

■ Support to the Commercialization of Cambodian Rice Project

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SUPPORT TO THE COMMERCIALIZATION OF CAMBODIAN RICE PROJECT

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ACRONYMS

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

CCD	Cambodian Certification Department
CCFC	<i>Chambre de Commerce Franco-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
CO	Certificate of Origin
CoC	Code of Conduct
COrAA	Cambodian Organic Agriculture Association
COSTEA	<i>Comité Scientifique et Technique de l'Eau Agricole</i>
CREA	Cambodia Rice Exports Association
CRX	Cambodia Rice Exporter Meeting (facilitated by IFC)
CSR	Corporate Social Responsibility
DACP	Department of Agricultural Cooperatives Promotion
DAE	Department of Agricultural Extension
DAI	Department of Agro-Industry
DAL	Department of Agriculture Legislation
DANIDA	Danish International Development Agency
DDM	Demand Driven Model
DFID	Department for International Development (UK)
DGRV	<i>Deutscher Genossenschafts- und Raiffeisenverband e. V.</i> (German Cooperative & Raiffeisen Confederation)
Dis.	District
DMC	Direct-seeding Mulch-based Cropping system
DP	Development Partners
DPM	Deputy Prime Minister
DPS	Department of Planning and Statistics (of MAFF)
DRC	Department of Rice Crops
EA	Executing Agency
EBA	Everything but Arms
EC	European Commission
EC	Executive Committee
ED	Executive Director
EoI	Expression of Interest
EPWG	Export Promotion Working Group (informal group of rice exporters supported by IFC)
ESP	Environmental and Social Policy
ESR	<i>Equitable, Solidaire, Responsable</i> (Fairness, Solidarity, Responsibility) – Ecocert owned standard
EU	European Union
ExCo	Executive Committee
FAEC	Federation of farmer associations promoting family Agriculture Enterprises in Cambodia
FAO	Food and Agriculture Organization of the United Nations
FASMEC	Federation of Association for Small and Medium Enterprises of Cambodia
FCFD	Federation of Cambodian Farmer Organizations for Development
FCRE	Federation of Cambodian Rice Exporters
FCRMA	Federation of Cambodian Rice Millers Associations

FFS	Farmer Field School
FI	Financial Institution
FNN	Farmer and Nature Network
FMP ExCo	Farming and Milling Productivity Executive Committee (of CRF)
FO	Farmer Organisations
FOO	Farmer Organisations Office of the DAE
FSMS	Food Safety Management System
FWN	Farmer and Water Network
FWUC	Farmer Water User Community
GAFFSP	Global Agriculture and Food Security Program
GDA	General Directorate of Agriculture
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GF	Guarantee Fund
GI	Geographical Indication
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> / German Development Cooperation
GMP	Good Manufacturing Practice
GMP ExCo	Global Market Promotion Executive Committee (of CRF)
GMS	Greater Mekong Subregion
G-PSF	Government – Private Sector Forum
GRET	Groupe de Recherche et d'Echanges Technologiques
GS	General Secretary
HACCP	Hazard Analysis and Critical Control Points
HARVEST	Helping Address Rural Vulnerability and Ecosystem Stability (USAID project)
HKL	Hattha Kaksekar Limited
HR	Human Resources
ICS	Internal Control System
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements
IP	Intellectual Property
IPD	Intellectual Property Department of the Ministry of Commerce
IPM	Integrated Pest Management
IRAM	<i>Institut de Recherche et d'Application des Méthodes de Développement</i>
ISC	Institute of Standards of Cambodia
ISF	Irrigation Service Fee
IT	Information Technologies
IWRM	Integrated Water Resources Management
JCC	Joint Coordination Committee (FCRE, SNEC, IFC, AFD)
JDI	Japan Development Institute
JICA	Japanese International Cooperation Agency
KAPCD	Khmer Angkor People Community for Development
KOICA	Korea International Cooperation Agency
KYC	Know Your Customer (banking)
LGWR	Long Grain White Rice
LRI	Live Rice Index
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Micro-Finance Institution

MIH	Ministry of Industry and Handicraft
MIME	Ministry of Industry, Mines and Energy
MLMUPC	Ministry of Land Management Urban Planning and Construction
MOC	Ministry of Commerce
MOWRAM	Ministry of Water Resources and Meteorology
MPWT	Ministry of Public Works and Transport
MRC	Mekong River Commission
MRC	“Mini Rice Center”
MRD	Ministry of Rural Development
M&E	Monitoring and Evaluation
NBC	National Bank of Cambodia
NC	National Coordinator
NGO	Non-Governmental Organization
NKPSAC	Nikum Krao Preah Sihanouk Agricultural Cooperative
NOP	National Organic Program (USA organic standards)
NPACD	National Policy for Agricultural Cooperatives Development
NPD	National Project Director (in SCCRP project management team)
NSC	National Standard Council
NSDP	National Strategic Development Plan
NWISP	North-West Irrigation Sector Project (ADB/AFD)
OA	Organic Agriculture
ODM	Offer Driven Model
OPM	Open Paddy Market
O&M	Operation and Maintenance (of irrigation schemes)
PAO	Project Administration Officer (in SCCRP project management team)
PADAC	<i>Programme d'Appui au Développement de l'Agriculture au Cambodge</i>
PADEE	Project for Agriculture Development and Economic Empowerment (IFAD/FAO project)
PBA	Program Based Approach
PC	Project Coordinator (in SCCRP project management team)
PDA	Provincial Department of Agriculture
PDOWRAM	Provincial Department of Water Resources and Meteorology
PDRD	Provincial Department of Rural Development
PIMD	Participatory Irrigation Management Development
PIP	Public Investment Program
PM	Prime Minister
PMA	Project Management Advisor (in SCCRP project management team)
PPAP	Phnom Penh Autonomous Port
PPCR	Pilot Program for Climate Resilience
PPD	Public-Private Dialog
PPP	Project Procurement Plan
PPP	Public-Private Partnership
PPPPRE	Policy on the Promotion of Paddy Production and Rice Export
PR	Public Relations
PSC	Project Steering Committee
PSG	Paddy Selling Group
RBA	Rice Bank Association
RDB	Rural Development Bank
RGC	Royal Government of Cambodia
Rice-SDP	Climate Resilient Rice Commercialization Sector Development Program (ADB)

RMA	Rice Millers Associations
RS	Rectangular Strategy
RUA-CD	Royal University of Agriculture – Chamcar Daung
SAP	Sihanoukville Autonomous Port
SAW	Strategy on Agriculture and Water
SCCRP	Support to the Commercialization of Cambodian Rice Project
SCF	Strategic Climate Fund
SCM	Scoring Criteria Method
SEA	South East Asia
SIAL	<i>Salon International de l'Agroalimentaire</i> (Paris)
SME	Small and Medium Enterprise
SMP	<i>Sansom 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) Ltd.
TPD	Trade Promotion Department of the MOC
TREA	Thai Rice Exporters Association
TRT	The Rice Trader
TWG	Technical Working Group
TWGAW	Technical Working Group on Agriculture and Water
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNEP	United Nation Environment Program
UNIDO	United Nations Industrial Development Organization
UNIDROIT	International Institute for the Unification of Private Law
USA	United States of America
USAID	United States Agency for International Development
USP	Unique Selling Proposition
VAHW	Village Animal Health Worker
VF	Vision Fund
WASP	Water and Agriculture Sector Project (financed by AFD)
WB	World Bank
WCS	Wildlife Conservation Society
WIPO	World Intellectual Property Organization
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 coordinated by the Supreme National Economic Council and funded by the *Agence Française de Développement* (AFD – French Agency for Development) for a period of 3 years (January 2013 to December 2015), now considered to be extended (a proposal for extension and revised implementation strategy was developed by SNEC project team and introduced to AFD in August).

This report is the 11th Quarterly Executive Report of the project. It covers the period from July 1st to September 30, 2015, for technical components 1 to 4.

During this period, CRF has signed a MoU with the Ministry of Commerce to formalize the agreement regarding a budget subsidy of the RGC to CRF. ToR for additional institutional support to CRF were prepared by project's PMA but validation by SNEC is still pending.

FO Federations (FAEC and FCFD) have finalized the draft of service catalogue that will be submitted to their Boards in the next quarter.

As part of the process of branding Cambodian Jasmine Rice, TÜV Rheinland has been recruited by SCCRCP to work with CRF's GMP ExCo on the procedures and methods for the verification of the compliance of product and processes with CRF's brand requirements. Product specifications were endorsed by CRF's GMP ExCO on 30 September 2015. Ad' Communication is simultaneously mobilized by IFC project to work on the marketing and communication aspects of the brand.

Contract farming agreements for year 2015 have been signed by AMRU with the 8 cooperatives producing organic paddy in Preah Vihear, for more than 3,000 tons of rice, and a MoU was signed between the SCCRCP project and the 8 cooperatives for the support to the creation of the AC Union. The pre-Union has finalized the recruitment of four officers who started their work from mid-July 2015. In September, Ecocert has conducted its inspection for the purpose of organic certification and have noted improvement in the internal control system and compliance.

Two other contracts were signed between rice millers and FOs in Stung Treng and Pursat.

The “Experience sharing and consultation workshop on Contract Farming” took place on 15 July, and a draft content of a Manual for Contract Farming in Cambodia was prepared by project PMA.

RDB has recruited an assistant to the head of Human Resources Department, and the process of recruitment of Technical Assistance to RDB was relaunched. Besides, Horus has started to implement the second phase of its mission in support to the development of credit mechanisms to Farmer Organizations, providing useful outputs regarding loan request assessment process and draft description of financial product offered to FOs. Despite the requests for loans introduced during the previous quarter via FAEC and FCFD were not successful, the cases have provided useful experience to identify the points to improve and issues to be tackle before a next batch of application is introduced by Farmer Organizations.

Table 1 next page provides a summary of outcomes during this quarter, foreseen steps and concerns.

SUMMARY

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

	Important activities and outcomes of the past quarter	Foreseen objectives and activities for the coming months	Issues and concerns
C#1	<ul style="list-style-type: none"> ▪ ToR for a support to CRF as part of the review of rice policy have been drafted by PMA. ▪ ToR for an institutional support to CRF (on governance and management) have been drafted by PMA. ▪ Draft service catalogue of FAEC and FCFD finalized. 	<ul style="list-style-type: none"> ▪ Validation of proposed ToR by SNEC then consultation with CRF. ▪ FAEC and FCFD service catalogue to be approved by their Boards. ▪ Get a clear action and budget plan for 2016 for FAEC and FCFD, showing development of their own resources in their budget balance. 	<ul style="list-style-type: none"> ▪ Still unclear situation regarding the partnership between FAEC and FCFD, after the scenario of merging was rejected in January.
C#2	<ul style="list-style-type: none"> ▪ Finalization of the recruitment of consultants (TÜV Rheinland) for the development of control mechanism for compliance with brand requirement. ▪ Branding consultants (marketing and communication) provided by IFC for the branding process are also on-board. ▪ Work with GMP ExCo + consultants on the brand scope and requirements. ▪ Product specifications for the brand were endorsed on 30/09 by ExCo. 	<ul style="list-style-type: none"> ▪ Development of CRF's premium Cambodian Jasmine Rice brand with ad' communication (IFC input) and development of the procedures and tools for verification of compliance with the brand requirements by TÜV Rheinland (SCCRP input). ▪ WIPO mission on the collective trademark registration (commissioned by MoC). 	<ul style="list-style-type: none"> ▪ Meeting with exporters on 3rd Sept. 2015 showed that there is still a huge need to build exporters understanding on the concept of the collective trademark. ▪ Coordination with MoC (referring to WIPO mission) needs to be improved.
C#3	<ul style="list-style-type: none"> ▪ Experience sharing and consultation workshop on Contract Farming organized on July 15, 2015. ▪ MoU for the support to AC Union in Preah Vihear signed. Staff of ACU recruited and on-board. ▪ 8 CF agreements signed between AMRU Rice and ACs in Preah Vihear, for more than 3,000 tons of paddy. ▪ ECOCERT inspection implemented (for organic certification). ▪ One CF agreement signed between a rice miller and one AC in Stung Treng. ▪ One CF agreement signed between a rice miller and a FWUC in Pursat. ▪ Detailed draft content of Guidelines on Contract Farming in Cambodia developed by PMA. 	<ul style="list-style-type: none"> ▪ Implementation of paddy delivery as part of contract farming agreements signed during this quarter. ▪ Continue consolidation of ACU (collection of the contribution of 50 KHR/kg, capacity building of officers, training on harvest / post-harvest...). ▪ Work on the draft of guidelines for Contract Farming in Cambodia. 	<ul style="list-style-type: none"> ▪ Low participation of agri-business companies in the afternoon session of the workshop on Contract Farming has limited the inputs from these stakeholders on key questions. ▪ Lack of initiative of C#3 team for the development of innovative models and for formalization of lessons learnt from pilot.
C#4	<ul style="list-style-type: none"> ▪ Relaunch procurement process for TA to RDB: two firms shortlisted after new EoI. Request for proposal sent on 22 Sept. 2015. ▪ Field mission of Horus in Cambodia in July: develop / improve the financial product description (loan to FOs), the process for credit request assessment, and the modalities of the guarantee system. 	<ul style="list-style-type: none"> ▪ Selection of consultant for the Technical Assistance to RDB (deadline for full proposal is 21 Oct. 2015). ▪ Meeting between RDB, project and FO Federations. ▪ Endorsement of the new credit policy for FOs by the Board of RDB. 	<ul style="list-style-type: none"> ▪ Project extension (addendum to financing agreement) has to be signed before the TA to RDB can be effectively mobilized. ▪ None of the requests for loans submitted to RDB by FOs have been successful, due to delay in assessment or due to lack of collateral.

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

1.1. WORK WITH THE CAMBODIAN RICE FEDERATION

1.1.1. ON-GOING OPERATIONAL PARTNERSHIPS WITH CRF

1.1.1.1. GLOBAL MARKET PROMOTION EXECUTIVE COMMITTEE

Branding of Cambodian Premium Jasmine Rice is the main subject on which SCCRP project is working with CRF (through this GMP Executive Committee) at present, following the action plan for branding developed jointly by CRF and SCCRP PMA.

Ms The Sokha, chairperson of the GMP ExCo, took part in the SCCRP procurement commission for the recruitment of consultant on the control of compliance with the collective trademark. This procurement was finalized during this quarter. See Part 2 in this report (pages 11-13) for more details on the branding process.

1.1.1.2. FARMING AND MILLING PRODUCTIVITY EXECUTIVE COMMITTEE

Farming and Milling Productivity Executive Committee (FMP ExCo) has relayed the invitation of rice millers or other interested businesses in the rice sector to attend the Experience Sharing and Consultation Workshop on Contract Farming organized by SCCRP and DAI/MAFF on 15 July 2015 (See § 3.6.1. pages 23-25 in this report).

1.1.2. ADDITIONAL PERSPECTIVES ON INSTITUTIONAL SUPPORT

Following-up on meeting with CRF in June and perspectives envisaged in the last Quarterly Report¹, the SCCRP Project Management Advisor has developed draft Terms of Reference for 1) Institutional Support to CRF and 2) Support to the Cambodian Rice Policy Review. These Terms of Reference were first shared to SNEC's SCCRP Project Coordinator for comments and feedback, respectively on 14 September and 15 September 2015. Reply from project Coordinator is pending at the end of this quarter.

1.1.3. CRF FINANCING AND SUSTAINABILITY AND GOVERNMENT FINANCIAL SUPPORT TO CRF

The foreseen subsidy of 450,000 USD from the Royal Government of Cambodia to CRF, already mentioned in the previous quarterly report², has been confirmed with the signature of a Memorandum of Understanding between the Ministry of Commerce and CRF, on 23rd of July 2015. It has to be noted that the MoU indicates "CRF shall consolidate its own institution by implementing good governance to ensure accountability and transparency in the use of budget"³, but it does not explicitly mention the improvement of CRF representativeness of the whole rice sector as an objective or a condition associated to this MoU.

Besides, the MoU indicates that CRF should allow the Ministry of Commerce to appoint one or several advisors to CRF, but with no connection to the possible advisory services that SNEC/SCCRP project is envisaging. A closer coordination between SNEC and MoC on this matter would be necessary.

¹ See Quarterly Executive Report #10, § 1.1.2. page 4.

² See Quarterly Executive Report #10, § 1.1.3. page 4.

³ (unofficial translation).

1.2. SUPPORT TO FEDERATIONS / NETWORKS OF FARMER ORGANIZATIONS

1.2.1. INSTITUTIONAL SUPPORT AND CONSOLIDATION OF FO FEDERATIONS

1.2.1.1. RECALL OF FINANCIAL OBJECTIVE: TOWARD AN INCREASE OF SUSTAINABLE SOURCES OF INCOMES FOR FO FEDERATIONS

The support of SCCRP project to FO Federations (FAEC and FCFD) is aiming at:

- consolidating a representation of smallholder farmers and Farmer Organizations, notably within CRF as a foreseen inter-professional body for the rice sector);
- and
- developing a sustainable offer of services from the Federation to their members, notably regarding technical and commercial services in the rice sector, while consolidating financial sustainability of the Federations.

Whereas it is not foreseen to reach a full coverage of Federations costs by their own resources, an objective is to increase the share of own resources (membership fees, service fees...) generated by the Federation in their overall incomes.

AFD supervision mission, in the end of 2014, has set an objective of 30% of FO Federations annual budget to be covered by Federations own and sustainable resources. On 13th of August 2015, this objective was recalled during a meeting that took place in AFD between Mr Muong Sideth (AFD project officer) and technical officers of FAEC and FCFD + Mr Phat Sophany. AFD has also encouraged FO Federations to define policies to attract new members, allowance policy, which Federations have started to work on since then.

Recommendations from the meeting with AFD were discussed internally within FAEC Board on 2nd of September. FAEC Board took note of the objective of balancing 30% of the budget with “own resources”, but understanding that this would concern only the recurrent management and operational costs of FAEC (and permanent services internalized) and not the activities financed by specific projects in which FAEC is an implementing partner.

On its side, FCFD has also discussed AFD recommendations and has started to draft membership policy, allowance policy, access to credit policy and procurement/bidding policy. FCFD Board has endorsed these draft policies in end of September. Yet FCFD Board has expressed reserves on its capacity to reach 30% of the budget of Year 2016 covered with own resources and may propose a more progressive transition, according to FCFD quarterly report.

For FAEC the endorsement of these drafts is still pending and expected to take place in the next quarter, during the next meeting of FCFD Board.

1.2.1.2. TECHNICAL SUPPORT TO ANALYSIS AND REPORTING

AVSF's Technical Assistant to the FO Federations has provided additional advice and support to FAEC and FCFD on analysis and reporting skills. The purpose was notably to improve the analysis of results and outcomes in the reporting and not only to limit the reporting to a factual description of actions. This was answering comment from AFD and SNEC project management team on FAEC and FCFD previous quarterly reports.

1.2.1.2. DEVELOPMENT OF JOINT SERVICE OFFER AMONG FO FEDERATIONS: SERVICE CATALOGUES

As part of this effort to increase incomes from members, clients or structural partners, FAEC and FCFD have continued to work on the development of a service catalogue⁴. The drafts of service catalogues are structured with three main parts corresponding to three types of services:

- **Trade facilitation services:** support to sale of agricultural products or supply of agricultural inputs. These services include notably supply of agricultural inputs directly from companies or wholesalers in negotiated conditions and prices. It also includes the facilitation of business matching meetings between Farmer Organizations representatives with potential buyers of agricultural products (rice millers, middlemen, companies) to negotiate better conditions for buying and selling agricultural products. Moreover, this chapter of the service catalogue will also encompass Federations' support for its members to access credit (See § 1.2.2.5. pages 7-8 and § 4.2. pages 29-30 in this report).
- **Facilitation service on creation and support to FO:** the services are focused on the establishment of new farmer organization and provide institutional / managerial support to existing FO. It can also include support for the establishment of new FO, creation of saving groups, self-help groups, water user groups and facilitation of the creation of Agricultural Cooperatives. For support to FO, the service could build up the capacity of FO leaders, support documents and FO management tools.⁵
- **Technical training service on agriculture production:** these services are focused on technical training on vegetable growing, livestock, fish raising, rice production, etc...

In the next quarter, the service catalogues will be submitted to the Boards of FAEC and FCFD for endorsement, then printed and disseminated to members. According to Mr Pat Sovann (FAEC), there is not one common service catalogue for the two Federations (with same pricing of services), but each of them (FAEC and FCFD) are developing their own service catalogue (even if both are likely to be quite similar). This still raise questions about the proposed mutual management of some services implementation, which was agreed while signing the contracts between SNEC (SCCRP project) and the two Federations⁶. While positions of so-called “Technical Assistants” (Pat Sovann and Seng Bundoeun) of FAEC and FCFD are considered as shared (one employed by FAEC and the other by FCFD, but both providing support to the members of the two Federations, sharing their work on a geographical basis), it would be necessary to harmonize the pricing of the services executed by these officers and to consolidate and formalize the agreement between FAEC and FCFD on a joint management of both incomes and costs associated to the services specifically provided by these officers, and this beyond the term of project duration.

1.2.2. IMPLEMENTATION OF FO FEDERATIONS' SERVICES TO MEMBERS

1.2.2.1. PREPARATION OF NEW TECHNICAL TRAINING SERVICES FOR FOS

FAEC and FCFD have proceeded with an internal recruitment of potential trainers, among experienced representatives from their member organizations. Fields covered are technical (livestock, crops, aquaculture) and managerial (business planning, accounting, etc.). A total of 21 trainers were identified in FAEC and

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

⁵ It is observed that part of this category of service “Facilitation service on creation and support to FO” sounds more directed to projects or development organizations as clients rather than to members of the Federation. Whereas it is not forbidden for FO Federations to develop such services and generate incomes from it, it should not divert the Federations from serving their members as their primary goal.

⁶ See notably Quarterly Executive Report #05, pages 17-18.

FCFD. These internal trainers have started to work⁷ on 21st of July on the development of training curriculum and material.

1.2.2.2. SERVICE OF FACILITATION OF FERTILIZER TRADE AND AGRICULTURAL INPUT FOR FO FEDERATION'S MEMBERS

During this quarter, FAEC has facilitated the supply of 38 t of fertilizer for FO Federations' members from three companies: Hang Pichchay, Bayon Heritage and Solar Agriculture Company. The companies have offered special prices, with an average discount of 4,000 KHR/50 kg compared to depot price, and free delivery.

FAEC intends to charge a service fee of 1,000 KHR/50 kg bag. But since the operation took place before the service catalogue is endorsed and disseminated, the agreement on the payment still has to be confirmed by two out of the four cooperatives who used the service. Trapeang Kranhung and Odom Soriya cooperatives, which have bought 29 t together, have already confirmed their acceptance of this service cost but have negotiated to pay it after harvest.

The acceptance of the payment of such fees is a good sign. Yet at this scale the incomes generated are still very limited: 1,000 KHR/bag applied on 38 tons leads to approximately 190 USD of incomes. This is probably not enough to cover the time and costs to negotiate and liaise with suppliers. FO Federations should assess the potential for scaling up and breakeven point for this activity to be sustained.

It has to be noted that some additional anticipated orders for fertilizers did not take place because the distribution of fertilizers by these FOs was conditioned to the obtaining of a loan from RDB. Since the request for loan have failed (See § 1.2.2.5. pages 7-8), the activity was cancelled reducing the volumes of fertilizers ordered via the Federations.

1.2.2.3. FACILITATION OF COMMERCIALIZATION OF AGRICULTURAL PRODUCTS

FO PADDY PRODUCTION BOOKLET

As in 2014, FAEC, FCFD and FWN intend to jointly publish a booklet presenting the potential of paddy production of all their members.

Four sessions of training of persons in charge of data collection took place in August in Battambang, Kampong Thom, Takeo and Prey Veng.

Data to be gathered include: FO surface of land for paddy production, infrastructure, estimated production of fragrant and non-fragrant paddy, etc.

Data collection and compilation is expected to be finalized in the next quarter.

As the production and dissemination of this booklet on the potential of production of paddy of FOs is foreseen to be useful not only for the Farmer Organizations, but also for rice millers or exporters as potential buyers, this activity was presented by FAEC and FCFD to the Cambodian Rice Federation and proposed for co-financing. A proposal was submitted to CRF on 20 August 2015, for a total budget of 4,765 USD.

⁷ With the technical officers of FAEC and FCFD and the SCCRP consultant in charge of the support to the Federations.

1.2.2.4. IMPLEMENTATION OF SCORING (SCM) OF COOPERATIVES MEMBER OF FAEC AND FCFD

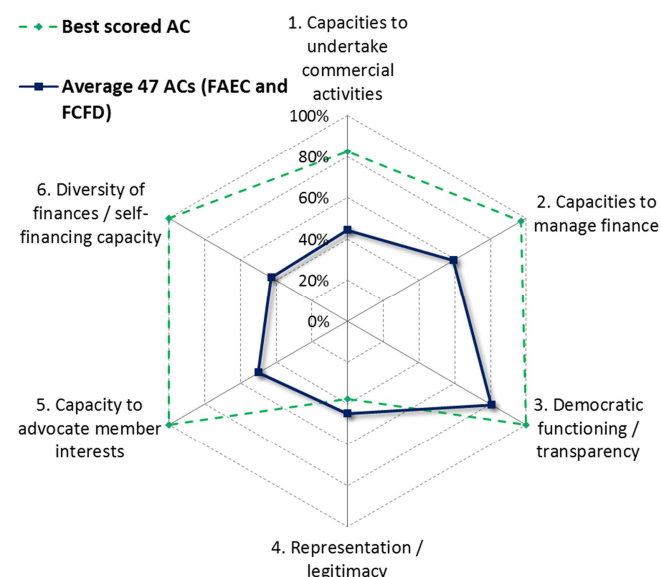
Following-up on the revision of the “Scoring Criteria Method” in the first quarter⁸ of this year and the training on the revised frame of criteria and method of evaluation⁹, FAEC and FCFD have proceeded¹⁰ to the evaluation of 47 Agricultural Cooperatives¹¹ among their members.

The score table covers 6 main areas as follows, for a total of 100 points:

- Capacities to undertake commercial activities;
- Capacities to manage finance;
- Democratic functioning / transparency;
- Representation / legitimacy;
- Capacity to advocate member interests;
- Diversity of finances / self-financing capacity.

The Figure 1 (opposite) shows the average profile of the cooperatives member of FAEC and FCFD (based on 47 ACs evaluated), and the profile of the cooperative which obtained the highest overall score.

Figure 1: Average profile of ACs members of FAEC and FCFD on the 6 axis of the “Scoring Criteria Method) and highest score



Yet it has to be underlined that this average does not reflect the variability of the scores obtained by the different cooperatives. For instance, the number of points obtained by a cooperative on the 1st criterion (capacities to undertake commercial activities) varies from 3 points to 28 points on a maximum of 34 points! Total scores obtained by the 47 ACs vary from 25 to 88 points / 100 points. Based on the result of scoring, FO Federations could set up the activity plan to strengthen the weak points of ACs. This evaluation might also be used as part of the screening of eligible applicants to apply for loans to RDB or possibly other financial institutions.

1.2.2.5. SUPPORT FO ACCESS TO CREDIT SERVICES

FCFD has followed up on the loan request of Mittapheap Petsat AC in Kampong Thom submitted to RDB. The dialog was pursued based on RDB feedback. Interest rate proposed by RDB was acceptable for the AC but the collateral requirement could not be reduced below 200% of the loan amount, which the cooperative could not fulfill. The loan has thereof not been accepted.

FAEC has followed other cases but other requests for loans were either withdrawn by the applicants due to too long delay of instruction, or rejected by RDB due to the same issue of lack of collateral to reach the minimum of 200% of the loan value (or because only soft titles were available).

⁸ See Quarterly Executive Report #09, § 1.2.4.3. page 9.

⁹ See Quarterly Executive Report #10, § 1.2.4.1. page 7.

¹⁰ This process has also received a significant support from AFSA project, including the financing of a temporary staff to proceed to ACs evaluations and technical support from ADG coordination team.

¹¹ 25 ACs member of FAEC and 22 ACs member of FCFD.

It has to be noted that the decisions on these request for loans were all based on former credit policy of the RDB. A revised credit offer dedicated to Farmer Organizations is being prepared that should partly ease these conditions (See § 4.2. pages 29-30 in this report).

1.2.2.6. FEDERATIONS' SUPPORT TO THE CREATION OF AGRICULTURAL COOPERATIVES UNIONS

In August the FCFD has facilitated meetings with pre-ACU in Kampong Thom¹² and another pre-ACU in Battambang. Additional information was presented to the members of these pre-ACU regarding the process and requirements¹³ for registration of ACU, based on the information made available by the Department of Agricultural Cooperatives Promotion up to now¹⁴. Grouped purchase of 25,000 sacks for storing paddy was undertaken as a first joint action conducted by those two Agricultural Cooperatives pre-Union.

FAEC has worked with four pre-Unions during this quarter: three of them were already supported since the previous quarter¹⁵ (ACU Angkor Chum and ACU Samaki Trapeang Kranhung in Takeo and ACU Kampong Trabek in Prey Veng) and a new pre-ACU was added during this quarter: ACU Samaki Tramkak in Takeo. Discussions were mainly focused on the identification of priority business activities at these Unions level. The ACU of Kampong Trabek has decided to prepare a grouped order of sacks for paddy. Other three Unions are interested in the facilitation of paddy commercialization for the next season but did not yet start to work on the implementation.

Box 1: Process of support to ACU creation as implemented by FAEC and FCFD

The following steps have been implemented by FAEC and FCFD in support to the creation of Unions of Cooperatives:

1. Introduce Agriculture Cooperative Union (ACU) concept to volunteer ACs, this stage we brainstorm what are benefits of ACU creation, presented articles 89-95 of the law on agricultural cooperative and present the drafting ACU's statute and internal rule.
2. Final draft ACU's statute and internal rule
3. Election temporary Board Management Committee of ACU
4. Identify priority actions

The final draft statute and internal rules of ACU already drafted (but might be adjusted once the Prakas on the registration of ACU is issued by MAFF.

ACU's Board members and Internal Auditor was selected with several steps as mentioned below:

1. Present ACU's management structure or model to AC representatives
2. Present the role and responsibility of ACU management team
3. Identify and discussion on election method
4. Identify potential/volunteer candidates (AC leaders/members)
5. Election process
6. Discussion on the rule and responsibility of ACU's Board members and Internal Auditor.

¹² Cf. Quarterly Executive Report #10, § 1.2.5.1. pages 7-8 and Table 4 pages 8-9.

¹³ According to FCFD Quarterly Report: Report of the first General Assembly, Statute and Internal Regulations, Business Plan, List of Administrative Committee and Audit Committee, List of AC members, specimens of signatures.

¹⁴ Yet no official procedure for the registration of Agricultural Cooperatives' Union has been officially issued by MAFF. The publication of a Prakas on this subject is still pending.

¹⁵ Cf. Quarterly Executive Report #10, § 1.2.5.2. page 8 and Table 4 pages 8-9.

The Table 2 (below) provides an up-dated list of the 6 ACs supported by FAEC and FCFD.

Table 2: Up-dated list of the six pre-ACUs supported by FAEC and FCFD as of 30 September 2015

No	Name of ACU	Name of FO involved	Province	District	Commune	Village
1	ACU Samaki Trapeang Kranhung	AC Trapeang Kranhung	Takeo	Tramkak	Trapeang Kranhung	Trapeang Kranhung
		AC Samaki Kpork Svay	Takeo	Tramkak	Trapeang Kranhung	Khbop Svay
		AC Mean Chey Trapeang Kok	Takeo	Tramkak	Trapeang Kranhung	Tramkak
		RBA Neak Mean Kun Plov Lok	Takeo	Tramkak	Trapeang Kranhung	Trapeang Skear
		RBA Samaki Reach Chamreun Trapeang Skea	Takeo	Tramkak	Trapeang Kranhung	Prey Kdouch
		RBA Samaki Prey Kdoch	Takeo	Tramkak		Prey Kdouch
2	ACU Angkor Chum	AC Sromok Sok Senchey	Takeo	Angkor Borey	Sromok	Sromok
		AC Ampil Mean Chey	Takeo	Angkor Borey	Ponley	Ampil
		AC Taey Rung Reung	Takeo	Angkor Borey	Basre	Ta Ey
3	ACU Samaki Tramkak	AC Udom Sorya	Takeo	Tramkak	Udom Sorya	Taso
		AC Tipath Punlor Thmey	Takeo	Tramkak	Cheang Tong	Tipath
		AC Sen Ork Sen Sok	Takeo	Tramkak	Kus	Sen ork
		AC Bak Sey Rik Reay	Takeo	Tramkak	Cheang Tong	Angbaksey
		AC Srer Khvav	Takeo	Tramkak	Cheang Tong	Srer Khvav
4	ACU Kampong Trabek	AC Prek Pdao	Prey Veng	Kampong Trabek	Kampong Trabek	Prek Pdao
		AC Phum Yeurng	Prey Veng	Kampong Trabek	Kamsom Ork	Krouch
		Samakum Kasekor ning thormmacheat Phum Deun Tung	Prey Veng	Kampong Trabek	Prasath	Deun Tung
		Samakum Samaki Chouy Khnea Pum Rolus	Prey Veng	Kampong Trabek	Kansom Ork	Rolus
5	ACU Sangke-Banan	AC Chamroeun Phal Reang Kesey	Battambang	Sangke	Reang Kesey	Wathkandal
		AC Punleu Thmey Kdey Sangkhem Ney Kasekor	Battambang	Banan	Baytamram	Baytamram
6	ACU Kampong Thom	AC Mittapheap petsat	Kampong Thom	Storng	Kampongchen	Kampong Chen
		AC Trapeang Russey	Kampong Thom	Kampong Svay	Trapingreusei	Korkngun
		AC Taream Chamroeun Phal	Kampong Thom	Kampong Svay	Tbeng	Taream
		AC Prey Pros	Kampong Thom	Kampong Svay	Tbeng	Prey pros

Besides, FAEC and FCFD Technical officers have also attended in presentations of the Department of Agricultural Cooperative Promotion in Preah Vihear related to the creation of the AC Union (See § 3.3.1.4 pages 17-18 in this report) to gain knowledge on the proposed process for ACU creation and registration.

1.2.3. ADVOCACY ROLE OF FO FEDERATIONS

1.2.3.1. REPRESENTATION OF FARMERS IN CAMBODIAN RICE FEDERATION

FCFD Vice-President has attended the 8th CRF Board meeting (as a member of the Board) on 4 September 2015.

FAEC and FCFD have also joined a CRF meeting hold on 18 September with presentation of progresses of 5 Executive Committees of CRF.

1.2.3.2. PARTICIPATION IN SCCRP WORKSHOP ON CONTRACT FARMING

FAEC, FCFD and FWN have mobilized delegates (notably 6 representatives of FAEC and 6 representatives of FCFD, including technical officers) to represent Farmer Organizations in the « Experience Sharing and Consultation Workshop on Contract Farming » organized by SCCRP and DAI/MAFF on 15 July 2015 (See § 3.6.1. pages 23-25 in this report).

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

2.1. QUALITY LABEL / CAMBODIAN RICE BRANDING: DEVELOPMENT OF A COLLECTIVE TRADEMARK FOR CAMBODIAN PREMIUM JASMINE RICE

2.1.1. PROCUREMENT OF CONSULTANT TEAM TO DEVELOP CONTROL AND CERTIFICATION PLANS

The scoring of the Technical Offer received from TÜV Rheinland (Cambodia) Co. Ltd. was accepted by AFD¹⁶. Technical offer was then opened in CRF office with head of CRF's GMP ExCo on 14 July 2015. The proposed cost of the service was significantly higher than what was expected, and besides it was noted that part of the activities proposed in the technical offer could be skipped given the good knowledge of Cambodian Rice sector by the applicant¹⁷. Thereof, it was decided to enter in a process of negotiation with TÜV Rheinland. A meeting of SNEC project management team with the company and CRF's GMP ExCo representative took place on 17 July to provide a first batch of comments, based on which TÜV Rheinland has developed a second version of the offer. A second round of comments was sent on 11 August. They were taken into consideration by the applicant in a final version of the offer, which served as a basis for the contract. After final negotiation, draft contract was sent to AFD for non-objection on 28 August 2015. Non-objection was received on 17 September and the contract with TÜV Rheinland was signed on the same day.

2.1.2. ARTICULATION WITH AD' COMMUNICATION MISSION ON BRAND DEVELOPMENT

As part of the implementation of CRF's strategy and plan for the Branding of Premium Cambodian Rice¹⁸, and complementarily to the role of TÜV Rheinland on the development of procedures and tools to verify compliance with the brand requirements, the IFC has recruited "ad' communication" as the consultant team to work on the brand development (marketing and communication consultants, in charge of developing the brand identities, values, logo, promotion material, etc...). It has to be noted that ad' communication and TÜV Rheinland have been recruited and started to be mobilized simultaneously which is important to ensure coordination and synergies between their inputs. Both teams of consultants are expected to work in interaction and under the guidance of CRF's GMP ExCo.

2.1.3. FIRST STEPS OF IMPLEMENTATION OF THE BRANDING PROCESS WITH THE NEWLY RECRUITED CONSULTANTS

2.1.3.1. KICK-OFF MEETING WITH GMP EXCO

A kick-off of the mobilization of the two consultant teams (TÜV Rheinland and "ad' communication") took place with CRF's GMP ExCo on the 2nd of September 2015 in CRF office, providing the opportunity for the two teams to meet and to present an overview of their proposed action plans. IFC and SCCRP team were also represented during this meeting (unfortunately with many ExCo members absent on that day).

On the suggestion of SCCRP, a second meeting took place in CRF on 9th of September, with the head and the coordinator of the GMP ExCo, the two teams of consultant and SCCRP project (PMA and ACM), in order to develop a more precise shared action plan and timeline, with the respective deliverables of both

¹⁶ AFD non-objection letter No L 378/15.

¹⁷ The possibility to skip the field survey in such a case was explicitly mentioned in the Terms of Reference.

¹⁸ See the document "Cambodian Rice Federation Strategy and Action Plan for Branding of Premium Cambodian Rice, prepared jointly by CRF, SCCRP and IFC, and endorsed by CRF on 9 April 2015 – Cf. Quarterly Executive Report #10, § 2.1.1. page 10.

consultant teams. The meeting was also aiming at benchmarking the expected inputs from CRF side (in particular decisions to be taken along the process by the GMP ExCo) and to also mention the foreseen mission from WIPO¹⁹ on the collective trademark registration. Further to this meeting, “ad’ communication” and TÜV Rheinland have developed a shared action plan and timeline of their respective deliverable, which has then been discussed with the CRF’s GMP ExCo on 19 September.

2.1.3.2. MEETING WITH EXPORTERS ON THE BRANDING PROCESS

A meeting with Cambodian Rice Exporters was organized on 3rd September 2015 in Himawari Hotel. It was convened by CRF and supported by IFC. The purpose of the meeting was to present the approach of the branding of premium Cambodian Jasmine rice and the development of a collective trademark, and to introduce the two teams of consultants mobilized with the support of SCCRP project and IFC project.

During this meeting, Mr Poeuv Bunrith, coordinator of GMP in CRF, has invited more exporters to join the GMP taskforce to take part in the branding process. In the following weeks, new members (notably some former members of the previous informal “Export Promotion Working Group”) have accepted to join CRF’s Global Market Promotion Executive Committee.

2.1.4. DECISION MAKING PROCESS ON THE TECHNICAL SPECIFICATIONS ON PRODUCT

Discussions on the criteria and requirements for the collective brand for Cambodian premium Jasmine Rice have continued over this quarter. Elements of criteria were discussed during the 11th meeting of the GMP ExCo. The proposal of including different grades (A, B, C) was questioned during that meeting and the opinion of the GMP ExCo has evolved on this matter. On 18th September, the opinion expressed were rather in favour of having only 1st grade covered by the brand, first in order to brand only the best quality rice, as a flagship for the Cambodian rice sector, and secondly to avoid a confusion in the perception and meaning of the brand. The scope in term of varieties has also evolved, with in particular the inclusion (or not) of Somali being repeatedly debated.

On 18th September, all technical specifications have been reviewed and discussed within the GMP ExCo meeting. It has to be noted that several new exporters (most of them who used to be part of the former Export Promotion Working Group) have attended this meeting and have provided constructive comment. Further to that meeting, some of them have confirmed their commitment to attend regularly the ExCo and can be thereof considered as full right member of the committee, which become more representative of exporters.

On 23rd September, the GMP ExCo met and had a consultation with members of the Farming and Milling Productivity ExCo to discuss and endorse the specifications / technical requirements for the brand. The scope of variety was suggested to be open to “Photo-sensitive aromatic rice, complying with amylose test (within 13 to 18 %)”²⁰. It was agreed that it would be inclusive for Phkar Rumduol, Phkar Romdeng, Phkar Lomiet, Phkar Malis and Somaly, but only if the rice is compliant with the amylose test requirement.²⁰

¹⁹ A mission of the World Intellectual Property Organization, commissioned by the Ministry of Commerce, is foreseen to take place in October 2015. Terms of Reference include a support to CRF to ease the registration of the collective trademark and formalize the rules of use of the collective trademark in an appropriated format. This input of WIPO has apparently taken into considerations suggestions made by the project when meeting a previous WIPO mission in May (Cf. Quarterly Executive Report #10, § 2.1.3. page 11).

²⁰ SCCRP advisor have underlined that an important characteristic of the branded rice is its fragrance / aroma / taste. This is an important asset for consumers, and the brand aims at raising awareness of consumers. Thereof the specifications have to provide a fair level of guarantee that the product will satisfy this expectation of consumers (for the taste, for the aroma). A question is: does the combination of the 5 listed varieties + the requirement of amylose test are sufficient to provide a fair guarantee, regarding the organoleptic expectations. Is it a fairly reliable proxy for the aroma / fragrance?

A new meeting of the GMP ExCo took place on 30th of September. During that meeting, the physical specifications for the branded rice have been reviewed again and formally approved by the Executive Committee. The approved requirements for the products are at least at par with (or higher than) the specifications defined in the Cambodia Milled rice standards No CS053:2014-Rev.1 for 100%A Premium aromatic rice.

2.1.5. OTHER REQUIREMENTS FOR THE BRAND TO BE DEFINED

This endorsed list of specifications is an important first achievement and was necessary for TÜV Rheinland to be able to work on the control procedures and methods for verification. Yet other requirements for the brand (regarding processing management – including possibly social and environmental standards –, traceability, etc.) still have to be defined, and will require additional discussions and decision of the GMP ExCo.

In the ExCo meeting, SCCRP project PMA has notably asked the committee to consider the obligation of sourcing from Farmer Organizations / Cooperatives all or at least minimum percentage of the paddy sourced to become branded jasmine rice. This would be justified in order to ensure that a portion of the added value generated by the collective trademark would benefit to farmers. The debate on this point has not started but the question has been proposed to the reflection. It might be particularly relevant if the fact that Cambodian jasmine rice is mainly produced by smallholder producers is enhanced among the attributes of the brand²¹ and linked with values of solidarity, social responsibility, etc.

2.1.6. DEVELOPMENT OF KEY ELEMENTS OF THE BRAND IDENTITY

During the same GMP ExCo meeting on 30th September, a first brain storming was organized and facilitated by “ad’ communication” team as an initial step in the process of developing the brand identity.

The outcome was a first list of physical attributes and emotional values that could be associated with the Cambodian premium Jasmine Rice. It is still a work in progress and this list might be completed in the following days via a broader e-mail consultation, then will be revised and probably shorten and refocused by ad’ communication, in relation with the Executive Committee. This is foreseen to be done in the next quarter.

²¹ This fact was mentioned in the brainstorming on key elements of brand identity that took place during the same meeting, see § 2.1.6.

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

3.1. PILOT PROMOTION OF CONTRACT FARMING LED BY DACP AND DAI

3.1.1. SVAY RIENG AND PREY VENG

After the failure of the business matching between millers and FOs in Svay Rieng and Prey Veng²² in June 2015, the tentative to encourage contract farming for paddy in these two provinces was closed for this year. No follow-up action was undertaken by DAI/DACP in these two provinces during this quarter.

3.1.2. STUNG TRENG

Further to the contacts established in the previous quarter between rice millers and FOs in Stung Treng province²³, a meeting on contract farming negotiation was organized on 8 July 2015 at Stung Treng provincial Red-Cross meeting hall. The leaders from four ACs (Preah Rumkeul, Domnam Srov Domban Ramsar, Raksmie Samaki & Samaki Samkhoy) took part in the meeting, together with the owner of Kan Chan Hean rice mill, Stung Treng PDA and DAI representatives as well as members of project team. The project counterpart staff of DAI presented and explained all articles in the proposed form of contract, one by one. Most of the discussions have been focused on the modalities of price setting, transportation arrangements and payment modalities (including the cost for ACs service).

Finally, only one cooperative (Preah Rumkel AC) has signed a Contract Farming agreement with Kan Chan Hean rice mill, on 5 August 2015. Under the contract AC will supply 46 to 100 tons of dry Phka Rumduol paddy. Rice miller accepts to pay 30 KHR/kg for AC services, on top of market price (defined based on highest price offered by traders surrounding the Stung Treng province. The miller will come to collect the paddy provided that at least 5 tons of paddy are gathered at a time. The term of payment shall be made in cash (Khmer currency) immediately and directly to members after finishing loading paddy on the truck in each time at collecting point. Payment invoices shall be issued also in each payment

3.1.3. PURSAT: CONTRACT SIGNED BETWEEN FWUC KROUCH SAEUCH AND PHOUR KOK KY RICE MILL

Further to contacts made in May²⁴ with Farmer Organizations and rice millers in Pursat province, a negotiation meeting between Krouch Saeuch FWUC and Phour Kok Ky rice mill has been organized in the end of August (27th - 28th). At that time the FWUC Krouch Saeuch was considering to sign a contract for 80 hectares of rice fields to produce Sen Kraob paddy for Phour Kok Ky rice mill for this dry season production. Both agreed to set the price which is based on market-based price. Phour Kok Ky rice mill agreed to buy from first to third quality. Rice mill also accepted to test the quality of seeds of members of FWUC prior to sowing in the fields with seeds.

The contract was drafted and finalized in September, 2015. Some adjustment were made on the terms discussed in August, notably the expected surface to be cultivated was reduced to 55 ha instead of the 80 ha initially considered, due to an anticipated lack of water for irrigation.

²² Cf. Quarterly Executive Report #10, § 3.1.1. and 3.1.2. page 12.

²³ Cf. Quarterly Executive Report #10, § 3.1.3. page 13.

²⁴ Cf. Quarterly Executive Report #10, § 3.1.4. page 13.

The contract farming agreement was signed on 25 September 2015. 50 farmers are involved in this deal, which aims at producing and delivering 100 to 155 tons of Sen Kraob paddy to be supplied to the rice miller. The production is an early dry season crop, with a harvest and delivery scheduled in end of January / February 2016. The contract is market-price based, with 3 rice mills in Pursat province being used as price reference.

3.2. CONTRACT FARMING BETWEEN GOLDEN RICE AND FARMER ORGANIZATIONS

3.2.1. FOLLOW UP ON REQUEST FOR HOMOLOGATION OF *PHKA KRAVANH* AND PERSPECTIVE FOR SCALING UP OF CONTRACT FARMING

MAFF has sent a letter (dated 25 August 2015) to Golden Rice in which MAFF acknowledge the request for registration of Phka Kravanh variety (named *Nang Hoa 9* in Vietnam) and indicate that MAFF services will proceed to required tests and will report its decision to the applicant.

On 1st September 2015, a meeting took place at Golden Rice office with AFD and representative of SCCR project (including PMA and MAFF counterpart, Mrs Svay Samnang) from DACP). Whereas Golden Rice wishes to extend and upscale the production of *Phka Kravanh* through contract farming with FOs, it is acknowledged that this cannot be done until MAFF authorize the use of the variety. During the meeting, it was decided that Golden Rice should write again to MAFF in order to get information on the expected time requirement for MAFF to make its decision on the homologation of the new variety. AFD project officer has also asked SNEC to explore how the SCCR project could continue to support the up-scaling of contract farming for *Phka Kravanh*, should permission to extend the use of this variety be granted by MAFF.²⁵

3.3. CONSOLIDATION OF THE SUSTAINABILITY OF ORGANIC PADDY SUPPLY CHAIN IN PREAH VIHEAR

3.3.1. SUPPORT TO THE CREATION OF THE UNION OF COOPERATIVES

3.3.1.1. FINE-TUNING THE ECONOMIC MODEL OF THE UNION OF COOPERATIVES OF PREAH VIHEAR AND FORMALIZATION OF THE AGREEMENT ON SCCR FINANCIAL SUPPORT

Since the beginning of this year, a reflection on the consolidation of the sustainability of the organic paddy supply chain has been started, taking into account that key functions that were implemented by COAA and financed by the project in 2014 have to be sustained in the long term. This concerns in particular the supervision of internal control inspectors of cooperatives, the verification and consolidation of the ICS data, and the liaison with the international Certification Body, all these functions being required to sustain the certification and thereof being a conditions to sustain the payment of premium prices.

Since the first quarter of 2015, scenarios were developed regarding the costs and incomes for the Union of Cooperatives.

During consultation meetings with cooperatives, the scenario chosen was the creation of a Union of Cooperatives in order to internalize these functions of supervision of internal inspectors, compilation of internal control reports and liaison with Certification Body.

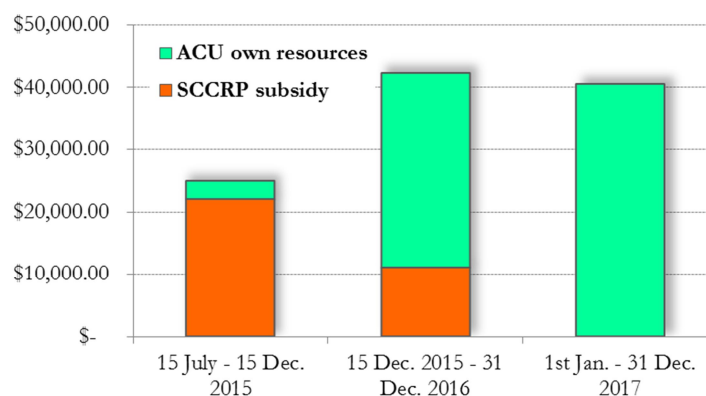
²⁵ During the meeting on 1st September, PMA has also reminded that the letter provided by the Vietnamese breeder of *Phka Kravanh* / *Nang Hoa 9* was probably not sufficient to authorize the use of the variety in Cambodia as it was only preventing from any claim about the purity of the seeds, but not regarding the IP rights. This was already informally communicated by PMA to Golden Rice before, and Golden Rice President said that they have now obtained a new letter from the breeder authorizing the use of the variety. Yet project team has not seen this new letter and cannot judge if it provides better guarantees than the previous version.

The principle of subsidizing the operational costs of the Union of Cooperative for Year 2015, then progressively handing over the costs to the cooperatives (based on the agreed principle of channeling 50 KHR/kg from the premium price paid by AMRU to the Union) was already formally agreed since the signature of the MoU between SCCRP project, the 8 cooperatives and AMRU Rice, on 19th of May²⁶.

More detailed terms and conditions for the financial support to the Cooperative Union started to be informally discussed with AFD since early June. A formal request for non-objection on the modalities of the subsidy to the Union of Cooperatives was sent to AFD on 1st of July. Several exchanges with AFD followed to adjust SCCRP project proposal for this matter. Budget was revised taking into account AFD comments and a formal Memorandum of Understanding between the project and the 8 cooperatives was drafted to precise the conditions and commitments of both parties. The detailed modalities and financial commitments were formally approved by AFD on 27th of July²⁷. A total amount of subsidies of 22,000 USD is committed for the period 15 July to 15 December 2015, representing 88% of the estimated budget of the cooperative union for this period. The remaining 12% are mainly investment (equipment) that AFD did not wish to sponsor.

Since the foreseen extension of the SCCRP project duration is not yet formally signed commitments taken by the project in the MoU are only for this year 2015 (until 15 December). Yet it is foreseen that the project will still contribute a smaller portion of the budget of the ACU in 2016 to accompany the progressive increase of organic paddy sold to AMRU Rice, while the ACU is foreseen to be able to fully cover its costs from Year 2017 (See Figure 2, opposite).

Figure 2: Planned progressive reduction of budget subsidies to ACU and taking over of the costs by cooperatives own resources



It has to be noted that the progressive switch from subsidies to own resources described in the Figure 2 above is based on the hypothesis of 2,500 tons of organic paddy delivered for harvest 2015 – a relatively conservative hypothesis, below the commitments taken in the MoU signed in May – and 3,400 tons for harvest 2016. Detailed budget estimations for the three periods above are shown in Annex 1 to this report. The Memorandum of Understanding detailing the respective commitments and modalities of subsidies payment from SCCRP to the pre-ACU has been formally signed on 3rd September 2015. In practice, before the Union is formally registered, the subsidy has started to be disbursed by cash payments, more or less on a monthly basis, based on actual cash flow needs of the pre-Union. Once the Union is formally registered, further transfers can be done on the Union bank account.

3.3.1.2. OPERATIONAL CAPACITY BUILDING TO ACU

STAFFING

In June 2015, the representatives of the cooperatives have selected four salaried officers (one general manager and three ICS managers/supervisors) to work for the ACU²⁸. They have started their work for the pre-Union from mid-July 2015.

²⁶ See Quarterly Executive Report #10, pages 15-16.

²⁷ AFD non-objection letter No L 408/15.

²⁸ See Quarterly Executive Report #10, § 3.3.3. page 17.

ADMINISTRATION AND FINANCE POLICIES AND TOOLS

With organizational support from SCCRP project team, representatives from 8 ACs and 4 staff of ACoU organized a meeting to define rules to apply such as working day and time, holiday, transportation cost and means of transportation, public holiday, insurance, sick leave, financial rule, etc.

All rules defined were written in a memorandum signed by 8 representatives of ACs. They will apply during a transition period, until the Union is formally registered, and might be amended or completed afterward.

Some tools or formats such as invoices, receipts, attendance lists, model of financial report, timesheets, were also created for the use of the Union.

INTERNAL CONTROL SYSTEM MANAGEMENT

Regarding technical issues related to the Internal Control System, the ICS managers of the ACU (and to some extent the General Manager as well) have been trained and coached by COrAA team as indicated in § 3.3.3. page 20.

3.3.1.4. PROCESS TOWARD FORMAL CREATION AND REGISTRATION OF THE UNION

The formal establishment of the ACU in Preah Vihear is under the main responsibility of the Department of Agricultural Cooperatives Promotion (DACP) as part of its partnership with the SCCRP project, and following agreements reached in coordination meetings of Component #3. The coordination team of Component #3 (AVSF-CIRD-ADG) has also participated in the process.

The first meeting to ask opinion to ACs representative about the creation of ACoU has been organized on the 1st of May²⁹. At that time, all ACs representatives participating in the meeting have confirmed their agreement for the creation of the Union. Within this quarter and as a follow-up of that first meeting, 3 series of meetings have been organized by DACP team to continue the process of ACoU establishment. The main content of those meetings are as follows:

- On 9th July 2015: The presentation of vision, draft of model statute and internal regulation of ACU to 64 representatives from 8 ACs, 8, 5 and 3 respectively representatives from target communes, target districts and PDA of Preah Vihear. The model draft statute and internal regulation from MAFF have been distributed and explained article by article to all participants during one full day meeting. DACP representative recommended to all participants especially representative from ACs to share information related with this statute and internal regulation with all their members and ask their confirmation to join membership with ACUs in the future.
- From 3-4 August 2015: Meeting with all representatives from 8 ACs (64 people) to draft statutes and internal regulation of ACU. Representatives from PDA-Preah Vihear and all staffs of Pre-ACoU also participated in this meeting. The model draft statutes and internal regulation have been distributed again to all participants. For this time, the representatives from DACP team ask to all participants to fill the information missing in the draft template base on their willingness, for example the name of ACU, the objective of ACU etc. The first draft of Logo, Statute and Internal Regulation in Khmer version has been done during this two day meeting.
- From 21-25 September 2015: Meeting with 8 ACs to clarify again with their members about their willingness to join membership with ACU. It is worth noting that this step was not planned initially. But during the meeting with ACs representatives for the creation of statutes and internal regulation of ACU, AC of Rom Tom Samaki Meanchey was reluctant to join the ACU even they already signed MoU with the project and contract with AMRU rice to supply organic rice. The foreseen

²⁹ Cf. Quarterly Executive Report #10, § 3.3.3. page 17.

contribution (commitment taken³⁰ for 50 KHR/kg of organic paddy sold) of ACs to the ACU functioning was still questioned by some members, and was sometimes seen only from the point of view of the costs and not considering the necessity of ensuring key functions to sustain the organic certification, and thereof the whole premium added to the price of conventional paddy. Thus, DACP team decided to go and see with 8 ACs one by one to well explain them again about the objective of establishment of ACU and confirm with them again whether they want to be member of ACU or not. After the meeting, all the 8 ACs agreed to joint membership with ACU. They are now clear about the objectives of creation of ACoU and the reason to retrocede 50 KHR/kg of premium price of organic rice for ACU.

3.3.2. NEGOTIATION AND SIGNATURE OF CONTRACT FARMING AGREEMENT WITH AMRU FOR 2015

Negotiations of the contracts for the production and supply of organic paddy for the harvest 2015 were undertaken in July. The preliminary MoU signed in May³¹ between the SCCRP project, AMRU and the 8 cooperatives had already benchmarked some conditions and minimum commitments of the cooperatives and the exporter. But the Contract Farming negotiation process addressed the details and in some cases allowed to go beyond these minimum commitments taken, in particular regarding the premium price that has been increased over the minimum indicated in May for the quality grades C and D.



Contract Farming agreements between AMRU and the 8 cooperatives involved in the partnership were signed on 3rd of August 2015 in Preah Vihear.

◁ Contract Farming signature ceremony between AMRU Rice and cooperatives on 3rd of August 2015.

Table 3: Quality categories and premium price paid by AMRU to cooperatives for organic fragrant paddy (Jasmine) in contracts for year 2015 (+comparison with last year premium prices)

Criteria → ↓ Grades	Purity	Moisture content	Broken rate (2015)	Broken rate (2014)	Premium (2015) (KHR/kg)	Premium (2014) (KHR/kg)	Premium Evolution (2015/2014)
A1	90% - 100%	13% - 14.9%	1% - 18%	1% - 15%	+260	+200	+60
A2	90% - 100%	15% - 19%	19% - 20%	15.1% - 19%	+210	+150	+60
B1	82% - 89%	13% - 14.9%	15% - 20%	15% - 20%	+210	+150	+60
B2	82% - 89%	15% - 19%	15% - 20%	15% - 20%	+180	+120	+60
C1	90% - 100%	13% - 14.9%	21% - 30%	21% - 30%	+175	+150	+25
C2	90% - 100%	13% - 14.9%	31% - 35%	31% - 35%	+125	+100	+25
D1	90% - 100%	15% - 19%	31% - 35%	31% - 35%	+175	+80	+95
D2	90% - 100%	15% - 19%	36% - 37%	36% - 37%	+125	+70	+55

Note 1: After negotiation, the level of premium for Grades A and B is aligned on the commitments taken by AMRU Rice in the MoU signed in May 2015 (for Year 2015), but the level of premium has been increased for Grades C and D. In MoU, for Year 2015, the premium for C1, C2, D1 and D2 were respectively +150 KHR/kg, +100 KHR/kg, +80 KHR/kg and +70 KHR/kg (See Quarterly Executive Report #10, Table 8, page 16).

Note 2: The specifications have also been slightly revised for the rate of broken kernels.

Note 3: 50 KHR/kg will be deducted from the payments from AMRU Rice to cooperatives and will be directly transferred to the Cooperative Union.

³⁰ The retrocession of 50 KHR/kg was explicitly indicated in the MoU signed on 19 of May 2015 by all the 8 ACs, with SCCRP project and AMRU. See Quarterly Executive Report #10, Box 1, page 16.

³¹ See Quarterly Executive Report #10, pages 15-16.

For white rice varieties, only three categories of quality are defined in the contract (1st, 2nd and 3rd) and the level of premium is not defined in absolute value, but as an additional percentage of the reference market price (from 25 to 15% of the price depending on the quality grade). See details in Table 4, opposite.

According to this year contracts, payments³² are expected to be made by bank transfer, no later than 7 working days after loading the paddy on trucks.

In total, 883 farmers are involved in the production for the Contract Farming with AMRU Rice (name list and indication of surface cultivated by each farmer are attached to the contracts). This is a bit less than what was foreseen earlier (891 farmers were trained by COAA on organic standards this year, See § 3.3.3.1. next page), since some farmers have been ruled out because their parcels were presenting a risk of contamination.

Based on the contracts signed, volumes to be delivered to AMRU by the 8 cooperatives are reaching a total of 3,359.25 t of organic paddy (3,145.10 t of fragrant and 214.15 t of white rice varieties), as detailed in Table 5 below. This is 34% above the hypothesis of delivery on which the scenario toward financial sustainability of the Union of Cooperative is built. As shown in appendix 1 to this report, the incomes of the Union for year 2016 were based on the hypothesis of 2,500 t of paddy delivered to AMRU in 2015. Yet at this stage, one have to be cautious and the ability of the cooperatives to actually deliver those quantity in November-December is not yet secured. It has to be recalled that, in 2014, quantities actually delivered have reached only 81% of the minimum volumes contracted³³. An up-date assessment of estimated volumes will be done by cooperatives in early October to adjust the previsions with AMRU if needed.

Table 5: Number of farmers involved and volumes committed in contracts between ACs and AMRU Rice for organic paddy supply for year 2015 and comparisons with volumes committed and delivered in year 2014

Cooperatives	Year 2015				Year 2014	
	Number of farmers	Fragrant (Jasmine) paddy	White rice paddy	Total	Volume committed in contract	Quantity of paddy actually delivered
<i>Krabao Prum Tep</i>	91	178.00 t	28.50 t	206.50 t	100 to 150 t	48.4 t
<i>Kaeluma Chivikpheap Ros Nuw</i>	52	267.95 t	19.80 t	287.75 t	130 to 150 t	57.5 t
<i>Romduol Malu Prey Chbeay Den</i>	90	364.25 t	31.35 t	395.60 t	150 to 200 t	167.6 t
<i>Satrei Ratanak</i>	190	826.70 t	0.00 t	826.70 t	600 to 700 t	278.0 t
<i>Torsu Sen Chey</i>	98	490.50 t	85.00 t	575.50 t	300 to 400 t	179.6 t
<i>Leuk Kampas Satrey</i>	220	782.00 t	10.00 t	792.00 t	350 to 450 t	503.1 t
<i>Robas Samaki Meanchhey</i>	98	146.40 t	0.50 t	146.90 t	100 to 150 t	104.9 t
<i>Rom Tom Samaki Meanchey</i>	44	89.30 t	39.00 t	128.30 t	70 to 100 t	126.8 t
Total amount	883	3,145.10 t	214.15 t	3,359.25 t	1,800 - 2,300 t	1,465.7 t

³² It has to be recalled that delays of payment were a cause of dissatisfaction of ACs last year.

³³ Cf. Quarterly Executive Report #08, Table 8 page 26.

3.3.3. CAPACITY BUILDING AND INSPECTIONS FOR ORGANIC CERTIFICATION

3.3.3.1. CAPACITY BUILDING IMPLEMENTED BY CORAA

During this quarter (actually from June 2015), CORAA has:

- Prepared the training material and documents on organic standards (EU and NOP);
- Trained AC members on these standards: 891 farmers (members of cooperatives) have been trained.
- Prepared the training material on internal inspection for building / improving the capacity of AC's internal inspectors.
- Trained ICS inspectors of the 8 cooperatives and provided some backstopping to them: 100 internal inspectors have been trained and coached;
- Trained and coached the newly recruited team of the Agricultural Cooperative Union (4 employees) on Internal Control System and on the compilation of data to be prepared for the external control.
- Provided day to day on-the-job training to ACU staff and accompanied Ecocert inspector with them during external inspection.

Besides, CORAA has permanently undertaken a role of coaching / on-the-job training with the inspectors and with the ACU's ICS managers, including during the inspection implemented by Ecocert.

3.3.3.2. IMPLEMENTATION OF INSPECTIONS AT ICS LEVEL AND CONSOLIDATION OF DATA

After they were trained the Internal Control Inspectors of all the 8 Cooperatives have implemented the inspections of all the members of the cooperatives involved in the organic paddy production. They were supervised and advised in this job by CORAA team.



△ Implementation of inspections in the fields by cooperatives Internal Inspectors, with supervision and backstopping of CORAA team.



△ Gathering and compilation of data from Internal Control System

After the inspections were performed, all the data of the Internal Control System were compiled and consolidated. The ICS manager employed by the pre-AC-Union have been trained and coached by CORAA to undertake this function and to monitor the work of the ICS inspectors.

As a follow-up of the work of CORAA, a field mission of Component #3 team was organized in Preah Vihear from 17th to 21st of August 2015 with the objectives of assessing the quality of farm inspection reports done by internal inspectors of ACs, evaluating the capacity of ACU's ICS managers on the supervision and guidance to AC's inspectors, checking and providing advices to ACs to comply with all the requirements of the EU and USA/NOP organic standards and making sure that ICS is ready for the external inspection by Ecocert. This mission can be also considered as the pre-audit before the external inspection of Ecocert. Together with the team of Component #3, one representative of AMRU Rice, two

staffs of COrAA, four staffs of ACU and one representative of PDA-Preah Vihear participated in the mission. The team has visited all the 8 ACs and more than 11 rice fields of 11 farmers were visited.

During the mission, some remaining weak points or possible deviation at the farm level were identified and recommendations were provided accordingly. An assessment of risks was also conducted, with a concern of the emergence of use of chemical fertilizers or pesticides in the districts where the organic cooperatives are located, whereas the use of such chemical substances was very limited in the previous years.

The team of Component #3 has also assessed the quality of farm inspection report done by internal inspectors. Possible improvement on the formats of farmers' records and ICS inspections were suggested (records from farmers and ICS inspection reports shall be separated). Additional records are also required on actual quantities harvested (and not only records of the volumes delivered to AMRU), and quantities of organic paddy kept as rice seed for the next season, etc. But overall, the quality of the report fulfilled by internal inspectors was judged rather satisfactory³⁴, though rice field sketch map also have to be added or improved in the inspection reports.

Last, the mission has also evaluated the capacity of the pre-Union's ICS managers to supervise internal inspection: even though the 3 ICS managers had just started working in July 2015, it was found that they are very motivated and committed to their work. Their ability to supervise ICS inspectors were judged relatively good at this early stage, with still, as expected, some needs to consolidate these capacities and improve their self-confidence.

3.3.3.3. SUPPORT TO AMRU RICE IN PREPARATION OF EXTERNAL INSPECTION

Some direct supports of SCCRP's Team in charge of Component #3 have been provided to AMRU Rice in preparation of external inspections by Ecocert, as follows:

- Provide one day training on EU and NOP organic standards to AMRU Rice staffs at AMRU Rice office in Phnom Penh on 24th July 2015. Five staffs of AMRU Rice have participated in the training.
- Pre-audit on the rice mill of AMRU Rice in Phnom Penh (on 14th August) and in Kampong Cham (on 11th September). Some possible deviations were detected and recommendations were provided accordingly, on-site.

Some recommendations such as development of traceability system for the rice mill, preparation of all relevant formats to be used while processing, etc. were provided to AMRU Rice during the mission at AMRU Rice mill.

3.3.3.4. INSPECTION BY ECOCERT

Ecocert is contracted by AMRU Rice to proceed to the inspections of the paddy supply and processing chain and deliver the organic certificate. Mrs Maribel Alave Porras, Ecocert inspector, has conducted the inspections in Cambodia (in Preah Vihear and in the rice mills and processing units of AMRU) from 4th to 17th of September 2015³⁵.

A wrap-up of the mission and presentation of the inspection report took place on 17th of September in AMRU Rice office in Phnom Penh, in presence of officers from AMRU, employees of the Union of

³⁴ (an opinion confirmed by Ecocert inspection, as shown in § 3.3.3.4.).

³⁵ SCCRP team of Component #3 has participated in some parts of the inspection such as the field mission in Preah Vihear from 07-10 September 2015 and the visit on the rice mill at Kampong Cham on 15th September 2015.

Cooperative of Preah Vihear, COrAA team and members of SCCRP project team (notably C#3 team leader, PMA and ACM).

Ecocert inspector has underlined very significant progresses since the previous year. She has notably noted that the traceability system from production level is efficient, the organization structure of AMRU is clearer than last year and Battambang Factory is now 100% ready to handle the organic rice. She has also stressed that ICS inspectors (within cooperatives) are a strong asset, and she has complimented the new ICS managers (employed by the Union of Cooperatives since July 2015) for their proactive and very good attitude.

Only four deviations are notified in the inspection report, which will require corrective measures. Only one of these deviations could obstacle the certification for this year if not addressed on time, which is about the balance of production and delivery figures (for last year). The problem is identified mainly as uncomplete records of volumes harvested at farm level. This will be improved by cooperatives, with the support of ACU ICS managers and of COrAA.

Based on experiences of Component #3 team, the risk that the organic certification would not be granted after this inspection is very low. It is expected that the renewal of the organic certificate could be issued by Ecocert within October 2015.

3.3.3.5. FOLLOW-UP ON ECOCERT INSPECTION REPORT AND IMPLEMENTATION OF CORRECTIVE MEASURES

Actions were undertaken to address the deviations or non-compliance identified by Ecocert, and proof of corrective measures implementation have been sent to Ecocert on 26 September 2015, i.e. notably completed data on quantities of organic paddy harvested by farmers, and sold to AMRU, kept for seeds or sold to other buyers.

3.3.3.6. ESR CERTIFICATION OF AMRU

In addition to the organic certificate, this year, AMRU has also applied to obtain Ecocert's ESR Standard, which provides some guarantees for the consumers regarding Corporate Social Responsibility of the company producing/supplying the goods). ESR Standards stands for "*Equitable, Solidaire, Responsable*" (i.e. Fairness, Solidarity, Responsibility), and it is a private standard own by Ecocert³⁶.

3.4. OTHER NEW OPPORTUNITY OF CONTRACT FARMING EXPLORED

3.4.1. CONTACT WITH TARA RITHY FARM COMPANY

A meeting was organized on 21 July, 2015 with Tara Rithy Company Office in Phnom Penh, following a request of this company who has expressed an interest to collaborate with the project to work with FOs in Takeo province on contract farming to produce and supply paddy. The company is mainly interested with the production of Japonica rice (seeds imported from Japan), Basmati rice (seeds imported from India) and Herba rice (seeds imported from Spain).

The SCCRP project management notes that as for Phkar Kravan variety that Golden Rice wishes to promote, there shall be first a registration / homologation of these imported varieties by MAFF (and a clearance regarding intellectual property rights, notably regarding Basmati!). Project counterpart of DAI has

³⁶ The Ecocert ESR standard can be downloaded from: <http://www.ecocert.com/sites/default/files/u3/Fair-Trade-standard-Version-3.pdf>

asked the company to register those varieties with MAFF, but according to AVSF-CIRD-ADG report, it seems that the company doesn't want to spend time to work on the registration.

We do not anticipate any follow-up to be undertaken by the project after this contact.

3.4.2. NEW OPPORTUNITY OF CONTRACT FARMING BETWEEN AMRU AND FOS IN BATTAMBANG

AMRU Rice has expressed interest to develop new contract farming agreement with Farmer Organizations for conventional paddy, in Battambang. Six potential Agricultural Cooperatives (*Chrey Samaki Bangkaun Phal*, *Prolay Meanchey*, *Rokar Meanrith*, *Mongkol*, *Kampong Preang* and *Rang Kerei*) located in Moung Ruessei and Sangke districts, Battambang province, were met separately from 27 to 29 July 2015 by AMRU with PDA staff. AMRU is interested to make contracts for the supply of *Sen Kraob* paddy (conventional) in the next season, ideally with cooperatives located close to AMRU mill and which have access to irrigation. Four cooperatives were shortlisted to pursue the discussions on a possible contract farming agreement for next season. AMRU is also considering to work with one AC (*Chrey Samaki Bangkaun Phal* AC) in Moung Ruessei on *Sen Kraob* seed production because this AC has been producing *Sen Kraob* seeds for many years with a quality (purity rate, notably) well acknowledged by other traders.

3.5. PREPARATION OF NEW POTENTIAL PILOT ACTIONS ON OTHER MODELS

3.5.1. PREPARATION OF A FEASIBILITY STUDY ON SCENARIOS FOR FOS INVOLVEMENT IN USE OF PADDY DRYING AND STORAGE FACILITIES FOR IMPROVED COMMERCIALIZATION OF PADDY

In June 2015, consultations³⁷ with stakeholders were organized on Terms of Reference for a feasibility study on two possible innovative models for FOs involvement in paddy commercialization. The two models considered in the draft ToR were:

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

Despite the suggestion of embedding the study on the model of paddy selling platform was agreed verbally by AFD project officer in June, on July 14 AFD sent an e-mail to the project team asking to refocus the study on the Model 1 only. Additional comments were sent by AFD in an edited version of the draft ToR on July 23, 2015, and the Request for Proposal was finalized by the PMA on the same day. SNEC has sent a request for non-objection to AFD on 27 July on the Request for Proposal and on the proposed shortlist of consultants / consulting firms. AFD non-objection was given on 31st July.

The Request for Proposal was sent by SNEC's Project Administration Officer to the shortlisted consultants on 21st August. The deadline for submission of proposal has been set on 1st October 2015.

3.6. KNOWLEDGE MANAGEMENT, CAPACITY BUILDING, POLICY AND REGULATORY ISSUES ON CONTRACT FARMING

3.6.1. EXPERIENCE SHARING AND CONSULTATION WORKSHOP ON CONTRACT FARMING

The « Experience sharing and consultation workshop on Contract Farming in Cambodia »³⁸ took place on 15 July 2015. 110 people took part in the workshop, including 27 people of the Ministry of Agriculture,

³⁷ Cf. Quarterly Executive Report #10, pages 17-18.

³⁸ Prepared since the beginning of this year, and postponed after it was initially scheduled on 19 June – See Quarterly Executive Report #10 page 19 and Quarterly Executive Report #09 pages 23-24.

Forestry and Fisheries (MAFF), 7 people from SNEC and SCCRP project, 2 people from AFD, 5 people from CRF, 15 rice millers, exporters and private companies, 33 representatives of FOs, 2 representatives of RDB and other stakeholders.

The main objectives of the workshop were the following:

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

The Experience Sharing and Consultation Workshop on Contract Farming in Cambodia has been started with the welcome remarks of Dr. Mao Sopheareth, Director of Department of Agro-Industry of the Ministry of Agriculture, Forestry and Fisheries (DAI-MAFF), the opening remarks by Mr. Philippe Steinmetz, AFD Regional Director and opening speech by H.E. Ty Sokhun, Secretary of State of the Ministry of Agriculture, Forestry and Fisheries (MAFF).



Experience sharing and Consultation Workshop on Contract Farming (15 July 2015)

◁ Opening session

▽ Focus group discussion session.



The morning was mainly dedicated to the presentation of case studies, including:

- A comparative analysis of the different pilots of contract farming in the rice sector, supported by SCCRP project;
- A more detailed focus on the case of contract farming between AMRU Rice and 8 Agricultural Cooperatives in Preah Vihear;
- A case study of Contract Farming for cassava production by 3C Company;
- A case study of Contract Farming for tobacco production by British American Tobacco;
- A case study of Contract farming on turmeric production by Akay company.

The afternoon session was mainly allocated to focus group discussions on the three following topics:

- **Group 1: Contract farming: at the crossroad of business and policy objectives:** what are the drivers for Contract Farming development for economic stakeholders, how it may contribute to achieve policy objective, and how it could be supported by policy measures and conducive business environment.
- **Group 2: Conflict resolution, mediation, arbitration and enforcement of Contract Farming.** Current situation, foreseen mechanism and possible alternatives/options to optimize trust and effectiveness.

- **Group 3: Process for facilitation of Contract Farming negotiation and registration** or acknowledgement of Contracts by a public body. What is proposed, is it necessary/useful, what could be the alternatives.

Full agenda is shown in Annex 2 to this report.

The workshop has provided some interesting insight on the subject of Contract Farming, which has been appreciated by participants. On the other hand, organizers have regretted the lack of attendance of representatives from the business sector (in particular rice millers / exporters) in the afternoon session, despite the information disseminated in advance³⁹ during CRF's FMP Executive Committee meetings and the mobilization of these actors via CRF. Rice millers and exporters were relatively well represented in the morning session, but very few of them stayed in the afternoon, whereas the group discussion session was expected to be the most important part and was aiming at gathering point of view of economic stakeholders for further development of guidelines and regulations. This is the main limitation to the success of this workshop. Nevertheless, focus group discussions have provided some inputs on the three topics considered as summarized in the Box 2 below.

Box 2: Summary of outcomes from focus group discussions in CF Workshop

Group 1 on “Contract Farming: at the crossroad of business and policy objectives”

Contract farming contributes to achieve the policy of the government especially contribute to reduce the poverty. Some financial, technical and others supports related to the guaranty on the risk, defining kind and price of paddy, etc. are needed by the contracted parties.

Group 2 on “Conflict resolution, mediation, arbitration and enforcement of contract farming”

Group 2 agreed that different modalities and mechanism can be set up and used for resolution of conflicts in contract farming and each contract shall specifically mention which mechanism of conflict resolution would be used in case of need. The mechanism should be flexible based on each case. It shall be agreed by both parties.

Group 3 on “Process for facilitation of contract farming negotiation and registration”

In general, there are pro and cons for the procedure of enforcement/registration of contract farming by the public authority such as the budget of the government, own budget of involved parties especially the producer, the duration of the facilitation and enforcement process. Group 3 agreed that only large scale contract shall require an endorsement but not small scale contract as it would be too time-consuming. Some measures to address the constraints were raised related to the increasing of national annual budget of DAI-MAFF for the facilitation and development of contract farming in Cambodia, efficient procedure and implementation for facilitation and endorsement on the contract.

H.E. Ung Luyna, project coordinator, has wrapped up the outcomes of the workshop before the closing session by H.E. Kith Seng, Under-Secretary of State of MAFF.

³⁹ On 7th of May (See Quarterly Executive Report #10, page 19) + reminded on 30 of June.

3.6.2. PARTICIPATION IN MEKONG INSTITUTE'S REGIONAL WORKSHOP ON CROSS-BORDER CONTRACT FARMING

SCCRP project has been contacted (on short notice) by the Mekong Institute as the organizer of a workshop on cross-border contract farming, in order to propose to send one representative to attend this workshop (at the workshop organizer costs). The workshop was scheduled on 1st and 2nd of September in Bangkok, Thailand. Mr Tith Samon has been proposed to attend the workshop and took part in the event, which was gathering representatives from government departments at national and sub-national within Ministries of Agriculture, Commerce and Rural Development and private sector, farmer organizations, researchers and projects from the Mekong region countries (Viet Nam, Laos, Cambodia and Myanmar).

3.6.3. DEVELOPMENT OF A MANUAL / GUIDELINES ON CONTRACT FARMING IN CAMBODIA

Following a suggestion of project coordinator, the Project Management Advisor has elaborated a proposal of structure and content for a comprehensive Manual on Contract Farming in Cambodia, and has started to draft some parts as a first contribution and to set the tone and form of the Manual, including from a typographic point of view, with highlights of practical advices, boxes for illustration, etc...

The proposed structured (See Box 3) was shared with the team (C#3 team, DAI, SNEC project team, Henri Capitant Association) in mid-September for comments (yet yielding limited feedback for the moment). Sharing of the writing work will further be discussed in a meeting foreseen to take place in early October. This meeting will also give the opportunity to gather additional comments on the structure.

Box 3: Envisaged structure of the Manual on Contract Farming

(temporary structure, as of end of Sept. 2015)

- **Section 1:** Overview of Contract Farming
- **Section 2:** Context of Contract Farming in Cambodia
- **Section 3:** Procedures for Facilitation of Contract Farming Negotiation and Registration
- **Section 4:** Contract Content and Advices for Contract Negotiation and Writing
- **Section 5:** Conflict Resolution in Contract Farming Implementation
- **Section 6:** Ensuring the Supply for Farmer Organizations / Cooperatives involved in CF
- **Section 7:** Case studies on CF in Cambodia and Lessons learnt.

Legal experts of Henri Capitant Association have been specifically approached to provide a contribution for the Section 5 on Conflict resolution. Considering the investment of this association in the taskforce and their inputs in the workshop, a reasonable remuneration for this work is being considered.

3.6.4. NEXT STEPS: CONFIRMATION OF THE STATUTE OF THE TASKFORCE ON CONTRACT FARMING

On 22 September 2015, Project Coordinator, H.E. Ung Luyna has met with Mr Yi Bunhak (Deputy Director of DAI) in order to discuss further work on contract farming guidelines and regulations⁴⁰. The need to develop a comprehensive manual (based on the proposal of content prepared by PMA, see above, and further to additional discussions and improvement) for economic stakeholders and facilitators was agreed, and seen as a first priority. In addition to the expected product (the Manual) to enter in the exercise of writing will also help the team to identify the remaining gaps on which more content (recommendations or additional regulations) is needed. A much shorter set of guidelines / instruction can then be developed to be formally issued by the Ministry for official reference (Prakas or Circular...?), backboneed by the comprehensive Manual.

H.E. Ung Luyna has stated that the two priorities are:

⁴⁰ Project Management Advisor and Project Assistant for Coordination and Management also took part in this meeting.

- To develop the Manual,
- To address the issue of conflict resolution (a section of the Manual will be dedicated to this aspect, but in additions some guidelines / procedures could be developed to provide orientations for the persons/institutions that could have to play a role in dispute resolution in Contract Farming.

According to the recommendation of the project coordinator, the reflection on policies and support measures to encourage contract farming should be set in stand by for now and could be addressed later on, after the two outputs above have been achieved.

Besides it was agreed that SNEC project management should have a meeting with the Secretary of State of MAFF in order to discuss the process and to formalize the role and statute of the Taskforce.

3.7. GENERAL COORDINATION OF THE COMPONENT #3

3.7.1. MONTHLY COORDINATION MEETINGS

Only one coordination meeting for Component #3 took place during this quarter⁴¹, on 11 September 2015, facilitated by Sok Sarang.

⁴¹ The previous one was on 29 June 2015.

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

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

RECOMMENDATIONS

4.1.1. IMPLEMENTATION OF REFORMS BY RDB IN THIS QUARTER⁴²

4.1.1.1. HUMAN RESOURCES

RDB has hired a new staff member in the Human Resources Department, which has been identified as a priority area. Improvement of human resources has been identified as one of the major lever to bring the process of RDB reform to success. The new officer is expected to assist the head of Human Resources Department to work on the following areas:

- Support to all departments in doing rationalization of staffing needs and any necessary restructuring of staff in line with the bank's objectives;
- preparation of clear job descriptions and key performance indicators for staff that can be used as a basis for hiring new staff, evaluating staff performance, promotions and salary increases;
- preparation of a performance evaluation framework;
- preparation of a new pay grade/ranking structure linked to job descriptions and performance evaluations because the current one is outdated with respect to current labor market conditions and is not conducive to a performance-oriented culture.

So far the new officer has participated in doing surveys on staffing needs and the ability to achieve departmental objectives. This work will be enhanced upon when RDB receives further technical assistance in the area of human resources from the Project (See § 4.1.2. below).

Responsibility for the marketing department at the Deputy CEO level has been transferred to Mr Sam Vongsy in addition to his current responsibilities for the risk management department.

4.1.1.2. LOAN MONITORING ACTIVITIES

RDB's Credit Department has increased its loan monitoring of existing borrowers through on-site visits. This has been a neglected area in the past according to RDB Deputy CEO. The Marketing Department has joined these visits to take this opportunity to gather information on the extent to which RDB's loan products meet the needs of its target customers. The results will be used to adjust credit policies, procedures, pricing etc.

4.1.2. RECRUITMENT OF FURTHER TECHNICAL ASSISTANCE TO SUPPORT TO IMPLEMENTATION OF REFORMS

The proposed conclusion (declaring the procurement process unfruitful)⁴³ of the Procurement Committee of 4th of June for the recruitment of Technical Assistance to RDB has been endorsed by AFD⁴⁴ on 15 July 2015. Bidders have been informed of the decision, and a new Call for Expression of Interest was published in local newspaper (Phnom Penh Post and Cambodia Daily) and on DG-Market website in July.

⁴² Based on inputs from Mr Sam Vongsy, Deputy CEO of RDB.

⁴³ Cf. Quarterly Executive Report #10, § 4.1.2. page 20-21.

⁴⁴ AFD non-objection letter No L 379/15.

The deadline for the submission of EoI was 25th of August. By the deadline, SNEC has received three new Expressions of Interest. Two from firms which had already applied in December and January, and one from a new candidate:

- Mekong Strategic Partners (MSP) in association with BD-LINK.
- SOFRECO in association with POSITIVE PLANET.
- Mekong Think Tank.

The Procurement Committee met on 28th August 2015 and proceeded to the scoring of the EoI.

Only two EoI qualified, and the procurement committee has concluded that only Mekong Strategic Partners (MSP) in association with BD-LINK and SOFRECO in association with POSITIVE PLANET would be shortlisted and requested to submit a full proposal. These conclusions were endorsed by AFD on 17th of September⁴⁵. Requests for proposal were officially issued to the two shortlisted companies on 21st September 2015, with a deadline for application on 21st October 2015.

4.2. DEVELOPMENT OF A CREDIT MECHANISM DEDICATED TO FARMER ORGANIZATIONS

4.2.1. FOS' REQUESTS FOR LOAN

Further to the introduction via FAEC and FCFD of requests for loans of Farmer Organizations⁴⁶, in April/May 2015, RDB has communicated additional requests for documentation to the applicants and have indicated that for the time being the former credit policy would still apply, with notably a minimum collateral requirement of 200% of the value of the capital to be lent.

Some of the requests for loans were withdrawn by the FOs because the delay of instruction of the requests had been too long and the loan was not anymore relevant due to the seasonality of the envisaged business. Other FOs had not enough collateral or were not fulfilling all conditions to access the credit. Besides the envisaged guarantee scheme was not yet in place to help to lower the collateral requirements⁴⁷.

As a result, none of the loan requests introduced via FAEC or FCFD has been successful. This has harmed the confidence of FOs and FO Federation in the proposed mechanisms, and it is acknowledged that a next round has to be well prepared in advance in order to be successful. On the other hand, despite it was not successful, the tentative of submitting these requests for loans has provided useful lessons that are being considered in the development of a revised credit policy for Farmer Organizations in RDB (See the following § 4.2.2.).

4.2.2. PHASE 2 OF HORUS MISSION AND WORK WITH RDB ON THE CREDIT TO FOS

Mrs Christine Westercamp was in Cambodia in July for the first in-country mission of the second phase of Horus contract in support to the development of a Credit Mechanism to Farmer Organization in RDB. The mission was aiming at reviewing the credit tools and the process of assessment of request for loans, using the on-going requests from FO as a real-scale case study.

The process was slightly perturbed by the resignation of RDB credit officer in charge of Agricultural Cooperatives and by not fluid communication between RDB and Agricultural Cooperatives applying for

⁴⁵ AFD non-objection letter No L 508/15.

⁴⁶ Cf. Quarterly Executive Report #10, § 4.2.1. pages 21-22.

⁴⁷ It is foreseen that the project could provide a direct guarantee as a temporary solution, before a formalized guarantee fund is established, but in this case the guarantee could not go beyond the end of project duration. Since the extension of the project is not yet formalized, the current deadline for the end of the project (December 2015) was too short to provide a guarantee for the loans requested by FOs for this year.

loans. Nevertheless, the mission was able to propose some revision of the tools for assessment of credit to FOs and to discuss risk issues and guarantee mechanisms with the Risk Department.

During and after the mission in Cambodia, Horus has prepared the following documents and tools:

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

A memorandum of the July mission was sent to SNEC in September, as well as elements listed above, that were subject to comments from SCCRP's PMA and from RDB, leading to few amendments.

4.2.3. NEXT STEPS FOR THE DEVELOPMENT OF CREDIT MECHANISMS TO FARMER ORGANIZATIONS

It is acknowledged that the failure of all the requests submitted by FAEC and FCFD in the previous round has considerably eroded the trust and motivation of FOs and FO Federations in the process of development of credit mechanisms to FOs. Yet, the development of a credit offer to FOs in RDB is still a high priority for the project. To avoid another failure, as stated by the PMA in mid-September, it is important to make sure that everything is ready and in place in order to have a faster assessment process of the next batch of requests for loans, and at least to have a part of the requests that will be eligible.

Before new requests for loans are introduced, it is necessary that:

- The new procedures and loan products are formally validated by RDB management / Board;
- The guarantee mechanism is in place (or at least the transitory guarantee by the project can be activated);
- A dedicated credit officer is appointed by RDB and work closely with the officers of FO Federation and their partners;
- Conditions, rules, documentations to provide are clearly and fully communicated to interested FOs and to FO Federations.

A meeting between the project team, RDB and FO Federations will be organized early in October.

It is expected that the new credit policy / financial product for FOs will be endorsed by the Board of RDB in the next quarter.

ANNEXES

ANNEX 1: BUDGET OF AC UNION PREAH VIHEAR AND TRANSITION FROM SUBSIDIES TO OWN RESOURCES

Estimated budget and subsidies to AC Cooperative Union in Preah Vihear

from 15 July to 15 December 2015

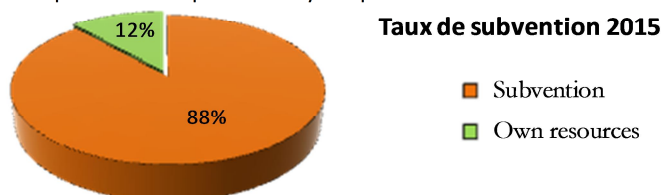
#	Items	Unit	Unit cost	Quantity	Amount
PART SUBSIDIZED BY SCCRP PROJECT					
1.	Human resources ⁽¹⁾				\$ 10,750.00
1.1.	General Manager	man-month	\$ 800.00	5	\$ 4,000.00
1.2.	ICS manager (3 positions)	man-month	\$ 450.00	15	\$ 6,750.00
2.	Operation costs				\$ 5,330.00
2.1.	Office rental, electricity, communication, stationnaries	month	\$ 350.00	5	\$ 1,750.00
2.2.	Budget for staff transportation ⁽²⁾	man-month	\$ 125.00	20	\$ 2,500.00
2.3.	Allowances + travel outside P. Vihear ⁽³⁾ (ceiling amount)				\$ 1,080.00
3.	Union management				\$ 4,200.00
3.1.	Inter-cooperatives all boards meeting	meeting	\$ 900.00	3	\$ 2,700.00
3.2.	Union Executive Board meetings	meeting	\$ 300.00	5	\$ 1,500.00
4.	Miscellaneous / Unforeseen				\$ 1,720.00
TOTAL OF COSTS COVERED BY SCCRP PROJECT SUBSIDY					\$ 22,000.00
PART FINANCED BY COOPERATIVES					
5.	Investments (equipments)				\$ 2,870.00
5.1.	Lap top computers	unit	\$ 480.00	4	\$ 1,920.00
5.2.	Printer / scanner	unit	\$ 350.00	1	\$ 350.00
5.3.	Furniture (table, chairs, cabinet)	ceiling	\$ 600.00	1	\$ 600.00
TOTAL OF COSTS COVERED BY COOPERATIVES OWN RESOURCES					\$ 2,870.00
TOTAL BUDGET					\$ 24,870.00

⁽¹⁾ Level of salaries indicated here are based on the negotiation with the officers being recruited.

⁽²⁾ Lump sum per month for use of staff own motorbike for the purpose of ACU work, including gasoline and maintenance (125 USD/staff/month)

⁽³⁾ Rates to be applied will be defined in the administration guidelines that will be developed with the SCCRP project team. This budget can be used only once the rates are defined and approved by the SCCRP project team.

Contribution of cooperatives covers 12% of the costs of the Union in 2015 (not taking into account initial capital contribution expected to be provided by cooperatives for the creation of the Union)



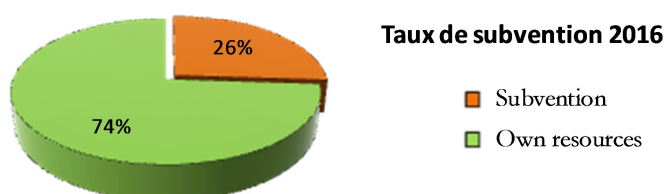
Estimated budget and subsidies to AC Cooperative Union in Preah Vihear

From 16 December 2015 to 31st December 2016 (= 12.5 months)

#	Items	Unit	Unit cost	Quantity	Amount
1.	Human resources				\$ 24,200.00
1.1.	General Manager	man-month	\$ 800.00	12.5	\$ 10,000.00
1.2.	Assistant	man-month	\$ 200.00	12.5	\$ 2,500.00
1.3.	ICS manager (2 positions)	man-month	\$ 450.00	26	\$ 11,700.00
2.	Operation costs				\$ 10,142.50
2.1.	Office rental	month	\$ 150.00	12.5	\$ 1,875.00
2.2.	Electricity, communication, stationaries	month	\$ 200.00	12.5	\$ 2,500.00
2.3.	Budget for staff transportation	month	\$ 125.00	37.5	\$ 4,687.50
2.4.	Allowances + travel outside P. Vihear	estimated (see annex)			\$ 1,080.00
3.	Union management				\$ 6,300.00
3.1.	Inter-cooperatives all boards meeting	meeting	\$ 900.00	3	\$ 2,700.00
3.2.	Union Executive Board meetings	meeting	\$ 300.00	12	\$ 3,600.00
3.3.	Other				\$ -
4.	Amortization of equipments				\$ 600.00
5.	Miscellaneous / Unforeseen				\$ 1,000.00
GRAND TOTAL					\$ 42,242.50
U.C. Own resources					
	Retrocession of premium on harvest 2015	USD/t	\$ 12.50	2,500	\$ 31,250.00
Estimated amount to be subsidized in Year 2016					\$ 10,992.50

Note: This figure is based on an hypothesis of 2,500 tons of paddy sold to AMRU in 2015, whereas the MOU signed between AMRU, Cooperatives and SCCRP indicates that AMRU could buy not less than 3,500 tons of paddy in year 2015.

Contribution of cooperatives covers 74% of the costs of the Union in 2016.



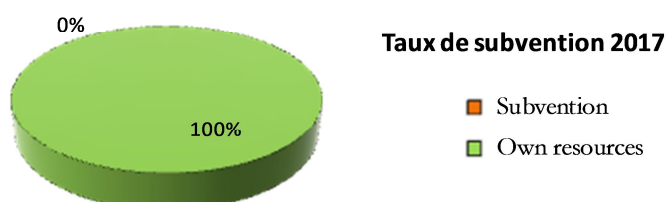
Estimated budget and subsidies to AC Cooperative Union in Preah Vihear

Year 2017

#	Items	Unit	Unit cost	Quantity	Amount
1.	Human resources				\$ 22,800.00
1.1.	General Manager	man-month	\$ 800.00	12	\$ 9,600.00
1.2.	Assistant	man-month	\$ 200.00	12	\$ 2,400.00
1.3.	ICS manager (2 positions)	man-month	\$ 450.00	24	\$ 10,800.00
2.	Operation costs				\$ 9,780.00
2.1.	Office rental	month	\$ 150.00	12	\$ 1,800.00
2.2.	Electricity, communication, stationaries	month	\$ 200.00	12	\$ 2,400.00
2.3.	Budget for staff transportation	month	\$ 125.00	36	\$ 4,500.00
2.4.	Allowances + travel outside P. Vihear	estimated (see annex)			\$ 1,080.00
3.	Union management				\$ 6,300.00
3.1.	Inter-cooperatives all boards meeting	meeting	\$ 900.00	3	\$ 2,700.00
3.2.	Union Executive Board meetings	meeting	\$ 300.00	12	\$ 3,600.00
3.3.	Other				\$ -
4.	Amortization of equipments				\$ 600.00
5.	Miscellaneous / Unforeseen				\$ 1,000.00
GRAND TOTAL					\$ 40,480.00
U.C. Own resources					
	Retrocession of premium on harvest 2016	USD/t	\$ 12.50	3,400	\$ 42,500.00
Amount to be subsidized in 2017					\$ -

Note: it is estimated that Union can balance its costs with a contribution of 50 KHR/kg with a volume of less than 3,400 t of paddy sold, whereas MOU signed with AMRU indicates a perspective of 5,500 tons that AMRU could purchase in 2016.

Contribution of cooperatives covers 100% of the costs of the Union in 2017.



ANNEX 2: AGENDA OF THE « EXPERIENCE SHARING AND CONSULTATION WORKSHOP ON CONTRACT FARMING IN CAMBODIA » - 15 JULY 2015

Time	Topic / Content	Speaker / Facilitator
07:45 – 08:15	Registration	
08:15 – 08:25	Presentation of the workshop agenda	
08:25 – 08:30	National Anthem	
08:30 – 08:40	Welcome remarks	Mr Mao Sopheareth, Director, DAI/MAFF
08:40 – 08:55	Opening remarks by <i>Agence Française de Développement</i>	Mr Philippe Steinmetz, AFD Regional Director
08:55 – 09:10	Opening speech	H.E. Ty Sokhun, Secretary of State, MAFF
09:10 – 09:30	Legal Framework on Contract Farming in Cambodia.	Mr Yi Bunhak, Deputy Director, DAI / MAFF
09:30 – 09:50	<i>Coffee break</i>	
09:50 – 10:05	Presentation of a case study on Contract farming for organic rice in Preah Vihear.	Mr Song Saran, AMRU Rice and Mrs Kim Lay Sim, AC representative
10:05 – 10:30	Presentation of lessons learnt from several pilot Contract Farming agreements in rice sector, supported by SCCRP project.	Mr Sok Sarang C#3 team leader, SCCRP
10:30 – 10:45	Presentation of a case study of Contract Farming for cassava production.	Mr Yehonatan Issahary (3C Company)
10:45 – 11:00	Presentation of a case study of Contract Farming for tobacco production.	Mr. Poly Sean (BAT Company)
11:00 – 11:10	Presentation of a case study of Contract farming on turmeric production	Mr Mao Pisith (Akay Company)
11:10 – 11:45	Plenary discussion on the analysis of lessons learnt and conclusions presented.	
11:45 – 12:00	Introduction on some key questions regarding policies, regulation and guidelines of Contract Farming, as an introduction of Focus Group session (afternoon session).	Mr Jean-Marie Brun, Project Management Advisor, IRAM / SCCRP.
12:00 – 13:30	<i>Lunch break</i>	
13:30 – 15:30	Group discussion: Group 1: Contract farming: at the crossroad of business and policy objectives: <i>what are the drivers for Contract Farming development for economic stakeholders, how it may contribute to achieve policy objective, and how it could be supported by policy measures and conducive business environment.</i> Group 2: Conflict resolution, mediation, arbitration and enforcement of Contract Farming. <i>Current situation, foreseen mechanism and possible alternatives/ options to optimize trust and effectiveness.</i> Group 3: Process for facilitation of Contract Farming negotiation and registration <i>or acknowledgement of Contracts by a public body. What is proposed, is it necessary/ useful, what could be the alternatives.</i>	Facilitators/Contributors: Group 1: Mr Sok Sarang (CIRD/SCCRP) and Mr Khim Sophanna (CEDAC) Group 2: Mr Hisham Mousar (Henri Capitant Asso.) and Mr Jean-Marie Brun (IRAM/SCCRP) Group 3: Mr Yi Bunhak (DAI) and Mr Min Sophoan (AVSF/SCCRP).
15:30 – 15:45	<i>Coffee break</i>	
15:45 – 16:30	Presentation of conclusions of working groups (15' per group, including time for 2-3 remarks or questions from participants).	Group reporters
16:30 – 16:45	Wrap-up of key findings and further steps for the work of the Taskforce on Contract Farming Guidelines, Policies and Regulations.	H.E. Ung Luyna, SNEC, SCCRP project coordinator
16:45 – 17:00	Closing Remarks	H.E. KITH Seng, Under- Secretary of State of MAFF

