■ Support to the Commercialization of Cambodian Rice Project

[AFD Grant - CKH-1077-01-S and CKH-1077-02-T]

AGENCE FRANÇAISE DE DÉVELOPPEMENT

Supreme National Economic Council (SNEC)

SUPPORT TO THE COMMERCIALIZATION OF CAMBODIAN RICE PROJECT

ANNUAL REPORT #2 – YEAR 2014

AND PERSPECTIVES FOR 2015

6 April 2015

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Acronyms

AC	Agricultural Cooperative
ACBN	Agricultural Cooperative Business Network
ACDF	Agricultural Cooperatives Development Fund
ACMES	Ayeyawady Chao Phraya Mekong Economic Cooperation Strategy
ACT	Agriculture Certification Thailand
ADB	Asian Development Bank
ADC	Agricultural Development Communities
ADF	Agriculture Development Fund (= ASDF)
ADG	Aide au Développement - Gembloux
AEA	Agro-Ecosystem Analysis
AEC	ASEAN Economic Community
AFD	*Agence Française de Développement* / French Agency for Development
AFDI	*Agriculteurs Français et Développement International*
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
ARIZ	*Accompagnement du Risque de financement de l'Investissement privé en Zone d'intervention de l'AFD*
AROS	Asia Regional Organic Standard
ARPEC	Alliance of Rice Producers & Exporters of Cambodia
ASDF	Agriculture Support and Development Fund (same as ADF)
ASEAN	Association of South-East Asian Nations
ASIrri	*Projet d'Appui aux Irrigants et aux Services aux Irrigants*
ASPIRE	Agriculture Services Program for Innovation, Resilience and Extension (IFAD project)
ASYCUDA	Automated System for Customs Data
AusAID	Australian Agency for International Development
AVSF	*Agronomes et Vétérinaires Sans Frontières*
BFSEC	Banking and Finance Solutions Executive Committee (of CRF)
C2A	*Commission Agriculture et Alimentation de Coordination Sud (French development NGO platform)*
CAC	*Crédit Agricole Consultants*
CAMFEBA	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
CBAPC	Contract Based Agriculture Promotion Committee
CC	Commune Councils
CCA	Climate Change Adaptation
CCC	Chamber of Commerce of Cambodia
CCD	Cambodian Certification Department
CCFC	*Chambre de Commerce Franco-Cambodgienne* / Franco-Cambodian Chamber of Commerce
CDC	Council for the Development of Cambodia

CDRI	Cambodia Development Resource Institute
CEDAC	*Centre d'Etude et de Développement Agricole du Cambodge*
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
CO	Certificate of Origin
CoC	Code of Conduct
COrAA	Cambodian Organic Agriculture Association
COSTEA	*Comité Scientifique et Technique de l'Eau Agricole*
CREA	Cambodia Rice Exports Association
CRX	Cambodia Rice Exporter Meeting (facilitated by IFC)
CSR	Corporate Social Responsibility
DACP	Department of Agricultural Cooperatives Promotion
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)
DGRV	*Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative & Raiffeisen Confederation)*
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
EC	Executive Committee
ED	Executive Director
EoI	Expression of Interest
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
FI	Financial Institution
FNN	Farmer and Nature Network
FMPEC	Farming and Milling Productivity Executive Committee (of CRF)
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
GF	Guarantee Fund
GI	Geographical Indication
GIZ	*Deutsche Gesellschaft für Internationale Zusammenarbeit* / German Development Cooperation
GMP	Good Manufacturing Practice
GMPEC	Global Market Promotion Executive Committee (of CRF)
GMS	Greater Mekong Subregion
G-PSF	Government – Private Sector Forum
GRET	Groupe de Recherche et d'Echanges Technologiques
GS	General Secretary
HACCP	Hazard Analysis and Critical Control Points
HARVEST	Helping Address Rural Vulnerability and Ecosystem Stability (USAID project)
HKL	Hattha Kaksekar Limited
HR	Human Resources
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	*Institut de Recherche et d'Application des Méthodes de Développement*
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)
JDI	Japan Development Institute
JICA	Japanese International Cooperation Agency
KAPCD	Khmer Angkor People Community for Development
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
MRC	Mekong River Commission
MRC	"Mini Rice Center"

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
NPACD	National Policy for Agricultural Cooperatives Development
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	*Programme d'Appui au Développement de l'Agriculture au Cambodge*
PADEE	Project for Agriculture Development and Economic Empowerment (IFAD/FAO 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
PR	Public Relations
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
SIAL	*Salon International de l'Agroalimentaire* (Paris)
SME	Small and Medium Enterprise
SMP	*Sansom Mlup Prey* NGO
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) Ltd.
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
UNIDROIT	International Institute for the Unification of Private Law
USA	United States of America
USAID	United States Agency for International Development
USP	Unique Selling Proposition
VAHW	Village Animal Health Worker
VF	Vision Fund
WASP	Water and Agriculture Sector Project (financed by AFD)
WB	World Bank
WCS	Wildlife Conservation Society
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 National Strategy of 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 2nd Annual Report of the project. It covers the calendar Year 2014. This report only provides an overview of the main facts or steps in project implementation for Year 2014, 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.

This annual report also highlights some key stakes and elements of action plans for each component of the project, for year 2015. These elements still have to be considered as preliminary. The project approach allows a lot of flexibility and favor interaction between stakeholders to make creative ideas emerge and support their implementation at pilot stage, in particular for component #3. We believe that this approach is favorable to develop relevant innovations in particular in the partnership between stakeholders. On the other hand it sometimes induces delays as the project does not have a full command on the pace of mobilization of institutional partners and economic stakeholders.

1. Key Features in Cambodian Rice Sector in 2014

Policy and Regulation Support and Measures

Prakas of MEF on VAT exemption for rice sector.

On March 19, 2014, the Ministry of Economy and Finance has issued a Prakas (No 313) regarding VAT collection in the rice milling industry, with the objective of supporting the activities of rice exports, which are a priority of the Government.

Suppression of Custom processing fees

In April 2014, the MEF took the decision to cut off custom processing fees (costing at least 15 USD per shipping container) for rice exports. The measure became effective on 1st of May 2014. According to the President of FCRE this decision can potentially save about 236,000 annually (based on the 379,000 tons of rice exports in 2013)[1].

Prakas on on-line application for CO

On 30 May 2014, the Ministry of Commerce as issued a Prakas regarding on-line application procedures for exporters to request Certificate of Origin, in order to ease and accelerate export procedures.

Endorsement of revised version of Cambodian standards for milled rice

A revised version of Cambodian standards on milled rice has been officially approved by the Ministry of Industry and Handicraft in April 2014, taking into account feedback from millers and exporters on the previous version.

Production

Data on paddy production in Cambodia for year 2014 have not yet been officially released by MAFF. But temporary figures provided by MAFF in the draft report for season 2014-2015 indicates a total production of paddy of 9.3 million tons (nearly similar to previous year, with a slight reduction of about 100,000 tons in Wet season and a nearly similar increase of the production in Dry Season. Provisional figures for 2014 are presented in the table below, but they are not yet official figures.

Table 1: Cambodia temporary estimation of paddy production in 2014

	Wet Season	Dry Season	Total
Planted Area (ha)	2,564,572 ha	490,935 ha	3,055,507 ha
Harvested Area (ha)	2,537,976 ha	490,860 ha	3,028,836 ha
Average Yield (tons/ha)	2.815 t/ha	4.443 t/ha	3.079 t/ha
Production (tons)	7,143,521 t	2,180,896 t	9,324,416 t

Warning: These figures are still unofficial and not to be quoted. They are presented here as indicative, for the purpose of this report only.
Source: Based on MAFF draft report 2014-2015.

[1] Referring to the article published in Phnom Penh Post (Hor Kimsay, *"Rice customs fees dropped"*, Phnom Penh Post, 18 April 2014).

EXPORTS

In 2014, Cambodia has exported to 387,061 tons of milled rice, a very slight increase (+2.1%) compared to year 2013. Growth of export marks a pause (See Figure 1). But to maintain these volumes of export in the context of international rice market in 2014 (affected by Thailand releasing its stockpile on the market) is already a relatively good result. 86 companies have exported rice in 2014, the Top 10 representing 65% of exports.

Figure 1: Growth of Cambodia milled rice exports from 2009 to 2014

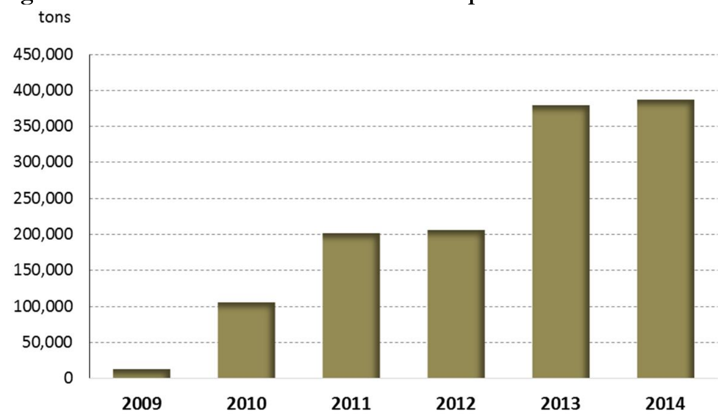
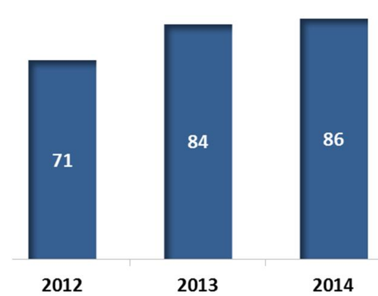


Figure 2: Number of exporters of Cambodian milled rice

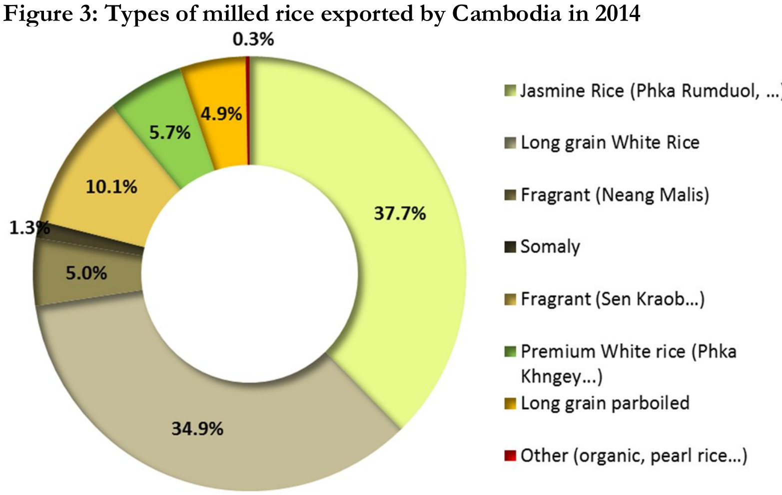


Source: Statistics from the Secretariat of the One-Window Service for Rice Export Formality (SOWS-REF)

In 2014, the share of long grain white rice in total exports has decreased. It is now just about one third of volumes exported (whereas it was representing half of the volumes in 2013). Jasmine rice (wet season fragrant varieties such as Phka Rumduol) represents the biggest category with nearly 38 %.

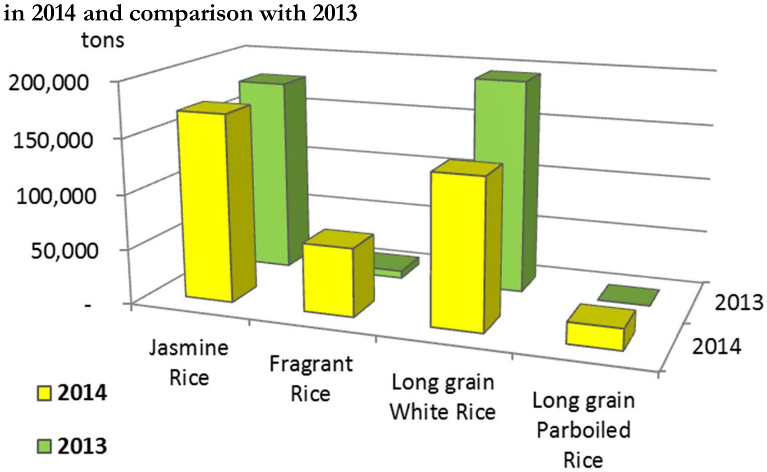
Parboiled rice is showing up as a new category among Cambodian rice exports.

Figure 3: Types of milled rice exported by Cambodia in 2014



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

Figure 4: Types of milled rice (CRF categories) exported by Cambodia in 2014 and comparison with 2013

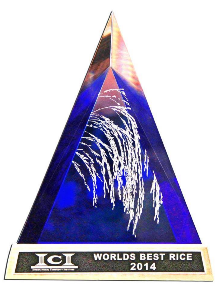


Source: Cambodian Rice Federation.

CRF has aggregated some of the categories used by the Secretariat of the One-Window Service in a more readable classification.

Figure 4 (opposite), shows a relative stability of Jasmine rice compared to 2013, a drop off in LGWR exports and the emergence of other fragrant rice and of parboiled rice, for a relatively similar total of volumes exported.

Quality and Quality Recognition



During the TRT World Rice Conference that took place in Phnom Penh, in November 2014, Cambodia has won the World Best Rice award for the third time in row (This year there was a tie between Cambodia and Thailand which both share the trophy). This award is an asset to build on in order to consolidate the image of quality of Cambodian fragrant rice.

◁ *World Best Rice 2014 Trophy.*

Prices

Despite the third World Best Rice Trophy, export price (As well as farm-gate price) of Cambodian rice have decreased in the last harvest of wet-season rice due to the global market context, in particular as already mentioned the release on the market of part of Thailand's stockpile.

Logistic and finance

World Bank supported review of rice trade logistic

World Bank has supported a review of trade logistic aspects in the rice sector during this year. A consultation workshop on Trade Logistic was organized on September 2, 2014, to discuss key elements of an action plan to improve trade logistic.

Reforms of RDB and increase of its capital

Very significant reforms were undertaken within the Rural Development Bank since mid-2014, notably with a complete renewal of the management team, and an increase of RDB capital by about +26 million USD. More details are provided about the evolution of RDB in Part 5 of this report, from page 25 to page 28.

Creation of Thaneakea Srov (Kampuchea) Plc.

Thaneakea Srov (Kampuchea) Plc. has been launched on 28 August 2014. "TSK" is a private company established in Battambang and offering drying and storage facilities for paddy and milled rice, with possible loans against the deposit of paddy or rice used as collateral, and purchase options. It is expected to contribute to address the issue of cash flow faced by rice millers or exporters for the purchase of paddy at harvest time by offering loans with alternative to immovable assets as collaterals.

Sector organization

Creation of Cambodian Rice Federation

The Cambodian Rice Federation was officially established in May 2014, as a merger of the three pre-existing organizations in the rice sector: FCRE, ARPEC and CREA. (See § 2.1.1. page 6 for more details).

On August 8, 2014, a Sub-Decree was issued by the Government that officially recognizes the CRF as the sole interlocutor and partner of the Royal Government of Cambodia in the Cambodian Rice Sector.

Approval of a Code of Conduct for Export to EU

Further to a consultation between exporters through FCRE, ARPEC and CREA and with the support of the MOC (and few inputs of SCCRP), a Code of conduct for export to EU has been developed and officially approved in February 2014. The purpose of this CoC is mainly to ensure the true Cambodian origin of rice exported to the EU in order to comply with the requirement of the EBA initiative.

Other projects in Rice Sector

Start of Rice SDP

The ADB's funded "Climate Resilient Rice Commercialization Sector Development Program" (Rice-SDP) has started its implementation phase with the mobilization of the consultant team since early November 2014.

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

2.1. ACTIVITIES IN 2014 AND OUTCOMES

2.1.1. SUPPORT TO INTER-PROFESSIONAL ORGANIZATION (FCRE, THEN CRF)

2.1.1.1. SUPPORT TO FCRE UNTIL APRIL 2014

The support to the Federation of Cambodian Rice Exporters has been implemented from August 2013 and until April 2014. The creation of CRF (as a merger of FCRE, ARPEC and CREA) has *de facto* ended this support.

For the records, it shall be mentioned that the process of reform engaged with FCRE, aiming at building a stronger member ownership, establishing a culture of transparency and developing activities and services to members was on a right track in the beginning of the year. FCRE General Assembly of January 2014 had approved one institutional scenario as the orientation for the reform of FCRE statute. The vote was taken by college: in other word the scenario was approved by a majority of producers representatives + a majority of millers + a majority of exporters, a decision making process inspired by the model of governance of inter-professional organizations in Europe, establishing a strong consensus.

The membership fee system also approved during this General Assembly was also seen as a good compromise to avoid any major financial obstacle for an entity willing to join the Federation (affordable basic membership fee) yet with additional option allowing members willing to financially support the FCRE to pay higher amount and get side benefit (silver, gold and platinum membership), yet without getting any additional power in the Federation governance.

For more details, see the project's Quarterly Executive Report #05, pages 3 to 11.

2.1.1.2. SUPPORT TO CAMBODIAN RICE FEDERATION (CRF)

The Ministry of Commerce has been leading the process of creation of the Cambodian Rice Federation.

SCCRP project team (mainly Project Coordinator and Project Management Advisor) have provided some comments along the process which have at least resulted in the authorization for some[2] Farmer Organization to become member of the CRF and take part in the initial election of an Executive Committee, and then in the presence of one representative of FOs among the 15 members of the Executive Committee elected in May.

The election of the Executive Committee took place on 19 May 2014. 195 members took part in the vote. (see details in Quarterly Executive Report #06, pages 5-7).

SCCRP has explored possible area of support to CRF since May 2014. Four mains fields of support or activities in partnerships with CRF are considered by the project:

1. A support to institutional reform or fine-tuning of statute and internal regulation of CRF in order to consolidate its institutional organization and governance;
2. A support to branding and promotion activities (as part of the Component #2 of the project, but with CRF seen as the main actor);

[2] Yet, with a (disputable) quota of one cooperative per province maximum.

3. Involving CRF (together with FO Federations) in a working group on the improvement of business partnership between Farmer Organizations and millers/exporters (as part of the Component #3 of the project);
4. Partnership with CRF in policy review and dialog.

But actual progresses have been limited within 2014. Regarding governance of CRF, a visit to *Intercéréales*, the inter-professional body of cereal sector in France has provided an insight on functioning of inter-professional organization in the agri-business sector in France.

SCCRP project has provided substantial support to actions of promotion of Cambodian Rice (See § 3.1. page 11 in this report), in which CRF was showcased as main organizer. This field of collaboration related to branding and export promotion is the one on which CRF has finally started to prepare itself to take action with the creation of the "branding working group" [3] which held its first meeting in December 2014.

2.1.1.3. Situation up to 31 December 2014

It took some time for CRF to structure itself and become operational after its official launching in May. But it has now enrolled a small team including a Secretary General and few officers, and has just started in December to establish working groups / executive committees dedicated to specific field of intervention of CRF. It seems that the Federation will become more operational in 2015 and will be a more reactive partner for SCCRP to work with.

2.1.2. Support to FO Federations

2.1.2.1. Support to FAEC and FCFD

Partnership contracts have been signed by SCCRP with FAEC (Federation of farmer associations promoting family Agriculture Enterprises in Cambodia) and FCFD (Federation of Cambodian Farmer Organizations for Development) in June 2014.

Supports to FAEC and FCFD consist in the provision of Technical Assistance and of budgetary support (including subsidies to cover the cost of two officers to provide support to members, mainly regarding the development of paddy commercialization activities).

FAEC and FCFD agreed to coordinate actions and mutualize their human resources to support members regarding paddy commercialization activities. Moreover, throughout the year, they have explored the possibility to merge the two Federations and have elaborated a proposal for this matter that will be submitted to their respective General Assemblies in early 2015.

Activities undertaken have included building relationship between FO (members of FAEC or FCFD) and rice millers, but also with financial institutions and input suppliers (fertilizer), fruitfully leading to frame agreements with some fertilizer supply companies granting discounts for Federations' members.

Members of FAEC and FCFD have exchanged experiences about their practices on paddy commercialization, and training on paddy quality assessment has been organized by the Federations in partnership with rice millers.

[3] Renamed, in early 2015, as "Global Market Promotion Executive Committee".

Last, an important aspect of the partnership with FAEC and FCFD was focused on the consolidation of the advocacy and representation role of the two Federations. Concrete results have been achieved in 2014 in this matter, notably:

- The election of Mr Samart Veasna (Vice President of FCFD) as a member of CRF Board.
- The consultation process organized by FAEC and FCFD regarding the draft form of by laws for Cooperative Unions prepared by MAFF, and the delivery of comments and suggestion to MAFF on this issue.
- The participation of both Federations (in some case associated with FWN, see below) to important events, such as:
  - World Food Day;
  - AFD event on family farming;
  - 2nd Cambodian Rice Festival;
  - 4th Cambodian Rice Forum;
  - 5th National Farmer Forum.

2.1.2.2. Connections with FWN

The Farmer and Water Net (FWN) was associated to the review of lessons learnt from pilots of "Paddy Selling Group" established in some Farmer Water User communities (see in § 4.1.2. page 17 in this report), but also to some of the events listed above, together with FAEC and FCFD. Unfortunately, in 2014, FWUCs could not be associated in the creation process of CRF (because of the limitation decided by MoC to allow only one Agricultural Cooperative – registered by MAFF – per province to join the CRF as founder member), but the project will try to facilitate a connection between FWN and CRF in 2015.

Formal partnership agreement and budgetary support to FWN has not been considered by the SCCRP because the Water and Agriculture Sector Project (also financed by AFD and which has started in 2014) provisions supports to the Network.

2.2. Stakes, Objectives and Elements of Action Plan for 2015

Elements in this section are still "tentatively" developed. Perspectives of 2015 and 2016 will be further reviewed and discuss in March/April this year.

2.2.1. Foreseen objectives, supports and partnerships with CRF in 2015

2.2.1.1. Revision of CRF statute

SCCRP will provide advices / comments in the process of revision of CRF Statute before submission to the General Assembly scheduled for February 2015.

2.2.1.2. Global Market Access Executive Committee / Branding and Export promotion

SCCRP PMA will take part in the Global Market Access Executive Committee and provide input regarding the branding strategy and implementation and regarding participation of CRF in export promotion events. See more details on Part 3 of this report regarding Component #2 of the project.

2.2.1.3. Farming and Milling Productivity Executive Committee

SCCRP will support the establishment of CRF's "Farming and Milling Productivity Executive Committee" (FMPEC) and facilitate the inclusion of FO Federations in this committee. SCCRP project team will also take part in this group and contribute to facilitate exchanges and strategic discussions regarding the improvement of partnership between rice millers / exporters and Farmer Organizations. Pilots experiences implemented in project's component #3 will contribute to feed the reflection of the group. It is also expected that this "FMPEC" will serve to convey views of economic stakeholders of the rice value chain into the work of the Taskforce of Contract Farming (Cf. Component #3).

2.2.2. Foreseen objectives and supports to FO Federations in 2015

2.2.2.1. Decision on merging (or not) of FAEC and FCFD

A decision on the merging of FAEC and FCFD is expected to be taken by their respective General Assemblies early in 2015. Further action in this matter will depend on the GAs decisions.

2.2.2.2. Develop service to members for support to commercialization

FAEC, FCFD and FWN (with the ISC?) will continue to provide support to their members which intend to implement paddy commercialization. They will be assisted by the team of Component #3 of the project in this role. A Training of Trainer on management and accounting aspects related to paddy commercialization will be implemented before that, during 2015 dry season.

An important aspect on which the technical assistants to FAEC and FCFD will focus in 2015 is the financial sustainability of the service developed. Whereas it is not foreseen that FO Federations will be able to sustain all their services and activities with their own resources in the short term, it is essential to progressively increase the incomes generated from the provisions of those services.

The project will also support the development / improvement of FO Federation internal information system, and the development of technical capacities such as paddy/rice quality control.

2.2.2.3. Advocacy and representation role of FO Federation

The project will contribute to support the insertion of FO Federations in relevant arenas of dialog and negotiation in order to defend smallholder farmers and FOs' interests.

This will notably include the support to a better representation of smallholder farmers / FOs in CRF (Board and GA), and the participation of FO Federations' representatives in relevant executive committees of CRF, notably the "Farming and Milling Productivity Executive Committee" (including FWN).

At least one representative of FO Federations shall also take part in the taskforce on Contract Farming.

Last, as in 2014, SCCRP will provide support to FO Federations to be present in important event to represent farmers and defend their interests.

2.2.3. Tentative timeframe for Component #1 in 2015

The table below summarizes a tentative work plan of the Component #1 for 2015.

Table 2: Tentative time schedule for Component #1 in 2015

	YEAR 2015											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
CRF / Interprofessional Federation												
Revision of CRF statute												
CRF General Assembly												
Support to Global Market Access EC												
Support to Seeds and Productivity EC												
CRF appoint delegate to Taskforce on CF												
Rice policy review (to be confirmed?)												
FO Federations (FAEC, FCFD, FWN)												
FAEC and FCFD General Assemblies												
Integration FAEC, FCFD and FWN in CRF Seeds and Productivity EC (See above ↑)												
ToT to FAEC and FCFD on paddy trade												
Implement services to members (1)												
Prepare up-dated booklet on FO paddy prod.												
Assess possible support to AC Unions												
Revise the Scoring Criteria Method												
Role of FAEC/FCFD in credit to FOs												
Advocacy / key regulations development (2)												
Support FO Federation communication and participation in events												

(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..

(2) This may include development of AC Development Fund, Preferential treatment for ACs, establishment of AC Aliance...

3. Component #2: Improvement, Standardization and Certification of the Cambodian Rice Quality

3.1. Activities in 2014 and outcomes

3.1.1. International Market Study

SCCRP has co-financed with IFC an international market study for Cambodian Rice. The Phase I was consisting in a broad review of international rice market and of main importing countries. Findings of Phase I were discussed with exporters in February (final report of Phase I delivered in March).

The Phase II focused on 6 target countries (USA, France, Germany, China, Singapore and Ivory Coast) with more in depth study (including in-country missions). Country reports were delivered in June. Results were presented and discussed with exporters during a workshop co-organized with CRF in September 2014, and a final edited synthesis report has been provided soon afterward.

The study has provided interesting insight on various target markets and elements of strategy for marketing and branding of Cambodian rice.

3.1.2. Cambodian Rice Export Promotion activities

SCCRP has contributed to the following promotion activities in 2014, in partnership with Cambodian Rice Federation:

- Contribution to the Cambodian Rice booth in SIAL (Paris) in October 2014 (exporter presence there was also supported by IFC).
- Cambodian Rice Promotion Dinner in *« Le Carré des Feuillants »* in Paris in October 2014.
- 2nd Cambodian Rice Festival (with contributions of IFC), which took place in Phnom Penh one day before the TRT World Rice Conference and in the same location, providing a unique opportunity to showcase a very positive image of Cambodian rice to an audience of international buyers present at that time, in addition to the Cambodian public.

3.1.3. Set up a working group for Cambodian Rice Branding under CRF

Following-up on the market study results, the SCCRP advocated for the creation of a working group under CRF and the development of a branding strategy in order to consolidate a consistent image of quality of Cambodian rice and to be able to provide guarantee on the quality that is promoted and avoid to spoil the name of Cambodian rice as a whole because of inconsistent quality of rice exported.

CRF "branding working group"[4] has been formally established and held its first meeting in December 2014.

3.1.4. Organic certification for export for 1,500 tons of paddy

As part of pilot actions of Contract Farming implemented under the Component #3 of the project, 8 cooperatives have supplied nearly 1,500 tons of organic paddy to AMRU. The project has not only supported the commercial negotiation between the two parties, but also the development of internal control system to ensure the organic quality. AMRU has contracted Ecocert to conduct external inspections and the paddy delivered by cooperatives has received organic certification against both EU and USA organic standards in January 2015. This achievement also contributes to the objectives of the Component #2 of the project to develop the export of rice under certified quality label to increase added value. Moreover, beyond

[4] Renamed, in early 2015, as "Global Market Promotion Executive Committee".

the few hundred tons of organic rice that will be exported, the ability to supply organic rice contributes to the image of quality of Cambodian rice as a whole and can also serve as an entry point to enter new markets or draw the interest of new clients.

3.2. Stakes, Objectives and Elements of Action Plan for 2015

3.2.1. Development and registration of a collective brand for Cambodian Jasmine Rice

The development and registration of a collective brand for Cambodian premium Jasmine Rice is the main objective that is expected to be achieved by the end of year 2015. Cambodian Rice Federation is "in the driver seat" for this action, through its "Global Market Promotion Executive Committee", established in December 2014 (initially as "Branding Working Group").

It is anticipated that the collective brand will be used as a label / quality seal identified by a visual logo (to be developed). Regarding registration and protection of the mark (IP Rights), two options might be considered: Collective Trademark or Certification Mark, to be further explored. But even in the case of a Collective trademark, it is anticipated that the verification of compliance with the brand requirement will have to be performed according to agreed procedures and methods by a third party certification body.

SCCRP PMA will take part and contribute to the work of CRF's "Global Market Access Executive Committee". It is also proposed that SCCRP will mobilize and finance technical expertise to develop the procedures and methods for control of compliance of products and management system with the brand requirements. If necessary, SCCRP may also envisage the mobilization of legal expertise to undertake the registration of the brand (in particular for international procedures).

[Note that IFC project has indicated that it would take in charge the cost of marketing and communication designers to develop the visual (logo) of the brand as well as brand promotion material and promotion plan – see below].

3.2.2. Development of a Promotion plan for brand promotion

Once the brand is registered and a significant number of Cambodian exporters are getting ready to use it, an important effort of promotion will be needed to ensure its success. Development of a an action plan for the promotion of the brand shall be conducted during the year 2015, and hopefully shall start to be implemented in the end of the year, possibly starting with a brand launching event (maybe for TRT World Rice Conference 2015?).

Considering the limited budget resources of SCCRP project for this component and the strong efforts that will be required to promote the brand, the SCCRP project management team would not give a priority to contribute to generic event of promotion of Cambodian rice before the brand is established and a more coherent promotion can be ensured.

Once the brand is ready to be promoted, financial contribution to promotion action will be considered. Festival, international exhibition or trade event, gastronomic events or organization of visit of international buyers and media are part of the pool of activities that could be supported, but this will have to be further developed with CRF's "Global Market Promotion Executive Committee" and with marketing and communication consultants that the IFC project will commission.

3.2.3. Consolidation and extension of organic certification

As part of Component #3, it is expected to consolidate and, to some extent, to scale up the production, certification and export of organic paddy. As mentioned above, this also contributes to the differentiation of Cambodian rice and its positioning on niche market for increase added value.

3.2.4. Tentative timeframe for Component #2 in 2015

The table below summarizes a tentative work plan of the Component #2 for 2015.

Table 3: Tentative time schedule for Component #2 in 2015

	YEAR 2015											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Branding of Cambodian Rice												
CRF "GMPEC" / branding group active												
Brand name and specs defined by GMPEC												
Visuals (logo, etc…) developped (IFC support)												
Expertise for compliance control plans (SCCRP)												
Brand registration (tentatively)												
Control compliance of first users												
Brand launching event (?)												
Promotion activities												
Elaborate a consistent promotion plan												
Contribution to brand launching												
Organic certification (→ Component #3)												
Certification of rice (harvest 2014)												
Export organic rice produced in 2015 (AMRU)												
Consolidate ICS and extend organic production												
Inspection and certification of harvest 2015												

4. Component #3: Promotion of Contract Farming and Enhancement of the Involvement of Farmer Organizations in Paddy Collecting and Processing

4.1. Activities in 2014 and outcomes

4.1.1. Pilot activities / Contract Farming model

In 2014, a total of 17 Contract Farming agreements have been signed with the facilitation of the project, involving 4 rice millers or exporters and 16 Farmer Organizations. 13 Contracts were already implemented at the end of the year, while the remaining 4 were signed in late 2014 for implementation in Dry Season 2014-2015 (expected harvest in 2015).

In Annex 2, a table summarizes all contract farming agreements signed with the project facilitation in year 2014. While implementing the contracts, the project has commissioned some specific assistance to build capacities of FOs involved and get them ready to manage the collection, delivery and payments. Mr Hy Thy was specifically mobilized for this purpose, on a part time basis in the second half of the year.

More information is provided below on the different cases. For details one may refer to SCCRP Quarterly Executive Reports.

4.1.1.1. Contracts for conventional paddy with Loran and BRICo

Three contracts have been signed in May 2014 in Battambang province, by three Farmer Organizations, with BRICo (one contract) and Loran (2 contracts).

Table 4: Contracts signed with BRICo and Loran in 2014

Name of BUYER	Name of SELLER (FO)	Nb of Farmers	Surface	Variety	Volumes committed	Volumes delivered
BRICo	Pet Sat Doembey Akphiwat Kakseka	24	68 ha	*Sen Kraob*	170 t	63.5 t
Loran	Nikum Preah Sihanouk AC	19	35 ha	*Malis Sragnae*	87 t	17.5 t
Loran	FWUC Svay Ar (Canal No1)	8	35 ha	*Malis Sragnae* *Sen Kraob*	74 t	92.3 t

Contract with BRICo was including some technical support / training, actually provided by HARVEST project mobilized via BRICo.

Loran was first considering to supply quality seeds (*Sen Kraob* variety) to farmers, but has not been able to source quality seeds. Then seed supply was finally left to the farmers themselves, which resulted in some limitation in the quality of the paddy delivered to Loran at harvest time.

Overall, the paddy produced in these three contracts was not significantly different from what farmers were already able and used to do, and not different from what the millers can source from local middlemen, which questions in this case the necessity of going through a Contract Farming process.

Another issue faced was the lack of reference price: whereas it was agreed to use other local rice mills as the reference for market price, for the case of *Malis Sragnae* variety, reference mills were not buying it at the harvest time, which means that there was actually no more reference price available.

Finally, for two out of these three contracts, the volumes delivered have been much lower than the volumes contracted due to quality and price issues. Only the FWUC Svay Ar complied with its commitment. In these three cases, the interest of Contract Farming has been very limited, for both parties, since the paddy produced was very similar to what farmer can already produce without contract and to what millers can easily get from middlemen.

4.1.1.2. Contract for new varieties introduced by Golden Rice

Two contracts have been signed by Golden Rice in May 2014 for so-called *"Sen Kraob"*[5] varieties, but with seeds that Golden Rice told they were importing from Vietnam. The Farmer Organizations involved were Sromok Soksenchey Agricultural Cooperative in Takeo and the FWUC of Teuk Chhar in Kampong Cham. These contracts had the particularity to be made on a fixed price basis. Volumes committed were very small (see Table 5 below) because these contracts were really considered as a test for Golden Rice, and also because farmers were not used to the proposed variety and it was also a test for them before to consider scaling up.

These two contracts were successfully implemented, and the quantity of paddy delivered were in the range of (or over) the volumes committed. Farmers were generally satisfied, except for some delays (about two weeks) to proceed with the payment in the case of FWUC Teuk Chhar.

Table 5: Contracts signed with Golden Rice in 2014

Name of BUYER	Name of SELLER (FO)	Nb of Farmers	Surface	Variety	Volumes committed	Volumes delivered
Golden Rice	Sromok Soksenchey AC	12	9 ha	*"Sen Kraob" (imported seeds from Viet Nam)*	22 to 40 t	31 t
	FWUC Teuk Chhar	7	2.15 ha		5 t	8 t
	Akphiwat Kampong Prasat AC	8	13 ha	*Phka Champa*	40 to 50 t	*(Harvest scheduled in 2015)*
	Chey Chunas AC	18	53.7 ha	*Phka Kravanh*	120 to 245 t	
	Ampil Meanchey AC	13	9.1 ha	*Phka Kravanh*	27 to 45 t	
	Sromok Soksenchey AC	26	44.2 ha	*Phka Kravanh*	133 to 220 t	

Building on the first two contracts, four new contracts were signed by Golden Rice in the last quarter of 2014 with four FOs (including a second contract with Sromok Soksenchey AC) for the production of two varieties introduced by Golden Rice and that were designated by the company as *"Phka Champa"* and *"Phka Kravanh"*. Those are two long grain non-photoperiodic fragrant rice varieties, with a cycle duration of 115 to 120 days for *"Phka Champa"* and of 90 days for *"Phka Kravanh"*. In these cases, seeds were supplied as a loan (without interest) to the FO, and contracts were again based on a fixed price for fresh paddy at harvest (1,020 KHR/kg for *"Phka Champa"* and 1,000 KHR/kg for *"Phka Kravanh"*), which was seen as interesting

[5] We are not sure if the variety was the same as *Sen Kraob* found in Cambodia or if it was a different variety. Golden Rice has not been very explicit on that. Golden Rice has just confirmed by written to SNEC that all the seeds supplied in the contract farming facilitated by the project were all non-GMOs.

for farmers as they compare with the lower value of alternative varieties they can grow in dry season, for quite similar yields expected).

4.1.1.3. Support to Organic paddy production and certification and contracts for organic paddy production with AMRU

Further to the first phase of support to 5 cooperatives for organic paddy production in Preah Vihear, in 2013, which was successful in term of development of internal control system but not regarding the commercialization of the organic paddy, a second phase took place in 2014, with an extension to 3 new cooperatives, with COrAA as the main implementing partner.

The need to secure the selling of the paddy to a buyer who would value the organic quality was identified and the approach of direct selling in 2013 was changed to a contract farming approach in 2014. The cooperatives have entered in negotiation with several potential buyers (AMRU, BRICo, Mekong Oryza, OLAM…) and contracts were finally signed with AMRU for a total volume estimated between 1,800 and 2,300 tons (see Table 6 below) at the time of signature.

Table 6: Contracts signed with AMRU (for organic paddy) in 2014

Name of BUYER	Name of SELLER (all ACs)	Nb of Farmers	Surface	Variety	Volumes committed	Volumes delivered
AMRU	Livelihood Improvement	54	123 ha	*Pka Rumdul, Malis and Rumdeng*	130 to 150 t	57.5 t
	Krabao Prum Tep	94	142.40 ha		100 to 150 t	48.4 t
	Leuk Kampos Satrey	232	354.6 ha		350 to 450 t	503.1 t
	Samaki Rohas Meanchey	102	187.52 ha		100 to 150 t	104.9 t
	Torsou Senchey	98	241 ha		300 to 400 t	179.6 t
	Romtum Samaki Mean Chey	46	48.30 ha		70 to 100 t	126.8 t
	Romdoul Maluprey Cheay Den	90	156.07 ha		150 to 200 t	167.6 t
	Satrey Ratanak	190	519.43 ha		600 to 700 t	278.0 t

Despites volumes delivered were lower than the plan (1,465 tons instead of a commitment of not less than 1,800 tons), these cases of contract farming are seen as rather successful and very promising because they provide real benefits for both parties: farmers sold their paddy with a significant premium (in average +128 KHR/kg, i.e. more than +10% of the price they would have received from a local miller for the same quality sold as conventional paddy). AMRU expect to be able to get good price for the organic rice exported (exports of the milled organic rice are starting in February 2015).

Both parties have been flexible and have accepted some adjustments to the initial terms of the contracts in order to fix difficulties encountered: cooperatives have accepted some delay for payments in some cases (sometime 2 to 3 weeks after delivery)[6], and AMRU has accepted to define additional quality grades and to purchase paddy that was not compliant with the initial quality specifications (in particular regarding the rate of broken kernels, often relatively high).

[6] But the delays for payment explain a large part of the gap between volumes agreed in contracts and volumes actually delivered to AMRU.

There are still needs for improvements and consolidation, notably regarding the managerial capacities of the cooperatives, but the potential is good especially since the scale is already significant and would allow an evolution toward a higher level of professionalization of cooperatives (See part 4.2 in the following pages).

Ecocert was hired by AMRU to proceed to the certification against international organic standards (EU's and USA's ones), and certification was confirmed in January 2015, opening the way for AMRU to international organic rice market.

4.1.2. Pilot activities / grouped paddy selling model

The "Paddy Selling Group" model was tested at a small scale in 2013. It consist in farmers grouping themselves (via their organizations) to gather and market their production in larger quantities, targeting bigger buyers and trying to negotiate better prices. Implemented with groups of producers from 2 FWUCs in 2013, it was scaled-up to work with 8 FWUCs in 2014 (6 of which have already proceeded to harvest and selling and 2 which will sell together their dry season rice in early 2015).

The Irrigation Service Center (ISC) has facilitated this pilot action. In 2014, 5,114 tons of paddy were sold via these Paddy Selling Groups of six FWUCs from Kampong Thom, Bantheay Meanchey, Battambang and Pursat. Selling via Paddy Selling Group has generated slightly higher prices and benefits for members as shown in Table 7 below. In average, price obtained were 1.42% higher than price offered by local middlemen. A part of this added-value, varying between 6% and 28% depending on the groups, was channeled to remunerate the work of the PSG leaders.

Table 7: Volumes of paddy sold, value and estimated additional profit in 6 Paddy Selling Groups (*Angko*, *Beung Leas*, *Pralay Ekapheap*, *Ping Pong*, *Krouch Saeuch and Stung Chinit*) in 2014

FWUCs	Province	Volumes sold	Gross amount	Estimated additional profits*		Cost for PSG leaders	Net profit for PSG members
				(value)	(%)		
Angko	Kg Thom	284 t	57,385 USD	493 USD	+ 0.86 %	53 USD	440 USD
Beung Leas	Kg Thom	442 t	91,241 USD	920 USD	+ 1.01 %	55 USD	865 USD
Ping Pong	Battambang	2,555 t	642,462 USD	9,557 USD	+ 1.49 %	1,743 USD	7,814 USD
Pralay Ekapheap	Ban. Meanchey	733 t	194,746 USD	3,119 USD	+ 1.60 %	721 USD	2,398 USD
Krouch Saeuch	Pursat	715 t	212,609 USD	2,664 USD	+1.25 %	747 USD	1,917 USD
Stung Chinit	Kg Thom	385 t	107,810 USD	1,850 USD	+1.72 %	359 USD	1,492 USD
TOTAL		**5,114 t**	**1,306,253 USD**	**18,603 USD**	**+1.42 %**	**3,678 USD**	**14,926 USD**

* Estimated additional profits is the additional price obtained by selling collectively compared to individual selling. It is the difference between price offered by buyers (local collector or millers within the area) to individual farmer and the price offered to PSG members by the buyer(s) selected by Paddy Selling Group (for equivalent quality).

The FWUC of Stung Chinit has also worked on seed production in 2014 and has produced 20 t of seeds, to be used by Paddy Selling Group members in 2015 in order to improve the quality and try to get better prices.

4.1.3. Knowledge management and capacity building

4.1.3.1. Key lessons learnt from pilot Contract Farming[7]

From experiences conducted in 2014, it seems that, in the context of Cambodian rice value chain (characterized by a very high number and density of paddy producers and buyers in a very competitive environment), contract farming hardly bring significant benefits to both parties (buyers and seller), unless at least one of the three conditions are fulfilled:

- Paddy produced is not generic or conventional, but has a specificity that only few producers can guarantee and only few buyers will value. This is typically the case of organic paddy[8].
- The contract allows a very significant improvement in quality of the paddy produced, that farmers would not be able to achieve without the support provided by the contract (thanks to supply of seeds notably, and/or to technical advices or other inputs supplied…). Farmers can then get a better price than before that is justified by the improved quality... But the Contract Farming as a long term partnership is still very fragile because other buyers may also value the higher quality and may also offer a good price: the risk of side selling remains. Especially if the input initially provided by the contractor for farmers to achieve the "qualitative jump" might not be needed for ever. Access to seeds of a new inbred variety are needed for farmers to get the initial seeds, but they may then use saved seeds and might not need the contract with the buyer in the long term, especially if other buyers are likely to value the same paddy as the contractor does[9].
- Other side services embedded in the contract bring sufficient benefit to justify a sustained relation between the buyer and the producers (e.g. Contract Farming open access to very concessional loans, and the reduction of financial costs is sufficient to justify the effort of making contracts).

If the contract farming does not significantly contribute to improve the quality of paddy produced (i.e. the paddy produced by contracted farmers is similar to what the buyer could get from any other producer or middleman) and if the price is similar to market price[10], then there's no point in making contract. There are no significant advantages for contract farming if it is to produce and buy "paddy as usual" (unless the fact to sign a contract open access to side advantages / services, like credit access – concessional loans – for instance). Especially as transaction costs in the case of contract farming are possibly higher for farmers and for millers than just dealing with a middleman for a single on-the-spot transaction.

4.1.3.2. Contribution to studies on Contract Farming

In 2014, the project has contributed to several case studies of Contract Farming in Cambodia as follows:

[7] This paragraph was already shared in a concept note developed by the Project Management Advisor, entitled: "Proposed pilot action on improved paddy quality recognition and storage + bidding/auction system – Concept note for discussion", dated 26 February 2015.

[8] In the pilot action implemented in Preah Vihear, cooperative involved can produce organic paddy that can be certified as such because they have the internal control system in place. The buyer (AMRU) has a market for organic paddy, but cannot supply this market unless he sources his paddy from these very few cooperatives that have this system in place. It is thereof essential for AMRU to secure his source of supply. On the other hand, local middlemen have no specific market for organic paddy and will not pay a premium for the paddy produced by cooperative. It is thereof of paramount importance for the cooperatives (which invest money in the ICS system) to make sure that their paddy will be bought by a buyer offering a premium for organic. The drivers to sign a contract are very strong for both sides.

[9] Typically a lesson learnt from AKR experience. The case was successful as it helped farmers to access and adopt fragrant rice varieties for which the contractor was offering a much higher price than for previous varieties grown by farmers. But other potential buyers were also able to offer a high price for the new variety introduced, progressively increasing the risk of side selling as buyers get to know that the fragrant variety was now available in the area of the contract farming. Contracts for *Phka Kravanh* and *Phka Champa* proposed by Golden Rice are relatively successful and useful but could be exposed to similar difficulties in the future, especially if the varieties are inbred varieties.

[10] As it has been the case in the contract signed with Loran or BRICo in 2014, with other millers used as reference.

- Study implemented by Selvie Dani (student of Gembloux University in Belgium) and Oern Rathana (student from Prek Leap National Institute of Agriculture) on three selected case studies. DAI has been associated in this study which was also supported by ADG. A power point presentation was prepared, and Selvie Dani academic report was published in French language under the title *"Étude sur les Pratiques de l'Agriculture Contractuelle pour la Culture du Riz au Cambodge"*.
- Additional surveys were conducted by DAI counterpart officer with the project's senior capacity building consultant in July and August 2014, on other cases of CF in Battambang, Banteay Meanchey, Kampong Cham and Svay Rieng provinces (See Quarterly Executive Report #07, page 33).
- The SCCRP has contributed case studies for a paper published by the "C2A" (="Commission Agriculture et Alimentation", i.e. Agriculture and Food Commission) of *Coordination Sud* (a platform of International Development NGOs in France). The document was published in French in December 2014 under the title: *« A quelles conditions l'agriculture contractuelle peut-elle favoriser les agricultures paysannes du Sud »*[11].

4.1.3.3. Training / Capacity building

The SCCRP project has financed the participation of Mr Yi Bunhak (DAI) and Mr Ouk Saroeun (DAE) in the training on Contract Farming organized by GIZ in Thailand which took place from 2nd to 6th of March 2014.

A workshop was then organized in SNEC on 2nd of May 2014 to share lessons on contract farming, notably based on elements from the training in Bangkok. The workshop was attended by officers of DAI and DAE, and of 4 PDAs (Battambang, Takeo, Kampong Cham and Kampong Thom), as well as members of project team and few other participants from other organizations.

On May 21, 2014, 4 members of the project team (Mr. Jean-Marie Brun, Mr. Yi Bunhak, Mr. Tith Samon and Mr. Sok Sarang) participated in the workshop on contract farming organized under the ACMECS at the Ministry of Commerce.

From 16 to 22 June 2014, Mr Phat Sophany (AVSF-CIRD-ADG team) took part in the Regional Workshop and Structured Learning Visit on Successful Contract Farming models organized in Thailand by the Mekong Institute.

4.1.4. Policies and regulations

4.1.4.1. Unidroit and FAO international consultation on Contract Farming regulations

The SCCRP project took in charge the participation of Mr Sok Sarang and Mr Gaylord Robin (AVSF-CIRD-ADG team for Component #3) and of Mr Phum Ra (Deputy Director of the Agriculture Legislation Department of MAFF) in a regional conference on legal issues in contract farming. The Conference was organized by the International Institute for the Unification of Private Law (Unidroit) and the United Nation Food and Agriculture organization (FAO), in Bangkok, on 26 September 2014. Mr Yi Bunhak, counterpart from DAI, was also participating in this conference (but his participation was taken in charge by the conference organizers). The workshop focused on the legal aspects of the parties' agreement based on contract farming national legislations (See more details in Quarterly Executive Report #07, pages 33-34).

[11] The title could be translated as "At which conditions contract farming can benefit small-holder farmers in developing countries" (unofficial translation). The French version of the report can be downloaded via the following website: http://www.coordinationsud.org/wp-content/uploads/Rapport-agriculture-contractuelle.pdf This report is expected to be published in English, Spanish and Portuguese versions in the coming months.

4.1.4.2. Development and endorsement of an approach to work on additional regulations, policies and guidelines for Contract Farming in Cambodia

A proposed approach to further work on the development of additional regulations, policies and guidelines on Contract Farming in Cambodia has been developed and endorsed by the Project Steering Committee meeting in August 2014. The preparation of the creation of a Taskforce gathering relevant public institutions on the subject together with delegates of the private sector continued until the end of the year. It is expected that this taskforce will become fully operational in early 2015.

4.2. Stakes, Objectives and Elements of Action Plan for 2015

4.2.1. Pilot actions on Contract Farming

The project team will continue to support pilot actions of Contract Farming in 2015. Nevertheless, the experiences implemented in 2014 tend to demonstrate that, in the context of rice sector in Cambodia, Contract Farming is relevant only when the paddy produced and supplied to millers/exporters is significantly different from what millers/exporters can source from existing supplies such as middlemen. (See § 4.1.3.1. page 18).

4.2.1.1. Consolidation of organic paddy supply chain by Contract Farming

The contract farming for organic paddy supply, quite successfully implemented in 2014 by 8 cooperatives and AMRU, deserve some further attention and investment in order to scale-up and consolidate a sustainable organic paddy supply chain. This will be one of the field activities continued in 2015.

As stated in § 4.1.1.3. pages 16-17, there are still needs for improvements and consolidation, notably regarding the managerial capacities of the cooperatives.

In early 2015, a review of the implementation in 2014 will be done with AMRU and the cooperatives. It is acknowledge by the project team that some tasks that need to be implemented on a permanent basis to sustain the supply of organic paddy were done and/or financed by the project in 2014. The main guiding orientation for the consolidation phase will be to accompany a transition toward a more autonomous and economically viable system, starting in 2015, and hopefully to be completed in 2016.

The different cooperatives involved may have to consider the sharing of resources, even possibly by creating a formal Union of Cooperatives, to allow scale economy. Some criteria required to maintain the organic certification are also still challenging and will have to be addressed.

A much more developed concept note[12] on the approach for consolidation of the achievement of this organic paddy supply chain in Preah Vihear has been developed by the Project Management Advisor. One may refer to this note for more details. Details of implementation modalities still have to be discussed in March / April 2015.

4.2.1.2. Contract Farming with Golden Rice

Contracts recently signed by Golden Rice and Farmer Organizations for the production of *Phka Kravanh* and *Phka Champa* will be monitored until the harvest, delivery of paddy and payments. But further support to new contracts for these varieties will be suspended[13] because MAFF has raised questions regarding the

[12] Scaling up, consolidating and building sustainability of organic rice value chain in Preah Vihear – Concept note for discussion – J.-M. Brun, SCCRP, 24 February 2015.

[13] Until MAFF further notice.

legality of the use of varieties proposed by Golden Rice (unknown / not registered) and the respects of legal procedures regarding the import of seeds.

Facilitation of contracts with Golden Rice may still be considered, but, for the time being, only for varieties registered by MAFF, which may limit the interest for the millers and farmers for the reasons already developed in § 4.1.3.1. In parallel, the project team will contribute to ease the process with MAFF and Golden Rice to clarify the nature of MAFF concerns and try to find a solution.

4.2.1.3. Follow up with Loran and BRICo?

Loran and BRICo have not yet confirmed their interest to continue the development of Contract Farming with Farmer Organizations in 2015, after the relative failure of contracts implemented in 2014. BRICo said they may consider a test for *Phka Rumduol* variety but this still has to be confirmed.

4.2.1.4. Explore other interested partners to implement more pilots

Project team and counterparts will continue to search for interested partners (suppliers – FOs – and buyers – rice mills and/or exporters) interested to develop Contract Farming agreements. The expected creation of the "Farming and Milling Productivity Executive Committee" of CRF could also offer a space for discussion on possible innovative actions to implement and of identification of economic stakeholders interested to implement pilot actions.

4.2.2. Consolidation and scaling up of Paddy Selling Group model

The model of Paddy Selling Group under FWUC will be consolidated and extended to new FWUCs, with facilitation by the Irrigation Service Center.

It could be considered to involve up to 18 FWUCs and more than 2,000 farmers, with an objective of more than 10,000 tons of paddy marketed via these groups.

The period of activity of the different groups will depend on the type of paddy they grow, which can include:

- Early Wet Season rice (harvest time: July/August)
- Wet Season rice (harvest time: mid-October to end November)
- Receeding rice (harvest time: October to December)
- Dry Season rice (harvest time February to April)

A particular attention will be paid to the coverage of operational costs of the Paddy Selling Group in order to sustain their activities over the project duration.

Paddy Selling Group model is also foreseen to be developed with cooperatives or unions of cooperatives, notably in link with the activities of FAEC and FCFD.

4.2.3. Development of other innovative models and linkage with Credit to FOs

The project team shall work on the development of new innovative models in 2015, in interaction with economic stakeholders, notably with the "Farming and Milling Productivity Executive Committee" of CRF as soon as it is established[14]. Linkages with financial services (and in particular with RDB) shall be explored and tested, as developed in the § 5.2.3. page 27.

A concept note was developed by the Project Management Advisor[15] on the possibility for FOs to centralize their paddy in large and accessible drying and storage facilities (possibly using existing ones such as *Thaneakea Srov (Kampuchea) Plc.*, as an example, or with other equivalent structures) in order to make the paddy easy to access but also to make possible a third-party assessment (/ certification) of the quality of each batch (technical specifications). The provision of such reliable information that would be trusted by potential buyers, is a condition to develop a bidding or auction system, possibly via an electronic platform (or simply a mailing list at a pilot stage), putting in competition a larger number of buyers, aiming at optimizing price caught by FOs. The idea would have to be explored more in detail and discussed with economic stakeholders to verify their interest. At the moment transactions would be negotiated, the paddy would already be located in safe and proper warehouses facility. This would provide the opportunity to develop a side financial service to allow deferred payment and delivery. Such a service would contribute to address the issue of millers/exporters working capital which is a major bottleneck in the Cambodian rice value chain.

4.2.4. Knowledge management, Experience sharing, Capacity building

4.2.4.1. Critical review of pilot actions 2014

In the 1st quarter of 2015, consultant team of Component #3, together with counterpart officers from MAFF, will undertake field review of pilot contract farming implemented in 2014 in order to assess results and draw lessons for future cases and for policy development.

4.2.4.2. Exchange with CRF "Farming and Milling Productivity Executive Committee"

The Cambodian Rice Federation is expected to set up a "Farming and Milling Productivity Executive Committee" which will work on issues related to paddy production and paddy supply (the Project Management Advisor keeps urging the Federation to move faster on the creation of this committee that is expected since already few months).

Some members of SCCRP will take part in meetings of CRF's "Farming and Milling Productivity Executive Committee" (in which millers and FO representatives shall notably seat together) and it is foreseen that this committee will be a relevant space for dialog, analysis of past experience and identification of new modalities for partnership.

4.2.4.3. Capitalization and experience sharing workshop on Contract Farming

The project intends to organize a broader workshop to share experiences from Contract Farming and from other pilot models implemented by the project, or by other operators. Tentatively such a workshop could be organized in May 2015.

4.2.4.4. Training of facilitators (PDAs and other potential service providers)

Once guidelines for the facilitation of negotiation of contract farming (and possibly also for mediation / arbitration of conflicts) will have been developed (see § 4.2.5. next page), the project will be able to organize

[14] Repeated delays for its formation are a real concern for the progress of project implementation, because the project team considers that this committee will be the right place to further elaborate or validate innovative partnership models.

[15] Proposed pilot action on improved paddy quality recognition and storage + bidding/auction system – Concept note for discussion – J.-M. Brun, SCCRP, 26 February 2015.

formal training of key institutions which will (or may) have to play such facilitation role. This will notably include PDAs, but also possibly other organizations which can also facilitate CF negotiation (for instance FO Federations, CRF, or other supporting organizations…)[16].

4.2.4.5. Other training opportunities

The project will consider financing the participation of Cambodian stakeholders in training organized by other institution, on Contract Farming or on other relevant subjects.

It is notably considered to support the participation of officers from CRF, FAEC, FCFD and ISC to a training organized by GIZ on Contract Farming. But the training, initially scheduled in March 2015, has been postponed *sine die* and it is not yet sure it if it will be rescheduled or cancelled.

4.2.5. Policy, regulations, guidelines on Contract Farming

The principle of a taskforce to work on the development of additional regulations, policies and guidelines for contract farming to complete (or if necessary reform) the Sub-Decree 36, has been agreed. Relevant Departments of MAFF have already confirmed their participation, as well as SNEC, part of project's consultant, and the Association Henri Capitant in Cambodia which can provide legal expertise. The Ministry of Justice has also recently appointed a representative to take part in this taskforce. But the project is still waiting for MoC to appoint a representative and for designation of delegates from the private sector (via the Cambodian Rice Federation).

It is expected that the Taskforce will become fully operational in the second quarter of 2015. A detailed work of the Taskforce will have to be discussed and validated in its next meeting.

[16] Note that there is still a difference of interpretation of the Sub-Decree 36 on this matter between the Department of Agro Industry of MAFF and the project management team: DAI counterpart officer considering that only contracts facilitated by DAI are likely to be endorsed / registered by DAI and to be considered as in the scope of the Sub-Decree 36, whereas consultants involved in the project have a more open interpretation of the Sub-decree. The work of the Task-Force on Contract Farming should contribute to clarify this point.

4.2.6. Tentative timeframe for Component #3 in 2015

The table below summarizes a tentative work plan of the Component #3 for 2015.

Table 8: Tentative time schedule for Component #3 in 2015

	YEAR 2015											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Pilot Actions												
FWUCs Paddy Selling Groups												
Finalize implementation of on-going pilots	X	X										
Draw lessons and prepare follow-up			X	X								
Develop action plan with FWUCs for Y-2014				X	X							
Implementation of new phase (scaling-up and consolidation)					X	X	X	X	X	X	X	X
Organic Cooperatives												
Elaborate consolidated model for ACs			X	X	X							
Strengthen ACs (/Union) HR capacities					X	X	X	X	X	X	X	
Up-grade and renew contracts with buyers						X	X					
Consolidate ACs internal control capacities					X	X	X					
Address financial needs for FOs and buyer						X	X	X	X	X	X	X
Harvest and selling										X	X	
International certification										X	X	X
Other Contract Farming FO / millers												
Follow-up implementation of on-going CF	X	X	X	X								
Elaborate + discuss new models with new partners		X	X	X	X	X						
Implementation of new pilots						X	X	X	X	X	X	X
Knowledge management, policy and regulations												
Draw lessons from pilot actions												
Assessment of pilots 2014	X	X	X									
Share experience / capitalization												
Share experience within CRF committee				X	X	X	X	X	X	X	X	X
Capitalization Workshop on CF					X							
Training												
Finance external trainings (depend on opportunities)				X	X	X	X	X	X	X	X	X
Organize training of PDAs and other stakeholders										X	X	X
Policies, regulations, guidelines												
Development of guidelines for CF facilitaion				X	X	X	X	X	X			
Reflection on policy / support measures					X	X	X	X	X	X	X	X
Development of additional regulations									X	X	X	X

5. Component #4: Up-Grading the Rural Development Bank

5.1. Activities in 2014 and outcomes

5.1.1. Finalization of KPMG and DFDL missions

5.1.1.1. KPMG Banking assistance mission

KPMG Banking assistance mission (which started in mid-2013) was finalized and closed in June 2014 with the delivery of KPMG final mission report on June 20, 2014. KPMG mission report was accepted by RDB (being directly in charge of the management of this consultant contract[17]) and final payment to KPMG has been made by AFD in July 2014.

5.1.1.2. DFDL Legal assistance mission

On July 23, 2014, DFDL has sent to RDB and AFD a marked-up revised version of RDB's Articles of Incorporation to reflect a possible conversion into a Commercial Bank (as it was expected in the ToR of DFDL mission)[18]. Acceptance of the report by RDB and payment of DFDL invoice was done in October 2014.

5.1.2. Implementation of reforms by Rural Development Bank

Whereas technical assistance from KPMG was still on-going and providing inputs, an important meeting took place at the Ministry of Economy and Finance on 27 March 2014 on the subject of RDB reform. Chaired by H.E. Vongsey Vissoth, the meeting gave a strong impulsion to this reform process and was followed by a number of concrete and very significant measures, notably:

- Revision of the Sub-Decree on the establishment of the Rural Development Bank, endorsed by the Royal Government of Cambodia in June;
- Appointment of a new Board of Directors of RDB by Sub-Decree dated 07 August 2014 (the new Board is chaired by H.E. Ros Seilava);
- Appointment of a new Chief Executive Officer: H.E. Kao Thach;
- A new organization chart was approved in September;
- A number of new officers have been externally recruited by RDB;
- New Departments were established (Risk Management Department, Legal Affairs Department…);
- Various committees have been set up (composition defined and guideline for operation approved);
- Restructuration of the Credit Department was undertaken.
- Risk management policy was drafted.
- MEF has proceeded to an increase of RDB capital by approximately + $26 million.

In term of policy, the first meeting of the new Board, on 1st September 2014, has confirmed the mission of the Rural Development Bank as an instrument to contribute to the implementation of policy objectives and its role of pioneer to ease the development of new sector and stakeholders. The need to consolidate its governance and build a credible State-owned enterprise was also enhanced.

[17] Cf. SNEC letter to RDB dated 1st February 2013.

[18] According to the ToR of DFDL mission, even if the conversion of RDB from a Specialized Bank to a Commercial Bank was not necessarily seen as a priority option anymore.

5.1.3. Explore scenarios for Credit Mechanisms to Farmer Organizations

The project has advocated for the improvement of accessibility and affordability of credit to Farmer Organization, in order to contribute to achieve the strategic objective of the agricultural development policy of more professional Farmer Organizations playing a commercial role in value chain in order to consolidate thereof the bargaining power of farmers. During this year, the idea of RDB playing a pioneer role in this field has progressively matured and was integrated as part of the policy orientation of RDB, which is an important outcome. Yet the technicalities still have to be addressed.

A mission of Horus Development Finance has explored 3 possible scenarios for a credit mechanism dedicated to Farmer Organizations, which could associate FO Federations to value the knowledge and information they have on their members in order to pre-screen potential clients in order to reduce assessment costs.

- **Scenario 1:** Credit is provided to Farmer Organizations by a partner Financial Institution (typically an MFI or a bank implanted in rural areas). RDB is providing refinancing to the partner Financial Institution (possibly using the ASDF).

- **Scenario 2:** Rural Development Bank directly provides the loans to FOs (possibly using the ASDF). Guarantee Fund is hosted in another bank.

- **Scenario 3:** Credit is provided to Farmer Organizations by a partner Financial Institution (as in Scenario 1) but this FI is directly refinanced by MEF (possibly by a direct allocation of a part of the ASDF) and not via RDB.

All scenarios also include the development of a guarantee mechanism in order to allow a reduction of the value of physical collaterals to be pledged by FOs.

Further to Horus mission, there has been some delay in the decision making process regarding the model of credit scheme to be developed for FOs. It also requires time for the new management of RDB (who arrived after Horus mission) to get familiar with the proposal and incorporate its own views and ideas. Additional discussions are foreseen to take place in the first Quarter of 2015 to decide about a possible model(s) to be further explored and tested. The second phase of Horus mission on Credit mechanism to FOs will then be mobilized, if revised ToR are agreed with the consultant.

5.1.4. Preparation of an additional phase of Technical Assistance to RDB

In the end of 2014, Terms of Reference have been developed for the provision of additional Technical Assistance to RDB in order to provide support to further implementation of the reforms of the Bank. The support required will mainly consist in the provision of a full-time Technical Assistant to be hosted within RDB and provide day-to-day service. Limited additional short term inputs are also foreseen, within the same contract, notably to implement an assessment of the Agriculture Support Development Fund and to provide other specific services (complementary to the profile of the full time TA).

Call for Expression of Interest was launched in the end of 2014, but the procurement process is still on-going.

5.2. Stakes, Objectives and Elements of Action Plan for 2015

5.2.1. Pursue the process of reforms implementation in RDB

Year 2014 has been a turning point in the process of up-grading the Rural Development Bank. As stated above, a strong politic backstopping of the process has been re-affirmed by the Ministry of Economy and

Finance, and very important decisions were made and implemented regarding the renewal of RDB management, reform of the organization chart, the recruitment of dynamic new officers, and the increase of RDB capital.

From 2015, additional Technical Assistance will be mobilized in order to:

- Support the bank in designing a detailed strategy and a roadmap for implementation of additional reforms: the technical assistance will help RDB to fine-tune its missions and objectives, define concrete strategies to achieve these, identify additional managerial and operational reforms and contribute to develop / edit RDB business plan.
- Support RDB in monitoring implementation of the reforms and in managing change, and optimize allocation of resources and efforts.
- Provide technical and practical advice and training / capacity building or RDB team.

5.2.2. Evaluation of the Agriculture Support and Development Fund

The project will support an evaluation of the Agricultural Support and Development Fund (ASDF), covering the following aspects:

- Assessment of the relevance of the ASDF's current scope;
- Assessment of the consistency between objectives and the actual clients and purpose of the loans granted;
- Assessment of ASDF's performance (quantitative achievements compared to targets in number and volume terms, qualitative assessment of the impact on beneficiaries, quality of the portfolio, cost/benefit analysis);
- Review of the targeted clients and financial products offered by ASDF;
- Review of the ASDF's implementation arrangement;
- Provision of recommendations and proposed next steps regarding the reorganization and reorientation of the Fund include revised objectives, scope, targets, products and implementation arrangement.

5.2.3. Bridge Component #4 with Component #3: elaborate rice value-chain embedded credit mechanisms and ease FOs' access to credit

While developing financial tools to Farmer Organizations seems now clearly integrated in RDB orientations, the modalities still have to be developed. Scenarios of Horus missions are still considered, but RDB new management have expressed a preference for loans that would be embedded within the value chain, for instance direct payment of input suppliers as a pre-financing of FO purchase of fertilizers, to be reimbursed by the FO after harvest.

Development of financial schemes associated with Contract Farming agreement is also a perspective that will be explored in 2015: needs clearly appeared in 2014, for instance in the case of contract between AMRU and cooperatives in Preah Vihear, and the development of associated financial services is also seen as a possible way to encourage the development of contract farming agreement with Farmer Organizations. But considering the difficulties to enforce Contract Farming and the limited drivers for millers and FOs to sign contracts if it's not for a significantly different product than the generic paddy available, it will be wise to also explore other models.

Warehouse receipt is also considered as something to develop but there are still difficult challenges to address regarding the management of warehouse (collateral management services not yet developed, issue of scale to ensure the financial viability, etc.).

5.2.4. TENTATIVE TIMEFRAME FOR COMPONENT #4 IN 2015

The table below summarizes a tentative work plan of the Component #4 for 2015.

Table 9: Tentative time schedule for Component #4 in 2015

	YEAR 2015											
	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												
Procurement of Technical Assistance												
Full time TA to RDB - Phase 1 (1)												
Full time TA to RDB - Phase 2 (2)												
Evaluation of the ASDF												
Evaluation of the ASDF												
Credit Mechanism to Fos / Value-chain finacing												
Meeting RDB and FO Federations												
Review FO Federation scoring method												
Explore and design credit scheme associated to CF												
Test implementation of credit scheme associated with CF												
Develop pilot for other innovative mechanisms												
HORUS mission - Phase 2												
First test of other innovative credit mechanism												

(1) Strategy, Business Plan and Roadmap; Strengthen credit process, HR management strategy, Preparation of compliance policy and guidelines, design of innovative financing schemes.

(2) Monitoring of further reform implementation, implementation of innovative financing schemes, risk management framework implementation, HR strategy implementation…

ANNEXES

ANNEX 1: LIST OF FOS AND MILLERS / EXPORTERS INVOLVED IN C#3 ACTIVITIES IN 2014

Table Annex 1-1: List of 69 Agriculture Cooperatives involved with project activities in 2014

	Farmer Organizations	Provinces	Booklet of FAEC and FCFD	Share experiences on commercialization	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Collective selling	Paddy sample quality testing	Training on paddy quality testing
1	Charp kab meanchey	Battambang	✓	✓						✓
2	Kasekor Aphiwat Sangkhum	Battambang			✓					
3	Kdey Sangkhim Kasekor Khmer	Battambang			✓	✓				
4	Meanchey Ampil Pram Doeurm	Battambang			✓					
5	Morordak bangsay treang	Battambang	✓	✓						✓
6	Nikum Preah Sihanouk	Battambang	✓	✓	✓	✓	✓			✓
7	Ponleu Thmey Kdey Sangkhim Kasekor*	Battambang	✓	✓	✓					✓
8	Punlork thmei trang	Battambang	✓	✓						✓
9	Raksmey Dambok Kpous Mean Chey*	Battambang	✓	✓	✓					✓
10	Reaksmey Dambok Kpous Mean Chey	Battambang	✓	✓	✓					✓
11	Chamros Phum Traingkong	Kampong Speu		✓						
12	Phum Kasekr Rikchamroeun	Kampong Speu	✓	✓					✓	✓
13	Rung Roeung Phum Kandorl	Kampong Speu	✓	✓						✓
14	Chhuk Organic	Kampot			✓					
15	Srer Cheng	Kampot			✓					
16	Ponleu Reaksmey Krognangveal	Kandal			✓					
17	Rikchomroeun Khum Chhvang	Kandal			✓					
18	Samaki Phsadek	Kandal			✓					
19	Tomnob Kanlengromeas	Kandal			✓					
20	Kampong Prasat	Kandal			✓	✓	✓			
21	Kumtit Tmey Krangyov	Kandal			✓					
22	Rik Chamraen	Kandal			✓					
23	S'ang Phnom Rikchamraen	Kandal			✓					
24	Samaki Preshput	Kandal			✓					
25	Tbong Kdeyrungreourng	Kandal			✓					
26	Chey Chumnas	Kg Chhnang				✓	✓			
27	Krap Pouch Meas	Kg Some			✓				✓	
28	Kasekor Rik Chamroeurn*	Kg Speu			✓				✓	
29	Thnort Kampong Speu*	Kg Speu			✓					
30	Domreyslap Meanponleu	Kg Thom			✓					
31	Khum Trapeang Russei	Kg Thom	✓	✓	✓					
32	Mitapheap Prah Sre	Kg Thom	✓	✓	✓				✓	
33	Oukonthor Meanchy	Kg Thom			✓					
34	Phaletkam Chhoukksach	Kg Thom			✓					
35	Raksmey Stung Sen	Kg Thom			✓					

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	Farmer Organizations	**Provinces**	**Booklet of FAEC and FCFD**	**Share experiences on commercialization**	**Took part in business matching workshop**	**Involved in contract negotiation**	**Signed contract**	**Collective selling**	**Paddy sample quality testing**	**Training on paddy quality testing**
36	Sankor Meanchey	Kg Thom			✓					
37	Santokkrao Thkomthkoeung	Kg Thom			✓					
38	Taram Chamrenphal*	Kg Thom			✓					
39	Tbongkropeu Stungsen	Kg Thom			✓					
40	Trapang Russey*	Kg Thom			✓					
41	Ke Lum Or Chivapheap Ros Nov	Preah Vihear			✓	✓	✓			
42	Krabao Prum Tep	Preah Vihear			✓	✓	✓			
43	Leukkompos Satrey	Preah Vihear			✓	✓	✓		✓	
44	Malou Prey Cheay Den	Preah Vihear			✓	✓	✓			
45	Romtom Samaki Meanchey	Preah Vihear			✓	✓	✓			
46	Samaki Rohas Mean Chey	Preah Vihear			✓	✓	✓		✓	
47	Sattrey Ratanak	Preah Vihear			✓	✓	✓			
48	Tosu Senchey	Preah Vihear			✓	✓	✓			
49	Baphnom Meanchey*	Prey Veng		✓						
50	Kampong Soeung	Prey Veng	✓	✓						
51	Dom Nak Serie*	Prey Veng			✓					
52	Ponleusamaki Meanchey Phum Prech	Prey Veng	✓							
53	Sahapheap Sahakum Kasekam Phum Prey Pdao	Prey Veng	✓	✓						
54	Sahapheap Sahakum Kasekam Phum Yoeung	Prey Veng	✓	✓						
55	Phallet Phouch Srov Daun Teav	Svay Rieng		✓						
56	Sang Hak Kak Sekor*	Svay Rieng			✓					
57	Singhak Kasekor	Svay Rieng		✓						
58	Srov Smach Kampong Ror	Svay Rieng	✓	✓						
59	Ampil Meanchey	Takeo	✓	✓		✓	✓			✓
60	Kraing Banteay	Takeo	✓	✓	✓			✓	✓	✓
61	Oudom Soriya	Takeo	✓	✓						✓
62	Oudong Sorya*	Takeo			✓	✓	✓	✓	✓	
63	Rik Chamroeurn Phum Por Prah Sang	Takeo			✓				✓	
64	Ta Ey Rung Roeung	Takeo	✓	✓	✓					✓
65	Tipat Ponlork Thmey	Takeo	✓	✓	✓				✓	✓
66	Tonle Mean Chey	Takeo	✓	✓						
67	Trapaing Kranhung	Takeo	✓	✓	✓			✓	✓	✓
68	Trapaing Sra Nge	Takeo	✓	✓	✓				✓	✓
69	Sromok Soksenchey	Takeo	✓	✓		✓	✓			✓

Table Annex 1-2: List of 11 Farmer Water User Communities involved with project activities in 2014

	Farmer Organizations	Provinces	Booklet of FAEC and FCFD	Share experiences on commercialization	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Collective selling	Paddy sample quality testing	Training on paddy quality testing
1	Por Pidem	Banteay Meanchey			✓					
2	FWUC Kamping Puoy	Battambang			✓					
3	FWUC Ping Pong	Battambang			✓					
4	FWUC Soeu	Battambang			✓					
5	FWUC Svay Ar (canal N0 1)	Battambang			✓	✓	✓			
6	FWUC Prey Nub (Polders: 1,2,4 & 6)	Kg Som			✓					
7	Beung Leas	Kg Thom			✓					
8	FWUC Stung Chinit	Kg Thom			✓			✓		
9	FWUC Teuk Chhar	Kg Thom			✓	✓	✓	✓		
10	Tang Krasang	Kg Thom			✓					
11	Tnot Chum	Kg Thom			✓					

Table Annex 1-3: List of 28 other Farmer Organizations involved with project activities in 2014

	Farmer Organizations	Provinces	Booklet of FAEC and FCFD	Share experiences on commercialization	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Collective selling	Paddy sample quality testing	Training on paddy quality testing
1	Aphiwat Kasekor Khmer	Battambang			✓					
2	Char Mean Chey	Battambang			✓	✓				
3	Kanthoeu 1 Pheak Kdey Raksmey Chulsa	Battambang			✓					
4	Kanthoeu 2 Samaki Banan Mean Chey	Battambang			✓					
5	Kanthoeu 9 Pheak Kdey Raksmey Chulsa	Battambang			✓					
6	Petsat Doeumbey Aphiwat Kasekor Phum Rung Chrey Association	Battambang			✓	✓	✓			
7	Ponlork Thmey Kdey Sangkhim Otaki Association	Battambang			✓				✓	
8	Khemara Mohaphal (Rice Bank Association)	Prey Veng			✓				✓	
9	Samakum Phum Roluos	Prey Veng	✓	✓						
10	Samakum Thoneakea Srov Chanra Raksa Tun (Rice Bank Association)	Prey Veng	✓	✓						
11	Boeung Por Mohasamaki	Prey Veng	✓						✓	
12	Khemara Mohaphal Srolong Sroley Khang Choeung (Rice Bank Association)	Prey Veng	✓						✓	
13	Oudomreaksmey Srolong Sroley Khang Tbaung (Rice Bank Association)	Prey Veng	✓						✓	
14	Pong Ro Aphiwat Thmey (Rice Bank Association)	Prey Veng							✓	
15	Samakum Sereymongkul (Rice Bank Association)	Prey Veng		✓					✓	
16	Samakum Thoneakear Srov (Rice Bank Association)	Prey Veng							✓	
17	Shakum Kasekam Phum Kantrean (Rice Bank Association)	Prey Veng	✓							
18	Tamenh Chengchang (Rice Bank Association)	Prey Veng	✓						✓	
19	Samakum Aphiwatsethakech Krousa Phum Kdev	Svay Rieng		✓						
20	Ang Trav Khang Lech Rice Bank Association	Takeo	✓	✓	✓				✓	✓
21	Chey Mean Rith Tasmorn Rice Bank Association	Takeo	✓	✓	✓			✓		✓
22	Kpob Svay Rice Bank Association	Takeo	✓	✓	✓				✓	✓
23	Prey Kdouch Rice Bank Association	Takeo	✓	✓	✓				✓	✓
24	Samakum Aphiwat Ring Chamroeun Phum Taphiek (Rice Bank Association)	Takeo	✓	✓						
25	Samakum Samaki Rung Roeung Phum Tralach (Rice Bank Association)	Takeo	✓	✓						✓
26	Samakumksekor Choeun Loeun Chheus (Rice Bank Association)	Takeo	✓	✓						
27	Trapeang Kranh Khmao Mean Rith Rice Bank Association	Takeo	✓	✓	✓				✓	✓
28	Trotrung Kasekor Rikchamroeun Phum Tropaing Rokar (Rice Bank Association)	Takeo	✓	✓						✓

Table Annex 1-4: List of 19 Rice mills / Exporters involved with project activities in 2014

	Millers/Exporters (19)	**Province**	**Took part in business matching workshop**	**Involved in contract negotiation**	**Signed contract**	**Bought paddy from FOs**	**Bought rice seed from FOs**
1	Battambang Rice Mill Association	Battambang	✓				
2	BRICO	Battambang		✓	✓		
3	KIM Se Rice Mill	Battambang	✓				
4	Loran Group Plc.	Battambang	✓	✓	✓		
5	Phou Poy Rice Mill Co., Ltd.	Battambang	✓				
6	Sea Heng RICE Mill*	Battambang	✓				
7	Lay Sae Rice Mill*	Battambang	✓			✓	
8	Hak Se Rice Mill	Kg Cham				✓	
9	You Khieng Rice Mill	Kg Cham				✓	
10	Krou Vuth Rice Mill	Kg Thom				✓	
11	Srey Naren Rice Mill	Kg Thom	✓				
12	Oeung Torn Rice Mill	Kg Thom	✓				
13	Heng Sreypov Rice Mill	Kg Thom	✓				
14	BVB Rice Mill	Kg Thom	✓				
15	Sek Meas rice mill*	Kg.Cham		✓			
16	AMRU Rice (Cambodia) Co., Ltd.	Phnom Penh	✓			✓	
17	Golden Daun Keo Rice Mill Co., Ltd	Takeo	✓			✓	
18	Sok Keo rice mill*	Takeo	✓				
19	Golden rice			✓	✓		

* *Rice mills have meeting with project team to explore the contract farming with FOs.*

ANNEX 2: SUMMARY TABLE OF CONTRACT FARMING SIGNED IN 2014

Date signed	Province	Name of BUYER (miller /exporter)	Name of SELLER (FO)	Number of Farmers	Surface	Expected period of harvest	Variety	Quantities (volume) committed	Price mechanism	Buyer support / inputs	Results and Comments
2014/05/13	Battambang	BRICo rice mill	Pet Sat Doembey Akphiwat Kakseka	24	68 ha	mid-August to end September, 2014	Sen Kraob	170 tons	Highest price in the previous two weeks in 3 reference mills.	Short term cash-flow advance at harvest. Technical training (via Harvest project). + 0.5 USD/t at end of contract.	63.5 t sold to BRICo (1st, 2nd and 3rd quality) Price from 1,203 to 1,260 KHR/kg. The remaining volume was 3rd quality and was sold to local traders at 1,184 KHR/kg.
2014/05/14	Battambang	Loran rice mill	Nikum Preah Sihanouk AC	19	35 ha	mid-August to end September, 2014	Malis Sragnae	87 tons	Market price (reference based on 4 mills on the day of selling the paddy).	Seed credit (no interest). Technical training (via Harvest project).	17.5 t sold to Loran including 2nd and 3rd quality. Price from 756 to 920 KHR/kg. 33.7 t sold by members to local traders due to farm gate price was 806 KHR/kg
2014/05/14	Battambang	Loran rice mill	FWUC Svay Ar (Canal No1)	8	35 ha	mid-August to end September, 2014	Malis Sragnae + Sen Kraob	36 t Malis Sragnae + 38 t Sen Kraob	Market price (reference based on 5 mills on the day of selling the paddy.	Seed credit (no interest). Technical training (via Harvest project).	92.3 t sold to Loran including 49.1 t of Sen Kraob and 43.1 t of Malis Sragne. Price 1,222 to 1,234 KHR/kg for Sen Kraob and 857 to 945 KHR/kg for Malis Sragne. Both varieties classified as 2nd quality.
2014/05/20	Takeo	Golden Rice	Sromok Soksenchey AC	12	9 ha	September to mid-October, 2014	Sen Kraob (imported seeds from Viet Nam)	22 to 40 tons	Fixed price: 1,020 KHR/kg	Seeds supplied for free. Follow up technical recommendation.	31 t sold to Golden rice at fixed price of 1,020 KHR/kg.
2014/05/12	Kampong Cham	Golden Rice	FWUC Teuk Chhar	7	2.15 ha	Mid-September, 2014	Sen Kraob (imported seeds from Viet Nam)	5 tons	Fixed price: 1,020 KHR/kg	Seeds supplied for free. Follow up technical recommendation.	(not endorsed by DAI) 8 t sold to Golden rice at fixed price of 1,012 KHR/kg.

Date signed	Province	Name of BUYER (miller /exporter)	Name of SELLER (FO)	Number of Farmers	Surface	Expected period of harvest	Variety	Quantities (volume) committed	Price mechanism	Buyer support / inputs	Results and Comments
2014/09/08	Preah Vihear	AMRU	Livelihood Improvement AC	54	123 h	05 Nov, 2014 to 08 Jan, 2015	Pka Rumdul, Malis and Rumdeng	130 to 150 tons	Highest market price in previous 2 weeks plus premium for organic +120 to 200 KHR/kg depending on quality 1st and 2nd quality. (Then new – lower - categories approved with adjusted prices)	Training on paddy quality assessment	(not endorsed by DAI) - 57.5 tons of organic paddy were sold to AMRU Rice - The average price of organic paddy is about 1,210.88 riel/kg
2014/09/08	Preah Vihear	AMRU	Krabao Prum Tep AC	94	142.40	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	100 to 150 tons			(not endorsed by DAI) - 48.4 tons of organic paddy were sold to AMRU Rice - The average price of organic paddy is about 1,265.18 riel/kg
2014/09/08	Preah Vihear	AMRU	Leuk Kampos Satrey AC	232	354.6 h	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	350 to 450 tons			(not endorsed by DAI) - 503.1 tons of organic paddy were sold to AMRU Rice - The average price of organic paddy is about 1,258.88 riel/kg
2014/09/08	Preah Vihear	AMRU	Samaki Rohas Meanchey AC	102	187.52 h	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	100 to 150 tons			(not endorsed by DAI) - 104.9 tons of organic paddy were sold to AMRU Rice - The average price of organic paddy is about 1,244.75 riel/kg
2014/09/08	Preah Vihear	AMRU	Torsou Senchey AC	98	241 h	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	300 to 400 tons			(not endorsed by DAI) - 179.6 tons of organic paddy were sold to AMRU Rice - The average price of organic paddy is about 1,328.64 riel/kg

Date signed	Province	Name of BUYER (miller /exporter)	Name of SELLER (FO)	Number of Farmers	Surface	Expected period of harvest	Variety	Quantities (volume) committed	Price mechanism	Buyer support / inputs	Results and Comments
2014/09/08	Preah Vihear	AMRU	Romtum Samaki Mean Chey AC	46	48.30 h	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	70 to 100 tons	Highest market price in previous 2 weeks plus premium for organic +120 to 200 KHR/kg depending on quality 1st and 2nd quality. (Then new – lower - categories approved with adjusted prices)	Training on paddy quality assessment	(not endorsed by DAI) - 126.8 t of organic paddy sold to AMRU Rice - The average price of organic paddy is about 1,257.37 riel/kg
2014/09/08	Preah Vihear	AMRU	Romdoul Maluprey Cheay Den AC	90	156.07	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	150 to 200 tons			(not endorsed by DAI) - 167.6 t of organic paddy sold to AMRU Rice - The average price of organic paddy is about 1,287.15 riel/kg
2014/09/08	Preah Vihear	AMRU	Satrey Ratanak AC	190	519.43 h	05 Nov, 2014 to 08 Jan,2015	Pka Rumdul, Malis and Rumdeng	600 to 700 tons			(not endorsed by DAI) - 278 t of organic paddy sold to AMRU Rice - The average price of organic paddy is about 1,240.75 riel/kg
2014/10/10	Kandal	Golden rice	Akphiwat Kampong Prasat AC	8	13 h	20 Feb, 2015	Pka Champa	40 to 50 tons	Fixed price: 1,020 KHR/kg	Free seeds supply. Technical follow up	Harvest scheduled in 2015
2014/12/02	Kampong Chhnang	Golden rice	Chey Chunas AC	18	53.7 h	March, 2015	Phka Kravanh	120-245 tons	Fixed price 1,000 KHR/kg (fresh paddy)	Paddy seed loan with zero interest rate, Technical follow up	
2014/12/13	Takeo	Golden rice	Ampil Meanchey AC	13	9.14 h	April, 2015	Phka Kravanh	27-45 tons	Fixed price 1,000 KHR/kg (fresh paddy)	Paddy seed loan with zero interest rate, Technical follow up	
2014/12/13	Takeo	Golden rice	Sromok Soksenchey AC	26	44.16 h	April, 2015	Phka Kravanh	133-220 tons	Fixed price 1,000 KHR/kg (fresh paddy)	Paddy seed loan with zero interest rate, Technical follow up	