

■ Support to the Commercialization of Cambodian Rice Project
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Supreme National Economic Council (SNEC)

SUPPORT TO THE COMMERCIALIZATION OF CAMBODIAN RICE PROJECT

ANNUAL REPORT #1 – YEAR 2013

AND PERSPECTIVES FOR 2014

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ACRONYMS

AC	Agricultural Cooperative
ACBN	Agricultural Cooperative Business Network
ACT	Agriculture Certification Thailand
ADB	Asian Development Bank
ADC	Agricultural Development Communities
ADF	Agriculture Development Fund
ADG	Aide au Développement - Gembloux
AEA	Agro-Ecosystem Analysis
AEC	ASEAN Economic Community
AFD	<i>Agence Française de Développement</i> / French Agency for Development
AFTA	ASEAN Free Trade Agreement
ALCO	Asset Liability Committee (banking)
AMIS	Agriculture Market Information System
AMK	Angkor Mikroheranhvatho (Kampuchea)
AML/CFT	Anti-Money Laundering / Combatting the Financing of Terrorism procedures (banking)
AMO	Agriculture Marketing Office
AQIP	Agriculture Quality Improvement Project
AROS	Asia Regional Organic Standard
ARPEC	Alliance of Rice Producers & Exporters of Cambodia
ASEAN	Association of South-East Asian Nations
ASIrri	<i>Projet d'Appui aux Irrigants et aux Services aux Irrigants</i>
ASPIRE	Agriculture Services Program for Innovation, Resilience and Extension (IFAD project)
ASYCUDA	Automated System for Customs Data
AusAID	Australian Agency for International Development
AVSF	<i>Agronomes et Vétérinaires Sans Frontières</i>
CAC	<i>Crédit Agricole Consultants</i>
CAMFEBFA	Cambodia Federation of Employers and Business Associations
CAVAC	Cambodia Agriculture Value Chain Program (AusAID)
CARD	Council for Agriculture and Rural Development
CARDI	Cambodian Agriculture Research and Development Institute
CB	Certification Body
CC	Commune Councils
CCA	Climate Change Adaptation
CCC	Chamber of Commerce of Cambodia
CCD	Cambodian Certification Department
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
CEDAC	<i>Centre d'Etude et de Développement Agricole du Cambodge</i>
CEFP	Committee for Economic and Financial Policy
CEO	Chief Executive Officer
CF	Contract Farming
CFAP	Cambodian Farmers' Association Federation of Agricultural Producers
CIDA	Canadian International Development Agency
CIRD	Cambodian Institute for Research and Rural Development
CoC	Code of Conduct

COrAA	Cambodian Organic Agriculture Association
COSTEA	<i>Comité Scientifique et Technique de l'Eau Agricole</i>
CREA	Cambodia Rice Exports Association
CRX	Cambodia Rice Exporter Meeting (facilitated by IFC)
CSR	Corporate Social Responsibility
DAE	Department of Agricultural Extension
DAI	Department of Agro-Industry
DANIDA	Danish International Development Agency
DDM	Demand Driven Model
DFID	Department for International Development (UK)
DMC	Direct-seeding Mulch-based Cropping system
DP	Development Partners
DPM	Deputy Prime Minister
DPS	Department of Planning and Statistics (of MAFF)
DRC	Department of Rice Crops
EA	Executing Agency
EBA	Everything but Arms
EC	European Commission
EPWG	Export Promotion Working Group (informal group of rice exporters supported by IFC)
ESP	Environmental and Social Policy
EU	European Union
FAEC	Federation of farmer associations promoting family Agriculture Enterprises in Cambodia
FAO	Food and Agriculture Organization of the United Nations
FASMEC	Federation of Association for Small and Medium Enterprises of Cambodia
FCFD	Federation of Cambodian Farmer Organizations for Development
FCRE	Federation of Cambodian Rice Exporters
FCRMA	Federation of Cambodian Rice Millers Associations
FFS	Farmer Field School
FNN	Farmer and Nature Network
FO	Farmer Organisations
FOO	Farmer Organisations Office of the DAE
FSMS	Food Safety Management System
FWN	Farmer and Water Network
FWUC	Farmer Water User Community
GAFSP	Global Agriculture and Food Security Program
GDA	General Directorate of Agriculture
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GI	Geographical Indication
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> / German Development Cooperation
GMP	Good Manufacturing Practice
GMS	Greater Mekong Subregion
G-PSF	Government – Private Sector Forum
GRET	Groupe de Recherche et d'Echanges Technologiques
HACCP	Hazard Analysis and Critical Control Points
HARVEST	Helping Address Rural Vulnerability and Ecosystem Stability (USAID project)
HKL	Hattha Kaksekar Limited
HOTPA	Himalayan Orthodox Tea Producers' Association
ICS	Internal Control System

IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements
IPD	Intellectual Property Department of the Ministry of Commerce
IPM	Integrated Pest Management
IRAM	<i>Institut de Recherche et d'Application des Méthodes de Développement</i>
ISC	Institute of Standards of Cambodia
ISF	Irrigation Service Fee
IT	Information Technologies
IWRM	Integrated Water Resources Management
JCC	Joint Coordination Committee (FCRE, SNEC, IFC, AFD)
JICA	Japanese International Cooperation Agency
KOICA	Korea International Cooperation Agency
KYC	Know Your Customer (banking)
LGWR	Long Grain White Rice
LRI	Live Rice Index
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Micro-Finance Institution
MIH	Ministry of Industry and Handicraft
MIME	Ministry of Industry, Mines and Energy
MLMUPC	Ministry of Land Management Urban Planning and Construction
MOC	Ministry of Commerce
MOWRAM	Ministry of Water Resources and Meteorology
MPWT	Ministry of Public Works and Transport
MRD	Ministry of Rural Development
M&E	Monitoring and Evaluation
NBC	National Bank of Cambodia
NC	National Coordinator
NGO	Non-Governmental Organization
NKPSAC	Nikum Krao Preah Sihanouk Agricultural Cooperative
NPD	National Project Director
NSC	National Standard Council
NSDP	National Strategic Development Plan
NWISP	North-West Irrigation Sector Project (ADB/AFD)
OA	Organic Agriculture
ODM	Offer Driven Model
OPM	Open Paddy Market
O&M	Operation and Maintenance (of irrigation schemes)
PADAC	<i>Programme d'Appui au Développement de l'Agriculture au Cambodge</i>
PADEE	Project for Agriculture Development and Economic Empowerment (IFAD project)
PBA	Program Based Approach
PDA	Provincial Department of Agriculture
PDOWRAM	Provincial Department of Water Resources and Meteorology
PDRD	Provincial Department of Rural Development
PIMD	Participatory Irrigation Management Development
PIP	Public Investment Program
PM	Prime Minister
PMA	Project Management Advisor

PPAP	Phnom Penh Autonomous Port
PPCR	Pilot Program for Climate Resilience
PPD	Public-Private Dialog
PPP	Project Procurement Plan
PPP	Public-Private Partnership
PPPPRE	Policy on the Promotion of Paddy Production and Rice Export
PSC	Project Steering Committee
PSG	Paddy Selling Group
RDB	Rural Development Bank
RGC	Royal Government of Cambodia
Rice-SDP	Climate Resilient Rice Commercialization Sector Development Program (ADB)
RMA	Rice Millers Associations
RS	Rectangular Strategy
RUA-CD	Royal University of Agriculture – Chamcar Daung
SAP	Sihanoukville Autonomous Port
SAW	Strategy on Agriculture and Water
SCCRP	Support to the Commercialization of Cambodian Rice Project
SCF	Strategic Climate Fund
SEA	South East Asia
SME	Small and Medium Enterprise
SNEC	Supreme National Economic Council
SOWS-REF	Secretariat of the One-Window Service for Rice Export Formality
SPS	Sanitary and Phyto-Sanitary
SRP	Sustainable Rice Platform
SWAp	Sector Wide Approach
TA	Technical Assistance
TBT	Technical Barriers to Trade
TDSP	Trade Development Support Program
ToR	Terms of Reference
ToT	Training of Trainers
TPC	Thaneakea Phum Cambodia
TPD	Trade Promotion Department of the MOC
TREA	Thai Rice Exporters Association
TRT	The Rice Trader
TWG	Technical Working Group
TWGAW	Technical Working Group on Agriculture and Water
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNEP	United Nation Environment Program
UNIDO	United Nations Industrial Development Organization
USA	United States of America
USAID	United States Agency for International Development
VAHW	Village Animal Health Worker
WB	World Bank
WRC	World Rice Conference
WRMSDP	Water Resource Management Sector Development Program (ADB)
WTO	World Trade Organization

UNITS AND MEASURES

ha	Hectare
kg	kilogram
KHR	Cambodian Riel
t	ton (metric ton)
t/h	ton per hour
teu	twenty foot equivalent unit (referring to freight of twenty foot containers)
USD	United States Dollars

INTRODUCTION

The Support to the Commercialization of Cambodian Rice Project (SCCRP) is funded by the *Agence Française de Développement* (AFD – French Agency for Development) for a period of 3 years (January 2013 to December 2015). Its purpose is to contribute to support the implementation of the Policy Document on the Promotion of Paddy Production and Rice Exports approved by the Council of Ministers in July 2010, with an objective of maximization of the added value and of the share of this added value reaching producers as a part of the overall goal of rural poverty alleviation.

The Supreme National Economic Council (SNEC) has been designated as the coordination agency for the implementation of this project, which involves various public and private stakeholders.

Four specific objectives are initially defined as follow in the financing agreement, corresponding to the four technical components of the project:

1. Contribute to the organization of the sector (inter-ministerial coordination, public/private partnership, professional and inter-professional organization) and to capacity building of all the actors (processors, producers, public services, banks...);
2. Establish quality standards in order to optimize the economic value of Cambodian rice in the markets;
3. Promote contract farming and the involvement of farmers organizations in the primary stage of commercialization of paddy;
4. Upgrade RDB capacities to answer the financial requirements of millers and farmers.

Project implementation phase has effectively started on January 22, 2013, when the Project Management Advisor took office.

This report is the 1st Annual Report of the project. It covers the calendar Year 2013. This report only provides an overview of the main facts or steps in project implementation for Year 2013, and major outcome. For more details, one shall refer to the Quarterly Executive Reports or to other documents according to relevant references provided as footnotes in this present report.

Last, this annual report also highlights some key stakes and elements of action plans and budget for each component of the project, for year 2014.

1. KEY FEATURES IN CAMBODIAN RICE SECTOR IN 2013

PRODUCTION

Cambodian paddy production for year 2013 is estimated to a total of 9.34 Million tons, compared to 8.77 million tons in 2012. Average yield is estimated at 3.158 tons/ha. In 2013, wet season paddy production was affected by flood. The affected area is estimated around 130,000 ha for wet season paddy, and around 600 ha for dry season paddy.

Table 1: Cambodia paddy production estimated in Year 2013

	Wet Season	Dry Season	Total
Planted Area (ha)	2,567,762	472,483	3,040,245
Harvested Area (ha)	2,485,559	472,232	2,957,791
Average Yield (tons/ha)	2.921	4.405	3.158
Production (tons)	7,259,989	2,080,401	9,340,390

Source: MAFF (2014)

EXPORTS

In 2013, Cambodia has exported close to 379,000 tons of milled rice, an 84% increase compared to 2012.

Figure 1: Growth of Cambodia milled rice exports from 2009 to 2013

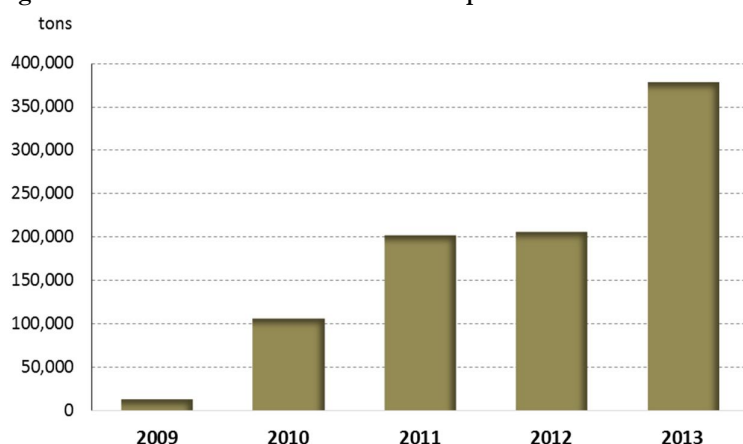
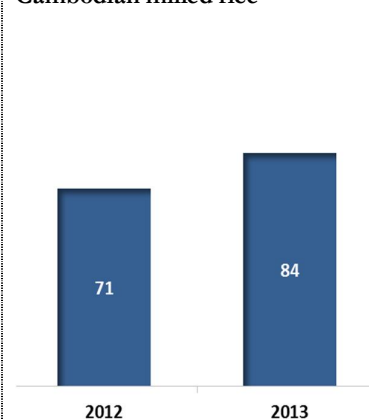


Figure 2: Number of exporters of Cambodian milled rice



Source: Secretariat of the One-Window Service for Rice Export Formality (SOWS-REF)

Cambodia could fetch price of Malis/Romduol variety around \$920 per tons for 5% broken and \$465 for white rice. Cambodia exports at lower price than Thailand for premium fragrant rice (Malis/Romduol), but at higher price than Vietnam for white rice.

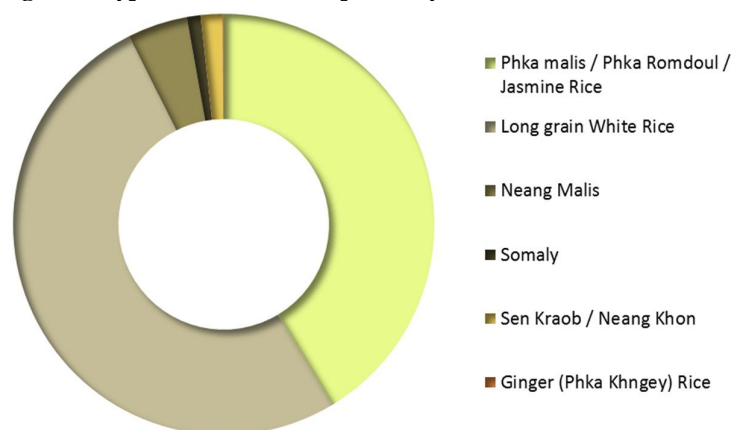
Table 2: Cambodia Milled Rice Export Prices (FOB)

(USD/tons)	Oct	Nov	Dec (w1)	Dec (w2)	Dec(w3)
White Rice 5%	445	460	455	460	465
White Rice 10%	435	450	445	450	445
Malis/Romduol 5%	920	917	910	910	920
Sen Kraob 5%	840	910	870	870	870

Source: Live Rice Index.

Cambodian jasmine rices (Phkar Malis, Phkar Romdoul) represent 41% of all milled rice exported in 2013. Despite milling and logistic costs are higher in Cambodia and affect the competitiveness of the Cambodian exporters, long grain white rice still represents half of the total volumes of milled rice exported by the Kingdom in 2013. (See opposite figure).

Figure 3: Types of milled rice exported by Cambodia in 2013



Source: Secretariat of the One-Window Service for Rice Export Formality.

QUALITY AND QUALITY RECOGNITION



During the TRT World Rice Conference that took place in Hong Kong, in November 2013, Cambodia has won the World Best Rice award for the second time in row. This award is an asset to build on in order to consolidate the image of quality of Cambodian fragrant rice. There is still a lot of work to do on this as, despite this recognition, Cambodian fragrant rice is still exported at significantly lower price than Thai Jasmine rice.

◁ *World Best Rice 2013 Trophy.*

2. COMPONENT #1: ORGANIZATION OF THE RICE SECTOR AND CAPACITY BUILDING OF STAKEHOLDERS

2.1. ACTIVITIES IN 2013 AND OUTCOMES

2.1.1. SUPPORT TO FCRE / INTER-PROFESSIONAL ORGANIZATION

2.1.1.1. APPROACH

After the inception phase, the project team has proposed to support the Federation of Cambodian Rice Exporters (FCRE), which option has been approved by the Project Steering Committee and by SNEC management.

As indicated in the Inception Phase Report¹, the proposed approach to strengthen the FCRE consists in:

- A support to the identification and implementation of quick wins services by the federation that will reinforce competences, visibility and legitimacy of the federation to its members. This support can include a contribution to the recruitment of skilled staff and a budgetary support to cover running costs as a “seed funding”.
- A support to the elaboration of a multiannual strategic plan and an annual action plan validated by all the members (assembly general), including agreement on budgeting and financing plan, so as to strengthen ownership of members;
- A support to the possible revision of the federation structure and status, in order to clarify the membership (and thereof the nature – professional or inter-professional – of the Federation) and the governance of the FCRE.

2.1.1.2. IMPLEMENTATION

A Memorandum of Understanding has been signed² between SNEC and the FCRE on August 30, 2013, which defines the objectives of the partnership, the inputs of the project (notably a budget for subsidies of operation costs) and the commitments of FCRE. A detailed roadmap (quarter by quarter, from the date of signature until the end of 2014) is annexed to the MOU. It benchmarks the foreseen inputs for each quarter and defines milestones in term of expected outcomes, with indicators. Non-compliance with this roadmap can lead to cancellation of the MOU. The MOU also define the principle of a “Joint Coordination Committee” to monitor progress, discuss issues and make relevant adjustments on the roadmap if needed. This JCC gather together FCRE, SNEC, AFD and also the IFC which also provide support to FCRE, in order to harmonize and coordinate the supports.

In addition to the financial support defined in the MOU, the project has also provided:

- Contracting and payment of a Human Resources management company for the recruitment of an Executive Director and a Communication Officer;
- Financial contribution for the participation of the Executive Director and Communication Officer of FCRE in the 5th World Rice Conference in Hong Kong in November 2013 (where Cambodian rice won its second “World Best Rice” award);
- Financing of events co-organized with FCRE (see next section on Component #2);

¹ Cf. Inception Phase Report, page 14.

² Cf. Quarterly Executive Report #03, page 3.

- Direct advises to FCRE executive team, notably by a significant allocation of the time of the Project Management Advisor.

2.1.1.3. ACHIEVEMENT UP TO END OF DECEMBER 2013

After only four month of formal partnership with FCRE, very noticeable changes have been achieved:

- An Executive Director and a Communication Officer have been recruited³;
- A basic accounting system (with budget codes) has been developed and is used⁴;
- Other administrative improvement have been done, such as the development of work contracts⁵;
- Communication tools have been improved, in particular the website has been improved and updated⁶;
- FCRE has developed and implement more activities and business events⁷;
- First consultations on institutional reform of the Federation took place⁸;
- Annual activity report and newsletter were nearly finalized at the end of 2013, and the General Assembly was scheduled for January 2014.

2.1.2. SUPPORT TO FO FEDERATIONS

2.1.2.1. APPROACH

The support to Federations of Farmer Organizations is the second important orientation of the Component #1 of the project. It has been envisaged with two main purposes:

- For Federations of Farmer Organizations to be the vehicle of the representation of smallholder farmers' interests in the rice value chain, and notably in the Inter-Professional Organization;
- To develop the service capacities of FO Federations to their members in order to sustain the support to economic capacities of FOs, in particular regarding the development of their role in rice value chain, in synergy with the Component #3 of the project.
- Additionally to contribute to consolidate FO Federations in their structural and general operations.

Three Federations or Networks of Farmer Organizations are identified to work with:

- The Federation of Cambodian Farmer Organizations for Development (FCFD);
- The Federation of Farmer Associations Promoting Family Agriculture Enterprises in Cambodia (FAEC);
- The Farmer and Water Net (FWN)⁹.

³ Cf. Quarterly Executive Report #03, pages 3-4.

⁴ Cf. Quarterly Executive Report #03, page 4.

⁵ Cf. Quarterly Executive Report #03, page 4.

⁶ Cf. Quarterly Executive Report #04, page 7.

⁷ Cf. notably Quarterly Executive Report #03, page 7, Quarterly Executive Report #04, pages 8-10 and FCRE Activity Report 2013.

⁸ Cf. Quarterly Executive Report #04, page 4.

⁹ For FWN, structural support to the organization in general might not apply or might be lighter as it is foreseen that this organization will receive structural support from another AFD project with MoWRaM.

2.1.2.2. IMPLEMENTATION AND ACHIEVEMENTS

The support to FOs' Federations falls in the scope of the AVSF-CIRD-ADG consultant team that has been recruited by the project for this purpose and for the monitoring and technical support to Component #3. It is in particular the tasks of Mr Phat Sophany (AVSF), with backstopping support from Mr Christophe Goossens (ADG). This team has started to operate in early September 2013.

A broad consultation workshop took place in October¹⁰ with the three organizations to present the project and to identify interest and possible actions to undertake with FCFD, FAEC and FWN.

Further to this workshop, a quick organizational and functional diagnosis of FAEC and FCFD was undertaken by AVSF-CIRD-ADG team to better identify needs for support.

The project has also created opportunities for these Federations to get in touch with other stakeholders in the Cambodian rice value chain, for instance by organizing their participation in events like the Cambodian Rice Festival or in workshops with rice millers.

2.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2014

2.2.1. FCRE / CAMBODIAN RICE FEDERATION

2.2.1.1. STRIKING EVENTS IN EARLY 2014

➡ **Resignation of FCRE executive Director**

On January 1st, 2014, the recently recruited Executive Director of FCRE has sent his resignation letter to FCRE chairman. The project has then proposed not only to help to recruit a replacement but also to mobilize a Human Resources Management consultant to help FCRE to improve HR management procedures and practices.

➡ **Un-coordinated initiative of the Ministry of Commerce**

FCRE General Assembly and Strategic Workshop took place on 22nd January 2014. During this event (in which not only FCRE members, but also other rice sector stakeholders have been invited) an institutional scenario for the future of the Federation was selected based on a vote by college (Producers, Millers, Exporters and Service Providers). The choice of an inter-professional was made, with a probable change of FCRE name to "Cambodian Rice Federation". Additional principles of governance of the Federation were approved.

In early 2014, MoC Minister had expressed his wish to see the three rice sector organization (FCRE, ARPEC and CREA) merging in a new and unified "Cambodian Rice Federation". As this vision of a sector wide Federation was consistent with the stakeholders' will expressed on January 22, the project coordination team had planned to meet MoC (which has been represented in nearly all the steps of work with FCRE) in order to propose to combine the process of reform of FCRE and merging of the three existing structures (this merging being indeed desirable).

But in the meantime MOC has prepared draft statute for the new "Cambodian Rice Federation (CRF)" and convened a meeting on February 24, 2014 with leaders of FCRE, ARPEC and CREA. This meeting has not only validated the new statute but also made decision of the composition of the Executive Committee of the new CRF, for a two year mandate, without any consultation or vote of the members neither on the

¹⁰ Cf. Quarterly Executive Report #04, page 12.

statute nor on the Committee composition. Such an approach is in total contradiction with the project patient and participative approach of the reform which was aiming at developing members' ownership and trust in the new structure. Fortunately, further discussion have amended the decisions made on February 24, and it has been decided that the Board of the new CRF shall be elected in a General Assembly now foreseen to take place on May 5, 2014 (More details will be provided in Quarterly Executive Report #05). Discussion on 27 March agreed to include Farmer Organization among elective Members, but this decision still has to be endorsed by Minister of Commerce, and selection of eligible FOs to take part in CRF is still uncertain and may depend on MAFF.

2.2.1.2. FORESEEN PROJECT SUPPORT TO FCRE / CRF

The creation of the new Cambodian Rice Federation (as a merger of FCRE, ARPEC and CREA) will also mark the end of the FCRE. The Memorandum of Understanding signed with the FCRE has thereof to be suspended (suspension will be effective from the end of March or April 2014). It could be considered to transfer it to the new CRF provided that this CRF is established in respect of the principles of representativeness and transparency that were promoted in the process of FCRE reform.

In the meantime, SNEC / SCCRP will provide inputs in the process of preparation of the 1st General Assembly of the Cambodian Rice Federation (yet without leading the process, and so with no command on results). The project team will then consider how it can provide support to the newly established CRF (if there is a will of the elected Board to partner with the project).

2.2.2. FO FEDERATIONS

2.2.2.1. FAEC AND FCFD

Significant support will be provided to FAEC and FCFD in order to consolidate their organizations and develop additional services to members. This support has two main goals: 1) to prepare these Federations to be representatives of the producers within an inter-professional organization (tentatively the CRF) and to advocate for Farmers interest with the government; 2) to develop capacities to support their members in the development of business activities in the rice sector. This can include support to link FOs with Rice millers (via contract farming or not), support the strengthening of managerial capacities of FOs, facilitate the creation of Cooperative Unions to scale up the activities, contribute to ease access to finance to address the need for capital to develop paddy business.

In order to avoid duplication and save money, FAEC and FCFD have agreed to mutualize some resources for these services: i.e. a staff of FCFD can provide services to members of both FAEC and FCFD in a given target area, and vice versa.

The project will provide budgetary support and technical advice to FAEC and FCFD to cover salaries of two officers and operation costs. It will also provide institutional support, notably, if needed, to align the Federations with the new Law on Agricultural Cooperatives and pending regulations regarding Cooperative Unions and Cooperative Federation or Alliance.

In order to consolidate the legal framework, the project will also support a consultation with FO Organizations on the Prakas on Cooperative Unions, once this one has been drafted by MAFF.

2.2.2.2. FWN

In 2013, FWN members have expressed their interest to get more involved in paddy commercialization. A workshop with FWN and some FWUCs representative will take place in March 2014 to identify the willingness of FWN to develop specific activities and services in this matter. This will be the basis for the

preparation of an action plan. Yet, structural support to FWN might be lighter than for FAEC and FCFD because FWN is foreseen to receive support from another project financed by AFD with MoWRaM.

2.2.3. TENTATIVE TIMEFRAME FOR COMPONENT #1 IN 2014

The table below summarizes a tentative work plan of the Component #1 for 2014.

Table 3: Tentative time schedule for Component #1 in 2014

	YEAR 2014											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
FCRE / Interprofessional Federation												
FCRE General Assembly (validate scenario...)	■											
Joint Coordination Committee ("JCC")		■			■			■			■	
Input in creation of new Cambodian Rice Fede.		■	■	■	■							
Adjust partnership with new CRF					■	■	■	■				
Support the development of internal rules (?)								■	■	■	■	
Support development of relevant services (?)					■	■	■	■	■	■	■	■
Support communication tools, Newsletter...	■			■			■			■		
General Assembly (workplan + budget 2015)												■
FO Federations (FAEC, FCFD)												
Workshop on strategy and Workplan	■											
Agreement SNEC / Federations				■								
Staff recruitment			■	■								
Support equipment of FAEC and FCFD					■							
Implement services to members ⁽¹⁾				■	■	■	■	■	■	■	■	■
Participation of FO representatives FCRE/CRF	■		■	■	■	■	■	■	■	■	■	■
Consultation on Prakas on Cooperative Unions						■						
FO Federation advocacy on tax issues							■	■	■	■	■	■
Role of FO Federation in credit to FOs		■		■				■	■	■	■	■
Strengthening Federations management / finance								■	■			
Support FO Federation communication						■	■	■	■	■	■	■
FO Federations (FWN)												
Workshop with FWN + other FWUCs			■									
Development of action plan				■	■							
Support to the implementation						■	■	■	■	■	■	■

⁽¹⁾ Services to members will include support to constitution of Unions of cooperatives, support paddy commercialization (booklet of cooperatives, facilitation linkages with millers...), facilitation of seed supply, technical trainings, management training, training on paddy quality assessment, etc..

3. COMPONENT #2: IMPROVEMENT, STANDARDIZATION AND CERTIFICATION OF THE CAMBODIAN RICE QUALITY

3.1. ACTIVITIES IN 2013 AND OUTCOMES

3.1.1. STANDARDS

When the project was prepared in 2011, there was no standard on rice yet. But in 2012, with the support and facilitation of IFC, two standards have been defined and endorsed by MIME for milled rice (CS 053:2012) and husked rice (CS 199:2012). At the end of the inception phase, the project considered to support the dissemination of standards throughout the Cambodian rice milling industry, support the implementation of certifications and the promotion of the standards toward importers abroad. But this was conditioned to a confirmation by rice exporters of their interest to actually use the recently defined Cambodian rice standards as a reference¹¹. The organization of survey/consultation of exporters regarding their interest in using the standards CS 053:2012 and CS 199:2012 has thereof been considered by the project with the Institute of Standards of Cambodia¹². But in the meantime a process of revision of the standards validated in 2012 has started (still with facilitation of IFC). The idea of a consultation of exporters has thereof been suspended until the new version of standards for rice is approved and consolidated. This process of revision of standards is still on-going since then.

3.1.2. EXCHANGE OF EXPERIENCE ON COLLECTIVE BRANDING

A conference to present the experience of collective branding of Nepal Tea was organized¹³ by the project with the Federation of Cambodian Rice Exporters on October 8, 2013. The case of Nepal Tea has been chosen as an illustrative success story of collective branding because of similarities with the situation of Cambodian rice¹⁴. Nepal tea is a quality product, but before the stakeholders of tea sector in Nepal undertook this branding initiative, Nepal Tea notoriety was very low. It was suffering of a lack of consumer and market awareness and was overshadowed by its worldwide renowned neighbor Darjeeling tea. A context that is relatively similar to the situation of Cambodian rice vs. Thai Jasmine rice.

Participants in the workshop involved in Cambodian rice value chain have expressed interest in this experience and the possibility to adapt such an approach for Cambodian rice. The international market study that will be implemented in 2014 is expected to assess possible market answers to such branding initiative. The results will define if the project shall go further in that direction together with Cambodian rice exporters.

3.1.3. PREPARATION OF THE INTERNATIONAL MARKET STUDY

The principal of co-financing with the IFC a broad study on potential international market for Cambodian rice has been agreed in June 2013. The SCCRP PMA has contributed to the preparation of the Terms of Reference, notably by including in the scope of the study a more prospective part regarding the possible tools for branding¹⁵. Procurement process has then been managed by IFC, in consultation with SNEC

¹¹ Cf. Inception Phase Report, page 25.

¹² Cf. Quarterly Executive Report #02, page 8.

¹³ Cf. Quarterly Executive Report #04, pages 15-16.

¹⁴ More conferences on different tools to value Cambodian rice have been envisaged. But only that one was organized, taking into consideration IFC rice-project team's reserves regarding the appropriateness of the content and timing of the proposed conferences. Cf. Quarterly Activity Report #02, page 9.

¹⁵ Cf. Quarterly Executive Report #03, page 12.

project. A team composed of Agland Investments Services (USA) associated to Food Works (Thailand) and GEM (France) has been selected. The study will be implemented in the first semester of 2014.

3.1.4. CAMBODIAN RICE FESTIVAL

The 1st Cambodian Rice Festival¹⁶ was organized in the Siem Reap Sofitel Hotel on October 11, 2013, with the objective to promote Cambodian rice and raise public awareness about the winning of World Best Rice award in Bali in 2012. IFC project was mainly at the origin of this event, co-organized with the FCRE. SNEC/AFD Support to the Commercialization of Cambodian Rice Project has also been associated to the preparation of this important promotion event and has financially covered advertising of the event in Cambodian media.

Official opening of the 1st Cambodian Rice Festival ▷



3.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2014

3.2.1. STANDARDS

The revised version of milled rice standard (CS 053:2012) and husked rice standard (CS 199:2012) is foreseen to be endorsed by Ministry of Industry and Handicrafts¹⁷ within the first semester of 2014 according to IFC. Once this will be done, the project may consider again the organization of a consultation of exporters regarding their interest in using the standards, and the possible support needed to ensure the dissemination of those standards in the milling industry.

Besides, another action that could be considered is the support to the development of a testing method for premium white rice, which is still lacking. But this also will depend on the interest of stakeholder to use the standard for the category “premium white rice” and also on the cost for development of such a testing method, which is not yet estimated.

3.2.2. INTERNATIONAL MARKET STUDY

The implementation of the International market study for Cambodian rice will start during the first quarter of 2014 and is expected to be finalized in June or July 2014. This study will be the main activity of the Component #2 for the first semester.

3.2.3. FOLLOW UP STEPS TO SUPPORT IMPLEMENTATION OF BRANDING STRATEGY

The findings are expected to include elements for a “branding strategy” for Cambodian rice (adapted to different markets). Thereof, the findings of the study will serve as the basis of the development of the following steps, which are still difficult to foresee before the study is done. Most likely, the 3rd quarter of 2014 will be used to fine-tunes branding strategy options and make decision with the economic stakeholders (mainly exporters, probably under the umbrella of the new “Cambodian Rice Federation” – see Previous section on Component #1). Then the first steps of the implementation of the branding strategy may start by the end of this year.

¹⁶ Cf. Quarterly Executive Report #04, page 17.

¹⁷ MIH replaces MIME after it was split in Ministry of Mine and Energy on one hand and Ministry of Industry and Handicrafts on the other hand in late 2013

3.2.4. TENTATIVE TIMEFRAME FOR COMPONENT #2 IN 2014

The table below summarizes a tentative work plan of the Component #2 for 2014.

Table 4: Tentative time schedule for Component #2 in 2014

	YEAR 2014											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Standards												
Expected approval of revised standards												
Consultation of exporters on standards use												
(Possibly) Develop testing method												
International market study												
Phase 1												
Consult Exporters on Phase 1 outcomes												
Phase 2												
Final restitution												
Follow-up actions on branding												
Fine tune quality and branding strategy												
Prepare implementation of branding actions												
Miscellaneous promotion action												
Cambodian Rice Festival (2 nd edition) ?												
6 th TRT World Rice Forum												

4. COMPONENT #3: PROMOTION OF CONTRACT FARMING AND ENHANCEMENT OF THE INVOLVEMENT OF FARMER ORGANIZATIONS IN PADDY COLLECTING AND PROCESSING

4.1. ACTIVITIES IN 2013 AND OUTCOMES

4.1.1. PREPARATION OF COMPONENT #3 IMPLEMENTATION

During the inception phase, key stakes for the Component #3 have been recalled (and partly re-focused)¹⁸: The importance of this component to ensure that farmers benefit from the rice sector development was recalled, as well as the need to enhance demand-driven and win-win innovative solutions. This dimension of innovation was underlined, refocusing the Component #3 on qualitative objectives (develop innovative models – including contract-farming and non-contract farming ones) rather than quantitative ones. Last, the development of capacities of support organizations (both public like DAE, DAI, PDAs and private like FO Federations or NGOs) was also enhanced as an objective, as well as fine-tuning the legal and policy framework.

A team (AVSF-CIRD-ADG) has been recruited¹⁹ through a bidding process to coordinate, monitor and provide support to the implementation of this component. In addition, MoU have been signed with the Department of Agro-Industry and the Department of Agriculture Extension to define the terms of their involvement in this component of the project (including also the support to FO Federations under Component #1) and the conditions of the mobilization of counterpart officers²⁰.

Different contacts were also established in the early stage of the project in particular with exporters and millers to explore their interests to partner with Farmer Organizations.

4.1.2. PILOT INNOVATIVE ACTIONS IN 2013

4.1.2.1. BUSINESS MATCHING WORKSHOP IN BATTAMBANG

The first action implemented under Component #3 was a “business matching workshop”²¹ organized in Battambang in May 2013. 13 Farmer Organizations were represented and 5 rice mills. Despite results in term of generation of commercial contacts have been limited, the workshop helped representatives of FOs to better understand market demand and in particular quality requirements, in particular to supply millers focusing on export markets.

Group discussion during the FO/millers business matching workshop in Battambang (May 2013) ▷



¹⁸ Cf. Component #3 Implementation Strategy note submitted to the Project Steering Committee in April 2013 and the Inception Phase Report pages 29-33.

¹⁹ Cf. Quarterly Activity Report #02, page 24 and Quarterly Activity Report #03, pages 21-24.

²⁰ Cf. Quarterly Activity Report #03, pages 22-23.

²¹ Cf. Quarterly Activity Report #02, pages 11-13.

4.1.2.2. CONTRACT FARMING FOR SEEDS PRODUCTION BETWEEN LORAN AND NIKUM PREAH SIHANOUK COOPERATIVE

The only contact established during the business matching workshop that has led to a follow up commercial partnership was the contact with Loran Rice Mill, which showed interest during this first meeting. A follow-up meeting took place in June at Loran rice mill with 6 FOs. It led to the signature of a contract for the production of Phkar Rumdoul seeds. The contract was signed by both parties in July and formally notified and endorsed by MAFF²². Loran has supplied 70 kg of paddy seeds in order to multiply on 2 ha of land.

Unfortunately, the 2 ha have been heavily flooded in October 2013 and the production was destroyed²³. In compliance with the provision for natural disaster made in the contract, the contract was cancelled. Nevertheless both parties are still interested to look forward for further partnerships.

4.1.2.3. PADDY SELLING GROUPS ESTABLISHED UNDER THE UMBRELLA OF FWUC

PRINCIPLES

Testing the involvement of Farmer Water User Communities in the paddy commercialization is part of the scope of the project. The Project Steering Committee has approved the principle to engage some FWUCs in such pilots, despite the current legal background for FWUC registration limit their ability to engage in activities other than Operation and Maintenance of irrigation schemes.

Because of its experience in working with FWUCs, the Irrigation Service Center has been contracted to implement two pilot actions of establishing “Paddy Selling Groups” under the umbrella of two FWUCs (Stung Chinit, in Kampong Thom and Teuk Chhar, in Kampong Cham).

The principle is to experience collective selling of paddy. The idea was also to sort paddy by batches of consistent quality in order to improve the valuation of quality. But in practice, in 2013, this sorting has not really been implemented by PSGs.

SYNTHESIS OF IMPLEMENTATION AND RESULTS²⁴

During the project implementation, 6 paddy dealers in Kampong Thmar/Stung Chinit and 3 rice millers in Kampong Cham/Teuk Chhar were met. Due to the interest of PSGs, in particular in Stung Chinit area, considering the significant volumes that those groups were able to supply, the farmers were able to negotiate and get support from millers/buyers to address difficulties such as logistic/transportation. For instance, considering the road conditions that does not allow reaching some places with trucks, some dealers agreed to send hand tractors to pick up batches of 5 tons of paddy rice per transaction. Once the relation was built, PSG and buyers agreed to communicate by phone in order to update price information, and to make appointment for checking the paddy samples.

In practice, at the time of harvest, Paddy Selling Groups have gathered paddy to a common place, registered paddy supplied by each members, and classify paddy batches based on variety. Originally, the idea of Paddy Selling Groups was also to sort the paddy according to quality criteria. But this was not really implemented because the paddy was to be sold in wet condition, i.e. within a maximum of 3 days after harvest, which leaves little time to assess the quality and group consistent batches. This is an issue that could be further improved. With the support of the ISC, tools to manage delivery and payment settlement have been prepared: receipt for paddy delivery by members of the groups (volume and quality category), estimation of

²² Cf. Quarterly Activity Report #02, pages 13-15 and Quarterly Activity Report #03, page 14.

²³ Cf. Quarterly Activity Report #04, page 18.

²⁴ Based on AVSF-CIRD-ADG Draft Annual report 2013 for SCCR Project.

incomes and settlement of payment. But according to ISC there is still room for improvement on these tools and procedures.

Sales results:

- Stung Chinit: 390 tons of paddy rice has been sold through 11 PSGs in Stung Chinit with a total of 250 members. The average selling price is close to 1,200 KHR/kg and ISC has estimated that farmers were able to catch an additional income about 10 USD/t for selling via PSG compared to what they would have got by selling individually. As agreed in the groups, 10% of this additional profit (i.e. 1 USD/t) is retained by the group to cover coordination cost.
- Teuk Chhar: only 40 tons of 25 members from 3 groups have been sold due to the low price during harvesting season. Therefore, most of the farmers decided to dry, store and sell their dry paddy rice after harvesting season (in early 2014).

Table 5: Key data on Paddy Selling Groups in 2013

PSG information	Stung Chinit	Teuk Chhar	Total
Number of Groups	10	7	17
Members	250	109	359
Paddy sold via PSG (t)	390	231.8	621.8

Source: ISC reporting.

4.1.2.4. SUPPORT TO ORGANIC PADDY PRODUCTION, CERTIFICATION AND COMMERCIALIZATION WITH 5 COOPERATIVES IN PREAH VIHEAR

A partnership has been established with the Cambodian Organic Agriculture Association (COAA) to support 5 Agricultural Cooperatives of Preah Vihear province in order to produce and market organic paddy.

Cooperatives have been supported and trained in order to set up internal control systems. In parallel COAA has developed relationship with Rice Millers / Exporters interested to buy organic rice. Two main companies were identified to buy the organic paddy: Kim Se Rice Mill in Battambang and AMRU Rice. Meetings between these potential buyers were organized in October 2013 in order to discuss conditions for paddy purchase and quality requirements²⁵.

Demonstration on quality assessment by Kim Se rice mill on October 16, 2013 ▷

Unfortunately, foreseen purchase by Kim Se Rice mill did not took place because of owner's personal issues which led to suspension of its activities. Purchases by AMRU Rice also did not reach the expected volumes due to weaknesses in the organization of the quality control and purchase logistic (only about 100 tons of paddy have been sold to AMRU as organic rice whereas the potential was around 500 t).



Even if the results in term of volumes are below expectations, there are a number of positive elements:

²⁵ Cf. Quarterly Activity Report #04, pages 22-24.

- Cooperatives managed to fulfill the requirements for COrAA organic certification.
- The interest of AMRU is confirmed and there is a potential for development of organic rice export. Lessons from 2013 have to be drawn and improvements are needed to improve paddy procurement.
- For the organic paddy purchased by AMRU, farmers were able to receive a premium price of about 100 KHR/kg (compared to prices obtained from collectors for paddy sold as conventional).

A follow-up action will be considered in order to build on this first year experience and to address the weaknesses.

4.1.2.5. FEASIBILITY STUDY FOR COLLECTIVE ACTION FOR PROCESSING AND SELLING PADDY IN TAKEO

In May 2013, the Department of Agriculture Extension has submitted a brief concept note to the project for supporting cooperatives or groups of cooperatives in Takeo province with collective equipment for drying and storage of paddy. But a number of aspects were not addressed in the proposed concept note and still had to be explored²⁶. A more detailed feasibility study has been required by the project coordination team. The Component #3 team has started to work on it from September to December 2013, but more information are still needed, in particular to assess economic feasibility and profitability of the proposed investments.

Feasibility study shall be pursued in 2014. Two areas are mainly considered now to work with groups of Cooperatives (possibly establishing cooperative unions) to market paddy (possibly with prior preprocessing and storage): Tramkak and Angkor Borey districts.

4.1.2.6. OTHER CONTACTS ESTABLISHED BETWEEN FO AND RICE MILLERS

Farmer Organizations have been connected to three other major millers and exporters during the last quarter of 2013: Golden Rice mill (Kampong Speu), BRICo (Battambang) and Golden Daun Keo (Takeo)²⁷.



Meetings were organized in these three rice mills, leading in some cases to selling of paddy by FOs to the miller (4 FOs have sold paddy to Golden Daun Keo after the meeting organized by the project) or to perspectives of partnership (contract farming models, possibly) with BRICo and Golden Rice. These meetings were also, for some FOs, an opportunity to benchmark the compliance of the quality of their paddy with miller/exporter requirements. This was notably the case for a dozen of FOs which brought samples of paddy that have been analyzed in Golden Rice laboratory.

◁ *Visit of FOs in Golden Rice (drying area), 02/12/2013.*

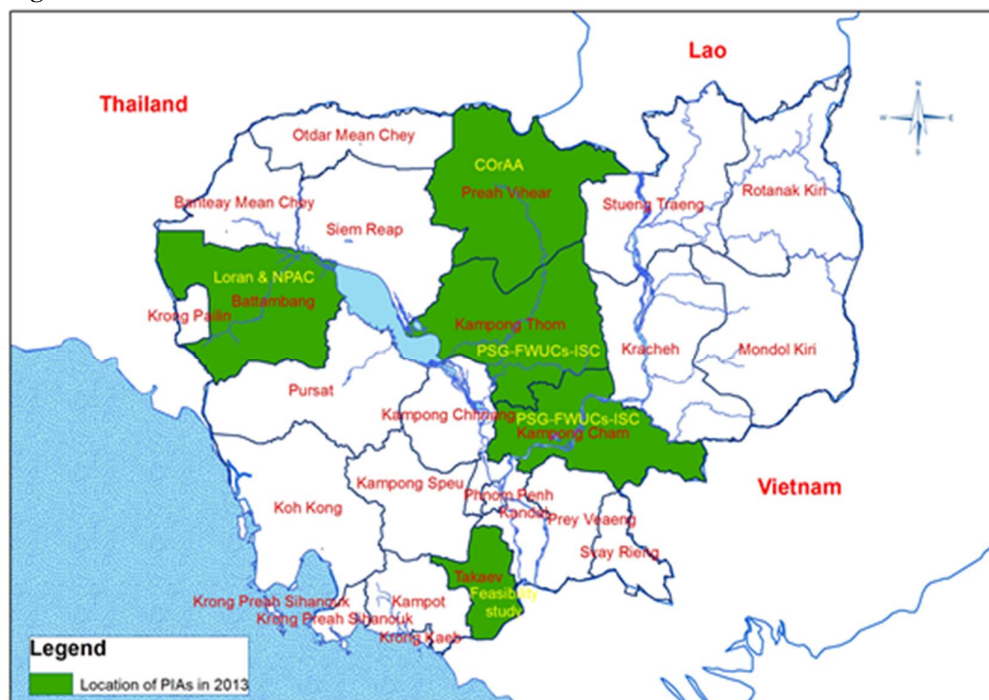
²⁶ Cf. Quarterly Activity Report #02, pages 15-16.

²⁷ Cf. Quarterly Activity Report #04, pages 24-30.

4.1.3. SYNTHESIS OF C#3 PILOT ACTIVITIES IN 2013

In 2013, the project has worked on Component 3 with a total of 47 Farmer Organizations and with 11 millers and/or exporter (see lists in Annex 1).

Figure 4: Location of Pilot Actions undertaken in 2013



Source: Map prepared by AVSF-CIRD-ADG team – © SNEC/SCCRP

4.1.4. KNOWLEDGE MANAGEMENT, CAPACITY BUILDING AND LEGAL FRAMEWORK

4.1.4.1. PREPARATION OF THE STUDY ON CONTRACT FARMING PRACTICES AND EXPERIENCES

Elements of Terms of Reference and methodology of the study on contract farming existing practices and experiences in Cambodia have been prepared, but the study has not yet started and will be implemented in 2014.

4.1.4.2. PRELIMINARY GUIDELINES ON FACILITATION OF CONTRACT FARMING

A first preliminary list of key elements to consider in contract farming agreements has been included in the inception phase report²⁸. The first case of contract with Loran Group has allowed to include some provisions in the contract, notably regarding price or natural risks.

Further on, additional elements of guidelines for contract farming have been compiled in AVSF support mission (Christophe Boscher) in the end of 2013 together with a check list for contract preparation²⁹.

²⁸ Cf. Inception Phase Report, page 31.

²⁹ Cf. Christophe Boscher report, Annexes 2 and 3.

4.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2014

4.2.1. PRELIMINARY CONSIDERATIONS

The support to the development of contract farming agreements is enhanced as a strong orientation of the Component #3 in the description of the project attached to the Financing Agreement CKH-1077. Nevertheless, as it has already been highlighted in the Component #3 implementation strategy and in the Inception Phase report³⁰, it shall not be considered *per se* as a “silver bullet” solution and that it shall be promoted only when it has the potential to lead to truly mutual benefit for both parties involved.

The number of Pilot Actions implemented during the first year of the project has remained limited. Yet the starting of negotiations on possible contract farming agreement during the last quarter of 2013 has shown that it is still quite difficult to define conditions of mutual benefit. From these first experiences, it seems that no millers will be willing to provide guaranteed prices. Purchase prices are likely to be set in contracts based on market prices at the time of delivery of paddy. Besides, some millers have expressed reluctance to contract FOs for the production of varieties in which farmers have no or little experiences, filling more secured to contract FOs for the production of paddy varieties that they are already used to grow.

An emerging belief³¹ based on these first experiences of negotiation (and also on other experiences in Cambodia, such as the one of Angkor Kasekam Roongroeng Co. Ltd) is that contract farming is interesting for producers whenever it helps them to change their production system (varieties, production methods... or even crop if we consider the issue more broadly than the rice sector). Contract farming can be a strong driver to accompany changes desired by buyers but that producers cannot address alone or are not willing to undertake because of the uncertainty. Contract with a buyer can help farmers to address obstacles (for instance access to new variety seeds, or need for technical support to adapt cropping methods) or to secure incentive for change (by guaranteeing higher prices for the new variety³², for instance).

Conversely, when farmers are already producing a type and quality of rice which fit with buyers' expectations, it becomes less interesting for them to bind themselves with an exclusive buyer, while they can play on the competition between buyers (who are seeking high quality paddy to fit their needs) to get highest prices. Whereas buyers are not willing to contract with fixed (or minimum guaranteed) prices, the interest of farmers to move to contract farming is very limited, unless other benefits are set in the contract (for instance pre-financing, provision of input on-credit and with no or low interest rates, etc.).

In this situation (when farmers / FOs production already fit – qualitatively – to the market demand), developing FOs capacities to value this quality by marketing collectively their product might be more likely to achieve the ultimate objective which is to maximize smallholder farmers share of the rice added value³³. This is the reason why a part of pilot actions under the Component #3 of the project will be dedicated to strengthen FOs capacities to better market their paddy out of contract farming schemes.

³⁰ Cf. Inception Phase Report, pages 32-33.

³¹ From PMA point of view, at least, and for the moment...

³² Typically the case of the possible switch from IR varieties to Sen Kraob variety for dry season or early wet season rice: this change would be welcomed by buyers who can value better Sen Kraob variety, but farmers need support to access seeds, may need assistance to adapt their cropping method, but moreover need to get some insurance that prices for Sen Kraob will be significantly higher than IR paddy prices.

³³ Considering the “Policy of Promotion of Paddy Production and Rice Export” is embedded in a broader government strategy which gives priority to poverty reduction, as it has been recalled in the Component #3 implementation strategy and in the Inception phase report page 32.

4.2.2. FORESEEN PILOT ACTIONS IN 2014

4.2.2.1. CONTRACT FARMING

Negotiation of contract farming agreements will be pursued in 2014. Three millers are currently involved in negotiations with FOs: BRICo, Loran Group and Golden Rice. There is no guarantee that the negotiation will lead to actual agreements. From recent discussions with Golden Rice in early 2014, it is likely that this company will finally not sign formal (written) agreements with FOs for this year (but maybe in 2015). Negotiations are better engaged with BRICo and Loran.

The team will provide facilitation and advise to develop contracts, and will also support their implementation. In particular, a strong support will be needed to help the cooperatives / FOs to internally manage the purchase of paddy from their members, to organize the logistic of collection and to handle the quality control, the delivery and the payments procedures. A specific effort has to be done to build these capacities. It will be considered to mobilize additional local expertise for this capacity building need within the C#3 team. In addition, the project intends to help FO Federations (FAEC and FCFD) to develop in-house capacities to provide such services to their members³⁴.

4.2.2.2. FOS NON-CONTRACTUAL INVOLVEMENT IN PADDY COMMERCIALIZATION

Other pilots based on non-contractual commercialization of paddy by FOs will be supported. This will notably include:

A follow-up of Paddy Selling Group activities in the FWUCs of Stung Chinit and Teuk Chhar. The project will help to consolidate and scale up these actions in 2014, with more ambitious objectives in terms of volumes (PSG in Stung Chinit FWUC mentioned that they could target up to 1,000 tons of paddy commercialized). An important stake is to build the sustainability of this activity, i.e. to hand over all facilitation and commercial roles to leaders of the groups and to ensure the costs for these coordination and commercial tasks can be covered by a portion of the added-value generated.

Other FWUCs have expressed interest to test the model of PSG, and support could be extended to additional organizations (ISC foresees to work with 6 additional FWUCs on this matter).

Follow-up of support to organic paddy producers in Preah Vihear will also be implemented in order to build on the lessons learnt from 2013 experience and to address difficulties met.

Contracts with ISC and COrAA are foreseen to be renewed and up-scaled for 2014.

4.2.2.3. COOPERATIVE UNIONS AND FOS INVESTMENTS

The ability to market significant volumes is a key factor to raise interest of buyers (in particular large millers). In Cambodia, cooperatives are often very small (small number of farmers and small surfaces). To gain weight and bargaining power and also to generate scale economy to cover operational costs (and possibly investment costs for harvesting, pre-processing, storage, transportation facilities...) it can be relevant to merge several farmer organizations together or to set up Cooperative Unions³⁵.

Pilot actions of joint selling operation (and possibly joint investments) are foreseen to be initiated by the project in 2014. Such initiatives could be further formalized as Cooperative Unions. Envisaged activities

³⁴ See § 2.2.2. in this report, page 7.

³⁵ In parallel of pilot actions to set up such unions, FO Federations will be consulted on the development of the legal framework (Prakas) for the establishment of Cooperative Unions (See § 2.2.2. in this report, page 7).

proposed by DAE in Takeo province³⁶ will be part of that, with two potential areas in Angkor Borey district and in Tramkak district³⁷. Other cases might be considered, notably in Battambang.

Box 1: The question of subsidies to FOs' investments: proposed principles

There is no clear project “doctrine” regarding subsidies for FOs equipment. But the question has to be addressed in relation with some of the foreseen actions. The first case to address is the initial concept note of DAE for collective equipment of cooperatives in Takeo with dryers and warehouses (we understood that DAE was foreseeing a full subsidy of investment costs in the initial note sent). Additional cases showed up afterward: the project received a request from FCFD to support a project of investment and operation of harvesting equipment (harvester + truck). FCFD request was showing a budget of about 200,000 USD for a two year duration, including investment and operation costs, and the request for subsidy was for about 40% of this budget, but actually corresponding to an amount close to the investment costs (harvester + truck).

Other needs for investments will show up while working on other pilot activities, and there is a need for the project to have a policy to address these cases.

At present, the project team proposed position is the following one (it will be discussed with the Project Director, with AFD and possibly with the Project Steering Committee in April 2014):

- 1) It is considered that full (or nearly full) subsidy on FO investments would not make sense. Of course it would be a strong help to the beneficiaries, but it would not contribute to demonstrate the economic interest of such investments and in particular it would compromise the ability to replicate the pilot actions. Besides the commitments of Farmers' / FOs' own financial resources is essential to demonstrate their interest and commitment and their ownership on the investment project.
- 2) Whenever investments are needed, the project will rather help to facilitate the access to adequate credit services in order to finance those investments. In particular, the development of affordable and accessible credit mechanism for Farmer Organizations (see Component #4) shall be used to address these needs.
- 3) Yet, a limited level of subsidies for investments could be considered. It shall not be over 25% (tentatively – to be discussed) of the investment costs. Justification of the subsidy can be based on:
 - a) The risk taken by the FO (or group of FOs) considering the investment is linked with a pilot activity and that the risk of innovation has to be balanced by an incentive.
 - b) The need to fill the gap between current credit conditions offered by Financial Institution and the expected conditions of loans to FOs that the project intend to reach through a dedicated credit mechanism (in case investments shall be made before the target credit mechanism is established, the project would be able to test investments by FOs in similar conditions).
 - c) The need to cover a seed capital (to be used as “own funds” to complete a loan for a first investment that could be replicated afterward, considering that the net profit generated by the initial investment would re-generate this seed capital and allow the organization to duplicate the investment after the first cycle – justified only when the investment and activity can be scaled up in the following years.

³⁶ Cf. § 4.1.2.5. in this report page 15.

³⁷ For Tramkak district, FAEC and FCFD may play a lead role in facilitating this process as most of the concerned FOs are their members, whereas DAE and Takeo PDA might take the lead in Angkor Borey (to be confirmed).

4.2.3. KNOWLEDGE MANAGEMENT AND CAPACITY BUILDING

4.2.3.1. STUDY ON CURRENT PRACTICES OF CONTRACT FARMING IN CAMBODIA

The study on current practices of contract farming in Cambodia will be implemented in 2014. A partnership with ADG and CIRD is considered, as the two NGOs will be able to mobilize student internship to contribute to the study. The project also intends to mobilize one additional officer from the Department of Agro-Industry to take part in the study, in order to ensure DAI ownership on the results.

4.2.3.2. TRAINING / CAPACITY BUILDING

TRAINING OF DAI AND DAE OFFICERS

Officers of DAI and DAE are permanently associated to the project team and involved in the day-to-day implementation of the project, in particular in the implementation of Pilot Actions. This is the main contribution to capacity building and ownership on project results and experiences.

Additionally, the project will support the participation of one officer of DAI and one of DAE in a one-week training on contract organized by GIZ in Thailand. The two officers will share the main elements from this training with other members of DAI and DAE through a restitution meeting organized with the support of the SCCR Project.

TRAINING OF PDAS

Some PDAs are foreseen to be more involved in the implementation and monitoring of some of the pilot actions, notably in Takeo (Angkor Borey) and Battambang (contract farming agreements) which will be a way to develop their experience and capacities.

A broader dissemination of experiences and guidelines to support contract farming and other options for FOs involvement in paddy commercialization might be organized in the end of 2014 (or early 2015).

DEVELOPMENT OF SUPPORT CAPACITIES OF FO FEDERATIONS

In relation with the Component #1 (institutional support to FAEC and FCFD), the project will support the development of FAEC and FCFD capacities to support their members who wish to develop paddy commercialization activities. Those FO Federations are notably foreseen to support pilot actions in Tramkak district and in Battambang province. Salaried officers will be recruited by FAEC and FCFD for this purpose³⁸.

STUDY TOUR

The organization of a study tour on contract farming in Lao PDR is considered. Preliminary contacts have been made by the project team, but the study tour still has to be confirmed. It could involve officers of DAI, DAE, PDA and representatives of FO Federations.

4.2.3.3. SHARING EXPERIENCE AND CONSULTATION WITH RICE SECTOR STAKEHOLDERS

A consultation workshop between some FO representatives (notably via FO Federations) and paddy buyers (millers, exporters) is foreseen for the second Quarter of 2014. It could be organized in link with the rice sector federation³⁹. The purpose will be to discuss orientations and modalities of improved market connections between producers (mainly smallholder farmers and their organizations) and millers, feeding the discussion with presentations of the implementation and results of pilot actions implemented, or lessons learnt from other projects or initiatives.

³⁸ Cf. § 2.2.2. page 7 in this report.

³⁹ Depending on the evolution of the process of creation of Cambodian Rice Federation – See § 2.2.1., pages 6-7 in this report.

4.2.4. TENTATIVE TIMEFRAME FOR COMPONENT #3 IN 2014

The table below summarizes a tentative work plan of the Component #3 for 2014.

Table 6: Tentative time schedule for Component #3 in 2014

	YEAR 2014											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Pilot Actions												
Cooperatives Unions in Takeo												
Feasibility												
Restitution and fine tune action plan												
Address credit issue - finalize sub-project												
Implementation												
Review and lessons learnt												
FWUCs Paddy Selling Groups												
Wrap-up lessons of Y-2013												
Workshop with FWUCs & FWN												
Develop action plan with FWUCs for Y-2014												
Implementation												
Review and lessons learnt												
Organic Cooperatives												
Additional contacts with potential buyers												
Benchmark and address quality issues												
Training seed producers within cooperatives												
Improve harvesting management												
Build cooperative managerial capacities												
Consolidate internal control capacities												
Proceed data and certification												
Harvest and selling												
Review and lessons learnt												
Contract Farming FO / millers (BRICo, Golden Rice, Loran...)												
Facilitate Negotiation FO with Millers												
Finalize contracts + sign												
Support managerial arrangement in FOs												
Implementation / harvest and delivery												
Review lessons learnt												

(Continue next page)

(Continued from previous page)

	YEAR 2014											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Knowledge management												
Study on Contract Farming												
Implementation of study on CF												
Training												
DAE/DAI "on the job" capacity building												
Training of DAE and DAI staff in Thailand												
Restitution of training on CF												
Study tour (Laos) ?												
FAEC & FCFD support capacities development												
Association of PDAs in implementation												
Training of PDA officers (Nationwide)												
Working Group / Workshop												
Sharing experience workshop												

5. COMPONENT #4: UP-GRADING THE RURAL DEVELOPMENT BANK

5.1. ACTIVITIES IN 2013 AND OUTCOMES

As it has been agreed during the inception phase⁴⁰, the inputs of the project to RDB for the first year have consisted in the assignment of banking consultants (KPMG) and legal consultants (DFDL). The process of recruitment and management of those consultants has been delegated by SNEC to the RDB. Regular steering committees took place with RDB, the consultants, SNEC and AFD to monitor the progresses of the missions' implementation.

5.1.1. BANKING CONSULTANTS

KPMG team has worked on the following topics and provided guidelines and recommendation to improve the Rural Development Bank management and governance and its compliance with international banking standards:

- A1- Risk Management Framework;
- A2- Global Compliance Framework;
- A3- Anti Money Laundering and Counter Terrorism Financing;
- A4- Monitor and Mitigate Banking Activities on the Environmental and Social Policy;
- A5- Establish Ethics Committee and Develop Code of Conduct;
- B1- Strengthening the IT Function;
- B2- Review Credit Function;
- B3- Review the Human Resources Policy;
- B5- Recast the global organization;
- Assessment of Training Needs and Development of a Training Program

By December 31st, 2013, all final reports corresponding to the modules listed above were not yet delivered, but it has since then been done in the first quarter of 2014.

The implementation of KPMG advisory services has been interspersed with mission's steering committee meeting in order to discuss KPMG work plan, benchmark expectations and discuss results.

A concern of the project coordination team is the lack of reactivity of the RDB during these discussions, generally not attended by the highest management level of RDB. RDB officers involved have shown little ownership on the recommendations and there were doubts on further implementation of the recommendations made by consultants. How to follow-up on this will be a strong focus in 2014.

This being said, a recent meeting led by H.E.Vongsey Vissoth took place at MEF on March 27, 2014 on the subject of RDB reform, and the organization of this meeting has been seen as a very positive signal. The meeting has decided the creation of a working group (RDB + SNEC Project + MEF) to prepare short-term action plan for the implementation of KPMG's recommendations and another working group (RDB+MEF+SNEC project coordinated by Dr. Mey Kalyan) to work on the strengthening of capacity of RDB and upgrade it with the objective of making RDB evolve toward a policy-oriented Agriculture Development Bank.

⁴⁰ Cf. Inception Phase Report, page 43.

5.1.2. LEGAL CONSULTANTS

DFDL has been recruited by RDB to undertake the required legal assistance. The main items in the Terms of Reference of the mission are defined as follows:

- Drafting new articles of association
- Entry into force of the articles of association,
- Inventory of legal environment.

The scope of the mission was defined in the perspective of a change of statute of RDB from a Specialized Bank to a Commercial Bank⁴¹.

To date (and as far as the project coordination team knows) DFDL has delivered only one draft⁴² Memo (dated September 10, 2013) which flag elements from the legal environment that would need to be considered in the process of statute upgrading.

In this memo, DFDL has pointed 4 changes to be made in the Article of Incorporation⁴³ (but did not propose a new draft of Articles of Incorporation).

5.1.3. DEVELOPMENT OF AFFORDABLE AND ACCESSIBLE CREDIT MECHANISM TO FOs

Difficult and costly access to finance is a major constraint that obstacle the development of Farmer Organizations as professional economic stakeholders. Whereas government policies and strategy enhance the will to develop cooperatives, the need to address this constraint has to be highlighted.

The SCCR Project has prepared notes on this issue in order to plead for a resolute action of public institution to address this issue. A first version of this note has been presented to the Project steering committee and further discussion also took place with the Project Director, and with MEF officers, notably about the possible mobilization of a part of the Agriculture Development Fund (managed by RDB) to provide affordable credit to FOs.

Besides, the project coordination team has prepared Terms of Reference for a support mission that will be hired to develop the technical modalities of such a credit mechanism. Bidding for this mission was launched in 2013, and Horus Development Finance has been selected to implement the service⁴⁴. The mission will be implemented in 2014. It will first review the main conditions and options for the establishment of such a credit mechanism for FOs, looking at the option of RDB as the bank to host this mechanism, but also at alternative options. A second phase will focus on the development of technical mechanism and tools for the chosen scenario.

5.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2014

5.2.1. CONFIRM RDB ORIENTATION AND AGENDA FOR UPGRADING

A final “Steering Committee” of KPMG mission is scheduled for the first Quarter of 2014. The Ministry of Economy and Finance also intend to discuss reform of RDB with RDB top management. It is therefore expected to get clarification on the RDB reform process (and possible change of statute) hopefully by April 2014, which will then allow the preparation of a roadmap for the implementation of KPMG recommendation.

⁴¹ Which seems to be out of the agenda of RDB reform now.

⁴² The memo does not bear the word “Draft”, but the person to whom it is addressed is not yet indicated, whereas the “reliance” note indicates that the Memorandum is “addressed only to the addressee named above”.

⁴³ DFDL draft memo, page 7.

⁴⁴ Cf. Quarterly Executive Report #04, page 31.

The project can then consider financing follow-up support to RDB to accompany those reforms and build RDB officers capacities. Possible support to investments, put in standby for the first year of the project, could also be re-considered as part of a consolidated plan of support to RDB reform.

5.2.2. DEVELOP AND IMPLEMENT DEDICATED CREDIT MECHANISM TO FARMER ORGANIZATIONS

First phase of Horus mission will be implemented in the first quarter of 2014. It will define possible scenarios for the establishment of a dedicated credit mechanism for Farmer Organizations, with the objective to address issues of accessibility and affordability of credit and to develop an efficient and sustainable mechanism.

Proposed scenarios and orientation shall then be discussed by relevant institution, including notably MEF. Some strategic and policy decisions are expected to be taken before the second phase of Horus mission can start (notably regarding the possible ear-marking of a part of the Agriculture Development Fund to finance FOs, and the financial disposition to balance transaction costs without over helming the costs to be supported by clients through interests.

The second phase of Horus mission is foreseen to be more technical, setting up the mechanisms and tools. It shall also prepare the establishment of guarantee mechanisms, and train relevant officer in RDB (and/or other relevant financial institutions) and in partner organizations such as FO Federations which are foreseen to be associated to the proposed mechanism.

5.2.3. TENTATIVE TIMEFRAME FOR COMPONENT #3 IN 2014

The Table 7 below summarizes a tentative work plan of the Component #4 for 2014.

Table 7: Tentative time schedule for Component #4 in 2014

	YEAR 2014											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Up-grading Rural Development Bank												
Final Steering Committee of KPMG mission		■										
MEF meeting on RDB reform			■									
Define roadmap for support to RDB				■	■	■						
Implementation of additional support							■	■	■	■	■	■
Credit Mechanism to Fos												
HORUS mission - Phase 1		■										
HORUS mission - Restitution Phase 1				■								
Strategic and policy decisions (MEF...)					■	■	■					
HORUS mission - Phase 2								■	■			
Setting up guarantee fund									■	■	■	■
Launch first test of Credit Mechanism									■	■	■	■

6. COMPONENT #5: COORDINATION AND PROJECT MANAGEMENT

6.1. COORDINATION AND PROJECT MANAGEMENT IN 2013

6.1.1. PROJECT STARTING-UP

The project implementation phase has effectively started on January 22, 2013 with the Project Management Advisor (IRAM/NIRAS) taking office. SNEC project team has been confirmed (with one change for the position of Project Administration Officer) in the following days (validated by AFD on February 7, 2013). The project bank account has been opened and financial management and accounting tools were developed.⁴⁵

6.1.2. INCEPTION PHASE AND PROJECT STEERING COMMITTEE

A three months inception phase has been undertaken, considering the need to update the background information regarding Cambodian rice sector and to develop implementation strategies for the different components. The project coordination team has met various stakeholders (public institutions, private sector companies and organizations, farmer organizations, development partners...) and has elaborated implementation strategies for the different components.⁴⁶

A support mission⁴⁷ of IRAM headquarters (Mrs Célia Coronel) was implemented as part of this inception phase in March 2013.

The implementation strategies of each component were submitted to the 2nd Project Steering Committee Meeting on April 19, 2013. The Steering Committee has discussed and endorsed these implementation strategies⁴⁸. In addition, orientations validated by the project SC were further endorsed by the President of SNEC on May 17, 2013, on the request of the Chairman of the Steering Committee and of Project Director.

6.1.3. PROCUREMENT

A first version of the Project Procurement Plan for Year 2013 was prepared and approved⁴⁹ in February 2013. It has then been revised in June and in September 2013.

The following contracts (See Table 8 next page) have been awarded to goods or service providers selected via bidding processes:

⁴⁵ Cf. Quarterly Executive Report #01, page 12.

⁴⁶ Cf. Inception Phase Report dated April 29, 2013.

⁴⁷ Cf. Célia Coronel mission report dated March 2013.

⁴⁸ Cf. Preparatory Documents for the Project 2nd Steering Committee (Implementation Strategies for each component) and Minutes of the 2nd Meeting of the Project Steering Committee.

⁴⁹ Cf. Quarterly Executive Report #01, page 13.

Table 8: List of contracts awarded in 2013 for the provision of goods or services via a bidding process

Component	Contract #	Purpose	Supplier	Amount
C#1	CKH-1077-S-13-02	Recruitment service for FCRE	Saint Blanquat & A.	3,000.00 USD
C#1 + C#3	CKH-1077-C-13-01	Technical support and monitoring unit for C#3 + institutional support to FO Federations	AVSF-CIRD-ADG	265,619.00 €
C#4	(no number) (*)	Banking support to RDB	KPMG	115,656.00 USD
C#4	(no number) (*)	Legal support to RDB	DFDL	11,000.00 USD
C#5	SNEC/AFD 2012-01	Project Management Advisor	IRAM/NIRAS	656,080.00 €
C#5	CKH-1077-G-13-01	Computer and IT equipment	Te Aik Hong Co. Ltd	6,283.00 USD
C#5	CKH-1077-G-13-02	Office furniture	Dangvanh Ltd.	852.00 USD
C#5	CKH-1077-G-13-03	Vehicle (1 car)	RMA (Cambodia) Co. Ltd	29,750.00 USD
C#5	CKH-1077-S-13-01	Financial audit	BDO (Cambodia) Ltd.	12,800 USD

(*) – These two bidding and contracting have been managed directly by the Rural Development Bank.

Six contracts or MOU have been done on a direct contract basis (See Table 9 below). Direct contracting was justified by different reasons for these cases:

- MOU to mobilize counterpart officers in relevant public departments directly related to project activities: this is the case for the MOU signed with DAE and DAI.
- MOU developed to support a beneficiary organization that the project aims at strengthening: this is the case of the MOU signed with FCRE.
- Contract signed for the implementation of actions by persons or organizations with a specific competence or relevance to the subject and bringing in some co-financing to the implementation of the actions: this is the case for the contract with ISC, COrAA and with Mr Chandra Bhushan Subba.

Table 9: List of contracts or MOU made in 2013 on a direct contract basis

Component	Contract #	Purpose	Supplier / Partner	Amount
C#1	CKH-1077-MOU-C#1-FCRE	Support to FCRE	FCRE	57,400.00 USD
C#1 + C#3	CKH-1077-MOU-C#3-DAE	Mobilization of DAE	DAE/MAFF	35,560.00 USD
C#2	CKH-1077-C#2-2013-01	Presentation of Nepal Tea Branding	Chandra Bhushan Subba	1,900.00 USD
C#3	CKH-1077-MOU-C#3-DAI	Mobilization of DAI	DAI/MAFF	18,480.00 USD
C#3	CKH-1077-C#3-2013-01	Pilot actions with FWUCs	ISC	17,388.00 USD
C#3	CKH-1077-C#3-2013-02	Pilot actions with organic paddy AC	COrAA	10,380.00 USD

6.1.4. FINANCIAL MANAGEMENT: PROJECT DISBURSEMENT 2013

In 2013, a total amount of 444,468.00 Euros have been disbursed⁵⁰, corresponding to 12.7 % of the project budget. See details per component in the Table 10 below:

Table 10: Synthesis of Project's disbursements for Year 2013 and remaining budget available

Components	TOTAL Budget available	Amount paid by SNEC with project advance in 2013	Amount paid directly by AFD in 2013	TOTAL of disbursements for Year 2013	Remaining budget available
Component 1	600,000.00 €	7,488.41 €	40,681.71 €	48,170.12 €	551,829.88 €
Component 2	500,000.00 €	6,972.96 €	- €	6,972.96 €	493,027.04 €
Component 3	1,000,000.00 €	8,221.41 €	54,612.41 €	62,833.82 €	937,166.18 €
Component 4	400,000.00 €	- €	65,169.60 €	65,169.60 €	334,830.40 €
Component 5	1,000,000.00 €	42,198.10 €	219,123.37 €	261,321.47 €	738,678.53 €
TOTAL	3,500,000.00 €	64,880.88 €	379,587.09 €	444,467.97 €	3,055,532.03 €

6.2. PROJECT MANAGEMENT ISSUES

6.2.1. SNEC TEAM AVAILABILITY

In the early 2014, it appeared that SNEC project team (i.e. Mr Ung Luyna, Project Coordinator, Mr Lay Sokkheang, Project Administration Officer and Mrs Sras Sopheakalyanika, Accounting and Finance Officer) have started to be more frequently mobilized by the Ministry of Economy and Finance for other functions not related to the project.

But the commitment of the team is still high and this reduction of the time available has not obstacle the good functioning of the project to date. Nevertheless, Project Coordinator and Project Management Advisor are even more vigilant and have decided to set up a closer monitoring of the time, objectives and outcomes of the coordination team to make sure that the project implementation is not affected.

6.3. PERSPECTIVES FOR 2014

6.3.1. PROCUREMENT

To date, no specific procurement / bidding have been foreseen for 2014, and thereof the project management team did not prepare a Project Procurement Plan for year 2014. Yet it is likely that needs will be identified along the year.

Renewals of contracts of implementing partners are foreseen, in particular for Component #3 (notably ISC and COrAA contracts).

⁵⁰ These figures have been audited and confirmed by BDO in early 2014.

6.3.2. ESTIMATED BUDGET FOR YEAR 2014

The disbursements for Year 2014 are estimated at 854,400 Euros. The Table 11 below provides a breakdown of this estimation by component.

Table 11: Estimation of disbursement for each component in 2014

Components	TOTAL Budget available	TOTAL of disbursements up to 31/12/2013	% used on 31/12/2013	Foreseen disbursements in Year 2014	% used on 31/12/2014 (estimate)	Foreseen balance on 31/12/2014
Component 1	600,000.00 €	48,170.12 €	8.0%	99,200.00 €	24.6%	452,629.88 €
Component 2	500,000.00 €	6,972.96 €	1.4%	73,000.00 €	16.0%	420,027.04 €
Component 3	1,000,000.00 €	62,833.82 €	6.3%	325,700.00 €	38.9%	611,466.18 €
Component 4	400,000.00 €	65,169.60 €	16.3%	132,500.00 €	49.4%	202,330.40 €
Component 5	1,000,000.00 €	261,321.47 €	26.1%	224,000.00 €	48.5%	514,678.53 €
TOTAL	3,500,000.00 €	444,467.97 €	12.7%	854,400.00 €	37.1%	2,201,132.03 €

Foreseen expenditures for Component #1 and Component #2 remains limited, notably due to uncertainty on these components, in particular regarding the inter-professional organization level, and to the work on branding / quality label which is difficult to foresee before the results of the market study launched in early 2014 are made available.

More details are given in Annex 2 on what is covered under the amounts forecasted for each component.

ANNEXES

ANNEX 1: LIST OF FOS AND MILLERS / EXPORTERS INVOLVED IN C#3 ACTIVITIES IN 2013

Table Annex 1-1: List of 28 Agriculture Cooperatives involved with project activities in 2013

Name of Agriculture Cooperatives	Province	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Collective selling	Paddy sample quality testing
Nikum Preah Sihanouk	Battambang	●	●	●		
Raksmey Dambok Kpous Mean Chey	Battambang	●	●			
Ponleu Thmey Kdey Sangkhim Kasekor	Battambang	●	●			
Meanchey Ampil Pram Doeurm	Battambang	●				
Kasekor Aphiwat Sangkhum	Battambang	●	●			
Reaksmey Dambok Kpous Mean Chey	Battambang	●				
Kdey Sangkhim Kasekor Khmer	Battambang	●	●			
Chhuk Organic	Kampot	●				
Srer Cheng	Kampot	●				
Kasekor Rik Chamroeurn	Kg Speu	●				●
Krap Pouch Meas	Kg Some	●				●
Thnort Kampong Speu	Kg Speu	●				
Raksmey Stung Sen	Kg Thom	●				
Khum Trapeang Russei	Kg Thom	●				
Mitapheap Prah Sre	Kg Thom	●				●
Krabao Prum Tep	Preah Vihear	●				
Ke Lum Or Chivapheap Ros Nov	Preah Vihear	●				
Samaki Rohas Mean Chey	Preah Vihear	●			●	●
Malou Prey Cheay Den	Preah Vihear	●				
Leukkompos Satrey	Preah Vihear	●			●	●
Ta Ey Rung Roeung	Takeo	●				
Trapaing Kranhung	Takeo	●			●	●
Tipat Ponlork Thmey	Takeo	●				●
Kraing Banteay	Takeo	●			●	●
Rik Chamroeurn Phum Por Prah Sang	Takeo	●				●
Trapaing Sra Nge	Takeo	●				●
Kasekor Chhnas Khluon Eng Phum Oudong Sorya	Takeo	●			●	●

Table Annex 1-2: List of 6 Farmer Water User Communities involved with project activities in 2013

Name of FWUCs	Province	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Collective selling	Paddy sample quality testing
FWUC Ping Pong	Battambang	●	●			
FWUC Svay Ar	Battambang	●	●			
FWUC Soeu	Battambang	●				
FWUC Kamping Puoy	Battambang	●				
FWUC Stung Chinit	Kg Thom				●	
FWUC Teuk Chhar	Kg Thom				●	

Table Annex 1-3: List of 13 other Farmer Organizations involved with project activities in 2013

Name of FOs	Province	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Collective selling	Paddy sample quality testing
Petsat Doeumbey Aphiwat Kasekor Phum Rung Chrey Association	Battambang	●	●			
Ponlork Thmey Kdey Sangkhim Otaki Association	Battambang	●	●			●
Aphiwat Kasekor Khmer	Battambang	●				
Char Mean Chey	Battambang	●	●			
Kanthoeu 1 Pheak Kdey Raksmei Chulsa	Battambang	●				
Kanthoeu 2 Samaki Banan Mean Chey	Battambang	●				
Kanthoeu 9 Pheak Kdey Raksmei Chulsa	Battambang	●				
Khemara Mohaphal Rice Bank Association	Prey Veng	●				●
Ang Trav Khang Lech Rice Bank Association	Takeo	●				●
Prey Kdouch Rice Bank Association	Takeo	●				●
Kpob Svay Rice Bank Association	Takeo	●				●
Chey Mean Rith Tasmorn Rice Bank Association	Takeo	●			●	
Trapeang Kranh Khmao Mean Rith Rice Bank Association	Takeo	●				●

Table Annex 1-4: List of 11 Rice mills / Exporters involved with project activities in 2013

Name of Millers/Exporters	Province	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Bought paddy from FOs	Bought rice seed from FOs
Loran Group Plc.	Battambang	●	●	●		
Battambang Rice Mill Association	Battambang	●				
Phou Poy Rice Mill Co., Ltd.	Battambang	●				
KIM Se Rice Mill	Battambang	●				
Hak Se Rice Mill	Kg Cham				●	
You Khieng Rice Mill	Kg Cham				●	
Krou Vuth Rice Mill	Kg Thom				●	
AMRU Rice (Cambodia) Co., Ltd.	Phnom Penh	●			●	
Golden Daun Keo Rice Mill Co., Ltd	Takeo	●			●	
BRICo	Battambang	●	●			
Golden Rice	Kg Speu	●	●			

ANNEX 2: DETAILS ON FORESEEN DISBURSEMENTS FOR 2014

	Amount spent in 2013	Estimated disbursement in	Notes
COMPONENT #1 (Budget available = 600,000.00 Euros)			
1A- Technical Assistance	€ 1,132.58	€ 4,200.00	1A: Payment of part of DAE counterpart on support to FO Federations (an average of 350 Euros / mc
1B- Consultation Workshop	€ 348.87	€ -	
1C- Budgetary support to FCRE/CRF	€ 19,121.32	€ 28,500.00	1C: about 8,500 Euros disbursed in Jan-Feb 2014 to FCRE - 27,000 USD pending under MC
1D- Support to FO Federations	€ 27,567.35	€ 66,500.00	1D: about 14,000 Euros paid to AVSF in Jan-Feb 2014 + 26,000 Foreseen (1,400 x9 + 550x40 round up for diem - 9,000 Euros for reimbursement of advance) + direct subsidies to FAEC +FCFD estimated = 27,500 USD
1E- Training, capacity building	€ -	€ -	
1F- Sectorwide communication tools	€ -	€ -	
1G- Miscellaneous	€ -	€ -	
1H- ...	€ -	€ -	
TOTAL COMPONENT #1	€ 48,170.12	€ 99,200.00	
COMPONENT #2 (Budget available = 500,000.00 Euros)			
2A- Component Coordination	€ -	€ -	
2B- Technical Assistance, support mission	€ -	€ 43,000.00	2B: Agland contract : about 58,000 US\$
2C- Investments for quality up-grading	€ -	€ -	
2D- Capacity building	€ -	€ -	
2E- Promotion actions	€ 3,898.19	€ 20,000.00	2E: Contribution to a second Cambodian Rice Festiva
2F- Branding / label	€ 3,074.77	€ -	
2G- Miscellaneous	€ -	€ 10,000.00	2G: Development of testing method for premium white rice stand
2H- ...	€ -	€ -	
TOTAL COMPONENT #2	€ 6,972.96	€ 73,000.00	
COMPONENT #3 (Budget available = 1,000,000.00 Euros)			
3A- Technical Support and Monitoring Unit	€ 42,185.04	€ 80,000.00	3A: about 26,000 Euros paid to AVSF in Jan-Feb 2014 + 49,000 Foresee (1650*0.75*9+(1750*9)+(550*50)+(90*9)+(31*80)+(1200*5) - 15,000 Euros for reimbursement of advance) + miscellaneous transportation costs (5000 Euros) = 80,000 Euros
3B- Line Ministries Counterparts	€ 3,587.80	€ 13,000.00	3B: Average of 1,000 Euro/month + 1000 Euros for additional DAI staff for study on
3C- Component #3 Working Group	€ -	€ 7,000.00	3C: 2 seminar of working group - cost estimated 3,500 Euro / sessi
3D- Support to Pilot Innovative Actions	€ 17,060.98	€ 105,000.00	3D: Solde CoRAA 2013 = 3,200 USD + Solde ISC 2013 = 3,690 USD + CoRAA 2014 = 50,000 USD + ISC 2014 = 60,000 USD + Takeo = 10,000 USD (not including investments) + Battambang 5,000 USD + other 10,000 USD
3E- Capitalization and development of SP capacities	€ -	€ 18,500.00	3E: Training in Thailand (GIZ) = 2,800 USD + Restitution in PP = 500 USD + Study tour in Laos = 10,000 US
3F- Contract Farming legal framework &enforcement	€ -	€ -	+ Training of PDAs 12000 USD
3G- Development of financial services to Fos	€ -	€ 100,000.00	
3H- Miscellaneous	€ -	€ 2,200.00	3H: Transport for study on CF = 3,000 USC
TOTAL COMPONENT #3	€ 62,833.82	€ 325,700.00	

	Amount spent in 2013	Estimated disbursement in	Notes
COMPONENT #4 (Budget available = 400,000.00 Euros)			
4A- Component Coordination	€ -	-	
4B- Technical Assistance, support mission	€ 65,169.60	€ 66,500.00	4B: Balance KPMG mission 2013 (28,914 USD)+ DFDL mission 2013 (11,000 USD)+ Follow up mission KPMG (60,000 USD)
4C- Investments	€ -	-	
4D- Running costs (RDB)	€ -	-	
4E- Support to pilot credit operations	€ -	€ 66,000.00	4E: HORUS support mission (+ specific annex costs : document translation, transport for Horus mission)
4F- Miscellaneous	€ -	-	
4G- ...	€ -	-	
TOTAL COMPONENT #4	€ 65,169.60	€ 132,500.00	
COMPONENT #5 (Budget available = 1,000,000.00 Euros)			
5A- Technical assistance, support mission, expertise	€ 196,621.45	€ 182,000.00	5A: payment to IRAM last quarter 2013 (=18,476 Euros) + 9 months of fees (=16750 Euros x9)+travel expense (=1600x5)+per diem (30x15)+communication and reporting and other(480x9)
5B- SNEC project team	€ 31,572.59	€ 33,600.00	5B: Average of 2800 Euros / month
5C- Investments (equipment and material)	€ 28,019.65	€ -	
5D- Running costs	€ 4,830.73	€ 5,400.00	5D: Average of 450 Euros / month
5E- Meetings	€ 277.05	€ 1,000.00	5E: Estimator
5F- Study fund and experience sharing	€ -	-	
5G- Audit, monitoring and evaluation	€ -	€ 2,000.00	5G: BDO audit 2013 = 2,600 USD
5H- Miscellaneous, unforeseen	€ -	-	
TOTAL COMPONENT #5	€ 261,321.47	€ 224,000.00	
TOTAL ALL COMPONENTS	€ 444,467.97	€ 854,400.00	

