

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

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

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

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

UNITS AND MEASURES

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

INTRODUCTION

The Support to the Commercialization of Cambodian Rice Project (SCCRP) is funded by the *Agence Française de Développement* (AFD – French Agency for Development) for a period of 3 years (January 2013 to December 2015). Its purpose is to contribute to support the implementation of the 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 4th Quarterly Executive Report of the project. It covers the period from October 1st to December 31, 2013.

FCRE has become more active in this quarter thanks to the executive team recruited in September. The 1st Cambodian Rice Festival was organized in Siem Reap in October. In November, several exporters have joint the TRT World Rice Conference in Hong Kong, where Cambodian Rice won (for second year in row) the award of the World Best Rice. Preliminary consultations took place about FCRE reform.

Preliminary discussions about partnership between FAEC, FCFD and the project took place in October, and a diagnosis of FOs' Federations was then undertaken.

Regarding Component #2, the team of consultant has been selected to implement the market study, and a workshop was organized to discuss on branding, based on a case study on Nepal Tea.

Paddy Selling Groups have sold paddy with quite successful results in Stung Chinit, whereas organic paddy cooperatives in Preah Vihear have qualified for COrAA certification but faced logistic difficulties in the management of paddy selling to buyers which will have to be addressed next year. New potential partnerships between FOs and rice millers / exporters are explored.

Reports of the support mission to RDB have been drafted and a final steering committee to close KPMG and DFDL missions shall take place within next quarter. Besides, a consultant was selected to implement a specific mission regarding the development of credit mechanism dedicated to Farmer Organizations.

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 this quarter [Oct-Dec 2013]	Foreseen objectives and activities for the coming months	Issues and concerns
C#1 <ul style="list-style-type: none"> 2nd JCC meeting with FCRE and IFC. Start consultation with Exporters on the reforms and future of FCRE. Preparation of FCRE General Assembly. 1st Workshop with FOs Federations. FOs Federation diagnosis. Initiative of ARPEC and FCRE on Code of Conduct for Export to EU+ comments provided by PMA. 	<ul style="list-style-type: none"> 2nd Workshop with FOs Federations (definition of action plan and modalities of support). General Assembly of FCRE and Strategic Workshop: approval of reform scenario. Initiate a working group on status reform. 3rd JCC meeting with FCRE and IFC. Continue to provide advices/comments on the preparation of the Code of Conduct for export to EU. 	<ul style="list-style-type: none"> The delay to organize FCRE general assembly has postponed the validation of the members contribution to budget 2014, but it is expected to be done in January 2014.
C#2 <ul style="list-style-type: none"> Information conference on branding based on Nepal Tea Case study. 1st Cambodia Rice Festival. Contact established with the Sustainable Rice Platform. Finalize selection of service provider for international market study (IFC). Participation of FCRE in the TRT World Rice Conference 2013 in Hong Kong – Cambodia wins for the 2nd time in row the “World Best Rice” award. 	<ul style="list-style-type: none"> Launching of market study. “World Best Rice Cooking” Promotion Diner. 	
C#3 <ul style="list-style-type: none"> Briefing on post-harvest and quality management in some of the farmer groups involved in pilot activities. Organize a meeting between organic cooperatives and potential buyers, but relatively disappointing results in selling organic paddy. Good results of paddy selling groups in Stung Chinit FWUC, allowing farmers to get a bit higher prices. Start implementation of feasibility for pilot action in Takeo. Two Business meeting between BRICo and FOs in Battambang (followed by a few sales of paddy by one FO, and potential contracts to be further discussed). Meeting with Golden Rice to start to explore opportunities of contracting with FOs and business meeting between Golden Rice and FOs. Business meeting between Golden Daun Keo rice mill and FOs in Takeo (followed by a few direct sales of paddy). First mission of Christophe Boscher (AVSF). 	<ul style="list-style-type: none"> Start the study on current practices of contract farming. Finalize contracting between FOs and BRICo and possibly Golden Rice. Prepare follow up actions with FWUCs and with organic cooperatives. 	<ul style="list-style-type: none"> Rice seed production destroyed by flood in Nikum Krao cooperative. Remaining issues to address in contract farming negotiations to reach acceptable agreements by both parties (notably with BRICo and Golden Rice). Management of paddy harvest and collection by buyer has to be improved with cooperatives in Preah Vihear.

(Continue next page...)

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Important activities and outcomes of the past quarter	Foreseen objectives and activities for the coming months	Issues and concerns
C#4 <ul style="list-style-type: none"> ▪ Most deliverables of KPMG mission have been delivered, but remain the compiled final report. ▪ Draft report of DFDL has been prepared. ▪ Selection of service provider for mission on Credit mechanism for FOs. 	<ul style="list-style-type: none"> ▪ Final steering committee for KPMG and DFDL missions. ▪ Contracting service provider for the development of Credit Mechanism for FOs and 1st phase of mission. ▪ Plan further steps of support to RDB. 	<ul style="list-style-type: none"> ▪ Difficulty to get clear information on RDB strategic orientation and decisions on reforms to implement within RDB (RDB is waiting for the appointment of a new General Director).
C#5 <ul style="list-style-type: none"> ▪ Audit firm contract signed and start of first project accounting and finance audit. ▪ Participation in IFC roundtable on sustainable agribusiness. ▪ Participation of PMA in COSTEA steering committee meeting. 	<ul style="list-style-type: none"> ▪ Financial audit of project for Year 2013. ▪ Plan a Steering Committee Meeting within the first semester 2014. 	

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

1.1. SUPPORT TO THE FEDERATION OF CAMBODIAN RICE EXPORTERS (FCRE)

1.1.1. INSTITUTIONAL REFORM OF FCRE

1.1.1.1. FIRST INFORMAL CONSULTATION MEETING WITH EXPORTERS AND MEMBERS

In the afternoon of 8 October 2013, taking opportunity of the presence of numerous exporters and other members of the FCRE for the workshop on collective branding that took place on the morning of the same day (See § 2.2.1.1. page 15 in this report), an informal information and consultation on the future and desirable reforms of the Federation was organised in Cambodiana Hotel. The consultation was introduced by Jean-Marie Brun (SCCRP Project Management Advisor) and was facilitated by Linin Sean (FCRE Executive Director). About twenty five members of the Federation or stakeholders have participated in that meeting.

The session (about two hours) was too short to address details and to draw conclusions, but it was considered as a starting point and as an opportunity to inform and build trust on foreseen reform process and to gather preliminary ideas mainly on the two following issues:

- Revision of the administrative structure of the federation and governing bodies;
- Expectations from members about the federation's roles and functions

Participants have confirmed their will to see the Federation governed by an elected Board¹, with a set mandate duration. Members shall get information on the position and background of the different candidates before to elect the Board. Participants in the consultation (among whom many are millers) have also expressed their will to see the membership kept open not only to exporters, but also to other professions of the rice sector, with that diversity represented in the Board. The need to develop more services and to improve the transparency of Federation's activities has also been enhanced by several participants in the discussion.

These outcomes are not considered as decisions (the meeting was not official and the number of participants limited) but has been considered in the preparation of further scenarios for the institutional reform of the FCRE which will be presented in a Strategic Workshop associated with the General Assembly that is foreseen to take place in January 2014 (See § 1.1.5., page 7 in this report).

1.1.1.2. PREPARATION OF INSTITUTIONAL SCENARIOS FOR FCRE REFORM

In November 2013, the SCCRП Project Management Advisor has drafted a first note entitled: "Federation of Cambodian Rice Exporters: Scenarios for a renewed structure" which (taking into account orientations given in the MOU with FCRE but also feedback from members gathered on October 8), recalls the main principles and objectives and proposes three types of scenarios in term of institutional reform of FCRE:

- **Scenario 1:** One single organization (maybe to be renamed "Cambodian Rice Federation"?) undertakes the two main functions (1. Export promotion functions and 2. Inter-professional dialog

¹ Currently, FCRE President has been elected, but the 20 Vice-Presidents were appointed by the Ministry of Commerce (!).

- + advocacy), under guidance of two distinct “commissions”. Executive management is under the supervision of a Board with members of both commissions.
- **Scenario 2:** FCRE is refocused as a professional organization of EXPORTERS (Full right members), with a Board constituted of exporters. But FCRE executive team also serves as a “permanent secretariat” of an inter-professional platform (not institutionalized as a separate organization). A commission is created to oversee the institutional dialog. This commission includes (on a parity basis) the different segment of the Cambodian rice sector (non-exporters being “associated members of the FCRE”, not eligible to the board, but eligible in this commission).
 - **Scenario 3:** FCRE is refocused as a professional organization of EXPORTERS. Members are exporters only, and the mandate of the organization is refocused on export promotion activities (or export related issues). Another organization is created to serve as a platform for inter-professional dialog and action. Members of this inter-professional organization are not individual businesses but professional organizations of exporters, millers, producers...

This note has started to be informally discussed during the Joint Coordination Committee with FCRE and IFC on November 12, 2013. A power point version has then be prepared (simplified and easier to understand) to be used for the next FCRE General Assembly and Strategic Workshop. It has also been agreed that, following the example of several agro-industry inter-professional organizations, the decision making process would follow a vote by category of stakeholders (by “cluster”) and the scenario chosen shall be supported by all the different categories² of stakeholders.

1.1.2. SUPPORT THE IMPROVEMENT OF ADMINISTRATION AND FINANCE FUNCTIONS

The accounting system developed in September 2013 has been used regularly since then, and served to prepare the FCRE Financial Report 2013.

Executive and Financial Reports of FCRE for year 2013 have been prepared by the Executive Director and FCRE Administrative Assistant. SNEC/IRAM Project Management Advisor has provided a few comments to improve it.

An action plan for 2014 has started to be developed by the Executive Director, with a preliminary budget plan (with some support of SNEC Project Management Advisor). It will be discussed with some active members in January then discussed in FCRE General Assembly.

1.1.3. FINANCIAL SUPPORT: SUBSIDY FOR FCRE OPERATIONAL COSTS

1.1.3.1. SUBSIDY PAYMENT AND MONITORING OF DISBURSEMENT TO FCRE

During this quarter, a second instalment of subsidy was disbursed to FCRE by AFD for an amount of 14,700 USD (See Table 2, opposite).

FCRE has reported its expenditures on subsidies received for the period October to December 2013, as shown in the Table 3, next page.

Table 2: Amounts transferred to FCRE as budget subsidies from signature of MOU to 31st December 2013

Installments	Amount	Date of notification of payment
1st installment	\$ 3,400.00	10-Sep-13
2nd installment	\$ 14,700.00	23-Oct-13
TOTAL TRANSFERRED	\$ 18,100.00	
Installment pending		
3rd installment	\$ 12,300.00	

² Exporters, Millers, Producers and Other Service Providers.

Table 3: Monitoring of disbursement of subsidies to FCRE operational costs

	Project Subsidy as per MOU	Subsidy paid in the period (oct-dec 13)	Subsidy paid from beginning to date	Remaining balance on MOU	Amount spent and justified in the period (oct-dec 2013)		Δ or still to justify
1. Staff	\$ 32,200.00	\$ 7,500.00	\$ 9,700.00	\$ 22,500.00	\$ 7,500.00	\$ 9,700.00	\$ -
Executive Director	\$ 19,800.00	\$ 5,100.00	\$ 6,800.00	\$ 13,000.00	\$ 5,100.00	\$ 6,800.00	\$ -
Web and communication officer	\$ 6,600.00	\$ 1,800.00	\$ 2,100.00	\$ 4,500.00	\$ 1,800.00	\$ 2,100.00	\$ -
Accounting and Finance Officer	\$ 3,600.00	\$ -	\$ -	\$ 3,600.00	\$ -	\$ -	\$ -
Administrative assistant	\$ 2,200.00	\$ 600.00	\$ 800.00	\$ 1,400.00	\$ 600.00	\$ 800.00	\$ -
2. Running costs (Structural)	\$ 13,200.00	\$ 3,600.00	\$ 4,800.00	\$ 8,400.00	\$ 4,800.00	\$ 4,800.00	\$ -
Office rental	\$ 13,200.00	\$ 3,600.00	\$ 4,800.00	\$ 8,400.00	\$ 4,800.00	\$ 4,800.00	\$ -
Equipment (computers, etc.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stationaries, communication, running costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation - travel to provinces	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. General Assembly and Workshops	\$ 12,000.00	\$ 3,600.00	\$ 3,600.00	\$ 8,400.00	\$ 324.00	\$ 324.00	\$ 3,276.00
General Assembly	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Strategic workshops	\$ 9,000.00	\$ 3,000.00	\$ 3,000.00	\$ 6,000.00	\$ -	\$ -	\$ 3,000.00
Webhosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 1.00	\$ 1.00	\$ (1.00)
Other communication tools (newsletter...)	\$ 3,000.00	\$ 600.00	\$ 600.00	\$ 2,400.00	\$ 323.00	\$ 323.00	\$ 277.00
TOTAL	\$ 57,400.00	\$ 14,700.00	\$ 18,100.00	\$ 39,300.00	\$ 12,624.00	\$ 14,824.00	\$ 3,276.00

1.1.3.2. DEVELOPMENT OF FCRE OWN FINANCIAL RESOURCES

In relation with the preparation of the budget for 2014, a preliminary table of contribution by members has been prepared, with initial inputs from the Project Management Advisor. Considering that one of the objective is to develop a Federation as representative as possible (i.e. with a large number of members), it is preferable to set the basic membership fee at an affordable level (cheap “entry ticket”), then to propose additional options giving access to additional services or benefits (in order to still be able to generate sufficient incomes to ensure the Federation’s economic sustainability). The proposal that will be submitted to the General Assembly is based on a basic membership fee on which additional “premium options” can be added (Silver, Gold or Platinum member status). In addition to set membership fees, the project has proposed to FCRE management that exporters contribute a fee based on the volume of rice they export, generating incomes that could be mainly dedicated to export promotion activities.

1.1.4. MOBILIZATION OF EXPORTERS / MEMBERS TO TAKE RESPONSIBILITIES IN FCRE

1.1.4.1. MOBILIZATION OF EXPORTERS / MEMBERS

After the first informal consultation of members/exporters on FCRE reform (See § 1.1.1.1. page 4), the project team (in particular the PMA) occasionally had some bilateral discussions with some exporters in order to consolidate the trust in the starting reform process and to encourage their own involvement in the development of FCRE. This has notably been done aside of meetings with exporters for other purposes, for instance with BRICo representative while discussing the possible support to partnership with FOs on paddy sourcing (See § 3.6. page 27). The participation of FCRE Executive Director and Communication Officer in the TRT World Rice Conference in Hong Kong in November (See § 1.1.7. page 8), with a large delegation of exporters, have also given an opportunity for the executive team to get to know better the exporters and build relationship with them.

1.1.4.2. NEW MEMBERS

Since the Executive Director has taken office in last September, the FCRE has gained new members. It now counts 121 members (Against 102 members in the previous membership list attached to the MOU between SNEC and FCRE signed in August 2013).

1.1.5. PREPARATION OF FCRE GENERAL ASSEMBLY

A General Assembly and strategic workshop was initially scheduled for December 2013, but it has been decided to postpone it to January 2014 in order to take more time to prepare the meeting. The stakes are important as this General Assembly and workshop will benchmark and give orientations to the institutional reform of the Federation. Presentation of possible scenarios of structural reform has been prepared by the PMA as well as modalities for a decision making process (See § 1.1.1.2. pages 4-5). The Executive Director of FCRE has prepared the Activity Report 2013, and has started to draft an action plan and budget plan for 2014.

1.1.6. FCRE COMMUNICATION TOOLS

1.1.6.1. UPGRADING OF FCRE WEBSITE

Mr Ung Sothy has developed a renewed version of FCRE website, which has been up-loaded since late October 2013. It can be visited on <http://www.fedocrex.com>. More information have been made available, such a news and events, and information on prices (quotes of Cambodian rice compared with other origins), and members list sorted by category. This new version of the website gives a much better image of the FCRE and is also useful to provide information to members (on up-coming events, notably) and to international buyers.

1.1.6.2. FCRE BOOKLET FOR TRT – WORLD RICE CONFERENCE

FCRE (Webmaster and Communication Officer) has developed a booklet to present FCRE, in particular for the purpose of using in the TRT World Rice Conference. This booklet presents FCRE as a Federation, its history, and its mission. It is mainly targeting an audience of foreign buyers and potential clients in order to give them a way to contact the Federation or to search information on members appearing in the member list.

The cost for printing this booklet (225 USD) was fully covered by the SCCR project (SNEC/AFD) as part of the subsidy defined in the MOU.

Cover of FCRE Booklet prepared for TRT-World Rice Conference ▷

FCRE has also renewed name cards for its executive team and leaders/representatives, in particular in preparation of events such as TRT World Rice Forum. Printing of name cards was also made by using project subsidy.



1.1.6.4. CREATION OF FCRE NEWSLETTER

In October, Mr Ung Sothy (FCRE Communication officer and webmaster) has started to work on a format and templates for the Federation's Newsletter. A first discussion on format and possible contents for the first issue took place with FCRE executive team and PMA in SNEC on October 18, 2013. In November, PMA has provided further advices to Ung Sothy for the preparation of the Newsletters and the efforts required for seeking advertisers. The target date for the first issue was also set at that time for early December (before the FCRE General Assembly, but after TRT World Rice Conference and Cambodia Rice Forum) – but it has then been postponed to January as the General Assembly was also rescheduled.

In the end of December, the electronic English version of the Newsletter was nearly finalized, and the translation to Khmer was on going.

1.1.6.5. FCRE Annual Activity Report

Since December 2013, the Executive Director has prepared a comprehensive activity report for Year 2013. Few comments were provided by the project. This report will be finalized in January and distributed to members in the General Assembly and will be sent to relevant partners.

1.1.7. PARTICIPATION OF FCRE IN THE TRT – WORLD RICE CONFERENCE

The IFC project has provided important logistic support and advices to Cambodian Rice Exporters to help them to participate in the 5th TRT World Rice Conference in Hong Kong from 19 to 21st November. An important Cambodian delegation (of about 25 export companies) made the trip to Hong Kong to take part in this event. On its side, SNEC/AFD SCCR project has financially covered the cost of participation of the Executive Director of FCRE and its Communication Officer. This was seen as important in order for them to gain a better understanding on international rice business issues and to develop their network. It was also a good opportunity to build stronger relationship with Cambodian Exporters and provide them some support during this event.

Cambodia wins the World Best Rice award for the second time in row

In Hong Kong, Cambodia won the award of the World Best Rice 2013, confirming the quality of Cambodian rice which had already won the trophy last year in Bali. This second win in row will contribute to consolidate the image of quality that the Cambodian rice industry is progressively building. It may now need to be consolidated with a labelling strategy to ensure consistency of what is marketed as quality Cambodian rice, in order to avoid a spoiling of this hardly acquired reputation.



△ Surrounded by the Cambodian Exporters Delegation, Mr Sean Linin, Executive Director of FCRE, lifts the trophy of World Best Rice awarded to Cambodia in Hong Kong in November 2013.

1.1.8. EU “EVERYTHING BUT ARMS” INITIATIVE AND INITIATIVE OF THE EXPORTERS’ CODE OF CONDUCT

1.1.8.1. MEETING WITH THE EU AMBASSADOR ABOUT THE “EVERYTHING BUT ARMS” INITIATIVE³

In October 2013, there have been some rumors of a possible ending of the EU “Everything But Arms” initiative that allows a free of quota and free of import taxes of Least Develop Countries (which includes Cambodia) products on the EU market.

On November 13, FCRE had a meeting with the EU Ambassador, H.E. Jean-François Cautain and with Daniel Gonzales-Levassor, Attaché of Land Reform, Trade and Private Sector Development to discuss the issue. H.E. Jean-François Cautain has reassured Cambodian rice exporters about the pursuing of EBA initiative and eligibility of Cambodia as long as it is still counting among the Least Developed Countries. He has also stressed the importance for all stakeholders to respect the regulations of EBA. One of the most important regulations mentioned in the meeting is the ‘Rule of Origin’. This rule requires that rice exported from the Kingdom to Europe must be of Cambodian Origin, meaning paddy being grown and milled within Cambodia only.



△ Meeting of FCRE with the EU Ambassador on November 13, 2013.

1.1.8.2. ARPEC AND FCRE INITIATIVE FOR THE DEVELOPMENT OF A CODE OF CONDUCT FOR EXPORT TO EU

As some stakeholders in the EU or in rice exporting countries have expressed the suspicion that a part of the rice exported from Cambodia to the EU could be produced from paddy grown in neighboring countries, it is important to be able to prove that all the rice exported to the EU and receiving a Certificate of Origin from MOC is actually grown and milled in Cambodia. For this reason and as a follow-up of the meeting with the European Union Representative, additional consultations took place between FCRE, ARPEC and the Ministry of Commerce. The idea of a self-regulation by Cambodian rice sector stakeholders emerged and ARPEC has elaborated a first draft of Code of Conduct to launch the reflection, and shared it with FCRE for discussions. SCCRP PMA (as well as IFC consultants) has received this draft from FCRE and has provided a first batch of comments on December 31st, 2013, regarding the process of elaboration of the Code of Conduct and regarding the content of the draft (notably about the issue of reporting of suspicion of infringements and inspection, about the traceability system – minimum requirements expected

³ SCCRP project took no role in the scheduling of this meeting. Yet it is reported here because it is of interest to illustrate activities of the FCRE and because the project has provided inputs in follow-up actions undertaken by FCRE and ARPEC after this meeting, as one can see in the following paragraph 1.1.8.2. next page.

from millers or other stakeholders in the supply chain – and about the system of sanctions). The SCCRP has also expressed its interest for this initiative and its willingness to provide additional support to the process of development and implementation of the CoC if needed and upon request of the professional organizations in the rice sector. It was also suggested to clarify the purpose and scope of this CoC.

1.1.9. OTHER ACTIVITIES OF FCRE

1.1.9.1. BUSINESS MATCHING MEETING WITH OKINAWA DISTILLERY ASSOCIATION

A business matching meeting with representatives of Mitsubishi Corporation/Business Group and Okinawa Distillery Association (Japan) took place on November 21, 2013 at FCRE (Cambodian Chamber of Commerce Meeting room). This meeting was organized further to the solicitation of the Okinawa Distillery Association in visit in Cambodia, with the objective of discussing opportunities to supply rice to Japan to the members of this association. The Okinawa Distillery Association is an association who is engaged in the sourcing of rice as a raw material for the production of local alcoholic drink called “Awamori”. This meeting was attended by 14 Japanese representatives and 17 Cambodian Representatives. According to FCRE report on this event, further to this meeting, the Okinawa Distillery Association ordered samples of rice which will be tested in order to see their suitability to process to liquor.

1.1.9.2. MEETING WITH BASF AND GIFT INITIATIVE IN HONG KONG

FCRE has been contacted by the Global Institute for Tomorrow (GIFT) which is implementing a leadership programme for BASF Company. GIFT has requested a meeting with some Federation Representatives present in Hong Kong for the TRT World Rice Conference. The meeting was organized and took place in Hong Kong on November 22, with GIFT and BASF. FCRE was represented by its executive director and communication officer and by 6 exporters. The purpose of the meeting was to discuss post-harvest issues in the rice sector in Cambodia, where the company is considering the development of activities.

1.1.9.3. BUSINESS MATCHING MEETING WITH HONG KONG RICE MERCHANTS ASSOCIATION

The Federation of Cambodian Rice Exporters (FCRE) organized a Networking Cocktail reception, financed by IFC, on December 3rd, 2013 to welcome the Rice Merchant’s Association of Hong Kong on their visit to Cambodia. This evening event was held at Sofitel Phokeethra Hotel in Phnom Penh. 34 delegates of the Rice Merchants’ Association met with 30 representatives of leading Cambodian Rice exporters in order to explore more opportunities in the Cambodian Rice sector.

Hong Kong is known to be one of the major importers of Jasmine Rice and Cambodia, riding on its recent victory as the World’s Best Rice 2013, would like to expand and reach more markets to distribute its Premium Fragrant Rice.

1.1.10. SUMMARY: ASSESSMENT OF MONITORING INDICATORS OF THE SUPPORT TO FCRE

The Annex 2 of the MoU with the FCRE (Road map, timeframe and conditions for each phase to be unlocked) defines a number of criteria or indicators to be fulfilled at the end of the Phase 2 (October to December 2013) of this support and prior to the beginning of Phase 3 of this MOU (January to March 2014). The table 4 (next page) recalls these indicators and assesses the achievements against each of them.

The fact that the General Assembly has been postponed explains that some of the objectives of the Quarters have not yet been fulfilled (notably organization of the GA, approval of an action plan and budget for 2014 as well as members' contributions). But this shall be achieved in January 2014 and shall not be considered as a failure of FCRE, neither it shall question the pursuing of the support to the Federation.

Table 4: Monitoring of indicators and milestones of the support to FCRE (as per MOU)

Indicators / Criteria	Progress Status	Comments
Simple but reliable accounting tools are in place.	100% ■■■■	Tools developed and have started to be used by the FCRE Administrative Officer. Further follow-up will be needed to verify reliability.
FCRE Staff (at Least Executive Director and Communication and Web Officer have been recruited) – Employment contracts signed.	100% ■■■■	See Quarterly Executive Report #03, pages 3-4 and page 8.
The use of SCCRP subsidy to FCRE for the previous quarter is transparent, properly justified and reported.	100% ■■■■	Financial report for the use of the Subsidy for Phase 1 (September 2013) has been prepared and provided to SNEC with due attachments.
Joint Coordination Committee meetings took place with each party duly represented	100% ■■■■	One JCC meeting took place on November 12, 2013 with FCRE, IFC and the SCCRP.
FCRE staff supervision meetings (with President and/or secretary general) take place regularly, and minutes are made.	50% ■■■□	Formal meeting between leaders and staff did not take place regularly (not every month). General Secretary of FCRE has been less active during this quarter.
At least one General Assembly is organized.	25% ■□□□	Initially scheduled in December 2013, the General Assembly has been postponed to January 2014 due to a busy agenda of both FCRE and project team.
Activity plan, budget and member contribution for Year 2014 are approved by members.	25% ■□□□	Activity plan and budget has been prepared and will be submitted to members in the General Assembly in January 2014, together with a proposal frame for member contributions.
Approved members' contribution cover at least 50% of recurrent running costs budgeted for 2014 (staff salaries, office running costs...).	0% □□□□	
Website is maintained with up-to-date information.	100% ■■■■	New website is online with more information and a regular up-dating.
At least one edition of the FCRE newsletter is issued and distributed to members and exporters.	50% ■■■□	The first issue of the FCRE Newsletter was already nearly finalized on December 31 st but will be finalized and printed in January with the objective to be distributed during the General Assembly.

1.2. SUPPORT TO FEDERATIONS / NETWORKS OF FARMER ORGANIZATIONS

1.2.1. PARTICIPATION OF FO FEDERATIONS IN THE CAMBODIAN RICE FESTIVAL

The SCCR Project has provided support to FCFD and FAEC to send representatives of the two Federations to take part in the Cambodian Rice Festival⁴ in Siem Reap on October 11, 2013. The project took in charge their travel and accommodation, but also the printing costs for leaflets of presentation of each of the two Federations. The purpose of their participation was to take this opportunity to get in touch with millers and exporters and show to those stakeholders of the rice industry that producers also get organized. Yet professional contacts have been limited and it is acknowledged that more preparation would have been required to improve communication capacities of the representatives of FOs in such event.

⁴ See § 2.2.4, page 17 in this Report.

1.2.2. WORKSHOP WITH SELECTED FO FEDERATIONS

A workshop (initially scheduled on September 17 – See Quarterly Executive Report #03 page 9) with the boards of the FAEC and FCFD and with representatives from FWN took place in SNEC on October 14, 2013. The purpose was to present the projects objectives to the FO Federations/Networks and to discuss on their possible expectations and commitments.



△ Meeting in SNEC with FAEC and FCFD Boards, on October 14, 2013.

During this workshop, the purpose and general objectives of the project were presented to participants, with a particular focus on components #1 and #3. FAEC, FCFD and FWN have also presented themselves, their objectives and activities. MAFF has taken the opportunity of this workshop to provide information to participants on the new legal framework on cooperatives, and the Irrigation Service Center has made a brief description of the Pilot Action undertaken with Paddy Selling Groups as an illustration of possible pilot activities that the project can support.

At the end of the workshop, the Federations have agreed on the principle of collaboration with the project. They took the commitment to appoint “focal persons” to work with the project on behalf of the Federations on the preparation of inter-professional dialog activities⁵. FAEC and FCFD have also confirmed their interest to take part in the preparation of a dedicated credit mechanism for FOs⁶ and in the pilot implementation of first loans.

1.2.3. FUNCTIONAL AND ORGANIZATIONAL DIAGNOSIS OF FAEC AND FCFD

In order to benchmark the current situation (strength and weaknesses) of FAEC and FCFD and to identify and plan support actions to be proposed by the SCCR project toward FO Federations, a quick functional and organizational diagnosis has been undertaken by persons in charge in AVSF-CIRD-ADG team in October 2013.

On 21 October 2013, Mr Phat Sophany and Christophe Goossens met FAEC at its office in Phnom Penh. FAEC was represented by 5 members of its Executive Committee. On 22 October 2013, Mr Phat Sophany and Christophe Goossens met FCFD at AVSF Office, Phnom Penh. FCFD was represented by 8 members

⁵ See § 1.2.4. next page.

⁶ See § 4.3. page 31.

of its Board. The diagnosis was eased by the fact that AVSF, CIRD and ADG have already an intimate knowledge of these two Federations of FOs.

According to the reporting of AVSF-CIRD-ADG team, the main strengths and weaknesses of the two Federations can be summarized as follow⁷:

Table 5: Summary of main strengths and weaknesses of FAEC and FCFD

Main strengths	Main weaknesses
<ul style="list-style-type: none"> ▪ Relatively mature organizations; ▪ Some capacities to support FOs (strengthening governance, developing FO and establishing new ones...); ▪ Some experiences in rice business (collective trade, differentiation of product, short distribution circuit...); ▪ Some experiences in collective procurement of input supplies. 	<ul style="list-style-type: none"> ▪ Both Federations are built on general functions and not focused on rice value chain; ▪ Advocacy functions are restrained by weak communication and lack of advocacy strategy; ▪ Limited own financial resources: little incomes generated by fees or services and important dependence on the support of external support organizations.

The results of the diagnosis will be considered in the development of further action plan and agreement between the project and the FO Federations (a workshop will be organized in January on that purpose).

1.2.4. IDENTIFICATION OF FOCAL PERSONS TO REPRESENT FAEC AND FCFD

For the purpose of the SCCR Project and in particular to represent FOs in dialog with the other stakeholders of the rice sectors, FAEC and FCFD have designated four representatives as follows:

- For FAEC:
 - Mr Prak Lak, FAEC 2nd Deputy President and Representative of Phoum Yeung Cooperative in Prey Veng,
 - Mr Kong Meoun, FAEC Board Member and President of Oudam Sorya Cooperative in Takeo.
- For FCFD:
 - Mr. Sam Art Veasna, FCFD Deputy Director and President of Nikum Krao Preah Sihanouk Cooperative ⁸ in Battambang, and Mr Din Sakhorn, FCFD Supervisory Committee Deputy Director and Vice-President of Agricultural Cooperative of Trapaing Russey Commune in Kampong Thom.

1.2.5. CONSIDERING THE MERGING OF FAEC AND FCFD

Institutional and operational costs of a FO Federation are relatively high (transportation and accommodation costs for board meeting, General Assembly, etc.) in particular when members are strewn across the country in various provinces. Merging the two Federations (FAEC and FCFD) in one single organization could be an option to considerably reduce the institutional and operational costs (cost of meeting, salaried staff...). Besides, the representativeness of a merged Federation would be improved, which would be an asset if the FO Federation has to serve as a representative of producers in an inter-professional platform. Moreover, the diagnosis of the two Federations has highlighted complementarities between FAEC and FCFD.

⁷ More details are available in the two diagnosis reports of FAEC and FCFD respectively.

⁸ Involved in the first test of contract farming signed with the support of the project: see Quarterly Executive Report #02 pages 14-15 and Quarterly Executive Report #03 page 14.

The possibility to consider such a merging was evoked with both FAEC and FCFD during the diagnosis in October. FAEC representatives have expressed interest with the idea, yet to be further considered in details. FCFD representatives were more hesitant and have suggested to consider working on joint projects first before to consider a merging.

In further step of development of activities with FO Federations, possible cooperation between FAEC, FCFD and FWN will be considered and encouraged in order to avoid duplication, improve efficiency and thereof consolidate the economic sustainability of services developed.

1.2.6. INVOLVEMENT OF FO FEDERATIONS IN PILOT ACTIVITIES OF COMPONENT #3

FAEC, FCFD and FWN representatives have been involved in several activities implemented under Component #3 of the project, in particular in meeting between FOs and rice millers / exporters, notably during meetings with BRICo in Battambang, Golden Rice in Kampong Speu or Golden Daun Keo in Takeo (See Part 3 of this report).

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

2.1. CAMBODIAN STANDARDS ON RICE

2.1.1. PROGRESSES ON THE REVISION OF STANDARDS FACILITATED BY IFC

The process of revision of the Cambodian Standards on rice⁹ is still on-going. According to IFC, it is still in the hand of the Institute of Standards of Cambodia.

2.1.2. ENVISAGED CONTRIBUTION FOR THE DEVELOPMENT OF TESTING METHOD FOR PREMIUM WHITE RICE

Following the informal request of IFC to the SCCRP regarding a possible support to develop testing method for premium white rice¹⁰, the meeting with CARDI that was foreseen to be organized by Mr Sem Viryak did not took place during this quarter (despite a recall of PMA during the Cambodian Rice Festival in October). It might still be considered in the coming months, but at present it does not seem to be a strong priority for stakeholders.

2.2. QUALITY LABEL / CAMBODIAN RICE BRANDING

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

2.2.1.1. WORKSHOP ON NEPAL TEA AS A CASE STUDY OF COLLECTIVE BRANDING

On October 8, 2013, the Federation of Cambodian Rice Exporters and the “Support to the Commercialization of Cambodian Rice Project” [SCCRP], coordinated by SNEC and financed by the *Agence Française de Développement* (AFD) have jointly organized a workshop on quality management and collective branding based on the experience of Nepal Tea, presented by Mr Chandra Bhushan Subba, a Nepal Tea Expert.

The case of Nepal Tea has been chosen as an illustrative success story of collective branding because of similarities with the situation of Cambodian rice. Nepal tea is a quality product, but before the stakeholders of tea sector in Nepal undertook this branding initiative, Nepal Tea notoriety was very low. It was suffering of a lack of consumer and market awareness and was overshadowed by its worldwide renowned neighbour: Darjeeling tea. A context that is relatively similar to the situation of Cambodian rice vs. Thai Jasmine rice.

The success of Nepal Tea branding is based primarily on a strong focus and efforts on quality management and differentiation, involving all segments of the value chain, in particular producers, and enhancing local specificity and values (natural production methods, traditions, and social responsibilities). A Code of Conduct has been elaborated based on extensive consultation with all stakeholders. Then tremendous efforts have been made to organize producer groups in order to promote and control the implementation of this code of conduct, and ensure a full traceability. Those efforts have helped to improve the consistency of Nepal Tea quality and to pull it up. In parallel, a brand (materialized by a name and logo) has been developed and registered. Promotion actions have been undertaken to increase the notoriety of Nepal Tea, such as the participation in international events such as Tea and Coffee World Cup.

⁹ Cf. Quarterly Executive Report #03, § 2.1.1, page 10.

¹⁰ Cf. Quarterly Executive Report #03, § 2.1.2, page 10.

Mr Bhushan has underlined the significant value added by this branding process and the sharing of this added value among the different segments, from producers to exporters, which encourage all actors to “play the game”.

Participants in the workshop involved in Cambodian rice value chain have expressed interest in this experience and the possibility to adapt such an approach for Cambodian rice. A key lesson is the absolute necessity to ensure a consistent quality of the product. Code of Conduct, control mechanisms and traceability systems have to be developed prior to promotion effort in order to build a strong image. Indeed, it requires time to be fully established, and the implementation, for Nepal Tea as well as for any large scale value chain, starts with some groups of pioneers and then scales up progressively.

2.2.2. CONTACT WITH THE SUSTAINABLE RICE PLATFORM INITIATIVE

The initiative of the “Sustainable Rice Platform” has been presented by Dr William Wyn Ellis during the IFC Roundtable on Sustainable Agri-Business (See § 5.2.1. page 32 in this report). It consist in a multi-stakeholders platform, aiming at developing a framework for locally adaptable standards regarding social and environmental conditions in the production of rice which could be the basis for a certification or labeling. The platform is currently facilitated by the United Nations Environment Program (UNEP) with the perspective to hand over its secretariat and management to the private sector, following a model comparable to the one developed by the palm oil industry.

The PMA had a quick discussion with Dr Ellis after the presentation and information have been further exchanged by e-mail in the following days.

A possible linkage with the SRP initiative could be made with the components #2 and #3 of the project, in case proofs of social and environmental good practices become emerging requirements for international buyers. The level of interests / concerns of international importers and rice distributors regarding environmental and sustainability issues in rice production and value chain could be explored as part of the international market study that the project will co-finance with the IFC (see § 2.2.3. below), as it was suggested by SCCRP Project Management Advisor to IFC¹¹.

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

The selection process of service provider to implement the study on international markets for Cambodian rice has been completed during this quarter. The process was managed by IFC. Among the four full proposals received, three were judged interesting by IFC, and documents were forwarded to SCCR Project team. Comprehensive comments have been elaborated by the Project Management Advisor on the three offers and sent back to IFC on November 6, 2013, so that IFC officers can take these comments into account in their scoring of the offers.

An offer of Agland Investments Services (USA) associated to Food Works (Thailand) and GEM (France) has been preselected, then interviewed by IFC with the participation of Mr Ung Luyna (SNEC, Project Coordinator). The selection has been confirmed and IFC has then negotiated slight adjustments in the technical offer.

Contracting process will be finalized in early January and the study is expected to start in February 2014.

¹¹ In an e-mail dated October 17, 2013.

2.2.4. CAMBODIAN RICE FESTIVAL

The 1st Cambodian Rice Festival was organized in the Siem Reap Sofitel Hotel on October 11, 2013. The creation of this Festival is an initiative of the IFC project in support to the rice sector. It was jointly organized by IFC and FCRE and by a subcontracted event organization company. SNEC/AFD Support to the Commercialization of Cambodian Rice Project has also been associated to the preparation of this important promotion event and has financially covered advertising of the event in Cambodian media. The project has also sponsored the participation of representatives of FOs' Federations (FAEC, FCFD and FCRE)¹² in the event.

This event was organized in order to promote Cambodian rice and to raise awareness of the public on the winning of World Best Rice Award in the TRT World Rice Conference in Bali in November 2012. A competition of Cambodian best rice was also organized in order to start to select samples for the 2013 edition of TRT-World Rice Conference. It was also an opportunity to develop partnership with the Cambodian Chefs Association which open perspective for further support to promote Cambodian rice.



△ Opening of the Cambodian Rice Festival...



...Rice testing by chefs... △

◁ ...Speech of
Ambassador of France...

...and officials' visit
of the out-door exhibition ▷



¹² Cf. § 1.2.1. page 11 in this Report.

3. COMPONENT #3: PROMOTION OF CONTRACT FARMING AND ENHANCEMENT OF THE INVOLVEMENT OF FARMER ORGANIZATIONS IN PADDY COLLECTING AND PROCESSING¹³

3.1. PARTNERSHIP WITH LORAN GROUP

3.1.1. CONTRACT FOR SEED MULTIPLICATION BETWEEN LORAN GROUP AND NIKUM KRAO COOPERATIVE

The 2 hectares of production of rice seeds by Nikum Krao cooperative under contract with Loran Group have been destroyed by flood in early October (as well as 300 to 400 ha of paddy fields of the village). Mr Yi Bunhak (DAI), Ms Svay Samnang (DAE) and Mr Sok Sarang (CIRD) have visited the cooperative and Loran Group representatives in Thmar Khaul, Battambang, on October 24 and 25, 2013. The area was still flooded (after more than 10 days) when they have made the field visit on 24. On 25 October, a meeting was organized with the two parties. The following decisions have been taken:

- It has been agreed and declared that the contract between Loran Group and Nikum Krao Cooperative for seeds production for this year was cancelled.
- Both parties are still interested to collaborate in the near future, and will consider a new contract for *Sen Kraob* rice variety seed production in the next seasons. Loran Group and Nikum Krao Cooperative have agreed to meet again to discuss the details of this agreement in January 2014.

3.2. SUPPORT TO STORAGE AND COMMERCIALIZATION BY COOPERATIVES IN TAKEO

3.2.1. IMPLEMENTATION OF FEASIBILITY STUDY

Further to the submission of a concept note by the Department of Agriculture Extension in May 2013 and to identification of important issues to be studied, the project coordination team has asked the Component #3 Technical Support and Monitoring Team to prepare a more detailed feasibility study for this action in support to cooperatives in Takeo province. Elements of methodology were prepared since September¹⁴. Questionnaires / interview guidelines have been prepared by the team before to start the implementation of the field study. Several visits were made in Takeo province in October and November 2013. The main steps of this data collection process are presented in the Table 6 below.

Table 6: Main steps of data collection for feasibility in Takeo (Based on AVSF-CIRD-ADG Quarterly report)

Date	Activities	Main objectives	Main results
09/10/2013	Meeting with PDA-Takeo	Collect some data for the feasibility study on pilot action.	In Takeo province, there are 57 cooperatives and 15 among 57 cooperatives are recommended by PDA-Takeo to be selected for the feasibility study.
09/10/2013	Meeting with Chamber of Commerce of Takeo-Kampot and Kep	Understand the activities of the Chamber of Commerce related to the support to commercialization of paddy rice in Takeo.	<ul style="list-style-type: none"> ▪ The goals of the Chamber of Commerce of Takeo are to develop the province, to decrease the migration of the people and to develop rice sector in the province. ▪ 12 major rice mills are in the province.

(Continue next page...)

¹³ Some elements under this chapter of the report are from AVSF-CIRD-ADG Quarterly report.

¹⁴ See SCCRP Quarterly Executive Report #03, page 14.

(...Continued from previous page)

Date	Activities	Main objectives	Main results
18/10/2013	Meeting with board members of FAEC and FCFD in Takeo province	<ul style="list-style-type: none"> . Understand and study on the activities of FAEC and FCFD in this province. . Collect some data for the feasibility study on pilot action . Identify potential cooperatives for the feasibility study. 	<ul style="list-style-type: none"> FAEC has 9 members FOs in this province among which 5 are associations and 4 members are cooperative located in Tramkok district. FCFD has 24 members FOs in this province among which 17 members are associations and 7 are cooperatives locating in Samrong, Trang and Tramkok districts. Based on the result of the meeting with FAEC and FCFD and also the previous results of the meeting with PDA-Takeo, the project team decided to select 9 potential cooperatives for the study: <ul style="list-style-type: none"> → 4 cooperative in Angkor Borei district; → 5 cooperatives in Tramkok district.
11-13/11/2013	Meeting with 4 potential cooperatives and 2 rice millers at Takeo	Field study	Cf. Report prepared by Mrs Svay Samnang (in Khmer): រយៈពេលពី រស័ក ពីលទ្ធផលនៃ អនុវត្តគម្រោង “ បម្រុង និងដី ជ្រក កម្ម សរុបសហគមន៍អភិវឌ្ឍនកសិកម្ម ខេត្ត កែវ ”
16/11/2013	Meeting with management committee of Kdey Sangkhim Kasekor Khmer cooperative	Visiting successful case on warehouse management	
18-21/11/2013	Meeting with 5 potential cooperatives, visiting one fail case of warehouse management and 2 rice millers	Field study at Takeo	
13/12/2013	Meeting with management committee of Prey Lvear cooperative	Visiting fail case on dryer management	
25/12/2013	Meeting with management committee of Lalat Meanchey cooperative	Visiting successful case on dryer management	

According to AVSF-CIRD-ADG report, the field study is considered as finalized and the report is foreseen to be prepared in January 2014, before restitution workshop with relevant cooperatives and stakeholders, and improve the proposal initially prepared by the DAE. This being said, it seems that the field work implemented has mainly consisted in collection of information (surveys) and not much in a facilitation process¹⁵ to help stakeholders to identify constraints and see how they could be addressed (by collective storage or drying facilities as proposed by DAE or by other means). The level of ownership of cooperatives themselves on the proposed idea seems still very low, and the economic relevance and feasibility of the proposed project has still to be demonstrated.

3.3. SUPPORT THE CREATION OF “PADDY SELLING GROUPS” WITHIN STUNG CHINIT AND TEUK CHHAR FWUCs¹⁶

3.3.1. TECHNICAL ADVISORY ON PRODUCTION AND QUALITY

As anticipated in the previous report¹⁷, a senior agronomist (Mr Meas Chanty) has been mobilized to provide advice to producers before harvest, in the end of October and early days of November. The input has been concentrated in the areas / villages with the highest volumes of paddy identified to be sold via the

¹⁵ As it has been recommended several time by PMA.

¹⁶ Adapted from ISC Executive Report No.3.

¹⁷ See Quarterly Executive Report #03, § 3.3.4. page 16.

Paddy Selling Groups, notably La ak village in Stung Chinit and Beung Nay village in Teuk Chhar. During these sessions, harvest planning and arrangements were discussed.

These sessions were attended by 4 ISC staffs and by a total of 78 farmers. This advisory was organized in two sessions:

- First session resources person and participants had group discussion in the village;
- Then they went and saw paddy field to practice the outcome of their discussion.

3.3.2. COMMUNICATION WITH DEALERS / MILLERS

During this period, ISC¹⁸ staffs have supported PSG representatives to communicate with 6 paddy rice dealers in Kampong Thmar/Stung Chinit and 3 rice millers in Kampong Cham/Teuk Chhar. No formal agreements have been made between Paddy Selling Groups and millers / buyers, but only verbal agreements¹⁹.

Generally buyers/millers have expressed interest to work with the Paddy Selling Groups, in particular in Stung Chinit Area, considering the significant volumes that those groups were able to supply. Thanks to this interest, farmers were able to negotiate and get support from millers/buyers to address difficulties such as logistic/transportation. For instance, considering the road conditions that does not allow to reach some place with trucks, some dealers agreed to send hand tractors to pick up batches of 5 tons of paddy rice per transaction.

Once the relation was built, PSG and buyers agreed to communicate by phone in order to update price information, and to make appointment for checking the paddy samples.

3.3.3. COLLECTING PADDY AND QUALITY IDENTIFICATION

In practice, at the time of harvest, Paddy Selling Groups have gathered paddy to a common place, registered paddy supplied by each members, and classify paddy batches based on variety. Originally, the idea of Paddy Selling Groups was also to sort the paddy according to quality criteria. But this was not really implemented because the paddy was to be sold in wet condition, i.e. within a maximum of 3 days after harvest, which leaves little time to assess the quality and group consistent batches. This is an issue that could be further improved.

With the support of the ISC, tools to manage delivery and payment settlement have been prepared: receipt for paddy delivery by members of the groups (volume and quality category), estimation of incomes and settlement of payment. But according to ISC there is still room for improvement on these tools and procedures.

3.3.4. SELLING PADDY AND RESULTS

Further to contacts made with rice millers or other dealers the paddy selling groups have identified buyers ready to offer a better price than the one paid by local collectors (even after deduction of the costs for gathering and transportation of paddy).

ISC has supported the groups in the process of negotiation with buyers to agree on price and payment modalities, and has also assisted in organizing the settlement of payments to members of the groups.

¹⁸ Irrigation Service Center.

¹⁹ Yet some of the PSG and millers could consider to come to written agreement for activities next season.

3.3.4.1. RESULTS IN STUNG CHINIT

This pilot operation has proven to be very successful in Stung Chinit. A total of 390 tons of paddy has been sold through 11 PSG with a total of 250 members (initially only 172 farmers²⁰ had expressed interest, but because of the success of their selling activities and an actual bonus on prices from selling through the groups, more farmers have then applied to be part of the PSG, which is a good indicator of the success and interest for farmers.

Table 7: Results of Paddy Selling Groups in Stung Chinit

Villages	Nb of members who sold paddy (persons)	Volume of paddy sold (tons)	Value of sales (KH Riels)
Boeng Lvea	32	39	46,084,300
Trapeang Prey	7	8	8,818,500
Trapeang Teum	5	2	2,734,200
Tbaeng	3	2	2,329,400
Snaor	8	17	19,981,100
Khvaek	50	76	89,883,500
La ak	89	200	235,735,300
Sa Ang	9	4	4,651,200
Ta Nhauk	2	0	407,500
Trey Mayab	17	10	12,039,100
Bantey Yum Reach	28	32	37,256,600
TOTAL	250	390	459,920,700

The average selling price is close to 1,200 KHR/t, and the ISC has estimated that farmers were able to catch an additional income of about 10 USD/t for selling via the Paddy Selling Groups compared to what they would have get by selling individually. As agreed in the groups, 10% of this additional profit (i.e. 1 USD/t) is retained by the group to cover coordination costs²¹.

One important factor that has contributed to this positive result is that paddy commercialized by the group was generally of fairly good quality and of fragrant varieties (Phka Romdul, mainly).

3.3.4.2. RESULTS IN TEUK CHHAR

In Teuk Chhar, during this quarter, only 25 members of 3 groups have sold paddy for a total volume of 40 tons only.

Yet, the foreseen figures on number of members and estimated volumes to sell through PSG presented before²² remains valid, with an expectation of more than 200 tons that could be sold via the groups.

Table 8: Results of Paddy Selling Groups in Teuk Chhar

Villages	Nb of members who sold paddy (persons)	Volume of paddy sold (tons)	Value of sales (KH Riels)
Prey Sak	—	—	—
Samrong	—	—	—
Komareach	—	—	—
Beung Nay	15	25	32,984,200
Trapeng Anhchanh	4	9	11,700,000
Thmar Kol	6	6	7,752,000
Wat Chas	—	—	—
TOTAL	25	40	52,436,200

More important transactions are foreseen for January 2014. The case is quite different from Stung Chinit, because paddy produced there is of various varieties and not only fragrant rice. The demand for these varieties was lower in November/December, and thereof farmers preferred to dry the paddy and sell it later on in the beginning of the year.

²⁰ Cf. Quarterly Executive Report #03, page 15 (Table 4).

²¹ This raises the question of the sustainability of the operation. At this small scale, the amount retained to cover coordination costs might not be sufficient yet. But when a certain scale is reached (as for instance in La ak village with 200 tons sold by the group, it seems possible for the group to remunerate persons in charge of the coordination (for the relatively short period of harvest – about one month) by channeling a small portion of the additional incomes generated.

²² See Quarterly Executive Report #03, page 15 (Table 4).

3.3.5. SHARING EXPERIENCE AND LINKING WITH OTHER INITIATIVES

3.3.5.1. SHARING EXPERIENCE WITHIN THE FARMER AND WATER NET

The experience of Paddy Selling Groups in Stung Chinit was presented and discussed during a meeting of the Farmer and Water Net²³ management board on December 31, 2013. Stung Chinit FWUC has expressed its satisfaction with this experience and expectations to scale up in 2014 and possibly make agreements with millers. The experience has also raised interest of other members of the FWN.

3.3.5.2. PARTICIPATION IN DISCUSSIONS WITH GOLDEN RICE AND PERSPECTIVE FOR *SEN KRAOB* VARIETY

Stung Chinit FWUC representatives took part in the meeting between Farmer Organizations and Golden Rice on December 2, 2013 in Golden Rice Factory²⁴. Stung Chinit FWUC (via its “Paddy Selling Groups”) could be interested to develop a production of *Sen Kraob* rice in Dry Season (or in an early wet season cycle), possibly via a contract with Golden Rice. This could also contribute to a better use and valuation of the irrigation in Stung Chinit scheme which is still used below its full potential in the Dry Season.

3.4. SUPPORT TO ORGANIC PADDY PRODUCTION COOPERATIVES IN PREAH VIHEAR AND CONNECTION TO MARKET

3.4.1. MEETING OF ORGANIC RICE PRODUCERS COOPERATIVES WITH POTENTIAL BUYERS

3.4.1.1. MEETING OF COOPERATIVES WITH KIM SE RICE MILL

On October 16, 2013, representatives of the cooperatives supported by CO₂AA in Preah Vihear, together with representatives of other organic rice producers from Takeo, Kampot and Kampong Thom, had a meeting with Mr Chea Sovithyea and his wife from Kim Se rice mill. The meeting was facilitated by CO₂AA and the project team and was focused on the discussion of conditions and modalities for the purchase of organic paddy from the cooperative by Kim Se rice mill.



△ Meeting between Preah Vihear Organic rice cooperative and Kim Se Rice mill in SNEC on October 16, 2013. Demonstration of paddy quality examination. ▷



²³ A network of 12 Farmer Water User Communities from various provinces of Cambodia.

²⁴ See § 3.5.2., page 25 in this Report.

The purpose of the meeting was to prepare the harvest time and discuss possible arrangements for the supply of paddy by cooperatives to Kim Se Rice Mill. Mr Chea Sovithyea has explained about his initial intention to purchase 500 tons of paddy but that he has revised to an objective of 100 tons only due to the impossibility for him to get loans with satisfactory conditions²⁵ (the cash flow being the limiting factor for him that obstacle more ambitious volumes). His wife (who is in charge of the paddy purchase) has explained about the quality requirements and showed how they are assessed (see pictures previous page).

3.4.1.2. MEETING OF COOPERATIVES WITH AMRU RICE

Another similar meeting was organized the following day with AMRU Rice, the other main commercial partner foreseen for the organic rice cooperatives²⁶.



△ Meeting between Preah Vihear Organic rice cooperative and AMRU Rice on October 17, 2013.

Mr Song Saran, Chairman of AMRU Rice, has expressed his strong interest to develop partnership with Farmers Organizations in general and more specifically with organic producers, as he has some demands of clients abroad (Singapore, Germany...) for organic rice. The need to reach general quality standards for paddy (in addition to the specific organic quality) was enhanced.

EU market can be seen as a medium term perspective, as it will require a certification based on EU organic standards. But Singapore market can be a springboard to develop organic production and maintain producers' interest before they can reach the EU certification, as it does not require to go through conversion period.

After insisting on the quality requirements, AMRU has indicated that they are likely to be able to pay a significant premium for organic rice (provided it also reaches all the other quality requirements).

3.4.2. TRAINING ON POST-HARVEST MANAGEMENT

CORAA has prepared a leaflet on post-harvest management (the preparation was done in the previous quarter, and printing has been finalized in October). Trainings on post-harvest management have been implemented in October 2013. About 240 farmers (member of the organic cooperatives) took part in those trainings.

3.4.3. SATISFACTORY RESULTS OF INTERNAL CONTROL AND CORAA CERTIFICATION

The Internal Control Systems (ICS) of the cooperatives are functional and were successfully implemented. Several backstopping visits have been conducted by CORAA staff (Mr. Cheam Seyla) throughout the season. In addition, CORAA assisted the cooperatives in the processing of the data and the preparation of the farmer lists, which are essential for the certification process. All cooperatives conducted two internal inspections involving all their members (about 550 households). The second internal inspection was conducted in October and CORAA's external inspections were conducted during the month of November right before the harvest.

About 90% of the farmers members of the cooperatives have qualified for the certification based on CORAA organic standards, with a compliant volume of paddy of about 625 t.

²⁵ Despite CORAA efforts to put Kim Se Rice Mill in contact with possible financial partners such as ARUN, Oïko Credit or Inisitor.

²⁶ See Quarterly Executive Report #03, § 3.4.2.2. page 18.

3.4.4. SELLING OF ORGANIC PADDY: DISAPPOINTING RESULTS FOR 2013 BUT LESSONS TO BE DRAWN

Unfortunately, despite cooperatives have produced more than 600 t of “COorAA certified” organic fragrant paddy, only about 100 t have actually been sold as organic paddy, for the reasons detailed below.

3.4.4.1. CANCELLATION OF THE PURCHASES BY KIM SE RICE MILL

Kim Se Rice Mill has cancelled its commitment to buy paddy from the cooperatives for personal and understandable reasons (health problems and long hospitalization outside Cambodia at the time of harvest).

3.4.4.2. DIFFICULTIES IN MANAGING TRANSACTIONS AND QUALITY CONTROL LIMIT VOLUMES PURCHASED BY AMRU

AMRU Rice has sent two staff to buy paddy from cooperatives at the harvest time. AMRU wanted to buy wet paddy only, so transactions had to be made within 48 to 72 hours after harvest. But AMRU staff had to check the quality of the paddy of each bag at each individual farmer, which was time consuming. Because of that (according to the feedback from COorAA), AMRU was not able to buy on time all the quantities available. As the paddy was kept wet, its quality was depreciating quickly, and AMRU buyers were not showing up on time, farmers had to dry the paddy or to sell it to other buyers as conventional paddy. The process of quality control and purchase was thereof too slow and need to be improved. It has been agreed with COorAA to convene meetings with AMRU Rice and with the cooperatives in January 2014 in order to review this first implementation, assess the weaknesses and draw lessons to address these weaknesses and be more successful next year.

For the paddy bought by AMRU Rice as organic, a significant premium was paid, as (according to preliminary data collected by COorAA) AMRU has paid between 1,310 and 1,400 KHR/kg (around 1,350 KHR/kg in average) against a price of 1,250 KHR/kg for conventional paddy with similar specifications and at the same period.

3.5. POTENTIAL PARTNERSHIP WITH GOLDEN RICE

3.5.1. PRELIMINARY ASSESSMENT OF GOLDEN RICE’S INTEREST AND DEMAND

Following the recent signature of the loan agreement between Golden Rice (Cambodia) Co., Ltd and Proparco²⁷, a meeting has been organized between project team and Golden Rice on October 17, 2013 at Golden Rice Factory²⁸. The purpose of this first meeting was to precise the expectations of Golden Rice from a partnership with Farmer Groups / Organizations for the sourcing of paddy (besides the fact that the loan contract with Proparco imposes an objective of 2,000 t of paddy to be supplied via such contracts with FOs). Golden Rice representatives have notably recalled the Company’s exclusive orientation on fragrant and premium fragrant rice and its strong focus on quality. The will to pay producers at the market price (for high quality paddy) has also been expressed, but Mr Sok Hach has also spoken on possibilities to guarantee floor prices (Golden Rice has a few multi-annual fixed-price contracts with clients abroad which provide them enough security to guarantee prices for a small portion of their supplies of paddy). One area of specific interest for contract farming that came up during the discussion could be the support to producer to switch from IR varieties to *Sèn Kraob* variety, a fragrant non-photoperiodic variety with much higher prices and market potential. Golden Rice has also indicated that there is no major geographical limitation within the country for their sourcing of paddy.

²⁷ See Project’s Quarterly Executive Report #03, page 21.

²⁸ Golden Rice (Cambodia) Ltd. was represented by its Chairman Mr Sok Hach and vice-chairman Mr David Sok + Mr Him Chantha, an officer in charge of paddy sourcing. The project team was represented by Mr Jean-Marie Brun, PMA, Mr Sok Sarang, team leader of C#03 and Mr Yi Bunhak, counterpart for the DAI.

A suggestion made by Golden Rice was to organize a meeting with representatives of Farmer Organizations at the time of the coming harvest (in November 2013), in order to get in touch but also to identify the type of rice and quality that those organizations can propose at present, and possibly purchase a part of that harvest. Considering the short delays and also because of a will to strengthen FO Federations, it has been agreed that this first batch of FOs could mainly be mobilized via FCFD and FAEC.

3.5.2. FIRST WORKSHOP BETWEEN GOLDEN RICE AND FARMER ORGANIZATIONS

The first workshop to explore contracting (or commercial partnership) between Golden Rice and Farmer Organizations was organized on December 2, 2013 at Golden Rice Factory.

Nine representatives of nine different Farmer Organizations from six provinces and representatives of FOs' federation (FCFD, FAEC, and one representative of Stung Chinit FWUC also representing FWN) have attended this workshop, as well as two officers from Provincial Department of Agriculture in Kampong Speu province (one of the Agricultural Extension Office and one from the Agro-Industry Office) plus one officer from Department of Agro-Industry (Mr Yi Bunhak) and project team members (PMA, members of AVSF-CIRD-ADG team...) and several representatives of Golden Rice (Cambodia) Co.

The workshop has included presentation from Golden Rice and from FOs, a background presentation on Contract Farming by Mr Yi Bunhak, a visit of the factory, and discussions on perspectives. Besides, FO representatives were asked to come with samples of paddy from their production. These samples were given to the laboratory of the factory in the morning, and tested against paddy quality criteria considered by Golden Rice. The purpose was to benchmark the current quality produced by Farmer Organizations, possibly to propose deals to Golden Rice for FOs which are already able to supply a satisfactory quality, but also to compare FO own evaluation of the quality of paddy with Golden Rice evaluation. Results of the test were presented by the quality controller in the afternoon (See table of results in Annex 2 in this report).



△ Visit in Golden Rice during the workshop on December 2, 2013: Paddy drying area.

Further to the outcome of the meeting, Golden Rice has expressed its interest to support the development of *Sen Kraob* paddy production by FOs and to consider the formalization of deals according to which they

could supply an initial batch of seeds to test *Sen Kraob* production (a figure of 50 kg of graded seeds per FO for tentatively 20 FOs has been mentioned, which would allow a test and seed multiplication round first, then a second round of production to sell paddy to Golden Rice), and a further purchase of *Sen Kraob* paddy with a minimum price guaranteed at 1,200 KHR/kg (provided it complies with basic quality standards for paddy). It was also agreed that Golden Rice could train some leaders of Farmer Organizations on the assessment of the quality of paddy.

3.5.3. FOLLOW-UP MEETING WITH GOLDEN RICE

A meeting²⁹ took place at Golden Rice office the following week (on December 9) to follow-up on the outcomes of the workshop and precise implementation modalities.

3.5.3.1. PREPARATION OF THE TRAINING ON QUALITY ASSESSMENT FOR FO LEADERS

According to preparatory discussions, the training on quality paddy rice assessment to FOs will be organized at Golden Rice factory in Kampong Speu province. Golden Rice professional staff will be the trainers. Golden Rice will cover the costs for the trainers and for lunch, whereas project and FOs shall cover the remaining costs (travel and if needed accommodation for trainees). The training session will be organized for 5 FOs (2 representatives per FO)³⁰, selected in priority in the main areas where Golden Rice is sourcing paddy at present (Kampong Speu, Prey Veng, Kampong Cham, Kampong Thom) or in areas where Golden Rice is considering to develop sourcing (Takeo, in particular Tramkak district). It will be a full day training, will follow the same content as the training usually organized by Golden Rice for its collectors, and will include practical exercises. Paddy quality assessment proposed shall be affordable and manageable at FO level, yet sufficiently sharp and reliable. Criteria of evaluation will be the purity of paddy (based on a 16 minutes boiling test), humidity³¹ and percentage of broken rice. It will also include a briefing on sampling techniques.

At the time of this meeting with Golden Rice, the training session was foreseen to take place by the end of December (26 and 27), but it has then been postponed by Golden Rice.

3.5.3.2. FORESEEN ARRANGEMENT FOR CONTRACTS FOR *SEN KRAOB* PRODUCTION

During the workshop on December 2, Golden Rice has initially proposed to supply 50 kg of seeds × 20 Farmer Organizations. But 50 kg for one FO seems really too little to have a minimum of impact. Also it would need to provide some technical training to a lot of FOs for very limited volumes. It was therefore reconsidered to focus on FOs with higher potential for Dry Season rice cultivation. FWUCs of Stung Chinit and Teuk Chhar are considered. Two other FOs could possibly be selected in Angkor Borey district, Takeo province. Golden Rice will consider the possibility to source quality seeds of *Sen Kraob* variety from Vietnam. Conditions of contracts have not yet been detailed at that stage, apart from preliminary elements provided by Golden Rice President during the workshop of December 2. For instance, it was mentioned that contracts could be made for one year only (for seed multiplication), or for two years with a first phase of seeds multiplication and then a second cycle for paddy production to be sold to Golden Rice, or a mix of both options with a part of the seeds purchased by Golden Rice at the end of the first cycle.

²⁹ Between Jean-Marie Brun, Tith Samon, Phat Sophanny and Svay Samnang from the project side and Him Chantha and Pich Borath for Golden Rice.

³⁰ Golden Rice took commitment for only one training session at this stage.

³¹ Golden Rice has indicated that the techniques for assessment of humidity rate (moisture content) can either be based on the use of a moisture meter (Japanese brand can be supplied via Vietnam, one unit cost around 300 to 400 USD) or by traditional techniques which already gives a relatively reliable indication of humidity of paddy. It is recommended that both techniques are presented to trainees. The project might consider financial support to equip FOs with moisture meter, but no decision is taken at the moment on this issue.

3.5.4. MEETING WITH POTENTIAL FOs FOR *SEN KRAOB* PRODUCTION

In the following weeks, the project team had meeting with potential FOs identified for *Sen Kraob* production (Stung Chinit and Teuk Chhar FWUC and two cooperatives of Angkor Borey). Some members have expressed their interest to grow the first batch of seeds for seed multiplication purpose. FOs consulted were more interested to keep a major part of the seeds multiplied in order to scale up the following year to be able to sell *Sen Kraob* paddy to Golden Rice (possibly with a second year of contract farming).

3.6. PARTNERSHIP WITH BRICO

3.6.1. PRELIMINARY ASSESSMENT OF BRICO'S INTEREST AND DEMAND

In early October, Mr Kunthy Kann, CEO of BRICO, has expressed interest to develop contract farming with Farmer Groups / Cooperatives. A brief meeting has been organized with him on October 11 with the PMA, and members³² of the Technical Support and Monitoring Unit of Component #3. BRICO interest for contract farming (according to Mr Kunthy say) is of course driven by the will to secure the supply of quality paddy, but also by an intention to improve transparency and traceability of its sourcing process, to ensure the sustainability of the paddy production (concerned expressed by Mr Kunthy on the risk of soil fertility degradation in the medium term in case of inadequate use of fertilizers) and to develop good practices in term of social and environmental responsibilities.

As a starting point, BRICO would like to start a pilot with 1 or 2 FOs. The project team has proposed to support BRICO's initiative, with tentatively (at the time of this preliminary discussion) a first pilot for the next dry season production, and a second round with 2 or 3 FOs in 2014 Wet season. C#3 project team will take opportunity of a scheduled visit in Battambang province to identify potential FOs which would be interested to partner with BRICO.

3.6.2. FIRST WORKSHOP BETWEEN BRICO AND FARMER ORGANIZATIONS

Further to this first discussion, a first workshop between BRICO and Farmer Organizations was organized in BRICO rice mill in Thmar Khaul (Battambang) on November 25, 2013.

3.6.2.1. WORKSHOP PREPARATION WITH FOs

One day before the workshop (on November 24), a preparation meeting with delegates from 11 FOs took place in Battambang, with the participation of Battambang PDA. Mr Yi Bunhak (DAI) has presented a detailed briefing on contract farming principles. The discussion has then focused on potential interest of contract farming and in particular on issues that contract with millers could potentially help to address (such as access to quality seeds or other inputs, technical training, price or transportation of paddy...).

3.6.2.2. BRICO AND FOs WORKSHOP

On November 25, 13 representatives of FOs took part in the meeting (including some members of FAEC and FCFD, other cooperatives, and 3 representatives of FWUCs). Deputy Director of PDA Battambang also attended the meeting as well as Mr Ouk Saroeun from the Department of Agriculture Extension of MAFF.

BRICO provided information on its plans to buy fragrant rice at the current harvest season. Possible perspectives of contract farming were then discussed, but not yet in details at that early stage. At this preliminary stage, conditions proposed by BRICO were not looking very attractive for FOs (payment at

³² Mr Sok Sarang, Mr Phat Sophany and Ms Svay Samnang.

market price, no supply of inputs or pre-financing, transportation of paddy to BRICo rice mill to be organized and paid by FOs...). It has been agreed to convene a second follow up meeting, and that, in the meantime, FO representatives will organize a consultation with their members.

3.6.2.3. FOLLOW-UP DISCUSSION

On 6 December 2013, the Project Management Advisor had a lunch meeting with Mr Kunthy Kann and with Sok Sarang and Tith Samon of C#3 team in order to re-discuss conditions proposed by BRICo. The need to propose win-win partnership was recalled, and PMA has explained that the lack of benefit for farmers in BRICo initial proposal was probably not sufficient for FOs to take a commitment to sell to BRICo. Mr Kunthy has taken note of that and said he will consider how far BRICo can propose more favourable conditions for farmers.

3.6.3. SECOND WORKSHOP BETWEEN BRICo AND FARMER ORGANIZATIONS

The second meeting between BRICo Rice Mill and Farmer Organizations took place at BRICo mill in Thmar Khaul, Battambang, on December 25 2013. It was also attended by project team members and PDA Battambang, and by representatives of HARVEST project, which could be mobilized by BRICo in order to provide technical training to farmers involved in future contract farming agreements. Nine representatives of Farmer Organizations were present, including two FWUCs, cooperatives and other FOs. Main results are detailed below:



△ Second meeting between BRICo and FOs in Thmar Khaul on December 25, 2013.

Further to the meeting, one of the FO³³ has sold 40 tons of paddy to BRICo in end of November and December.

3.6.3.1. PERSPECTIVES OF CONTRACT FARMING AGREEMENTS

Further to previous steps BRICo has slightly improved proposed conditions with notably a pricing at delivery that will be based on the highest price offered by any of three large rice mills of Battambang, used as reference, within the fourteen days prior to the delivery of paddy. An additional bonus of +0.50 USD/t would be granted to the FO at the end of the contract implementation if the total quantities committed have been delivered.

Two cooperatives have expressed interest to make a contract with BRICo for paddy production.

- Char Meanchey Farmer Organization in Thmar Khaul district. An estimated surface of 40 hectares of rice fields could be dedicated by volunteer producers to paddy production in the frame of a contract with BRICo. The producers have experience in producing fragrant rice varieties (*Phka Malis*, *Sen Kraob* and *Phka Romdul*). This could lead to an estimated quantity of 100 tons of paddy.
- Kdei Sangkem Kaksekor Khmer cooperative, in Bavel district, Battambang province. There are approximately 90 hectares of land on which farmers would consider a contract farming agreement with BRICo. FO could produce three varieties including short and long varieties (two times per wet

³³ The Village Animal Health Workers' association located in Rong Chrey commune of Thmar Khaul district (initially created by VAHW, this organization has diversified its activities in agriculture).

season) to sell to BRICo. Potential quantities could reach approximately 500 t on these 90 hectares of land (2 crops).

Contracts could include the provision of technical training to farmers which could be provided by HARVEST program. Moreover, BRICo will work in partnership with PDA and paddy Seed Company on paddy seed and chemical fertilizer for contract farming scheme.

3.6.3.2. OPPORTUNITY FOR DIRECT SELLING OF *SEN KRAOB* PADDY

During the workshop, one FO expressed interest to sell *Sen Kraob* paddy to BRICo at their next harvest scheduled for February 2014. Volumes are limited (estimated to about 16 tons). The FOs bought *Sen Kraob* seeds from AQIP Seed Company.

3.6.3.3. TRAINING ON PADDY QUALITY ASSESSMENT

As for the case of Golden Rice (See § 3.5.3.1. page 26), it was suggested that BRICo would organize a training on quality assessment of paddy for representatives of Farmer Organizations. BRICo has agreed on the principle and this training will have to be organized, possibly in the next quarter.

3.6.3.4. FOLLOW-UP AND FURTHER STEPS

Based on the discussions, preliminary elements of contracts have been drafted. But there is still work to be done to complete the contract and address pending questions. Additional preparatory work is required and will be undertaken by the project. A third meeting between BRICo and FOs which have confirmed their interest shall be scheduled in January or February 2014.

3.7. POTENTIAL PARTNERSHIP WITH GOLDEN DAUN KEO RICE MILL IN TAKEO

While gathering information in Takeo as part of the feasibility study for an intervention there, the project team has met Golden Daun Keo rice mill which has expressed interest to explore possible commercial partnership with Farmer Organizations. As Golden Daun Keo rice mill wanted to see action taken quickly in order to take opportunities of the current harvest, a meeting between representatives of the companies and 12 FO representatives has been organized at the Office of Agriculture Extension of Takeo PDA.

On November 21, 2013, in the morning, a meeting was organized at the Office of Agriculture Extension of Takeo province, facilitated by the project (Mr Sophany Phat). 12 FOs took part in this meeting (members of FAEC and FCFD). One of the objectives was to prepare paddy for testing at Golden Daun Keo Rice mill and to identify issues faced by FOs regarding paddy production and commercialization. Among points raised during this discussion, we can mention the following ones:

- Farmer are facing difficulties to find quality seeds;
- They lack capital for buying inputs for rice production;
- They have no facility for storage after harvesting period;
- Price of paddy is low at harvesting period.

In the same day afternoon, in Golden Daun Keo Rice Mill office, a matching meeting between Rice miller and FOs has been facilitated by SCCRP in order to establish a link and discuss issues above. The purposes of the discussion were (i) to look for support from the Rice Miller to address issues above; (ii) to get a better understanding on paddy quality requirements; (iii) to test current quality of paddy brought by FO's members; and (iv) to discuss the price that Golden Daun Keo could offer for the paddy tested.

The discussion with Golden Daun Keo has opened interesting perspectives. The company has one unit for seeds purity multiplication of 20 ha in Takeo and has other being developed in other location (Oddar Meanchey). Besides, it is looking for the development of commercial partnership with FOs rather than with individual farmers.

After the meeting and the results of testing, 4 FOs have sold about 18 tons of paddy to Golden Daun Keo. Unfortunately, it was not possible to sell more in the following weeks before the rice mill had already supplied enough paddy to process.

Further partnership might be explored with Golden Daun Keo in the next quarter.

3.8. PREPARATION OF THE STUDY ON THE PRACTICES OF THE CONTRACT FARMING

The need to undertake a study of existing practices of Contract Farming in Cambodia has been identified since the inception phase already³⁴. It was expected that the Technical Support and Monitoring Unit of Component #3 (AVSF-CIRD-ADG team + counterparts from DAE and DAI) would have the time to undertake it. But the workload of the team and its permanent mobilization on on-going activities makes it difficult to allocate the time necessary to implement this study.

In this Quarter, ADG has proposed to mobilize a student from Gembloux University (Belgium) for an internship to undertake this study together with a counterpart student from Prek Leap agriculture school. An officer of DAI could also be associated in order to ensure a better understanding of the background and a better ownership of DAI on the findings.

Draft Terms of Reference have been developed and will be finalized in January 2014. The study implementation could start from February 2014.

3.9. GENERAL COORDINATION OF THE COMPONENT #3

3.9.1. MONTHLY COORDINATION MEETINGS

Component #3 team had monthly coordination meetings, in the beginning of each month, together with the Project Management Advisor in order to schedule the monthly activities, but also to share reflections on the proposed approach and activities and keep the activity planning embedded in a longer term vision of project approach and objectives.

3.9.2. MISSION OF MR CHRISTOPHE BOSCHER (AVSF)

Mr Christophe Boscher is providing International Backstopping Support for AVSF-CIRD-ADG team on the Component #3 of the project. He undertook his first mission in Cambodia from November 1st to December 6, 2013. On November 4, he was briefed on the project context and background by the PMA and then started to work with the team. He took part in the Component #3 coordination meeting on 05 November afternoon and 06 November morning, which meeting also served to define the planning of his mission. He has then spent a considerable amount of time on the field, starting by a visit of Pilot Innovative Actions on the field in Kampong Cham, Kampong Thom and Preah Vihear from 7 to 9 of November, then in Takeo the following week to work on the feasibility study of the proposed pilot action there.

See details in the mission report.

³⁴ It was included in the Implementation strategy for Component #3 that has been approved by the Project Steering Committee in April 2013.

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

4.1. MISSION OF BANKING CONSULTANTS

4.1.1. MONITORING AND FOLLOW-UP OF THE MISSION IMPLEMENTATION

A Steering Committee meeting of KPMG mission took place on October 30, 2013. It was organized at KPMG Phnom Penh office and in video conference with KPMG Hanoi office. A few comments were raised on deliverables already provided by KPMG at that time. Again the PMA has expressed his concern on the possible change of status of RDB to become a commercial bank, which could turn it away from its mission of supporting rural/agriculture development policies. Stephen Punch (KPMG) has indeed confirmed that once it become a Commercial Bank, the Bank first priority shall be to ensure the repayment of depositors. It was asked by project PMA if it would still be possible to segregate activities /portfolios of RDB in order to apply different rules/principles, for instance to accept a higher risk for loans funded by specific development funds (such as the Agriculture Development Fund) as a supporting tool for development policies/strategies, whereas a more conservative approach would rule credits made with the money of depositors. KPMG has clearly replied that this would not be possible unless two separated legal entities are established and that the regulations applicable for Commercial Banks would prevail for all the activities of RDB, even for the management of the Agriculture Development Fund.

Another Steering committee was scheduled in December but has then been postponed due to unavailability of KPMG team leader.

It is noted that the absence of decision on RDB reform and on possible change of status has again been underlined and is seen as a real concern that could question the usefulness of investments made to support RDB.

4.1.2. PROGRESS AND OUTCOMES OF THE BANKING CONSULTANTS' MISSION TO DATE

At the end of the Quarter, KPMG had provided specific reports for the individual “tasks” of its mission. But KPMG team still has to deliver a compiled report of the mission.

KPMG has also provided a roadmap for the implementation of RDB Risk Management, and has prepared a proposal for an extension of their services to support the implementation of their recommendations.

4.2. MISSION OF LEGAL CONSULTANTS

RDB has received no draft report from DFDL to date, according to Mr Ly Vonry. Only a memorandum on Conversion from Specialized Bank to Commercial Bank dated September 10, 2013 has been prepared.

4.3. DEVELOPMENT OF A CREDIT MECHANISM DEDICATED TO FARMER ORGANIZATIONS³⁵

After the Terms of Reference were discussed with RDB and other relevant institutions³⁶, the procurement process of consultant to support the development of credit mechanism to FOs has been implemented (See § 5.4.1.3. page 35 in this Report), and Horus Development Finance has been selected to undertake this mission which is foreseen to start in the first quarter of 2014.

³⁵ This subject was presented in the Part #3 of the previous quarterly Executive Report (#03, page 19), but has been moved to Component #04 part in this report as the mission of Horus Development Finance will be funded under Component #4 budget.

³⁶ Cf. Quarterly Executive Report #03, pages 19-21.

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

5.1. OVERALL PROJECT MANAGEMENT, CROSS-CUTTING ISSUES

5.1.1. AFD SUPERVISION MISSION

As part of a broader mission in Cambodia, Mr Vatché Papazian and Mrs Alexia Hofmann (both of AFD headquarter) have undertaken a quick supervision mission in the project. They have joined the final part of the meeting between Farmer Organizations and Golden Rice on December 2 (see § 3.5.2. page 25). A specific meeting to review progresses of project implementation was organized in SNEC with AFD missions and partners or service providers already formally involved in the project implementation³⁷. This has been an opportunity to review the progresses on the various components and have fruitful exchanges on the implementation and strategy. No “*Aide Memoire*” of this supervision has been received by project team to date.

5.2. NETWORKING WITH OTHER PROJECTS AND STAKEHOLDERS

5.2.1. PARTICIPATION IN THE IFC SUSTAINABLE AGRIBUSINESS ROUNDTABLE AND FOLLOW UP ON CONTACTS

Project coordinator and PMA participated in the IFC Sustainable Agribusiness Roundtable on October 9 and 10 in Siem Reap. This has provided a useful opportunity to gather information on various on-going initiatives related to agribusiness sector or more specifically focused on rice sector in the region. We can enhance in particular the following two topics of interests for which the roundtable has provided useful information and contacts:

5.2.1.1. SUSTAINABLE RICE PLATFORM

The initiative of the “Sustainable Rice Platform” has been presented by Dr William Wyn Ellis during the roundtable. The PMA had a quick discussion with Dr Ellis after the presentation and information have been further exchanged by e-mail in the following days. A possible linkage with the SRP initiative could be made with the components #2 and #3 of the project, in case proofs of social and environmental good practices become emerging requirements for international buyers, as it has been developed previously in this report, in § 2.2.2. page 16.

5.2.1.2. GAFSP FINANCING TOOLS

The Global Agriculture and Food Security Program (GAFSP) has developed innovative tools to ease access to finance or contribute to reduce interest rate for businesses in the agriculture sector in which investments are judged interesting, but in which risks are assessed as relatively high leading to rejection of loans requests or to too high interest rates. Subsidized loans (i.e. loans with lower interest rates) developed under GAFSP project can be proposed to complete existing IFC financing tools resulting in blended loans with acceptable interest rates. This is used as a lever to finance agri-business which would not be financed otherwise. The flexible GAFSP tools can also include subordinated loans to mitigate high risks loans.

According to what has been discussed with Mr Philip Farenholtz of IFC, the GAFSP financing facilities are not suitable to finance directly cooperatives, given the high level of the minimum loans (in principle not less

³⁷ SNEC, IRAM, DAE, DAI, FCRE, RDB, FCRE, TPD of MOC, AVSE, CIRD, CO_rAA, ISC, IFC.

than 3 million USD), but could finance the required cash flow of a large company (miller or exporter) to finance the supplying of paddy by Farmer Organizations or farmer groups.

Beside the flexibility of solutions developed by GAFSP can inspire smaller scale adaptation for the development of credit mechanisms to FOs.

5.2.2. PARTICIPATION OF PMA IN COSTEA PROJECT STEERING COMMITTEE

On the request of AFD, the Project Management Advisor took part in the steering committee of COSTEA³⁸ project in AFD headquarter office in Paris on 22nd of October 2013, together with Mr Yim Boy, president of the Farmer and Water Net (FWN). This international project financed by AFD is mainly focus on policies and management of irrigation and aims at sharing experiences and good practices internationally in this field. Possible linkages with the SCCRP project are not obvious, but some connections can still be envisaged (yet not likely to occur), for instance regarding mechanisms to support good agricultural practices (addressing environmental issues in rice production) or regarding the connection to market of producers in irrigated areas which is crucial to ensure the economic return on investments made for irrigation development.

5.2.3. PRESENTATION DURING THE CAMBODIAN RICE FORUM

In response to invitation from FASMEC, SNEC/AFD project is invited to make a presentation about the project in the Cambodian Rice Forum 2013 (in November). The project presentation was made by Mr Lay Sokkheang and highlighted the four technical components, activities and progresses.

5.3. CONTRIBUTION TO POLICIES / STRATEGIES / OTHER GOVERNMENTAL PROJECTS AND INITIATIVES

5.3.1. MAFF AGRICULTURE POLICY FORUM

On November 5, 2013, Mr Ung Luyna, Project coordinator, participated as a speaker in the agriculture policy forum on ASEAN Economic Community: Challenges for Agriculture Sector. The forum is jointly organized by MAFF and ADB Institute. Purposes of the forum are to enhance capacity of policy maker in preparing policy for improving productivity, discuss among stakeholder in agriculture development and share knowledge and experiences for comprehensive policy development. The comments were made on optimistic benefit for Cambodia's agriculture in the course of ASEAN integration and question on the future of rice businesses after 2015. While the free flow of agriculture products within ASEAN countries will likely improve productivity, it raises question of agriculture practices and SPS standards requirements. Cambodia's agriculture is also in a rapid process of mechanization, heavily use of input and increasing number of large scale agriculture. In this regards, the policy should take into account commercialization aspects.

5.3.2. PARTICIPATION IN CONSULTATION MEETING ON MOC ROADMAP FOR MILLED RICE SECTOR

MOC has reviewed the section on milled rice sector of Trade SWAP Roadmap and Trade Integration Strategy 2013-2018. Mr Ung Luyna has participated in a meeting convened by MOC (with IFC) on November 14, 2013 to gather comments on that roadmap. The purpose of the workshop was to mobilize the inputs to strengthen policy measures for milled rice sector. Several of the short term actions (2013-2016) proposed in the Trade SWAP roadmap are very much in line with the activities of the SCCRP. Mr Ung Luyna has contributed to the discussion and stressed the importance of strengthening the role of Farmer Organizations and the need to address issue of quality seed supply. He has also suggested (based on prior

³⁸ *Comité Scientifique et Technique de l'Eau Agricole* (Technical and Scientific Committee of Agricultural Water).

exchange with the project Management Advisor) some more specific reformulations of the action plan, notably:

- Regarding the “Indicative Action 1”, which proposes to develop “contract farming” with cooperatives and could be re-written with a broader understanding, i.e. including contract farming but also “non-contractual development of commercial activities of farmer cooperatives / FOs”. It was also suggested to recall the objective of easing access to credit for Farmer Cooperatives so that they can achieve this role, and to add SNEC in the partners for that (aside MAFF).
- Regarding the “Indicative Action 3” about branding, it was suggested to replace the adoption of a brand/logo by a “majority” (instead of “all”) of exporters and that the conditions required to use the logo will not concern only millers but also packagers, exporters, etc. It was also suggested to add the need to define and validate procedures for control of compliance / certification.

5.3.3. IFAD MEETING ON THE “ASPIRE” PROJECT

The Project Coordinator took part in a meeting on November 25 to provide feedback on the design of a new project currently prepared by IFAD and named “ASPIRE” (for “Agriculture Services Program for Innovation, Resilience and Extension”). The project is focused on Agriculture Extension Services and extension policies and methods.

5.3.4. MEETING BETWEEN MEF AND THE FCRE + ARPEC

FCRE has request the Ministry of Economy and Finance to discuss the issues of 60-day revenue mobilization measures that lead to delay of custom clearances. SNEC/AFD project coordinator was invited by MEF to join the discussion on December 8, 2013 and to prepare memo to the meeting. The issues covered the request from taking measures on export of paddy, financing of paddy collection, organization of Working Group #9, speeding up of custom clearance of rice bag/sack, clarification of tax-exemption on rice miller component and importation of rice seed.

The comments made by SNEC/AFD project emphasized that any measures to interrupt export of paddy would impacts on farmers. This creates opportunity for millers to lower paddy prices. On financing of paddy collection, SNEC Project Coordinator believes that by providing better credit terms to farmers, it will helps to retain paddy stock within the country. Farmers are the main investor in rice sector. The Project Coordinator has also presented that IFC and SNEC/AFD project supports the FCRE in effort to organize the exporters and suggested that any effort to organize this sector should not waste this existing works.

5.3.5. MAFF MEETING ON RICE INDUSTRY CLUSTER ESTABLISHMENT PROJECT

MAFF together with KOICA propose a rice industry cluster establishment project that would help to add processing capacity for export. It aims to build a rice processing complex that could enhance export. They propose that this project is a public-private partnership, which government could finance a portion of investment cost, for example drier facilities.

On December 20, 2013, Mr Ung Luyna has participated in a meeting on this issue. As comments, it was stressed that any government project should not be counterproductive to what have been done by private sector. There are many efforts by private sector in rice milling capacities development. Besides, the Royal Government already took loans from ADB to build tree medium-scale rice driers. The project has been advised to discuss with Ministry of Economy and Finance for further process. The example of SNEC/AFD project is cited to highlight the role of government in facilitating key players in the sector include farmers and exporters.

5.4. ADMINISTRATIVE AND LOGISTIC ISSUES

5.4.1. PROCUREMENT AND CONTRACTING OF SERVICE PROVIDERS / SUPPLIERS

5.4.1.1. CONTRACTING OF AUDIT COMPANY

Further to the procurement process and the approval of the selection of BDO to provide financial and accounting audit services³⁹, a contract was prepared and negotiated with BDO, then approved by AFD (Non Objection was granted on October 28, 2013). The contract was then signed on 30 of October 2013.

A first meeting with BDO took place on December 23, 2013 to prepare the audit. BDO audit “field work” will be implemented in January 2013.

5.4.1.2. PROCUREMENT OF CONSULTANT FOR MARKET STUDY

The procurement of consultant for the international market study is managed by IFC as it will be the main contributor of budget and as SCCRP will co-finance it. See § 2.2.3. page 16 in this report.

5.4.1.3. PROCUREMENT OF CONSULTANT FOR THE DEVELOPMENT OF CREDIT MECHANISM TO FOS

Following AFD non-objection on the bidding document⁴⁰, the procurement process for the recruitment of consultant for the development of credit mechanism for Farmer organization has started on October 8, 2013. The deadline for offer submission was October 28. Ten companies have requested the full Bidding Document from SNEC and two others have informed that they have downloaded the Bidding Document from AFD DG-Market. But only four offers have finally been submitted. The procurement commission has qualified three out of four technical offers, but one of these three was then disqualified by AFD because of conflict of interest⁴¹. Therefore, only two financial offers were opened on November 22.

Finally, Horus Development Finance has been selected to implement the service, and AFD has given its non-objection on the final selection on December 16, 2013. Contract negotiation has started afterward and will be finalized in January 2014.

³⁹ Cf. Quarterly Executive Report #03, page 27.

⁴⁰ Cf. Quarterly Executive Report #03, page 28.

⁴¹ AFD Letter No SM/ks – L 687 / 13 dated November 13, 2013.

ANNEXES

ANNEX 1: PMA TIMESHEETS

OCTOBER 2013

		Location	Activities	
Tuesday	1	a.m. p.m.	SNEC SNEC	Coordination meeting of Component #3 Coordination meeting of Component #3 - Administrative issues on C#3 regarding payments - miscellaneous
Wednesday	2	a.m. p.m.	SNEC / CoRAA SNEC	Meet with FCRE about Nepal Tea workshop / Meeting with CoRAA on organic rice and securing supplies Meeting with Luyna on various issues - make correction in bidding doc for Credit mission -
Thursday	3	a.m. p.m.	(remote)	Financial Report of Quarter #3
Friday	4	a.m. p.m.	(remote) (remote)	Executive report Q#3 Executive Report Q#3
Saturday	5	a.m. p.m.	(remote)	Executive report Q#3
Sunday	6	a.m. p.m.		
Monday	7	a.m. p.m.	SNEC SNEC	Finalize Executive report Q#3 / Go through Nepal Tea presentation with Mr Chandra Bhushan Prepare introduction slides for workshop on branding - Brief the interpreter of the workshop
Tuesday	8	a.m. p.m.	Cambodiana Cambodiana / SNEC	Workshop on branding based on Nepal Tea case study Internal discussion with FCRE members / exporters - Check expenditures.
Wednesday	9	a.m. p.m.	(Travel) Sofitel Siem Reap	Travel from Phnom Penh to Siem Reap IFC "Sustainable Agribusiness Roundtable"
Thursday	10	a.m. p.m.	Sofitel Siem Reap Sofitel Siem Reap	IFC "Sustainable Agribusiness Roundtable" IFC "Sustainable Agribusiness Roundtable"
Friday	11	a.m. p.m.	Sofitel Siem Reap Sofitel Siem Reap	Meeting with BRICo / Cambodia Rice Festival Cambodia Rice Festival
Saturday	12	a.m. p.m.	(Travel)	Travel from Siem Reap to Phnom Penh
Sunday	13	a.m. p.m.		
Monday	14	a.m. p.m.	SNEC SNEC	Workshop with FO Federations boards (FAEC and FCFD) and FWN Workshop with FO Federations boards (FAEC and FCFD) and FWN
Tuesday	15	a.m. p.m.	(home) (home)	Various e-mail and reporting Phone-meeting with C. Goossens on support to FOs. Contact Sustainable Rice Platform initiative.
Wednesday	16	a.m. p.m.	SNEC SNEC	Check financial report CoRAA + request for 2nd installment FCRE - discussion with C. Goossens - miscellaneous Meeting with CoRAA, organic cooperatives + Kim Se Rice mill
Thursday	17	a.m. p.m.	SNEC Golden rice mill	Meeting with CoRAA, organic cooperatives + AMRU Rice Meeting with Golden Rice and C#3 team on contract farming
Friday	18	a.m. p.m.	SNEC SNEC	Meeting with FCRE executive team Phone meeting with Anna Stancher (GIZ) - Meeting with Luyna - Arrange participation in TRT-WRC - miscellan.
Saturday	19	a.m. p.m.		
Sunday	20	a.m. p.m.	(Travel)	Travel from Phnom Penh to Paris
Monday	21	a.m. p.m.	(Travel) (Paris)	Travel from Phnom Penh to Paris Read documentation on COSTEA steering committee preparation
Tuesday	22	a.m. p.m.	AFD-Paris AFD-Paris	Participate in Steering Committee of COSTEA project in AFD Headquarter in Paris Participate in Steering Committee of COSTEA project in AFD Headquarter in Paris
Wednesday	23	a.m. p.m.	(Travel) (Travel)	Travel from Paris to Phnom Penh Travel from Paris to Phnom Penh
Thursday	24	a.m. p.m.	(home) SNEC	Arrival in Phnom Penh - various e-mail regarding preparation of participation in TRT-WRC Request AFD non objection on TRT-WRC + change of personnel CIRD - Corrections to BDO contract
Friday	25	a.m. p.m.	SNEC SNEC / AFD	Read KPMG report on RDB Risk Management (A1) Continue reviewing KPMG mission outputs - Meet Muong Sideth at AFD
Saturday	26	a.m. p.m.		
Sunday	27	a.m. p.m.		
Monday	28	a.m. p.m.	SNEC remote, then SNEC	Meeting with FCRE executive team - review budget code allocation with Nika Read KPMG report on RDB credit functions (B2) - Address issues of advance for AVSF-CIRD-ADG...
Tuesday	29	a.m. p.m.	SNEC SNEC	Meet Phallyboth (CoRAA) on invoicing issues - Meet AVSF on advance invoicing issues. Prepare scoring card format for eval of proposal (FO credit mission) - Review ToR C. Boscher
Wednesday	30	a.m. p.m.	SNEC / KPMG office SNEC	Continue to review KPMG deliverables - Steering Committee of KPMG support mission to RDB Reading and pre-scoring of technical offers for Credit Mechanisms for FO consultant
Thursday	31	a.m. p.m.	SNEC Himawari	Reading and pre-scoring of technical offers for Credit Mechanisms for FO consultant Preparation meeting for TRT-WRC - Informal meeting with IFC (Sarak, Martin and Bas)

NOVEMBER 2013

		Location	Activities
Friday	1 a.m. p.m.	SNEC SNEC	Finish reading and pre-scoring of technical offers for Credit Mechanisms for FO consultant Procurement commission meeting -Credit Mechanisms for FO consultant / check accounting October
Saturday	2 a.m. p.m.		
Sunday	3 a.m. p.m.		
Monday	4 a.m. p.m.	SNEC SNEC	Briefing of Christophe Boscher for the first day of his mission Work on scenario for reformed institutional structure of FCRE
Tuesday	5 a.m. p.m.	SNEC SNEC	Prepare agenda of JCC#02 (support to FCRE) Coordination meeting of Component #3 and kick-off meeting of Christophe Boscher mission
Wednesday	6 a.m. p.m.	SNEC SNEC	Continue coordination meeting for Component #3 and planning of Christophe Boscher mission Review and comment Technical Proposals for the market study on rice (procurement managed by IFC)
Thursday	7 a.m. p.m.	SNEC SNEC	Advise Sothy on newsletter - Reporting. Check COrAA financial report document - Work on note on FCRE institutional reform
Friday	8 a.m. p.m.	SNEC SNEC	Work on note on FCRE institutional reform (scenarios) Administrative issue (request for AVSF and COrAA invoices payment) - Continue note on FCRE reform
Saturday	9 a.m. p.m.		
Sunday	10 a.m. p.m.		
Monday	11 a.m. p.m.	SNEC SNEC	Prepare an up-dated workplan with FCRE and IFC for JCC meeting Finalize doc for JCC-02 / Review note on diagnosis of FCFD and FAEC
Tuesday	12 a.m. p.m.	SNEC SNEC	Restitution of the study on Organic Rice Value Chain (COrAA internship strudents) - review note on FCFD JCC#02 (coordination meeting between FCRE, IFC, SNEC and AFD)
Wednesday	13 a.m. p.m.	SNEC SNEC	Various e-mail communications - comments on report on diagnosis of FAEC Exchanges with team on support to FAEC and FCFD
Thursday	14 a.m. p.m.	SNEC SNEC	Various exchanges in preparation of Component #3 activities / comments on Trade SWAP roadmap Comment on FCFD diagnosis - minutes of JCC#02 meeting - work with FCRE exectutive team
Friday	15 a.m. p.m.	SNEC SNEC	Revise agenda and process of meeting Golden Rice + Fos - continue minutes of JCC#02 meeting Finalize minutes of JCC#02
Saturday	16 a.m. p.m.		
Sunday	17 a.m. p.m.		
Monday	18 a.m. p.m.	SNEC	Read document on inter-professional organizations
Tuesday	19 a.m. p.m.	SNEC (home)	Meeting with Christophe Boscher, Tith Samon & Yi Bunhak on support to contract farming guidelines Help to prepare content of Presentation for Cambodian Rice Forum
Wednesday	20 a.m. p.m.	SNEC	Continue meeting with C. Boscher, Tith Samon and Yi Bunhak to prepare meetings between millers and Fos
Thursday	21 a.m. p.m.	(remote)	Inputs by e-mail on the preparation of meetings between Fos and millers
Friday	22 a.m. p.m.	(remote)	Comment on prepa of FO + millers meeting / revise scoring of offers for credit to FOs / revise checklist Fos
Saturday	23 a.m. p.m.		
Sunday	24 a.m. p.m.		
Monday	25 a.m. p.m.	(remote) (remote)	E-mail exchanges on preparation of FO + millers meetings Prepare format for budget and financial plan for FCRE
Tuesday	26 a.m. p.m.	(remote)	Write article on Nepal Tea workshop for FCRE Newsletter
Wednesday	27 a.m. p.m.	(remote)	Prepare agenda for meeting with AFD supervision mission / reporting
Thursday	28 a.m. p.m.	SNEC	Exchange on Nepal tea conference article for FCRE Newsletter - prepare AFD supervision mission
Friday	29 a.m. p.m.	SNEC SNEC	Prepare disbursment plan - Prepare addendum No 01 to AVSF-CIRD-ADG Contract - discussions with C#3 team Reporting / Admin and logistic issues...
Saturday	30 a.m. p.m.		

DECEMBER 2013

		Location	Activities
Sunday	1	a.m. p.m.	
Monday	2	a.m. p.m.	Golden Rice Factory Meeting between FOs and Golden Rice Golden Rice Factory Meeting between FOs and Golden Rice / informal discussion with AFD mission
Tuesday	3	a.m. p.m.	SNEC Prepare slides for meeting with AFD SNEC Discussion on the preparation of C#3 meeting - Comments on team's slide presentations - Admin issues
Wednesday	4	a.m. p.m.	SNEC Meeting with AFD supervision mission SNEC Meeting with AFD supervision mission + wrap up of supervision mission with Project Director
Thursday	5	a.m. p.m.	SNEC Debriefing of Christophe Boscher mission + C#3 coordination meeting SNEC C#3 Coordination meeting
Friday	6	a.m. p.m.	SNEC / BRICo Office Meet Kevin Rutter - End-of-mission discussion with Ch. Boscher - Meeting with BRICo FCRE Office Meeting with FCRE executive team - work on GA and workshop + various management issues
Saturday	7	a.m. p.m.	
Sunday	8	a.m. p.m.	
Monday	9	a.m. p.m.	Golden Rice off. / AFD Meeting with Golden Rice on partnership with Farmer Organizations / Discussion with AFD on various issues SNEC Exchange with IFC - Request ANO on addendum to AVSF contract - Discuss with C#3 team - FCRE issues
Tuesday	10	a.m. p.m.	(home) Mail to KPMG - Complete minutes of meeting with Golden Rice - Prepare presentation of FCRE scenarios (home) Prepare presentation of FCRE scenarios
Wednesday	11	a.m. p.m.	SNEC Meet Phallyboth (CORA) + phone discussion with Sophak (ISC) - follow up and advise on C#3 activities SNEC Work on presentation documents for FCRE General Assembly - Meeting with Ung Luyna
Thursday	12	a.m. p.m.	SNEC Revise notification to Horus - Work on presentation documents for FCRE General Assembly FCRE Office Meeting with FCRE executive team + President
Friday	13	a.m. p.m.	SNEC Comments on preparation of various C#3 activities - Work on documents for FCRE General Assembly SNEC Meeting on FO Federations with Christoph G. and Sophany - finalize presentation for FCRE General Assembly
Saturday	14	a.m. p.m.	
Sunday	15	a.m. p.m.	(France) Travel from Phnom Penh to Paris Prepare presentation of the Project for IRAM internal seminar
Monday	16	a.m. p.m.	(France) Travel from Paris to Sommières
Tuesday	17	a.m. p.m.	(France) IRAM annual internal seminar (France) IRAM annual internal seminar
Wednesday	18	a.m. p.m.	(France) IRAM annual internal seminar (Presentation of SCCR project) (France) IRAM annual internal seminar
Thursday	19	a.m. p.m.	(France) IRAM annual internal seminar (France) IRAM annual internal seminar - travel back to Paris
Friday	20	a.m. p.m.	
Saturday	21	a.m. p.m.	Travel from Paris to Phnom Penh
Sunday	22	a.m. p.m.	
Monday	23	a.m. p.m.	SNEC Meeting with BDO (Project Financial Audit team) SNEC Meeting with CORAA - Meeting with Cedric Marin (AVSF) and Christophe Goossens (ADG)
Tuesday	24	a.m. p.m.	SNEC Meeting with FCRE executive team
Wednesday	25	a.m. p.m.	
Thursday	26	a.m. p.m.	
Friday	27	a.m. p.m.	
Saturday	28	a.m. p.m.	
Sunday	29	a.m. p.m.	
Monday	30	a.m. p.m.	
Tuesday	31	a.m. p.m.	SNEC Prepare and send comments on draft Code of Conduct (ARPEC/FCRE initiative) SNEC Replies to various e-mail - Work on Quarterly Report

**IRAM internal meeting -
time not invoiced to SNEC
(taken on the consultant
holidays)**

ANNEX 2: RESULTS OF PADDY SAMPLE QUALITY TESTS IN GOLDEN RICE

Code	Testing Date	#REF!	Fos	Region	Moisture		HR	Broken	C1	Length of Whole Kernels	Width of Whole Kernels	Chalky	Purity		Note from Farmer
					Paddy	Milled Rice							(16min)	(17min)	
No	Date	Text	Text	Text	%	%	%	%	%	mm	mm	%	%	%	
001	2-Dec-13	Phka Romdoul	សហគមន៍អភិវឌ្ឍន៍កសិកម្មភ្នំពេញប្រាសាទ	១០០៥	9.1%	10.4%	37.8%	29.7%	0.5%	6.72	2.14	2.0%	91.0%	99.0%	-
002	2-Dec-13	Phka Romdoul	សហគមន៍ស្ទឹងស្រីក	ស្ទឹងស្រីក	10.6%	11.5%	27.8%	39.2%	1.1%	7.04	2.23	1.6%	86.0%	95.0%	MC=5%, Purity=95%
003	2-Dec-13	Phka Romdoul	សហគមន៍កសិកម្មស្ទឹងស្រីក	១០ ២៨២៥	13.2%	13.8%	54.2%	13.3%	0.2%	7.07	2.23	3.2%	74.0%	83.0%	MC=12%, Purity=90%
004	2-Dec-13	Phka Romdoul	សហគមន៍កសិកម្មបឹងកក់	បឹងកក់	11.1%	12.1%	43.6%	22.9%	0.8%	7.10	2.26	2.6%	91.0%	99.0%	MC=13%, Purity=95%
005	2-Dec-13	Phka Romdoul	សហគមន៍បឹងកក់	កំពង់ឆ្នាំង	12.6%	12.9%	42.6%	24.0%	0.8%	7.15	2.21	1.6%	92.0%	96.0%	MC=10%, Purity=70%, Broken=15%
006	2-Dec-13	Phka Romdoul	សហគមន៍បឹងកក់	កំពង់ឆ្នាំង	13.9%	14.1%	46.5%	21.2%	0.3%	7.15	2.21	1.6%	88.0%	96.0%	MC=20%, Purity=84%, Broken=10%
007	2-Dec-13	Phka Romdoul	សហគមន៍បឹងកក់	កំពង់ឆ្នាំង	17.5%	16.9%	51.5%	12.0%	0.5%	7.34	2.23	1.2%	86.0%	89.0%	MC=14%, Purity=98%
008	2-Dec-13	Phka Malis	សហគមន៍បឹងកក់	បឹងកក់	14.6%	15.1%	60.5%	5.9%	0.3%	7.11	2.23	2.0%	95.0%	99.0%	-
009	2-Dec-13	Phka Romdoul	សហគមន៍អភិវឌ្ឍន៍កសិកម្មភ្នំពេញប្រាសាទ	បឹងកក់	15.6%	15.7%	45.9%	22.1%	0.3%	7.33	2.24	3.2%	97.0%	99.0%	MC=15%, Purity=95%
010	2-Dec-13	Phka Romdoul	សហគមន៍អភិវឌ្ឍន៍កសិកម្មភ្នំពេញប្រាសាទ	បឹងកក់	17.5%	17.3%	56.3%	10.5%	0.3%	7.36	2.26	2.0%	89.0%	93.0%	MC=15%, Purity=75%
011	2-Dec-13	Phka Malis	សហគមន៍ស្ទឹងស្រីក	បឹងកក់	14.7%	15.2%	60.1%	7.6%	0.3%	7.21	2.23	2.8%	91.0%	95.0%	MC=14%, Purity=95%
012	2-Dec-13	Phka Romdoul	សហគមន៍អភិវឌ្ឍន៍កសិកម្មភ្នំពេញប្រាសាទ	បឹងកក់	15.4%	16.1%	38.8%	26.1%	1.1%	7.25	2.22	2.4%	94.0%	96.0%	MC=15%, Purity=95%
013	2-Dec-13	Phka Romdoul	សហគមន៍អភិវឌ្ឍន៍កសិកម្មភ្នំពេញប្រាសាទ	បឹងកក់	18.2%	17.6%	45.6%	17.9%	0.5%	7.14	2.21	1.6%	98.0%	100.0%	MC=18%, Purity=97%

