

■ Support to the Commercialization of Cambodian Rice Project  
[AFD Grant - CKH-1077-01-S and CKH-1077-02-T]



Supreme National Economic Council (SNEC)

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**SUPPORT TO THE COMMERCIALIZATION OF CAMBODIAN RICE PROJECT**

# **QUARTERLY EXECUTIVE REPORT #07**

**JULY – SEPTEMBER 2014**

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PREPARED BY:

UNG LUYN, PROJECT COORDINATOR (SNEC)

JEAN-MARIE BRUN, PROJECT MANAGEMENT ADVISOR (IRAM)





*Contacts:*

**SUPPORT TO THE COMMERCIALIZATION OF  
CAMBODIAN RICE PROJECT**

**Supreme National Economic Council (SNEC)**  
# 208 A Preah Norodom Blvd  
Phnom Penh - Cambodia

Project Coordinator:  
Mr Ung Luyna (SNEC)  
012 58 43 64 - ungluyna@gmail.com

Project Management Advisor:  
Mr Jean-Marie Brun (IRAM)  
012 807 817 – jm.brun@iram-fr.org



**iram**  
**NIRÁS**

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## ACRONYMS

AC	Agricultural Cooperative
ACBN	Agricultural Cooperative Business Network
ACMES	Ayeyawady Chao Phraya Mekong Economic Cooperation Strategy
ACT	Agriculture Certification Thailand
ADB	Asian Development Bank
ADC	Agricultural Development Communities
ADF	Agriculture Development Fund (= ASDF)
ADG	Aide au Développement - Gembloux
AEA	Agro-Ecosystem Analysis
AEC	ASEAN Economic Community
AFD	<i>Agence Française de Développement</i> / French Agency for Development
AFDI	<i>Agriculteurs Français et Développement International</i>
AFTA	ASEAN Free Trade Agreement
ALCO	Asset Liability Committee (banking)
AMIS	Agriculture Market Information System
AMK	Angkor Mikroheranhvatho (Kampuchea)
AML/CFT	Anti-Money Laundering / Combatting the Financing of Terrorism procedures (banking)
AMO	Agriculture Marketing Office
AQIP	Agriculture Quality Improvement Project
ARIZ	<i>Accompagnement du Risque de financement de l'Investissement privé en Zone d'intervention de l'AFD</i>
AROS	Asia Regional Organic Standard
ARPEC	Alliance of Rice Producers & Exporters of Cambodia
ASDF	Agriculture Support and Development Fund (same as ADF)
ASEAN	Association of South-East Asian Nations
ASIrri	<i>Projet d'Appui aux Irrigants et aux Services aux Irrigants</i>
ASPIRE	Agriculture Services Program for Innovation, Resilience and Extension (IFAD project)
ASYCUDA	Automated System for Customs Data
AusAID	Australian Agency for International Development
AVSF	<i>Agronomes et Vétérinaires Sans Frontières</i>
C2A	<i>Commission Agriculture et Alimentation de Coordination Sud (French development NGO platform)</i>
CAC	<i>Crédit Agricole Consultants</i>
CAMFEBA	Cambodia Federation of Employers and Business Associations
CAVAC	Cambodia Agriculture Value Chain Program (AusAID)
CARD	Council for Agriculture and Rural Development
CARDI	Cambodian Agriculture Research and Development Institute
CB	Certification Body
CBAPC	Contract Based Agriculture Promotion Committee
CC	Commune Councils
CCA	Climate Change Adaptation
CCC	Chamber of Commerce of Cambodia
CCD	Cambodian Certification Department
CCFC	<i>Chambre de Commerce Franco-Cambodgienne</i> / Franco-Cambodian Chamber of Commerce
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
CEDAC	<i>Centre d'Etude et de Développement Agricole du Cambodge</i>
CEFP	Committee for Economic and Financial Policy
CEO	Chief Executive Officer



CF	Contract Farming
CFAP	Cambodian Farmers' Association Federation of Agricultural Producers
CIDA	Canadian International Development Agency
CIRD	Cambodian Institute for Research and Rural Development
CoC	Code of Conduct
COorAA	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)
DGRV	<i>Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative &amp; Raiffeisen Confederation)</i>
DMC	Direct-seeding Mulch-based Cropping system
DP	Development Partners
DPM	Deputy Prime Minister
DPS	Department of Planning and Statistics (of MAFF)
DRC	Department of Rice Crops
EA	Executing Agency
EBA	Everything but Arms
EC	European Commission
EC	Executive Committee
ED	Executive Director
EPWG	Export Promotion Working Group (informal group of rice exporters supported by IFC)
ESP	Environmental and Social Policy
EU	European Union
FAEC	Federation of farmer associations promoting family Agriculture Enterprises in Cambodia
FAO	Food and Agriculture Organization of the United Nations
FASMEC	Federation of Association for Small and Medium Enterprises of Cambodia
FCFD	Federation of Cambodian Farmer Organizations for Development
FCRE	Federation of Cambodian Rice Exporters
FCRMA	Federation of Cambodian Rice Millers Associations
FFS	Farmer Field School
FI	Financial Institution
FNN	Farmer and Nature Network
FO	Farmer Organisations
FOO	Farmer Organisations Office of the DAE
FSMS	Food Safety Management System
FWN	Farmer and Water Network
FWUC	Farmer Water User Community
GAFSP	Global Agriculture and Food Security Program
GDA	General Directorate of Agriculture
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GF	Guarantee Fund
GI	Geographical Indication

GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> / German Development Cooperation
GMP	Good Manufacturing Practice
GMS	Greater Mekong Subregion
G-PSF	Government – Private Sector Forum
GRET	Groupe de Recherche et d’Echanges Technologiques
GS	General Secretary
HACCP	Hazard Analysis and Critical Control Points
HARVEST	Helping Address Rural Vulnerability and Ecosystem Stability (USAID project)
HKL	Hattha Kaksekar Limited
HR	Human Resources
ICS	Internal Control System
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements
IPD	Intellectual Property Department of the Ministry of Commerce
IPM	Integrated Pest Management
IRAM	<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)
JDI	Japan Development Institute
JICA	Japanese International Cooperation Agency
KAPCD	Khmer Angkor People Community for Development
KOICA	Korea International Cooperation Agency
KYC	Know Your Customer (banking)
LGWR	Long Grain White Rice
LRI	Live Rice Index
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Micro-Finance Institution
MIH	Ministry of Industry and Handicraft
MIME	Ministry of Industry, Mines and Energy
MLMUPC	Ministry of Land Management Urban Planning and Construction
MOC	Ministry of Commerce
MOWRAM	Ministry of Water Resources and Meteorology
MPWT	Ministry of Public Works and Transport
MRC	Mekong River Commission
MRC	“Mini Rice Center”
MRD	Ministry of Rural Development
M&E	Monitoring and Evaluation
NBC	National Bank of Cambodia
NC	National Coordinator
NGO	Non-Governmental Organization
NKPSAC	Nikum Krao Preah Sihanouk Agricultural Cooperative
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/FAO project)
PBA	Program Based Approach
PDA	Provincial Department of Agriculture
PDOGRAM	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
PPPRE	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
SIAL	<i>Salon International de l'Agroalimentaire</i> (Paris)
SME	Small and Medium Enterprise
SMP	<i>Sansom Mluop Prey</i> NGO
SNEC	Supreme National Economic Council
SOWS-REF	Secretariat of the One-Window Service for Rice Export Formality
SPS	Sanitary and Phyto-Sanitary
SRP	Sustainable Rice Platform
SWAp	Sector Wide Approach
TA	Technical Assistance
TBT	Technical Barriers to Trade
TDSP	Trade Development Support Program
ToR	Terms of Reference
ToT	Training of Trainers
TPC	Thaneakea Phum Cambodia
TPD	Trade Promotion Department of the MOC

TREA	Thai Rice Exporters Association
TRT	The Rice Trader
TWG	Technical Working Group
TWGAW	Technical Working Group on Agriculture and Water
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNEP	United Nation Environment Program
UNIDO	United Nations Industrial Development Organization
UNIDROIT	International Institute for the Unification of Private Law
USA	United States of America
USAID	United States Agency for International Development
VAHW	Village Animal Health Worker
VF	Vision Fund
WB	World Bank
WCS	Wildlife Conservation Society
WRC	World Rice Conference
WRMSDP	Water Resource Management Sector Development Program (ADB)
WTO	World Trade Organization

## UNITS AND MEASURES

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

## INTRODUCTION

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

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

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

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

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

This report is the 7<sup>th</sup> Quarterly Executive Report of the project. It covers the period from July 1<sup>st</sup> to September 30, 2014.

During this period, in Component #1, discussions have been pursued with CRF to explore possible supports, whereas FAEC and FCFD have started the implementation of their respective contracts and made significant progresses regarding their possible merging.

The final reports of the international market study have been delivered and the restitution workshop took place in September with a large participation of exporters and perspective of collective branding discussed.

Contracts for the supply of organic paddy were signed between AMRU Rice and eight Agricultural Cooperatives from Preah Vihear, and other contracts with BRICo, Loran and Golden Rice were implemented for non-photoperiodic varieties, some of them with good results. Paddy Selling Groups established under the umbrella of some Farmer Water User Communities have successfully sold more than 3,600 tons of non-photoperiodic paddy during this quarter.

Major steps were achieved in the process of reform of the Rural Development Bank with the appointment of a new Chief Executive Officer, the nomination of a new Board of Directors, the validation of a new organization chart and the recruitment of three new officers.

In August, the 3<sup>rd</sup> Steering Committee of the project has validated orientations for the coming quarters.

## SUMMARY

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

Important activities and outcomes of the past quarter	Foreseen objectives and activities for the coming months	Issues and concerns
<b>C#1</b> <ul style="list-style-type: none"> <li>▪ Dialog with CRF to explore possible supports and partnerships.</li> <li>▪ Consultation between FAEC and FCFD on the possible merging and beginning of the reflection and drafting of new statute.</li> <li>▪ Develop M&amp;E frame to follow-up FAEC and FCFD contracts.</li> <li>▪ Several contacts made by FAEC and FCFD with business partners. Some partnership set up (notably with input suppliers).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exposure visit of leaders of CRF to an inter-professional body in France (<i>Intervéreales</i>).</li> <li>▪ Consultation with FAEC and FCFD members on the possible merging of the two structures.</li> <li>▪ Provide FOs feedback to MAFF on the draft model by-laws of Cooperative Unions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Relatively slow reactivity of CRF to provide information on their plans and answer on proposed support.</li> <li>▪ Difficulties to obtain draft by-laws for AC Unions have delayed and drastically reduced the time available to organize consultation with FO Federations.</li> </ul>
<b>C#2</b> <ul style="list-style-type: none"> <li>▪ Restitution workshop of the international market study by Agland.</li> <li>▪ Preparation of next quarter events (see right column).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Export promotion mission in France: Cambodian Rice booth in SIAL and promotion diner.</li> <li>▪ Cambodian Rice Festival and TRT World Rice Conference.</li> <li>▪ Prepare (with IFC and CRF) a more comprehensive roadmap for work on branding and export promotion.</li> </ul>	
<b>C#3</b> <ul style="list-style-type: none"> <li>▪ Signature of contracts between AMRU and 8 cooperatives for organic paddy production and supply.</li> <li>▪ Implementation of contracts between FOs and BRICo, Loran, Golden rice for non-photoperiodic fragrant rice (failure for contract between Loran and Nikum Preah Sihanouk AC).</li> <li>▪ More than 3,600 tons of non-photoperiodic paddy sold by FWUCs paddy selling groups.</li> <li>▪ Validation of approach to pursue the work on legal framework and guidelines for Contract Farming.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Follow-up implementation of contract between AMRU and organic cooperatives.</li> <li>▪ Explore new partnerships (additional contracts).</li> <li>▪ Continue Paddy Selling Group implementation for seasonal fragrant rice.</li> <li>▪ Initiate working group and task force on Contract Farming.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Difficulties with DAI for endorsement of organic paddy contracts with AMRU: different understanding regarding the role of DAI.</li> </ul>
<b>C#4</b> <ul style="list-style-type: none"> <li>▪ Appointment of new CEO and new Board in RDB.</li> <li>▪ RDB new organization chart approved and recruitment of 3 new officers.</li> <li>▪ Preparation of draft Terms of Reference for further Technical Assistance to RDB.</li> <li>▪ Delivery of Horus final report for phase 1 of mission on credit to FOs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mobilise expertise to finalize ToR for TA to RDB + launch procurement.</li> <li>▪ Continue recruitment of new officers by RDB.</li> <li>▪ Initiate 2<sup>nd</sup> phase of Horus mission on credit to FOs.</li> </ul>	
<b>C#5</b> <ul style="list-style-type: none"> <li>▪ 3<sup>rd</sup> Meeting of the Project Steering Committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ AFD supervision mission.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conflicting assignments of SNEC officers assigned to the project limit their ability to commit enough time for the project.</li> </ul>

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

### 1.1. WORK WITH THE CAMBODIAN RICE FEDERATION

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

#### 1.1.1. EXPLORING POSSIBLE PARTNERSHIPS WITH CRF

Further to the meeting of project team with CRF President and Vice-Presidents on 28 of May 2014 (See Quarterly Executive Report #06, pages 6-7), CRF has communicated to project PMA a list of CRF's working groups on July 21, 2014. Subsequently, on August 15, 2014, the Project Management Advisor has met Mr Sok Puthivuth, CRF President and Mr Lun Yeng, newly appointed Secretary General. IFC was also participating in this meeting as a main purpose was about the organization of the market study restitution (See Part 2 of this report). CRF agreed on the principle to co-organize the restitution of the market study and to take over the work on branding afterward (still with development partners support, possibly). Other fields of collaboration were also explored during this meeting. Mr Sok Puthivuth has confirmed that the internal functioning, statute and governance of CRF are still subjects to work on, and thereof agreed to the proposal made by SCCRP to take the opportunity of being in France in October to have an exposure visit to one French inter-professional organization of the agribusiness sector. The possibility to associate CRF (working group on Farmer Organization) on sharing experience and drawing lessons on linking FOs to millers, and elaborating further policies and regulation in these matters was also considered in the discussion, but no clear decision has been made during this meeting.

Last, the possibility to involve CRF in a review of rice sector policy has been evoked during the discussion, but PMA said that further discussion shall involve SNEC officials. CRF General Secretary express the wish that the policy review would be jointly undertaken by SNEC and CRF (as representative of economic stakeholders) and would not be implemented by SNEC alone with only consultation workshop.

As a follow-up to this meeting, an e-mail was sent on 22 August (a day before the CRF Executive Committee Meeting) to CRF President to confirm a proposal of collaboration on two subjects (in addition to others already discussed, notably related to branding and market promotion):

1. Take part / co-facilitate a working group on strengthening linkages and partnership between Farmer Organizations and rice millers / exporters (+ organize workshop to share experiences and address issues in this matter);
2. Contribute in a working group on the institutional organization (statute, governance) of CRF and propose exchange visits (as for instance in France as previously discussed).

No direct feedback was received after this not was sent. But another follow-up meeting took place on September 4, 2014 with the Secretary General of CRF and with Project Management Advisor and members of the Component #3 team. The setting-up of a working group on linking Farmer Organizations with millers / exporters in CRF and the inclusion of project team members in this working group have been confirmed. On September 15, project PMA sent a reminder to CRF Secretary General and members of C#3 project team to accelerate the process of establishing this working group. Further to the restitution of the international market study, the need to prepare a joint roadmap to work on Cambodian rice branding and export promotion was also enhanced (See. § 2.2.1.4 page 14 in this Report). This was recalled again with IFC and CRF Secretary General on 29 September, but no practical progresses were made regarding the drawing of such a roadmap.

## 1.2. SUPPORT TO FEDERATIONS / NETWORKS OF FARMER ORGANIZATIONS

### 1.2.1. ADMINISTRATIVE AND MANAGERIAL SUPPORT

#### 1.2.1.1. ESTABLISHMENT OF FAEC AND FCFD PROVINCIAL OFFICES

As it has been planned according to the contracts signed between SNEC and FAEC and FCFD, both Federations have opened provincial offices:

- FAEC office is located at Takeo, Tram Kak District, Ang Tasom Commune, Ang Tasom Village,
- FCFD office is located at Battambang, Battambang Town, Cham Ka Samrong Commune, Rom Dul Village.

These offices are the primary basis for the Technical Assistants recruited by each of the two Federations (Mr Tep Sopheap Mingkoul for FCFD and Mr Pat Sovann for FAEC)<sup>1</sup>. It has to be recalled here that FAEC and FCFD have agreed on a geographical repartition of the services to their members, i.e. that Mr Pat Sovann is working with both FAEC and FCFD members in Takeo and other Southern provinces, whereas Mr Tep Sopheap Mingkoul is working for members of both Federations in Battambang and North-West provinces.

#### 1.2.1.2. FINANCIAL MANAGEMENT FOR PROJECT SUBSIDIES

In August, Mr Phat Sophanny has organized a briefing of FAEC and FCFD officers about the financial management of the project subsidies and the reporting requirements. Budget code were defined in order to ease the management and reporting of the use of subsidies in line with the budget of the contracts signed between SNEC and each of the two FO Federations.

#### 1.2.1.3. DEVELOPMENT OF A MONITORING FRAME

Project consultants (Phat Sophanny and Christophe Goossens) have developed a monitoring frame to ease the follow-up of the implementation of FAEC and FCFD activities planned in the contract. This “monitoring sheet” was explained to FAEC and FCFD Technical Assistants, who will be responsible to fill in the information.

Beyond the case of the project implementation, this is also seen as usual tools to develop operational management capacities of both Federations.

#### 1.2.1.4. REVIEWING OF THE “SCORING CRITERIA METHOD”

The “Scoring Criteria Method” is a method of evaluation of FOs capacities and performance that has been initially developed with AVSF during the “*Komrong Daikou*” project a few years ago. It has been appropriated by FCFD as a tool to better identify their members’ capabilities and need for support. Some FAEC leaders were also trained on the use of this method a few months ago. More recently, it has been proposed to review and improve the method or adapt it better to emerging needs and objectives of the Federations<sup>2</sup>. A note to benchmark the reflection on the improvement of the method has started to be prepared by project consultants.

<sup>1</sup> Cf. Quarterly Executive Report # 06 page 8.

<sup>2</sup> Note that this tool for evaluation of FOs capabilities and management could notably be used as part of the role of FAEC/FCFD in the development of credit mechanism to FOs. A proposed hypothesis of involvement of the Federations (mentioned in HORUS Development Finance report – See § 4.3. in this report, page 37) is to pre-screen candidates for loans in order to reduce the number of applicants, in order to reduce transaction costs for the Financial Institution(s).



### 1.2.2. KICK-OFF MEETINGS

After the signature of the contracts between SNEC and FAEC and FCFD, two information meetings have been organized in order to present to FO Federation members (as well as other stakeholders) the project and activities that FAEC and FCFD will implement with the support of the SCCRP.

- The first meeting took place in Battambang on 16 July with 29 participants, including FO representatives and DAE, PDA (OAE), district governor and MFI;
- The second one took place in Takeo on 22<sup>nd</sup> of July with 73 participants, including FO representatives and DAE, PDA (OAE), district governor, commune councils members, MFIs, rice millers and input suppliers.

These meetings were reported by two TV channels (TVK and BTV).

### 1.2.3. BUILDING PARTNERSHIP WITH INPUT SUPPLIERS

FO Federations have met different fertilizer companies in order to discuss the conditions of supplies to FOs / Federations. Presenting themselves as Federations (gathering more than 100 FOs and dozen thousands farmers) FAEC and FCFD representatives have generated a real interest from input suppliers companies who see the potential of working with FOs to reach farmers. In some cases Federations were able to discuss preferential conditions for supply of input or partnership for the establishment of demonstration plots (see below). Besides the direct benefit from these actions, we believe the dialog with these companies have contributed to build FO Federations self-confidence because they were considered seriously by these companies.

#### 1.2.3.1. MEETING AND PARTNERSHIP WITH PENDEY FERTILIZER BAYON HERITAGE CO. LTD

Pendey Fertilizer supplies “natural fertilizers” from Japan and urea. In Takeo, a meeting was conducted with company representative to discuss on collaboration between company and FOs with 7 participants from FO federation representatives + FAEC staff and project team members. The purpose was to get information about the company offer and discuss supply conditions and possible partnerships with FOs and/or FO Federation.

Pen Dey Fertilizer Co. has agreed to provide preferential treatment for FO Federations members, with a discount price (108,000 KHR/50 kg bag (instead of 118,000 KHR for the usual retail price and 110,000 KHR/bag for retailers or stores) and to free all transport service fee for all FO federation member in Takeo province. The company will also provide 45 demonstration farms to FO Federations members in Takeo Province in order to test the quality fertilizers and 300 leaflets to distribute to FO members. Moreover, the Japanese Natural Fertilizer Company agreed to sell in (50%) credit to FO members with 1% of interest rate per month, and the company will provide 20,000 riels bonus to FO Federation, when the member buy 15 metric ton of fertilizer.

The same company was also met under the leadership of FCFD in Battambang, with approximately the same results (excepted for the demo plots).

Following the meeting in Takeo, a training course on the use of fertilizer was provided by the company. 29 FOs Federation members attended the training. The main objective was to provide technique of fertilizer using on demonstration plots. 2,685 kg of fertilizer were distributed to FO Federation members in order to implement 39 demonstration plots in Takeo province.

#### 1.2.3.2. MEETING AND PARTNERSHIP WITH SOLAR AGRICULTURE CO. IN TAKEO

Solar Agriculture Co. supplies natural fertilizer product of Cambodia. A meeting was conducted with company representative to discuss on collaboration between company and FOs with 6 participants from FO federation representatives, FAEC Technical Assistant and project team members. The Company has agreed on price discount for FO Federations, and to provide free transportation for orders above 2 tons. It will also support fertilizers for 10 demonstration plots and support a trainee to follow-up the demonstrations.

Following the meeting, a training session was organized by Solar Agriculture Co. in Takeo, attended by 13 FOs (Federations members). Objective was to provide technique of fertilizer using on demonstration field. 650 kg of fertilizer were distributed to FO Federation members for implementation of 13 demonstration plots.

#### 1.2.3.3. MEETING WITH HANG PICHCHAY CO. IN TAKEO

Hang Pichchay company supplies urea, DAP, NPK fertilizers. A meeting was conducted with the company representative in Takeo to discuss possible collaboration with FO Federations. The company agreed to provide fertilizer for one demonstration plot and to provide leaflets and technical support on Fertilizer using technique and Pest Management technique on rice production to FO Fed Members.

#### 1.2.3.4. MEETING WITH TI BO FERTILIZER DEPOT IN BATTAMBANG

Ti Bo Depot sells all type of fertilizer in Battambang Province. FCFD has met with the company representative who agreed to provide a discount of 2,000 KHR/bag of fertilizer for all FO Federations members.

#### 1.2.3.5. MEETING WITH FIVE STARS FERTILIZERS (CAMBODIA) CO. LTD IN BATTAMBANG

The Five Star Fertilizer (Cambodia) Co., Ltd established 3 depots and 60 sub-depots in Battambang Province. FCFD Technical Assistant met the representative in Battambang who agreed to sell to FO Federations' member at the price the company sells to depot. Further partnerships may be considered but will have to be discussed in details later on.

### 1.2.4. PADDY TRADE FACILITATION

A major objective of the project's support to FAEC and FCFD is to develop services of the Federations to their members in order to ease the development of commercial functions of Farmer Organizations in the rice value chain, in connection with Component #3. Developing the role of Federations in these matters (that can be to some extent quite similar with what the Component #3 consultant team is doing with counterparts) is important to sustain these functions over project duration. In this regard, FAEC and FCFD have already started to establish contact and develop relations with rice millers during this quarter, as detailed below.

#### 1.2.4.1. BUSINESS CONTACTS WITH RICE MILLERS

FAEC and FCFD have met 4 rice millers during this quarter:

- 3 rice mills in Battambang:
  - Sie Heng,
  - Golden Daun Keo (Battambang branch),
  - Lay Sreng.

- 1 rice mill in Takeo:
  - Golden Daun Keo (Takeo branch).

Rice millers have provided information about their plans for paddy purchase in the coming months, and minimum volumes to supply in one delivery. Depending on the rice mills, the interest for partnership with FOs is quite variable. But three out of the four mills visited have agreed to provide trainings to some FO leaders about the assessment of paddy quality.

Whereas the manager of Golden Daun Keo in Battambang did not express a strong willingness to collaborate with FOs or FO Federations, Golden Daun Keo in Takeo has shown more interest to develop partnerships with FOs, possibly through contracts, and to provide a priority access to FOs trucks or trailers to deliver to the mill.

#### 1.2.4.2. TRAINING ON PADDY QUALITY ASSESSMENT

Further to the visit in Golden Daun Keo rice mill in Takeo, a training session was organized by the rice mill to 24 FO committee leaders in order to develop their capacities to assess paddy quality. Abilities to judge the quality according to millers' criteria and to subsequently define prices have been developed for the participating FOs. FO leaders were also invited to visit the Golden Daun Keo processing plant.

#### 1.2.4.3. PREPARATION OF A BOOKLET ON FOS PADDY SUPPLYING ABILITIES

FAEC and FCFD have planned (as part of the partnership with SNEC project) to develop a booklet in order to present the paddy supplying abilities of their members to rice millers / exporters and to be use as a tool to raise awareness of buyers and build relationship.

Extensive process of data collection from FOs has been conducted during this quarter. Information was collected under the leadership of FAEC from 55 FOs in Takeo, Kampong Speu, Prey Veng and Svay Reang, and from 16 FOs in Battambang.

Booklets are expected to be finalized in October 2014.

### 1.2.5. SUPPORT FO ACCESS TO CREDIT SERVICES

Technical staffs of FO Federation have met two Micro-Finance Institution to discuss the possible access to credit for Trankak Union of Cooperative as a concrete case to initiate a practical discussion with MFIs.

#### 1.2.5.1. MEETING WITH VISION FUND

Vision Fund was met in Phnom Penh in July by representatives of FAEC. Officers of the MFI have presented the conditions of the loans they can offer to Farmer Organizations. Specific financial needs of some of the Federations members (in particular for Trankak AC Union) were exposed, but the interest rate offered by Vision Fund was still considered as too high for the leaders of cooperatives involved in this project of union.

#### 1.2.5.2. MEETING WITH KREDIT

Kredit MFI was met in Trankak district, Takeo, and has presented the conditions of the loans they can offer to individuals or SMEs. The officer in charge has expressed interest and willingness to support specifically Farmer Organizations / cooperatives with lower interest rate, but said this would have to be referred to the Board of Kredit.

At the end of this quarter, two months after the request was submitted, Kredit has not been able to answer positively to the demand.

### 1.2.6. SUPPORT TO THE ESTABLISHMENT AND DEVELOPMENT OF COOPERATIVE UNIONS

#### 1.2.6.1. INFORMATION MEETING ON UNIONS OF COOPERATIVES

FAEC and FCFD have organized meetings with their members to discuss on requirements to better facilitate input supply and paddy trade, and to present the opportunities of setting up Cooperative Unions (or “Pre-Unions” since the legal framework is not yet in place for formal Unions of Cooperatives) in order to reach a minimum scale to arouse interest from trade partners.

- In Takeo, 34 Farmer Organizations (121 participants) took part in the workshop organized by FAEC (with FOs from Takeo, Kampong Speu, Prey Veng and Svay Rieng).
- In Battambang, one meeting took place on 16 September organized by FCFD with 16 FOs (from Battambang and Kampong Thom).

These discussions have generated a lot of interest and further to these two meetings, not less than 25 potential Unions of Cooperatives were identified (8 in Takeo, 1 in Kampong Speu, 4 in Prey Veng, 1 in Svay Rieng, 8 in Battambang and 3 in Kampong Thom).

Whereas AVSF institutional capacity building consultant and FAEC and FCFD has then considered to follow-up with supporting the creation of these 25 Unions (or “Pre-Unions”) of cooperatives, it has to be acknowledge that the current human resources already mobilized via the contracts with AVSF-CIRD-ADG, with FAEC and FCFD and with DAE would not be sufficient to successfully support the creation of 25 Unions. This activity shall then be further discussed and a decision shall be made in the next quarter about narrowing down the scope to support the creation of a smaller number of Agricultural Cooperative Unions as pilots, or to allocate more resources to support the implementation of all those 25 initiatives.

#### 1.2.6.2. SUPPORT TO THE AGRICULTURAL COOPERATIVE UNION IN TRAMKAK (TAKEO)

Further to previous meetings<sup>3</sup> in the end of May 2014, the Tramkak Union of Cooperatives (in Takeo province) has been assisted to organize its collective commercial organization and business operations, and to find financing arrangements.

Three Agricultural Cooperatives<sup>4</sup> affiliated to FAEC and FCFD in Tramkak, Takeo, together with 2 other FOs, have the intention to cooperate with each other in order to achieve commercial advantages. Assistance has been provided to organise this pre-union project and explore possible access to financial services.

On 21<sup>st</sup> of August 2014, the team of Component #3 has visited two of the cooperatives of Tramkak: Reaksmei Chrey Veng AC, which is interested to take part in the action but has not yet experience on paddy selling and knowledge on the paddy market variation, and Oudom Sorya AC which already has some experience on paddy selling, with a quick rotation of cash-flow (rapid purchase and sell, no long term storage that would immobilize too much capital). Oudom Sorya AC does not own land (no cooperative property to be used as collateral for loans).

FAEC and FCFD will follow-up and provide additional support if required, and build on this experience.

<sup>3</sup> Cf. Quarterly Executive Report #06, pages 8-9.

<sup>4</sup> Tipath AC, Oudom Sorya AC and Trapeang Sragnae AC.

### 1.2.7. CONSOLIDATION OF FO FEDERATIONS' ADVOCACY ROLE

#### 1.2.7.1. FAEC AND FCFD ELABORATE THEIR ADVOCACY STRATEGIC WORK PLAN

Advocacy role is part of the important missions of the FO Federations. During this quarter, FAEC and FCFD have reflected on their priorities regarding advocacy functions and have developed their internal advocacy strategic work plan.

As part of the capacity building of FO Federation, the project team will propose further assistance to FAEC and FCFD regarding the preparation of up-coming events involving advocacy and or external communication activities.

#### 1.2.7.2. CONSULTATION ON PRAKAS AND FORM OF BY-LAWS FOR COOPERATIVE UNIONS

A process of consultation of existing Agricultural Cooperatives via FAEC and FCFD about the draft model by-laws of Cooperative Unions has been proposed, discussed with DAE and incorporated as part of the partnership with FAEC and FCFD since the previous quarter<sup>5</sup>. The implementation of this process could not follow the initial work plan proposed for the reasons explained below:

##### DIFFICULTIES TO GET THE DRAFT DOCUMENT OBSTACLE THE ORGANIZATION OF THE CONSULTATION PROCESS

DGRV has been contacted by Mr Christophe Goossens (International backstopping consultant for the support to FO Federations) on July 1<sup>st</sup> in order to get in touch and present the proposed process of consultation with Farmer Organizations (via their Federations) as part of the preparation of the Prakas and form of statute / by-laws of Cooperative Unions. DGRV has welcomed the initiative and express its interest to coordinate actions. But until September 20, the DAE did not provide to either FAEC or FCFD or project team the up-to-date draft by-laws, making the implementation of the planned consultation process impossible (despite it has been discussed since the beginning – early in 2014 – with Mr Ouk Saroeun from DAE, and despite DAE was informed about the proposed process with a detailed methodology and time-frame provided since May 2014 by the project team).

In the meantime, Christophe Goossens and Jean-Marie Brun had met again DGRV representative on September 5 to try to facilitate the process. And on September 16, DAE has informed by e-mail that the consultation process should not be organized because it would take too long and would delay the issuing of the related Prakas. The Project management (Mr Ung Luyna, Project Coordinator and Jean-Marie Brun, PMA) had to insist<sup>6</sup> on the importance of such a consultation with economic stakeholders directly targeted by the proposed regulation in order to gather their ideas and concerns and improve the relevance of the proposed by-laws and its adaptation to stakeholders needs. Further to this reply, Mr Chea Saintdona (DAE) has finally sent the draft of model by-laws for Unions of Cooperatives (and model of internal rules) to the project team on September 20, asking to provide feedback from the consultation “as soon as possible”.

##### IMPLEMENTATION OF A FAST-TRACK CONSULTATION WITH FO FEDERATIONS AND COOPERATIVE LEADERS

To accommodate with the shorted time made available, FAEC and FCFD had to abandon the initial plan of extensive consultation with FOs based on decentralized workshops and to start a shorter process of consultation.

<sup>5</sup> Cf. Quarterly Executive Report #06, § 1.3.7. pages 9-10.

<sup>6</sup> Cf. e-mail sent to Mr Chea Saintdona on September 18.

A workshop was organized on the 29<sup>th</sup> of September with 16 farmers' representatives, many of whom are already involved on informal associations between agricultural cooperatives. Participants went through the proposed model of by-laws of Cooperative Unions and have elaborated comments. But one additional meeting is needed to finalize and also review the draft model of internal regulations of Cooperative Unions. FAEC and FCFD expect to be ready to deliver their comment to MAFF by mid-October 2014.

### 1.2.8. REPRESENTATION OF FOS IN THE CAMBODIAN RICE FEDERATION

#### 1.2.8.1. PARTICIPATION IN CRF EXECUTIVE COMMITTEE

Mr Sam Art Veasna, Vice President of FCFD and President of Nikom Preah Sihanuk AC in Battambang was elected in May as a member of the Executive Committee of CRF<sup>7</sup>. Since CRF was established, he took part in all the 4 monthly meetings of the Executive Committee. Subject discussed during this period have included market prospection, organization of CRF management team, revision of statute and preparation of internal rules.

#### 1.2.8.2. SETTING UP A WORKING GROUP ON FARMER ORGANIZATIONS IN CRF

CRF has shared with the project management team a tentative list of different working groups that the Federation wishes to establish, which include a group on "Farmer Organizations" (Cf. § 1.1. in this report, page 3). Mr. Sam Art Veasna, was tentatively appointed to take the lead of this group, but no list of member was established yet. As stated in § 1.1., the project has suggested that the group shall focused not on Farmer Organizations *per se* but on strengthening linkages and partnership between Farmer Organizations and rice millers / exporters. Mr Sam Art Veasna has suggested to CRF's Board members and Director to recruit 2-3 peoples who skilled on agriculture, rural development and support to Farmer Organizations.

#### 1.2.8.3. CONSIDERING PARTICIPATION OF FO FEDERATIONS IN THE CAMBODIAN RICE FORUM

On behalf of FO Federations, Mr. Sam Art Veasna, was contacted and had several meetings with FASMEC President<sup>8</sup> to discuss about possible participation of FO Federations in the Cambodian Rice Forum 2014 (scheduled on 20-21 November 2014 in Koh Pich, Phnom Penh). FASMEC agreed to provide one booth (3 × 3 m) for exhibition of FO's documentation during the forum, but FASMEC is asking for 600 USD contribution to FO Federations (+ registration of farmers to participate). Negotiation between FO Federation and FASMEC are still on-going.

### 1.2.9. EXPLORING POSSIBLE MERGING OF FAEC AND FCFD

Further to the preliminary meetings (Step 1) between FAEC and FCFD boards in June<sup>9</sup>, the following steps have been undertaken as part of this process of consultation on the potential merging of the two Federations:

#### 1.2.9.1. STEP 2: GETTING FAEC AND FCFD BOARD TO KNOW BETTER EACH OTHER AND VALIDATE THE PRINCIPLE OF A MERGING

On 18 July, a meeting of the two Boards of FAEC and FCFD took place in Phnom Penh. 30 Representatives of the two Federations were presents. The purpose was first to get the two Federations to better know each other. Each Federation has presented to the other its mission, vision, value, goal, objectives, activities, resources, partnerships and ongoing projects. Presentations were followed by an

<sup>7</sup> Cf. Quarterly Executive Report #06, pages 4-6.

<sup>8</sup> FASMEC is the main organizer of the Cambodian Rice Forum, which is prepared in partnership with CRF.

<sup>9</sup> Cf. Quarterly Executive Report #06, page 10.



extensive questions and answer sessions. After both Federations representatives had this better knowledge of each other, complementarities and interest for the merging became clearer.

A vote was undertaken at the end of the session to validate the principle of the merging and the continuation of the process. The principle agreement on the merging was accepted at the unanimity of representatives.

#### 1.2.9.2. STEP 3: DRAFTING STATUTES OF A NEW FEDERATION

Several sessions of meetings have been organized for a total of four full days in August (in two different locations) to start to work with representatives of FAEC and FCFD on the drafting of new statutes for the new Federation that would result from the merging. Statute and internal regulation were fully drafted during these meetings. Participants have notably agreed on the structure of the governing bodies (General Assembly, a Board composed of a total of 21 representatives, including 7 members of the Executive Committee and 3 members of the Audit Committee) and election rules.



*Preparation of statutes by representatives of FAEC and FCFD* △

During one of the session, on 26 August, the Project Management Advisor has provided information on the possible option that the new entity established would be the basis of the National Alliance of Agriculture Cooperatives<sup>10</sup>, for which provision is made in the Law on Agricultural Cooperatives of 2013. This option could present advantages in term of institutional positioning and opportunities, and besides it would contribute to build the National Alliance on an existing dynamic, with potentially more independence of the Alliance than if it is created *ex nihilo* under guidance of a public institution. Yet the PMA has also stated that this scenario would require extensive negotiation with MAFF and certain compromises. It will be then the responsibility of the leaders of FAEC and FCFD to judge and decide if adjustments that MAFF may require for the new institution to become the official Alliance of Cooperative are too intrusive or are acceptable.

#### 1.2.9.3. STEP 4: CONSULTATION WITH MEMBERS OF BOTH FEDERATIONS

Three workshops have been organized to consult with members of FAEC and FCFD about the envisaged merging of the two structures and the statute drafted:

- One workshop in Takeo on September 10, with 21 participants from FO members from Takeo and Kampong Speu provinces;
- One workshop in Prey Veng on 12 September, with 22 participants from FO members from Prey Veng and Svay Reang provinces.
- One workshop in Battambang on September 17, with 16 participants from FO members from Battambang, Siem Reap and Kampong Thom provinces.

As a result of these workshop, the statutes drafted by the two boards of FAEC and FCFD have been slightly modified, and members of both federations have expressed their interest and support for the process of merging engaged.

<sup>10</sup> This perspective was presented during the 3rd Meeting of the Project Steering Committee on 12 August 2014 and was not objected – Cf § 5.1.2. in this Report page 38.

## 1.2.9.4. DISCUSSION WITH AFDI (FAEC PARTNER)

In September, a discussion took place between the project team (Jean-Marie Brun and Christophe Goossens) and officers of AFDI in France, by e-mail on 12 September then by Skype on 15. AFDI being a partner of FAEC, there was a need to provide more information of the envisaged process of merging of FAEC with FCFD and on the procedure and timing of this process. Information /clarifications have been provided by the project team, and it has been acknowledged that it will be necessary to take enough time to allow contractual adjustments and administrative procedures to avoid disruption in existing partnerships.

## 1.2.10. OVERALL REVIEW OF THE IMPLEMENTATION OF THE SUPPORT TO FAEC AND FCFD

The Table 2 below proposes a summarized overview of progresses and achievements regarding different elements of FAEC and FCFD action plans. More detailed monitoring tables are available with FAEC and FCFD quarterly reports prepared for SNEC project.

**Table 2: Monitoring of indicators and milestones of the support to FO Federations (end September 2014)**

	Indicators / Criteria	Progress Status	Comments
INSTITUTIONAL	Strategic action plan developed	100 % ■■■■	Plans develop during 1 <sup>st</sup> semester 2014.
	MOU with FAEC and FCFD signed	100 % ■■■■	MOU were signed in June 2014.
	Recruitment of TAs by the two Federations	100 % ■■■■	Recruitment done during previous quarter.
	Equipment of Federations offices	100 % ■■■■	Offices equipped in July 2014.
	Revision of Scoring Criteria Method	0% □□□□	Will start during next quarter.
	Improve Federations' Financial management procedures	50% ■■□□	Training took place. Implementation to be further monitored.
	Consider merging of FAEC and FCFD	50% ■■□□	Steps 1 to 4 implemented.
SERVICES	Form pre-unions of cooperatives	25% ■□□□	Information provided to FOs. 25 potential Unions identified. 1 Pre-Union supported in a more operational way in Tramkak.
	Communication / meetings with rice millers	25% ■□□□	4 rice millers met during 3 <sup>rd</sup> quarter 2014.
	Booklet on paddy supplying abilities	50 % ■■□□	Information collected from 71 FOs.
	Training on paddy quality assessment	25% ■□□□	One training implemented for 24 FOs.
	Ease relations with input suppliers	50 % ■■□□	Preferential access conditions granted by some suppliers + demo plots.
	Technical training on rice cropping	25% ■□□□	Training and demo supported by suppliers
	Improve access to quality seeds	0% □□□□	
	Training on seeds multiplication	0% □□□□	
COM' AND ADVOCACY	Ease access to credit	10% ■□□□	Meetings with Kredit, Vision Fund...
	FAEC/FCFD Websites	50 % ■■□□	FCFD website up-dated.
	Participation in public events	0% □□□□	
	Documents / publication	25% ■□□□	FAEC and FCFD leaflets available
	Development of advocacy strategic plan	100 % ■■■■	
	Representation / Participation in CRF	50 % ■■□□	One FO representative in the Executive Committee of CRF and active.
	Consultation on draft model of by-laws on AC Unions	50 % ■■□□	First step of consultation implemented



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

### 2.1. CAMBODIAN STANDARDS ON RICE

As stated in the last Quarterly Report, revised Cambodian Standards for milled rice were approved by the Ministry of Industry and Handicraft in April 2014. During the Project Steering Committee meeting in August, it was acknowledge that there is not much more to do right now about the Cambodian Standard on rice, but (as enhanced by H.E. Heng Sokkuong, Secretary of State of MIH ) to follow upon the demand for the use of those standards.

During the Steering Committee Meeting, IFC (represented as an observer by Mr Bas Rozemuller) has confirmed that IFC project is implementing a regular survey of rice millers which includes questions regarding the quality standards used. IFC can thereof provide regular up-date on the use of Cambodian Standards as the reference for millers and for their clients.

Beyond the standard themselves, the main issue is to make sure that Cambodian exporters are actually supplying what they say they are selling, in term of quality (with Cambodian Standard or other specifications as the reference). This is a subject of collective importance, as misbehavior of one exporter often affects the reputation of all of them. CRF could work in order to develop a code of conduct. The possible development of a certification mark could also be a solution (and existing Cambodian standard could be the backbone to develop the specifications and the eligible categories to use the defined seal) – See following part below on this subject.

### 2.2. QUALITY LABEL / CAMBODIAN RICE BRANDING AND EXPORT PROMOTION

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

The implementation of the international market study implemented by Agland Investment Services Inc. (in association with FoodWorks and GEM) has been pursued and finalized during this quarter.

##### 2.2.1.1. COUNTRY REPORTS (DELIVERABLE 5)

Further to the delivery by Agland of draft country reports, SNEC project team and IFC have jointly sent comments in the end of June (for USA, France and China reports), and in early July for the reports on Germany, Cote d'Ivoire and Singapore (See Table 3 below):

**Table 3: Delivery of country reports and comments**

Country report	1 <sup>st</sup> draft delivery	Comments sent	Revised version delivery by Agland
United States of America	10 June 2014	20 June 2014	10 July 2014
France	10 June 2014	20 +22 June 2014	12 July 2014
China	10 June 2014	20 June 2014	10/07 then 07/08
Germany	21 June 2014	1 <sup>st</sup> July 2014	18 July 2014
Cote d'Ivoire	21 June 2014	1 <sup>st</sup> July 2014	18 July 2014
Singapore	24 June 2014	5 July 2014	18 July 2014

Agland has then provided edited versions of the country reports in mid-July (plus a second revision of the report for China in August).

#### 2.2.1.2. SYNTHESIS REPORT (DRAFT)

Further to the delivery by Agland of a first draft of Synthesis Reports <sup>11</sup>, comments were prepared by SCCRP PMA and by IFC and consolidated before they were sent to Agland on 5<sup>th</sup> July 2014.

An edited version of the Draft Synthesis Report was delivered by Agland on September 1 (This was the version delivered to participants in the restitution workshop – see § 2.2.1.4. below)

#### 2.2.1.3. BRIEF REPORT ON FIELD WORK (DELIVERABLE 4)

Agland has also provided list of contacts in the different targeted countries but was asked to provide a brief implementation report for each country study, i.e. not providing the analysis of the market, but just factual elements on how the study was implemented in each country (by whom, from when to when, and with a description of the tasks undertaken in countries and of persons met). This report was finally delivered on August 28.

#### 2.2.1.4. RESTITUTION WORKSHOP: PRESENTATION OF RESULT AND DISCUSSION WITH EXPORTERS (DELIVERABLE 6)

Agland and its partners (FoodWorks and GEM) have presented the results of the international market study during a full-day workshop organized on September 11, 2014 in Sofitel Phnom Penh. The workshop was co-organized by SCCRP project, IFC, CRF and Agland team. The morning session was mainly dedicated to the presentation of the six country reports. The afternoon session was focused on the overall market / branding strategy (presentation by consultants and plenary discussion) and to group discussions by groups of targeted countries (USA and Cote d'Ivoire, France and Germany, China and Singapore). All country report and draft synthesis report have been provided to participant in soft copies (flash drives).



△ Restitution workshop of the international market study co-financed by SNEC/AFD and IFC projects, on 11 September 2014.

#### 2.2.1.5. FOLLOW-UP AFTER THE WORKSHOP

A debriefing meeting with the consultants took place on the following day in IFC office, with the participation of SCCRP PMA and CRF Secretary General. Several exporters have expressed their interest with the workshop and the information provided. The idea to establish a collective seal or certification mark was discussed during the workshop and seems largely supported by many exporters on the principal. As a follow-up, there is a need to define a road-map and set-up a working group (under CRF but coordinated with IFC and SNEC project teams and inputs) to further develop the concept.

<sup>11</sup> Cf. Quarterly Executive Report #06 page 12.

### 2.2.1.6. FINAL SYNTHESIS REPORT (DELIVERABLE 7)

The final synthesis report of the study was expected to take into account the results from the restitution workshop and consultation with exporters (in addition to the comments provided by SNEC and IFC). Considering that feedback from the workshop were not contradicting the edited version of the synthesis previously sent by Agland, but rather bringing additional elements of discussion, it was agreed that the final synthesis report shall not be fundamentally changed but that the inputs from the workshop would be added in the form of an Annex to the report. Agland has provided a first draft conference report (to be thereof attached to the synthesis report) on September 14. This report was quite comprehensive. Yet, further to comments by SNEC PMA (and additional input by Michel Timsit from GEM) a revised version of this conference report was sent 5 days later.

The final deliverables have been accepted and a request for payment of Agland's final invoice was prepared on September 30, 2014. Final payment shall be done in early October, ending the contract of Agland.

Yet, comments received by IFC from a reviewer of the report will be send to Agland in order to get the advices of the consultant on how they could be answered or addressed, in particular in the perspective of a possible publication and broader dissemination of the report that IFC is considering.

### 2.2.2. PREPARATION OF A COMPREHENSIVE WORK PLAN FOR THE DEVELOPMENT AND IMPLEMENTATION OF A CONSISTENT BRANDING STRATEGY

As stated in § 2.2.1.5. (previous page), it is needed to develop a more comprehensive approach and work plan on how CRF, with the support of IFC and SCCRP, will further work on the development of a consistent branding strategy and brand development. The issue was raised again with CRF and IFC on 29 September<sup>12</sup>. Such a detailed work-plan still has to be developed. But it was agreed that CRF shall establish a task-force / working group on this subject.

IFC consultant and SCCRP PMA have also both highlighted that the question that should be addressed first is not the name of the collective (or certification) mark that could be developed, but that the 1<sup>st</sup> question to address is “What actually Cambodian exporters want to brand?” (i.e. is it only the top premium Cambodian Jasmine rice, or what shall be covered under this “brand”), then 2<sup>nd</sup> what are the main values or attributes that are associated with this (/these) product(s) and that exporters want to communicate on with the brand.

The question of the name and associated graphic works can be addressed later and shall be addressed with the input of professional in marketing and communication. In parallel the team shall work on the quality specifications and control mechanisms to be developed and implemented to ensure the quality consistency of the sealed products.

### 2.2.3. PREPARATION OF A CAMBODIAN RICE PROMOTION IN SIAL AND SIDE ACTIONS IN FRANCE

#### 2.2.3.1. PRELIMINARY DISCUSSIONS WITH CCFC AND IFC ON THE PRINCIPAL OF SUPPORTING A CAMBODIAN RICE PROMOTION DINNER

Further to previous quarter discussion<sup>13</sup>, a meeting between CCFC, SNEC Project Management Advisor and AFD took place on August 4, 2014. CCFC has confirmed the organization of a promotion dinner in France on 20 October 2014 at “*Le Carré des Feuillants*” in Paris, with French chef Alain Dutournier in partnership with Cambodian chef Luu Meng. From the point of view of CCFC, the purpose of this dinner is primarily to build relationship between French and Cambodian businesses and officials (S.E. Sun

<sup>12</sup> Cf. § 1.1.1. in this report, page 3.

<sup>13</sup> Cf. Quarterly Executive Report #06, § 2.2.2.1.

Chanthol, Senior Minister, Minister of Commerce of Cambodia, has confirmed his intention to join the mission in France). CCFC have asked if AFD (via SCCRP Project) could contribute to the financing of the dinner. The idea has been incorporated as part of the proposals submitted to the Project Steering Committee the following week (on August 12), and the principle was approved.<sup>14</sup>

#### 2.2.3.2. PREPARATION OF A MORE COMPREHENSIVE PROGRAM OF MISSION IN FRANCE AND EUROPE

Further discussions took place between SCCRP, CCFC, IFC and CRF to lead to a more comprehensive program of a market mission in France (and Europe), and on the principle of a co-organization of the whole mission (that will be flagged as such, even if actual financial contributions of the different partners might cover only part of the activities implemented during the mission). On August 14 notably, additional discussions took place to discuss about the audience of the diner and on other activities that could be organized. SCCRP PMA has provided a contact list of press and media (notably of media specialized in food and gastronomy) to CCFC.

In order to clarify the content of the mission and the conditions of the partnership between the different entities involved in its organization, SNEC Project Management Advisor has prepared a presentation note which cover all the different actions foreseen to be included in the mission, and the respective roles and contributions (financial and operational) of the different partners involved (SNEC SCCRP, IFC, CCFC, CRF...). The first draft of the note was submitted to partners on August 21 for comments and amendments. The presentation note goes far beyond the single idea of a promotion dinner that was proposed by CCFC, but provides a comprehensive overview of the whole market mission in France and Europe, which includes:

- The booth of Cambodian Rice Exporters in SIAL (mainly coordinated by IFC);
- A business meeting and conference in MEDEF (mainly coordinated by CCFC);
- The promotion diner in “Le Carré des Feuillants” (mainly coordinated by CCFC);
- A possible visit of Rungis International Wholesale Market;
- A visit to an Inter-professional organization (*InterCéréales*) for CRF to learn about this experience (mainly coordinated by IRAM for the SCCRP);
- And a market mission in other European countries: Germany, Netherlands, Belgium (fully coordinated by IFC).

#### 2.2.3.3. FINALIZATION OF THE PROPOSED BUDGET CONTRIBUTION FOR SCCRP

The presentation note, estimation of budget and cost-sharing was then further fine-tuned and discussed with partners<sup>15</sup> until a final evaluation of SCCRP maximum contribution was set to be submitted to SCCRP Project management and to AFD non-objection. SCCRP PMA took part in several additional multilateral or bilateral meetings with IFC, CCFC, AFD, French Embassy, and CRF on 29 August, 3<sup>rd</sup> September, 12 September and 18 September.

The request for non-objection was sent to AFD on 19 September, and non-objection for the proposed project’s financial contribution has been granted by AFD on 30 September 2014. The project financial contribution will cover travel and accommodation costs for CRF Secretary General and for project’s PMA, cost of booth installation in SIAL, local transportation costs for the delegation to go to important events as part of the program in Paris, and 70 % of the costs of the promotion dinner.

<sup>14</sup> Cf. § 5.1.2. 3<sup>rd</sup> Steering Committee Meeting, page 38 in this Report.

<sup>15</sup> But very scarce written comments or edited version of the note have been provided to SCCRP Project Management Advisor.

#### 2.2.3.4. PREPARATORY MEETING WITH EXPORTERS

IFC has organized a preparatory meeting of the market mission in France and Europe on 29 September, in which most of the exporters intending to take part in all (or part of) this program were present. SCCRP PMA took part in this meeting and has contributed information notably regarding the promotion dinner and the visit to “*InterCéréales*”.

### 2.2.4. PREPARATION OF A CAMBODIAN RICE FESTIVAL

#### 2.2.4.1. DISCUSSION AND AGREEMENT ON THE PARTNERSHIP FOR CO-ORGANIZATION WITH IFC

In 2013, the Support to the Commercialization of Cambodian Rice Project has provided a limited contribution to the organization of the 1<sup>st</sup> Cambodian Rice Festival. In the recent month, SCCRP has discussed with the IFC about the organization of a 2<sup>nd</sup> edition of this Festival. Whereas the principle of organizing this Cambodian Rice Festival every year could be discussed, the organization of a 2<sup>nd</sup> edition in November 2014 is fully justified considering that Cambodia will host the 6<sup>th</sup> World Rice Conference. It has thereof been proposed to synchronize and link the two events. Cambodian Rice Festival is scheduled on November 18 in Phnom Penh Sofitel Hotel, where the TRT World Rice Conference will take place on the two following days. It has been agreed that the Support to the Commercialization of Cambodian Rice Project would cover the main costs of event manager and installation and performances for the 2<sup>nd</sup> Cambodian Rice Festival, whereas IFC will cover some other costs (but the all event being “co-branded” by the two projects and involving the Cambodian Rice Federation as the main stakeholder).

#### 2.2.4.2. ADJUSTMENT OF THE CONCEPT AND FOCUS FOR THIS SECOND EDITION OF THE FESTIVAL

Whereas the concept of the Festival is mainly the same as the 2013 edition, a few adjustments have been enhanced and reflected in the Terms of Reference for this 2<sup>nd</sup> edition:

- The will to give a bit more focus on farmers in this edition, which is essential to enhance the producers efforts and also a “must” since 2014 is the international year of family farming;
- The need to take into account the specific audience of international rice businesses and traders that will already be in the Hotel for the TRT World Rice Conference, providing a unique opportunity to showcase an excellent image of Cambodian rice and of Cambodian rice industry.

#### 2.2.4.3. RECRUITMENT OF EVENT MANAGER

A call for Expression of Interest was first issued in August by IFC, while the arrangement on cost-sharing between the two projects for the 2<sup>nd</sup> Cambodian Rice Festival were still being discussed. SNEC has then taken over the leadership of recruitment process (yet still associating closely IFC team). Four companies had sent their Expression of Interest and were all shortlisted and invited to submit full proposal.

A pre-tender briefing was organized in SNEC on September 9 with the shortlisted companies (only 3 out of 4 were present), then a visit of Sofitel was prepared for them on September 11 in order to get familiar with the locations and spaces that would be available for the festival.

Deadline for submission was set on 25 September. Only two companies have finally submitted a full proposal, and a procurement commission involving SNEC and IFC has judged the offers on 26 September and selected Red Dot<sup>16</sup> as the organizer of the 2<sup>nd</sup> Cambodian Rice Festival. The selection was approved by AFD on 30 September 2014.

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<sup>16</sup> Which was also the organizer of the 1<sup>st</sup> edition of the event in Siem Reap in October 2013.

## 2.2.5. CERTIFIED ORGANIC RICE

### 2.2.5.1. POTENTIAL INTEREST OF THE DEVELOPMENT OF AN ORGANIC RICE SUPPLY CHAIN

The international market study<sup>17</sup> has underlined a potential interest to develop and export organic rice from Cambodia. This will never represent very large volumes, since the organic segment in rice market remains relatively narrow (yet quite significant in countries like Germany). Besides a higher added value, offering organic rice can be an entry point to raise the interest of importers, who may then order both organic and non-organic. Moreover, distributors / brands who are commercializing organic rice are also often more attached to product differentiation, pay attention to the origin of products (organic consumers are often also interested to know more about the origin of the product) and are very likely to enhance the Cambodian origin (whereas other importers may treat the rice as a generic commodity), which is of strategic importance for the overall promotion of Cambodian rice.

For all these reasons there is an interest to develop an offer for certified organic rice for export.

### 2.2.5.2. SYNERGY WITH COMPONENT #3 PILOT OPERATION ON ORGANIC PADDY SELLING BY COOPERATIVES OF PREAH VIHEAR

To date, only a few hundred tons of organic rice have been exported from Cambodia (to the USA, mainly), notably by CEDAC. But the pilot action on production and commercialization of organic paddy by 8 cooperatives in Preah Vihear, and the interest of exporters to purchase, process and export this harvest is an opportunity to better explore and scale up export of organic rice (See § 3.4., pages 24 to 28 in this report).

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<sup>17</sup> See § 2.2.1. pages 13-15.



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

#### 3.1. CONTRACT FARMING BETWEEN LORAN GROUP AND FARMER ORGANIZATIONS

##### 3.1.1. PREPARATION AND CAPACITY BUILDING OF FOs

In May 2014, Loran Rice mill has signed two contracts for the supply of paddy by two Farmer Organizations: Nikum Preah Sihanouk AC and Svay Ar FWUC<sup>18</sup>. Support and follow up regarding the implementation of the contracts have been done during this quarter until the harvest.

In July and August, Mr Hy Thy has provided support and training for the two FOs to prepare their internal organization to manage the collection of paddy and transaction with the mill (See more details in § 3.5.1. pages 29-30 in this report).

##### 3.1.2. DIFFICULTIES OF IMPLEMENTATION BY NIKUM PREAH SIHANOUK AC

###### 3.1.2.1. ISSUE OF PRICE OFFER BY LOCAL COLLECTORS

When came the time of harvest in September, difficulties have been faced by the Nikum Preah Sihanouk because the price offered by local collectors for *Malis Srangae* paddy (collected in the village) was equivalent to the price offered by Loran for paddy delivered at their mill. The contract stated that the price would be defined based on the prices offered by 3 to 5 other rice mills nearby Loran (selected jointly by the two parties). Unfortunately, at the time of the purchases, the team has reported that none of these reference millers were buying *Malis Srangae* variety. Thereof, it seems that there was no more applicable reference to set the price.

Since they had to cover the transportation costs by a deduction on the price of the paddy they receive, farmers member of the cooperatives were then dissuaded to sell their paddy to the cooperatives whereas they were finally getting a better net income by selling to local collectors. The cooperative was then unable to collect the paddy from its members to supply Loran, and farmers were asking for a revision of the price by Loran (or for Loran to bear transportation costs).

###### 3.1.2.2. MEDIATION OF THE PROJECT TEAM AND DAI TO ADDRESS THE CONFLICT

Alerted about the difficulty encountered, the project team, notably consultant of Component #3 and DAI counterpart staff (associating also PDA staff), organized a meeting at Loran rice mill with leaders of Nikum Preah Sihanouk AC and also leaders of FWUC Svay Ar, on 20 September 2014.

More detailed information was given on the situation:

- During the first week of harvest, 10.7 tons of paddy were sold by Nikum Preah Sihanouk AC to Loran rice mill at the price of 920 KHR/kg.
- The following week, the cooperative delivered 7.5 tons but the price offered by Loran was then only 806 KHR/kg, which was the same price as the one offered by local traders at farm gate price.

<sup>18</sup> Cf. Quarterly Executive Report #06, page 14.

The members have then asked Loran rice mill to cover the transportation cost from the cooperative to the mill (about 10 USD per ton), but the request was rejected (logically, since the deal made in the contract was that paddy had to be delivered to the mill by the FO). Loran rice mill representative also refused to reconsider the proposed price. The cooperative leaders said that they would have to consult with their members in order to see how many of them would drop-off from the contract, and it was agreed that both parties meet again one week later. Despite this would be a breach in contract, Loran said that they would accept and not seek additional compensation (but the reimbursement of the advance for seed that Loran has made) in case the cooperative fail to supply the agreed quantities.

On the afternoon of 20 September, another meeting was organized with the members of the cooperative to present the result of the discussion with Loran. Most of members expressed that, despite they understand the terms of the contract signed, they are not ready to sell to the cooperative or to Loran for a lower net income (after transportation costs are deducted) than what they would get by selling to collectors in the village. It was agreed that the cooperative leaders would establish a list of members willing to keep their commitment towards the contract and those who decide to drop off.

On 26 September, cooperative leaders met Loran again and have provided a list of members (thumb-printed by each of them) with their individual decision to keep selling to Loran or to sell to local collectors. Only two members (who have their own hand tractors and can transport the paddy themselves) decided to sell to Loran. If prices offered by collectors decrease, Loran stated that they would not buy anymore the paddy from the members who decided to resign from the contract.

#### 3.1.2.4. CONCLUSIONS, PERSPECTIVES AND LESSONS LEARNT

Whereas the contract signed between Loran and Nikum Preah Sihanouk AC was targeting a volume of 87 t of *Malis Srangaè* paddy, the cooperative was able to deliver about 18 tons only (See Table 4 below), and it is not foreseen that much more will be added in October until the end of this harvest. Beyond this failure, this case questions the relevance and meaning of the Contract Farming: if, at the time of harvest, any party who is not satisfied anymore with the conditions of the contract can cancel its commitment, then the principle of sealing a deal months before the selling of paddy is meaningless. The cancellation has been done with no penalty or further claim, thanks to the good will of the buyer and the priority he gave to avoid a conflict with farmers and preserve a good image. Mediation has been relatively fruitful and permitted to avoid a more conflictual situation, thanks to the good will of both parties. But maybe the attitudes would have been different if much bigger volumes had been at stake, and then one has to recognize that abilities to enforce the terms of the contracts or arbitrate special situations are still lacking.

**Table 4: Paddy delivered by Nikum Preah Sihanouk AC and prices paid by Loran**

Variety	Quality	Volume	Unit price
<i>Malis Srangaè</i>	Second	18,200 kg	806 to 920 KHR/kg
<b>Total <i>Malis Srangaè</i></b>		<b>18,200 kg (for 87,000 kg contracted)</b>	

Besides, lessons can be drawn regarding some elements of the wording of the contracts, notably:

- The need to make sure that the buyers used as the price references will actually buy the same type of product at the expected time of harvest, or the need to indicate how the problem would have to be addressed if it is not the case;
- Incidentally it was also noted that in this contract, the way to use the agreed “market price reference” was unclear (unlike in the case of the contract signed with BRICo which is clearer on that point): both parties have agreed to use few mills for price reference, but it is not clear if the



price shall be based on the highest of these few mills, or on the average price in the different points of reference, or in another way...

### 3.1.3. IMPLEMENTATION BY FWUC SVAY AR

The Farmer Water User Community of Svay Ar had signed a contract with Loran rice mill to supply 36 t of *Malis Sragnae* paddy and 38 t of *Sen Kraob* paddy. Despite in some case similar difficulties were reported by FWUC leaders (similar price offered by collectors in the village), the farmers kept their commitment toward Loran mill. More than 49 t of *Sen Kraob* have been delivered to Loran, and more than 43 t of *Malis Sragnae*. It has to be noted that all the paddy delivered has reached only the second quality grade. Price offered for *Sen Kraob* was above 1,220 KHR/kg, and for *Malis Sragnae* it has varied between 856 and 945 KHR/kg.

**Table 5: Paddy delivered by FWUC Svay Ar and prices paid by Loran mill**

Variety	Quality	Volume	Unit price
<i>Sen Kraob</i>	Second	6,000 kg	1,234 KHR/kg
	Third	43,180 kg	1,222 KHR/kg
	<b>Total <i>Sen Kraob</i></b>	<b>49,180 kg</b>	<b>(for 38,000 kg contracted)</b>
<i>Malis Sragnae</i>	Second	43,133 kg	856 to 945 KHR/kg
	<b>Total <i>Malis Sragnae</i></b>	<b>43,133 kg</b>	<b>(for 36,000 kg contracted)</b>
<b>TOTAL all varieties</b>		<b>92,313 kg</b>	<b>(for 74,000 kg contracted)</b>

## 3.2. CONTRACT FARMING BETWEEN BRICO AND FARMER ORGANIZATIONS

### 3.2.1. PREPARATION AND CAPACITY BUILDING OF FO

In last May, a contract was signed between BRICO rice mill and the Farmer Association “*Samakum Pet Sat Phum doeumbay aphivath kasekar khum Rong Chrey*” for the supply of 170 tons of *Sen Kraob* paddy<sup>19</sup>.

In July and August, Mr Hy Thy has provided support and training for this FO to prepare their internal organization to manage the collection of paddy and transaction with the mill (See more details in § 3.5.1. pages 29-30 in this report).

### 3.2.2. IMPLEMENTATION AND RESULTS

The major issue with the implementation of this contract was the low varietal purity of the paddy produced and delivered to BRICO. Only 4 tons qualified for first quality and 15.6 t for second quality (See Table 6 below). All the remaining volumes were judged as third quality.

**Table 6: Paddy delivered by *Samakum Pet Sat Phum doeumbay aphivath kasekar khum Rong Chrey* and prices paid by BRICO**

Variety	Quality	Volume	Unit price
<i>Sen Kraob</i>	First	4,075 kg	1,260 KHR/kg
	Second	15,605 kg	1,235 KHR/kg
	Third	43,875 kg	1,203 KHR/kg
	<b>Total <i>Sen Kraob</i></b>	<b>63,555 kg</b>	<b>(for 170,000 kg contracted)</b>

<sup>19</sup> Cf. Quarterly Executive Report #06, pages 15-16.

Despite BRICo was not bound to buy third quality paddy, the mill has accepted to purchase nearly 44 tons of the paddy that was not qualified, in order to maintain a good relation with farmers. The remaining quantities were sold by members of the FO to local collectors at an average price of 1,184 KHR/kg.



*Truck loading in Samakum Pet Sat Phum documbay aphivath  
kasekar khum Rong Chrey ▷*

### 3.3. CONTRACT FARMING BETWEEN GOLDEN RICE AND FARMER ORGANIZATIONS

#### 3.3.1. IMPLEMENTATION OF CONTRACTS BETWEEN GOLDEN RICE AND FOs FOR SEN KRAOB PRODUCTION

In May 2014, Golden Rice has signed two contracts with FOs (Sromok Soksenchey AC and FWUC Teuk Chhar) for the production of *Sen Kraob* (as a technical test of the variety, with limited volumes committed)<sup>20</sup>.

##### 3.3.1.1. IMPLEMENTATION BY FWUC TEUK CHHAR

In Teuk Chhar, seven farmers were involved with the production of *Sen Kraob* paddy on a total surface of 2.15 ha. Commitment of the FWUC was for a volume of 5 tons to be delivered to Golden Rice, at a fixed price of 1,020 KHR/kg.

Production results have been satisfactory, with a total of 8,362 kg of paddy produced on 2.15 ha (i.e. an average yield of about 3.9 t/ha). All this production was delivered to Golden Rice, in two deliveries: first delivery of 4,070 kg on September 12, and second delivery of 4,292 kg on September 18, 2014. Price paid by Golden Rice was according to the contract (fixed price of 1,020 KHR/kg) for the first delivery. The price expected for the payment of the second delivery is expected to be the same, but until 30 September, Golden Rice has not yet proceeded with the payment of the second delivery (nearly two weeks after receiving the paddy).

##### 3.3.1.2. IMPLEMENTATION BY SROMOK SOKSENCHHEY AC

In Sromok Soksenchey AC, twelve farmers were involved with the production of *Sen Kraob* paddy on a total surface of 9 ha. Commitment of the cooperative was for a volume of 22 to 40 tons to be delivered to Golden Rice, at a fixed price of 1,020 KHR/kg. The harvest was initially scheduled in September but will actually take place in early October 2014.

During a follow-up visit of the production site and meeting on 20 August between FO and Golden Rice (with participation of project team and PDA), farmers have expressed that with the current price offered by Golden Rice (1,020 KHR/kg), they might not be interested to continue to produce this *Sen Kraob* variety. Even if its price is lower, they estimate that they obtain better income with IR-504 since the productivity is a bit higher (4 tons/ha, whereas in August their preliminary expectation of yield for *Sen Kraob* was only 2.5 t/ha) but more importantly because the shorter cycle duration of IR-504 allows to harvest 3 times in a year whereas only 2 harvests can be done with *Sen Kraob*.

<sup>20</sup> Cf. Quarterly Executive Report #06, pages 16-17.

### 3.3.2. PERSPECTIVES FOR ADDITIONAL PARTNERSHIPS BETWEEN GOLDEN RICE AND FOS

#### 3.3.2.1. EXPLORATION OF POTENTIAL PARTNERSHIP WITH FOS IN KANDAL PROVINCE

The project has supported the organization of three meetings to explore partnership between Golden Rice and 9 Farmer Organizations of Kandal province, as detailed below:

- On 14 July, meeting with two FOs in Saang district: *Saang Phnom Richchamroeun* and *Kumneth Thmey Krangyou*.
- On 4 August, meeting with four FOs of Khsach Kandal district: *Seda Prey Lak Mchas*, *Salong*, *Chivit Thmey Kachonleng* and *Krouch Saeuch Puk Russey Leu*.
- On 5 August, meeting with three FOs of Kandal Stueng district: *Tboung Kdey Rungroeng*, *Samaki Khum Preah Puth* and *Reakchamroeun*.

The aim was to explore possible replication and scaling up of partnership for the production of *Sen Kraob* paddy. Meeting were based on a proposed offer of Golden Rice, with indication of the duration of the crop (4 months), average yield expected, technical specifications and price offered.

Several of the FOs have expressed an interest but said they would have to refer to their members before to reply to Golden Rice. But no feedback was provided until end of September.

#### 3.3.2.2. CONSULTATION WITH GOLDEN RICE MANAGEMENT

The Project Management Advisor and Mr Tith Samon, officer of component #3 have met Mr David Sok, Vice-President of Golden Rice (Cambodia) on 6 August 2014 in order to review progresses of implementation of the partnership and discuss next perspectives.

During this meeting Golden Rice expressed that after the pilots on *Sen Kraob*, they intend to dedicate the following weeks/months to focus more on wet season fragrant rice (notably *Phka Romduol*). Whereas Golden Rice still organizes its supplies mainly from rice millers in order to get large quantity, Mr Sok confirmed that the company is still interested to survey availability of paddy from FOs and to get supplied by them. He also informed that Golden Rice has improved its drying facilities and can now more easily buy wet paddy.

#### 3.3.2.3. EXPLORATION OF POSSIBLE PARTNERSHIP WITH FOS SUPPORTED BY JICA FOR PHKA ROMDUOL

Since Golden Rice was also interested to buy semi-milled rice, meetings between Golden Rice and two Agricultural Cooperatives recently equipped with milling and storage facilities with the support of JICA have been organized in August, as follows:

- On 18 August 2014, with *Sangkor Meanchey* Agricultural Cooperative in Kampong Svay district, Kampong Thom province;
- On 20 August 2014, with *Samaki Senprasream* Agricultural Cooperative<sup>21</sup> in Prey Kabas district, Takeo province.

During these two meetings, Golden Rice has explained to cooperative leaders its intention to develop partnership with Agricultural Cooperatives and has proposed the conditions described in the Box 1 next page.

<sup>21</sup> This cooperative was already visited in March 2014 by the project team: see Quarterly Executive Report #05, page 28.

### Box 1: Condition proposed by Golden Rice to ACs for the purchase of semi-milled *Phka Romduol* rice or Fresh *Phka Romduol* paddy

#### **Conditions proposed for semi-milled *Phka Romduol* rice:**

Contract for the supply of 50 tons of semi-milled *Phka Romduol* (limited volume for a first test);

Quality requirements:

- Minimum 80% of purity;
- Maximum 5% broken;
- No yellow kernel.

Price of 720 USD/t (discount to apply if there are rice weevils in the rice).

Payment 15 days after delivery to Golden Rice mill.

#### **Conditions proposed for fresh *Phka Romduol* paddy:**

Contract for the supply of 80 to 100 tons of *Phka Romduol* paddy, wet, immediately after harvest.

FO shall be responsible to check the quality of paddy, arrange the transportation from members' field to agreed collecting point.

Quality requirements:

- Minimum 85% of purity;
- Maximum moisture content: 26 %;
- Clear color;
- Maximum 10% immature grains.

Price based on market price: highest price offered by local traders within that region on the same day.

Payment 1 (working) day after delivery at agreed collection point.

*Sangkor Meanchey* Agricultural Cooperative replied that they cannot commit to supply semi-processed *Phka Romduol* for this year, because there are several challenges that they cannot overcome (lack of cash flow to buy a sufficient quantity of paddy to supply 50 tons of semi-processed rice; lack of experience in managing quality and milling; the cooperative estimate that they would not be able to reach the criteria of 5% broken). But leaders expressed interest to sell fresh *Phka Romduol* to Golden Rice and said that that they would consult with their members and make a decision during the next General Assembly scheduled in October 2014.

*Samaki Senprasream* Agricultural Cooperative was interested on the principle but faces the same constraints of cash flow and experience in managing the processing. Moreover, leaders of the cooperative have explained that they would even have difficulties to supply *Phka Romduol* paddy since this variety is not very much in use in their area where various short term varieties of white rice are mainly grown.

### 3.4. CONTRACT FARMING FOR ORGANIC PADDY WITH COOPERATIVES IN PREAH VIHEAR

This action is implemented by COrAA, on the basis of the contract signed between COrAA and SNEC on May 28, 2014 (Cf. Quarterly Executive Report #06, page 23).

#### 3.4.1. NEGOTIATION OF ORGANIC PADDY SUPPLY AGREEMENT WITH RICE FIRMS

##### 3.4.1.1. WORKSHOP BETWEEN COOPERATIVES AND POTENTIAL BUYERS

Following the workshop on “Organic paddy commercialization under Contract Farming” organized on June 19, 2014 in Preah Vihear<sup>22</sup>, during which DAI and project team had the opportunity to present the

<sup>22</sup> Cf. Quarterly Executive Report #06, pages 24-25.

framework for contract farming, a second meeting with potential buyers has been organized in SNEC on the 1<sup>st</sup> of July 2014. Representatives of the 8 cooperatives involved in this action were present, as well as 4 rice exporters (AMRU Rice, BRICo, Mekong Oryza and OLAM). This meeting was organized as a platform for negotiation of the condition for supply and purchase of the next harvest of organic Jasmine rice. After a plenary session to discuss general issues, representatives of the cooperatives had the opportunity to meet separately each of the companies. Each company was asked to present preliminary conditions they could offer for the purchase of the organic paddy (quality requirement, price or price premium, delivery conditions, terms of payment, etc...). Groups were rotating so each cooperative had the opportunity to discuss with each company<sup>23</sup>.



△ Bilateral discussions between cooperatives and each company interested to purchase organic paddy (in SNEC, on July 1<sup>st</sup>, 2014).

After the meeting cooperatives exchanged views on the different pre-offers made by the three companies. Since BRICo was not able to provide an indication either on a fixed price or on a premium / bonus they would offer for the organic quality of the paddy, cooperatives were more interested by the offers of AMRU and of Mekong Oryza (one based on market price + a premium for organic, the other on a set fixed price).

#### 3.4.1.2. CONFIRMATION OF INTEREST OF AMRU RICE AND CONTRACT PREPARATION

In the following weeks, CO<sub>RAA</sub> followed up with AMRU Rice and Mekong Oryza in order to get confirmation on their proposal and to fine-tune the conditions of the transactions with cooperatives.

In mid-July, the General Manager of AMRU Rice discussed with CO<sub>RAA</sub> the options for CO<sub>RAA</sub>-certified rice for export market as well as details of the process of the certification by an international certifier and pre-arrangement for procurement of organic paddy from the cooperatives. In principle, AMRU Rice expressed its interest to partner with all the eight cooperatives involved, and the ability of the company to absorb all the organic-certified production if no other exporter is interested.

CO<sub>RAA</sub> also discussed again with Mekong Oryza, but the company was not able to confirm and precise the conditions of the contract they could propose to cooperatives. Reminders were sent to Mekong Oryza until mid-August, but since there was no final decision from the company, the negotiation was then focused with AMRU Rice. Based on the conditions proposed by CO<sub>RAA</sub>, terms of a contract have started to be drafted from 8 August. It was then reviewed with AMRU (with project team and DAI representative) on 13 August, then presented to cooperatives in Preah Vihear for review and comments, between 14 and 18 of August. A number of amendments and clarifications have been incorporated in the draft based on their feedback.

#### 3.4.1.3. REVIEW, COMMENTS AND NON-ENDORSEMENT BY DAI

In the end of August, complete drafts of contracts were ready and sent to the project team and DAI on 26 August. The DAI has immediately sent comments, not on the content on the contract, but on the process of its preparation / negotiation. Mr Yi Bunhak wrote that : *“All the parties wish to apply CF follow Sub-Decree 36 has to have the following requirements: 1) During the negotiation on conditions, have to invite DAI's officer to*

<sup>23</sup> OLAM did not take part in this session, but Mekong Oryza, BRICo and AMRU Rice were able to indicate their requirements and preliminary offers to the cooperatives.

*attend and facilitation; 2) During negotiations, if some conditions could not be agree each other or not enabling conditions for both parties, the contract will be prohibited; and 3) The final draft contract paper will be read for both parties in front of DAI's officer before signing for recognition from DAI.*" This was a point of discussion between the project team and DAI since at least part of the project team (including PMA) had a different interpretation: the PMA replied that the involvement of DAI in all steps of the negotiation is not explicitly mentioned in the Sub-Decree 36 and sounds unrealistic in the perspective of a scaling up of Contract Farming practices. Besides, the MOU signed between SNEC and DAI and the attached "Implementation Strategy" for Component #3 of the project was explicit on the idea of having various institutions able to play the role of facilitator in CF negotiation, including DAI, DAE, PDA, but also NGOs or FO Federations for instance.

On 29 August 2014, Project team, COReAA and DAI met to address the issue. The dialog on that day was useful to clearly identify the difference of interpretation between DAI and project team:

- From DAI point of view: other entities (than DAI) may facilitate the negotiation of contract farming agreements, but DAI will acknowledge and register (in the frame of Sub-decree 36) only the contracts that DAI has facilitated directly;
- From Project team point of view: DAI shall register all Contract Farming agreements signed (compliant with the frame of Sub-Decree 36): the one facilitated by DAI as well as contracts facilitated by other institutions.

The coexistence of these two interpretations was acknowledged (but not arbitrated). It was agreed that it shall be further referred to a higher level (or be part of the work of a taskforce<sup>24</sup> to develop further procedures, guidelines and regulations for Contract Farming).

DAI has expressed the will to meet the different cooperatives involved before the signature of the contract, and a meeting was organized in Preah Vihear PDA Office on 2<sup>nd</sup> of September. Further to this visit, DAI has recommended some changes in the contract that have been discussed and partly incorporated in the final version on September 4. These "last minute" changes were then submitted to the approval of both parties, before the signature ceremony that was scheduled 4 days after.

#### 3.4.1.4. SIGNING THE CONTRACTS

A contract signing ceremony took place on 8 September 2014 in Phnom Penh (Cambodiana Hotel) between AMRU Rice and the 8 cooperatives. This was an important milestone for both parties: for the cooperatives as the first contract they sign for the selling of their paddy, and for AMRU as it opens the way for the development of organic rice exports.

In total, AMRU is expected to buy between 1,800 tons and 2,300 tons of paddy of *Phka Romduol*, *Malis* and *Phka Rumdeng* varieties from the eight cooperatives involved. See details in Table 7, next page. The paddy shall obviously fulfill some quality requirements (purity, broken rate, etc...) and the inspection report of the international certification body to be hired by AMRU shall have given a positive opinion on the ability to certify that paddy as organic<sup>25</sup>, before the transactions take place.

It is noted that the cooperatives have been very conservative on the hypothesis of yields and took a commitment for relatively limited volumes in regard of the number of farmers and rice fields surfaces engaged in the operation. If everything goes well, it should be possible to supply even more than the 2,300 t referred to in the contracts.

<sup>24</sup> See § "3.10.2. Constitution of a taskforce", page 34 in this report.

<sup>25</sup> This will be based on the inspection report only and not on the issuance of the certification by the certification body as the certificate is likely to be issued after the harvest, too late to be considered as a prerequisite for the transaction.



**Table 7: Number of farmers, surfaces and volume committed to sell to AMRU Rice in contracts with ACs**

Cooperatives	Nb of farmers	Surface	Volume committed
<i>Kaalumachivikpheap Ros Nuv AC</i>	54	123.0 ha	130 to 150 t
<i>Krabao Prum Tep AC</i>	94	142.4 ha	100 to 150 t
<i>Leuk Kompos Satrey AC</i>	232	354.6 ha	350 to 450 t
<i>Samaki Robas Meanchey AC</i>	102	187.5 ha	100 to 150 t
<i>Torsu Sen Chey AC</i>	98	241.0 ha	300 to 400 t
<i>Rom Tom Samaki Meanchey AC</i>	46	48.3 ha	70 to 100 t
<i>Romduol Malou Prey AC</i>	90	156.1 ha	150 to 200 t
<i>Satrey Ratanak AC</i>	190	519.4 ha	600 to 700 t
<b>TOTAL</b>	<b>906</b>	<b>1,772.3 ha</b>	<b>1,800 to 2,300 t</b>

Some media took part in the ceremony, giving an opportunity to showcase and promote such win-win partnerships between Cambodian rice exporters and farmers' communities.



△ Signature of Contract Farming Agreements between Mr Song Saran, President of AMRU Rice, and cooperative leaders (photos: courtesy of AMRU Rice).

#### 3.4.1.5. CAPACITY BUILDING OF COOPERATIVES FOR IMPLEMENTATION

Cooperatives shall be responsible to gather the paddy from their members and to make a pre-assessment of the quality. AMRU has agreed to provide training on paddy quality assessment to the leaders of all the 8 cooperatives involved before the harvest.

In addition, the project will provide (with the involvement of COrAA for follow-up and implementation) training of cooperative leaders on how to manage collection of the paddy from their members and delivery to collection point, as well as related financial and administrative management of those operations. This support is provided by Mr Hy Thy and is more detailed in the § 3.5.2. Support to 8 cooperatives of Preah Vihear Province, page 30 in this report.

#### 3.4.2. ADDRESSING PADDY QUALITY ISSUES

During the first pilot with Organic paddy producers' cooperatives, last year, paddy quality was an important concern. Lack of labor and absence of mechanization of the harvest in Preah Vihear areas lead to a harvesting process of each parcel that can be spread over one full week or even more. Maturity at harvest is not optimized, leading to depreciation of the quality of paddy (higher rate of broken kernels, notably).

To address this issue, in July and August, COOrAA conducted consultations with cooperative leaders and members as well as local entrepreneurs who potentially invest in farm equipment to introduce appropriate practices and equipment or machines for faster harvesting. A relatively cheap investment solution was favored by farmers: 70 rice cutters<sup>26</sup> were already bought, which is expected to fasten the harvesting and thereof contribute to address the issue of quality.

Better preparation of the collection and quality control is also expected to improve the efficiency and reduce the quality depreciation due to too-low collection and delivery of wet paddy that occurred last year. The process for collection and delivery will still have to be fine-tuned in October in order to address the challenges.

### **3.4.3. ORGANIC CERTIFICATION**

#### **3.4.3.1. INTERNAL INSPECTIONS**

From 8 to 15 July 2014, COOrAA team has conducted Internal Control System (ICS) training for internal inspectors of all eight cooperatives in Preah Vihear province. In total, 240 participants were trained.

During the month of July, internal inspectors began to inspect their co-members during the earlier stage of the rice crop, while the second inspection will take place in October.

COOrAA staff monitored the work of internal inspectors and provided assistance when necessary.

#### **3.4.3.2. INTERNATIONAL CERTIFICATION**

Contracting an International Certification body (accredited to certify against EU and USA organic standards) is the responsibility of AMRU Rice. The exporter has chosen Ecocert company as the certification body for this task.

From 15 to 18 September 2014, COOrAA facilitated the visit of the Technical Support and Monitoring Unit of the project's Component #3. The mission was led by Mr. Sok Sarang, whose experience with organic certification was valued in order to identify possible difficulties and obstacles toward Ecocert certification, and to anticipate on possible deviations and propose necessary adjustments. The mission looked at the compliances of the farming units with EU and USA organic standards applied by the eight ACs in Preah Vihear. A number of recommendations have been delivered by the team via a report and a debriefing that took place on 29 September.

During the month of September COOrAA facilitated the application by AMRU for certification by Ecocert and is assisting in the preparation of numerous documents as required by the certifier. This shall be completed in October, since Ecocert inspectors visit is scheduled for the end of October 2014.

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<sup>26</sup> Halley brand (HLG 1E44F-5A).



### 3.5. SUPPORT THE DEVELOPMENT OF MANAGERIAL CAPACITIES OF THE FOS WHICH HAVE SIGNED CONTRACTS

#### 3.5.1. SUPPORT TO 3 FOS IN BATTAMBANG

Mr Hy Thy<sup>27</sup> has supported the preparation of the three FOs which have signed contract with Loran (Nikum Preah Sihanouk AC and Svay Ar FWUC – See Part 3.1. page 19 in this report) or with BRICo (Samakum Pet Sat Phum documbay aphivath kasekar khum Rong Chrey – See Part 3.2. page 21 in this report).

##### 3.5.1.1. FIRST SESSION (9-10 JULY)

Mr Hy Thy has conducted a first half day session with each of these three FOs<sup>28</sup> on 9 and 10 July 2014 in order to reflect on the role of the FO in the implementation of the contracts and estimate the costs that the FO should engage to cover coordination, administration and transportation, and thereof estimate the gross margin or fees that the FO should retain. These costs were estimated between 13 and 14 USD/t at that time, depending on the FOs<sup>29</sup>.

##### 3.5.1.2. SECOND SESSION (25 JULY)

A second session of preparation and training of the same FOs took place on 25 July (jointly for the three FOs). At that time estimated coordination, administration and management costs were revised. But the main part of the session was dedicated to the presentation of practical tools that the three FOs could use in the management and administration of the operation of paddy collection, delivery, invoicing and payment of members. But only key leaders of FOs took part in this session (together with Mr Tith Samon, 2 officers of PDA and Mrs Svay Samnang, DAE counterpart officer).

FO leaders have decided to propose two options to their members:

- to charge 10 USD/t, if the FO manage the transport of the paddy to the rice mill<sup>30</sup>;  
or
- to charge only 3,000 KHR (0.75 USD) if the farmer prefer to transport by himself his paddy to the rice mill.

During these training the following tools and capacities were also presented, discussed and in some case amended:

- Paddy collection voucher;
- Paddy delivery certificate;
- Receipt for selling paddy;
- Paddy payment voucher;
- Procedure and application for FOs to open a bank account;
- Training on the use of a simple calculator.

<sup>27</sup> Mr Hy Thy has started to be mobilized in AVSF-CIRD-ADG team since June 2014 – See Quarterly Executive Report #06 pages 26-27.

<sup>28</sup> There were 16 members of Nikum Preah Sihanouk AC, 6 of Svay Ar FWUC, and 12 of Pet Sat Phum documbay aphivath kasekar Association. 2 representatives of PDA Battambang were also present.

<sup>29</sup> Cf. Mr Hy Thy reports for details.

<sup>30</sup> Later adjusted to 11 USD for the case of Pet Sat Phum documbay aphivath kasekar Association.

### 3.5.1.3. THIRD SESSION (13 AUGUST)

A third session, with the three same FOs, took place on 13 August. Consisting in a training on financial management of the sale of cooperative's paddy. Only key leaders of FOs took part in this session (together with Mr Tith Samon, one officer of PDA, the DAE counterpart officer and one staff of FCFD).

This session has covered the following topics:

- Presentation and review of the economic situation of the 3 FOs;
- Present and discuss Income Voucher;
- Present and discuss Expense Voucher;
- Present and discuss Cash Book;
- Present and discuss Income List;
- Present and discuss Expense List;
- Present and discuss Financial Report;
- Present and discuss on how to check bookkeeping.

### 3.5.2. SUPPORT TO 8 COOPERATIVES OF PREAH VIHEAR PROVINCE

A relatively similar process of capacity building of the 8 cooperatives involved in organic paddy production and commercialization (in contract with AMRU Rice – See part 3.4 in this report) has started in September.

#### 3.5.2.1. FIRST SESSIONS (10-13 SEPTEMBER)

Two first training sessions were organized on the management of paddy selling by the cooperatives:

- The first one on 10 and 11 September, with 4 cooperatives: *Kropaov Prumtep*, *Kaalumachivikpheap*, *Romdoul Mlou Cheay Den*, and *Tosou Senchey*.
- The second one on 12 and 13 September with the four other cooperatives: *Leuk Kampous Satrey*, *Satrey Ratanak*, *Robas Meanchey* and *Romtong Samaki Meanchey*.

Two persons from COrAA also took part in the two sessions.

During these sessions, coordination, administration and paddy transportation costs for each cooperatives were estimated. Tools (delivery certificates, vouchers, etc.) were presented, explained and discussed with FO representatives, procedures to open and manage bank account were explained as well as training on the use of calculator as it was done in Battambang.

The second session (training on bookkeeping record and internal audit) will be provided in October.

## 3.6. SCALING-UP OF PADDY SELLING GROUP MODELS WITH FWUCs

The Irrigation Service Center has pursued the implementation of the scaling-up and replication of paddy selling group model started since May<sup>31</sup>.

### 3.6.1. MOBILIZING PADDY SELLING GROUP IN FWUCs

The ISC has continued to support information of farmers and registration with Paddy Selling Groups during this quarter. At the end of the quarter, a total of 1,333 farmers were registered in the groups as detailed in the Table 8 next page.

<sup>31</sup> Cf. Quarterly Executive Report #06, § 3.5. pages 20-23.

**Table 8: Up-date of membership in Paddy Selling Groups under the 8 FWUCs involved (up to 30/09/2014)**

FWUCs	Province	Nb of villages	Nb of PSG members	Varieties	Estimated volumes	Start of selling date
<i>Angko</i>	Kampong Thom	6	50	IR 504	400 t	15/07
<i>Beung Leas</i>	Kampong Thom	2	51	IR 504	570 t	15/07
<i>Stung Chinit</i>	Kampong Thom	6	193	<i>Phka Romduol</i>	300 t	10/11
<i>Tnaot Chum</i>	Kampong Thom	7	85	Wet season rice	110 t	01/12
<i>Teuk Chhar</i>	Kampong Cham	5	96	Wet season rice	100 t	01/12
<i>Kraoch Seuch</i>	Pursat	11	270	<i>Somali</i>	1,700 t	10/10
<i>Ping Pong</i>	Battambang	9	429	<i>Sen Kraob</i>	1,670 t	15/08
<i>Pralay Ekapheap</i>	Ban. Meanchey	9	159	<i>Sen Kraob</i>	650 t	15/08
<b>TOTAL</b>	<b>5 provinces</b>	<b>55</b>	<b>1,333</b>		<b>5,500 t</b>	

ISC team has visited all members of PSGs within those 5 provinces in order to update information from each member. In July, ISC team focused on PSG members of *Beung Leas* and *Angko* in *Kampong Thom* province and in August focused on PSG members of *Ping Pong* and *Pralay Ekapheap* in Battambang and Banteay Meanchey. Furthermore, ISC visited PSG members involved in contract farming in Teuk Chhar<sup>32</sup> and *Phka Romduol* seed producers (2 times: at seed germination stage and 7 days later).

### 3.6.2. PREPARATION AND IMPLEMENTATION OF SELLING MODELS FOR NON-PHOTOPERIODIC VARIETIES

#### 3.6.2.1. ELABORATION OF “SELLING MODELS”

During this period, ISC team has tried to define paddy selling model for PSG in Kampong Thom for the groups producing IR504 variety and in Battambang and Banteay meanchey for the ones producing *Sen Kraob*.

ISC team and PSG representatives of these 3 provinces went to see rice millers, rice traders, and some buyers around their locations. Beside this, ISC team has tried to contact some other buyers in Takeo (Vietnam border) to have reference price and look for possible collaboration as well.

However, finally PSG representatives decided to sell their paddy rice to rice traders who come to their location and with better price.

#### 3.6.2.2. IMPLEMENTATION OF PADDY SELLING BY 4 FWUC’S PSG FOR NON-PHOTOPERIODIC VARIETIES

ISC team has supported and worked with 4 PSGs of 4 FWUC to implement collective paddy selling. This activity has started in mid-July in *Angko* and *Beung Leas* in Kampong Thom (for IR504) and in mid-August in *Praylay Ekapheap* and *Ping Pong* in Battambang and Banteay Meanchey (for *Sen Kraob*).

Selling operations with these groups have been quite fruitful with a total of 3,688 tons collected and sold via Paddy Selling Groups (up-dated figure on September 30, 2014). This volume consisted of 2,961 tons of *Sen Kraob* and 727 tons of IR 504. See details in Table 9 next page:

<sup>32</sup> See § 3.3. in this Report, page 22.

**Table 9: Volumes of paddy sold, value and estimated additional profit in 4 Paddy Selling Groups (*Angko*, *Beung Leas*, *Pralay Ekapheap* and *Ping Pong*) during this quarter (up to 30/09/2014)**

FWUCs	Province	Varieties	Volumes sold	Gross amount	Estimated additional profits*	
					(value)	(%)
<i>Angko</i>	Kampong Thom	IR 504	284.81 t	57,385 USD	493 USD	+ 0.86 %
<i>Beung Leas</i>	Kampong Thom	IR 504	442.81 t	91,241 USD	920 USD	+ 1.01 %
<i>Ping Pong</i>	Battambang	<i>Sen Kraob</i>	2,227.64 t	562,694 USD	8,303 USD	+ 1.48 %
<i>Pralay Ekapheap</i>	Ban. Meanchey	<i>Sen Kraob</i>	733.70 t	194,746 USD	3,119 USD	+ 1.60 %
<b>TOTAL</b>			<b>3,688.96 t</b>	<b>906,066 USD</b>	<b>12,836 USD</b>	<b>+ 1.42 %</b>

\* Estimated additional profit by selling collectively compared to individual selling. It is the difference between price offered by buyers (local collector or millers within the area) to individual farmer and the price offered to PSG members by the buyer(s) selected by Paddy Selling Group (for equivalent quality). This is recorded for every transaction by each member.

It is noted that total volumes sold in *Beung Leas* and *Angko* are less than what was planned due to flood during harvesting time (some members could not harvest).

### 3.7. SUPPORT TO UNIONS OF COOPERATIVES IN TAKEO PROVINCE

The support to possible Union of Cooperatives in Angkor Borei district has been suspended for the time being after the discussions with microfinance institutions (Amret and Vision Fund)<sup>33</sup> since the proposed conditions for loans (and in particular interest rates) are not satisfactory at the moment for the cooperatives to proceed to their envisaged investments.

Support to A possible Union of Cooperatives in Tramkak district is still considered and could be supported by FAEC/FCFD (Cf. § 1.2.6.2. page 8 in this report).

### 3.8. NEW POTENTIAL ACTIONS AND PARTNERSHIPS

#### 3.8.1. FOLLOW-UP ON CONTACT IN PREY VENG (CHUN THOM RICE MILL)

In the previous quarter<sup>34</sup>, Chun Thom rice mill was approached and has expressed interest to develop contracts with AC for the production of seeds, as a follow-up of the pilot he implemented with IFC project. In May, Mr Chun Thom said that he would confirm his interest if he sells all the seeds he has available. During this quarter, he updated that he has not been able to sell the remaining seeds and eventually had to mill part of it. Therefore, he abandoned the idea of making additional contracts for seed production with AC for this season.

#### 3.8.2. OTHER POTENTIAL PARTNERSHIP

Other potential partnerships have been identified and explored by FAEC and FCFD teams, notably with various rice mills in Battambang and with Golden Daun Keo rice mill in Takeo. Those are reported in § 1.2.4.1. pages 6-7 in this report.

<sup>33</sup> See Quarterly Executive Report #06, pages 25-26.

<sup>34</sup> See Quarterly Executive Report #06, pages 17-18.

### 3.9. KNOWLEDGE MANAGEMENT AND CAPACITY BUILDING

#### 3.9.1. STUDY ON EXISTING PRACTICES OF CONTRACT FARMING IN CAMBODIA

DAI counterpart staff and senior capacity building specialist of SCCRP of Component #3 team have conducted some additional surveys about success and failure of contract farming in Cambodia. These surveys were carried out during one week, from 28 July to 03 August 2014. Meetings and interviews with company representatives and farmers took place in Battambang, Banteay Meanchey, Kampong Cham and Svay Rieng provinces. The purpose of the study was to learn about the factors which have contributed to the success or failure of contract farming implemented in Cambodia by various companies and on various agricultural commodities (rice, cassava, tobacco, sugar cane and tree for paper production). Key findings are summarized in a matrix presented in Annex 2 to this report.

#### 3.9.2. SHARING EXPERIENCE: EXCHANGE WITH STUDY TEAM OF COORDINATION SUD / C2A.

Further to contacts made with the team in charge of study on Contract Farming in *Coordination Sud / C2A*<sup>35</sup>, elements on lessons learnt from the project experience have been sent by the Project Management Advisor to C2A consultant on July 2, 2014.

Additional information on the case of *Ankor Kasekam Roonreung* (AKR) have been collected by Component #3 team to complete the case study (based on Selvie Dany and Oern Rathana study) provided by our project. The Project / Component #3 Team did some additional field survey in Kampong Speu and Kampot provinces and realised 15 individual interviews on 17<sup>th</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> of July for the purpose of this case study. The vice-president of AKR was also met in Phnom Penh. A report (complementary to the one of Selvie Dany) was submitted to C2A on the 5<sup>th</sup> of August.

C2A will complement SCCRP report and share it with C2A members as a separate case study document from the main publication on contract farming. A final version is currently being finalised.

#### 3.9.3. VISIT AND ADVISE TO “IBIS RICE”

In answer to a request of AFD, SCCRP Consultancy team took the opportunity of the monitoring mission on COrAA activities in Preah Vihear province to visit the activities of WCS (Wildlife Conservation Society). The purpose was to visit and understand the setting-up of Ibis rice brand by WCS. The expected deliverable is a concept note or a recommendation report to further develop and sustain the marketing of Ibis rice.

A preliminary meeting was organised on 12 September 2014 at SNEC office, with the participation of SCCRP team, WCS and AFD. The project was presented and the mission planned, which took place on 19 September 2014. Two villages were visited: Tmatboey and Don Phlat. Both visits consisted in a 1.5 to 2 hours discussion in the village, then a visit to storage facilities and paddy fields. To have an overview on the whole marketing process, SCCRP Consultancy team will still have to meet with Sansom Mlup Prey (SMP), the NGO which buys, processes and markets Ibis rice. The requested report is planned to be submitted within the next quarter.

#### 3.9.4. PARTICIPATION IN THE CONFERENCE ORGANIZED BY UNIDROIT AND FAO IN BANGKOK ON LEGAL ISSUES IN CONTRACT FARMING

The SCCRP project took in charge the participation of Mr Sok Sarang and Mr Gaylord Robin (AVSF-CIRD-ADG team for Component #3) and of Mr Phum Ra (Deputy Director of the Agriculture Legislation Department of MAFF) in a regional conference on legal issues in contract farming. The Conference was organized by the International Institute for the Unification of Private Law (Unidroit) and the United Nation

<sup>35</sup> Cf. Quarterly Executive Report #06, § 3.9.5. page 28.

Food and Agriculture organization (FAO), in Bangkok, on 26 September 2014. Mr Yi Bunhak, counterpart from DAI, was also participating in this conference (but his participation was taken in charge by the conference organizers).

The workshop focused on the legal aspects of the parties' agreement based on contract farming national legislations. It was based on both presentations from experts (FAO professionals and University Professors) and from the attendees who shared practical experiences from their country (ASEAN countries mostly). The audience, including the panellists, were representatives from producer organizations, private sector, IOs and development agencies, NGOs, public entities and legal academic circles.

Mr Sok Sarang from SCCRP Consultancy team did a presentation of the Sub-Decree 36, the process for the facilitation of contracts in Cambodia and detailed the contract formulation and content. Mr Yi Bunhak (DAI) presented the dispute resolution process. It was interesting for SCCRP project team to hear about the situation in the neighbouring countries such as Vietnam, Philippines, Indonesia, Thailand, etc. All the presentations were made available to the whole SCCRP team.

The aim of the workshop was also to inform about the drafting of the Unidroit/FAO Legal Guide on Contract Farming which intends to provide soft guidance and an internationally-recognised reference with a fair and balanced approach against which contract practices and relevant public policy instruments could be assessed. The Guide is being prepared by the International Institute for the Unification of Private Law (Unidroit) together with the Food and Agriculture Organization (FAO), with the participation of the International Fund for Agricultural Development (IFAD). The document will be published in May 2015.

### 3.10. POLICY AND REGULATORY ISSUES ON CONTRACT FARMING

#### 3.10.1. ENDORSMENT OF THE PROPOSED APPROACH

Mr Yi Bunhak (DAI) has replied on August 8 to the concept note sent by the PMA in June<sup>36</sup> on the approach and roadmap to work on policy and regulations issues on Contract Farming and expressed DAI agreement on this roadmap and willingness to work with the project on its implementation.

This note on Component #3 was submitted to the Steering Committee meeting<sup>37</sup> and approved on August 12, 2014.

#### 3.10.2. CONSTITUTION OF A TASKFORCE

##### 3.10.2.1. MEETING WITH H.E. SAN VANTY, MAFF

On September 10, 2014, the project coordinator and the PMA had a meeting with H.E. San Vanty, Under-Secretary of State of MAFF, in order to present the roadmap for work on Contract Farming policy and regulations and on the objectives of the constitution of a taskforce. H.E. San Vanty has welcomed the initiative and confirmed that the request for the creation of the taskforce shall be submitted by DAI to MAFF minister. Project representatives have enhanced that this tasks goes beyond the rice value chain, and that whereas the SCCRP can provide input from pilots in the rice sector, it might be useful to federate around this core taskforce some other projects or initiatives with experiences in other crops or in livestock in order to base recommendation on a more comprehensive review of experiences, with practitioners.

<sup>36</sup> Cf. Quarterly Executive Report #06, § 3.10., pages 29-30.

<sup>37</sup> Cf. § 5.1.2. page 38 in this report.

### 3.10.2.2. FURTHER PREPARATION OF THE CREATION OF THE TASKFORCE

Further discussion on the process to establish the taskforce took place between the project coordinator, Mr Ung Luyna and DAI counterpart Mr Yi Bunhak. The DAI has asked for SNEC to issue a support letter to address to MAFF for the creation of the taskforce, but to date it was not yet confirmed that SNEC would be in position to issue such a letter.

## 3.11. GENERAL COORDINATION OF THE COMPONENT #3

### 3.11.1. MONTHLY COORDINATION MEETINGS

Regular coordination meeting of the Component #3 took place, on a monthly basis, to review progresses of activities and plan actions for the following month. Meetings were coordinated by Mr Sok Sarang on July 15 and August 15. There was no meeting in September but on October 1<sup>st</sup>.

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

### 4.1. UP-GRADING RDB: RDB REFORMS AND IMPLEMENTATION OF KPMG

#### RECOMMENDATIONS

#### 4.1.1. CHANGES ARE IMPLEMENTED IN RDB TOP MANAGEMENT AND ORGANIZATIONS

##### 4.1.1.1. APPOINTMENT OF NEW CEO AND NEW BOARD OF DIRECTORS

During these three months, important measures have been taken in the reform of the management of RDB, notably with the renewal of the top management of the Bank:

- Mr. Kao Thach (former Deputy Director General of the Securities and Exchange Commission of Cambodia) has been appointed as the new CEO of the Rural Development Bank.
- A new Board of RDB has been appointed (by Sub-decree dated 07 August 2014). H.E. Ros Seilava is the new chairman of RDB Board<sup>38</sup>.

The first meeting of the newly appointed Board of Directors took place on 1<sup>st</sup> September 2014 after a small “handing-over” ceremony. On the request of project SCCRP team, the PMA has preliminarily contributed a few elements to the new chairman of the board in order to ensure that some of the projects intentions (in particular regarding the development of a credit mechanism to farmers) will be considered in RDB up-coming policy orientations.

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

##### 4.1.1.2. NEW ORGANIZATION CHART OF RDB APPROVED

RDB Board of Directors has approved a new Organization Chart of the Bank during its first meeting on 01 September 2014.

##### 4.1.1.3. RECRUITMENT OF NEW OFFICERS

In August, three new officers have been externally recruited by the RDB:

- Mr Net Panha has been recruited as Head of Legal Department;
- Ms By Outhanvatey as Deputy Head of Marketing Department;
- Mr Chin Cheyaboth as Assistant to CEO.

Recruitment process is expected to continue during the next quarter.

#### 4.1.2. ADDITIONAL FOLLOW-UP SERVICE BY KPMG

RDB Head of marketing department has reported that Mr David Punch (KPMG expert) has spent a one day for a free “after-sale” service to carry on an additional training of RDB management officers on A1-Risk Management Framework and B2-Credit Process Design for one day, on September 9, 2014.

<sup>38</sup> Chairman of the Board and CEO are now two different positions, which is a significant change in RDB governance.



### 4.1.3. PLANNING FURTHER SUPPORT TO IMPLEMENTATION OF REFORMS

#### 4.1.3.1. MEETING THE NEW CEO WITH PROJECT DIRECTOR AND AFD

A meeting between SNEC project team (Project Director, Project Coordinator and PMA), AFD and the new Chief Executive Officer of RDB took place on August 15, 2014. The meeting discussed the possible modalities of further support to RDB for the implementation of the recommendations of KPMG mission. The possibility to mobilise additional Technical Assistance has been discussed, including the different options for this, such as mobilizing several specialized consultant, or alternately a full time in-house Technical Assistant.

#### 4.1.3.2. PREPARATION OF TOR FOR TECHNICAL ASSISTANCE

A first draft of Terms of Reference for Technical Assistance to RDB has been prepared by the new CEO after the meeting of August 15. ToR have been discussed internally in SNEC project team and comments were prepared on August 25 by PMA. A revised version was then sent by RDB on 9<sup>th</sup> of September. The project PMA has then worked to improve these Terms of Reference so they can be more comprehensive and provide more background information and can be used for a tender. This third version was first shared internally with SNEC project management team. Additional feedbacks from H.E. Ros Seilava were incorporated on September 19.

On the 25<sup>th</sup> of September, SNEC, RDB and AFD met to discuss the follow-up technical assistance to RDB and AFD has proposed to contract a consulting firm to further develop and improve the Terms of Reference. AFD has suggested that a direct contract could be made with Horus Development Finance for this purpose. The proposal being agreed by SNEC Project Director and RDB, Horus Development Finance was contacted in order to make an offer for this service. Mission implementation is foreseen in October 2014.

## 4.2. LEGAL CONSULTANT MISSION

### 4.2.1. DELIVERY OF DFDL OUTPUTS

On July 23, 2014, DFDL has sent to RDB and AFD a marked-up revised version of RDB's Articles of Incorporation to reflect a possible conversion into a Commercial Bank (as it was expected in the ToR of DFDL mission)<sup>39</sup>. Acceptance of the report by RDB and payment of DFDL invoice was still pending at the end of this third quarter of 2014.

## 4.3. DEVELOPMENT OF A CREDIT MECHANISM DEDICATED TO FARMER ORGANIZATIONS

### 4.3.1. DELIVERY OF HORUS FINAL REPORT FOR PHASE 1

Horus has sent to SNEC a final report for the phase 1 of the mission on July 31, 2014. The validation of one among the three proposed scenarios has not yet been formally done. Informal discussions with SNEC project team were rather leading to favor the delivery of credit to FO via MFIs, with possibly a refinancing role of RDB.

On the other hand the new CEO of RDB is willing to develop RDB activities with FOs through value-chain financing models. More discussions will be required in the next quarter in order to confirm a scenario and mobilize the second phase of Horus mission on credit to FOs.

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<sup>39</sup> The document was sent by e-mail, and AFD has forwarded a copy to SNEC on the following day.

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

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

#### 5.1.1. REGULAR CONSULTATION WITH NATIONAL PROJECT DIRECTOR

Meetings took place with H.E. Ros Seilava on July 2, 2014 and on September 8, 2014 to discuss progresses and issues regarding project implementation, with a particular focus on the support to RDB during these discussions.

#### 5.1.2. 3<sup>RD</sup> STEERING COMMITTEE MEETING

The 3<sup>rd</sup> Steering Committee Meeting of the SCCRP Project took place on August 12, 2014. Preparatory notes on Component #1 and on Component #3 have been written by the Project Management Advisor and sent to Steering Committee members 4 to 5 days before the meeting, together with the Agenda and the list of decisions expected to be taken by the Committee. Additionally, a briefing note was prepared for the Chairman of the Steering Committee. A summary of orientations endorsed by the Project 3<sup>rd</sup> Steering Committee Meeting is presented in the Box 2 below.

#### Box 2: Summary of orientations endorsed by the Project 3<sup>rd</sup> Steering Committee Meeting

##### Component #1

The Steering Committee approved in principle activities implemented and action plan proposed to be implemented by the project, which notably includes the support to institutional capacity and governance of the Cambodian Rice Federation and the confirmation of the objective of encouraging the merging of FAEC and FCFD and build on this new entity to set up the National Federation / Alliance of Agricultural Cooperatives.

##### Component #2

The Steering Committee endorsed the proposal made in the presentation and encouraged SCCRP's team to further cooperate with IFC and CRF initiatives on branding and market promotion based on recommendation of the on-going rice market study. The Steering Committee also approved the principle of financing a promotion dinner in France and of co-financing Cambodia Rice Festival 2014 as part of a promotion strategy to strengthen Cambodian rice image in the international market.

##### Component #3

The Steering Committee endorsed the approach proposed by the Project coordination team (in preparatory note and presentation to SC) for the Component #3, notably the roadmap regarding the support to the development of policies and regulation for Contract Farming.

##### Component #4

The Steering Committee endorsed the following proposed orientations for Component #4:

- Recruiting a full time technical assistance to RDB to assist the CEO in the implementation of the reform process;
- Reviewing Agriculture Support and Development Fund portfolio and impact.

## 5.2. PROJECT COMMUNICATION AND COORDINATION WITH OTHER PROJECTS AND STAKEHOLDERS

### 5.2.1. COORDINATION WITH IFC PROJECT

Several meetings took place with IFC rice sector project team (and CRF) during this quarter as part of the close partnership and coordination between both projects. Three major subjects were discussed as the objects of concrete partnership (Cf. Part 2 of this report).

- The finalization of the international market study and the preparation of the restitution meeting,
- The preparation of the market mission in France and Europe (in partnership also with the French Cambodian Chamber of Commerce and CRF),
- The organization of the 2<sup>nd</sup> Cambodian Rice Festival.

### 5.2.2. PARTICIPATION IN THE LAUNCHING OF “THANAKEAR SROV (KAMPUCHEA) PLC.”

On 28 August 2014, the Project Management Advisor attended the launching event of “Thanakear Srov (Kampuchea) Plc.”, a private company offering drying and storage facilities for paddy and milled rice, with possible loans against the deposit of paddy or rice used as a collateral, and purchase options.

This event was informative since the proposed services could be of use for Farmers Organizations, notably. It has been recommended for FAEC and FCFD to meet with this company in October.

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

### 5.3.1. PARTICIPATION IN DISCUSSION ON THE NATIONAL TRADE LOGISTIC BLUEPRINT

Following the preliminary presentation and discussion on Trade logistic improvement that took place in World Bank Office on June 26, 2014 <sup>40</sup>, representatives of project team took part in two consecutive meetings about trade logistic improvement in which they had the opportunity to contribute inputs:

- An informal brainstorming meeting in SNEC, convened by H.E. Vongssey Vissoth on 30 August, 2014;
- The MOC/WB Workshop on Trade Logistic Blueprint on September 2, 2014.

### 5.3.2. LEGAL FRAMEWORK FOR UNIONS OF COOPERATIVES

The project has indirectly initiated a contribution to the elaboration of the legal framework for Unions of Cooperatives by providing an opportunity for existing Agricultural Cooperatives (via FAEC and FCFD federation) to provide feedback to MAFF on the model by-laws as detailed in § 1.2.7.2. “Consultation on Prakas and form of by-laws for Cooperative Unions” in this report, pages 9-10. For SNEC project team, consultation of economic stakeholders directly concerned by the preparation of a specific legal framework / business environment is a must and shall be considered as part of the job in the development of such regulation (yet leaving the final decision to the relevant public authority to follow or not each of the suggestions made during such consultation processes).

<sup>40</sup> Cf. Quarterly Executive Report #06, page 33.

### 5.3.3. STRATEGIC ORIENTATIONS OF RDB MISSIONS

As indicated in Part 4 of this report, the Support to the Commercialization of Cambodian Rice project have also brought its contribution in the strategic orientations of RDB reforms (See notably § 4.1.1. page 36)

## 5.4. ADMINISTRATIVE AND LOGISTIC ISSUES

### 5.4.1. NON-OBJECTIONS AND CONTRACTS AWARDED IN THE PERIOD

During this quarter, the following non-objections were granted by AFD:

**Table 10: List of non-objections granted by AFD from July 1<sup>st</sup> to September 30, 2014**

Date	Letter No	Purpose of the non-objection
09/09/2014	L 491/14	Principle of co-financing the 2 <sup>nd</sup> Cambodian Rice Festival, Call for Expression of Interest, Proposition of shortlist of companies for Event manager, and bidding document.
30/09/2014	L 524/14	Coverage of costs for participation of project and MAFF representatives in UNIDROIT/FAO workshop on legal aspects of Contract Farming in Bangkok.
30/09/2014	L 525/14	Scoring of offers of event managers for Cambodian Rice Festival and green light to start the negotiation with Red Dot company.
30/09/2014	L 526/14	Principle of co-financing export promotion mission in France (in partnership with French-Cambodian Chamber of Commerce, CRF and IFC): Travel accommodation for CRF General Secretary, Booth installation in SIAL, Local transportation costs for the Cambodian delegation (to go to specific events), 70% of costs of the Cambodian Rice Promotion Dinner.

Subsequent contracts with Red Dot and with French Cambodian Chamber of Commerce will be signed in October.

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## **ANNEXES**

## ANNEX 1: PMA TIMESHEETS

JULY 2014

		Location	Activities
Tuesday	1 a.m.	SNEC	Workshop with Organic paddy producer cooperatives and millers/exporters (organized with CoRAA)
	p.m.	SNEC / IFC	Continue meeting with Organic Coop. / Meeting with IFC to discuss draft reports from Agland (market study)
Wednesday	2 a.m.	SNEC	Meeting with H.E. Ros Seilava
	p.m.		
Thursday	3 a.m.		
	p.m.		
Friday	4 a.m.		
	p.m.		
Saturday	5 a.m.		
	p.m.		
Sunday	6 a.m.		
	p.m.		
Monday	7 a.m.		
	p.m.		
Tuesday	8 a.m.		
	p.m.		
Wednesday	9 a.m.		
	p.m.		
Thursday	10 a.m.	(home)	Quarterly Financial report #06
	p.m.		
Friday	11 a.m.		
	p.m.		
Saturday	12 a.m.		
	p.m.		
Sunday	13 a.m.		
	p.m.		
Monday	14 a.m.		
	p.m.		
Tuesday	15 a.m.		
	p.m.		
Wednesday	16 a.m.		
	p.m.		
Thursday	17 a.m.		
	p.m.		
Friday	18 a.m.		
	p.m.		
Saturday	19 a.m.		
	p.m.		
Sunday	20 a.m.		
	p.m.		
Monday	21 a.m.		
	p.m.		
Tuesday	22 a.m.		
	p.m.		
Wednesday	23 a.m.		
	p.m.		
Thursday	24 a.m.	(home)	Note on Component #1 for Steering Committee
	p.m.		
Friday	25 a.m.		
	p.m.		
Saturday	26 a.m.		
	p.m.		
Sunday	27 a.m.		
	p.m.		
Monday	28 a.m.		
	p.m.		
Tuesday	29 a.m.	(home)	Note on Component #1 for Steering Committee
	p.m.		
Wednesday	30 a.m.		
	p.m.		
Thursday	31 a.m.		
	p.m.		

## AUGUST 2014

		Location	Activities
Friday	1 a.m. p.m.		
Saturday	2 a.m. p.m.		
Sunday	3 a.m. p.m.		
Monday	4 a.m. p.m.	AFD / SNEC	Meeting with AFD and CCFC on program during SIAL in Paris - Miscellaneous
Tuesday	5 a.m. p.m.	SNEC SNEC	Prepare presentation for Steering Committee meeting Prepare Steering Committee meeting - Meeting with Hy Thy
Wednesday	6 a.m. p.m.	SNEC SNEC / GR office	Exchange with IFC on Cambodia Rice Festival - Discussion with Sophany on Rice Forum - Prepare SC meeting Prepare presentation on C#4 for SC - Meeting with Golden Rice on contract farming and Cooperatives
Thursday	7 a.m. p.m.	SNEC SNEC	Conference call on market study with IFC and Agland - finalize documents for Steering Committee meeting Meeting with Luyna on SC preparation - Final correction to SC documents
Friday	8 a.m. p.m.	SNEC SNEC	Work on Quarterly Activity Report #06 Meeting with CoRAA - Revise draft contract with PDA Battambang
Saturday	9 a.m. p.m.		
Sunday	10 a.m. p.m.		
Monday	11 a.m. p.m.		
Tuesday	12 a.m. p.m.	SNEC SNEC	Additional comments to Agland on market study - Work on Quarterly Activity Report #06 Project Steering Committee Meeting
Wednesday	13 a.m. p.m.	SNEC Anise / SNEC	Work on Quarterly Activity Report #06 - Meeting with CoRAA and AMRU Lunch meeting with IFC - Various issue regarding preparation of promotion events - Reporting
Thursday	14 a.m. p.m.	SNEC / IFC Office SNEC	Finalize PDA Battambang contract - Meet with IFC and CCFC Work on Quarterly Executive Report #06
Friday	15 a.m. p.m.	Soma Office / SNEC SNEC	Meeting with CRF President and Secretary General - C#3 Coordination Meeting C#3 Coordination Meeting / Meeting with SNEC, RDB and AFD
Saturday	16 a.m. p.m.		
Sunday	17 a.m. p.m.		
Monday	18 a.m. p.m.	SNEC SNEC	Comment agenda restitution of market study - ANO for UNIDROIT workshop on CF - Review Agland report Review Agland report - Exchanges (e-mail) with CoRAA on the management of paddy collection and sales
Tuesday	19 a.m. p.m.	SNEC SNEC	Exchanges on market study - Meeting with Phat Sophany on support to FAEC and FCFD Contact IRAM France for visit interprofession - Up-date implementation plan by objectives
Wednesday	20 a.m. p.m.	SNEC SNEC	Up-date implementation plan by objectives - Review ToR of RDB Technical Assistance Note on Cambodian Rice promotion mission in France and Europe
Thursday	21 a.m. p.m.	SNEC SNEC	Note on Cambodian Rice promotion mission in France and Europe Read documents - exchange on market study restitution - finalize contract PDA Battambang...
Friday	22 a.m. p.m.	Himawari / SNEC SNEC	Participate in 1st session of CoRAA General Assembly / Compile comments (IFC and SCCRP) on Agland report Meeting with Luyna - Meeting with Samath Veasna about FO work group
Saturday	23 a.m. p.m.		
Sunday	24 a.m. p.m.		
Monday	25 a.m. p.m.	SNEC SNEC	Various administrative issues - Write comments on ToR for RDB Technical Assistance Meeting with FAEC + FCFD - Review note on mission in France - Work on note for H.E. Ros Seilava on RDB
Tuesday	26 a.m. p.m.	Eden park rest. / SNEC AFD / SNEC	Meeting with FAEC + FCFD on merging of the two Federations - Finalize note on RDB Meeting with IFC and AFD on sharing costs of market promotion events - mail to Bunhak
Wednesday	27 a.m. p.m.	SNEC SNEC	Inputs to H.E. Ros Seilava for RDB - Calendar for procurement of event manager for festival - exchange with DAI Meeting with Nika and Sokkeang - continue exchanges with DAI and CoRAA on organic paddy contracts
Thursday	28 a.m. p.m.	Sunway Hotel / SNEC SNEC	Launching of Thanakea Srov (Kampuchea) Plc. - Review request for non-objection for Cambodian Rice Festival Edit ToR for recruitment of event manager for Cambodian Rice Festival
Friday	29 a.m. p.m.	SNEC Vego 2 / SNEC	Review Agland deliverable 4 - check Horus invoice - Start prepare RFP for event manager for rice festival Lunch meeting with IFC, CCFC and AFD about mission in Paris - Meeting with DAI
Saturday	30 a.m. p.m.	SNEC	Review WB presentation on Logistics - Brainstorming meeting in SNEC on trade logistic issues
Sunday	31 a.m. p.m.		

## SEPTEMBER 2014

		Location	Activities	
Monday	1	a.m. p.m.	SNEC SNEC	Revise minutes of the 3rd Steering Committee Meeting Prepare the RfP for recruitment of Cambodian Rice Festival event manager
Tuesday	2	a.m. p.m.	Sofitel PP Sofitel PP	WB/MoC workshop on Trade logistic WB/MoC workshop on Trade logistic
Wednesday	3	a.m. p.m.	SNEC IFC	Revise request ANO for PDA - comments on AMRU-coop contracts - France market mission preparation meeting (with IFC and CRF)
Thursday	4	a.m. p.m.	SNEC SNEC	Meeting with AMRU, CoRAA + team on last amendment to contract with cooperatives of Preah Vihear Meeting with Lun Yeng (CRF) - Discussion with Mr Tith Samon - Comments on format for FO compendium
Friday	5	a.m. p.m.	Restaurant / SNEC SNEC	Breakfast meeting with DGRV - Finalise RfP for Rice festival - Meeting with researcher student Meeting with RDB about Technical Assistance - Meeting with Ung Luyna on partnership with DAI
Saturday	6	a.m. p.m.		
Sunday	7	a.m. p.m.		
Monday	8	a.m. p.m.	Cambodiana SNEC	Signature of Contract Farming between AMRU and 8 Cooperatives Follow-up procurement - Meeting with H.E. Ros Seilava - Elements to AFD on partnership with MAFF
Tuesday	9	a.m. p.m.	SNEC SNEC	Miscellaneous administrative issues - Briefing of shortlisted companies for organization of Cambodian Rice Festival
Wednesday	10	a.m. p.m.	MAFF / SNEC SNEC	Meeting with H.E. San Vanty, MAFF - Discussion with Ung Luyna on follow-up actions Preparatory meeting of Market study restitution with IFC, Agland and CRF
Thursday	11	a.m. p.m.	Sofitel PP Sofitel PP	Market study restitution conference Market study restitution conference
Friday	12	a.m. p.m.	SNEC IFC	Meeting with Sok Sarang and G. Robin on C#3 - Miscellaneous Meeting with IFC, CCFC on mission in France - Debriefing with Agland team
Saturday	13	a.m. p.m.		
Sunday	14	a.m. p.m.		
Monday	15	a.m. p.m.	SNEC SNEC	Discussion with Tith Samon on on-going CF contracts - Review Agland report of market workshop Skype meeting with AFDI + ADG on FAEC and FCFD - Review Press Release for mission in France
Tuesday	16	a.m. p.m.	SNEC SNEC	Reply IFC about ThaiFex - Prepare meeting with inter-profession in France - Draft reply to DAE (Saintdonat) - Work on ToR for Technical Assistance to RDB
Wednesday	17	a.m. p.m.	SNEC SNEC	Check accounting August - address issue with bidding for event manager Rice Festival - work on ToR for RDB TA Finalize improved ToR for Technical Assistance to RDB
Thursday	18	a.m. p.m.	SNEC AFD / SNEC	Meeting with C. Goossens on support to FAEC and FCFD. Finalize and validate with Luyna answer to DAE. Meeting with AFD / Finalize document and budget for exporters and CRF mission in France
Friday	19	a.m. p.m.	SNEC SNEC	Finalize document and request ANO for exporters and CRF mission in France Prepare format for scoring of offers of Event management Co. -
Saturday	20	a.m. p.m.		
Sunday	21	a.m. p.m.		
Monday	22	a.m. p.m.	(remote)	Miscellaneous e-mail exchanges - Financial reporting (July-August)
Tuesday	23	a.m. p.m.	(remote)	Work on Quarterly Executive Report #07
Wednesday	24	a.m. p.m.	SNEC AFD / SNEC	Work on ToR for Technical Assistance to RDB - Review scoring for bidding for Cambodian Rice Festival Comité de Pilotage du COSTEA (remote participation from Phnom Penh office) / Reporting
Thursday	25	a.m. p.m.	SNEC SNEC	Debriefing by Mr Tith Samon about meetings in Battambang - miscellaneous Pre-review of offers of Event Managers for Cambodian Rice Festival / Meeting with RDB and AFD
Friday	26	a.m. p.m.	SNEC SNEC	Procurement commission - selection of offer for Cambodian Rice Festival Event Manager Report procurement commission - Draft request for non-objection
Saturday	27	a.m. p.m.		
Sunday	28	a.m. p.m.		
Monday	29	a.m. p.m.	Himawari SNEC / IFC	Preparatory meeting for Market mission in France with IFC and exporters Mail to Horus - miscellaneous / Meeting with IFC and CRF about further workplan on branding and promotion
Tuesday	30	a.m. p.m.	IFC SNEC	Meeting with Red Dot about Cambodian Rice Festival program Draft request for payment Agland - Miscellaneous issues regarding mission in France. SIAL. Promo Diner...



## ANNEX 2: MATRIX OF KEY FINDINGS FROM ADDITIONAL SURVEY ON EXPERIENCES OF CONTRACT FARMING IN CAMBODIA

(surveys done from July 28 to August 3, 2014 by Mr Yi Bunhak – DAI – and Mr Tith Samon – AVSF-CIRD-ADG team)

Name companies	The support by company	Successful factors	Failed factors	Contribute to Government objective policy
<b>Angkor Kasekam Roong Roeung</b>	<ul style="list-style-type: none"> <li>Provided credit of paddy seeds without charging interest rate</li> <li>Technical training on new variety of paddy</li> </ul>	<ul style="list-style-type: none"> <li>New high quality seeds of paddy (Neang Molish) that was uncommon seeds provided in loan to farmers</li> <li>The farmers will pay back the credit seeds in paddy after harvesting</li> <li>Farmers can sell paddy in higher price (100 to 200 KHR/kg) compared to common jasmine paddy.</li> </ul>	<ul style="list-style-type: none"> <li>The AKR has limited the cash flow to buy all paddy from farmers</li> <li>Postharvest techniques of farmers are very limited</li> </ul>	<ul style="list-style-type: none"> <li>New seeds innovated to boost the yield of production,</li> <li>Higher market demand locally and internationally</li> <li>Make available of training on new techniques</li> <li>Bargaining power strengthened</li> </ul>
<b>British American Tobacco Cambodia</b>	<ul style="list-style-type: none"> <li>Provided credit of tobacco seeds (Hybrid imported from Brazil) and fertilizers</li> <li>Make available in cash of 10% of the total of crop value to the tobacco growers without charging interest rate, but shall cover the cost for bank service</li> <li>Contributed USD 1,000 annually to one FO as a bonus for fulfilling the quality standard and volume supplied to company.</li> </ul>	<ul style="list-style-type: none"> <li>Strong committed farmers has been selected</li> <li>Farmers trust the company's commitment</li> <li>The area of production was not far from the processing plant</li> <li>Provided special loan to farmers</li> <li>Offered the competitive market price and was lower than 8-10% of production costs.</li> </ul>	<ul style="list-style-type: none"> <li>Natural disaster, especially flood in tobacco planting area</li> </ul>	<ul style="list-style-type: none"> <li>New seeds innovated to boost the yield of production,</li> <li>Higher market demand locally and internationally</li> <li>Make available of training on new techniques</li> <li>Bargaining power strengthened</li> </ul>
<b>Sway Rieng Sugar Company</b>	<ul style="list-style-type: none"> <li>Provided loan USD 1,500 toward production cost per hectare of surface land including:</li> <li>Import the sugar cane planting machinery from Viet Nam to prepare farm soil of farmers</li> <li>The sugar cane breeds brought from Viet Nam plus fertilizer</li> <li>Provided training on specific technical production</li> <li>Sent some PDA staff to train in Viet Nam and then paid for follow up the activities</li> <li>Farmers will pay back the loan in three year timeframe of cycle production.</li> </ul>	<ul style="list-style-type: none"> <li>The area was suitable for sugar cane farms</li> <li>The sugar growers were not far from sugar factories</li> <li>Strong committed farmers selected</li> <li>Innovated new breeds of sugar cane that gave higher yields within higher sugar content than can be paid higher price</li> <li>Make available of preferential loan for production costs</li> <li>Provide training and follow up the activities.</li> </ul>	<ul style="list-style-type: none"> <li>Farmers have not enough time to work on sugar farms</li> <li>Some sugar farms flooded in last year.</li> </ul>	<ul style="list-style-type: none"> <li>New seeds innovated to boost the yield of production,</li> <li>Higher market demand locally and internationally</li> <li>Make available of training on new techniques</li> <li>Bargaining power strengthened</li> </ul>

