

>>> NEWSLETTER <<<

SUPPLY CHAIN WORKING GROUP



Supply Chain subcommittee established in early 2021. Our key focuses are:

- To improve coordination among industry members
- Develop cooperation with key player to discuss common issues
- Attract investments and logistic to Cambodia
- Support existing initiatives in the supply chain sector

We will begin this edition with an interview with **Mr. Parth Borkotoky, CEO of Azaylla**, about Azaylla and advocating for the development of a comprehensive supply chain infrastructure to enhance the viability and profitability of the horticultural sector in Cambodia, while addressing current limitations and leveraging emerging technologies and renewable energy solutions.

The next section is the industry update and latest development, where we highlight the recent developments in agriculture and other industry views.



Mr. Parth Borkotoky

Company in Focus: **Azaylla**

AZAYLLA is a company managing local supply chains for smallholder farmers and local food producers in Cambodia. Each quarter, we will interview someone in the supply chain sector.

Mr. Jhelum Chowdhury, from EMC Consulting, met with Azaylla's CEO, Mr. Parth Borkotoky.

Parth Borkotoky started Azaylla in 2019 to address the challenge of linking smallholder farmers to the mass market. Four years later, it is now one of the fastest-growing agri-tech companies in Southeast Asia, sourcing more than 150 products from more than 1,200 local food producers in 11 Cambodian provinces.

“When I first moved to Cambodia in 2016, I witnessed gaps along the supply chain. The longer I lived here, the more I saw the need for an efficient process that gives better market access to farmers,” he said.

That process has allowed Azaylla in 2022 to deliver more than 1,500 tons of produce to more than 120 top-name restaurants, supermarkets, and hotels in Cambodia. The company maintains offices in Phnom Penh and Siem Reap, servicing clients and customers throughout the country.

“And we keep growing,” Borkotoky said.

Last year, the company secured funding from Insitor Impact Asia Fund II, an impact investment fund managed by Insitor Partners in Singapore. The investment has fueled Azaylla's expansion, allowing it to start exports to other ASEAN countries, open operations in other Cambodian cities, and hire staff—half of whom are women.

“Our mission is to provide opportunity at the local level,” Borkotoky said. “We want to grow a sustainable and socially responsible agribusiness network that contributes to the growth of Cambodia.”

Cold Chain: Fruit and Vegetables

Cambodia has long agriculture tradition which includes several different types of crops, fruits, and vegetables are looked upon with favor in the agriculture community because of the higher margins involved, and the opportunity to grow more crops every year.

In the absence of a supply chain capable of large-scale logistics in controlled environment, tends to be more suitable for sale only within local markets. This leads to sale urgency and automatically lowers the price for the products. In addition, having only limited local markets to address also creates short-term volatility, wherein a good harvest may cause a short-term glut and corresponding lower prices, sometimes to a loss-making extent. As a result, widening market access is an important factor in making horticulture a viable and profitable business.

There is a way to make the horticulture a viable and profitable business, however, there is also some challenges that need to be addressed. The right environment for horticulture is that of a temperature-controlled cold/cool chain, Cambodia need to finds ways to increase both he density and distribution of cold storages and develop a model of cold chain transportation including sea, land, and eventually air. That included things like investment that are needed to purchase capital equipment, having a well-managed acquisition chain where product is traceable, packaging facilities for larger scale and more complex goods, and finally the considerations that the electric power in Cambodia is much higher than that of the neighboring country.

Despite these challenges, some mitigating factors do exist as well. Environmental conditions are not as difficult to achieve and maintain for product like pharma products since it requires less power and cheaper equipment than for even meat products. This in addition to a lower cost and more accessible technology over the years have enable the buyer to do permit identification and traceability.

Furthermore, with the progress in the renewable energy solutions, it is now less expensive and easier to produce than before which can lead to an offset the high energy cost of maintaining infrastructure.

With that in mind, it is obviously the right time to integrate a horticultural supply chain that can serve both local and international markets as well as address farmer margins for positive effect. Thus, creating a feasible and attractive business model and involve the investment, NGO, and governmental communities for this effort.



Latest Development

The Singapore based logistics company YCH officially unveiled a US\$ 200 million multimodal logistics hub named the Phnom Penh Logistics Complex, a part of the master plan for logistics that envisions the implementation of 232 projects in the next decade, to elevate Cambodia to the status of a regional trade and logistics hub in the greater Mekong region.

The ministry of Public Works and Transport has presented its Master Plan for Logistics extending all the way to 2030 and has based it on 5 pillars. These pillars represent a host of opportunities in various sectors, with an additional emphasis on food processing and logistics, which is the largest identified gap in Cambodia's supply chain scenario.

Aviation sector: Air Asia have launched a new joint venture with Sivilai Asia to introduce a new low-cost airline with regional connectivity, that will bring in increased technology ability and jobs to the civil aviation sector in the country. These, along with the proposed expansion of Sihanoukville airport after its runway

extension, mark steady progress towards the recognition of Cambodia as a regional logistics hub for the Greater Mekong Region.

From the Local News - Industry Updates

China to drop Covid-19 screening on imported cold-chain food after 3 years of contamination fears

China has linked virus infections to contaminated packaging throughout the pandemics, even though most scientists say there is a very slim chance of this happening. However, from January 8, Covid-19 monitoring, and testing imposed on all imported cold chain foods will be dropped as said by the China's customs agency. This resumption of cargo and passenger transport at the ports will be facilitated by relevant provinces and autonomous regions.

Top technology trends that will shape cold supply chain logistics in 2023

The demand for cold chain logistics is soaring on the back of growth in sectors like organized retail, food, pharma, and more. Tech integration and favorable government policies can help create an optimized cold supply chain. Some of the few tech's trend that are set to drive the sector and help offering promising solutions for challenges of cold chain logistics in 2023 are IoT solutions, Artificial Intelligence and Machine Learning, Tech integration, and Blockchain.

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