

■ 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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ACRONYMS

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

DANIDA	Danish International Development Agency
DDM	Demand Driven Model
DFID	Department for International Development (UK)
DMC	Direct-seeding Mulch-based Cropping system
DP	Development Partners
DPM	Deputy Prime Minister
DPS	Department of Planning and Statistics (of MAFF)
DRC	Department of Rice Crops
EA	Executing Agency
EC	European Commission
EPWG	Export Promotion Working Group (informal group of rice exporters supported by IFC)
ESP	Environmental and Social Policy
EU	European Union
FAEC	Federation of farmer associations promoting family Agriculture Enterprises in Cambodia
FAO	Food and Agriculture Organization of the United Nations
FASMEC	Federation of Association for Small and Medium Enterprises of Cambodia
FCFD	Federation of Cambodian Farmer Organisations for Development
FCRE	Federation of Cambodian Rice Exporters
FCRMA	Federation of Cambodian Rice Millers Associations
FFS	Farmer Field School
FNN	Farmer and Nature Network
FO	Farmer Organisations
FOO	Farmer Organisations Office of the DAE
FSMS	Food Safety Management System
FWN	Farmer and Water Network
FWUC	Farmer Water User Community
GAFSP	Global Agriculture and Food Security Program
GDA	General Directorate of Agriculture
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GI	Geographical Indication
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> / German Development Cooperation
GMP	Good Manufacturing Practice
GMS	Greater Mekong Subregion
G-PSF	Government – Private Sector Forum
GRET	Groupe de Recherche et d'Echanges Technologiques
HACCP	Hazard Analysis and Critical Control Points
HARVEST	Helping Address Rural Vulnerability and Ecosystem Stability (USAID project)
ICS	Internal Control System
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFOAM	International Federation of Organica Agriculture Movements
IPD	Intellectual Property Department of the Ministry of Commerce
IPM	Integrated Pest Management
IRAM	<i>Institut de Recherche et d'Application des Méthodes de Développement</i>
ISC	Institute of Standards of Cambodia
ISF	Irrigation Service Fee
IT	Information Technologies
IWRM	Integrated Water Resources Management

JICA	Japanese International Cooperation Agency
KYC	Know Your Customer (banking)
LGWR	Long Grain White Rice
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Micro-Finance Institution
MIME	Ministry of Industry, Mines and Energy
MLMUPC	Ministry of Land Management Urban Planning and Construction
MOC	Ministry of Commerce
MOWRAM	Ministry of Water Resources and Meteorology
MPWT	Ministry of Public Works and Transport
MRD	Ministry of Rural Development
M&E	Monitoring and Evaluation
NBC	National Bank of Cambodia
NC	National Coordinator
NGO	Non-Governmental Organization
NKPSAC	Nikum Krao Preah Sihanouk Agricultural Cooperative
NPD	National Project Director
NSC	National Standard Council
NSDP	National Strategic Development Plan
NWISP	North-West Irrigation Sector Project (ADB/AFD)
OA	Organic Agriculture
ODM	Offer Driven Model
OPM	Open Paddy Market
O&M	Operation and Maintenance (of irrigation schemes)
PADAC	<i>Programme d'Appui au Développement de l'Agriculture au Cambodge</i>
PADEE	Project for Agriculture Development and Economic Empowerment (IFAD project)
PBA	Program Based Approach
PDA	Provincial Department of Agriculture
PDOWRAM	Provincial Department of Water Resources and Meteorology
PDRD	Provincial Department of Rural Development
PIMD	Participatory Irrigation Management Development
PIP	Public Investment Program
PM	Prime Minister
PMA	Project Management Advisor
PPAP	Phnom Penh Autonomous Port
PPCR	Pilot Program for Climate Resilience
PPD	Public-Private Dialog
PPP	Project Procurement Plan
PPP	Public-Private Partnership
PPPPRE	Policy on the Promotion of Paddy Production and Rice Export
PSC	Project Steering Committee
PSG	Paddy Selling Groups
RDB	Rural Development Bank
RGC	Royal Government of Cambodia
Rice-SDP	Climate Resilient Rice Commercialization Sector Development Program (ADB)
RMA	Rice Millers Associations
RS	Rectangular Strategy
RUA-CD	Royal University of Agriculture – Chamcar Daung

SAP	Sihanoukville Autonomous Port
SAW	Strategy on Agriculture and Water
SCCRP	Support to the Commercialization of Cambodian Rice Project
SCF	Strategic Climate Fund
SEA	South East Asia
SME	Small and Medium Enterprise
SNEC	Supreme National Economic Council
SPS	Sanitary and Phyto-Sanitary
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
TPD	Trade Promotion Department of the MOC
TWG	Technical Working Group
TWGAW	Technical Working Group on Agriculture and Water
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WRMSDP	Water Resource Management Sector Development Program (ADB)
WTO	World Trade Organization

UNITS AND MEASURES

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

INTRODUCTION

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

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

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

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

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

This report is the 2nd Quarterly Executive Report of the project. It covers the period from April 1st to June 30, 2013. The inception phase came to its end in April, notably with the 2nd meeting of the Project Steering Committee which has validated the main orientation (implementation strategy for each of the component) proposed by the project team. After this inception phase, this second quarter has been largely devoted to prepare the operationalization of the approved orientations, in particular to prepare MoU with the FCRE, and launch the recruitment of additional consultants and service providers. Practical actions have also started, in particular on the Component #3 (launching of Paddy Selling Groups within two FWUCs in Kampong Thom and Kampong Cham, organization of a “business matching” workshops in Battambang with millers and Farmer Organizations...). The banking consultants have also started their mission in support to the Rural Development Bank. The table next page summarizes some of the key outputs of this quarter and benchmark objectives of the coming months.

SUMMARY

Table 1: Summary of important activities and outcomes of the past quarter and foreseen objectives and activities and main issues or concerns

	Important activities and outcomes of the past quarter	Foreseen objectives and activities for the coming months	Issues and concerns
C#1	<ul style="list-style-type: none"> ▪ Draft agreement and roadmap for the support to FCRE has been drafted and approved. ▪ Service provider to recruit FCRE staff selected. ▪ Relationship with FCFD is established. 	<ul style="list-style-type: none"> ▪ Final approval of MOU with FCRE. ▪ Contract consultant on support to FO Federations/networks. ▪ Prepare the ToR and recruitment of institutional expert in support to FCRE. ▪ Recruit FCRE executive staff. 	<ul style="list-style-type: none"> ▪ Lack of availability of FCRE leaders slows the pace of progresses in support to FCRE.
C#2	<ul style="list-style-type: none"> ▪ Consultations with the ISC and with IFC. ▪ (Revision of standard CS 053:2012 facilitated by IFC). 	<ul style="list-style-type: none"> ▪ Information conference on collective trademarks (and GIS?). ▪ Launch procurement for an international market study, in partnership with IFC. 	<ul style="list-style-type: none"> ▪ Address administrative issues to allow the co-funding of the study with IFC.
C#3	<ul style="list-style-type: none"> ▪ Business matching workshop in Battambang between FOs and millers (PIA#2013-01-A). ▪ Follow-up workshop with FOs and Loran Group (PIA#2013-01-B) and 1st validation of a contract for seed multiplication between Loran and Nikum Krao Preah Sihanouk Cooperative. ▪ Launch PIA#2013-03 with Stung Chinit and Teuk Chhar FWUCs. 240 Farmers have registered in 16 Paddy Selling Groups, and a first test of commercialization of dry season paddy took place successfully. ▪ Prepare action and contract with COrAA for PIA#2013-04 on organic rice production in Preah Vihear and connection with a miller in Battambang. ▪ Launch recruitment of C#3 Support and Monitoring Unit. 	<ul style="list-style-type: none"> ▪ Contract consultants for C#3 “Support and monitoring”. ▪ Develop Paddy Selling Groups profiles to ease marketing of paddy (PIA #2013-03). ▪ Start the PIA#2013-04 with COrAA with cooperatives in Preah Vihear and link with rice miller in BTB. ▪ Follow-up contract for seed multiplication between Loran Group and Nikum Krao Preah Sihanouk Cooperative. ▪ Assess feasibility and relevance of the proposed action in Takeo, and develop a full proposal. 	<ul style="list-style-type: none"> ▪ Very good cooperation of Battambang PDA in the early stage (preparation of the first workshop in May), but then difficulties of communication leading to the absence of PDA in the second workshop. ▪ Lack of time of DAE to elaborate a precise pilot project proposal in Takeo: this preparation will be resumed with the Component #3 support and monitoring unit.
C#4	<ul style="list-style-type: none"> ▪ Kick-off of the banking consultants’ mission (KPMG) and first steering committee of KPMG mission. ▪ Selection of the legal consultants (DFDL). 	<ul style="list-style-type: none"> ▪ Continuation of KPMG mission. ▪ Start of the legal consultant mission (DFDL). 	
C#5	<ul style="list-style-type: none"> ▪ 2nd Steering Committee Meeting: approval of the project implementation strategy. ▪ Revision and validation of Project Procurement Plan 2013. 	<ul style="list-style-type: none"> ▪ Procurement of audit firm. 	<ul style="list-style-type: none"> ▪ Non availability of MOWRAM’s representative in the project steering committee.

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

1.1. SUPPORT TO THE FCRE

1.1.1. CONFIRMATION OF THE PRINCIPLE OF SUPPORT TO THE FCRE

A concept note on the implementation strategy for the Component #1 of the project has been developed by the project coordination team, which proposes to support the development and strengthening of the Federation of Cambodian Rice Exporters (FCRE) as a professional organization of exporters. This orientation is notably motivated by the strong institutional support of MOC to this Federation and by the fact that IFC is also considering to progressively hand over the activities of rice export promotion to this institution. Besides, to date and based on its member list, the FCRE is the most representative of exporters compared to other existing initiatives.

The implementation strategy for Component #1 has been submitted to the Project Steering Committee meeting of April 19, 2013 which has approved it. Following the request of the Chairman of the Steering Committee, the main orientations proposed and in particular the support to the FCRE was submitted to the endorsement of SNEC chairman, which has been granted on May 17, 2013, based on an additional justification note prepared by the PMA and on a request letter of the National Project Director, dated May 6, 2013.

Box 1: Proposed approach to strengthen the FCRE

The proposed approach to strengthen the FCRE consists in:

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

SCCRP Project's inputs in support to the FCRE have been preliminary foreseen to be as follows:

- SCCRP management team, working closely with FCRE executives and staff, and in coordination with IFC support staff.
- Commissioned short term / mid-term expertise on specific institutional or organisational aspects.
- Budgetary support to FCRE for year 2013 and 2014 (progressively taken over by FCRE membership and service fees).

Additionally, important conditions of the support to FCRE were defined as follows:

- The objective is to accompany the evolution (refocus) of the FCRE primarily as a professional organization of exporters, fully independent and owned by exporters. This implies structural and institutional reforms, including reforms of the FCRE status. It has to be fully understood and acknowledged that:

- Public authorities (in particular MOC as the line ministry which has supported and recognized the creation of the FCRE) shall not obstacle the needed institutional reforms,
- The current leaders of the Federation shall support and encourage this reform and ensure that it is implemented through a truly participative consultation with all rice exporters.
- Objectives and modalities of the support to the Federation are to be defined in a MOU with the project (See § 1.1.2. below). Milestone objectives will be defined and reviewed periodically: progresses and efforts will be assessed against benchmarked objectives and the project will reserve its right to suspend or cancel the support if the FCRE does not undertake all the expected efforts in particular to ensure a high level of transparency and democracy in its functioning.
- Support conditions and objectives will be coordinated and harmonized with IFC.

1.1.2. AGREEMENT AND ROADMAP FOR SUPPORT TO FCRE

A first draft of Agreement (MoU) between the SCCRP project and the FCRE has been prepared by the Project Management Advisor to serve as a basis for discussion with the Federation and with the IFC. This first draft was shared with IFC and with the President and Secretary General of the FCRE during the last week of May 2013. The draft MOU includes important annexes that clarifies the vision of the evolution of the FCRE that is supported (Annex 1 of the MOU), a roadmap, divided by quarters, which present activities, objectives, FCRE commitments and project inputs, and verifiable indicators for each phase of the support process (Annex 2 of the MOU)¹ and organization of the monitoring and steering of this support to FCRE, which in particular enhance the proposal of a joint and unique coordination committee composed of FCRE, SNEC project coordination team and IFC (Annex 3 of the MOU).

On June 13, 2013 a meeting to review this draft agreement took place in SNEC with FCRE President, Oknha Kim Savuth and with Mr Kith Pheara² who follow up and support FCRE activities for MOC. FCRE President has agreed on the overall MOU, with minor adjustments on the roadmap presented in Annex 2 of the MOU.

The MOU has then been submitted to AFD for non-objection³. On June 27, AFD has sent (by e-mail) some comments on the draft MOU and has asked SNEC to provide additional background information on the FCRE (as preamble or annexes to the MOU) and to highlight the commitment of members to contribute to the costs in the medium term. The MOU will be edited taking these comments into account, in consultation with FCRE. A revised version shall be send to AFD in early July 2013.

1.1.3. SUPPORT TO THE RECRUITMENT OF FCRE STAFF

The limited availability of the elected representatives of the Federation is seen as a major bottleneck that limits its capacity of action. Therefore, the recruitment of executive staff has been set as a first priority in the strengthening of FCRE. The project will initially sponsor the salaries and running costs for FCRE executive team, so that activities can actually starts and contribute to build the credibility of the Federation and rally exporters. The FCRE shall progressively take over the costs with its own resources.

Two positions have been identified to be recruited immediately:

- The EXECUTIVE SECRETARY (/ or “GENERAL MANAGER”): The Executive Secretary will be responsible for the General Management of the FCRE’s activities and services. He/she shall have good managerial and coordination skills. He/she shall also ensure a good communication

¹ This tentative roadmap of the support to FCRE is also shown in Annex 2 of the present report.

² Chief of Product Development Office, Trade Promotion Department, MOC.

³ Request letter dated 17 June, 2013.

between members and with relevant services. He/she shall be committed to transparency in the organization and vouch for the respect of member' rights and interests in the Federation. An understanding of business sector as well as a culture of professional / membership associations are desired. Both Khmer and English language proficiency are required.

- The COMMUNICATION OFFICER & WEBMASTER: The communication officer and webmaster will be in charge of the preparation and maintenance of all communication tools. This includes internal communication (with all members of the Federation) and external communication, notably to international buyers. This is seen as an important position in the FCRE as the communication is an important factor of the success of the organization and as the provision of information is part of the mandate of the Federation.

The communication officer shall be able to design, develop and manage creative communication tools (such as newsletters, website, promotion/communication tools...) and have very good IT skills. He/she shall have very good writing skills (Khmer and English) a strong sense of communication, and a sense of business to explore opportunities to generate incomes from the communication tools (for instance through selling advertising space on website “pay per click” or newsletter, etc...) and to implement these opportunities.

The identification and selection of adequate candidate is delegated to a professional recruitment company. Saint Blanquat & A. has been selected among three short-listed service providers based on a call for quotation⁴. Contract with the service provider will be signed in July 2013. In order to take into account the limitations in the availability of the Project Management Advisor of SNEC in July and other time constraints from FCRE leaders, Saint Blanquat and A. have accepted to hold a first meeting (despite contract was not yet signed) with SNEC and the FCRE, on June 28, 2013. This meeting was focused on the analysis and understanding of the FCRE needs in order to fine tune the job descriptions and the required profiles. Saint Blanquat & A. will develop draft job descriptions based on the results of this meeting and will submit them to FCRE (and SNEC) before to launch the recruitment process.

1.2. RELATIONS WITH RICE MILLER ASSOCIATIONS

At this stage, the project does not plan any direct support to Rice Miller Associations or to the Federation of Rice Miller Associations. Yet, collaborations are considered occasionally. In Battambang, the “Battambang Rice Miller Association” has been associated with the organization of the “business matching” workshop organized on May 8, 2013, which has gathered together 13 Farmer Organizations and 6 rice millers (See § 3.1.1. in this report – page 11).

1.3. SUPPORT TO FEDERATIONS / NETWORKS OF FARMER ORGANIZATIONS

1.3.1. RECALL OF THE OBJECTIVE AND APPROACH

The long-term perspective of establishing an inter-professional organization of the rice sector in Cambodia (with a balanced representation of the different categories of economic stakeholders, mainly producers, millers and exporters) implies as a preliminary requirement to develop or strengthen a representation of producers. As it has been developed in the project “Inception Phase Report”⁵ there are already some existing networks or federations of Farmer Organizations, which indeed have still a limited number of members and are not focused on rice sector only, but have the advantage of being already established and

⁴ Procurement #CKH-1077-S-13-02, as defined in the Project Procurement Plan for year 2013, v.2. [Doc.: CKH-1077 – PPP-13v2]. The call for quotation was sent to three HR management companies. Only two have submitted an offer.

⁵ See Inception Phase Report, pages 12-13.

having a real internal dynamic and reflection. Working with these existing networks or federation is an orientation that has been validated by the 2nd meeting of the Steering Committee on April 19, 2013.

Project's supports to FO Federations may include institutional strengthening and capacity building (possibly including some support to reforms in order to align these organizations with the new legal framework on cooperatives and cooperative unions/federations that is expected to be promulgated in 2013). But it shall also give a strong focus on practical issues affecting the rice sectors, in order to prepare those FOs representative bodies to take a role in a future inter-professional structure, have a practical understanding of stakes, and to be relevant and proactive in the inter-professional organization. For this purpose and to enhance the synergies between the different components of the project, Federations / Networks of FOs will be associated whenever possible and relevant in the other components. For instance, they shall be involved in the foreseen "working group" ("consultative group") on contract farming and paddy trade innovation⁶; some of their members shall be involved in pilot activities under Component #3, whenever possible (for instance, two members of FWN are the partners of the pilot action with FWUCs, see § 3.3. of this report, page 16); they might also be consulted (or even, if possible, play an active role) in the development of a dedicated credit mechanism for FOs (see § 3.5., page 20 of this report).

1.3.2. CONSULTATION OF STAKEHOLDERS

Contacts with existing Federations of Farmer Organizations and/or with relevant support organizations have been made since March 2013 (See Quarterly Executive Report #01, p.7) and continued during this Quarter.

The Project coordination team had a meeting with the board of the Federation of Cambodian Farmer Organizations for Development (FCFD) on April 25, 2013 in order to gain a better knowledge of this organization which today gathers about 105 FOs from 4 provinces (Battambang, Kampong Thom, Prey Veng, Takeo). A major role of this Federation is to contribute to the development of capacities of its members.

Some members of the FCFD are involved in paddy commercialization, and the FCFD identifies the lack of financial resources (cash flow) as a major bottleneck for FOs to develop this activity. Low bargaining power with buyers, and the difficult sourcing of quality seeds are also identified by FCFD board as strong constraints.

The FCFD has expressed a strong interest regarding the issue of access to finance, as it is seen as a strong limiting factor, and because FCFD is already using a capital of about 30,000 USD to provide loans to some of its members. Indeed, this amount is too small to lend significant amount and really make a difference for the FOs using this facility. The (hypothetic) possibility of using this fund to co-guarantee a portfolio of loans to its members, having thereof a lever effect allowing to provide access to a higher amount of loans was evoked by the project during the meeting, and the idea was welcome by the FCFD board.

A second meeting with FCFD Board members took place on June 11, 2013 to update the Federation information on the project progresses, inform about the foreseen support and (mainly) encourage the participation of some FCFD members in the second step of dialog with miller (Loran Group) in Battambang, as a follow-up of "Battambang business matching workshop" of May 8 (See § 3.1., page 11).

1.3.3. RECRUITMENT OF EXPERTISE FOR THE INSTITUTIONAL SUPPORT TO FO FEDERATIONS / NETWORKS

The vision of a future inter-professional organization in the Cambodian rice sector recalled above (§ 1.3.1.) requires a credible representation of Farmer Organizations to take part in this body. Existing FOs

⁶ Cf. Project Inception Phase Report, p. 34.

Federations / Networks are a good basis, but require to be strengthened, and in particular to be prepared to defend their members' interest in such an inter-profession. For this reason, it has been decided to assign some long term technical and institutional support to one or several (to be defined) Federation or Networks of FOs. The procurement of this technical assistance has been combined with the recruitment of the Technical Support and Monitoring Unit of the Component #3 (Cf. § 3.6.1., page 24 of this report) in order to ease the link with Component #3 and to feed the advocacy role of FO Federation with the practical experiences of commercial partnerships between FOs and millers. Besides, FO Federations possible role in the development of financial mechanisms (as seen above) also justifies the connection with C#3.

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

2.1. ISC AND CAMBODIAN STANDARDS ON RICE

As part of the inception phase, the project coordination team had a second meeting with the Institute of Standards of Cambodia (ISC) in MIME on April 5, 2013 in order to get clarification on the issue of standards on rice.

The ISC has indicated that, at the date of the meeting, they still did not receive any request for certification for the two standards (CS 053:2012 on milled rice and CS 199:2012 on husked rice) issued last year. The interest of exporters/millers for the use of these standards has therefore still to be confirmed. Shall there be a demand for certification, the ISC has indicated that they would be in position to issue the certification as they have already inspectors and certification committee, and as they are able to subcontract some analysis if needed⁷. The project coordinator and PMA have met again the ISC⁸ on May 27 to validate the principle of the participation of ISC in a survey/consultation of exporters regarding their interest in using the standards CS 053:2012 and CS 199:2012. It has been agreed that the survey would be managed jointly by the ISC and the FCRE, and in coordination with the IFC which has largely contributed to the development of those standards. Besides, a reference was made during this discussion with the ISC to the request submitted by ARPEC to the Government-Private Sector Forum about the standard CS 053:2012, asking for a modification of this standard: the consultation of exporters is also seen as an opportunity to contribute to address this request (which, most likely, will be referred by the G-PSF to MIME). Last, during the same meeting, the ISC has confirmed that 1) the standards on milled rice and husked rice are voluntary standards and are not foreseen to become mandatory and 2) that the standards can be periodically revised at any time, and shall at least be reviewed every 5 years. Yet, after further discussion with the IFC on May 30, the relevance (at the moment) of a survey of exporters on the intention to use the standards and request certification has been questioned, as the IFC intended to facilitate a consultation with exporters on possible adjustments of the standards. Besides, what was underlined by IFC is that the exporters may use the specifications described in the Standard CS 053:2012 and have the compliance with these criteria certified by a private independent certification body (such as Intertek, for instance) without applying for a certification from the Cambodia Certification Department of the ISC/MIME. Thereof the absence of request for certification received by the ISC does not mean that the standards are not used.

Box 2: Use of Cambodian standards as a tool for promotion of Cambodian Rice: the example of Thaifex, supported by IFC

A brochure of Cambodia milled rice standards has been produced by the IFC and used for promotion purpose on the Cambodia Rice Exporters booth during the Thaifex (Bangkok, 22-26 May 2013). Feedbacks from international buyers on Cambodian standards have been very positive, according to IFC.



⁷ The ISC receive some support from a World Bank project for the development of its capacities. This support focuses on system certification (which is the ISC first priority) and on product certification.

⁸ Mr. Chan Sopha, Deputy Director General of the Institute of Standards of Cambodia and Mr Chheng Uddara, Director of Standards Development, Training and Consultancy Department of the ISC.

On June 10, 2013 IFC organized a consultation workshop with the ISC, the head of the Technical Commission for the Standards on rice (Mr Ngin Chhay, Director of the Department of Rice Crop) and with rice exporters. SNEC project coordination team took part in that workshop. The participants have agreed on relevant adjustments to propose to the existing standard CS 053:2012. The proposed adjustments/amendments will be submitted to the Technical Committee, following the normal process for standard revision.

2.2. QUALITY LABEL / CAMBODIAN RICE BRANDING

As indicated during the Steering Committee Meeting in April 2013, the approach for the implementation of the Component #2 still has to be further prepared in closed coordination with the IFC (which has been already very active in this field) and with exporters. A multiplicity of un-coordinated initiatives regarding this issue of branding would be extremely counterproductive, and for this reason a high level of coordination is required, in particular with IFC. SNEC project coordination team is making all its possible efforts to make this coordination effective. Yet, it is still difficult at present to present a clear long-term vision of the approach and strategy for branding. Two types of preliminary actions are currently considered (see below) that will contribute to progressively build a relevant and appropriated strategy.

2.2.1. IMPROVEMENT OF THE AWARENESS OF STAKEHOLDERS ON POSSIBLE TOOLS FOR BRANDING CAMBODIAN RICE

During the inception phase, it has been assessed that there is a “need to improve stakeholders’ information on the possible options to develop a collective brand / quality label, such as the development of a collective trademark or the registration of a Protected Geographical Indication”⁹.

The PMA has prepared a proposal of schedule and content of possible information conferences¹⁰ (based on general information + case studies) on different possible tools for the differentiation of Cambodian rice. Four informative conferences were considered in this proposal (on 1. Organic labeling, 2. Protected Geographical Indications, 3. Private labels and collective trademarks, and 4. Fair trade, within a period from June to October 2013). This schedule of informative conference was proposed in parallel with regular meeting of exporters (led by IFC) to reflect on their own strategy for Cambodian rice. This proposal was shared with IFC¹¹, but IFC rice-project team has expressed¹² some reserves or concerns on the appropriateness of the content and timing of the proposed conferences, and in particular a concern regarding the risk that this time schedule to provide information would slow down the reflection process with exporters.

SNEC project team has then reconsidered this plan and now envisages to organize only one (or two) conference(s) more focused on branding through collective trademark¹³. A relevant case study identified which could be presented to Cambodian rice exporter is the case of Nepal Tea, which branding process has been supported by GIZ. This case is considered as a relevant “success story” to showcase, because it share some key characteristic with Cambodian rice case: tea is an internationally traded commodity, often reconditioned in the importing countries. Nepal tea is characterized by a very good quality level (at least potentially) but a relatively low notoriety, and living in the shadow a very renowned high quality neighbor which is Darjeeling Tea (a situation that can be compared with the situation of Cambodian rice and the

⁹ See the note: “Implementation Strategy for Component #2” submitted to the 2nd meeting of the Project Steering Committee on April 19, 2013.

¹⁰ See the note: “Branding and Quality Labels: Concepts and opportunities for Cambodian rice – A cycle of conferences and workshops to learn and elaborate on possible options”.

¹¹ On May 17, 2013.

¹² During a meeting with SNEC coordination team on May 30, 2013.

¹³ Which is, most likely, the most relevant option for a broad branding of Cambodian rice or Cambodian fragrant rice.

renowned Thai Jasmine rice). The PMA has made contact with GIZ, which has supported this value chain project in Nepal, in order to identify relevant stakeholders that could present this case in Cambodia. Tentatively, this information conference could take place in August 2013.

2.2.2. STUDY INTERNATIONAL MARKET FOR CAMBODIAN RICE AND EVALUATE POTENTIAL BENEFIT OF BRANDING ACTION

The strategy and the choice of tools for the branding and promotion of Cambodian rice shall be driven by the market requirements and by the strategy of exporters. Thereof, in order to define a suitable strategy, the first action to be taken is to commission a comprehensive market study, targeting different markets (different geographical regions) in order to identify the market potential and more specifically the possible market answer to the use of specific branding tools (such as a collective trademark or a GI). This requires in particular to explore the interest and willingness of importers who re-package the rice imported from Cambodia to use and contribute to promote a proposed collective brand.

The IFC is also planning to commission an international market study, and IFC and SNEC/SCCRP have agreed on the principle of co-financing this study. The merging of the two initiatives shall permit to cover more potential markets and/or to have a more in-depth analysis of the explored markets.

A joint meeting with SNEC coordination team, AFD and IFC took place on June 25 to address the practical constraints of a co-financing of this study. It has been agreed that the IFC will prepare a first draft of Terms of Reference and will submit it for comments from SNEC / SCCR project team, and that the procurement will follow the IFC procedures. SNEC / SCCR shall be represented in the procurement committee. The request for proposal will define different “lots” in the study (for different geographical areas) which will ease a splitting of the financing of the study between IFC and SNEC/AFD.

It is also expected that the FCRE will be associated in the steering of the study in order to gain ownership of the study result and take a lead role in the following steps (definition of a strategy for branding, notably).

IFC is expected to send a first draft of ToR early in July 2013.

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

3.1. PILOT INNOVATIVE ACTION #2013-01: SUPPORT TO CONNECTION OF BATTAMBANG COOPERATIVES AND FOS WITH PADDY BUYERS

3.1.1. “BUSINESS MATCHING WORKSHOP” BETWEEN MILLERS AND FOS IN BATTAMBANG

A “business matching workshop” was organized in Battambang on May 8, 2013 by the Provincial Department of Agriculture together with SNEC project coordination team and with the partnership of Battambang Rice Miller Association. The purpose of this workshop was to enable a dialog between Farmer Organizations and millers, for farmers to understand better about the market requirements and for millers to understand farmers’ constraints, find out possible collaborations to address respective constraints and identify follow-up partnerships and actions.



▲ Introduction by Mr Phonb Oudam, Deputy Director of PDA and plenary discussion during the business matching workshop between FOs and millers in Battambang, on 8 May 2013.

Thirty three representatives of 13 Farmer Organizations (11 Cooperatives and 2 FWUCs: Canal #1 and Don Aov) and 5 rice millers have participated in the workshop¹⁴. Unfortunately, only one among the five millers attended the afternoon session, which has considerably limited the benefit of the workshop as a large part of the afternoon session was supposed to be dedicated to facilitate direct bilateral contacts between FOs and millers. Mr Michael Ith was representing the Battambang Rice Millers Association but was not able to stay after the opening of the workshop, due to other commitments. In the afternoon, the representative of Loran Group was the only representative of millers still present.

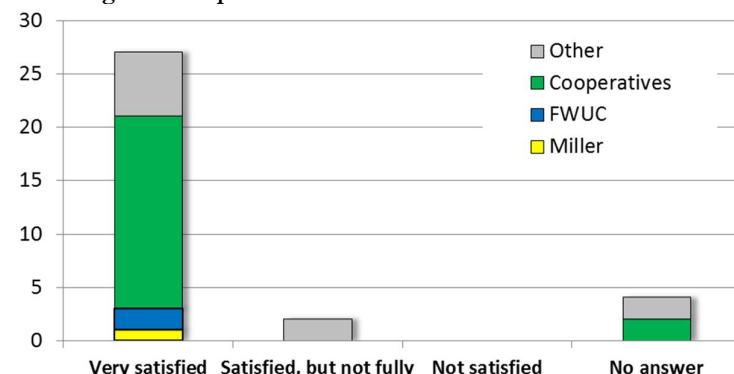
Yet the workshop has been useful to recall some important quality requirement of millers and to discuss the possibilities and limits of contract farming agreement with FOs. Fixed price contract farming does not appear to be an option for millers as Loran, whose representative said that they make only short term contracts. Long term contract farming would therefore require the definition of a way to establish the price at the time of delivery, based on an agreed reference. But this has just been evoked and not yet further explored during the discussions on May 8.

¹⁴ The director of AQIP Company was also present, as well as representatives from the PDA, DOAs, DAI, SNEC project team and one representative of AVSF in charge of the support to the FCFD – see list of participants in Annex 3.



▲ Group discussions and restitutions during the business matching workshop between FOs and millers in Battambang, on 8 May 2013.

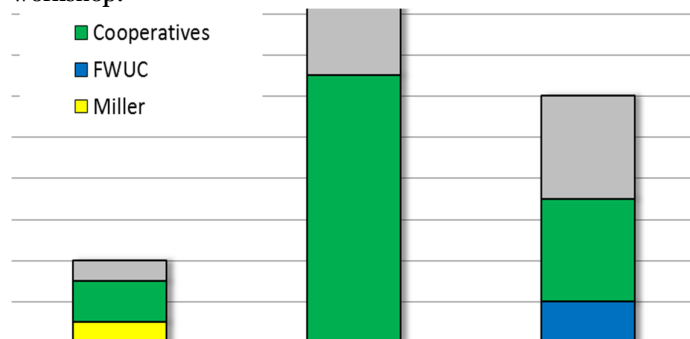
Graph 1: Satisfaction with the results / outputs of the “Business Matching Workshop”



Participants were asked to fill a workshop evaluation form at the end of the workshop. They have expressed a high level of satisfaction with the workshop results, commenting that the workshop has given an opportunity for millers and FOs to meet together. FO representatives have in particular enhanced the fact that they have clearer information about millers' expectations in term of quality of paddy and that they have understood about the value of quality paddy.

From the organizers point of view the main purpose of this “business matching workshop” was to establish business contacts between FOs and millers. From this perspective, the outcomes of the workshop are not fully satisfactory, as only two cooperatives said that they have “made interesting contacts for their business”.

Graph 2: Answers of participants to the question “Do you think you have made interesting contacts for your business during the workshop?”



What might be concluded from the workshop is that Farmer Organizations representatives were looking more interested to test institutional innovations regarding paddy commercialization, whereas millers' interest was apparently limited. This would rather plead for the option¹⁵ of improving FOs role in the

¹⁵ Two main possible orientations were highlighted during the workshop in a presentation of the PMA: the option of contract farming, and the option of FOs playing a role of collector and marketing the product of their members (possibly with a role on input supply as well) without prior fixed contracts with buyers, but with an improved understanding of the market demand.

commercialization by gathering sufficient volumes and sorting the quality in order to increase their bargaining power. This also confirms the need for financial mechanisms dedicated to Farmer Organizations: to unlock access to finance will be a condition for the development of this role of FOs.

3.1.2. FOLLOW-UP PILOT ACTION

3.1.2.1. MEETING WITH LORAN GROUP

SNEC project coordination team has met Oknha Lim Bunheng at Loran Group Plc. Phnom Penh office on June 6, 2013 to follow up after the active participation of Loran in Battambang “Business matching workshop” and the interest expressed by his representative on May 8, and to make sure that further discussion with Loran representatives in Battambang will be backstopped by the chairman. Oknha Lim Bunheng confirmed the interest of his company to continue to explore innovative partnership with farmer organizations on the production and selling of paddy, and has expressed his willingness to take part in possible pilot initiatives with the project support.

In the previous years, Loran Group has experienced some contract farming agreement with groups of farmers but faced difficulties with the enforcement, facing side selling by farmers and then difficulties to get repaid for the advance payment / loan conceded for the purchase of inputs. Yet, Loran Group is still interested to consider such partnership and welcome support in order to try to address the difficulties in the implementation of such contract farming models.

3.1.2.2. FOCUSED CONSULTATION MEETING BETWEEN LORAN GROUP AND A SELECTION OF FOS

Based on the result of the first workshop in Battambang and on the interest of Loran Group and of some of the FOs, a follow up consultation meeting was organized by SNEC project coordination team at Loran rice mill in Thmar Kaul on June 19, 2013. Mr Hay Nam Kea, Loran mill manager, Mr Sok Somontha, assistant at Loran Group and Mr Tep Sopheap, officer in charge of paddy purchase, were representing the company. 6 Farmer Organizations took part in the meeting¹⁶. Other attendants were Mr Yi Bunhak from the DAI, Mr Noun Sophal, from Thmar Kaul district agriculture office, Mr Meang Savoeun, officer in charge of the support to FCFD at AVSF and SNEC project coordination team.

An objective of the workshop was to clarify the expectation of the rice miller and exporter regarding paddy quality and to benchmark the level of premium that FOs can expect from providing a higher quality paddy compared to the usual quality.

Meeting with of FOs representatives and Loran Group at Loran rice mill in Thmar Kaul, Battambang, on 19 June 2013. ►



A form of agreement developed by some millers and farmers in Siem Reap province, with the facilitation of GIZ Green-belt project¹⁷, was presented as an example. But Loran mill manager said that he is not able to disclose indicative levels of bonuses that could be paid for various specifications on the quality of paddy. This is regrettable as, from the project coordination team point of view, the production of quality paddy

¹⁶ Including members of the FCFD and of the FAEC and Don Aov FWUC.

¹⁷ See § 5.2.3.1. “Exchange of information with GIZ” in the present report, page 28.

requires investments that farmers are not likely to make without clear figures on the expected added value it is likely to generate.



On the other hand, Loran Group representatives said they could consider to sign contract with Farmer Organizations, in advance, for the supply of given volume and specified quality of paddy, including with a fixed price, but without provision of financial or material advance (no seeds or fertilizer supplied as a credit to be reimbursed at delivery). But regarding this proposal, FOs are more reluctant to make such agreements as they are not sure of the quantity and quality they can produce and as the risk of side selling by FO members is high and difficult to prevent if the agreed price is lower than the market price at the time of harvest.

Finally, this second consultation meeting was not as fruitful as expected. But the direct link established between the FOs participating and Loran rice mill may lead to direct commercial deals in the future.

◀ *Visit of Loran rice mill by FOs representatives (19 June 2013).*

The only possible agreement that emerged at the end of the discussion is related to the production of seeds. Loran still has a batch of one tons of seeds (from last year pilot seed multiplication activity supported by the IFC) and has proposed FOs to supply these seeds for multiplication during this wet season. The Agricultural Cooperative of “Nikum Krao Preah Sihanouk” has expressed an interest for this operation, to be conducted on a surface of approximately 1 ha. The preliminary conditions of the deal are that Loran will sell the initial quantity of seeds required at the price of consumption paddy (market price at the time seed are supplied, to be paid up-front, no credit) and will provide a close technical support to help the cooperative to manage the seed production. At the harvest time, the cooperative shall sell half of the seeds harvested at the price of consumption paddy (market price at the time of harvest). Mr Samath Veasna, chairman of Nikum Krao Preah Sihanouk Agricultural Cooperative (NKPSAC), estimates that this operation will bring various benefits for the cooperative: 1st it will build a direct relationship with Loran Group, 2nd the cooperative will keep half of the quality seeds harvested that they can use in the following year, 3rd they will gain technical know-how for seed production.

It has been agreed that Loran will re-contact the Cooperative of Nikum Krao to precise the details on the operation, and that the Department of Agro-Industry (together with the provincial office of agro-industry in the PDA) will provide follow-up support to formalize an agreement.

Box 3: Key information on Nikum Krao Preah Sihanouk Agricultural Cooperative

The Nikum Krao Preah Sihanouk Agricultural Cooperative (NKPSAC) is located in Thmar Kaul district. It has been established with the support of the Provincial Department of Agriculture of Battambang in July 2010.

NKPSAG counts 43 members, who have a total surface of crop land of 217.5 ha. The main production is paddy.

Main activities of the cooperative at its creation were: saving and credit, pig raising and fertilizer credit.

3.1.2.3. FACILITATION ON CONTRACTING BETWEEN LORAN GROUP AND NIKUM KRAO COOPERATIVE FOR SEEDS MULTIPLICATION¹⁸

SNEC project coordination team has asked Mr Yi Bunhak (Department of Agro- Industry) to conduct a follow-up mission in Thmar Kaul from 26 to 29 of June 2013. The purpose of the mission was to assess the ability of Nikum Krao Preah Sihanouk Agricultural Cooperative to produce seeds and to facilitate and advise on the process of contracting between the cooperative and Loran Rice Mill.

On June 27 (morning), Mr Yi Bunhak, accompanied by Mr Pa Borak (Chief of Agro-Industry Office in the PDA of Battambang) have visited the Cooperative and discussed with the members the understanding of the deal proposed by Loran rice mill. The representative of the Department of Agro-Industry has also visited the 2 ha of land identified for the operation of seeds multiplication and has verified the corresponding land titles. A draft contract was prepared and discussed with the cooperative.



▲ Visit of Nikum Krao Preah Sihanouk Agricultural Cooperative (NKPSAC) by the DAI, on June 27, 2013.

On June 27 (afternoon) representatives of NKPSAC, accompanied by DAI officers, met with Loran Rice mill manager again in order to validate the draft contract. The manager of Loran mill, Mr Hay Nam Kea, agreed with the proposed draft and has strongly emphasized the need for farmers to comply with the technical guidelines provided by Loran, and to allow Loran technicians to control and record the production process. Loran's manager has indicated that the technical guidelines will be provided to the cooperative before the signature of the contract.

On June 28, Mr Yi Bunhak and Mr Pa Borak have worked on the finalization of a draft contract, taking into account the conditions agreed by both parties as well as the government's requirements for contract farming. Mr Hay Nam Kea has indicated that he needs to get approval from Loran Director, and that he expects to be able to sign the contract on July 3, 2013.

3.2. PILOT INNOVATIVE ACTION #2013-02: SUPPORT TO STORAGE AND COMMERCIALIZATION BY COOPERATIVES IN TAKEO

3.2.1. SUBMISSION OF CONCEPT NOTE BY DAE

During previous meetings in the first Quarter of 2013, the Department of Agriculture Extension has expressed the will to initiate, under the SCCRP, a pilot action with cooperatives in Takeo province that would include the development of storage facilities and the installation of small scale driers at cooperative level. The DAE was asked to prepare a concept note to detail the proposed activities, the rationale for this intervention, and the budget to mobilize.

The DAE has sent a first brief concept note to SNEC (project coordinator and PMA) on May 27, 2013, entitled "Rice Collection and Commercialization for Agriculture Cooperatives in Takeo". The proposed action targets 5 cooperatives from various districts of Takeo, and includes two sub-components:

¹⁸ This paragraph is based on the report prepared by Mr Yi Bunhak, Department of Agro-Industry.

- 1. Improvement of paddy rice collecting / processing (which include the development of storage facilities and installation of flat-bed dryers and the promotion of contract farming agreements);
- 2. Establish farmers/cooperative networks (including actions of promotion such as exhibitions and trade fair).

The proposal implementation time frame is based on a budget of 100,000 € for a three year action plan, but with most of the actions concentrated in 2014 (only promotion event and “platform” is scheduled in 2013 in the document).

3.2.2. NEED FOR FURTHER ELABORATION AND ASSESSMENT OF RELEVANCE AND FEASIBILITY

A number of aspects are missing in the proposed concept note and still have to be explored. The Project Management Advisor and the Project Coordinator have replied to DAE on May 28, raising a number of questions in order to clarify the proposed action¹⁹. Considering the fact that the action is mainly proposed for an implementation in 2014, SNEC project team has proposed to wait for the recruitment of the “Component #3 Coordination and Monitoring Unit” (expected to be effective in August – See § 3.6.1., page 24) in order to further develop the proposal and to assess its feasibility and to consult with relevant cooperatives and millers, by the end of this year, before to launch the implementation in 2014.

3.3. PILOT INNOVATIVE ACTION #2013-03: SUPPORT THE CREATION OF “PADDY SELLING GROUPS” WITHIN STUNG CHINIT AND TEUK CHHAR FWUCS

3.3.1. CONTRACTING OF THE IRRIGATION SERVICE CENTER

Further to discussions between SNEC project team and the Irrigation Service Center (ISC) and to the results of the workshop with FWUCs, cooperatives and millers in Kampong Thmar²⁰ on March 21, 2013, a proposal to support a pilot action was developed by the ISC, then reviewed by SNEC project team. The principle of this pilot action was approved by the 2nd Steering Committee in April 2013. A contract has been prepared and received the non-objection from AFD²¹ on May 02, then was signed by the National Project Director and the Director of the ISC on May 17, 2013. The contract has a retroactive effect and the actual implementation has started since early May 2013.

The Pilot Action consist in the creation of informal “Paddy Selling Groups”, under the umbrella of the two FWUCs, consisting of farmers willing to experiment a collective selling of their paddy based on a sorting of the quality and on the proposal for sell of batches of paddy of homogeneous quality. This will also include a consultation with millers in order to try to pull the quality up to the requirements of buyers.

The implementation of this pilot action is divided in three phases as follows:

- Phase 1: Mobilizing Paddy Selling Groups and defining selling model;
- Phase 2: Build up a team spirit and implement quality improvement support;
- Phase 3: Access to market: arrange for selling day and payment settlement.

¹⁹ Need to identify the 5 cooperatives, to connect this actions with existing Federations of Farmer Organizations in order to build synergies with C#1, to precise the issue of ownership of the infrastructures, to details the quantities and unit costs in the budget, to precise the dimension and number of the storage and drying infrastructures, to clarify the institutional and commercial arrangements and to explore in detail the economic feasibility of the proposed model, and to validate this model with the cooperatives involved, to address the issue of financial services that may be required, etc.

²⁰ See Quarterly Executive Report #01, pages 8-9.

²¹ Letter No SM/kl – L.245/13.

3.3.2. INFORMATION OF FWUC MEMBERS AND MOBILIZATION OF PADDY SELLING GROUPS²²

From beginning of May until the end of June 2013, ISC has been implementing activities of phase 1- mobilizing paddy selling group and defining models of paddy sales. The 3 main stages²³ of this phase 1 have commenced within both Stung Chinit and Teuk Chhar irrigation systems and these activities are implementing in line with the planning. The results and challenges of these stages are presented below.



◀ Information meeting on the proposed pilot action in Tbaeng village.

First, the activity of introduction meeting to present this pilot action objective and launch membership registration process has started on May 3, 2013 and ended by May 31, 2013. 18 meetings were organized in Stung Chinit and Teuk Chhar (11 meetings in Stung Chinit and 7 meeting in Teuk Chhar).

402 persons (among whom 242 women) from 19 villages have participated in these meetings. As result, 340 farmers have confirmed their interest for the creation “Paddy Selling Groups” in both Stung Chinit and Teuk Chhar.

Second, the activity of member registration and member list development was implemented in June 2013. This member registration is done through village meeting with interested farmers who have previously attended the introduction meetings²⁴. Following meetings’ resulted in PSG member registration: 129 farmers from 10 villages have registered in Stung Chinit and 96 farmers from 6 villages have registered in Teuk Chhar. Yet, definitive registration as group member is conditioned to the payment of a membership fee.

Membership fee is one out of condition to become PSG members which was agreed by all participants during the second meeting. Price of membership fee was set by participants in each PSG (i.e. in each village). The value of membership fee therefore varies from one group to another, between 1,000 to 5,000 Riels / member. By June 28, 2013 there were 155 out of 163 registered farmers in Stung Chinit and 85 out of 118 farmers in Teuk Chhar who have paid their membership fee. Hence, by end of June there were 240 are become PSG’s members of both Stung Chinit and Teuk Chhar. Total amount of membership fees collected reaches 204,000 Riels in Stung Chinit and 187,000 Riels in Teuk Chhar.

3.3.3. DEFINITION OF PADDY SELLING MODELS

In Stung Chinit FWUC most of the farmers registered in PSGs have shown more interest in the “Demand Driven Model” (DDM)²⁵ whereas farmers in Teuk Chhar have expressed a stronger interest for the “Offer Driven Model” (ODM). However, the registered farmers especially in Stung Chinit rose that it was too late to discuss about seed in May or June because they had selected their seeds latest in April, but they would consider in next season. Besides, they would prefer to learn about the requirement of rice millers to ensure their product could reach the highest price.

²² This paragraph and the three following ones are based on the reporting of Mr Seng Sophak of the Irrigation Service Center.

²³ The three main stages in the Phase 1 are defined as: a) Mobilizing paddy selling groups in FWUCs; b) Develop PSG profiles and c) Define the paddy selling model for each PSG.

²⁴ Of course this meeting is still open to other people who were absent during the previous meeting also.

²⁵ See Annex 4.

3.3.4. CONTACT WITH RICE MILLERS IN KAMPONG THOM AND KAMPONG CHAM PROVINCES

During the third week of June, the ISC has met several rice millers in Kampong Thom and Kampong Cham, following a request of Teuk Chhar farmers to look for marketing channel for selling their early wet season paddy. Objectives of those meetings were not focused only on the demand of rice millers (varieties, volume of paddy per transaction, transportation, price, etc.) but also on possible collaboration with this pilot action and on possible contract models. 8 rice millers were met during that time (6 in Kampong Thom and 2 in Kampong Cham). 5 of them have expressed interest with the on-going pilot action. Two millers in particular (Mr Chuo Kimheng in Kampong Thmar and Mr You Khim in Pha Av) shows their commitment to collaborate with project and have a high demand of paddy.

3.3.5. FIRST TEST OF PADDY SELLING

A first test of paddy selling was already made by Samrong village PSG (in Teuk Chhar) on June 26, with an early wet season paddy harvested at that time (Variety 504, a very early rice variety). The group was offered 740 R/kg by local middlemen, but managed to sell the paddy at 780 KHR/kg by transporting it to You Khim rice mill in Pha Av (Bathey district, Kampong Cham). They had to pay 30 KHR/kg for transportation, still leaving a “bonus” of 10 KHR/kg for the group members. Even if the difference is not very high, it is already positive and encouraging. Besides, the ISC believe that the cost of transport could probably be reduced. This experience already had a direct effect on the bargaining capacity of the group, as the following days the local middlemen have raised their purchase offer (+10 KHR/kg) to align with the price offered by the miller. A total quantity of 30 tons has been sold by the group for this first operation.

The results of this first test have to be further analyzed with the group in order to draw lessons and optimize the results.

3.4. PILOT INNOVATIVE ACTION #2013-04: SUPPORT TO ORGANIC PADDY PRODUCTION COOPERATIVES IN PREAH VIHEAR AND CONNECTION TO MARKET

3.4.1. FIRST MEETING WITH CORAA

A contact has been established (on the suggestion of IFC) with the Cambodia Organic Agriculture Association (COAA)²⁶. On May 03, 2013, the project coordination team had a first meeting with COAA, represented by Mr Chhim Phallyboth, Program Coordinator and by Mr Winfried Scheewe, GIZ Advisor to COAA. In the previous years, GTZ (now GIZ) has supported organic rice producer cooperatives in Kampong Thom and Kampot, but organic certification system (as per EU markets requirements) has not been maintained because of a lack of entrepreneur interested to process and export this rice. Yet there are 200 to 300 hundred farmers that could be considered as organic rice farmers there. Besides, according to Mr Scheewe, about 1,000 farmers from other groups initiated by CEDAC also have a potential for organic rice production, but are not very active at present. Last, some Agricultural Cooperatives from Preah Vihear province have contacted COAA and represent a significant potential for organic rice production, with about 1,000 farmers.

From COAA's past experience, one of the main difficulties to develop a business with organic rice is that the volumes are limited, whereas milling units dedicated to exports are generally large scale and cannot handle separately relatively small quantities of organic rice. Yet, recently COAA has identified a medium scale miller in Battambang (Mr Chea Kim Se) who is interested and would have the ability to handle separately the processing and storage of organic rice, and is connected with some exporters. This could give an opportunity to explore again the possible development of an organic rice value chain.

²⁶ COAA is a membership association promoting organic agriculture in Cambodia. It is registered as a business association with the Ministry of Commerce.

According to Mr Scheewe, it is difficult to target the export of organic rice to Europe or the USA, considering the requirements and the high costs of certification. But there would be opportunities on the regional market where requirements are relatively easier to comply with²⁷.

3.4.2. PREPARATION OF A PILOT ACTION IN PREAH VIHEAR

The principle to support a pilot action with the cooperatives identified in Preah Vihear and with Kim Se rice mill has been agreed, and COrAA has developed a detailed proposal for this purpose. The pilot action will aim at developing a business relation between the cooperatives and Kim Se rice mill, based on the supply of organic paddy. It will also build the capacities of the partner cooperatives to set up internal control systems, which will be audited by the certification body (by COrAA, in the first year, possibly by other certification bodies in the future if international certifications are targeted). COrAA will also provide support to Kim Se rice mill about the proper handling of organic paddy and on commercial aspects to value the organic rice produced.

Box 4: Expected results of the PIA #2013-04 as defined by COrAA in the proposal

- The cooperatives, with 550 farmers involved, successfully manage their ICS systems.
- About 90 percent of the produce of the participating farmers qualifies for certification based on COrAA's organic standards (and on international standards in cooperation with an internally accredited certifier).
- The participating certified farmers produce about 625 tons of paddy (fragrant rice).
- 80 percent of the supplied paddy meets the requirements of the lead-firm (about 500 tons).
- COrAA has established links to buyers in the domestic and international market.
- Consumers recognize the organic certification mark and can avail of organic rice.
- Export markets are tapped.

Even if organic rice is a niche markets and the potential (in term of volumes) will not represent a large share of the total volumes of exported milled rice, the project coordination team sees a strong interest in supporting this pilot action. First because it enters well in the scope of the Component #3 (developing innovative commercial partnership between cooperatives and millers). Second because organic certification can be one of the option to differentiate a specific quality of Cambodian rice, and it will also help stakeholders to measure the requirements in term of control if they want to use the reputation of sanitary quality (chemical free...etc.) of Cambodian rice as a commercial argument. And last because the requirements in term of quality control, certification and traceability for organic rice are quite similar to what would be required for other possible tools for differentiation, in particular for a possible Geographical Indication. The internal control and certification system that will be developed here can be a useful case study for other possible developments.

3.4.3. APPROVAL OF THE CONTRACT AND SIGNATURE

The contract between SNEC/SCCRP and COrAA has been drafted by SNEC project team and received AFD non-objection on June 24, 2013. The contract was signed on June 26. Implementation is to be started from July 1st.

²⁷ Still, depending on the countries, as organic standards (when they exist) vary from one country to another in the SEA region. It has to be noted that, according to COrAA, the Asian working group of the Global Organic Market Access program, supported by UNCTAD, FAO and the International Federation of Organic Agriculture Movements (IFOAM), has prepared a Asia Regional Organic Standard (AROS) which will hopefully will be adopted by ASEAN in the near future...

3.5. DEVELOPMENT OF A CREDIT MECHANISM DEDICATED TO FARMER ORGANIZATIONS

3.5.1. ASSESSMENT OF CURRENT SITUATION REGARDING FO ACCESS TO FINANCE

3.5.1.1. MEETING WITH ACLEDA BANK PLC.

In order to complete the preview of existing opportunities for FOs financing and in continuation to previous discussions with FAEC and with AMRET in March²⁸, the project coordination team had a meeting with ACLEDA Bank Plc.²⁹ on April 9, 2013. ACLEDA Bank is a leading bank in Cambodia with a total loans portfolio of 1.3 billion Dollars US, among which 272 millions are financing the agricultural sector³⁰.

In theory, Agricultural Cooperative can access loans from ACLEDA Bank, provided that they are properly registered as legal entities. They can submit an application with a business plan, as for a SME. But they have to provide guarantees / collateral, most likely land titles. A part of the guarantee can be provided through a letter of guarantee (example of AFD guarantee –ARIZ- that can cover up to 50% of the amount of the loan: the borrower has to pay fees for this guarantee system). ACLEDA Bank does not have (and does not intend to set up) a specific mechanism/offer for Farmer Organizations, but FOs could access existing credit offers provided that they comply with the requirements. Two offers have been enhanced by ACLEDA Bank during the discussion with the project team:

- **Small business loans** (generally targeting SME), for an amount between 2,500 USD to 30,000 USD, with an interest rate is 2% per month (still quite high to provide favorable conditions to support profitable activities for cooperatives).
- **Medium loans**, for an amount between 30,000 USD and 4,000,000 USD, with interest rates that can vary between 0.8 and 1% per month, or more.

The idea of a guarantee funds (possibly owned by a Federation of FOs or by a third party) to cover a part of the risk was submitted to ACLEDA Bank representatives. They have expressed reserves regarding this idea. They do not wish to create such “special cases” and have expressed concerns about the risk (inherent to such guarantee funds) that borrower do not feel responsible for reimbursement, possibly leading to default of repayment.

3.5.1.2. 1ST MEETING WITH RDB

The project coordination team has also met the Deputy Director General of the Rural Development Bank, Mr Pech Sany, and Mr Sokhom Dararath, Deputy Manager of Credit Department.

At present, RDB representatives have explained that the government’s Agriculture Support and Development Fund (approximately 36 million USD) is mainly targeting rice mills (directly or through miller associations) and provides two types of loans: short term (maximum of 12 months) to finance the purchase of paddy, and “long term” (3 to 5 years) to support investment in processing or storage facilities.

RDB representatives said that they would like cooperatives to access loans, but that it is difficult for those Farmer Organizations to fulfill all the requirements. For this reason, RDB now envisages a new project consisting in linking miller to farmers, i.e. providing loan to millers so that they can pre-finance cropping activities (on-credit supply of inputs). This can be a relevant tool for the financing of contract farming

²⁸ See Quarterly Executive Report #01, § 3.2, page 7.

²⁹ Mrs So Phonnary, Executive Vice-President and Chief Operation Officer, Mr Ung Sam Ol, SVP and Head of Trade Finance Division and Mr Sous Saingsothy, VP and Deputy Head of Credit Division.

³⁰ Inclusive of rice milling, exclusive of rice exports.

agreements, but is not likely to strengthen the development of economic activities at the level of cooperatives.

Yet, RDB has a few on-going cases of direct loan to farmer communities. Two cases were mentioned by RDB managers: a loan of 50,000 USD to Kampong Prasat Agricultural Cooperative (with an interest rate of 10%/year) and a loan of 100,000 USD to Boeng Beng Agricultural Cooperative. Client rating is based on the experience in production, the diversification of the production, the managerial capacities, etc. It is difficult for RDB to examine cooperatives eligibility criteria. At present, collateral required are high (up to 200% of the loan amount). RDB representatives have indicated that a revision of the principles for the use of the Agriculture Support and Development Fund could be possible but would need the participation of the National Bank of Cambodia. For instance different forms of collateral could be explored (such as contract farming or commercial contracts).

3.5.1.3. DISCUSSION WITH THE FEDERATION OF CAMBODIAN FARMER ORGANIZATION FOR DEVELOPMENT

During the first meeting of the project team with the FCFD (See § 1.3.2. page 6), the FCFD board has underlined the need for access to finance. As seen in § 1.3.2., the possibility to use this capital to cover part of the risk on loans that FCFD members would get directly from RDB has been briefly discussed during the meeting. This³¹ could have a lever effect and allow FCFD members to access a higher amount of credit than the 30,000 USD currently lent to its members.

Another interesting asset of the FCFD regular monitoring and evaluations of its members capacities (notably in term of management and accounting and finance) which is based on a scoring tool developed by AVSF during the implementation of “*Komrong Daikou*” project between 2008 and 2010. This evaluation / scoring method could be used to screen capacities of FOs and assess their eligibility to the credit mechanism proposed. If the Federation covers a part of the risk (even relatively symbolic) with its own financial resources, it would make the evaluation by the FCFD of the eligibility of borrowers even more credible. This could be one lead to explore further.

3.5.1.4. DISCUSSION WITH ENTREPRENEURS DU MONDE / CHAMROEUN

On June 04, 2013, SNEC project coordination team has met (on her request) Mrs Cécilia Aspe, Rural Microfinance Officer at *Entrepreneurs du Monde*, a French organization which provides support to “*Chamroeun*”, a local Micro-Finance Institution. *Chamroeun* defines itself as a social microfinance institution and provides small loans (for productive purpose only) to poor people without collateral required.

Mrs Cécilia Aspe is currently studying the possibilities to develop specific loan offers dedicated to agricultural activities (about 30% of *Chamroeun* clients have agricultural activities). The foreseen financial product will remain at a micro-loan level, rather for individual farmers than for cooperatives or Farmer Organizations. Thereof *Chamroeun* is not foreseen as a relevant financial partner to develop professional economic activities for FOs.

3.5.1.5. 2ND MEETING WITH RDB

SNEC Project Coordinator and Project Administration Officer had a second meeting with Mr Pech Sany at the RDB on June 12, 2013 in order to get more information on the possible access of FOs to loans from RDB (within the frame of the existing financial tools) and to discuss additional measures / scenarios that could be explored to scale up loans to FOs.

³¹ Possibly completed by the creation of a guarantee fund initially fed by the project.

Mr Pech Sany has confirmed that, at present, FOs can theoretically apply for loans from RDB, in particular under the scheme funded by the Agricultural Development Fund³² (which allows better conditions, in particular lower interest rates – approximately 5% of interest per year + 3% administration cost – than loans based on RDB own financial resources). RDB said they will provide criteria and application tools. He has also confirmed the willingness of RDB to provide more loans to agricultural cooperatives.

To date, there is no alternative mechanism to collaterals to guarantee the loan, which is acknowledged as a constraint for FOs to access the fund. Mr Pech Sany confirmed that a guarantee fund could be an option to address this issue. But it would be needed to study more about it. According to him, the guarantee fund shall be managed separately from the Bank and have its own committee to assess demands. Tentatively, the process could be that, if the RDB receive a request for a loan (from a FO) with a good project and business plan, from a reliable FO, but with no (or not enough) physical or financial collateral, then the request could be referred to the committee managing the guarantee fund in order to assess the possibility to guarantee the loan as a complement or (or a full alternative) to collaterals.

3.5.2. VALIDATION OF THE PRINCIPLES OF THE CREATION OF DEDICATED MECHANISM AND OF A GUARANTEE FUND

3.5.2.1. CONCEPT NOTE ON THE PRINCIPAL OF A CREDIT MECHANISM TO SUPPORT FO ECONOMIC / COMMERCIAL ACTIVITIES DEVELOPMENT

The proposed implementation strategy of the component #3 validated by the project steering committee on April 19, 2013 includes a support to the development of the access to finance for FOs, as an essential tool to enable the development of FOs role in marketing paddy. An additional position paper enhancing the relevance of the creation of a dedicated credit mechanism for the development of cooperatives commercial activities has been written by the PMA and was also presented to the steering committee.

3.5.2.2. VALIDATION BY SNEC

The chairman of the project steering committee has required additional validation by SNEC chairman on the main orientations of the project implementation, with a particular need for confirmation of the proposed development of FOs access to credit including through the possible use of the project's funds to set up a guarantee scheme. A note presenting those project orientations has been addressed by the Project National Director to SNEC chairman who has endorsed the proposed orientations on May 17, 2013.

3.5.2.3. AFD NON OBJECTION ON THE PRINCIPLE OF THE GUARANTEE FUND

Last, on May 22, 2013 the National Project Director has addressed a letter to AFD to expose the intention of SNEC to support the establishment of a Financial Mechanisms to support business activities of FOs and possibly to use a part of the project budget to set up a guarantee fund. This proposed orientation has received AFD non objection on June 6, 2013 (See also § 5.3.1. in this report, pages 29-30).

3.5.3. LINKAGES WITH COMPONENT #4

At this moment and after consultation with some MFI and private banks, and taking into consideration their constraints (including regulatory limitations), the Rural Development Bank appears as the most suitable institution to host a specific mechanism to finance FOs. The system may require a strong governmental support (and possibly derogations or *ad hoc* measures regarding risk coverage), which makes

³² But no part of this fund is earmarked and reserved specifically for FOs. The total capital available in the Agriculture Development Fund (approximately 30 million Dollars US) is only split in two sub-funds, one dedicated to investment loans (typically on a duration of 3 to 5 years) and the other dedicated to finance working capital.

RDB (as a Development Bank) a suitable and relevant institution to host and provide the service. This objective shall thereof be taken into account in the process of capacity development and up-grading of the RDB. This has been stressed by SNEC during the kick off meeting of the banking consultant team (Cf. § 4.1.1 page 25).

3.5.4. CONSULTATION WITH THE MINISTRY OF ECONOMY AND FINANCE

The Project Coordinator and the Project Administrative and Finance Officer had a meeting with Mr Chou Vannak, Head of Microfinance and SMEs' Financing Division in the Ministry of Economy and Finance in order to explore possibilities to use the Agriculture Development Fund (ADF managed by RDB) to finance Farmer Organizations.

The main conclusions of this discussion can be summarized as follows:

- Since ADF intervention in Cambodia is in a position to call on a wide range of supporting financial products, Mr Chou Vannak agrees that credit to FOs should be experiences as pilot under this fund. During the discussion, it was recalled that, before RDB lent the money to Rice Millers, not so many commercial banks extended their loan to them. Now, the private banking sector provides loans to rice millers is good term and conditions. As the result, RDB has dropped down interest rate to 5%+1% of commission fee. The provision of loans to millers through RDB had a pulling effect on the financing of the sector. The same kind of “pioneer” role could be played by RDB to develop loans to Farmer Organizations. However, Mr Chou Vannak stressed the need to dimension properly the amount of funds dedicated to FOs, taking into consideration the capacity of communities to absorb the credit.
- SNEC could be in a good position to propose such a policy initiative. Thus SNEC is able to propose credit mechanism to DPM for supporting farmer organizations by using agricultural fund to pilot the policy initiative. If DPM agree with this proposal, he could write to RDB to implement this initiative.
- There is an ADF committee at the MEF, which evaluate the proposal for lending. The report from this committee will forward to DPM for final approval. However, the ADF committee is working based on the RDB risk assessment report. Mr Chou Vannak stressed that lending to association is primarily considered in the process, but there is no condition on governance of the association.
- Mr Chou Vannak has stated that as long as there is an endorsement of policy from DPM on pilot of the credit mechanism, then his department will take action and push forward the implementation at RDB level.

3.5.5. SYNTHESIS OF THE ENVISAGED APPROACH FOR THE DEVELOPMENT OF A DEDICATED CREDIT MECHANISM FOR FOS

Based on discussions with the RDB and MEF, it could be envisaged to support the preparation of a loan application for 2 or 3 Cooperatives, in link with the on-going Pilot Innovative Actions, and to use this as a pilot to identify and address difficulties, notably regarding the issue of collateral.

In parallel, and in a more long term perspective, the elaboration of a specific mechanism to develop and scale up credit to cooperatives will be prepared with the support of the project. Specific expertise might be required for this purpose and the project coordination team will prepare terms of reference in consultation with RDB, and possibly with Federations of Farmer Organizations.

Besides, there is a need to gather more information about the creation of an “Agricultural Cooperatives Development Fund” which creation is mentioned in the new draft law on agricultural cooperatives (See Box 5 next page).

Box 5: Provision of the draft law on cooperative regarding cooperative development fund

The Chapter 3 of the draft law on agricultural cooperatives anticipates the creation of an “Agricultural Cooperative Development Fund” (*“Moulneithy Apivath Sabakum Kasekam”*), which, according to Art. 11, shall be under the management of MAFF, and governed by a Board chaired by the Minister of MAFF. Further details on the management on the Funds shall be defined in a Sub-decree.

The future use of this fund is not yet clear for SNEC project team: will it be used to cover supporting services to cooperative? To provide grants or subsidies to cooperatives? Or to provide them loans?

3.6. GENERAL COORDINATION OF THE COMPONENT #3

3.6.1. RECRUITMENT OF THE COORDINATION AND MONITORING UNIT

The recruitment of a Coordination and Monitoring Unit for Component #3 (which also include an institutional support to Farmer Organizations Federations / Networks under C#1) has been done during this quarter (see § 5.3.4.5. in this report, page 31). One offer judged eligible was received from a consortium AVSF+CIRD+ADG. Contract will be negotiated in July, if non-objection is given by AFD.

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

4.1. MISSION OF BANKING CONSULTANTS AND LAUNCHING OF THE SUPPORT TO RDB

4.1.1. KPMG MISSION KICK-OFF MEETING

KPMG has been selected by the Rural Development Bank to implement the banking consultancy mission in support to the RDB.

KPMG mission has started on May 29, 2013 with a “kick-off” meeting gathering RDB representatives, KPMG team, AFD and SNEC coordination team. This meeting allowed KPMG to get a better understanding of the context of the mission and on the background of RDB. SNEC coordination team has recalled the need to take into account the mission of RDB (which shall not become a commercial bank among the others, but shall keep an objective of supporting rural/agricultural development policies). In particular, the perspective of the development of a credit mechanism dedicated to Farmer Organizations was recalled³³. KPMG has presented an action plan based on a 30 weeks duration from the date of the kick-off meeting.

4.1.2. PROGRESS OF KPMG MISSION TO DATE

After the kick-off meeting, the Rural Development Bank provided a high-level overview of the Bank’s operations, functions and purpose to KPMG. Relevant Policies and Procedures for the Project were obtained by KPMG team, covering many of the “sub-Projects” and documents in Khmer were translated by KPMG into English. Relevant KPMG staff reviewed the Policies obtained to understand “in-scope” processes at RDB. Interviews conducted by KPMG with key RDB stakeholders were held in June. The purpose of these meetings was to understand more about RDB’s current processes for sub-Projects A1 – A4. The table below details more specifically actions undertaken regarding these four sub-projects.

Table 2: Activities undertaken by KPMG during this quarter and findings for sub-projects A1 to A4

Sub-projects	Activities undertaken by KPMG during this quarter and findings
A1 – Risk Management	<ul style="list-style-type: none"> Reviewed RDB’s relevant RM policies Met with Head of Risk Management to discuss current RM practices at RDB Met with Head of Credit to discuss the current Lending and Assessment process
A2 – Compliance	<ul style="list-style-type: none"> Reviewed relevant RDB Compliance documents Compliance specialists from KPMG have prepared an inventory checklist of the NBC requirements for Banks Met with Head of Internal Audit to understand current Compliance concerns
A3 – AML/CFT	<ul style="list-style-type: none"> Translated RDB’s AML Policy Reviewed Law 2008 and Prakas to fully understand local AML requirements Met with AML Compliance Officer to discuss AML practices
A4 – Environmental & Social Policy	<ul style="list-style-type: none"> There is no written policy for ESP at RDB, and there is no designated Responsible Officer A KPMG ESP expert from Singapore visited RDB to learn more about the Bank. The meetings between the ESP consultant and RDB will allow KPMG to propose a suitable ESP framework

³³ The note prepared by SNEC project coordination team “Rationale for the creation of a subsidized credit mechanism for the development of Cooperatives’ commercial activities” (which was shared with the Project Steering Committee on April 19) has been provided to KPMG.

4.1.3. FOLLOW-UP OF THE IMPLEMENTATION

The project coordination team had a brief follow-up meeting with KPMG on June 14.

A specific steering committee of KPMG mission has been set up and had its first meeting on June 25, 2013. SNEC project coordination team was represented in this steering committee meeting by its Project Management Advisor. During the Steering Committee meeting, KPMG has proposed to concentrate its inputs in a shorter duration, in order to tentatively target October 22, 2013 as completion date instead of January 22, 2014. This proposal can be considered provided that the RDB confirm that it can absorb a more intensive schedule of inputs from KPMG.

4.2. MISSION OF LEGAL CONSULTANTS

DFDL has been selected by RDB and with approval of AFD to provide the legal assistance to RDB as part of the process of up-grading the Bank. The RDB has notified DFDL about its selection on June 14, 2013. The contracting process is on-going.

5. COMPONENT #5: CROSS-CUTTING ISSUES, COORDINATION AND PROJECT MANAGEMENT

5.1. PROJECT MANAGEMENT, CROSS-CUTTING ISSUES, INTER-COMPONENTS COORDINATION

5.1.1. 2ND MEETING OF PROJECT STEERING COMMITTEE: VALIDATION OF PROJECT IMPLEMENTATION STRATEGY

The 2nd meeting of the Project Steering Committee took place on April 19, 2013. Concept notes on the implementation strategy of the Components #1, #2 and #3 were prepared and sent to the Steering Committee members one week before the meeting³⁴. The implementation strategy has been presented to the meeting by the Project Management Advisor.

Globally, the proposed strategies for each component have been approved, with some precisions, clarifications or additional recommendations brought in the discussions.

5.1.2. FINAL ENDORSEMENT OF ORIENTATIONS BY SNEC MANAGEMENT

The chairman of the Steering Committee has required an additional endorsement of the main orientations (in particular support to FCRE and development of credit mechanisms to FOs) by SNEC chairman. A letter, summarizing the main orientations, has been addressed by the National Project Director, H.E. Ros Seilava, on May 6, and was endorsed by SNEC Chairman on May 17, 2013.

5.1.3. VARIOUS OTHER FOLLOW-UP MEETING ON THE ORIENTATIONS AND IMPLEMENTATION

5.1.3.1. MEETING WITH H.E. MAO THORA

A meeting between SNEC project coordination team and H.E. Mao Thora³⁵ took place in MOC on June 17, 2013, on the request of MOC Secretary of State. The purpose was to provide information on the envisaged approach and support to the Federation of Cambodian Rice Exporters.

Another aspect that H.E. Mao Thora has raised is the issue of credit and the possible use of secured-transaction mechanisms (which uses paddy or rice stored as collateral, as in warrantage system). H.E. Mao Thora has suggested to support an information of stakeholders on this matter, and that MOC could provide information on these new mechanisms.

5.1.3.2. FOLLOW-UP MEETING WITH THE NATIONAL PROJECT DIRECTOR

The Project coordinator has been providing regular information on the progresses of project implementation to the National Project Director all along the quarter. In addition, a more formal briefing of the Director with SNEC project coordination team took place on June 26, 2013.

³⁴ Together with the agenda, a list of expected decisions to be taken by the committee and two additional notes: one on the need for a credit mechanisms to Farmer Organizations, the other on a possible support to Cambodian Rice Exporters to take part in the China rice Expo in 2013.

³⁵ Assisted by Mr Chheav Pha, Deputy Director of the Trade Promotion Department in MOC.

5.2. PROJECT COMMUNICATION AND COORDINATION WITH OTHER PROJECTS AND STAKEHOLDERS

5.2.1. COORDINATION WITH IFC PROJECT

IFC on-going support to Cambodian rice value chain and SNEC/AFD Support to the Commercialization of Cambodian Rice Project have relatively similar objectives, in particular regarding the support to a professional organization of exporters, the export promotion and “branding” of Cambodian rice. The need for a shared vision and a close coordination in order to enhance synergies and avoid overlapping is well understood and acknowledged by both projects team.

IFC team has been invited to take part in the 2nd meeting of the project Steering Committee, but was unfortunately unable to attend. A follow up briefing of IFC team took place the following week (on April 24, 2013). One of the issues discussed was about the coordination of the support to the Federation of Cambodian Rice Exporters. It has been agreed that a tri-partite MOU (FCRE, IFC and SNEC) might be difficult to achieve, but that if separate partnership agreement were to be signed between FCRE and IFC on one hand and FCRE and SNEC on the other hand, the conditions of the support to the FCRE and the modalities of monitoring and coordination of this support shall be harmonized in the two MOU. A joint meeting shall be regularly organized in order to monitor and coordinate the support to the FCRE and the progresses regarding branding and promotion of Cambodian rice.

The consultation with IFC continued in May (via e-mail exchanges and several meetings on May 24, May 30...) based on a preliminary draft of Agreement between SNEC project and the FCRE.

Another meeting with IFC, SNEC project team and AFD took place in June, focused on the practical management of the partnership on the market study (See § 2.2.2. in the present report, page 10).

5.2.2. CONSULTATION AND COORDINATION WITH OTHER INTERVENTIONS IN TRADE SECTOR

5.2.2.1. CONSULTATION WITH CONSULTANTS INVOLVED IN TRADE INTEGRATION STRATEGY UPDATE

On April 25, 2013 SNEC project team has met Mr. Nick Blong, consultant at DEV-Advisory appointed by UNDP to provide support to MOC as part of the process of updating the Trade Integration Strategy. Further to this meeting, Mr Blong has sent a summary note on the milled rice sector (SWOT analysis + table of outcome, actions and indicators) on which the PMA has provided some comments on May 5, 2013.

5.2.2.2. MEETING WITH MOC ADVISOR

SNEC project team has met Mr Sven Callebaut on April 5, 2013. Mr Callebaut has briefed the project coordination team on MOC program funded by WTO which includes a component on rice sector used to co-finance the export development component of IFC initiative.

5.2.3. CONSULTATION AND COORDINATION WITH OTHER INTERVENTIONS IN SUPPORT TO THE DEVELOPMENT OF FO ROLES IN VALUE CHAINS

5.2.3.1. EXCHANGE OF INFORMATION WITH GIZ

On May 29, 2013, SNEC Project coordinator and PMA met Mrs Katia Halabi, Adviser on the GIZ “Regional Economic Development Program Green Belt” in Siem Reap. GIZ has a very positive experience of supporting the dialog between rice millers and producers in Siem Reap which has led to a better understanding of both parties expectations and constraints and to the development of agreements between

millers and farmers on the definition of quality criteria for paddy (purity, cleanness, humidity) and on premium prices (up to 150 KHR/kg) for the remuneration of the effort on quality³⁶. They have also agreed on the use of verified scales for weighting paddy. All together the different measures have proven to provide significant benefits for both parties. It has been agreed that this experience could be shared within the working group on Component #3.

One of the issue on which GIZ has expressed an interest is also the development of a certification system for seeds.

5.2.3.2. CONTACTS WITH CAVAC

In the end of May, the PMA has contacted CAVAC team leader in order to gather information about what CAVAC is doing with Farmer Organizations in the rice value chain. Mr Peter Roggekamp replied that CAVAC is not supporting paddy commercialization through associations or cooperatives, but only work a bit with seed producer associations. CAVAC has shared with the project team a report produced by CDRI on the “Impact Assessment of Farmer Organisation on Food Security for Rural Poor”, dated June 2012.

5.2.4. PARTICIPATION IN AFD PORTFOLIO REVIEW

In June, a portfolio review of AFD project in Cambodia was organized (as every year).

The Project Management Advisor and the Project Administration Officer took part in the preparation meeting hold at SNEC on May 17.

The review has been organized in SNEC on June 3, 2013, in presence of the French Ambassador and of the Deputy Director of AFD for Asia. The “Support to the Commercialization of Cambodian Rice Project” (CKH-1077) was represented by the Project Management Advisor.

5.2.5. MISCELLANEOUS

5.2.5.1. MEETING WITH UNIDO/MIME PROJECT ON ENERGY SAVING IN THE RICE SECTOR

On the 1st of April, SNEC project coordination team has received Mr Christophe Gironde and Mr Nun Sophanna in the frame of the mission they were implementing for a UNIDO/MIME project focused on “low carbon rice sector”, i.e. on reducing CO₂ emissions from the rice production and processing sector. The mission has met SNEC in order to gather background information in the Cambodian rice sector and on the related policies.

5.2.5.2. MEETING WITH CORAA

A discussion with the Cambodian Organic Agriculture Association (COAA) took place in SNEC on May 03, 2013. It is reported in § 3.4.1. in this report, page 18.

5.3. ADMINISTRATIVE ISSUES

5.3.1. LIFTING OF THE PARTICULAR CONDITIONS PRECEDENT TO THE MOBILIZATION OF COMPONENT #3 BUDGET

At the date of the 2nd Steering Committee Meeting (April 19), two particular conditions precedent to the mobilization of the Component #3 budget were not yet fulfilled.

³⁶ In June, GIZ has shared with the project coordination team an example of agreement signed between producers and millers that has been used in the second workshop in Battambang (on June 19, see § 3.1.2.2.) as an example of simple agreement.

1. The approbation by AFD of FWUCs and Cooperatives selected for the implementation of pilot actions for paddy collection and commercialization: On April 24, SNEC has send a letter to AFD to inform on the selection of 2 FWUCs for pilot action with the ISC, and on the identification of 11 Agricultural Cooperatives to be invited in the preliminary step (business matching workshop) of a pilot action in Battambang. The condition has been confirmed as fulfilled on May 6, 2013, with the letter³⁷ addressed by AFD to SNEC to deliver the approval of Stung Chinit and Tek Chhar FWUCs for a pilot action and the acknowledgement of the participation of 11 other FOs in Battambang for the business matching workshop.
2. The approval by AFD of the principles for the mobilization of a partial guarantee fund to support pilot actions. For this purpose, on May 22, 2013, a letter has been addressed by the National Project Director to AFD indicating SNEC's intention to use a part of the project budget to set up a guarantee fund in order to "contribute to build a sustainable and affordable financial mechanism [...] to address the current bottleneck that obstacle FO access to finance and in particular to avoid a full coverage of risks by physical collateral, yet with effective alternative mechanisms to address risks and moral hazard". On June 06, 2013, AFD has granted its non-objection³⁸ to the proposed principle of a financial mechanism.

On June 28, AFD has informed SNEC of the lifting of all the remaining particular conditions precedent to the disbursement of funds under the Component #3 and Component #4 of the project.

5.3.2. PROCUREMENT

5.3.2.1. REVISION OF THE PROJECT PROCUREMENT PLAN

An edited version of the Project Procurement Plan³⁹ has been prepared by the Project Management Advisor in May, then validated by the National Project Director and sent to AFD on June 05, 2013. AFD has granted its non-objection⁴⁰ to the revised PPP on June 06, 2013.

5.3.2.2. VEHICLE PROCUREMENT (CKH-1077-G-13-03)

The selection of the supplier of one vehicle (RMA Cambodia) made by the procurement committee on March 27, 2013 was approved by AFD on April 9. Contract with the supplier was signed in the following days, but the actual delivery has not been done yet because of delays to obtain tax and duties exemption documents.

5.3.2.3. PROCUREMENT OF FINANCIAL AND ACCOUNTING AUDITING SERVICES (CKH-1077-S-13-01)

Bidding documents for the recruitment of an audit firm have been prepared. AFD have granted its non-objection on these bidding documents on June 24, 2013. The call for proposal will be publicized on July 1st 2013.

5.3.2.4. PROCUREMENT OF RECRUITMENT SERVICES FOR FCRE (CKH-1077-S-13-02)

The selection of a recruitment service firm to proceed to the recruitment of FCRE executive staff (See § 1.1.3. Support to the recruitment of FCRE staff in the present report) has been done based on a call for

³⁷ Letter No SM/kl – L 246/13.

³⁸ Letter No SM/ks – L304/13.

³⁹ Doc. Reference: CKH-1077 – PPP-13v2.

⁴⁰ Letter No SM/ks – L 306/13.

quotation addressed to a shortlist of three companies. Two have submitted an offer and Saint-Blanquat & A. has been selected. AFD non-objection on this contract is expected to be granted early in July 2013.

5.3.4.5. PROCUREMENT OF TECHNICAL SUPPORT AND MONITORING TEAM FOR COMPONENT #3 AND INSTITUTIONAL SUPPORT TO FO FEDERATION(S) / NETWORK(S) (CKH-1077-C-13-01)

The project coordination team has prepared the bidding document for the recruitment of the Coordination and Monitoring Unit for Component #3 (which also include an institutional support to Farmer Organizations Federations / Networks under C#1). The announcement was issued in local newspapers (Phnom Penh Post and Cambodia Daily) as well as on AFD DG-Market website on May 21st (with the non-objection for this recruitment granted by AFD⁴¹).

A total of 9 companies / organizations have requested the bidding document from SNEC project team, not including firms that may have downloaded it directly from AFD's DG-Market website (only one – Agronomes and Vétérinaires Sans Frontières, AVSF – has communicated its intention to apply after having downloaded the bidding document from the website).

Only one batch of three questions has been addressed to SNEC project team before the deadline to request clarification (10 days before the deadline to submit offer). The questions were raised by AVSF. A note was prepared by SNEC project team presenting the questions and the project team answers. This note was sent to all the bidders who had asked for ToR or have expressed their intention to apply after downloading the bidding document from the DG Market website.

The deadline for submission of the offers was June 24, 2013 at 3:00 pm. Only one offer has been received by SNEC, from a consortium led by Agronomes and Vétérinaires Sans Frontières (AVSF), associated with the Cambodian Institute for Research and Rural Development (CIRD) and Agriculture-Développement Gembloux (ADG). Their Technical Offer has been copied and distributed to all members of the procurement commission. The scoring of the Technical offer was done by the procurement committee on June 28. The total score for the technical offer has reached 75.5 / 100. The score is above the minimum required for qualification (70/100) and the technical offer has then been judged eligible, yet with the following remark: "The technical offer qualifies with a score above 70/100, but it is noted that the scoring of the methodology and work plan is relatively low and the qualification of the technical offer is subject to a negotiation of the work plan and staff assignment schedule of the consulting organization."

Financial offer was opened on the same day (with the agreement of AFD – e-mail to the PMA dated June 27). The financial offer has been found relatively high, but partly due to some additional inputs proposed by the bidders, so possibly subject to negotiation.

The results from the scoring and analysis of the offer were sent to AFD to request non-objection and authorization to enter in a negotiation process with AVSF. The negotiation will be conducted in July 2013, if agreed by AFD.

⁴¹ AFD Letter No SM/kl – L 275/13.

ANNEXES

ANNEX 1: PMA TIMESHEETS

APRIL 2013

		Location	Activities
Monday	1 a.m. p.m.	SNEC SNEC	Finalize 1st draft of ToR for Component #3 "Technical Support and Monitoring Unit" + draft SC agenda Team meeting - Meeting with UNIDO/MIME project on energy in milling industry - revise ISC proposal on FWUC
Tuesday	2 a.m. p.m.	SNEC SNEC	Classify documentation - Prepare inventory formats Prepare Steering Committee - Up-date implementation strategy for Component #3 - Check account March
Wednesday	3 a.m. p.m.	SNEC SNEC	SNEC team meeting - revise list of "decisions to be taken by SC" + mail to AFD on implementation of C#3 Note on the development of a dedicated credit mechanism for cooperatives
Thursday	4 a.m. p.m.	SNEC SNEC	Finalize the note on credit mechanism for cooperatives + Note on Implementation strategy C#3 Quarterly Executive Report #01
Friday	5 a.m. p.m.	SNEC SNEC - MIME	Meet Sven Callebaut (MOC advisor) - Meeting with FCRE on action plan and budget Meeting with Irr. Serv. Center on FWUC pilot - Meeting with MIME / Institute of Standards
Saturday	6 a.m. p.m.		
Sunday	7 a.m. p.m.	(home)	Quarterly Executive Report #01
Monday	8 a.m. p.m.	SNEC SNEC	Work on Concept note Component #1 and budget of support to FCRE Work on Concept note Component #1 and project budget
Tuesday	9 a.m. p.m.	SNEC - ACLEDA RDB - SNEC	Meeting with ACLEDA bank - Revise Concept note #3 Meeting with RDB - Note on the support to FCRE to share with FCRE Secretary General
Wednesday	10 a.m. p.m.	MAFF - SNEC SNEC - UE Deleg.	Meeting with Mr Mak Soeun (DAE) - Write Concept note for Component #2 Work on concept note #2 - Meeting with Mr G. Dehoux at EU delegation
Thursday	11 a.m. p.m.	SNEC SNEC	Finalize preparatory documents for Steering Committee Review C. Coronel mission report - Prepare budget statement at 31/03/2013
Friday	12 a.m. p.m.	SNEC SNEC	Quarterly Executive Report #01 Prepare power point for Steering Committee meeting
Saturday	13 a.m. p.m.		
Sunday	14 a.m. p.m.		
Monday	15 a.m. p.m.		
Tuesday	16 a.m. p.m.	(home)	Prepare power point for Steering Committee meeting + read doc on agriculture financing
Wednesday	17 a.m. p.m.	SNEC SNEC	e.mail exchange with IFC - finalize preparation of Steering Committee Meeting Meeting with H.E. Dr Hang Chuon Naron and H.E. Ros Seilava
Thursday	18 a.m. p.m.	SNEC SNEC	Revise Power point presentation for SC meeting - Final revision of concept note for PAI on FWUCs Prepare MOU with the Irrigation Service Center for pilot with FWUCs
Friday	19 a.m. p.m.	SNEC SNEC	Project Steering Committee #2 Project team meeting - Finalize draft MOU with the Irrigation Service Center for pilot with FWUCs
Saturday	20 a.m. p.m.		
Sunday	21 a.m. p.m.		
Monday	22 a.m. p.m.	SNEC SNEC	Meeting with Mr Phon Oudam, PDA Battambang (prepare workshop with FO and millers) Draft letter to AFD on selection of FOs for 1st pilots + Draft note on credit and guarantee fund
Tuesday	23 a.m. p.m.	meeting - SNEC SNEC	Meet ADG about FAEC - Justification of support to FCRE Justification of support to FCRE (note for SNEC management) - work on inception phase report
Wednesday	24 a.m. p.m.		Work on inception phase report (off) - sick
Thursday	25 a.m. p.m.	SNEC AVSF office	Follow up preparation of Battambang workshop - Meet Nick Blong (UNDP consultant) - inception phase report Meeting with the FCFD (Federation of Cambodian Farmer Organizations for Development)
Friday	26 a.m. p.m.	SNEC SNEC	Work on inception phase report Work on inception phase report - meeting with IFC
Saturday	27 a.m. p.m.	(home)	Finalize inception phase report
Sunday	28 a.m. p.m.		
Monday	29 a.m. p.m.	SNEC SNEC	Revise part 1 of the inception report Project team meeting - Finalize inception report
Tuesday	30 a.m. p.m.	SNEC SNEC	Revise minutes of SC meeting - Edit Service contract with ISC Work on ToR for recruitment of expertise on C#3 + support to FO Federations

MAY 2013

		Location	Activities
Wednesday	1 a.m. p.m.	SNEC SNEC	Work on ToR for recruitment of expertise on C#3 + support to FO Federations Work on ToR for recruitment of expertise on C#3 + support to FO Federations
Thursday	2 a.m. p.m.	SNEC SNEC	Prepare form of Request for Proposal for expertise on C#3 + support to FO Federations Prepare form of Request for Proposal for expertise on C#3 + support to FO Federations
Friday	3 a.m. p.m.	SNEC SNEC	Meeting with CoRAA - Review executive summary of milled rice for UNDP-MOC trade integration Review documentation - reporting - miscellaneous.
Saturday	4 a.m. p.m.		
Sunday	5 a.m. p.m.		
Monday	6 a.m. p.m.	SNEC SNEC	Prepare presentation for "business matching workshop" in Battambang Read documents - follow-up FCRE about recruitment - reporting
Tuesday	7 a.m. p.m.	SNEC + travel travel - BTG	Prepare for workshop - Travel from Phnom Penh to Battambang Travel from Phnom Penh to Battambang - prepare workshop - draft workshop evaluation form
Wednesday	8 a.m. p.m.	Battambang Battambang	"Business matching workshop" (FOs + millers) "Business matching workshop" (FOs + millers) + debriefing with PDA
Thursday	9 a.m. p.m.	Travel SNEC	Travel back from Battambang to Phnom Penh Read and comment CoRAA concept note, follow up on various issues
Friday	10 a.m. p.m.	SNEC SNEC	Revise procurement document for support team for C#3 + prepare request for ANO + consult on CoRAA note Reporting - evaluation of workshop - check accounting
Saturday	11 a.m. p.m.		
Sunday	12 a.m. p.m.		
Monday	13 a.m. p.m.		
Tuesday	14 a.m. p.m.	SNEC SNEC	Feed back to CoRAA - feminder to FCRE Prepare note on cycle of conference on branding and labels
Wednesday	15 a.m. p.m.	SNEC SNEC	Prepare note on cycle of conference on branding and labels Gather case studies on branding (Gis, collective trademarks...)
Thursday	16 a.m. p.m.	SNEC SNEC	Note on cycle of conference on branding & labels + follow up admin issues + review BTB workshop evaluation Gather additional case studies on Gis and exchange on plan of conferences + miscellaneous
Friday	17 a.m. p.m.	SNEC SNEC	Share note on cycle of conference and workshops on branding with IFC - Revise Project Procurement Plan (v2) AFD portfolio review preparation meeting - Prepare publication of bidding for C#3 consultants
Saturday	18 a.m. p.m.		
Sunday	19 a.m. p.m.		
Monday	20 a.m. p.m.	SNEC SNEC	Exchange with IFC on C#2 - Launch procurement C#3 - Follow up SNEC approval and letter to AFD on credit... Exchange with ARPEC - discuss on C#2 with project coordinator - follow up BTB workshop
Tuesday	21 a.m. p.m.	SNEC SNEC	ToR of bidding for audit company - Accounting verification and cash control - Work on draft MOU with FCRE
Wednesday	22 a.m. p.m.	SNEC SNEC	Work on draft MOU with FCRE Meeting with project coordinator - work on draft MOU with FCRE
Thursday	23 a.m. p.m.	SNEC SNEC	Work on draft MOU with FCRE Work on draft MOU with FCRE
Friday	24 a.m. p.m.	SNEC SNEC - IFC	Review ToR of KPMG mission to RDB - mail to IFC Meet Bas Rozemuller in IFC
Saturday	25 a.m. p.m.		
Sunday	26 a.m. p.m.		
Monday	27 a.m. p.m.	SNEC SNEC	Read documentation Meeting with the Institute of Standard of Cambodia (ISC/MIME) - Meeting with Ung Luyna
Tuesday	28 a.m. p.m.	SNEC - AFD SNEC	Comment DAE concept note - Meet AFD to prepare kick off meeting of KPMG mission + credit issue Review CoRAA concept note + comments
Wednesday	29 a.m. p.m.	RDB MOWRAM - BKK	Kick-off meeting of KPMG mission with RDB Meeting with H.E. Veng Sakhon in MOWRAM - Meet Katia Halabi, GIZ
Thursday	30 a.m. p.m.	SNEC IFC	Contact CAVAC - various issues - reporting Meeting with IFC team (coordination of supports to FCRE + branding)
Friday	31 a.m. p.m.	SNEC SNEC	Read documentation from CAVAC - follow up various admin issues - identify recruitment agencies for FCRE Search info on Thai GI rice control plan - Reporting

JUNE 2013

		Location	Activities
Saturday	1	a.m. p.m.	
Sunday	2	a.m. p.m.	
Monday	3	a.m. p.m.	SNEC SNEC AFD portfolio review Draft MOU for pilot action with CoRAA
Tuesday	4	a.m. p.m.	SNEC SNEC Review revised version of CoRAA proposal + budget + finalize draft MOU Meeting with "Entrepreneurs du Monde / Chamroeun" - Prepare scoring format for bidding on C#3
Wednesday	5	a.m. p.m.	SNEC SNEC Prepare scoring format for bidding on C#3 + exchange within SNEC coordination team on CoRAA pilot action Finalize v.2 of Project Procurement Plan + send to AFD
Thursday	6	a.m. p.m.	Loran Co. SNEC Meeting with Okhnha Lim Bun Heng (Loran Group) - follow-up of Battambang workshop Coordination team meeting - consult FCRE and AFD on procurement for recruitment firm
Friday	7	a.m. p.m.	SNEC SNEC Request ANO on CoRAA contract - reporting Reporting
Saturday	8	a.m. p.m.	
Sunday	9	a.m. p.m.	
Monday	10	a.m. p.m.	Himawari Hotel SNEC Meeting with IFC, ISC, MAFF and exporters on standards Review documents - Fix meetings with Fos
Tuesday	11	a.m. p.m.	SNEC AVSF - SNEC Follow up various issues: MOU with FCRE, cost sharing on market study with IFC, recruitment firm selection... Meeting with FCFD -
Wednesday	12	a.m. p.m.	SNEC SNEC Various administrative issues (procurement, justification of expenditures...) - read documents. Coordination team meeting - launch call for quotation for FCRE recruitment - review bidding doc for audit...
Thursday	13	a.m. p.m.	SNEC SNEC Work on financial reporting format and brief Nika Meeting with FCRE - Make adjustment to draft MOU with FCRE based on meeting outcomes
Friday	14	a.m. p.m.	SNEC SNEC Reporting Briefing with ISC - Meeting with KPMG - Reply to questions of applicant (procurement CKH-1077-C-13-01)
Saturday	15	a.m. p.m.	(home) Prepare tool for contract monitoring
Sunday	16	a.m. p.m.	
Monday	17	a.m. p.m.	MOC SNEC Meeting with H.E. Mao Thora Finalize requests for ANO (MOU FCRE + Audit procurement) - Prepare BTB workshop - Financial report
Tuesday	18	a.m. p.m.	SNEC - Travel Travel - BTB Read documentation - leave to Battambang Travel to Battambang - finalize meeting preparation
Wednesday	19	a.m. p.m.	Battambang Battambang Workshop with Loran Group and FOS Summary of workshop results - Meeting with PDA
Thursday	20	a.m. p.m.	Travel (home) Travel back to Phnom Penh Prepare form of contract with the recruitment agency for FCRE staff recruitment
Friday	21	a.m. p.m.	SNEC SNEC Revise MOU with FCRE - Meet SOFRECO NUDP project - Evaluate offers of HR recruitment firm and prepare minutes + finalize draft contract and send to AFD
Saturday	22	a.m. p.m.	
Sunday	23	a.m. p.m.	
Monday	24	a.m. p.m.	SNEC SNEC Prepare first draft of MOU with the DAE Continue draft of MOU with the DAE + start assessment of technical offer for C#3 bidding
Tuesday	25	a.m. p.m.	SNEC SNEC - RDB Assessment of technical offer for C#3 + meeting with DAI to prepare follow up of Battambang workshop Meeting with IFC and AFD about market study - Steering committee of KPMG mission at RDB
Wednesday	26	a.m. p.m.	SNEC SNEC Crosscheck MOU with DAE - various e-mails (GIZ, FCRE...) - Meeting with H.E. Ros Seilava (progress reporting) Reporting - Discussion with project coordinator on credit issue and on steering committee for GI project (FAO)
Thursday	27	a.m. p.m.	SNEC SNEC Reporting - exchange with CoRAA on contract and invoicing - miscellaneous Scoring of technical offer on C#3 with SNEC project coordination team
Friday	28	a.m. p.m.	SNEC SNEC Meeting with FCRE + Saint Blanquat & A. - Procurement commission meeting CKH-1077-C-13-01 Minutes of procurement commission meeting + ANO request letter
Saturday	29	a.m. p.m.	
Sunday	30	a.m. p.m.	

ANNEX 2: TENTATIVE ROADMAP OF THE SUPPORT TO FCRE

Phase 1 - 06 to 09 / 2013

Conditions for phase 1 to be initiated: ☐ MOU between SNEC and FCRE is signed.

Actions	Objectives	FCRE commitments	SNEC / SCCRP inputs	Verifiable indicators
1.1. General management and functioning of FCRE.	Setup minimum accounting and financial monitoring tools.	<ul style="list-style-type: none"> • FCRE set up accounting tools. • FCRE open a specific bank account to receive project subsidy, to be used for the payment of eligible expenses. • FCRE report properly the use of the funds and provide certified copy of support documents as required by MOU. 	<ul style="list-style-type: none"> • Verify accounting system and reporting ★. 	1.1.1. • Basic but reliable accounting tools are in place. ★ 1.1.2. • The use of the SCCRP subsidies to the FCRE is transparent and properly justified and reported. ★
1.2. Re-launch the recruitment process by hiring a recruitment / HRM firm.	Recruitment of operational team (FCRE salaried staff) – minimum two positions: <ul style="list-style-type: none"> • Executive director, • Communication and web officer. 	<ul style="list-style-type: none"> • FCRE President and/or Secretary General take part in meetings with recruitment / HRM firm to revise the job descriptions (early June) and assess the proposed candidates. • FCRE prepare and sign work contract. • FCRE define remuneration in consultation with the project and the HRM firm at a level acceptable and likely to be further fully covered by FCRE member fees once the project budgetary support ends. • FCRE find adequate office space for FCRE operational team to be installed. 	<ul style="list-style-type: none"> • Hire the recruitment / HRM firm and finance the costs of its services. • Take part in the meetings with the recruitment / HRM firm. • Cover salary costs of newly recruited staff from the date they are hired to the end of Phase 1 ★. 	1.2.1. • Presence of FCRE in meetings with recruitment / HRM firm. ★ 1.2.2. • Signature of a contract with selected staffs. ★ 1.2.3. • Adequate office space is available and can be used by the recruited staff.
1.4. Organization of informative conferences on branding tools. (to be confirmed).	Raise awareness of exporters about possible tools and mechanisms for branding.	<ul style="list-style-type: none"> • FCRE convene (or co-convene) the workshop. • FCRE invite exporters. • FCRE report about the conferences organization and outcomes to exporters and make link with Export Promotion Working Group. 	<ul style="list-style-type: none"> • Prepare the agenda in consultation with FCRE and IFC and identify speakers. • Arrange location and cover the conferences costs. 	1.4.1. Workshop organized and at least 15 exporters (representing at least 50% of exports) participate in the workshop.

★ (in the limit of the budget shown in Annex 4 or of its up-dated version as agreed by the coordination committee).

Phase 2 - 10 to 12 / 2013

Conditions for Phase 2 to be initiated:

□ FCRE staff (at least Executive Director and Communication and web officer) have been recruited.

□ Verifiable indicators marked "★" in the previous phase have reached the objective.

□ The use of the SCCRP subsidies to the FCRE for previous quarter is transparent and properly justified and reported.

□ Coordination committee (see Annex 3) meetings took place with each party duly represented.

Actions	Objectives	FCRE commitments	SNEC / SCCRP inputs	Verifiable indicators
2.1. General management and functioning of FCRE.	Operational capacities of FCRE are in place.	<ul style="list-style-type: none"> • FCRE chairman / General Secretary regularly supervise the FCRE staff and define staff activity plans and objectives. 	<ul style="list-style-type: none"> • Cover salary costs of the FCRE Executive Director until Dec. 2013 ★. • Cover office rental and running costs until Dec. 2013 ★. 	2.1.1. • At least one (preferably two) supervision meetings of the staff per month, with minutes. ★ 2.1.2. • Activities reported to members.
2.2. Organize a General Assembly (GA) of FCRE and start the institutional reform.	Present and validate a roadmap for FCRE activities in 2014 and for FCRE reform process. Set up an "institutional reform taskforce" (work on status and organization).	<ul style="list-style-type: none"> • Organize the General Assembly, extended to ALL CAMBODIAN RICE EXPORTERS registered. • Prepare the Agenda. • Prepare and present Activity and Financial report 2013 + plan 2014. • Prepare and distribute minutes of the General Assembly. 	<ul style="list-style-type: none"> • Cover reasonable costs of the General Assembly Meeting. • Recruit an institutional expert of professional organization to advice on the process. 	2.2.1. • At least one GA is organized. ★ 2.2.2. • Activity plan, budget and members contributions for Year 2014 are approved by members. ★ 2.2.3. • Approved members' contribution cover at least 50% of recurrent running costs budgeted for 2014 (staff salaries, office running costs...) ★
2.3. Communication tools 1: set/improve website and website management.	Improve the visibility of the FCRE and provide up-to-date information and news.	<ul style="list-style-type: none"> • Organize a discussion with interested members on the website content + define policy for display exporters contacts and link to exporter websites on FCRE website. • FCRE chairman / General Secretary provide information and support FCRE webmaster or mobilize one or several FCRE members to undertake this role. 	<ul style="list-style-type: none"> • Cover salary costs of the Communication / Web officer until Dec. 2013 ★. • Cover website hosting costs until Dec. 2013 ★. 	2.3.1. Website is improved. 2.3.2. Website is maintained with up-to-date information. ★
2.4. Communication tools 2: 1 st FCRE Newsletter is issued and distributed.	Improve visibility of the FCRE and internal communication in order to strengthen members' interest for the Federation.	<ul style="list-style-type: none"> • FCRE leaders and staff contribute content in the Newsletter and call for contribution from FCRE members. • The FCRE proposes space for advertising in its Newsletter in order to generate incomes. • Allow the SNEC and IFC to communicate information to FCRE members via the FCRE Newsletter • Make projects support visible on the publication. 	<ul style="list-style-type: none"> • Cover salary costs of the Communication / Web officer until Dec. 2013 ★. • Cover publication costs if needed (if paper edition) ★. 	2.4.1. At least one edition of the FCRE Newsletter is issued and distributed to FCRE members (and to all Cambodian rice exporters and key partners) at least in its electronic version. ★
2.5. Survey and consultation workshop on standards. (To be confirmed, depending on progress of the situation on standards)	Assess the exporters willingness to use the standards CS053:2012 and CS199:2012 and possibly consider the revisions of those standards to submit to MIME.	<ul style="list-style-type: none"> • FCRE helps to mobilize exporters to reply to the survey. • FCRE convene (or co-convene) the workshop. • FCRE invite exporters. • FCRE report about the workshop organization and outcomes to exporters. 	<ul style="list-style-type: none"> • Manage the relation with MIME and other institutions. • Prepare the agenda in consultation with MIME, FCRE, ARPEC and IFC. • Arrange location and cover the workshop costs. 	1.3.1. Survey is received by all exporters member of FCRE. ★ 1.3.2. At least 30 exporters (representing at least 60% of exports) fill the survey. ★ 1.3.3. Workshop organized and at least 15 exporters (representing at least 50% of exports) participate in the workshop.

Phase 3 - 01 to 03 / 2014**Conditions for Phase 3 to be initiated:**

- ☐ At least one General Assembly of FCRE took place in 2013.
- ☐ Members' budget contributions (/ fees) have been approved for Y-2014.
- ☐ Verifiable indicators marked "★" in the previous phase have reached the objective.
- ☐ The use of the SCCRP subsidies to the FCRE for previous quarter is transparent and properly justified and reported.
- ☐ Coordination committee (see Annex 3) meetings took place with each party duly represented.

Actions	Objectives	FCRE commitments	SNEC / SCCRP inputs	Verifiable indicators
3.1. General management and functioning of FCRE.	Operational capacities of FCRE are in place.	<ul style="list-style-type: none"> • FCRE chairman / General Secretary regularly supervise the FCRE staff. 	<ul style="list-style-type: none"> • Cover salary costs of the FCRE Executive Director for 1st Quarter 2014★. • Cover office rental and running costs for 1st Quarter 2014★. 	3.1.1. At least one (preferably two) supervision meetings of the staff per month, with minutes. ★ 3.1.2. Activities reported to members.
3.2. Members contribution collection	Start the gathering of FCRE own financial resources	<ul style="list-style-type: none"> • Practical tools for fee collection are developed and implemented by staff, with support from FCRE President and G^a Secretary. Financial tools (receipt, fee collection monitoring) are established and maintained up-to-date. • The companies of the President and of the General Secretary pay their due fees to FCRE 	<ul style="list-style-type: none"> • Support to develop fee collection tools if needed. 	3.2.1. Request for fee payment has been send to members. ★ 3.2.2. The companies of the President and of the General Secretary pay their due fees to FCRE. ★
3.3. Institutional reform.	Preparation of the institutional reform and consultation with exporters + mid-term strategic plan.	<ul style="list-style-type: none"> • Organize regular taskforce meeting + group consultations. • FCRE leaders + Executive Director allocate time to work with the institutional consultant. 	<ul style="list-style-type: none"> • Cover costs of taskforce meeting★. • Pay fees of institutional expert of professional organization. 	3.3.1. At least two meeting of the institutional reform taskforce, with at least 50% of taskforce members present. ★
3.4. Communication tools.	Maintain link with members + partners with newsletter.	<ul style="list-style-type: none"> • (same as for Phase 2 – 2.4.). 	<ul style="list-style-type: none"> • Cover salary costs of the Communication / Web officer for 1st Quarter 2014★. • Cover publication costs if needed (if paper edition)★. 	3.4.1. At least one edition of the FCRE Newsletter is issued and distributed to FCRE members (and to all Cambodian rice exporters and key partners) at least in its electronic version.★.

Phase 4 - 04 to 06 / 2014**Conditions for Phase 4 to be initiated:**

- ☐ Members' budget contributions (/ fees) have started to be collected Y-2014.
- ☐ Verifiable indicators marked "★" in the previous phase have reached the objective.
- ☐ The use of the SCCRP subsidies to the FCRE for previous quarter is transparent and properly justified and reported.
- ☐ Coordination committee (see Annex 3) meetings took place with each party duly represented.

Actions	Objectives	FCRE commitments	SNEC / SCCRP inputs	Verifiable indicators
4.1. General management and functioning of FCRE.	Operational capacities of FCRE are in place.	<ul style="list-style-type: none"> • FCRE chairman / General Secretary regularly supervise the FCRE staff. • Cover 50% of salary costs of the FCRE Executive Director + office rental and running costs for 2nd Quarter 2014. 	<ul style="list-style-type: none"> • Cover 50% of salary costs of the FCRE Executive Director for 2nd Quarter 2014★. • Cover 50% of office rental and running costs for 2nd Quarter 2014★. 	4.1.1. At least one (preferably two) supervision meetings of the staff per month, with minutes. ★ 4.1.2. Activities reported to members.
4.2. Members contribution collection	Start the gathering of FCRE own financial resources	<ul style="list-style-type: none"> • Follow up and pursue the collection of member fees. • Present updated figures on recovery of member fees. 		4.2.1. At least 50% of the amount of fees to receive for 2014 is collected on June 30, 2014. ★
4.3. Institutional reform.	Preparation of the institutional reform and consultation with exporters + mid-term strategic plan.	<ul style="list-style-type: none"> • Organize regular taskforce meeting + group consultations. • Sent the draft revised status to members (and to all exporters). 	<ul style="list-style-type: none"> • Cover costs of taskforce meeting and group consultation★. • Pay fees of institutional expert of professional organization. 	4.3.1. At least two meeting of the institutional reform taskforce, with at least 50% of taskforce members present. ★ 4.3.2. Revised draft status are drafted and sent to members + all exporters. ★
4.4. Communication tools.	Maintain link with members + partners with newsletter.	<ul style="list-style-type: none"> • (same as for Phase 2 – 2.4.). • Cover 50% of salary costs of the Communication / Web officer for 2nd Quarter 2014. 	<ul style="list-style-type: none"> • Cover 50% of salary costs of the Communication / Web officer for 2nd Quarter 2014★. • Cover publication costs if needed (if paper edition)★. 	4.4.1. At least one edition of the FCRE Newsletter is issued and distributed to FCRE members (and to all Cambodian rice exporters and key partners) at least in its electronic version.★.

Phase 5 - 07 to 09 / 2014**Conditions for Phase 5 to be initiated:**

- ☐ Members' budget contributions (/ fees) have started to be collected Y-2014.
- ☐ Verifiable indicators marked "★" in the previous phase have reached the objective.
- ☐ The use of the SCCRP subsidies to the FCRE for previous quarter is transparent and properly justified and reported.
- ☐ Coordination committee (see Annex 3) meetings took place with each party duly represented.

Actions	Objectives	FCRE commitments	SNEC / SCCRP inputs	Verifiable indicators
5.1. General management and functioning of FCRE.	Operational capacities of FCRE are in place.	<ul style="list-style-type: none"> • FCRE chairman / General Secretary regularly supervise the FCRE staff. • Cover 50% of salary costs of the FCRE Executive Director + office rental and running costs for 3rd Quarter 2014. 	<ul style="list-style-type: none"> • Cover 50% of salary costs of the FCRE Executive Director for 3rd Quarter 2014 ★. • Cover 50% of office rental and running costs for 3rd Quarter 2014 ★. 	5.1.1. • At least one (preferably two) supervision meetings of the staff per month, with minutes. ★ 5.1.2. • Activities reported to members.
5.2. Members contribution collection	Start the gathering of FCRE own financial resources	<ul style="list-style-type: none"> • Follow up and pursue the collection of member fees. • Present updated figures on recovery of member fees. 		5.2.1. • At least 60% of the amount of fees to receive for 2014 is collected on September 30, 2014. ★
5.3. Institutional reform.	Preparation of the institutional reform and consultation with exporters + mid-term strategic plan.	<ul style="list-style-type: none"> • Organize regular taskforce meeting. • Organize an Extraordinary General Assembly to submit the revised status for approbation, and organize a new election based on the revised status. • Validate a mid-/long- term strategic plan. 	<ul style="list-style-type: none"> • Cover costs of taskforce meeting and GA ★. • Pay fees of institutional expert of professional organization. • Support organization of new election. 	5.3.1. • Extraordinary General Assembly is organized, revised status are approved ★ 5.3.2. • A new election takes place, free and fair. ★
5.4. Communication tools.	Maintain link with members + partners with newsletter.	<ul style="list-style-type: none"> • (same as for Phase 2 – 2.4). • Cover 50% of salary costs of the Communication / Web officer for 3rd Quarter 2014. 	<ul style="list-style-type: none"> • Cover 50% of salary costs of the Communication / Web officer for 3rd Quarter 2014 ★. • Cover publication costs if needed (if paper edition) ★. 	5.4.1. At least one edition of the FCRE Newsletter is issued and distributed to FCRE members (and to all Cambodian rice exporters and key partners) at least in its electronic version. ★.

Phase 6 - 10 to 12 / 2014**Conditions for Phase 6 to be initiated:**

- ☐ Verifiable indicators marked "★" in the previous phase have reached the objective.
- ☐ The use of the SCCRP subsidies to the FCRE for previous quarter is transparent and properly justified and reported.
- ☐ Coordination committee (see Annex 3) meetings took place with each party duly represented.

Actions	Objectives	FCRE commitments	SNEC / SCCRP inputs	Verifiable indicators
6.1. General management and functioning of FCRE.	Operational capacities of FCRE are in place.	<ul style="list-style-type: none"> • FCRE chairman / General Secretary regularly supervise the FCRE staff. • Cover 100% of salary costs of the FCRE Executive Director + office rental and running costs for 3rd Quarter 2014. • Prepare and present Activity and Financial report 2014 + plan 2015. + Submit to a new General Assembly (ordinary) 	•	6.1.1. • At least one (preferably two) supervision meetings of the staff per month, with minutes. ★ 6.1.2. • Activities reported to members.
6.2. Members contribution collection	Start the gathering of FCRE own financial resources	<ul style="list-style-type: none"> • Follow up and pursue the collection of member fees. • Present updated figures on recovery of member fees. • Approve members contribution for 2015. 		6.2.1. • At least 75% of the amount of fees to receive for 2014 is collected on Dec. 31 st , 2014. 6.2.2. Level of fees for 2015 is approved. ★
6.3. Communication tools.	Maintain link with members + partners with newsletter.	<ul style="list-style-type: none"> • (same as for Phase 2 – 2.4). • Cover 100% of salary costs of the FCRE Executive Director + office rental and running costs for 3rd Quarter 2014. 	<ul style="list-style-type: none"> • Cover publication costs if needed (if paper edition) ★. 	6.3.1. At least one edition of the FCRE Newsletter is issued and distributed to FCRE members (and to all Cambodian rice exporters and key partners) at least in its electronic version. ★.

ANNEX 3: LIST OF PARTICIPANTS IN THE “BUSINESS MATCHING WORKSHOP” IN BATTAMBANG, ON MAY 8, 2013

ល.រ (No.)	ឈ្មោះ (Name)	តួនាទី (Function)	អង្គភាព (Organization)
1	យិន ធឿន	ប្រធាន	សមាគមន៍កន្ទីរភក្តិស្ទឹងជលសារ
2	ពាក ឃៀន	ប្រធាន	ស្វាយអា (ប្រើប្រាស់ទឹក)
3	អៀន ឃៀន	ប្រធាន	សហគមន៍ ស្រុកបវេស
4	ទួន ចាន់វិ	ហិរញ្ញិក	សហគមន៍ ស្រុកបវេស
5	សេង ប៊ុនសិ	ប្រធាន	សមាគមន៍រោងម៉ាស៊ីនស្រូវបាត់ដំបង
6	ពា ពួយ	ប្រធាន	កន្ទីរ 2 សាមគ្គីបាណន់មានជ័យ
7	ព្យុង សម្បូរ	ហិរញ្ញិក	កន្ទីរ 2 សាមគ្គីបាណន់មានជ័យ
8	ទេព សាន	ប្រធាន	ពន្ធដារក្រុងសង្ឃ័យនៃកសិករ
9	សុទ្ធ ប៊ុនលឿន	ហិរញ្ញិក	ពន្ធដារក្រុងសង្ឃ័យនៃកសិករ
10	ញ៉ុង ធឿន	មន្ត្រីផ្សព្វផ្សាយ	ស្រុកបវេស
11	ម៉ាង សារ៉េន	ជំនួយការគំរោង	AVSF (FCFD)
12	សយ សារ៉ុម	គណនេយ្យ ស/ក	សៀ (ប្រើប្រាស់ទឹក)
13	ពៅ ចិន្តា	ហិរញ្ញិក	សមាគមន៍កន្ទីរភក្តិស្ទឹងជលសារ
14	លន់ សភិត	លេខា	រស្មីកំបូកខ្ពស់មានជ័យ
15	សូ ទូច	ប្រធាន	រស្មីកំបូកខ្ពស់មានជ័យ
16	យិន ម៉ាន់	សមាជិកម៉ាស៊ីនស្រូវ	បវេស
17	ភោគ ចាន់ណា	អនុប្រធានទី១	សហគមន៍ពឹងពង (ប្រើប្រាស់ទឹក)
18	ប្រាក់ ណែ	ហិរញ្ញិកសហគមន៍ស្វាយរលា	សហគមន៍ស្វាយអា (ប្រើប្រាស់ទឹក)

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ល. រ (No.)	ឈ្មោះ (Name)	តួនាទី (Function)	អង្គភាព (Organization)
19	ណុប សាម៉េន	ហិរញ្ញិក	សហគមន៍ឃុំបំពង់ព្រៀង
20	យ៉ុង ធី	ប្រធានក្រុមព្រឹក្សាភិបាល	សហគមន៍ឃុំបំពង់ព្រៀង
21	សំអាត វាសនា	ប្រធាន	សហគមន៍ព្រះសីហនុ
22	ធាន ណារិន	រដ្ឋបាល	សហគមន៍ព្រះសីហនុ
23	ចាំង ទ្រី	សមាជិកម៉ាស៊ីនស្រូវ	ស្រុកថ្មតោ
24	អ៊ុន កញ្ញា	ប្រធានការិ. កសិកម្មស្រុក	បាណន់
25	យី ចុនហាក់	ប្រធានការិ. អភិវឌ្ឍកសិឧស្សាហកម្ម	នយកដ្ឋានកសិឧស្សាហកម្ម
26	នូ សម្បត្តិ	ប្រធានការិ. កសិកម្ម	ស្រុកថ្មតោ
27	ឆៃម ចន្ទា	ប្រធានការិ. កសិកម្ម	ស្រុកសង្កែ
28	សៀ គឹមណែ	អនុប្រធានការិយាល័យ	មន្ទីរកសិកម្ម
29	គួច ម៉ារី	តំណាងពីសេតិម	សេតិម
30	មូល ម៉ិន	ប្រធានសហគមន៍	ជ្រៃសាមគ្គីបង្កើនផល
31	ភូ ពយ	ប្រធាន	វាំងម៉ាស៊ីនភូ ពយ
32	ជើន ភឿយ	ហិរញ្ញិក	ជ្រៃសាមគ្គីបង្កើនផល
33	ទង ស៊ីមន	ប្រធាន	សហគមន៍កំពឹងពួយ
34	ធីង សុគុណ	ហិរញ្ញិក	សហគមន៍កំពឹងពួយ
35	អ៊ូច ភីរម្យ	ប្រធានកសិកម្ម	ស្រុមោងឫស្សី
36	ខុច សុភក្រ័	ប្រធានសហគមន៍	មានជ័យអំពីល្បាំដើម
37	រ៉ុង រ៉ា	អនុប្រធាន	មានជ័យអំពីល្បាំដើម

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ល.រ (No.)	ឈ្មោះ (Name)	តួនាទី (Function)	អង្គភាព (Organization)
38	ឡាយ សុខឃៀង	ប្រធានរដ្ឋបាលគំរោង	SNEC
39	ប៉ុញ ឧត្តម	អនុប្រធានមន្ទីរ	មន្ទីរកសិកម្មខេត្ត
40	គា ឈុន	អនុប្រធានការិ. ផ្សព្វផ្សាយ	មន្ទីរកសិកម្មខេត្ត ប. ប
41	Jean-Marie Brun	Project Management Adviser	SNEC/ IRAM
42	អ៊ុង លុយណា	អ្នកសម្របសម្រួល	SNEC
43	ហុំ គឹមហឿន	គណៈរោងម៉ាស៊ីនកិនស្រូវឡូ រឹង	ភូមិពារួង ឃុំប៉ោយយង់ ស្រុកថ្មឡគោល បាត់ដំបង

ANNEX 4: THE TWO MODELS FOR PADDY COMMERCIALIZATION IN PADDY SELLING GROUPS (PILOT ACTION IN STUNG CHINIT AND TEUK CHHAR)

The contract with the Irrigation Service Center for the pilot action in Stung Chinit and Teuk Chhar foresee two possible models for the commercialization of paddy, described as follows:

- The DEMAND DRIVEN MODEL: with early consultation between PSG and buyers since beginning of growing season, PSG members may consider the requirement of buyer such as varieties, its purity, humidity level of paddy, and selling schedule etc. The pilot action implementation team (ISC) could facilitate to have contact with buyer at the early stage in order to take into consideration buyers' requirements. In order to fit with these requirements, PSG members may take action of negotiation with buyers, looking for pure seed since the beginning of the cropping season with support of pilot action implementation team. PSG will focus on only one or two varieties which meet market demand. A sorting of paddy produced by members will be done, based on the quality in order to offer to buyers batches of consistent quality on the selling day. The DEMAND DRIVEN MODEL shall be given the priority as it is more likely to generate significant added value at farmer level. Yet, in case early consultation with buyers is not successful (or cannot be done on time) or in case farmers are not willing to adapt their production (in particular regarding seeds) to the demand, the following alternative approach may be considered:
- The OFFER DRIVEN MODEL: In that case, there would be little changes in the farmers' production practices (in particular not necessarily a change or harmonization of varieties grown) but the PSG would gather the production and sort it in batches of uniform quality, easing the transaction and leading to a more readable differentiation of prices based on the different quality (which might be likely to encourage changes in production practices for the following years). In this model, contacts with buyers could be done after starting cropping activity. It could be several types of varieties but this could be classified into 2 categories of varieties, first is fragrant varieties and mix varieties. Pilot activity may sort only a quality of fragrant varieties only if its volume is enough to deal with collective action.

