

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

SUPPORT TO THE COMMERCIALIZATION OF CAMBODIAN RICE PROJECT

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AND PERSPECTIVES FOR 2016

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ACRONYMS

AC	Agricultural Cooperative
ACBN	Agricultural Cooperative Business Network
ACDF	Agricultural Cooperatives Development Fund
ACM	Assistant for Coordination and Management (in SCCRP project management team)
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	<i>Agence Française de Développement</i> / French Agency for Development
AFDI	<i>Agriculteurs Français et Développement International</i>
AFO	Accounting and Finance Officer (in SCCRP project management team)
AFTA	ASEAN Free Trade Agreement
AIMS	Accelerating Inclusive Markets for Smallholders Project (IFAD project)
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	<i>Accompagnement du Risque de financement de l'Investissement privé en Zone d'intervention de l'AFD</i>
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	<i>Projet d'Appui aux Irrigants et aux Services aux Irrigants</i>
ASPIRE	Agriculture Services Program for Innovation, Resilience and Extension (IFAD project)
ASYCUDA	Automated System for Customs Data
AusAID	Australian Agency for International Development
AVSF	<i>Agronomes et Vétérinaires Sans Frontières</i>
BFS ExCo	Banking and Finance Solutions Executive Committee (of CRF)
BritCham	British Cambodian Chamber of Commerce
C2A	<i>Commission Agriculture et Alimentation de Coordination Sud (French development NGO platform)</i>
CAC	<i>Crédit Agricole Consultants</i>
CACA	Cambodian Agricultural Cooperative Alliance
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	<i>Chambre de Commerce Franco-Cambodienne</i> / Franco-Cambodian Chamber of Commerce
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
CEDAC	<i>Centre d'Etude et de Développement Agricole du Cambodge</i>
CEFP	Committee for Economic and Financial Policy
CEO	Chief Executive Officer
CF	Contract Farming
CFAP	Cambodian Farmers' Association Federation of Agricultural Producers
CIDA	Canadian International Development Agency
CIRD	Cambodian Institute for Research and Rural Development
CO	Certificate of Origin
CoC	Code of Conduct
COrAA	Cambodian Organic Agriculture Association
COSTEA	<i>Comité Scientifique et Technique de l'Eau Agricole</i>
CREA	Cambodia Rice Exports Association
CRX	Cambodia Rice Exporter Meeting (facilitated by IFC)
CSR	Corporate Social Responsibility
DACP	Department of Agricultural Cooperatives Promotion
DAE	Department of Agricultural Extension
DAI	Department of Agro-Industry
DAL	Department of Agriculture Legislation
DANIDA	Danish International Development Agency
DDM	Demand Driven Model
DFID	Department for International Development (UK)
DGRV	<i>Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative & Raiffeisen Confederation)</i>
Dis.	District
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
ESR	<i>Equitable, Solidaire, Responsable</i> (Fairness, Solidarity, Responsibility) – Ecocert owned standard
EU	European Union
ExCo	Executive Committee
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
FMP ExCo	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	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> / German Development Cooperation
GMP	Good Manufacturing Practice
GMP ExCo	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
IP	Intellectual Property
IPD	Intellectual Property Department of the Ministry of Commerce
IPM	Integrated Pest Management
IRAM	<i>Institut de Recherche et d'Application des Méthodes de Développement</i>
ISC	Institute of Standards of Cambodia
ISF	Irrigation Service Fee
IT	Information Technologies
IVY	International Volunteers of Yamagata
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
NOP	National Organic Program (USA organic standards)
NPACD	National Policy for Agricultural Cooperatives Development
NPD	National Project Director (in SCCRP project management team)
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)
PAO	Project Administration Officer (in SCCRP project management team)
PADAC	<i>Programme d'Appui au Développement de l'Agriculture au Cambodge</i>
PADEE	Project for Agriculture Development and Economic Empowerment (IFAD/FAO project)
PBA	Program Based Approach
PC	Project Coordinator (in SCCRP project management team)
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 (in SCCRP project management team)
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
RBA	Rice Bank Association
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
SCM	Scoring Criteria Method
SEA	South East Asia
SIAL	<i>Salon International de l'Agroalimentaire</i> (Paris)
SME	Small and Medium Enterprise
SMP	<i>Sansom Mlinp Prey</i> 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
UK	United Kingdom
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
WIPO	World Intellectual Property Organization
WRC	World Rice Conference
WRMSDP	Water Resource Management Sector Development Program (ADB)
WTO	World Trade Organization
WVI	World Vision International

UNITS AND MEASURES

ha	Hectare
kg	kilogram
KHR	Cambodian Riel
km	kilometer
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 an initial period of 3 years (January 2013 to December 2015), now extended until December 2017. 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 follows 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 3rd Annual Report of the project. It covers the calendar Year 2015. This report only provides an overview of the main facts or steps in project implementation for Year 2015, and major outcome. For more details, one shall refer to the Quarterly Executive Reports or to other documents according to relevant references.

Last, this annual report also highlights some key stakes and elements of action plans for each component of the project, for year 2016.

1. KEY FEATURES IN CAMBODIAN RICE SECTOR IN 2015

PRODUCTION

According to MAFF paddy production statistics for year 2015, the total volume of paddy produced has reached about 9.23 million tons, about 0.1 million tons below last year figures, the reduction being mainly due to smaller surface cultivated in dry seasons.

Table 1: Cambodia paddy production in 2015

	Wet Season	Dry Season	Total
Planted Area (ha)	2,561,957 ha	465,167 ha	3,027,127 ha
Harvested Area (ha)	2,536,197 ha	460,062 ha	2,996,259 ha
Average Yield (tons/ha)	2.829 t/ha	4.461 t/ha	3.080 t/ha
Production (tons)	7,174,549 t	2,052,472 t	9,227,021 t

Source: MAFF.

It has to be noted that due to low water storage in reservoirs at the end of 2015 and expected prolonged effects of El Niño, the Ministry of Agriculture has issued a recommendation¹ to limit the cultivation in early dry season in 2016. Dry season production for year 2016 may thereof remains relatively low.

EXPORTS

In 2015, Cambodia has exported to 538,396 tons of milled rice, 39% more than in 2014. The number of exporters has slightly decreased (81 in 2015).

Figure 1: Number of exporters of Cambodian milled rice

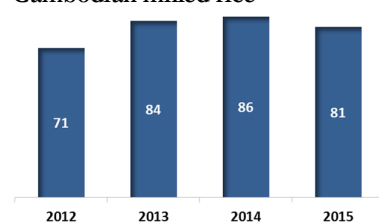
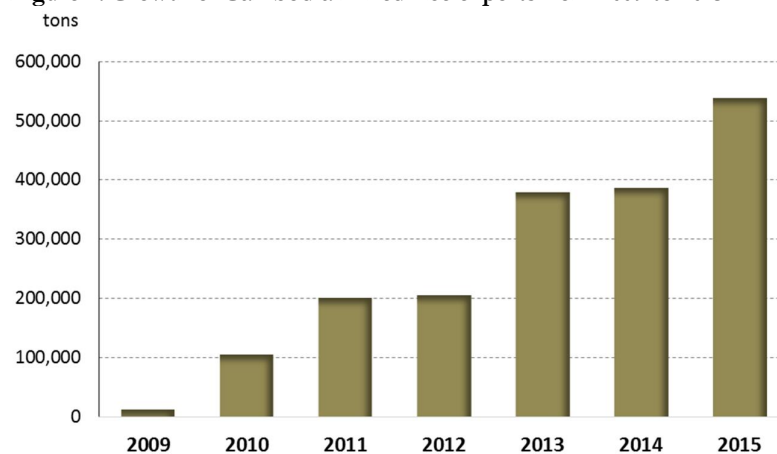


Figure 2: Growth of Cambodia milled rice exports from 2009 to 2015

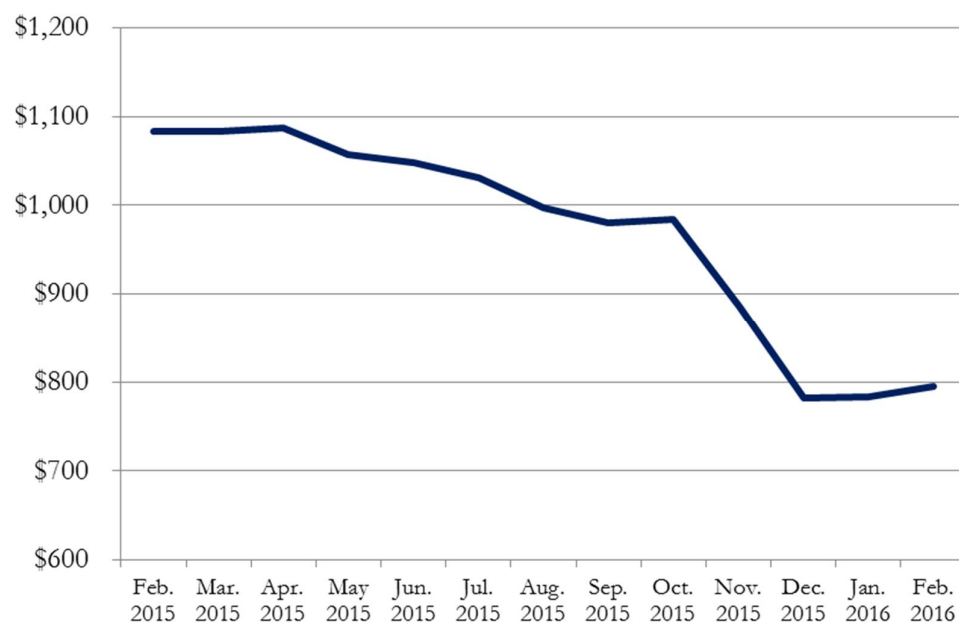


Source: Secretariat of the One-Window Service for Rice Export Formality (SOWS-REF)

Whereas the volumes of rice exports have increased, the value of these exports, in proportion, did not increase in the same proportion. International prices of rice have kept going down drastically, in particular for fragrant rice varieties. According to the FAO All Rice Price Index, international rice prices in February 2016 were almost 11 percent lower than in February 2015. The decline was strongest for Aromatic and Japonica rice varieties, which saw their corresponding sub-indices falling by 24.3 percent and 11.6 percent respectively. (See Figure 3 next page). Whereas Cambodian rice sector is known to face higher processing and logistic costs than its neighbors², this drop off of prices is particularly harmful for the profitability of Cambodian rice industry, which is currently facing a very significant crisis, despite the growth of exports.

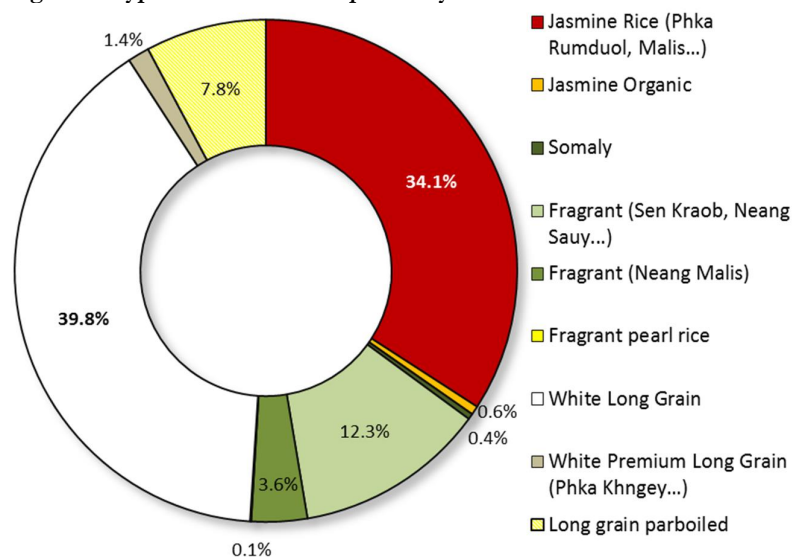
¹ This notice issued by MAFF has been referred to in local newspapers such as the article published in the Phnom Penh Post on 25 December 2015, entitled "Rice farmers looking at dry spell".

² See notably Enrique Aldaz-Caroll, "Improving rice trade logistics to help reach 1 million tons export target", World Bank, Sept. 2014.

Figure 3: Evolution of Thai Hom Mali (Grade A) Export price from Feb. 2015 to Feb. 2016

Source: FAO All Rice Price Index, March 2016.

Types of rice exported remains quite similar to the previous year, yet with a slight reduction of jasmine (in proportion, not in absolute value) and a slight increase of other fragrant rice (probably partly driven by the growth of exports to China). Yet it is noticeable that the overall profile of category of rice remains quite similar to the one of the previous year, despite of the growth of the exports and the increase of volumes sold to specific destination such as China.

Figure 4: Types of milled rice exported by Cambodia in 2015

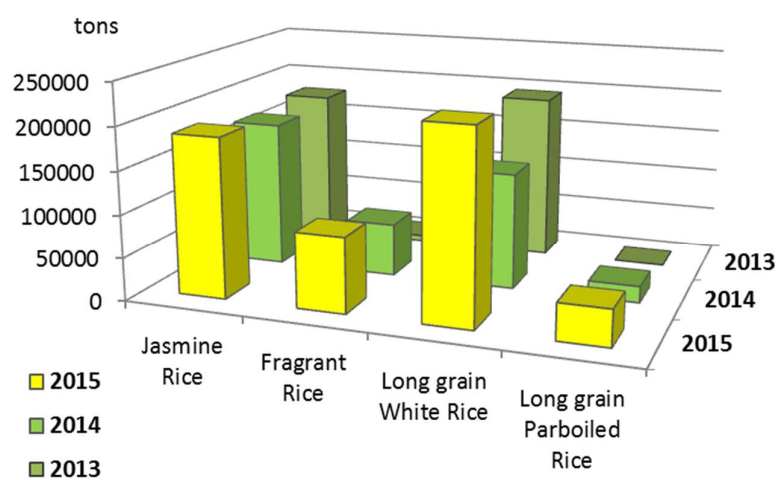
Source: Secretariat of the One-Window Service for Rice Export Formality.

Share of organic rice remains small but is growing: 0.6% against less than 0.3% in the previous year. Given the growth of total exports, this represent more than a doubling of organic rice exports in 2015 compared to previous year³.

The share of long grain parboiled is also growing, now reaching a volume of 41,863 t, equivalent to 7.8% of total exports of milled rice (See Figure 5 next page).

³ The contribution of SCCRP project to this trend is significant, with the support to organic paddy supply chain in Preah Vihear.

Figure 5: Types of milled rice (CRF categories) exported by Cambodia in 2015 and comparison with 2014 and 2013



Source: Cambodian Rice Federation.

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

2.1. ACTIVITIES IN 2015 AND OUTCOMES

2.1.1. SUPPORT TO CRF

2.1.1.1. PROGRESSIVE REFORMS OF CRF GOVERNANCE

Further to the visit to *Intervéables* in France⁴ in October 2014, the SCCRP project continued to encourage CRF toward a governance system that would ensure a better representativeness of the Federation.

The modification of CRF statutes endorsed by its General Assembly in February 2015, with notably the systematic allocation of 3 seats in CRF Board for representatives of smallholder farmers (to be appointed by representative Federations of FOs) is a good move in this direction toward a more balanced representativeness of the different segments of the Cambodian rice value chain within CRF.

The Aide-mémoire of AFD's supervision mission issued in early 2015 has proposed few recommendations to CRF (regarding representativeness and financial sustainability) that have been conveyed to CRF management. Similarly, in the second quarter of 2015, the Ministry of Economy and Finance has also continued to encourage CRF to pursue its reforms in that direction⁵.

SCCRP project (PMA notably, and IRAM backstopping mission in June 2015) have proposed some additional support on institutional aspects and governance to CRF, but with limited reactivity from CRF side. Notably Terms of Reference for Institutional Support to CRF were submitted to CRF management in November 2015 but remained unanswered until the end of the year.

Yet, in parallel, CRF has commissioned a firm to work on the development of accounting and finance policies and guidelines in order to improve CRF financial management and transparency.

2.1.1.2. CRF OPERATIONAL STRUCTURE

From early 2015, CRF has revised its internal organization with the creation of several Executive Committees dedicated to specific topics, with a level of autonomy of these committees in decisions making in their respective fields. This is aiming at making CRF more reactive and more efficient. Among Executive Committees established⁶, SCCRP project has worked closely with: 1) the Global Market Promotion ExCo; and 2) the Farming and Milling Productivity ExCo.

Effectiveness of work is quite variable from one ExCo to another. Whereas the Global Market Promotion ExCo had regular meeting throughout the year and is the lead team for the management of the branding process supported by SCCRP project (see Section 3 of this report), the Farming and Milling Productivity ExCo held few meetings in the first semester of 2015, and has been inactive since then for the rest of the year. SCCRP project team regrets this situation especially because this FMP ExCo is seen as an adequate space of dialog between Farmer Organizations and Rice millers (both represented in this committee, yet with only 3 representatives of FOs from FAEC, FCFD and FWN) which the project would like to use as a

⁴ Cf. Quarterly Executive Report #08, page 3.

⁵ Cf. Quarterly Executive Report #10, § 1.1.3. page 4.

⁶ Executives Committees created under CRF include notably (but not exhaustively) : Global Market Promotion ExCo; Farming and Milling Productivity ExCo; Finance and Banking Solutions ExCo; Code of Conduct ExCo; Competitiveness ExCo.

key working group to draw lessons from experiences of partnership between FOs and millers/exporters and to elaborate and test new models and new pilot operations.

2.1.1.3. OVERALL SITUATION OF SUPPORT TO CRF

The SCCRP project management team considers as a positive evolution the creation of the Cambodian Rice Federation in 2014 and the unification of the sector under this structure, against the previous competition between FCRE, ARPEC and CREA⁷.

Yet, despite the project is willing to provide support to CRF, it has to be acknowledged that we are facing difficulties to engage an effective and efficient partnership (except on the specific topic of the branding of Cambodian rice – see next section of this report). The project has difficulties to have a good hold on the institutional evolution of CRF. Throughout the year, SCCRP project has discussed possible opportunities of support with CRF but that hardly led to effective mobilization of inputs from the project, mainly (from our point of view) due to a lack of reactivity of CRF to take the offered opportunities.

Whereas in the earlier stage of the project we had been able to set balanced and effective modalities of support to the FCRE, we are so far less successful in developing an effective partnership with CRF (again except on the branding of Cambodian Rice). The project still has to pursue its efforts in that direction but may continue to face a lack of reactivity or inability to identify efficient interlocutors.

Despite it was suggested by the PMA to SNEC to incorporate clauses on institutional support by SCCRP project in the MoU signed by CRF with the Ministry of Commerce for the provision of MEF subsidy⁸ to the Federation, this opportunity has been missed. The formalization of conditions evoked in the discussions between MEF and CRF and the inclusion of supervision and support on institutional aspects in the Memorandum of Understanding related to this subsidy would have provided a solid frame to anchor this support and monitoring.

2.1.2. SUPPORT TO FO FEDERATIONS

2015 was the second and last year of the duration of the agreements signed between the SCCRP project and FO Federations (FAEC and FCFD) for the provision of financial support and capacity building.

2.1.2.1. COLLABORATION AND POSSIBLE MERGING OF FAEC AND FCFD

The operational collaboration between FAEC and FCFD has continued throughout the year, notably via the sharing of the Technical Officers (Pat Sovann for FAEC and Tep Sopheakmingkoul, then Seng Bundoeun, from June 2015, for FCFD) who kept performing services to members of both Federations, sharing the work by geographical area rather than by the affiliation of FOs to one or the other Federation. The collaboration was in some cases extended to the Farmer and Water Net (FWN), notably for the joint publication (in November 2015) of a booklet on paddy availability in various Farmer Organizations.

The hypothesis of a merging of the two Federations has been explored (in conformity with the commitment taken by FAEC and FCFD) and submitted to the vote of the respective General Assemblies of the two organizations. But whereas FCFD GA has approved the proposed merging, FAEC General Assembly has rejected it on 16 January 2015).

⁷ Cf. SCCRP project Inception Phase Report (April 2013), § 3.2., pages 9-11.

⁸ Cf. Quarterly Executive Report # 10, § 1.1.3. page 4 and Quarterly Executive Report # 11, § 1.1.3. page 3.

2.1.2.2. SERVICES DEVELOPMENT

With the support of SCCRP project, new services have been developed by the two federations, notably:

- Partnership with fertilizer suppliers, allowing members to benefit from lower prices negotiated collectively via their Federations.
- Collective purchase of paddy sacks, also resulting in cheaper prices for farmers.
- Facilitation of the development of business plan and loan requests and linking with RDB: unfortunately not yet successful in 2015 ⁹, but expected to bear fruit in 2016 with the approval of RDB new credit policy for Farmer Organizations.
- Facilitation of contacts and commercial negotiation with millers or other potential buyers of paddy.
- Capacity building of FOs management committee on management and book-keeping for collective paddy selling.
- Support to the creation and development of Unions of Cooperatives.

2.1.2.3. FUNCTION OF REPRESENTATION AND ADVOCACY

Mr Samath Veasna, Vice-President of FCFD, took part regularly in CRF's Board meetings, as an elected member. He is the only representative of smallholder farmers in CRF Board¹⁰.

Besides, FAEC, FCFD and FWN have joined meetings of the Farming and Milling Productivity Executive Committee of CRF. Unfortunately this ExCo has been active only for a few months in the first half of 2015, and inactive since then due to a lack of leadership of CRF.

Beyond CRF, FAEC and FCFD played their role of representation of smallholder farmers in other context and occasions such as:

- The NGO Forum consultative workshop on Agriculture Development Strategic Plan in February 2015;
- Preparation of the National Farmer Forum (also with the NGO Forum);
- Participation in the Experience sharing and consultation workshop on Contract Farming organized in July 2015 by the project;
- Participation in the “National Consultation Workshop on Agricultural Cooperative Union and Business Network” organized on 11 December by the General Directorate of Agriculture.

2.1.2.4. BUDGET SUPPORT TO FAEC AND FCFD

Final invoices and reports were sent by both FAEC and FCFD in December 2015 to close the implementation of the support contract to the two organizations. The Table 2 (next page) provides a final statement of the use of the ceiling amount of subsidy allowed in these contracts. In total only 57.2 % of the 169,941 USD of budget allocated to the two Federations has been used.

⁹ See § 5.1.2. page 33 in the present report.

¹⁰ The modification of CRF statutes mentioned in the § 2.1.1.1. in this report, page 5 (reserving 3 seats in the Board for representatives of smallholder farmers) will only enter into force for the next mandate of the Board, i.e. from May 2016, in principle.

Table 2: Amount of contracts, amounts justified and amount unspent in FCFD and FAEC contracts

Contract	Organization	Total amount	Amount justified	%	Unused amount
CKH-1077-C#1-2014-01	FCFD	98,626.00 USD	52,403.51 USD	53.1 %	46,222.49 USD
CKH-1077-C#1-2014-01	FAEC	71,315.00 USD	44,865.56 USD	62.9 %	26,449.44 USD
Total		169,941.00 USD	97,269.07 USD	57.2%	72,671.93 USD

As on 31st December 2015, a final payment of 1,838.50 USD still had to be made by AFD (request for payment was sent on 11 December 2015 by SNEC but was not yet proceeded at the end of the year), whereas the amount of expenditures justified by FAEC up to the end of the contract duration was below the advance received: FAEC reimbursed to AFD an amount of 1,062.90 US\$ in January 2016.

2.1.2.5. FEDERATIONS' FINANCIAL SUSTAINABILITY

FAEC and FCFD have prepared a service catalogue (based on above services developed) with a price policy for the different services, in order to generate incomes from the services provided to members (or non-members, possibly with different rates) and thereof to contribute to consolidate the financial sustainability of the Federations and reduce their dependence on external subsidies.

Development of own resources has still been very limited in 2015, which was a subject of concerns and discussions for SCCRP project as building the sustainability of services developed is a must. Yet, even if it took more time than expected, some progresses were made in the right direction with the development of a policy for pricing of services and the preparation of budget plans for Year 2016 incorporating a growing share of incomes generated from members (membership fees and service fees) against external subsidies. In the budget provided by FCFD for 2016, 19,000.00 USD are foreseen to be generated from service fees, profit on commercial activities, membership fees¹¹ and other incomes from private partners, over a total budget for Year 2016 of 51,342.00 USD, i.e. 37.0 % of the overall budget. For FAEC, the Board has estimated that service fees, profit on commercial activities, membership fees and other incomes from private partners could generate about 10,100.00 USD, over a total budget of 95,061.00 USD for Year 2016, i.e. only 10.6 % of the overall budget. According to SCCRP PMA analysis of this budget, if specific activities from other projects (externally financed) were taken out of the overall budget of FAEC, the "own resources" would represent about 15% of the total recurrent costs in FAEC budget.

2.1.2.6. OVERALL BALANCE OF THE SUPPORT TO FO FEDERATIONS

To consolidate efficient and sustainable Federations of smallholder Farmer Organizations is challenging. The national scale and the dispersion of members generate *de facto* relatively high structural costs. The envisaged merging of FAEC and FCFD would have contributed the ratio of structural cost per member. Unfortunately it was not approved by FAEC.

Beyond this difficulty, the recommendations of the AFD supervision mission in late 2014 have pointed the question of the development of reliable and sustainable source of incomes for the Federation, and hence the question of the nature and «business model» of those organizations. This question has been a permanent subject of tough discussions throughout the year between SCCRP project (project team and AFD) and the Federations. Tougher maybe with FAEC, since this Federation benefits from other subsidies from project or partners (ADG and CIRD AFSA project, AFDI, etc.). With less partners or funding

¹¹ It has to be noted that the up-dated membership policy has been endorsed by FCFD Board on 4 and 5 November 2015, following up on the work of previous quarters conducted with SCCRP support (See notably Quarterly Executive Report # 11, page 5).

opportunities FCFD has considered with more conviction the questioning of its model and the orientation toward the development of paying services.

This being said, the year 2015 has finally yielded with considerable progresses. The development of a service catalogue in FCFD¹² with pricing of services is an important step, and the actual effectiveness of some new services successfully developed by the Federations (for instance regarding the procurement of inputs) gives credibility to this evolution and to the scenario of a progressive taking over of the costs by incomes generated from these services, notably for FCFD which has shown a more ambitious (and maybe optimistic) plan in that direction. It took time for these ideas to mature. The relatively slow pace of structural changes in such an institution has to be acknowledged (especially in an institution in which, due to distance, members have scarce opportunity to directly meet and discuss). But finally the recent moves in the end of this year are quite positive.

We believe that they justify a continuation of the efforts and actions in support to FO Federations.

Besides, it must be acknowledged that strengthened representative bodies of Farmer Organization are an absolute necessity to consolidate also producers' representation within the Cambodian Rice Federation, which is the other major objective of the project's Component #1.

Moreover, FO Federations are a necessary partner in the current design of the credit mechanism targeting Farmer Organizations on which the project is also working with Cambodian Rice Federation.

2.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2016

2.2.1. CAMBODIAN RICE FEDERATION

2.2.1.1. INSTITUTIONAL SUPPORT, STATUTES, GOVERNANCE

Improving the governance and the representativeness of the Cambodian Rice Federation is remaining as a core objective for the next two years (2016-2017). Whereas positive moves were already made in 2015 (notably the revision of statutes), the reflection with CRF can be pursued to improve the balancing of the weight of the different groups of actors in CRF decision making. Terms of Reference for a support in that direction have been developed and shared with CRF. It is foreseen to mobilize an input from an expert from IRAM to provide inputs and facilitate a reflection within CRF on these matters. This is foreseen to start only after the renewal of CRF Board, whose current mandate shall end in May 2016, in order to avoid a disruption in this work.

It has to be noted that CAVAC project (Phase II)¹³ envisages the provision of support to CRF for the development of its managerial capacities. This could be complementary to SCCR project input, and we foresee advantages in coordinating the contributions of both projects and the monitoring and supervision of progresses of CRF in these matters.

2.2.1.2. INVOLVEMENT IN RICE POLICY REVIEW

SNEC has been appointed by the Royal Government of Cambodia to lead the Rice Policy reviewing and updating process. Consultants will be mobilized for this purpose. SNEC has the intention to associate, to some extent at least, the Cambodian Rice Federation in the process, as the representative body of the economic stakeholders in the sector. Modalities of the consultation process with CRF will be prepared and

¹² Not yet finalized for FAEC.

¹³ Met in February 2016.

discussed between the consultants, SNEC and CRF at the early stage of the implementation of the Rice Policy review.

2.2.1.3. OPERATIONAL SUPPORTS

COLLECTIVE BRAND FOR PREMIUM JASMINE RICE

In 2016, SCCRP will pursue its support to the development of a collective trademark / certification mark for Cambodian Premium Jasmine Rice. This includes i) the finalization of the development of the mechanisms for the verification of compliance with the brand requirements (already contracted, on-going), and possibly ii) some support to develop and initiate the capacities required to be internalized at CRF level for brand management and iii) support to the promotion of the brand and to Cambodian rice in general (See Component #2 for more details).

SUPPORT TO FARMING AND MILLING EXCO / INTERFACE PADDY PRODUCERS - MILLERS

SCCRP project team will propose additional support to CRF's Farming and Milling ExCo, in particular to work on the improvement of the interface between producers (Farmer Organizations) and buyers (Millers/Exporters) building on the experiences of contract farming, paddy selling groups and recent experience on dissemination of information on paddy availability by FOs or FO Federations. These experiences will be reviewed in order to draw lessons and elaborate improved tools to address the needs of producers and buyers. Then SCCRP can work jointly with CRF and FO Federations to implement relevant mechanisms, which are expected to be tested for the harvest of wet season rice 2016.

2.2.2. SUPPORT TO FO FEDERATIONS

Modalities of further support to FO Federations (FAEC, FCFD, possibly FWN, etc...) still have to be discussed. Yet it is roughly foreseen that the support to FO Federations will be more focused on specific services and activities and less on overall institutional support.

Four priority objectives are enhanced for 2016, listed below and developed in the following paragraphs:

- Consolidate the representation of smallholder producers / Farmer Organizations in Cambodian Rice Federation;
- Up-grade the support to paddy commercialization by FOs, notably by developing (in partnership with CRF) improved means to communicate on paddy production and offer by FOs and link to buyers;
- Role of FO Federations in access to credit: Build capacities and implement FO Federations role in the credit mechanism for FOs developed with RDB;
- Mobilize FO Federations to contribute smallholder farmers' point of view in the Rice Policy review and up-date.

2.2.2.1. ADDRESSING FARMERS REPRESENTATION IN THE CRF

FO REPRESENTATION IN CRF BOARD

Whereas CRF has modified its statutes¹⁴ to reserve 3 seats in its Board for representatives of Farmer Organizations appointed by representative federations or networks of Farmer Organizations, a major subject for the up-coming months will be to work with FO Federations and networks (FAEC, FCFD, FWN and others such as CFAP and FNN...) on the modalities of designation of these representatives. This

¹⁴ Cf. § 2.1.1.1. in this Report, page 5.

has been identified as an important subject on which SCCRP project should work with FO representatives in early 2016.

OTHER INSTANCES IN CRF

In addition to the identification of three representatives in the Board, SCCRP project will encourage more participation of farmer representatives in relevant bodies of CRF, notably in the Farming and Milling Productivity ExCo in order to better balance the representation of rice millers and farmers in this ExCo.

2.2.2.2. UP-GRADE THE SUPPORT TO PADDY COMMERCIALIZATION BY FOS AND LINKAGE WITH BUYERS

In early 2016, recent experiences of paddy commercialization by FOs will be reviewed with FO representatives, then in a broader workshop involving rice millers / exporters (co-organized with CRF's FMP ExCo). This will serve as the basis to reflect and elaborate improved mechanisms for information sharing on paddy supply capacities of FOs¹⁵. FO Federations can then work in partnership with Cambodian Rice Federation on market linkages tools, and help their members by providing support, connections, and capacity building.

The attention of Component #3 implementation team is drawn on the importance of building the technical and financial sustainability of proposed mechanisms.

2.2.2.3. ROLE OF FO FEDERATIONS IN ACCESS TO CREDIT

FO Federations, in particular FAEC and FCFD, have been associated to the preparation of a Credit Mechanism dedicated to improve access to finance of FOs for their commercial activities. They are part of the system elaborated with the support of Horus Development Finance, and will have a role to play in the implementation of this credit scheme.

Once the new credit policy for FOs is approved by the Board of RDB¹⁶, FO Federations will have to disseminate the new credit modalities and conditions to their members, then to support their members willing to access loans for the development of business plans and loan requests. As agreed in 2015, a “success fee” will be charged by Federations to their members who access the loans, currently foreseen to be of 1% of the loan capital.

2.2.2.4. FOS REPRESENTATION IN RICE POLICY REVIEW PROCESS

As part of the consolidation of their advocacy role, SCCRP project will provide an opportunity to FO Federations to contribute their inputs in the review and up-date of the Cambodian Rice Policy which is foreseen to take place during the first semester of 2016.

2.2.3. SUPPORT TO AGRICULTURE COOPERATIVE UNION OF PREAH VIHEAR

The support to the organic paddy supply chain in Preah Vihear will be pursued and consolidated in 2016. This activity falls mainly under the Component #3 of the project. Yet it is mentioned here since a subsidy to the Union of Cooperatives will be maintained in 2016 and allocated under Component #1 of the project (following the recommendation given by AFD for the allocation of the financial support to the ACU in 2015: Cf. AFD letter No L 408/15, dated 29 July 2015).

From harvest 2015 and for use in 2016, the Agriculture Cooperative Union of Preah Vihear has generated an income of 29,653 USD withheld by AMRU while paying the paddy to ACs, then to be transferred to the

¹⁵ Cf. concept note prepared by Project Management Advisor on 18 February 2016, entitled “Developing the interface between producers (Farmer Organizations) and Rice millers / Exporters”.

¹⁶ See § 5.1.2. and 5.2.2. pages 33-34 in the present Annual Report.

Union (in line with the terms of the Contract Farming agreements signed and with the commitment of the 8 ACs) in early 2016. To complete the resources and cover the estimated budget requirements for 2016, the SCCRP project is planning to allocate a second subsidy of approximately 10 to 12,000 USD. Note that this progression toward a financial “self-sufficiency” of the Union is currently very much in line with the forecasts prepared in 2015: own resources were foreseen to cover 74% of the budget in 2016, as shown in the Annex 1 to the Quarterly Executive Report #11, page ii).

2.2.4. TENTATIVE TIMEFRAME FOR COMPONENT #1 IN 2016

The Table 3 below summarizes an indicative work plan of the Component #1 for year 2016.

Table 3: Tentative time schedule for Component #1 in 2016

	YEAR 2016											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
CRF / Interprofessional Federation												
Involvement of CRF in Rice Policy Review												
Support identification of FO delegates in Board												
CRF Board Election												
Work on CRF Gouvernance with new Board												
Support to FMP ExCo												
Workshop with FO and millers on Experiences												
Develop and implement tools for market link												
Support to GMP ExCo and Branding (Cf. C#2)												
FO Federations (FAEC, FCFD, FWN + CFAP and FNN...)												
FAEC and FCFD General Assemblies												
Strengthen FOs in CRF FMP ExCo (↑)												
Designate FO delegates in CRF Board (↑)												
Involve FO Federation in Rice policy Review												
Consultation FO and millers on market tools (↑)												
Develop and implement tools for market link (↑)												
Prepare up-dated information on FO paddy prod.												
Disseminate new RDB credit policy to Fos												
FAEC/FCFD support request for loans												
Scale-up other services to members ⁽¹⁾												
Support FO Federation communication and participation in events												

(Continue next page)

(Continued from previous page)

	YEAR 2016											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Union of ACs in Preah Vihear												
2 nd Budget subsidy to ACU Preah Vihear												
Other support to ACU Preah Vihear												

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

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

3.1. ACTIVITIES IN 2015 AND OUTCOMES

3.1.1. ESTABLISHMENT OF THE GMP ExCo AND FOCUS ON A SHARED ROADMAP FOR CAMBODIAN RICE BRANDING

The “Branding working group”, initiated with CRF further to the international market study co-financed by IFC and SCCRP project, evolved and got formalized in early 2015 with the creation of the Global Market Promotion Executive Committee (“GMP ExCo”) of CRF.

In order to ensure that all partners are on the same page, SCCRP PMA and CRF have drafted a roadmap for the process of development of a collective brand for Cambodian Premium Jasmine Rice, discussed and agreed between CRF, IFC and SCCRP. This document, entitled “Cambodian Rice Federation Strategy and Action Plan for the Branding of Premium Cambodian Rice”, has been formally endorsed by CRF GMP ExCo on 7 April 2015 and signed by CRF President on 9 April 2015.

Considering the limited resources that SCCRP project can invest to support the promotion of Cambodian Rice, it was agreed to first focus on the development of a collective brand, and then to pursue the support to promotion once the brand is established, in order to ensure a better readability and consistency of promotion messages¹⁷.

3.1.2. MOBILIZATION OF (AND WORK WITH) CONSULTANTS ON THE BRANDING

3.1.2.1. PROCESS

SCCRP project has procured and mobilized a team of expert to develop the mechanisms and tools to verify the compliance of brand users and branded products with the brand requirements. The contract has been awarded to TÜV Rheinland and signed on 17 September¹⁸.

In parallel, the IFC has mobilized “ad’ communication” to work on the marketing and communication aspects of CRF collective brand (identity, value, logo, promotion material, etc...).

Both consultant teams work in relationship with each other and under guidance of CRF’s Global Market Promotion Executive Committee, which is the decision makers¹⁹ at all steps of the process.

The GMP ExCo had regular meetings throughout the year, and notably with the consultants since the very early stage of their mobilization.

3.1.2.2. OUTCOMES TO DATE

At the end of 2015, the GMP ExCo had already approved the technical specifications for the product to be branded, but still has to validate the requirements related to production process / production management / traceability measures.

¹⁷ This orientation was already highlighted in the last Annual Report, § 3.2.2. page 12.

¹⁸ Cf. Quarterly Executive Report #11, § 2.1.1. page 11.

¹⁹ As formally agreed and endorsed by CRF President as part of the joint roadmap for the branding process.

TÜV Rheinland had developed draft of the mechanisms for verification of compliance with product specification and management requirements (based on proposed hypothesis of requirements for this last part, still to be validated). Drafts for all the following deliverables were already submitted:

- D1 – Overall summarized description of the control and certification system proposed
- D2 – Detailed procedures, control methods and tools for verification of compliance with management process requirements
- D3 – Detailed procedures, control methods and tools for verification of compliance with product specifications
- D4 – Catalogue of measures / sanctions to be decided in case of non-compliance with Product or Process requirements
- D5 – Guidelines for Brand users
- D6 – Guidelines for Certification Bodies
- D7 – Guideline for CRF Brand Management Officer

All the elements were shared with the GMP ExCo members in early December, but no feedback was received from these members in the following weeks (only SCCRP has provided extensive comments on each deliverables).

On the marketing and communication side, “ad” communication” has facilitated brainstorming with the GMP ExCo and had consultations with exporters. Proposal on brand content (identity, values) and preliminary proposals of artworks (logo) have been submitted to GMP ExCo in late December.

Testing of buyers and consumers reaction on 3 target export market will be undertaken in early 2016.

3.1.3. RELATION WITH MOC / DIPR

A dialog was established with the Department of Intellectual Property Rights of the Ministry of Commerce to keep the Department informed and gather advices on the process of registration as Collective Trademark or Certification mark.

The DIPR is very supportive. In particular, it has provided support via a mission of the World Intellectual Property Organization (WIPO), commissioned by MoC, which has provided advices on the international registration.

3.1.4. OVERALL PROGRESSES OF THE BRANDING PROCESS

Overall, the preparation of a shared roadmap has been a useful initial step that has provided a good benchmarking of the process to implement. Inputs of SCCRP project, IFC and CRF are implemented more or less as planned. Overall, the process implementation is quite satisfactory to date, with only two concerns: 1. the timing, with a pace beyond the tentative schedule that was incorporated in the roadmap. But that one was maybe too ambitious, and has underestimated the time required for the procurement and for the appropriation by CRF stakeholders of each step in the process; 2. A lack of reactivity of CRF members (in particular exporters, the most concerned) to comment inputs provided by the consultants. This second point carries more serious concerns. Maybe also the CRF officer in charge of the coordination of the GMP ExCo (and GMP ExCo leaders) should be more proactive to ensure feedbacks are provided on time.

3.1.5. OTHER QUALITY LABELS: ORGANIC CERTIFICATION, AND CSR CERTIFICATION OF AMRU

Support to the organic paddy supply chain and certification falls under Component #3, but for the records, it also contributes to Component #2 objectives of quality recognition and market differentiation of

Cambodian Rice. Certification system was consolidated in 2015, and about 2,400 tons of certified organic²⁰ paddy were delivered to AMRU Rice that will be milled and exported in 2016.

AMRU Rice has also obtained Ecocert label for Corporate Social Responsibility, named ESR (for “*Equitable, Solidaire, Responsable*” – in French).

3.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2016

The main focus of the Component #2 of the project is now (and since early 2015) the development of CRF’s collective brand for Cambodian Premium Jasmine Rice. The process has already well progressed since the last four months of 2015 with the mobilization of the consultants. The process of brand development still has to be finalized, then there will be four major actions to undertake, regarding:

1. The registration of the mark (as collective trademark or certification mark);
2. The development of required capacities within CRF for the brand management;
3. Getting volunteer brand users and certification body ready to use the brand, i.e. to demonstrate their compliance and be ready to supply the branded product;
4. The promotion of CRF brand nationally and internationally.

3.2.1. DEVELOPMENT AND REGISTRATION OF A COLLECTIVE BRAND FOR CAMBODIAN JASMINE RICE

3.2.1.1. DEVELOPMENT OF BRAND IDENTITY, LOGO, MARKETING AND PROMOTION PLAN

“ad” communication” will finalize its work within the first half of 2016. Options of brand names and logo will be tested in different target markets (China, EU, USA) and based on the feedback, CRF’s GMP ExCo will make a final decision on the name and logo. “ad” communication” shall then finalize the development of key features for promotion material and brand launching and promotion plans which are also expected to be endorsed by GMP ExCo.

3.2.1.2. BRAND USE REQUIREMENT AND VERIFICATION SYSTEM

Product specifications for the branded rice have already been endorsed by CRF’s GMP ExCo. Moreover, in the end of 2015, TÜV Rheinland has already proposed a number of managerial requirements for brand users, as well as the proposed system for verification of compliance with both products and process/management requirements.

All these elements will be reviewed with the GMP ExCo which is expected to endorse the whole package of requirements and control system by March or April 2016.

3.2.1.3. BRAND REGISTRATION

Once name and logo + requirements and control / certification system are endorsed, CRF will be able to start the process of registration of the mark. It is not yet decided if it will be registered as a certification mark or as a collective trademark (with still an obligation of a third party control / certification of the compliance developed in the rules of use of the collective mark), but recent elements provided by WIPO tend to plead for a certification mark.

²⁰ According to EU and USA/NOP organic standards.

The Department of Intellectual Property of MoC will probably be very supportive for the registration in Cambodia, and it is expected that WIPO could continue to provide support to proceed with the mark registration abroad. Yet, if needed, SCCRP could mobilize some resources of the component #2 for this step (but this would reduce the budget available for other activities under Component #2, notably for the promotion).

3.2.2. GETTING STAKEHOLDERS READY TO ACTUALLY USE THE BRAND

3.2.2.1. CRF BRAND MANAGEMENT CAPACITIES

Consultants involved in the brand development process will help to define the roles that CRF should undertake internally and reflect with CRF on its internal-organization and on human resources necessary to undertake these roles. These roles may include: accredit certification bodies, keeping an up-dated list of brand users, keeping records of Certification Bodies reports, compiling information on the export of branded rice, developing promotion material and implementing brand promotion, and if necessary undertaking actions for brand protection, in particular in case of suspicion of infringement. This shall also include ensuring sustainable resources to undertake these costs, which is expected to be associated with brand-use fees.

SCCRP project may consider a contribution to the development of CRF internal capacities for this matter, but this remains to be explored.

3.2.2.2. GETTING BRAND USERS' READY

CRF will then have to call for exporters willing to use the brand to express their interest, so they can be informed in details of the requirements and conditions for brand users. A training of potential brand users is planned to be implemented by TÜV Rheinland as part of the current contract with the SCCRP project.

It is foreseen that brand users will be responsible by themselves to hire the certification body²¹ to check their compliance with the managerial requirement (and thereof become authorized brand users) and to proceed with inspections for all shipments of branded products.

3.2.3. CAMBODIAN RICE EXPORT (AND CRF BRAND) EXPORT 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 an action plan for the promotion of the brand shall be developed by “ad communication” in early 2016, and shall start to be implemented as soon as conditions are fulfilled.

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.

²¹ Accredited by CRF.

3.2.4. POSSIBLE SUPPORT TO OTHER QUALITY LABELS / PRODUCT DIFFERENTIATION ASSETS

3.1.5. OTHER QUALITY LABELS: ORGANIC CERTIFICATION, AND CSR CERTIFICATION OF AMRU

As indicated in 3.1.5., even if it does not mobilize budget resources of Component #2, the support to organic paddy supply chain under C#3 contributes to the development of quality differentiation signs and are an asset for the whole Cambodian rice sector. It is expected that the support continued in 2016 will contribute to scale up the offer of organic rice (with AMRU, and also possibly with other exporters who are showing interest).

SCCRP has also been approached to provide support to the pilot implementation of the Sustainable Rice Platform standards. No decision has been made to date on a possible support to this initiative. But some Cambodian rice exporters have expressed interest and since SRP requirements need to be verified on the field, the use of SRP standards will need to develop partnership relations between exporters and Farmer Organizations as for the Organic rice.

3.2.5. TENTATIVE TIMEFRAME FOR COMPONENT #2 IN 2016

The Table 4 below summarizes a tentative work plan of the Component #2 for 2016.

Table 4: Tentative time schedule for Component #2 in 2016

	YEAR 2016											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Branding of Cambodian Rice												
Brand name and design tested and endorsed												
Validation of compliance control plans												
Start brand registration process												
Brief interested brand users on requirements												
Prepare compliance of first brand users												
First branded product shipped (?)												
Promotion activities												
Elaborate and endorse promotion plan												
Brand pre-launching												
Contribution to brand promotion												
Organic certification (→ Component #3)												
Export organic rice produced in 2015 (AMRU)												
Consolidate ICS and extend organic production												
Inspection and certification of harvest 2016												

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

4.1. ACTIVITIES IN 2015 AND OUTCOMES

4.1.1. COLLECTIVE PADDY SELLING ACTIVITIES BY FOS

Involvement of Farmer Organizations in paddy commercialization (out of Contract Farming schemes) has been supported by SCCR project via two types of partners to date: 1. Via the Irrigation Service Center, for Paddy Selling Groups established under Farmer Water User Communities; 2. Via FO Federations (FAEC and FCFD) for other FOs. Activities implemented and results for 2015 are summarized below.

4.1.1.1. COLLECTIVE PADDY SELLING GROUPS OF FWUCS, SUPPORTED BY THE ISC

Paddy Selling Groups supported in 2014 have finalized the last selling operations by mid-April 2015. An overall balance of the operations was presented in Quarterly Executive Report #09, reproduced in Table 5 below:

Table 5: Volumes of paddy sold, value and estimated additional profit in 8 Paddy Selling Groups involved in the period of implementation from 1st May 2014 to 15th April 2015

FWUCs	Province	Volumes sold	Gross amount	Estimated additional profits ⁽¹⁾		Cost for PSG leaders	Net profit for PSG members
				(value)	(%)		
<i>Angko</i>	Kg Thom	284 t	57,385 USD	493 USD	+ 0.86 %	53 USD	440 USD
<i>Beung Leas</i>	Kg Thom	442 t	91,241 USD	920 USD	+ 1.01 %	55 USD	865 USD
<i>Ping Pong</i>	Battambang	2,555 t	642,462 USD	9,557 USD	+ 1.49 %	1,743 USD	7,814 USD
<i>Pralay Ekapheap</i> ⁽²⁾	Ban. Meanchey	1,464 t	389,973 USD	5,740 USD	+ 1.47 %	991 USD	4,749 USD
<i>Krouch Saench</i>	Pursat	715 t	212,609 USD	2,664 USD	+1.25 %	747 USD	1,917 USD
<i>Stung Chinit</i>	Kg Thom	385 t	107,810 USD	1,850 USD	+1.72 %	359 USD	1,492 USD
<i>Tenk Chhar</i>	Kg Cham	100 t	20,643 USD	208 USD	+1.01 %	70 USD	138 USD
<i>Tnaot Chum</i>	Kg Thom	80 t	16,165 USD	165 USD	+1.02 %	70 USD	95 USD
TOTAL		6,025 t	1,538,288 USD	21,597 USD	+1.40 %	4,088 USD	17,510 USD

⁽¹⁾ 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).

⁽²⁾ *Pralay Ekapheap* is also referred to as “*Po Pi Deum*”. Figures presented here are cumulated for two different period of sale (733 tons were sold in wet season and 731 tons in this last quarter as detailed above).

The results of the operations were very significant in terms of volumes of paddy sold (in particular in *Ping Pong* and *Pralay Ekapheap* FWUCs, and leading to noticeable increase of price obtained by farmers (around +12 KHR/kg for these two cases). An amount was reserved to cover the costs of committees in charge, reaching significant amounts in the case where volumes sold were high. But the important support of the ISC team was not even partially financed by the groups, which still question the ability to replicate and sustain the operations.

In 2015, despite it was suggested to ISC Director, the Irrigation Service Center did not propose a follow-up action to the SCCR project.

Only in Stung Chinit, an operation was implemented to market about 500 tons of paddy produced from good quality seeds cropped in the irrigation scheme in the previous year. With support of the ISC, the FWUC/Paddy selling Group has prepared a detailed announcement, communicated to rice millers (notably via CRF). This has led to contacts with interested millers, and, ultimately, to sell this paddy with quite a good price, as reported with more details in the Quarterly Executive Report #12, pages 28-30.

4.1.1.2. OTHER PADDY SELLING OPERATIONS SUPPORTED BY FO FEDERATIONS OR SCCRP TEAM

Other initiatives were undertaken to support linkage of FOs willing to sell their paddy to rice millers, notably with the support of FAEC and FCFD. In particular several contacts were made in Takeo between FOs (notably Udom Soryia AC and Kranh Khmao FO) and two major mills of the province (Golden Daun Keo and Sok Keo rice mills). But results have been actually very limited. Kranh Khmao FO is successfully purchasing paddy and selling it to CEDAC Enterprise. But only 5 tons of paddy were sold to Golden Daun Keo.

One of the successful case of facilitation of paddy selling for this year was the selling of 443 t of Sen Kraob paddy by Rang Kesei AC (in Battambang) to AMRU Rice. Rang Kesei AC has obtained relatively good price from AMRU for its *Sen Kraob* and the operation has generated an income of 1,191.70 USD for the AC budget from the management of these paddy supply operation (2.75 USD/t paid by AMRU).

4.1.2. CONSOLIDATION OF CONTRACT FARMING SCHEME FOR ORGANIC PADDY SUPPLY CHAIN IN PREAH VIHEAR

4.1.2.1. REVIEW OF PREVIOUS YEAR EXPERIENCE AND ROADMAP FOR CONSOLIDATION OF THE PARTNERSHIP

Results and lessons learnt from 2014 season were assessed and reviewed in early 2015. Overall, both farmers and exporter were quite satisfied with the partnership and willing to pursue and consolidate it. But challenges were identified, notably regarding the economic sustainability of the contract farming and certification model. Scenarios to address this issues were prepared by the project and discussed with AMRU, cooperatives and COrAA, leading to an agreement on a shared vision and mutual commitments to build the sustainability of the model, based on the constitution of a Union of Cooperative to supports ACs and take over the role of supervision of Internal Control System, previously undertaken by COrAA and sponsored by the project in 2014.

In May 2015, commitments were formalized in a MoU between AMRU, ACs and SCCRP project, AMRU notably taking commitments on the increase of volumes purchased and level of premium price offered, ACs accepting to channel 50 KHR/kg to cover the operational cost of the Union of Cooperatives, and the project accepting thereof to subsidize the costs for the Union for the first year (2015) and partly for 2016 as a step toward the ability of ACU to balance its costs, and to mobilize COrAA for some additional training.

4.1.2.2. SETTING UP AN AGRICULTURAL COOPERATIVE UNION

The principal of setting up a Union of Cooperatives was validated by the General Assemblies of each of the 8 cooperatives involved. Temporarily, a group of leaders of ACs was established to manage the ACU, until the final statutes are validated and formal elections are organized.

This process of formal registration has not yet been achieved, since Prakas on the format of statutes for ACUs and procedures for registration is not yet issued by MAFF (initially, the DACP had proposed a process and timeframe which was supposed to lead to a formal registration by September or October 2015).

Despite not yet registered, the Union started to be operational from mid-July 2015 with the recruitment of a General Manager and three ICS Supervisors. Recruitment was facilitated by C#3 consultant team, but decision making was under the responsibility of AC representatives. As indicated above, costs are covered by project subsidy for 2015, with a perspective of taking over by ACs for approximately 75% of total ACU budget in 2016. Capacities of ACU staff were developed with the support of SCCRP project (direct support of project team for managerial part + capacity building by COrAA for the ICS management part).

4.1.2.3. ORGANIC CERTIFICATION

Not only ACU supervisors, but also AC's ICS inspectors and farmers have received some additional training from COrAA regarding organic production and Internal Control System. AMRU continued to mobilize Ecocert for the certification. Ecocert inspector has provided positive feedback on the improvement of the ICS system in 2015, and the organic certification (for EU standards and USA/NOP standards) was granted in October 2015.

4.1.2.4. CONTRACTS SIGNED FOR 2015 AND IMPLEMENTATION

Based on an assessment of estimated production capacities, contracts for the season 2015 have been negotiated, and contracts were signed in Preah Vihear on 3rd of August 2015, for a total volume committed of 3,359.25 tons of paddy (mainly Jasmine, as shown in Table 6 below).

AMRU has provided training to AC representatives on paddy quality assessment, and the ACU has organized an additional training on harvest and post-harvest to try to improve the quality (which yet remains challenging, considering the constraints of lack of labor at harvest time and lack of combined harvesters – or impossibility for combined harvesters to reach the fields, in some cases).

Finally, volumes of organic paddy delivered have been lower than volumes committed in contract (about 28% less than in contracts, mainly to a drop off of yields because of drought). Yet more than 2,400 t of organic paddy have been supplied to AMRU by these 8 ACs, which is still considered as a good result and put the partnership on a growth track, very close to the roadmap toward progressive financial autonomy of the Union of Cooperative (which was established on incomes for 2016 based on 2,500 t delivered in 2015).

Table 6: Volumes committed in contracts between ACs and AMRU Rice for organic paddy supply for year 2015 and volumes actually delivered

AC Names	Volumes committed in Contracts 2015			Volumes actually delivered			Δ (on total Fragrant + White)	% of realization of the contract
	Fragrant (Jasmine) paddy	White rice paddy	Total	Fragrant (Jasmine) paddy	White rice paddy	Total		
<i>Krubao Prum Tep</i>	178.00 t	28.50 t	206.50 t	165.79 t	0.00 t	165.79 t	-40.71 t	80.3%
<i>Kaeluma Chivikpheap Ros Nur</i>	267.95 t	19.80 t	287.75 t	108.71 t	0.00 t	108.71 t	-179.04 t	37.8%
<i>Romduol Malu Prey Chheay Den</i>	364.25 t	31.35 t	395.60 t	329.86 t	0.00 t	329.86 t	-65.74 t	83.4%
<i>Satrey Ratanak</i>	826.70 t	0.00 t	826.70 t	744.67 t	4.77 t	749.44 t	-77.26 t	90.7%
<i>Torsu Sen Chey</i>	490.50 t	85.00 t	575.50 t	429.86 t	31.45 t	461.31 t	-114.19 t	80.2%
<i>Leuk Kampas Satrey</i>	782.00 t	10.00 t	792.00 t	414.67 t	36.81 t	451.48 t	-340.52 t	57.0%
<i>Rohas Samaki Meanchhey</i>	146.40 t	0.50 t	146.90 t	79.11 t	0.00 t	79.11 t	-67.79 t	53.9%
<i>Rom Tom Samaki Meanchhey</i>	89.30 t	39.00 t	128.30 t	71.91 t	20.91 t	92.82 t	-35.48 t	72.3%
TOTAL	3,145.10 t	214.15 t	3,359.25 t	2,344.58 t	93.94 t	2,438.52 t	-920.73 t	72.6%

For Jasmine variety paddy, the level of premium applied varied from +125 to +260 KHR/kg, depending on the quality of the paddy. But it as to be noted that it is added on a reference price based on mill-gate prices in Kampong Thom and Siem Reap, which reference price is already significantly higher than what local collectors would offer in Preah Vihear province. Benefits for farmers involved are thereof much more than the organic premium only.

4.1.3. CONTRACT FARMING BETWEEN GOLDEN RICE AND FOS

Contracts signed by Golden Rice with FOs in late 2014 for *Phkar Kravan* and *Phkar Champa* varieties were implemented with good results, as summarized in the Table 7 below.

Table 7: Results of implementation of contracts signed with Golden Rice

Farmer Organization	Variety	Volume contracted	Volume harvested	Average Yield	Volume sold to Golden rice	Fixed price (fresh paddy)
Kampong Prasat AC (Kandal)	<i>Phkar Champa</i>	40-50 t	42.85 t	3.3 t/ha	42.75 t	1,020 KHR/kg
Chey Chumnas AC (Kg Chhnang)	<i>Phkar Kravan</i>	120-245 t	222.11 t	4.11 t/ha	213.92 t	1,000 KHR/kg
Ampil Meanchey AC (Takeo)	<i>Phkar Kravan</i>	27-45 t	36.67 t	4.01 t/ha	35.67 t	1,000 KHR/kg
Sromok Sok Sen Chey AC (Takeo)	<i>Phkar Kravan</i>	133-220 t	194.93 t	4.41 t/ha	194.73 t	1,000 KHR/kg

A presentation of the contract farming scheme and proposed varieties was organized by Golden Rice in Golden Rice mill + field visits on 22 January 2015, in order to identify potential partners for further CF agreements. Several FOs took part in this session, notably some large Farmer Water User Communities such as FWUCs from Prey Nup, Stung Chinit, Tnaot Chum, Beng Leas, Tang Krosang and Por Pi Deum.

Unfortunately, the issue of homologation of the new varieties introduced by Golden Rice has stopped the process, which can be resumed only after the variety is approved by MAFF.

Golden Rice has engaged (with some facilitation by SCCRP project team) the process with the GDA to apply for the registration of *Phkar Kravan* variety. The process is still on-going.

4.1.4 OTHER CASES OF CONTRACT FARMING

Following Component #3 coordination meetings of March 2015, it was agreed that for year 2015 DACP and DAI would take the leadership for some pilot activities of contract farming²². From April 2015, DACP and DAI have organized series of meetings with FOs (mainly Agricultural Cooperatives) and rice millers in Prey Veng and Svay Rieng provinces, but which finally did not lead to any signature of contract farming agreement. Similar initiatives in Pursat and Stung Treng have been a little bit more successful, with three contracts ultimately signed, as summarized in the Table 8 below:

Table 8: CF agreements signed in 2015 with facilitation led by DAI and DACP

Province	Name of BUYER	Name of SELLER	Number of Farmers	Expected period of delivery	Variety	Volume committed	Price
Pursat	Phour Kok Ky rice mill	FWUC Krouch Saeuch	50	01-02-2016	<i>Sen Kraob</i>	100-155 t	Market price (3 mills as reference)
Stung Treng	Kan Chan Heang	Preah Rumkil AC	32	12-2015 – 02-2016	<i>Phka Rumduol</i>	46-100 t	Market price + 30 KHR/kg for AC service
Stung Treng	Kan Chan Heang	Stung Treng Ramsar AC	45	11-2015 - 05-2016	<i>Phka Rumduol</i>	40-80 t	Market price

²² Cf. Quarterly Executive Report #09, § 3.8.2. page 25.

Note that these contracts could rather be considered as “paddy supply contracts” rather than “contract farming”, since there is no specification on the way to produce and no input or support from the miller to the FO, and in particular for Stung Treng Ramsar AC, where the contract was signed only a few weeks before harvest.

For the two contracts signed in Stung Treng, at the end of 2015, only 16.5t of paddy were delivered by Ramsar AC. No paddy was delivered by Preah Rumkil AC. Deliveries are still possible in early 2016 (some members of the AC still have paddy in stock) but yet the success of these two contracts is doubtful.

For Pursat case, *Sen Kraob* paddy is expected to be harvested from February 2016.

4.1.5. OVERALL REVIEW OF PILOTS ON CONTRACT FARMING OF THE PAST 3 YEARS

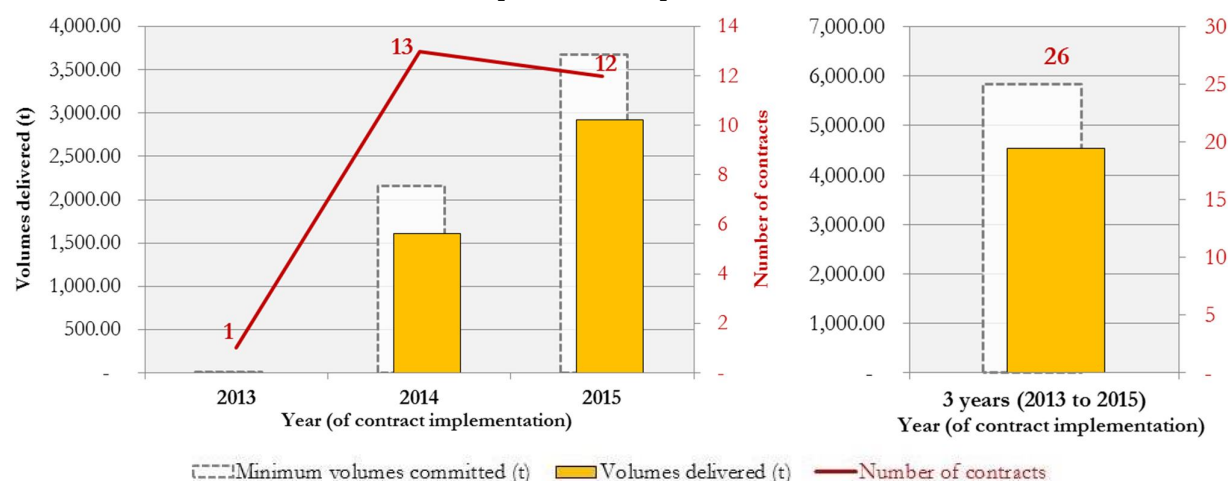
In total 29 Contract Farming agreements have been signed with the support of SCCRP project from January 2013 to December 2015 (See Annexe 2 in this report).

A quick analysis in figures is developed below for 26 contracts (the last three being still active with part or all of paddy delivery expected to take place in 2016).

4.1.5.1. STABLE NUMBER OF CONTRACTS IN 2014 AND 2015, BUT SCALING UP OF VOLUMES

Only one (very small) CF agreement was signed for seed production in 2013. After that, number of contracts implemented has been quite stable in 2014 and 2015, but the quantity of paddy committed in the contract and actually delivered have increased significantly in 2015, attesting of the scaling up of volumes.

Figure 6: Synthesis of evolution of number of contract signed and implemented and volumes of paddy committed and delivered from 2013 to 2015, as part of SCCRP pilot actions



Note: 29 Contract Farming agreements have been signed with the support of SCCRP project from the beginning of the project and until 31st December 2015. But only 26 are considered in the synthesis above as the three last ones are still ongoing and paddy will or may still be delivered.

This is particularly true for the contracts signed with AMRU Rice for organic paddy, which are representing the larger part (85% - See Figure 7 next page) of the volumes committed and delivered.

4.1.5.2. 78% OF MINIMUM TARGET VOLUMES REACHED IN AVERAGE, 152% FOR CONTRACTS WITH GOLDEN RICE

In average on all these 26 contracts, volumes of paddy actually delivered have reached 4,529 tons, 78 % of the minimum volumes committed in contracts. A volume of actual supply below the volumes plans is not always a sign of failure of the Contract Farming model, as in some cases it is mainly due to accidents in the production (drought has impacted on the yields for the 8 contracts signed in 2015 in Preah Vihear with AMRU, flood had destroyed the production of the 1st contract with Loran). But in some cases (e.g. contract signed with BRICo), the paddy was actually produced and available but not delivered to the contractor, partly due to low quality, partly because farmers were offered better prices by collectors. Market price based payment was not making the contract implementation attractive.

On the contrary, reaching or overpassing the volumes targeted in the contract is always a sign of the interest of the contract for the farmers. Minimum volumes committed have been reached in all of the 6 contracts signed by Golden rice (in average the volume delivered to Golden Rice were at 152% of the minimum volumes committed, and 87% of the maximum volumes indicated in contracts). Contracts signed with Golden Rice were indeed interesting for farmers as the price of the proposed variety was above price of white rice whereas *Phka Kravan* in particular can substitute an IR variety in the cropping cycle, with pretty much the same productivity and cycle duration, but higher price. Also close support and monitoring of contract implementation by Golden Rice have probably contributed to this success. It was also permitted by the relatively small scale of contracts (pilots, aiming at testing the variety and the partnership with farmers rather than targeting volumes). The investment of time by Golden Rice to monitor contract implementation might be relatively lower (per FO/Farmer involved) when it comes to a scaling up phase.

Figure 7: Number of contracts, volumes committed and delivered for each of the 4 millers/exporters involved (contract implemented from 2013 to 2015)

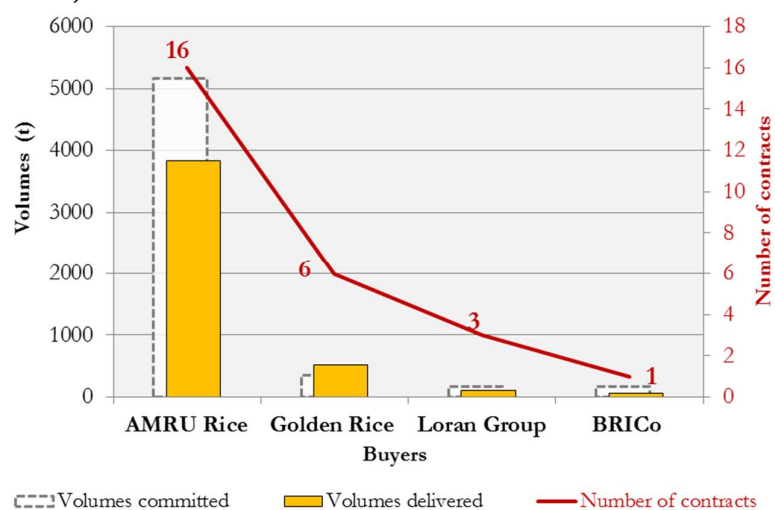
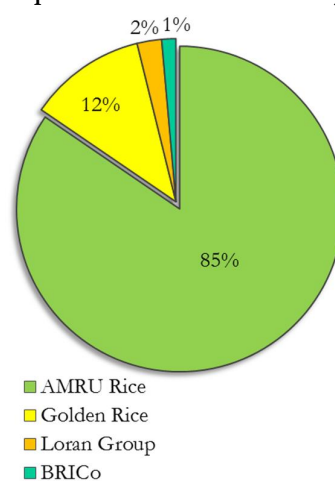


Figure 8: Share of paddy volumes delivered under pilot CF per buyers (contract implemented from 2013 to 2015)



4.1.5.3. REPLICABILITY / UP-SCALING

We have little doubts that Millers or Exporters who are already involved and had satisfactory results (with truly shared benefits with farmers) will be able to pursue contract farming development and implementation on their own. In Preah Vihear, the creation of the Union of Cooperatives will also ease further negotiation for renewal and scaling up of contracts with AMRU Rice, while the organic premium (for producers and for exporter) shall provide enough incentive to keep the motivation high. For Golden Rice, the specific offer of

variety also provides sufficient incentives for both parties, and we believe that Golden Rice has developed an experience and internal capacities to pursue and scale up its contract farming scheme, as soon as the constraint of the homologation of *Phkar Kravan* is removed. But scaling up is a must, because the investment (in term of time/transaction costs) to negotiate and monitor contract farming agreements is too high if contracts remain at a relatively small scale (Average of volume delivered for the 6 contracts signed and implemented with Golden Rice is 87.7 tons per contract; it's 239.4 tons per contract in average for the 16 contracts signed by AMRU Rice).

There are more doubts obviously on the willingness of millers who have been less successful to try again.

But the pending (and most important) question is how successful contract farming models can be replicated with other stakeholders (FOs and millers/exporters) who have not yet been involved in the pilot experiences. In other words: where facilitation capacities and services can be efficiently made available?

Consolidating and documenting the experience is on-going with the preparation of a Manual on Contract Farming in Cambodia. This shall be continued and finalized in 2016. Then the project intends to use the two remaining years to strengthen the capacity of facilitation services embedded in two different institutions:

- MAFF (DAI/DACP, but also PDAs): capacities are progressively built in DAI and DACP, notably through the permanent association of counterpart staff in the project pilot activities. But additional trainings to PDA officers shall be planned in 2016-2017, based on the Manual, to allow presence of more decentralized facilitation services (See § 4.2.4.2. page 29 – Manual – and § 4.2.4.3. pages 29-30 – Training of PDAs – in the present report).
- CRF and FO Federations: for the rice sector specifically, CRF is a unique space of work where Farmer Organizations can be connected directly with millers and exporters. We will therefore propose to CRF and FO Federations to work more together in this space to develop and test services to facilitate the development of such partnerships with millers and exporters (See § 2.2.1.3. page 10 and § 2.2.2.2. page 11 in this report).

4.1.6. PREPARATION OF A STUDY ON FO EQUIPMENT IN DRYERS AND STORAGE

Following up on meetings with AFD and Golden Rice, Terms of Reference for a study on equipment of FOs with dryer and storage facilities were prepared by the project PMA. It was also proposed to encompass in the scope of the same study the exploration of another model of paddy selling platform that was already described in the main ideas in a concept note written by Project Management Advisor on 26 February 2015. This idea was first verbally accepted by AFD, but has been rejected later on while asking for non-objection on the ToR and procurement for this feasibility.

A consultation on these Terms of Reference was then organized in SNEC on 18 June with AFD, RDB, representatives of Farmer Organizations (mobilized via FAEC, FCFD and FWN) and representatives of the milling industry (mobilized via CRF), and an additional presentation of the proposed study was also done (by team leader of Component #3 and PMA) during CRF's Farming and Milling Executive Committee meeting on 30 June 2015, in CRF office.

The procurement of consultants, based on a shortlist, was launched on 21st August, but the process of procurement selection was still not finalized (non-objection of AFD pending) at the end of Year 2015.

4.1.7. LESSONS FROM EXPERIENCE AND REGULATIONS ON CONTRACT FARMING

4.1.7.1. TASKFORCE ON POLICY, GUIDELINES AND REGULATION ON CONTRACT FARMING

Following up on the approval (by the Project Steering Committee, in August 2014) of the proposed approach to work on guidelines and policies for Contract Farming a first meeting of a “Taskforce on policy, guidelines and regulation on Contract Farming” was organized on 9th January 2015 at SNEC office with participation of 14 persons from SNEC and SCCRP consultants, MAFF (GDA, DAI, DAE/DACP, DAL), RDB and Association Henri Capitant. It was still a preliminary meeting to discuss on the objectives and composition of the taskforce. Further to this first meeting, new members were “recruited” to complete the group: appointment of representatives by Ministry of Justice and Ministry of Commerce, in February and March 2015), mobilization of private sector and FO representatives via CRF for rice sector, etc...

Another meeting of this broader taskforce then took place on 24 April 2015. It endorsed the overall proposed approach to work on guidelines and regulations, and the concept of the Experience sharing and Consultation Workshop on Contract Farming, seen as a starting point to identify economic stakeholders concerns and expectation from regulations on Contract Farming.

But after this workshop (see 4.1.6.2. below) no other meeting of the Taskforce took place for this year. Despite previous validations (project steering committee decision, notably), the acknowledgement of the taskforce’s mandate and role has still been somehow challenged or questioned by MAFF.

In January 2016, a meeting between H.E. Ung Luyna, SCCRP project coordinator, and H.E. Ty Sokhun, Secretary of State of MAFF has clarified, to some extent the need for a more formal acknowledgement of the taskforce mandate by MAFF.

4.1.7.2. EXPERIENCE SHARING AND CONSULTATION WORKSHOP ON CONTRACT FARMING IN CAMBODIA

The « Experience sharing and consultation workshop on Contract Farming in Cambodia »²³ took place on 15 July 2015, with a total of 110 participants.

The main objectives of the workshop were the following:

- To share experiences on Contract Farming and discuss analysis and lessons learnt;
- To gather inputs (from economic stakeholders in particular) regarding the legal and administrative procedure for Contract Farming Implementation, the arbitration or facilitation of conflicts and the policy support measures and business environment, with the objective of defining regulation and policies that will serve the economic stakeholders.

Different experiences were presented, from SCCRP project in the rice sector, but also from experiences for other crops.

The workshop has provided some interesting insight on the subject of Contract Farming, which has been appreciated by participants. But on the other hand, organizers have regretted the lack of attendance of representatives from the business sector (in particular rice millers / exporters) in the afternoon session, whereas it was, from our point of view, the most important to gather elements to guide further work of the taskforces, regarding the three topics of group discussions (1. Contract Farming and contribution to policy objectives; 2. Conflict resolution, mediation, arbitration and enforcement; 3. Process for facilitation of Contract Farming negotiation and – if necessary – registration).

²³ Prepared since the beginning of this year, and postponed after it was initially scheduled on 19 June – See Quarterly Executive Report #10 page 19 and Quarterly Executive Report #09 pages 23-24.

4.1.7.3. PREPARATION OF A MANUAL ON CONTRACT FARMING IN CAMBODIA

The overall structure and content of a Manual of Contract Farming in Cambodia has been drafted by SCCRP PMA and shared with DAI and the C#3 team. Parts have already been drafted by PMA, DAI and consultants of Component #3. It is expected to mobilize Henri Capitant Association to also contribute, notably on the chapter on Conflict Resolution (non-objection of AFD was still pending on this contract at the end of 2015). At the end of 2015, still a lot of parts have to be developed²⁴.

4.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2016

4.2.1. DEVELOPING CONTRACT FARMING PRACTICES

4.2.1.1. CONSOLIDATION OF ORGANIC PADDY SUPPLY CHAIN IN PREAH VIHEAR

The project will pursue the support to organic paddy supply chain and the consolidation of the partnership between AMRU and cooperatives in Preah Vihear.

The Union of Cooperatives should be registered as soon as possible in 2016. But this matter depends on MAFF issuance of the Prakas on the registration of Union of Cooperatives, then on the finalization of the registration process by DACP.

In addition to the foreseen subsidy to balance the budget of the ACU in 2016 (See § 2.2.3. pages 11-12 in the present report), the project team will continue to consolidate the capacities of ACs and ACU regarding internal control system and management, and will follow-up the preparation of new contracts farming agreements for Year 2016. A contract with CO_{RAA} for few additional consolidations regarding organic internal control system is considered.

In order to strengthen the economic sustainability of the Union of Cooperatives, the project team will accompany the integration of new members and/or new cooperatives in the Union in order to allow scale economy.

Coordination with other organizations and projects providing support to organic cooperatives will be enhanced (notably IVY, WVI, ASPIRE project...).

4.2.1.2. FOLLOW-UP ON ON-GOING CONTRACTS SIGNED IN END 2015

The period of implementation of the three contracts signed in the end of 2015 (2 contracts between Kan Chan Heang mill and ACs in Stung Treng and one contract between Phour Kok Ky mill and FWUC Krouch Saeuch in Pursat) is still on-going, and implementation and results will continue to be monitored in the beginning of 2016, with possible support to improve, replicate or scale up if there is an interest of the parties involved. Yet at the moments there are some doubts about the interest and success of the two contracts signed in Stung Treng.

4.2.1.3. POSSIBLE SUPPORT TO SCALING UP OF GOLDEN RICE CF WITH FOS

SCCRP project could provide some additional support to scale up-contracts between Golden Rice and FOS, if Golden Rice requires it, and notably if the green light is formally given by MAFF / GDA for Golden Rice to use *Phkar Kravan* variety. Contracts for other varieties could be considered as well but may not provide the same level of interest for producers and buyer.

²⁴ Cf. Quarterly Executive Report #12, pages 31-32.

4.2.1.4. OTHER SUPPORT TO PILOT CONTRACT FARMING ACTIVITIES

Support will be provided to other contract farming activities, still to be defined based on the interest of potential millers / exporters.

Needs to secure supplying partnership with FOs might be particularly relevant when a specific quality and certification of the production method is required, as it is the case for organic. Project team has been approached by other exporters to support similar development as for AMRU Rice (notably Signature of Asia). This is an opportunity that could be explored and supported, provided the level of premium would allow to sustain costs and to leave a significant incentive for farmers. Similarly other certification could be tested, such as “Sustainable Rice Platform” (SRP) certification, for which some international buyers and Cambodian Exporters have already expressed interest.

Besides, in order to contribute to the objectives of Component #1 (strengthen inter-professional body) and to address the issue of the sustainability of support/facilitation services to Contract Farming as raised in § 4.1.5.3. pages 24-25, more collaboration with CRF (which also desires to promote and support contract farming among its members) and FO Federations will be sought. Proposed orientations have been submitted²⁵ to CRF in early 2016 and will require further discussion in the coming weeks.

DAI will be kept involved, at least in order to follow up new experiences and models that will also contribute to feed the reflection on policy and regulations.

4.2.2. DEVELOPING PADDY SELLING BY FO (OUT OF CF SCHEMES)

4.2.2.1. SUPPORT AND CONSOLIDATE CAPACITIES OF FOs FOR PADDY MARKETING

Support will continue to be provided to Farmer Organizations willing to market paddy collectively. A large part of this support is expected to be embedded in the services of the Federations or Networks of Farmer Organizations. It may also include a continuation of previous assistance provided by FAEC and FCFD to the development of Agricultural Cooperatives Unions.

More specifically, in the case of Farmer Water Users Community and to continue on the previous experiences of paddy selling group, it is envisaged to work more with FWUC on the production planning in few irrigation schemes (as pilots) where non-photo-sensitive varieties are grown, in order to optimize the timing of harvest to ease the organization of services of combined harvesters and to enable a regular supply of fresh paddy to millers. This is considered to be done in partnership with FWN, the ISC and the WASP project.

4.2.2.2. ELABORATE ADEQUATE AND DEMAND DRIVEN TOOLS FOR INFORMATION ON PADDY AVAILABILITY

In 2015, some Farmer Organizations have tried to communicate on their abilities to supply paddy to several rice mills in order to get connected to them and seek for higher prices. These experiences include:

- The joint publication by FAEC, FCFD and FWN of a booklet presenting profiles and paddy production potential of 44 of their members²⁶. The booklet was disseminated to millers notably via CRF.

²⁵ Cf. Draft concept note « Developing the interface between producers (Farmer Organizations) and Rice Millers / Exporters », prepared by SCCRP Project Management Advisor and dated 18 February 2016.

²⁶ For more details, see Quarterly Executive Report #12, § 1.2.2.1. page 5.

- A more detailed announcement prepared and disseminated by Stung Chinit FWUC, informing about the up-coming harvest of 500 t of quality Phka Rumduol paddy, produced from good seeds²⁷.

These two experiences will be reviewed with FOs and with rice millers / exporters within the frame of CRF in early 2016 in order to draw lessons, assess interest for buyers, re-define the content and timing of information useful for millers, and explore best options of media to carry this information. This could lead to an innovative information platform for paddy selling/supply, developed as a partnership between CRF and FO Federations, and hopefully tested for wet season harvest 2016.

4.2.3. STUDY ON FOs EQUIPMENT IN DRYING AND STORAGE FACILITIES

In June 2015, consultations²⁸ with stakeholders were organized on Terms of Reference for a feasibility study on two possible innovative models for FOs involvement in paddy commercialization. The two models considered in the draft ToR were:

- Model 1: Private investments in drying and storage facilities at local level
- Model 2: Improved paddy quality recognition and storage + bidding / auction system (+possible associated payment facilities)

The proposed study has then been refocused on Model 1 only, on the request of AFD project officer. A request for proposal was sent to a shortlist of consultants, and an offer has been selected, but non-objection of AFD is still pending. It is expected that this study could start in the second quarter of 2016.

It could lead to further pilot actions, yet the delays that have occurred to initiate the study are now considerably limiting the time available to test possible implementation.

4.2.4. LESSONS LEARNT AND CAPACITY BUILDING ON CONTRACT FARMING

4.2.4.1. PURSUE EXCHANGE AND ANALYSIS OF CF EXPERIENCES

The project team will continue to promote experience sharing and analysis of past experiences of Contract Farming among stakeholders in the rice sector, notably among Farmer Organizations (in particular within the networks of FAEC, FCFD, FWN, and also other FO Federations), and with rice millers and exporters within CRF. Work sessions on the subject are foreseen to be organized in March/April 2016, in order to draw lessons and prepare further support with FO Federations and CRF to develop and implement additional experiences of contract farming in rice sector.

4.2.4.2. FINALIZE THE PREPARATION OF A MANUAL ON CONTRACT FARMING IN CAMBODIA

The structure of a Manual on Contract Farming has been developed in 2015 and parts of the content were already drafted. It is expected to be continued and finalized by the end of the year 2016. Once a complete draft is available, it shall be submitted and discussed with the Taskforce on Contract Farming Guidelines, Regulations and Policies.

4.2.4.3. CAPACITY BUILDING OF STAKEHOLDERS AND PDAS

DAI has requested to organize trainings of PDA officers on Contract Farming. Training workshop to train PDA officers (+ other service providers) on the new guidelines and regulations for Contract Farming will

²⁷ For more details, see Quarterly Executive Report #12, § 3.5.1. pages 28-30.

²⁸ Cf. Quarterly Executive Report #10, pages 17-18.

be organized with DAI. As tentatively indicated in the plans developed prior to the extension of SCCR project duration²⁹, 3 workshops could be organized (for North-West provinces, Eastern provinces and Southern provinces, roughly). It is not yet determined if it will take place in late 2016 or early 2017.

4.2.5. POLICY, GUIDELINES AND REGULATIONS FOR CONTRACT FARMING

The work of the Taskforce on Contract Farming Guidelines, Policies and Regulations is expected to be resumed in 2016. Further to meeting with MAFF Secretary of State on 11 January 2016, SNEC will formally send a request to MAFF to take over the coordination of the taskforce in order to ensure a full recognition of the taskforce work by MAFF.

Further planning is now depending on MAFF, but it is anticipated that the work of the taskforce would be resumed within the second quarter of 2016, starting with a review of the draft of Manual on CF. Additional stakeholders and projects working on Contract Farming could be invited to join the taskforce.

4.2.6. TENTATIVE TIMEFRAME FOR COMPONENT #3 IN 2016

The Table 9 below summarizes a tentative work plan of the Component #3 for 2016.

Table 9: Tentative time schedule for Component #3 in 2016

	YEAR 2016											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Pilot Actions												
Information system on FO Paddy supply abilities												
Review experiences 2015 with FOs and millers												
Elaborate and develop up-graded system												
Test implementation from harvest WS 2016												
Organic Cooperatives												
Consolidate ACU (including part of subsidies)												
Integration of new ACs in ACU												
Up-grade and renew contracts with AMRU												
Consolidate ACs internal control capacities												
Harvest and selling												
International certification												
Other Contract Farming FO / millers												
Follow-up implementation of on-going CF												
Identify new opportunities with CRF and FO Fed												
Implementation of new pilots with CRF and FOs												

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²⁹ Revised Implementation Strategy, Budget and Project Extension Plan 2016-2017 – V.3., page 21.

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	YEAR 2016											
	Q.01			Q.02			Q.03			Q.04		
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
FWUCs Paddy Selling Groups												
Assess further partnership opportunity with FWN												
Up-grade on St. Chinit experience (+ prod planning)?												
Consider involvement of other FWUCs in CF												
Knowledge management, policy and regulations												
Share experience / capitalization												
Share experience within CRF and FO Fed												
Development of Manual on CF in Cambodia												
Study on paddy storage and driers at FO level												
Training												
Training of PDAs and other stakeholders (or early 2017?)												
Policies, regulations, guidelines												
Review with MAFF mandate of taskforce												
Resume taskforce work on guidelines and reg.												

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

5.1. ACTIVITIES IN 2015 AND OUTCOMES

5.1.1. IMPLEMENTATION OF REFORMS BY RDB

5.1.1.1. RECRUITMENT PROCESS FOR ADDITIONAL TECHNICAL ASSISTANCE

The process to recruit additional Technical Assistance to RDB was engaged³⁰ in the end of 2014, but was still not finalized after more than one year.

In January 2015, AFD has recommended to declare the call for expression of interest unfruitful and to re-advertise it. After this new call, three companies qualified. Only two of them had submitted a full proposal in May. But price offered were far above the maximum budget available. In June, the process was declared unfruitful again and it was decided to re-launch the bidding under a fixed budget process. In July, a new call for Expression of Interest was issued. Three companies have applied but only two qualified and were asked to submit a full proposal. Full proposal were received in October 2015. The selection process was finalized in November and non-objection was granted by AFD on 1st December on the proposed selection. Mekong Strategic Partner was selected, and the contract negotiation process was still on-going in the end of December 2015.

The implementation of the Technical Assistance is expected to start on 1st of March 2016.

5.1.1.2. REFORMS IMPLEMENTED BY RDB

Despite Technical Assistance foreseen to be provided by SCCRP project was delayed, RDB has continued to implement significant steps in its reform process in 2015. Some of the key facts are listed below:

- Human Resources: new officers were recruited (in IT Office and Accounting Office³¹, in Credit Department³², in Human Resources Department³³. The HR Department has also worked on staff performance appraisal method.
- IT System was up-graded.
- Revision of RDB Credit Policy was conducted³⁴.
- Modification of the risk management policy which became more specific and allows a higher level of risk when required to achieve stronger contribution to policy objectives³⁵.
- Procedures for the Asset-Liability Committee were developed.
- Improvements were made to the internal control reporting, in order to align it on the requirements of the National Bank of Cambodia.
- Increased loan monitoring activities, under a specific unit of the Credit Department since the last quarter of 2015.

³⁰ Cf. Annual Report #2, § 5.1.4, page 26.

³¹ In the first Quarter, see Quarterly Executive Report #09, page 27.

³² Five new staff recruited during the second quarter of 2015, see Quarterly Executive Report #10, page 20.

³³ Assistant to Director of Department recruited in the third quarter of 2015, see Quarterly Executive Report #11, page 28.

³⁴ Cf. Quarterly Executive Report #10, page 20.

³⁵ Cf. Quarterly Executive Report #09, page 27.

5.1.2. DEVELOPMENT OF CREDIT MECHANISM TO FARMER ORGANIZATIONS

In early 2015, meetings took place between RDB, FO Federations and project team in order to further discuss the implementation of credit to FOs. The “Scoring Criteria Method”, used to assess FOs’ capacities, was discussed and reviewed with some inputs from RDB in order to improve the criteria used in order to fit RDB expectations, for this method to be used as a pre-screening tool of FO eligibility.

In March, it was agreed to work on tailoring specific offers of RDB based on loans requests to be elaborated by FOs (with the support of their Federations).

Several requests for loans were then prepared by FOs (with support of FAEC and FCFD) in the second quarter³⁶ of 2015. But unfortunately none of them has led to actual loan from RDB. RDB loan policy was not adjusted by the time loans requests were instructed, and RDB took a long time to provide decision, leading to the withdrawal of part of the requests.

The second phase of Horus Development Finance mission was then mobilized in the middle of year 2015 in order to propose a revised credit policy for FOs. During and after the mission in Cambodia, Horus has prepared the following documents and tools:

- Flowchart of the process of assessment of requests for loan;
- Outlines of Loan Appraisal Report;
- Procedure of loan monitoring;
- Procedure of loan recovery;
- Draft description of a revised financial product offer dedicated to FOs;
- Elements regarding the guarantee mechanisms.

It was expected then that the new credit policy would be submitted to RDB Board (and hopefully approved) by the end of the year³⁷. Unfortunately it has not been the case. It will be necessary to address this deadlock and find solution in early 2016, as the development and implementation of this pilot credit mechanism to FO is seen as an important objective of the project, on which significant investments have been done already. Support from SNEC project direction is seen as crucial to address this issue.

5.2. STAKES, OBJECTIVES AND ELEMENTS OF ACTION PLAN FOR 2016

5.2.1. IMPLEMENTATION OF REFORMS BY RDB

Mekong Strategic Partner has been selected to provide an in-house and full time technical assistance within RDB and is expected to start the mobilization of its principal consultant from 1st of March 2016. This presence in RDB (combined with inputs from few additional experts) will boost the implementation of reforms and improvements of RDB management.

An up-dated time frame of the implementation of the mission shall be discussed between the consultant, RDB and the project management team in March 2016 and details of the work plan are thereof not included in this report.

5.2.2. DEVELOPMENT OF CREDIT MECHANISM TO FARMER ORGANIZATIONS

Bottlenecks that have prevented RDB to adopt the new credit policy to FOs have to be identified and discussed with RDB in March 2016 and solutions defined and approved to address them.

³⁶ See Quarterly Executive Report #10, pages 21-22.

³⁷ See Quarterly Executive Report #12, pages 34-35.

Subject to the above point: it is expected that the credit mechanism can then be endorsed and tested. FO Federations have a key role to play to disseminate information on the new credit offer, to pre-screen and assess their members' capacities, and to support them to develop business plans and request for loans.

The last part of Horus Development Finance mission could be mobilized in the second quarter of 2016 in order to finalize requests for loans and/or to accompany the review of requests and decision making process within RDB.

Hopefully first loans could be implemented in the second half of the year.

5.2.3. TENTATIVE TIMEFRAME FOR COMPONENT #4 IN 2016

The Table 10 below summarizes a tentative work plan of the Component #4 for 2016.

Table 10: Tentative time schedule for Component #4 in 2016

	YEAR 2016											
	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												
Full time TA to RDB - Phase 1 ⁽¹⁾												
Full time TA to RDB - Phase 2 ⁽²⁾												
Credit Mechanism to FOs / Value-chain financing												
Identify and address pending bottlenecks												
Endorse RDB credit policy to FO												
Mobilise FO Federations and gather requests for loans												
HORUS mission - Phase 2 / Part 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 2015

Table Annex 1-1: List of 91 Agriculture Cooperatives involved with project activities in 2015

Agricultural Cooperatives	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
Charp kab meanchey	Battambang	✓	✓						✓
Kasekor Aphiwat Sangkhum	Battambang			✓					
Kdey Sangkhim Kasekor Khmer	Battambang			✓	✓				
Meanchey Ampil Pram Doeurn	Battambang			✓					
Morordak bangsay treang	Battambang	✓	✓						✓
Nikum Preah Sihanouk	Battambang	✓	✓	✓	✓	✓			✓
Ponleu Thmey Kdey Sangkhim Kasekor*	Battambang	✓	✓	✓					✓
Punlork thmei trang	Battambang	✓	✓						✓
Raksmei Dambok Kpous Mean Chey*	Battambang	✓	✓	✓					✓
Reaksmei Dambok Kpous Mean Chey	Battambang	✓	✓	✓					✓
Krap Pouch Meas	Sihanoukville			✓				✓	
Chamros Phum Traingkong	Kampong Speu		✓						
Phum Kasekr Rikchamroeun	Kampong Speu	✓	✓					✓	✓
Rung Roeung Phum Kandori	Kampong Speu	✓	✓						✓
Kasekor Rik Chamroeun*	Kampong Speu			✓				✓	
Thnort Kampong Speu*	Kampong Speu			✓					
Chhuk Organic	Kampot			✓					
Srer Cheng	Kampot			✓					
Ponleu Reaksmei Krognangvea	Kandal			✓					
Rikchomroeun Khum Chhvang	Kandal			✓					
Samaki Phsadek	Kandal			✓					
Tomnob Kanlengromeas	Kandal			✓					
Kampong Prasat	Kandal			✓	✓	✓			
Kumtit Tmey Krangyov	Kandal			✓					

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Agricultural Cooperatives	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
Reak Chamraen	Kandal			✓					
S'ang Phnom Rikchamraen	Kandal			✓					
Samaki Preshput	Kandal			✓					
Tbong Kdeyrungreourng	Kandal			✓					
Chey Chumnas	Kg Chhnang				✓	✓			
Domreyslap Meanponleu	Kg Thom			✓					
Khum Trapeang Russei	Kg Thom	✓	✓	✓					
Mitapheap Prah Sre	Kg Thom	✓	✓	✓				✓	
Oukonthor Meanchey	Kg Thom			✓					
Phaletkam Chhoukksach	Kg Thom			✓					
Raksmey Stung Sen	Kg Thom			✓					
Sankor Meanchey	Kg Thom			✓					
Santokkroa Thkomthkoeung	Kg Thom			✓					
Taram Chamrenphal*	Kg Thom			✓					
Tbongkropeu Stungsan	Kg Thom			✓					
Trapang Russey*	Kg Thom			✓					
Ke Lum Or Chivapheap Ros Nov	Preah Vihear			✓	✓	✓			
Krabao Prum Tep	Preah Vihear			✓	✓	✓			
Leukkompos Satrey	Preah Vihear			✓	✓	✓		✓	
Malou Prey Cheay Den	Preah Vihear			✓	✓	✓			
Romtomb Samaki Meanchey	Preah Vihear			✓	✓	✓			
Samaki Rohas Mean Chey	Preah Vihear			✓	✓	✓		✓	
Sattrey Ratanak	Preah Vihear			✓	✓	✓			
Tosu Sencheay	Preah Vihear			✓	✓	✓			
Baphnom Meanchey*	Prey Veng		✓						
Kampong Soeung	Prey Veng	✓	✓						
Dom Nak Serie*	Prey Veng			✓					
Ponleusamaki Meanchey Phum Prech	Prey Veng	✓							
Sahapheap Sahakum Kasekam Phum Prey Pdao	Prey Veng	✓	✓						
Sahapheap Sahakum Kasekam Phum Yoeung	Prey Veng	✓	✓						
Sambophal Russey Sanh	Prey Veng	✓	✓						

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Agricultural Cooperatives	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
Chamros Louthmey Svay Teap	Prey Veng	✓	✓						
Oudommongkol Anlongsor	Prey Veng	✓	✓						
Trotrong kaksekor	Prey Veng	✓	✓						
Kaksekor Yutethor	Prey Veng	✓	✓						
Phum Prek Pdao	Prey Veng	✓	✓						
Phum Yoeung	Prey Veng	✓	✓						
Ponleu Kasekor Kampong Soeung	Prey Veng	✓	✓						
Phallet Phouch Srov Daun Teav	Svay Rieng		✓						
Sang Hak Kak Sekor*	Svay Rieng			✓					
Singhak Kasekor	Svay Rieng		✓						
Srov Smach Kampong Ror	Svay Rieng	✓	✓						
Boeung So Mean Chey	Svay Rieng	✓	✓						
Svay Year Pronith	Svay Rieng	✓	✓						
Korl Sok San	Svay Rieng	✓	✓						
Pralay Konphluos Veal Knach	Svay Rieng	✓	✓						
Smach Rice	Svay Rieng	✓	✓						
Soeunghak Kasekor Samyong	Svay Rieng	✓	✓						
Raksmey Beung Andeng	Svay Rieng	✓	✓						
Seed Dontoy	Svay Rieng	✓	✓						
Ampil Meanchey	Takeo	✓	✓		✓	✓			✓
Kraing Banteay	Takeo	✓	✓	✓			✓	✓	✓
Oudom Soriya	Takeo	✓	✓						✓
Oudong Sorya*	Takeo			✓	✓	✓	✓	✓	
Rik Chamroeurn Phum Por Prah Sang	Takeo			✓				✓	
Ta Ey Rung Roeung	Takeo	✓	✓	✓					✓
Tipat Ponlork Thmey	Takeo	✓	✓	✓				✓	✓
Tonle Mean Chey	Takeo	✓	✓						
Trapaing Kranhung	Takeo	✓	✓	✓			✓	✓	✓
Trapaing Sra Nge	Takeo	✓	✓	✓				✓	✓
Sromok Soksenchey	Takeo	✓	✓		✓	✓			✓
Steung Treng Ramsar Site Agricultural Cooperative	Steung Treng	✓	✓	✓	✓	✓	✓		
Preah Rumkil	Steung Treng	✓	✓	✓	✓	✓			

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Agricultural Cooperatives	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
Pirdor Ta Ong	Banthey Mean Chey	✓							
Paoy Snuol	Banthey Mean Chey	✓							
Kouk Thom	Banthey Mean Chey	✓							
Rumdul Tean Kam	Banthey Mean Chey	✓							

* ACs sent paddy samples to take part in paddy quality contest for Annual Paddy Festival, 2014.

Table Annex 1-2: List of 12 Farmer Water User Communities involved with project activities in 2015

Farmer Water User Communities (12)	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
Por Pideum	Banteay Meanchey			✓					
FWUC Kamping Puoy	Battambang			✓					
FWUC Ping Pong	Battambang			✓					
FWUC Soeu	Battambang			✓					
FWUC Svay Ar (canal N0 1)	Battambang			✓	✓	✓			
FWUC Prey Nub	Kg Som			✓					
Beung Leas	Kg Thom			✓					
FWUC Stung Chinit	Kg Thom			✓			✓		
FWUC Teuk Chhar	Kg Thom			✓	✓	✓	✓		
Tang Krasang	Kg Thom			✓					
Tnot Chum	Kg Thom			✓					
FWUC Krouch Saouch	Pursat	✓	✓	✓	✓	✓			

Table Annex 1-3: List of 28 other Farmer Organizations involved with project activities in 2015

Farmer Organizations (other than ACs and FWUCs) (28)	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
Aphiwat Kasekor Khmer	Battambang			✓					
Char Mean Chey	Battambang			✓	✓				
Kanthoeu 1 Pheak Kdey Raksmei Chulsa	Battambang			✓					
Kanthoeu 2 Samaki Banan Mean Chey	Battambang			✓					
Kanthoeu 9 Pheak Kdey Raksmei Chulsa	Battambang			✓					
Petsat Doeumbey Aphiwat Kasekor Phum Rung Chrey Association	Battambang			✓	✓	✓			
Ponlork Thmey Kdey Sangkhim Otaki Association	Battambang			✓				✓	
Khemara Mohaphal (Rice Bank Association)	Prey Veng			✓				✓	
Samakum Phum Roluos	Prey Veng	✓	✓						
Samakum Thoneakea Srov Chanra Raksa Tun (Rice Bank Association)	Prey Veng	✓	✓						
Boeung Por Mohasamaki	Prey Veng	✓						✓	
Khemara Mohaphal Srolong Sroley Khang Choeng (Rice Bank Association)	Prey Veng	✓						✓	
Oudomreksmei Srolong Sroley Khang Tbaung (Rice Bank Association)	Prey Veng	✓						✓	
Pong Ro Aphiwat Thmey (Rice Bank Association)	Prey Veng							✓	
Samakum Sereymongkul (Rice Bank Association)	Prey Veng		✓					✓	
Samakum Thoneakea Srov (Rice Bank Association)	Prey Veng							✓	
Shakum Kasekam Phum Kantrean (Rice Bank Association)	Prey Veng	✓							
Tamenh Chengchang (Rice Bank Association)	Prey Veng	✓						✓	
Samakum Aphiwatsethakech Krousa Phum Kdev	Svay Rieng		✓						
Ang Trav Khang Lech Rice Bank Association	Takeo	✓	✓	✓				✓	✓
Chey Mean Rith Tasmorn Rice Bank Association	Takeo	✓	✓	✓			✓		✓
Kpob Svay Rice Bank Association	Takeo	✓	✓	✓				✓	✓

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Prey Kdouch Rice Bank Association	Takeo	✓	✓	✓				✓	✓
Samakum Aphiwat Ring Chamroeun Phum Taphiek (Rice Bank Association)	Takeo	✓	✓						
Samakum Samaki Rung Roeung Phum Tralach (Rice Bank Association)	Takeo	✓	✓						✓
Samakumksekor Choeun Loeun Chheus (Rice Bank Association)	Takeo	✓	✓						
Trapeang Kranh Khmao Mean Rith Rice Bank Association	Takeo	✓	✓	✓				✓	✓
Trotrung Kasekor Rikchamroeun Phum Tropaing Rokar (Rice Bank Association)	Takeo	✓	✓						✓

Table Annex 1-4: List of 3 FO Federations involved with project activities in 2015

FO Federations (3)	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
FAEC	National	✓	✓	✓					
FCFD	National	✓	✓	✓					
FWN	National	✓	✓	✓					

Table Annex 1-5 List of 26 Rice mills / Exporters involved with project activities in 2015

Millers/Exporters (26)	Province	Took part in business matching workshop	Involved in contract negotiation	Signed contract	Bought paddy from FOs	Bought rice seed from FOs
Battambang Rice Mill Association	Battambang	✓				
BRICO	Battambang		✓	✓		
KIM Se Rice Mill	Battambang	✓				
Loran Group Plc.	Battambang	✓	✓	✓		
Phou Poy Rice Mill Co., Ltd.	Battambang	✓				
Sea Heng RICE Mill*	Battambang	✓				
Lay Sae Rice Mill*	Battambang	✓			✓	
Hak Se Rice Mill	Kg Cham				✓	
You Khieng Rice Mill	Kg Cham				✓	
Krou Vuth Rice Mill	Kg Thom				✓	
Srey Naren Rice Mill	Kg Thom	✓				
Oeung Torn Rice Mill	Kg Thom	✓				
Heng Sreypov Rice Mill	Kg Thom	✓				
BVB Rice Mill	Kg Thom	✓				
Sek Meas rice mill*	Kg Cham		✓			
AMRU Rice (Cambodia) Co., Ltd.	Phnom Penh	✓	✓	✓	✓	
Golden Daun Keo Rice Mill Co., Ltd	Takeo	✓			✓	
Sok Keo rice mill*	Takeo	✓				
Golden rice	Kampong Speu			✓		
Kan Chan Hean Rice Mill	Steung Treng	✓	✓	✓		
Phou Kokky Rice Mill	Pursat	✓	✓			
Loeung Lay	Banteay Mean Chey	✓				
IRI Group	Banteay Mean Chey	✓				
Touch Tai Pich	Svay Rieng	✓	✓			
Chun Thum	Prey Veng	✓	✓			
Chiet Bun Thorn	Prey Veng	✓	✓			

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

ANNEX 2: UP-DATED LIST OF CONTRACT FARMING AGREEMENTS SIGNED AND IMPLEMENTED WITH THE SUPPORT OF SCCR PROJECT FROM 2013 TO 2015

Follow up of Pilots of Contract Farming

No.	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
2013												
1	2013/07/08	Battambang	LORAN Group	Nikum Preah Sihanouk AC	2	2 ha		Phkar Rumdoul				Contract was automatically cancelled due to damage by flood.
2014												
2	2014/05/13	Battambang	BRI/Co rice mill	Pet Sat Doembey Alphiwat Kaksaka	24	68 ha	mid-August to end September, 2014	Sen Kraob	170 tons	Highest price of previous 2 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.	63,555 tons of fresh paddy sold to BRI/Co (1 st , 2 nd and 3 rd quality) Price from 1,203 to 1,260 KHR/kg Remaining judged 3 rd qual.: sold out at 1,184 KHR/kg.
3	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: 4 mills on the day of paddy selling).	Seed credit (no interest). Technical training (via Harvest project).	17.5 t sold to Loran (2 nd + 3 rd qual.) Price from 756 to 920 KHR/kg
4	2014/05/14	Battambang	Loran rice mill	FWUC Svay Ar	8	35 ha	mid-August to end September, 2014	Malis Sragnae + Sen Kraob	36 t Malis Sragnae + 38 t Sen Kraob	Market price (reference 5 mills on the paddy selling day).	Seed credit (no interest). Technical training (via Harvest project).	92.3 t sold to Loran Sen Kraob at 1,222 to 1,234 KHR/kg (49.1 t). M. Sragne at 857 to 945 KHR/kg (43.1 t).
5	2014/05/20	Takeo	Golden Rice	Sromok Soksenchey AC	12	9 ha	September to mid-October, 2014	Phka Champa	22 to 40 tons	Fixed price: 1,020 KHR/kg	Seeds supplied for free. Follow up technical recommendation.	31 t of paddy sold to Golden rice at fixed price of 1,020 KHR/kg

No.	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
6	2014/05/12	Kampong Cham	Golden Rice	FWUC Teuk Chhar	7	2.15 ha	Mid-September, 2014	Phka Champa	5 tons	Fixed price: 1,020 KHR/kg	Seeds supplied for free. Follow technical recommendations.	8 t sold to Golden rice at fixed price of 1,012 KHR/kg
7	2014/09/08	Preah Vihear	AMRU	Livelihood Improvement AC	54	123 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	130 to 150 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	57.5 t delivered to AMRU Rice Average price of 1,211 KHR/kg.
8	2014/09/08	Preah Vihear	AMRU	Krabao Prum Tep AC	94	142.40 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	100 to 150 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	48.4 t delivered to AMRU Rice Average price of 1,265 KHR/kg
9	2014/09/08	Preah Vihear	AMRU	Leuk Kampos Satey AC	232	354.6 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	350 to 450 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	503.1 t delivered to AMRU Rice Average price of 1,259 KHR/kg
10	2014/09/08	Preah Vihear	AMRU	Samaki Rohas Meanchey AC	102	187.52 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	100 to 150 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	104.9 t delivered to AMRU Rice Average price 1,245 KHR/kg
11	2014/09/08	Preah Vihear	AMRU	Torsou Senchey AC	98	241 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	300 to 400 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	179.6 t delivered to AMRU Rice Average price 1,240 KHR/kg
12	2014/09/08	Preah Vihear	AMRU	Rontum Samaki Mean Chey AC	46	48.30 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	70 to 100 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	126.8 t delivered to AMRU Rice Average price 1,257 KHR/kg
13	2014/09/08	Preah Vihear	AMRU	Romdoul Maluprey Cheay Den AC	90	156.07 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	150 to 200 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	167.6 t delivered to AMRU Rice Average price 1,287 KHR/kg
14	2014/09/08	Preah Vihear	AMRU	Satey Ratanak AC	190	519.43 ha	05 Nov, 2014 to 08 Jan, 2015	Rumduol, Malis and Rumdeng ORGANIC	600 to 700 tons	Ref. + Premium (depending on quality)	Training on paddy quality assessment	278 t delivered to AMRU Rice Average price 1,241 KHR/kg

No.	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
15	2014/10/10	Kandal	Golden rice	Akphwat Kampong Prasat AC	8	13 ha	20 Feb, 2015	Phka Champa	40 to 50 tons	Fixed price: 1,020 KHR/kg	Seeds supplied for free. Follow up technical recommendation	42,755 t delivered
16	2014/12/02	Kampong Chhnang	Golden rice	Chey Chunas AC	18	53.7 ha	March, 2015	Phka Kravan	120-245 tons	Fixed price 1,000 KHR/kg (fresh paddy)	Paddy seed loan with zero interest rate, follow technical recommendation	213.92 t delivered
17	2014/12/13	Takeo	Golden rice	Ampil Meanchey AC	13	9.14 ha	April, 2015	Phka Kravan	27-45 tons	Fixed price 1,000 KHR/kg (fresh paddy)	Paddy seed loan with zero interest rate, follow technical recommendation	35.67 t delivered
18	2014/12/13	Takeo	Golden rice	Sromok Soksenchey AC	26	44.16 ha	April, 2015	Phka Kravan	133-220 tons	Fixed price 1,000 KHR/kg (fresh paddy)	Paddy seed loan with zero interest rate, follow technical recommendation	194.73 t delivered
2015												
19	2015/08/03	Preah Vihear	AMRU	Livelihood Improvement AC	52	147.40 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	287.75 tons (267.95 t jasmine, 19.80 t white)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 108.7 t WR = 0 t (37.8%)
20	2015/08/03	Preah Vihear	AMRU	Krabao Prum Tep AC	91	192.27 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	206.5 tons (178 tons of fragrant rice and 28.5 tons of white rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 165.8 t WR = 0 t (80.3%)
21	2015/08/03	Preah Vihear	AMRU	Leuk Kampos Sarey AC	220	416.50 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	792 tons (782 tons of fragrant rice and 10 tons of white rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 414.7 t WR = 36.8 t (57.0%)

No.	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
22	2015/08/03	Preah Vihear	AMRU	Rohas Samaki Meanchey AC	98	162.85 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	146.90 tons (146.40 tons of fragrant rice and 0.5 ton of white rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 79.1 t WR = 0 t (53.9%)
23	2015/08/03	Preah Vihear	AMRU	Torsou Senchey AC	98	266.60 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	575.5 tons (490.5 tons of fragrant rice and 85 tons of white rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 429.9 t WR = 31.4 t (80.2%)
24	2015/08/03	Preah Vihear	AMRU	Romtum Samaki Mean Chey AC	44	94.20 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	128.30 tons (89.30 tons of fragrant rice and 39 tons of white rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 71.9 t WR = 20.9 t (72.3%)
25	2015/08/03	Preah Vihear	AMRU	Romdoul Maluprey Cheay Den AC	90	186.59 ha	Nov, 2015 to Jan, 2016	Jasmine and White Rice ORGANIC	395.60 tons (364.25 tons of fragrant rice and 31.35 tons of white rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 329.9 t WR = 0 t (83.4%)
26	2015/08/03	Preah Vihear	AMRU	Satrei Ratanak AC	190	413.38 ha	Nov, 2015 to Jan, 2016	Jasmine Rice ORGANIC	826.70 tons (fragrant rice)	Ref. + Premium (depending on quality)	Training on quality paddy assessment	Delivered: Jasmine = 744.7 t WR = 4.8 t (90.7%)
27	2015/08/05	Stung Treng	Kan Chan Heang	Preah Rumkil AC	32	75.5 ha	Dec, 2015 to Feb, 2016	Phka Rumdul	46-100 tons	Market price	Pay 30 KHR/kg for AC service	(still on-going)
28	2015/09/25	Pursat	Phour Kok Ky	FWUC Krouch Saech	50	55 ha	Jan to Feb, 2016	Sen Kro Ob	100-155 tons	Market price. Ref= highest price from 3 mills within province	Could pay a service fee for the service of FWUC based on volume delivered	(still on-going)

No.	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
29	2015/11/15	Stung Treng	Kan Chan Heang	Stung Treng Ramsar Site Agricultural Cooperative	45	78.5 ha	Nov, 2015 to May, 2016	Phka Rumdul	40-80 tons	Market price	Pay 30 KHR/kg for AC service	Up to end of 2015, 16.5 t delivered. Price 1,000 to 1,150 KHR/kg. (still on-going)

