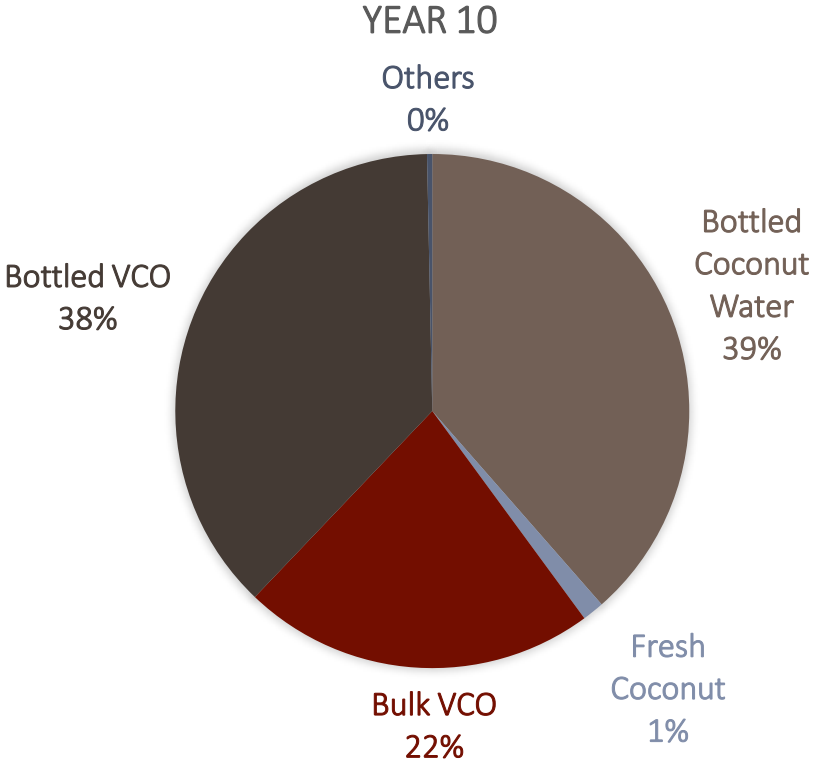
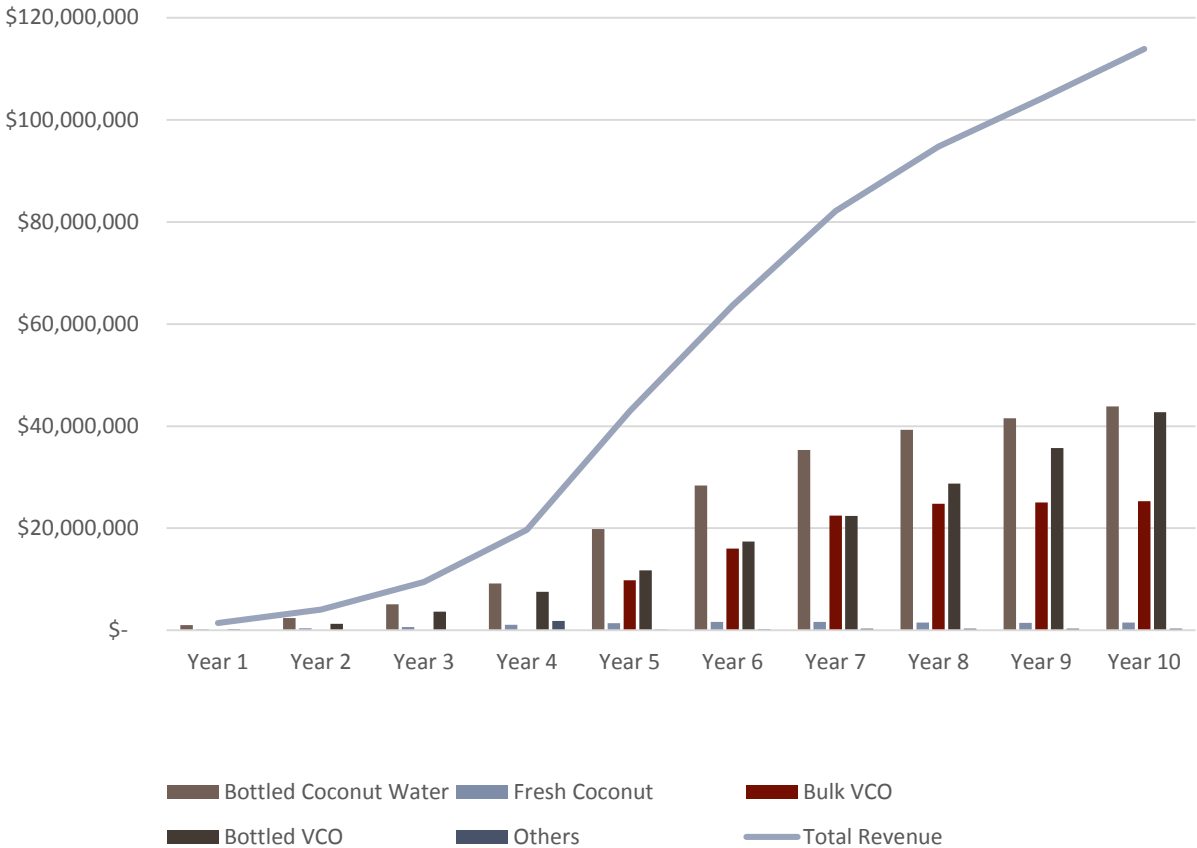


Income per household from coconut

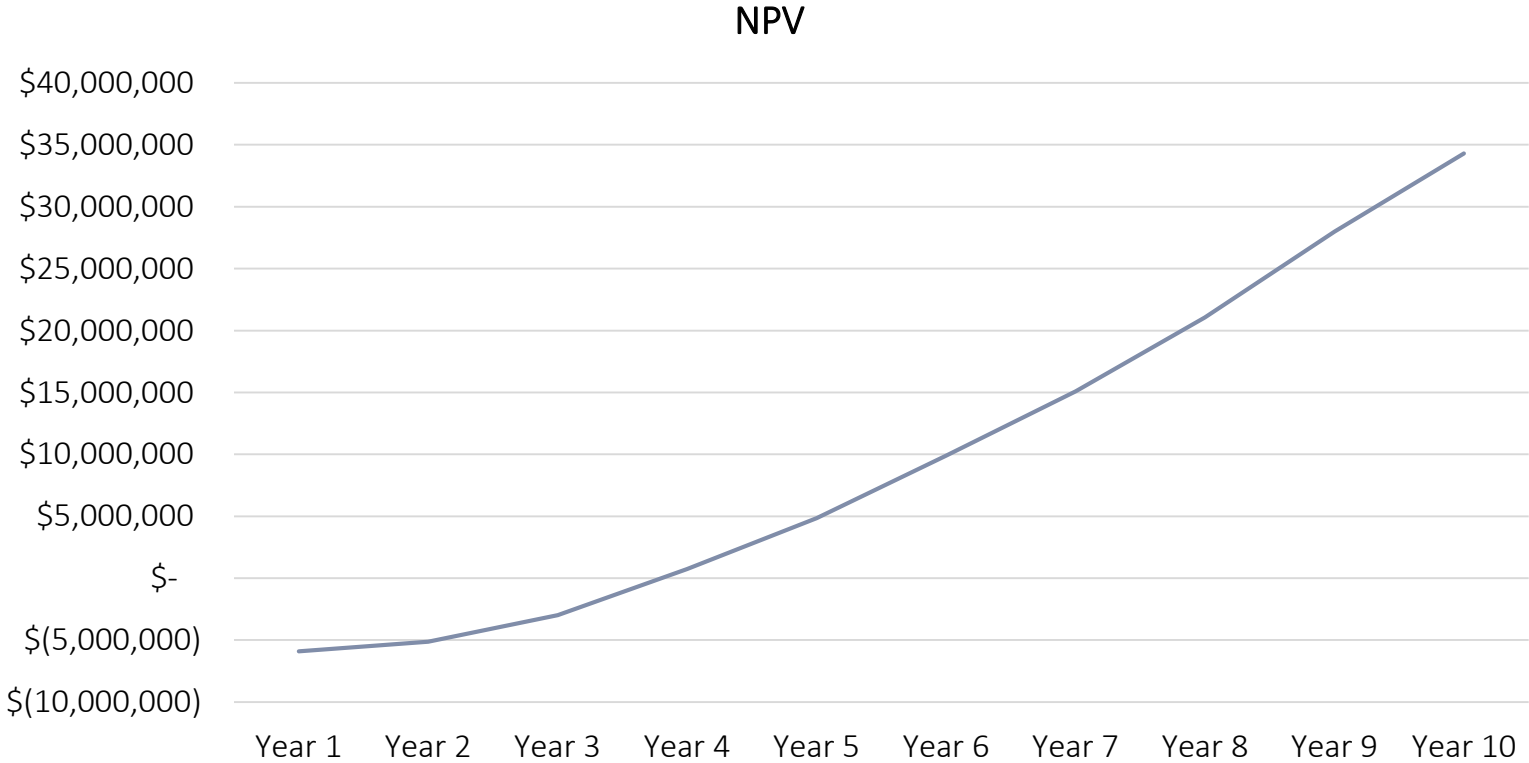


Farmers' income from coconut will increase 6-fold as they double their number of trees and switch to harvesting mature coconuts

CCC Revenue Structure



Bottled VCO and Bottled Coconut Water are expected to be the two key revenue drivers



Investment in CCC will have a payback period of 3.7 years

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	1,445,605	4,045,962	9,437,556	19,657,324	42,955,317	63,646,856	82,151,582	94,712,497	104,162,990	113,841,438
Less: Cost of Goods Sold	(1,020,897)	(2,618,483)	(5,860,476)	(12,694,867)	(33,106,740)	(50,063,994)	(66,087,894)	(75,833,499)	(82,571,181)	(89,616,325)
Gross Profit	424,707	1,427,479	3,577,080	6,962,457	9,848,578	13,582,862	16,063,688	18,878,997	21,591,809	24,225,113
Gross Margin	29.4%	35.3%	37.9%	35.4%	22.9%	21.3%	19.6%	19.9%	20.7%	21.3%
Less: Indirect Costs										
Administrative Wages and Salaries	(200,000)	(250,000)	(300,000)	(500,000)	(644,330)	(954,703)	(1,232,274)	(1,420,687)	(1,562,445)	(1,707,622)
General and Administrative	(72,280)	(202,298)	(471,878)	(982,866)	(2,147,766)	(3,182,343)	(4,107,579)	(4,735,625)	(5,208,149)	(5,692,072)
Training & Demonstration	(2,000)	(1,854)	(1,910)	(1,967)	(2,026)	(2,087)	(2,149)	(2,214)	(2,280)	(2,349)
Community Services	(2,000)	(1,854)	(1,910)	(1,967)	(2,026)	(2,087)	(2,149)	(2,214)	(2,280)	(2,349)
Grow More Get More Scheme	(5,000)	(30,000)	(80,000)	(150,000)	(195,000)	(220,000)	(170,000)	(100,000)	(50,000)	-
Technology Centre	(4,178)	(13,836)	(34,504)	(67,005)	(166,217)	(246,931)	(317,271)	(360,929)	(388,438)	(415,395)
Other	(43,368)	(121,379)	(283,127)	(589,720)	(1,288,660)	(1,909,406)	(2,464,547)	(2,841,375)	(3,124,890)	(3,415,243)
VH Dividend for Farmers and Entrepreneurs	(5,529)	(15,858)	(39,727)	(100,998)	(231,032)	(433,038)	(663,178)	(913,002)	(1,109,287)	(3,512,519)
Depreciation	(441,440)	(609,440)	(1,022,647)	(1,135,147)	(1,202,895)	(1,215,395)	(1,240,395)	(1,319,265)	(1,344,265)	(1,369,265)
Profit before Interest and Tax	(351,088)	180,960	1,341,378	3,432,788	3,968,627	5,416,873	5,864,146	7,183,687	8,799,774	8,108,300
Less: Interest	-	-	-	-	-	-	-	-	-	-
Less: Tax		(36,192)	(268,276)	(686,558)	(793,725)	(1,083,375)	(1,172,829)	(1,436,737)	(1,759,955)	(1,621,660)
Net Income	(351,088)	144,768	1,073,103	2,746,230	3,174,902	4,333,499	4,691,316	5,746,950	7,039,819	6,486,640
Net Margin	-24.3%	3.6%	11.4%	14.0%	7.4%	6.8%	5.7%	6.1%	6.8%	5.7%
Average Gross Margin (%)	26.4%									
Average Net Margin (%)	4.3%									

The business should reach profitability by Y2. Net income should steadily increase, and exceed USD6mm by Y10

Consolidated Balance Sheet

ASSETS	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current Assets											
Cash	4,060,600	2,483,789	1,482,756	464,161	3,169,181	6,926,179	12,328,669	17,846,963	23,826,442	31,515,491	38,613,026
Trade and other receivables	0	0	0	0	0	0	0	0	0	0	0
Non-current Assets											
Hub VCO Processing - Building	18,000	97,200	248,400	446,400	554,400	653,400	607,400	601,400	621,400	591,400	551,400
Hub VCO Processing - Equipment	7,000	37,800	96,600	173,600	215,600	264,100	295,100	386,100	516,100	571,100	611,100
Plantation Seedlings	0	350,000	675,000	975,000	1,250,000	1,150,000	1,050,000	950,000	850,000	750,000	650,000
Plantation Land Preparation	650,000	1,080,000	1,455,000	1,775,000	1,545,000	1,315,000	1,085,000	855,000	625,000	395,000	165,000
Plantation Irrigation	0	562,500	1,062,500	1,500,000	1,875,000	1,625,000	1,375,000	1,125,000	875,000	625,000	375,000
Plantation Machinery & Equipment	1,114,400	1,002,960	896,020	1,870,439	1,637,793	1,767,378	1,494,484	1,221,589	1,343,527	1,026,762	709,997
Plantation Infrastructure	150,000	142,500	135,000	262,500	240,000	217,500	195,000	172,500	150,000	127,500	105,000
Central Water Processing Facility	1,500,000	1,400,000	1,300,000	1,200,000	1,100,000	1,000,000	900,000	800,000	700,000	600,000	500,000
Total Assets	7,500,000	7,156,749	7,351,276	10,067,101	12,886,974	16,118,558	20,430,653	24,958,552	30,407,470	37,002,254	42,980,523
LIABILITIES and SHAREHOLDER'S EQUITY											
Current Liabilities											
Trade and other payables	0	0	0	0	0	0	0	0	0	0	0
Non-current Liabilities											
Long-term loan	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0	0	0	0
Total Shareholder's Funds	7,500,000	7,156,749	7,351,276	10,067,101	12,886,974	16,118,558	20,430,653	24,958,552	30,407,470	37,002,254	42,980,523
Total Liabilities and Shareholder's Funds	7,500,000	7,156,749	7,351,276	10,067,101	12,886,974	16,118,558	20,430,653	24,958,552	30,407,470	37,002,254	42,980,523
Return on Capital Employed		-4.91%	2.46%	13.32%	26.64%	24.62%	26.51%	23.50%	23.62%	23.78%	18.87%
Average Return on Capital Employed:		17.84%									
Gearing Ratio:		(Cash amount exceeds the debt)									

Average return on capital employed over the life of the project should exceed 17%

Consolidated Cash Flow Statement

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Received from Customer		1,445,605	4,045,962	9,437,556	19,657,324	42,955,317	63,646,856	82,151,582	94,712,497	104,162,990	113,841,438
Less Cash Paid for:											
Direct Cost		(1,020,897)	(2,618,483)	(5,860,476)	(12,694,867)	(33,106,740)	(50,063,994)	(66,087,894)	(75,833,499)	(82,571,181)	(89,616,325)
Administrative Wages and Salaries		(200,000)	(250,000)	(300,000)	(500,000)	(644,330)	(954,703)	(1,232,274)	(1,420,687)	(1,562,445)	(1,707,622)
General and Administrative		(72,280)	(202,298)	(471,878)	(982,866)	(2,147,766)	(3,182,343)	(4,107,579)	(4,735,625)	(5,208,149)	(5,692,072)
Training & Demonstration		(2,000)	(1,854)	(1,910)	(1,967)	(2,026)	(2,087)	(2,149)	(2,214)	(2,280)	(2,349)
Community Services		(2,000)	(1,854)	(1,910)	(1,967)	(2,026)	(2,087)	(2,149)	(2,214)	(2,280)	(2,349)
Grow More Get More Scheme		(5,000)	(30,000)	(80,000)	(150,000)	(195,000)	(220,000)	(170,000)	(100,000)	(50,000)	0
Technology Centre		(4,178)	(13,836)	(34,504)	(67,005)	(166,217)	(246,931)	(317,271)	(360,929)	(388,438)	(415,395)
Other		(43,368)	(121,379)	(283,127)	(589,720)	(1,288,660)	(1,909,406)	(2,464,547)	(2,841,375)	(3,124,890)	(3,415,243)
Interest		0	0	0	0	0	0	0	0	0	0
Tax			(36,192)	(268,276)	(686,558)	(793,725)	(1,083,375)	(1,172,829)	(1,436,737)	(1,759,955)	(1,621,660)
Cash Flow from Operation:	0	90,352	754,208	2,095,749	3,881,377	4,377,796	5,548,893	5,931,711	7,066,215	8,384,084	7,855,905
Hub VCO Processing - Building	(18,000)	(90,000)	(180,000)	(252,000)	(180,000)	(190,000)	(50,000)	(100,000)	(140,000)	(100,000)	(100,000)
Hub VCO Processing - Equipment	(7,000)	(35,000)	(70,000)	(98,000)	(70,000)	(85,000)	(75,000)	(150,000)	(210,000)	(150,000)	(150,000)
Plantation Seedlings	0	(375,000)	(375,000)	(375,000)	(375,000)	0	0	0	0	0	0
Plantation Land Preparation	(650,000)	(550,000)	(550,000)	(550,000)	0	0	0	0	0	0	0
Plantation Irrigation	0	(625,000)	(625,000)	(625,000)	(625,000)	0	0	0	0	0	0
Plantation Machinery & Equipment	(1,114,400)	0	(5,000)	(1,207,066)	0	(402,480)	0	0	(438,703)	0	0
Plantation Infrastructure	(150,000)	0	0	(150,000)	0	0	0	0	0	0	0
Cash Flow from Investing:	(1,939,400)	(1,675,000)	(1,805,000)	(3,257,066)	(1,250,000)	(677,480)	(125,000)	(250,000)	(788,703)	(250,000)	(250,000)
Debt issued	0	0	0	0	0	0	0	0	0	0	0
Equity issued	6,000,000	0	0	0	0	0	0	0	0	0	0
Loan Repayments		0	0	0	0	0	0	0	0	0	0
Dividends from Village Hubs		7,837	49,759	142,722	276,891	368,241	427,406	395,621	393,531	391,286	475,409
Dividends to Village Hubs		0	0	0	(203,248)	(311,559)	(448,809)	(559,038)	(691,563)	(836,322)	(983,779)
Cash Flow from Financing:	6,000,000	7,837	49,759	142,722	73,643	56,682	(21,404)	(163,417)	(298,032)	(445,035)	(508,371)
Beginning Cash	0	4,060,600	2,483,789	1,482,756	464,161	3,169,181	6,926,179	12,328,669	17,846,963	23,826,442	31,515,491
Change in cash	4,060,600	(1,576,811)	(1,001,033)	(1,018,594)	2,705,020	3,756,999	5,402,490	5,518,294	5,979,480	7,689,049	7,097,534
Ending Cash	4,060,600	2,483,789	1,482,756	464,161	3,169,181	6,926,179	12,328,669	17,846,963	23,826,442	31,515,491	38,613,026

Cash flow from operations is positive since Year 1

Investment in Year 0 includes setting up a demonstration Village Hub, a non-fragrant coconut plantation and a central coconut water processing facility.

CAPITAL STRUCTURE & INVESTMENT REQUIREMENTS

Categories	Initial Capital Requirement	Additional Requirements									
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Hub VCO Processing - Building	18,000	90,000	180,000	252,000	180,000	190,000	50,000	100,000	140,000	100,000	100,000
Hub VCO Processing - Equipment	7,000	35,000	70,000	98,000	70,000	85,000	75,000	150,000	210,000	150,000	150,000
Village Hub Working Capital	10,000	50,000	100,000	140,000	100,000	100,000	-	-	-	-	-
Plantation Seedlings	-	375,000	375,000	375,000	375,000	-	-	-	-	-	-
Plantation Land Preparation	650,000	550,000	550,000	550,000	-	-	-	-	-	-	-
Plantation Irrigation	-	625,000	625,000	625,000	625,000	-	-	-	-	-	-
Plantation Machinery & Equipment	1,114,400	-	5,000	1,207,066	-	402,480	-	-	438,703	-	-
Plantation Infrastructure	150,000	-	-	\$150,000	-	-	-	-	-	-	-
Central Water Processing Facility	1,500,000	-	-	-	-	-	-	-	-	-	-
Central VCO Processing & Packaging Facility	-	-	-	\$1,500,000	-	-	-	-	-	-	-
Total (Required Investment)	3,449,400	1,725,000	1,905,000	4,897,066	1,350,000	777,480	125,000	250,000	788,703	250,000	250,000
Source of Capital Requirement	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	6,000,000	-	-	-	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings	-	-	1,079,400	4,897,066	1,350,000	777,480	125,000	250,000	788,703	250,000	250,000
Total (Required Investment)	6,000,000	-	1,079,400	4,897,066	1,350,000	777,480	125,000	250,000	788,703	250,000	250,000

Following an initial investment of USD 6M, further investment needs will be funded through retained earnings



IMPLEMENTATION TIMELINE

Focus Area	Phases	1 st Phase					2 nd Phase					
		Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Community & Environmental Impact	Training and extension services for farmers											
	Start Demo Farm Call Center											
	Demo Farm – Young coconut											
	Demo Farm – Mature coconut											
	Carbon Credit Offset											
	Establish Centre of Excellence for Coconut R&D with Govt/Academia											
Financial	New CCC farm Kampot+Bati - Irrigation											
	New CCC farm Kampot+Bati - Building											
	New CCC farm Kampot+Bati - Machinery											
	Labour/management restructuring											
	Revenue stream - Nut sales											
	Processing - Building											
	Processing - Processing Plant											
	Processing - Machinery											
	Revenue stream - Centralised Processing											

Focus Area	Phases	1 st Phase					2 nd Phase					
		Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Sales & Marketing	Conduct MKT analysis, MKT opportunity and business development, customers segments classification											
	Build up broader foundation: Implementation coconut water market participation, continue to deliver the new coconut water of packaging solution, ensure regulatory approval for export market											
	Accelerate growth: MKT strategy for coconut water and VCO market segments, implementation of new byproducts projects											
	Optimise and up-sell strategy: Focus on premier growth, further enhance VCO and coconut water differentiation and up-sell strategy											
Operations	Establish partnership with seedling company to ensure short term supply											
	Start Grow More Get More scheme											
	Recruit and train local entrepreneurs											
	Establish Demo Hub											
	Coconut water processing and packaging											
	Purchase farm for mature non-fragrant coconuts											
	Large Hub (VCO processing) and VCO packaging facility											
	Processing and packaging VCO made from mature coconut of new CCC Farms											
	Processing and packaging of by-product (charcoal, vinegar)											



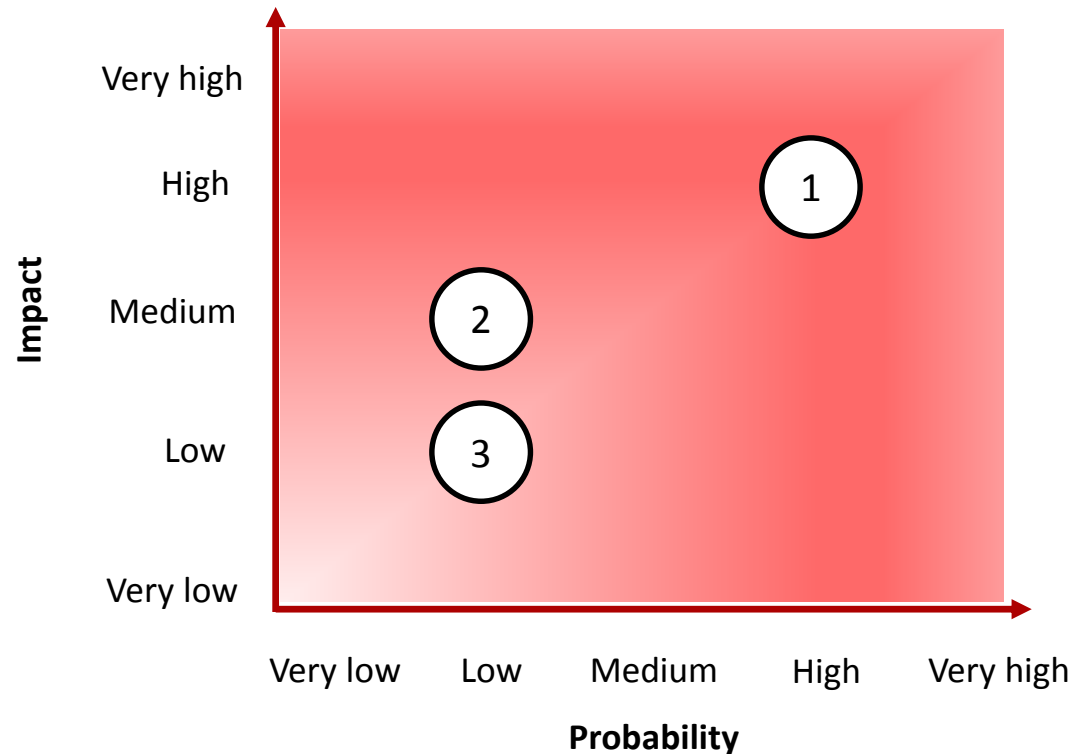
RISK & MITIGATION

1

Risk: Risk of price influence from neighbouring countries

Mitigations:

- Smallholder farmers' equity in their local processing facilities is an important mitigation of this risk. Farmers should remain incentivised to ensure that their coconuts are sold to the CCC/Village Hubs for processing, rather than to a third-party trader.
- CCC's efforts to establish trust with smallholder farmers should also provide some protection against the risk of foreign traders seeking to buy Cambodian coconuts. Farmers should be more willing to honour their commitments to CCC than to sell to an unknown trader who provides only a short-term price incentive.
- The growth in total production of mature non-fragrant coconuts should also help to absorb any shock of increased demand.



2

Risk: Declining export market opportunities for VCO

Mitigations: CCC's marketing efforts should focus on the social impact of its business model. In the unlikely event of declining demand for VCO, CCC should seek to differentiate its products, and therefore protect or increase its market share amongst discerning end-users.

3

Risk: Risk of new domestic entrants at any point in the value chain (including coconut farming, procurement, processing, and branding) ultimately creating supply competition.

Mitigations: CCC ensures stable supply with its own plantations and maintains trust with farmers by offering fair price and other services.

1

Risk: Risk of contract default by farmers

Mitigations: Establish trust by providing free services such as training, access to Call Centre for any concerns, and reinforce the value of mature nuts.

2

Risk: Risk of variability in VCO quality from community production hubs

Mitigations: As initial majority shareholder of the hubs, CCC has an incentive to ensure quality control. Standard operating procedures should be developed and imposed by CCC, with sufficient training provided to employees.

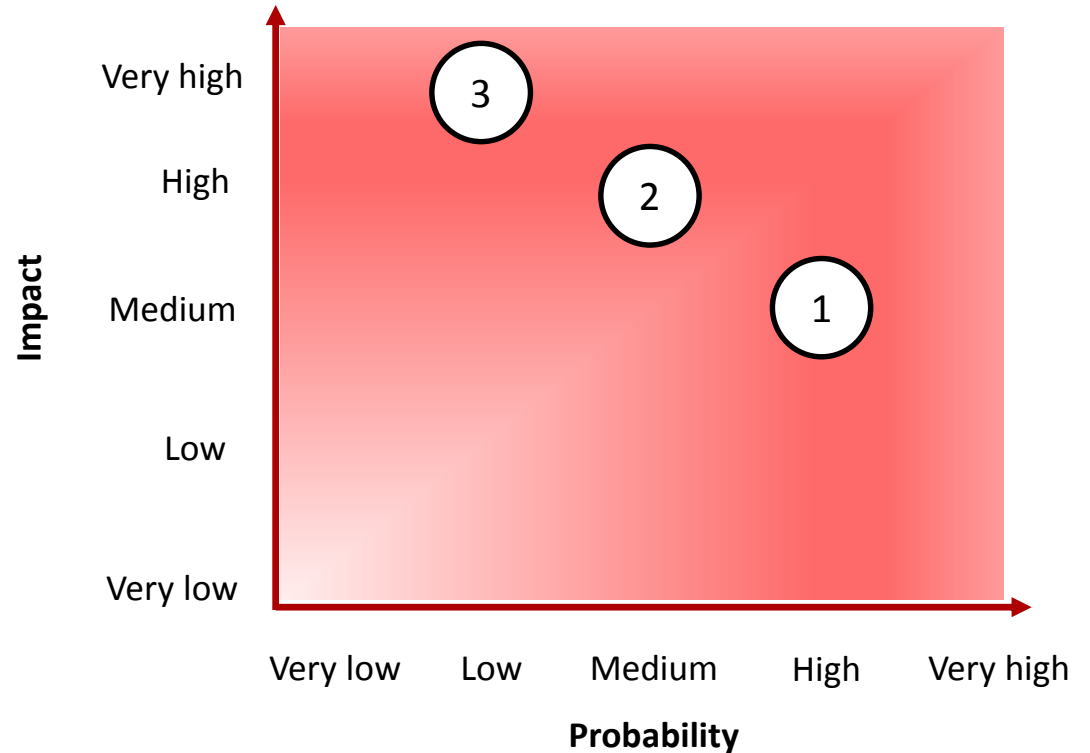
3

Risk: Weather risk, plant disease, insect infestation

Mitigations:

With advanced agronomic practices at its own large-scale farm, CCC's own production of coconuts should be less vulnerable to weather shocks or threats of disease or insect infestation than smallholder farmers. For its own coconut production, CCC may be able to purchase insurance.

In the event of such shocks, CCC should act swiftly to ensure that the smallholder growers within its network are provided with the chemicals and agronomy advice necessary to minimise damage and prevent further spreading. Coconut Board insurance programmes and Centre of Excellence research may provide mitigating influence.



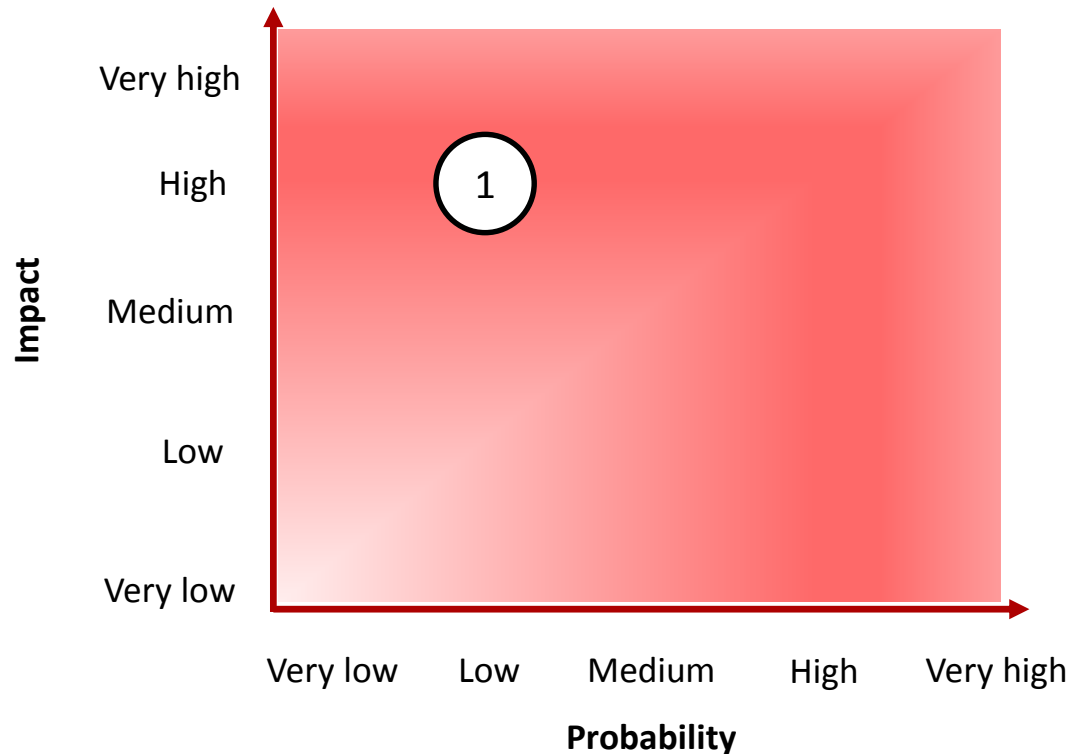
1

Risk: Financial risk

CCC risks a liquidity shortage due to the capital commitments required for the establishment of its own farm, the construction of the water and VCO processing facilities, outreach services for smallholder farmers, and marketing spend.

Mitigations:

- CCC should obtain a clear picture of its cash flow needs before embarking on the project.
- If CCC's balance sheet cannot absorb these capital requirements, CCC should consider finding an equity partner for its entire coconut business, or multiple equity partners for each component of the business (such as a company with an established consumer brand for coconut water and / or VCO).
- CCC can also request a grant from the Cambodia government or Asian Development Bank (ADB), leveraging on the social benefits arising from its business model.
- SOMA may seek funding from a development agency or multilateral institution.

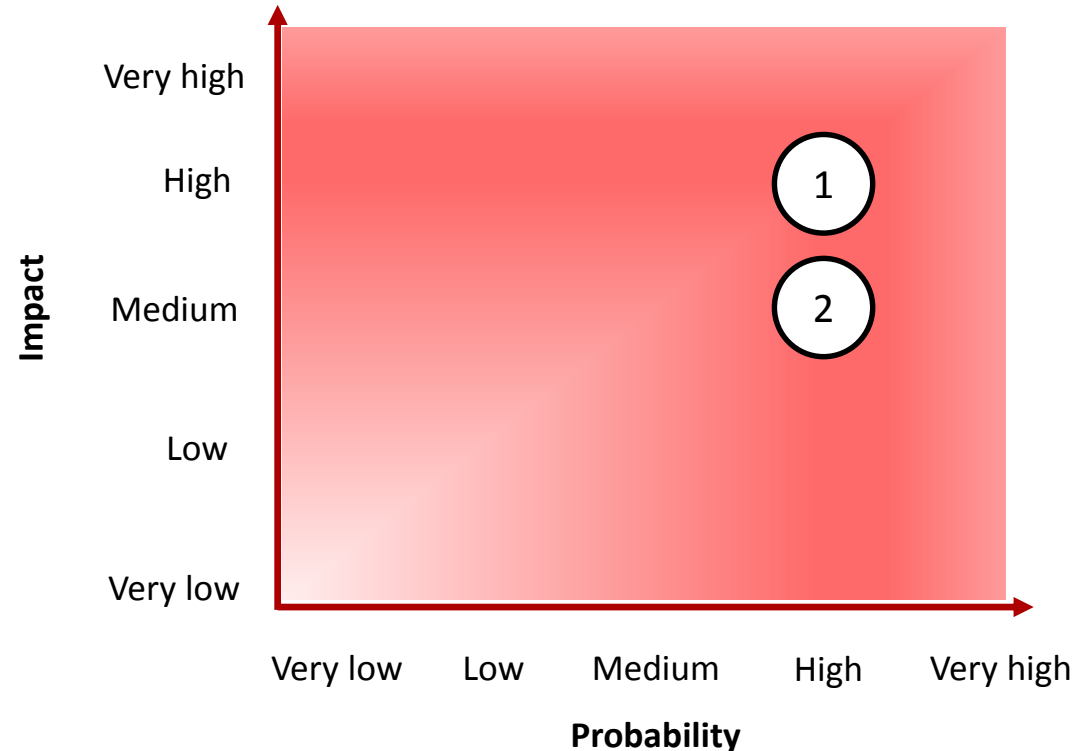


1

Risk: Reputational risk associated with CCC's dominance of the value chain for coconuts in Cambodia

Mitigations: Ensure engagement with local stakeholders at every potential opportunity:

- CCC provides fair and stable prices to smallholder farmers
- SOMA's agricultural university to provide agronomy training to smallholder farmers
- VCO processing hubs to be partially owned by local communities (potentially Farmers Groups), which receive regular dividends from P&L of hubs
- Beyond the communities' partial ownership, consider further diminishing CCC's share of Village Hubs so that majority stake eventually passes to communities



2

Risk: Risk of misalignment of interests of hub owners

Mitigations: The selection of participants for the partial ownership of the VCO production hubs must be carefully managed. As majority shareholder, CCC should take responsibility for ensuring that profit distribution agreements are adhered to.



CONCLUSION & RECOMMENDATIONS

Conclusion

- Growth in global demand for coconut products is currently occurring in the context of stagnate or declining production.
- This looming deficit creates an opportunity for Cambodia to develop its coconut industry, capitalising on both its suitable climate and substantial agricultural land availability. In order to realise this potential, a multi-faceted ecosystem must be developed. SOMA should form the core of this ecosystem through the new **Cambodia Coconut Company**, and aspire to be the leading coconut company in Cambodia.
- A key success factor for the transformation of Cambodia's coconut industry is the number of mature coconuts that can be grown. For this reason, it is critical that Cambodia's smallholder farmers are also encouraged to actively participate in the ecosystem.
- Increasing the production of mature coconuts should deliver a substantial improvement in the incomes of smallholder farmers. At the same time, the existence of a strong local processing industry should reduce the vulnerability of these farmers to the price volatility that they currently suffer.
- The formation of village-based collection and processing hubs will further create opportunities for smallholder farmers and local entrepreneurs to participate in the transformation of the coconut industry in Cambodia.



Cambodia Coconut Company can play a lead role in developing a vibrant and socially responsible coconut industry in Cambodia

Recommendations

The proposed business plan has the following recommendations:

1. Establish the **Cambodia Coconut Company** with good governance to oversee all SOMA coconut operations.
2. Initiate a “**Grow More Get More**” planting incentive scheme, to encourage smallholder farmers to increase planting of the non-fragrant variety of coconut trees and produce mature coconuts. The execution of this scheme is critical for the development of trust between CCC and smallholder farmers.
3. Establish a large-scale plantation (1,000 hectares) of non-fragrant variety coconuts in Kampot.
4. Build a facility for processing young coconuts from its existing plantations of fragrant variety coconuts into value-added coconut water, and package, brand, and export to high-value markets using SOMA Trading.
5. In rural areas, identify local entrepreneurs to become operators and eventual part-owners of community collection and processing **Village Hubs**. Use the blueprint of successful existing small local processing facilities to create a network of community hubs for coconut collection and VCO production. These hubs will create a market for the coconuts that farmers are already growing, and will encourage harvesting at the higher-value mature stage.
6. Build a centralised facility for processing the mature coconuts from CCC’s new plantations of non-fragrant variety coconuts. The main output of this facility would be wholesale VCO, and additional revenue can be derived from future byproduct processing.
7. Partner with existing downstream processor Coco Khmer to access established customer channels and expertise in branding and VCO product development.
8. Establish a **Centre of Excellence for Coconut Research and Development**, and partner with government and universities for R&D. It is also recommended that CCC establish a government relations office for advocating policies that support coconut trading and R&D in Cambodia.
9. Participate in the Carbon Credit market, to further capitalise on the plantation drive and redistribute incomes to coconut farmers or reinvest into the coconut industry ecosystem.





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