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





Supreme National Economic Council (SNEC)

SUPPORT TO THE COMMERCIALIZATION OF CAMBODIAN RICE PROJECT

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ACRONYMS

AC	Agricultural Cooperative
ACBN	Agricultural Cooperative Business Network
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
ACTAE	Towards Agroecology Transition in the Mekong Region Project
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	A gence Française de Développement / French Agency for Development
AFDI	A griculteurs Français et Développement International
AFO	Accounting and Finance Officer (in SCCRP project management team)
AFTA	ASEAN Free Trade Agreement
AIMS	Accelerating Inclusive Markets for Smallholders Project (IFAD project)
ALCO	Asset Liability Committee (banking)
ALISEA	Agroecology Learning Alliance in South East Asia
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	A compagnement du Risque de financement de l'Mvestissement privé en Zone d'Mtervention de l'ALFD
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	Projet dillippui aux Irrigants et aux Services aux Irrigants
ASPIRE	Agriculture Services Program for Innovation, Resilience and Extension (IFAD project)
ASYCUDA	Automated System for Customs Data
AusAID	Australian Agency for International Development
AVSF	Agonomes d Váérinaires Sans Frontières
BFS ExCo	Banking and Finance Solutions Executive Committee (of CRF)
BRC	British Retail Consortium
BritCham	British Cambodian Chamber of Commerce
C2A	Commission Agriculture et Alimentation de Coordination Sud (French development NGO platform)
CAC	Crédit Agricule Consultants
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

СВ	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	Chambre de Commerce Franco-Cambodgienne / Franco-Cambodian Chamber of Commerce
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
CEDAC	Centre dillitude et de Développement Agricule du Cambodge
CEDEP	Cambodia Export Development and Expansion Program
CEFP	Committee for Economic and Financial Policy
CEO	Chief Executive Officer
CF	Contract Farming
CFAP	Cambodian FarmersÑAssociation Federation of Agricultural Producers
CIDA	Canadian International Development Agency
CIRAD	Centre International de Recherche Agronomique pour le Développement
CIRD	Cambodian Institute for Research and Rural Development
co	Certificate of Origin
CoC	Code of Conduct
COrAA	Cambodian Organic Agriculture Association
COSTEA	Comité Scientifique et Technique de l'Élau Agricule
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	Deutscher Genossenschafts- und Raiffeisenverband e V. (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
EIF	Enhanced Integrated Framework
Eol	Expression of Interest
EPWG	Export Promotion Working Group (informal group of rice exporters supported by IFC)
ESP	Environmental and Social Policy
ESR	Equitable Solidaire, Responsable (Fairness, Solidarity, Responsibility) I Ecocert owned standard

EU **European Union** ExCo **Executive Committee** FAEC Federation of farmer associations promoting family Agriculture Enterprises in Cambodia FAO Food and Agriculture Organization of the United Nations FASMEC Federation of Association for Small and Medium Enterprises of Cambodia **FCFD** Federation of Cambodian Farmer Organizations for Development FCRE **Federation of Cambodian Rice Exporters FCRMA Federation of Cambodian Rice Millers Associations** FFS **Farmer Field School** FI **Financial Institution** FNN **Farmer and Nature Network** FMP ExCo Farming and Milling Productivity Executive Committee (of CRF) FO Farmer Organisations **FOO** Farmer Organisations Office of the DAE **FSMS Food Safety Management System FWN Farmer and Water Network FWUC Farmer Water User Community** GAFSP **Global Agriculture and Food Security Program** GDA **General Directorate of Agriculture** GDCE **General Department of Customs and Excise** GDP **Gross Domestic Product** GF **Guarantee Fund** GI **Geographical Indication GIFT Global Institute for Tomorrow** GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit / German Development Cooperation GMP **Good Manufacturing Practice** GMP ExCo Global Market Promotion Executive Committee (of CRF) **GMS Greater Mekong Subregion** G-PSF **Government Ì Private Sector Forum** GRET Groupe de Recherche et dichanges Technologiques GS **General Secretary** HACCP **Hazard Analysis and Critical Control Points** HARVEST Helping Address Rural Vulnerability and Ecosystem Stability (USAID project) Household нн 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** IΡ **Intellectual Property** IPD **Intellectual Property Department of the Ministry of Commerce** IPM **Integrated Pest Management** IRAM Institut de Recherche et dillipplication des Méthodes de Développement IRRI **International Rice Research Institute** ISC Institute of Standards of Cambodia ISC **Irrigation Service Center** ISF **Irrigation Service Fee**

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IT Information Technologies

IVY International Volunteers of Yamagata

IWRM Integrated Water Resources Management

JCC Joint Coordination Committee (FCRE, SNEC, IFC, AFD)

JDI Japan Development Institute

JICA Japanese International Cooperation Agency

KAPCD Khmer Angkor People Community for Development

KOICA Korea International Cooperation Agency

KYC Know Your Customer (banking)

LGWR Long Grain White Rice

LRI Live Rice Index

MAFF Ministry of Agriculture, Forestry and Fisheries

MEF Ministry of Economy and Finance

MFI Micro-Finance Institution

MIH Ministry of Industry and Handicraft

MIME Ministry of Industry, Mines and Energy

MLMUPC

MOC

MOWRAM

MPWT

MRC

MRC

MRD

M&E

NBC

NC

NGO

NKPSAC

NOP

NPACD

NPD NSC

NSDP

NWISP

OA

OACP

ODM

OPM

O&M

PAO

PADAC

PADEE

PBA

PC

PDA

PDOWRAM

PDRD

PIMD

PIP

PМ

PMA Project Management Advisor (in SCCRP project management team) Preah Vihear Meanchey Union of Agricultural Cooperatives **PMUAC** 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** PTP **Paddy Trading Platform** 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 I 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** SCM **Supply Chain Management** SEA South East Asia SIAL Salon International del'Agroalimentaire (Paris) SME **Small and Medium Enterprise** SMP **Sansom Mlup Prey NGO** SNEC **Supreme National Economic Council** SoA Signature of Asia 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** TFP **Total Factor Productivity Terms of Reference** ToR ToT **Training of Trainers TPC** Thaneakea Phum (Cambodia) Ltd. TPD Trade Promotion Department of the MOC TREA Thai Rice Exporters Association TRT | The Rice Trader TWG **Technical Working Group** TWGAW **Technical Working Group on Agriculture and Water** UK **United Kingdom UN** United Nations

UNCTAD **United Nations Conference on Trade and Development** UNDP **United Nations Development Program** UNEP **United Nation Environment Program** UNIDO **United Nations Industrial Development Organization** UNIDROIT International Institute for the Unification of Private Law USA **United States of America** USAID **United States Agency for International Development** USP **Unique Selling Proposition** VAHW Village Animal Health Worker VF **Vision Fund** VSO **Volunteer Services Overseas** WASP Water and Agriculture Sector Project (financed by AFD) WB **World Bank** WCS **Wildlife Conservation Society** WIPO **World Intellectual Property Organization** WRC **World Rice Conference** WRMSDP Water Resource Management Sector Development Program (ADB) WTO **World Trade Organization WVI** World Vision International

UNITS AND MEASURES

ha Hectare
kg kilogram

KHR Cambodian Riel
km kilometer
t ton (metric ton)
t/h ton per hour
teu twenty foot equivalent unit (referring to freight of twenty foot containers)

USD United States Dollars

Introduction and Summary

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 Ì French Agency for Development). Its implementation period is from January 2013 to December 2017.

This report is the 16th Quarterly Executive Report of the project. It covers the period from October 1st to December 31st, 2016.

During this period, FO Federations have provided more support to their members to get involved in paddy commercialization, with some successes in linking some ACs and millers. The development and test implementation of the on-line Paddy Trading Platform is an interesting tool, with already 94 FOs registered as (potential) users of the platform on which they can post announcement regarding the volume and type of paddy they will harvest and they could sell. The announcements can be transmitted to (registered) millers by SMS or e-mail (in Khmer or English), or they can alternately consult on-line. To date, the results in terms of sales are not yet convincing, but this could be partly due to the difficult context for rice during this last harvest season. Experiment will be pursued with dry season harvest.

Progresses on the preparation of CRF icertification mark for Jasmine rice have been limited to the new decision on the name of the brand ("Angkor Malys") and a pre-check of documents to file application for the registration of the mark with the Department of Intellectual Property of MoC.

A major outcome to celebrate is the consolidation of the organic paddy supply chain in Preah Vihear and the success of its (ambitious) scaling-up, with, for harvest 2016, more than 8,400 tons of paddy (certified organic based on both EU and USA standards) sold by 19 cooperatives to two exporters. This paves the way for a consolidation of Preah Vihear Meanchey Union of Cooperatives (PMUAC), including in term of its financial capacities.

The process of implementation of RDB reforms has been pursued and, during this quarter, the first loan of RDB to cooperative (based on the new credit policy for AC) has been approved, with the mobilization of the temporary guarantee of the project for 40% of the loan value.

The mission on economic analysis of Cambodian Rice Sector has validated the calculation models for the Economic Observatory of value chain distribution in Cambodian rice sector. This shall be carried over from next year by a national team of economists (procurement process on-going).

Last, consultants mobilized for the formulation of an up-dated Rice Policy have provided first elements of formulation, which will be discussed during a stakeholder consultation workshop in February 2017.

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

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	 Support to FO Federations to develop paddy selling activities by their members (in link with PTP). Implementation of a capacity building workshop on advocacy, targeting representatives of FO Federations. Commercial contracts for paddy supply signed and implemented by 2 ACs in Battambang with respectively SoA and AMRU, for conventional paddy. 2 contract farming agreements for seeds signed with Bayon Heritage by ACs, with support from FCFD. 	 CRF starts implementation of training on food safety standards. General Assemblies of FAEC and FCFD. 	 CRF has finally rejected (verbally) the proposed institutional support focused on CRF governance and consolidation of representativeness, which was offered by SCCRP since one year. No reactivity of CRF to implement the training on food standards, until late December.
C#2	 Decision made by CRF on the name of its certification mark (spelling changed to "Angker Malys"). CRF informally introduces the application for the registration of its Certification Mark to MoC for comments. 	 CRF formally introduces the application for the registration of its Certification Mark to MoC. CRF provide a list of target countries where its certification mark shall be registered with support of SCCRP. Dissemination of information on CRF certification mark to stakeholders. 	 Very little progress on branding: CRF is not proactive: no GMP ExCO meeting on branding during this quarter. Action plan drafted by SCCRP (since April 2016) has never been submitted to GMP ExCo.
C#3	 Organic certification confirmed for paddy produced by ACs supported by the project in Preah Vihear (12 ACs involved with AMRU Rice + 7 ACs involved with SoA). Successful implementation of contracts farming with AMRU and SoA in Preah Vihear: more than 8,400 tons of organic paddy sold to those two buyers. Develop and test implementation of a new system of information on FOsÑ paddy supplying capacities (Î Paddy Trading PlatformÏ - PTP). Final report of feasibility study on FO investments on dryer and storage. 	 General Assembly of PMUAC and integration of new ACs. Complete draft of Manual on Contract Farming + submit to Taskforce. 2nd Meeting of Taskforce on CF. 	 Difficulty to get all inputs on Manual on Contract Farming on due time. Difficult context for paddy commercialization and low price of paddy.
C#4	 RDB HR policies finalized. RDB new system for credit approval now implemented. First credit to AC approved by RDB based on new credit policy to ACs. First mobilization of credit guarantee system (temporarily under project). 	Define required input to set up an institutionalize guarantee mechanism.	
C#5	 2nd mission on analysis of added value distribution in rice sector (validation of models). Preliminary elements of formulation of new Rice policy provided by consultants. 	 2nd workshop on rice policy. Recruitment of service provider for rice sector observatory and 3rd mission on analysis of added value distribution. AFD supervision mission. 	

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

Whereas the development of a Paddy Trading Platform was first considered to be developed with the Cambodian Rice Federation, CRF has finally expressed some reserves and decided not to provide its list of contacts of millers and exporters to be up-loaded as users of the platform¹.

From an operational point of view, supports from SCCRP project to CRF services remain active in only two areas now:

- The development of CRF M Certification Mark for Cambodian Jasmine rice;
- The organization of training sessions for millers/exporters on global food safety standards.

1.1.1.1. Work with the GMP ExCo on the branding initiative

During this Quarter, there has been no meeting of the GMP ExCo about branding, despite a number of decisions regarding the branding process have to be made. Yet, according to Mr Poeuv Bunrith (CRFÑ coordinator for market and export promotion), the final decision on the brand name for jasmine rice has finally been made i see Section 2 of this report, pages 8-9.

1.1.1.2. Work with the P&S ExCo (part of former FMP ExCo) on improved interface between FOs and millers / exporters

A second operational support to CRF activities is a participation in the **P**oduction and Seeds Executive Committeel. SCCRP project team uses to take part in the meetings of these ExCo, in which FO Federations are well represented. But no meeting of this ExCo has been organized during this quarter.

One of the subjects promoted by SCCRP team and proposed to be developed under the auspice of this P&S ExCo is the development of the Paddy Trading Platform. As reported previously², consultative workshops organized by SCCRP on this project were done in partnership with CRF and after planning under this P&S ExCo. Yet, finally, for reasons explained in § 3.5.2. (in this report, page 25), CRF did not confirmed its engagement for the development of this service. SCCRP project management had thereof to make the decision to implement the pilot platform without CRF.

1.1.1.3. AGREED SUPPORT ON ORGANIZATION OF TRAINING ON GLOBAL FOOD STANDARDS

In July 2016, SCCRP project has signed a MoU with CRF, allowing CRF to receive some budget support for the organization of training sessions on Food safety standards³. Yet, up to now, the CRF did not yet start to implement such trainings.

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¹ More details about this issue are given in the § 3.5.2. Î Institutional aspects of the partnership for the Cambodian Paddy Trading Platformi, page 25 in this report.

² Cf. Quarterly Executive Report #14, Section 3.5., pages 23-24, and Quarterly Executive Report #15, Section 3.5., pages 26-27.

³ Cf. Quarterly Executive Report #15, § 1.1.1.3., page 5.

1.1.2. Institutional Support / Governance

SCCRP had resumed the contact with CRF on the proposed institutional support on governance and representativeness by an e-mail sent⁴ to CRF President and Secretary General on 29th of August 2016.

Since no reply was received from CRF, a new reminder was sent to CRF President and General Secretary on 7th of October 2016. Still no written answer was given. But finally Mr Horn Theara, assistant to CRF President, has verbally indicated to SNEC project management (Project Coordinator and Project Administration Officer) that CRF does not wish to receive the proposed consultant support on CRF governance and statutes. The resources⁵ that were flagged for this purpose will be reallocated for another use (to be discussed between SNEC and AFD during supervision mission scheduled in February 2017).

1.1.3. PARTICIPATION OF CRF IN RICE POLICY REVIEW AND RICE VALUE CHAIN OBSERVATORY

1.1.3.1. RICE POLICY REVIEW

A first meeting of the Rice Policy Review Working group (officially established and led by SNEC) was organized on the 11th of October 2016. CRF is a member of this group (together with SNEC, MAFF and MoC) and was represented in the meeting by Mr Horn Theara and by Mr Kong Chandararot.

1.1.3.2. DISCUSSION ON POSSIBLE INVOLVEMENT OF CRF IN SETTING UP A RICE VALUE CHAIN OBSERVATORY

CRF took part in the meeting for restitution of Mr Frédéric Lançon second mission on 18th of October 2016 in SNEC. The main focus was on the findings of the analysis of the rice value chain, but the establishment of a permanent Rice Sector Economic Observatory was also discussed, including the possible role of CRF or linkages with CRF (See § 5.2. pages 33-34 in the present report).

1.2. SUPPORT TO FEDERATIONS / NETWORKS OF FARMER ORGANIZATIONS

1.2.1. Institutional support and consolidation of FO Federations

1.2.1.1. FACILITATE THE CONSOLIDATION OF PARTNERSHIP BETWEEN THE DIFFERENT FO FEDERATIONS

On 11th November 2016, the 5 FO Federations (FAEC, FCFD, CFAP, FWN, and FNN) had a meeting on the request of FAEC, during which they have discussed about the basis for consolidation of the partnerships and synergies between the 5 Federations. They have started to draft a Memorandum of Understanding to formalize their cooperation.

In the same meeting, the Federations have identified topics to focus on for the training of FO FederationsÑ leaders on advocacy implemented by AVSF as part of SCCRP project on 23rd and 24th of November 2016 (see below).

1.2.1.2. CAPACITY BUILDING WORKSHOP ON ADVOCACY

A two-days capacity building workshop has been organized on 23rd and 24th of November 2016 in Phnom Penh for FO Federations leaders (40 participants, mainly from FCFD, FAEC, FNN, PMUAC, and CFAP). This training was organized by AVSF-CIRD-ADG team as part of SCCRP project, with Mrs Carline Mainenti as the main trainer.

⁴ Cf. Quarterly Executive Report #15, page 5.

^{5 1.5} man-month of International Consultant, under IRAM-NIRAS contract.

 $^{^{\}rm 6}$ Cf. § 5.1. page 33 in this report.

The objective of the training is to strengthen capacities of FO Federations Neaders to undertake their role of representation and advocacy for Cambodian small-holder farmers Ninterests and be able to express those smallholder farmers Niconcerns, opinions and ideas to be taken into consideration within process of policies are regulations development, in a constructive dialog with other stakeholders, notably with the public sector.

The first day of training was focused on background information and theory (approach of advocacy, strategy, process and stepsÅ) whereas the second day was dedicated to practical exercises by participants, with focused exercises on rice value chain and on irrigation.

1.2.2. IMPLEMENTATION OF FO FEDERATIONS' SERVICES TO MEMBERS FOR PADDY COMMERCIALIZATION

FAEC and FCFD have also supported linkages between some of their members and rice millers, notably through organization of Îbusiness matching meetingsÏ: with Signature of Asia on 8th of November, with BRICo on 15th of November, with Golden Daun Keo on 16th of November.

FAEC and FCFD have also supported their members to encourage the creation of ÎPaddy Selling Groupï activities and to develop their internal rules for collective paddy selling and prepare documentation. This support has been provided to several FOs during this quarter. Yet not all have actually implemented collective paddy selling activities. Below are three cases of actual paddy sales undertaken by three ACs.

Moreover, FO Federations (and in particular FAEC, FCFD and FWN) have been strongly involved in the development of the Paddy Trading Platform and in supporting their member to gather data on harvest prevision and post their pre-harvest announcements on the platform. This activity is described with more details in Section 3.5., pages 23 to 28 in this report.

1.2.2.1. PADDY SUPPLY CONTRACT SIGNED AND IMPLEMENTED BETWEEN NIKUM PREAH SIHANOUK AC AND SIGNATURE OF ASIA (FACILITATED THROUGH FCFD)

During the meeting held on 31st of October between FAEC, FCFD Bayon Heritage / Signature of Asia company (See § 1.2.3.1. next page) focused on fertilizer supply, opportunities of partnership for paddy supply were also discussed. A follow up meeting to explore potential paddy selling deals took place on November 8 with Signature of Asia, with representatives of FAEC, FCFD and SCCRP project.

As a result, a contract⁷ for paddy supply was signed between Signature of Asia and Nikum Preah Sihanouk AC (Thma Koul district, Battambang), based on which Signature of Asia agreed to purchase available IR 504 paddy (at least 500 tons) from the cooperative, starting from December 2016 until the end of the harvesting period.

From December 10 to December 31, 2016, the AC has delivered 464.067 tons of paddy to Signature of Asia⁸. The AC had to manage the organization of the transport of paddy to the buyers vice mill located in Banteay Meanchey province. A premium of 20 KHR/kg was paid by Signature of Asia above the price offered by local collectors (which price is reported to have increased thanks to the competition of the collective selling): initially collectors were offering only 5,9 Baht/kg, but with the competition of PSG local collectors increased their price offer of +0.1 to +0.3 Baht/kg. As seen in Annex 1, the average price paid to AC (mill-gate) has reached 6.54 Baht/kg, allowing, after deduction of transportation and management costs, to offer a better price to members compared to local collectors (but detailed analysis of economic results still have to be finalized).

⁷ Note that this is not considered as a contract farming agreement, as it is made in a relatively short term before harvest and consist only in paddy selling from the AC to the miller without other involvement or support from the buyer.

⁸ Details of date, volume and prices of each collection and delivery operations are shown in Annex 1 to this report.

1.2.2.2. PADDY SUPPLY CONTRACT SIGNED BETWEEN CHAMROEUN PHAL REANG KESEY AC AND AMRURICE (FACILITATED BY FAEC)

Chamroeun Phal Reang Kesey Agriculture Cooperative also was part of first discussions with Signature of Asia but finally did not pursue those discussions because they had enter in another commercial deal with AMRU-Rice, with relatively similar conditions (initial commitment for 500 tons, premium price of 20 KHR/kg). As for the above case, the cooperative has to organize the transportation of the paddy to the mill. After the first 500 tons, a second follow-up contract was signed for 500 additional tons, without premium, but with a possibility to renegotiate the price for every tranche of 100 tons. Until December 2016 this AC supplied 690 tons of paddy to Amru Rice.

1.2.2.3. PADDY SUPPLIED BY PONLEU THMEY KDEY SANGKEM NEY KAKSEKOR AC TO TWO MILLERS (FACILITATED BY FAEC)

Ponleu Thmey Kdey Sangkem Ney Kaksekor Agriculture Cooperative has supplied 280 tons of paddy to Baitong rice mill and 37 tons to BRICo 9.

1.2.2.4. Two contract farming partnerships for seeds production facilitated by FCFD

BET PHKAR MOHA SAMBATH AC

Since July 2016, Bet Phkar Moha Sambath Agricultural Cooperative in Siem Reap province has partnered with Bayon Heritage Co., Ltd through a (small scale) contract farming for production of seeds of a japonica rice variety. Two producers only were involved, on a surface of 0.50 ha. The company was responsible to provide training course on seed production techniques to producers. As a result, 1,991 kg of Japonica rice seed have been sold by the AC to Bayon Heritage at the agreed price 2,500 Riel/kg.

According to FCFD report, Bayon Heritage Co., Ltd expressed its interest to pursue the partnership with this AC for seed production to supply local market. For next year, the company intends to test with the AC the production of 3 types of rice seed (Japonica, CAR 15 and *Damneup Shai*) on a total land surface size of 4 hectares.

BAPHNOM MEAN CHEY AC

On November 5, 2016, Baphnom Mean Chey Agricultural Cooperative in Prey Veng province organized a facilitation meeting with the same Bayon Heritage Co., Ltd. in order to discuss terms of a contract farming for seeds production in Dry Season. The Contract Farming agreement has been signed with the company to produce rice seed of CAR 15 on 7 ha. According to the contract, the company will provide 700 kg of rice seed, 2,450 kg of fertilizer, and phytosanitary products, as well as technical support. Paddy seeds produced will be sold back at 1,500 Riel/kg.

1.2.3. OTHER FO FEDERATIONS' SERVICES TO THEIR MEMBERS

1.2.3.1. SUPPORT TO INPUT SUPPLY: FOLLOW-UP OF PARTNERSHIP WITH BAYON HERITAGE

On the morning of 31st of October, FAEC and FCFD had a meeting with Bayon Heritage Company (with participation of the officer in charge of support to FO Federations for AVSF-CIRD-ADG team, as part of SCCRP) in order to follow-up on the implementation of the MoU signed between the FO Federations and the company, and to up-date the terms of this partnership when needed.

In the meeting, both of federations Nstaff presented to the company the main achievements of MoU implementation.

⁹ We did not yet get the details and economic analysis of this case.

Some issues were discussed and addressed during the meeting, as summarized in the Table 2 below:

Table 2: Issues encountered in the implementation of MoU between FO Federations and Bayon Heritage, raised in the meeting on 31st October and answers provided

Issues encountered	Answers
The price of fertilizer sold by the company is not applied identically in all the provinces.	The company (Marketing Manager) will organize a short mission to visit all retailers depots in each province and it will re-set fertilizer prices in November 2016. The price applied for fertilizers will be the same for FO in all provinces as for depots.
2. Based on the MoU signed, the company will provide 280 demo plots to Federations. But only 37 of those demonstration plots have actually been implemented.	In November 2016 the company will reimburse to all demonstrators who are used own money to bought fertilizer for demonstration farm, moreover, the number of demonstration farm for the 2 nd year of partnership will be increased to reach the number stated in the MoU.
3. Company staffs are not providing up-to-date data/information on fertilizer bought by federation members to federation street federation.	The company will explain to their staff on the MoU signed with federations and invite all federation representatives to a Messenger group for sharing relevant information, including volumes of fertilizer bought by FOs.
4. Dispute between Sangha Phal AC in Battambang province with company staff: 50 bags of fertilizers have been invoiced whereas only 20 have been delivered.	The company is responsible to reimburse the amount of fertilizer claimed as lost by the depot, but not received by the AC.

According to the MoU signed between FO and Bayon Heritage, the company shall pay a commission to the FO Federations in proportion of the volumes of fertilizers sold to FOs. This commission has not been paid yet, and it will be done after all the loan for the fertilizers delivered have been reimbursed by FO clients. For some of them, delay for payment is still running until early 2017.

1.2.3.2. Access to credit: Liaise with RDB credit mechanism for FO and guarantee mechanism

FAEC and FCFD activities related to the access to the new credit facility developed by the Rural Development Bank with the support of SCCRP project are developed in the Section 4.2. in this report, page 31.

1.2.3.3. Up-date evaluation of FCFD members based on SCM method

During this quarter, FCFD has proceeded with the assessment of 35 of its members in four provinces¹⁰ based on the evaluation frame of the ÎScoring Criteria MethodÏ ¹¹. This evaluation is useful to assess strength and weaknesses of FOs and identify ad hoc support or capacity building services. Besides, scores obtained as part of the SCM evaluation are a criteria considered for the eligibility to the pilot guarantee mechanism for credit to FO, temporarily provided by SCCRP project (see Section 4.2.).

1.2.4. Representation of Farmers in Cambodian Rice Federation

During this quarter, according to FCFD report, there has been no meeting of the Board of CRF and no meeting of the Seeds and Production Executive Committee.

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¹⁰ 12 FOs evaluated in Takeo, 9 in Prey Veng, 8 in Kampong Thom, and 6 in Battambang.

¹¹ SCM frame, initially developed by AVSF as part of its ÎKomrong Daikou projecti, was revised and improved since the first Quarter of 2015 Ì See Quarterly Executive Report #09, § 1.2.4.3. page 9

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. OVERALL MANAGEMENT OF THE BRANDING PROCESS AND BRAND NAME

An e-mail was sent to CRF on 29 November to ask for an up-date on the process of registration of the Certification Mark and to confirm if CRF wishes to receive financial support from SCCRP project for the registration of the Certification Mark in third countries and/or for its promotion. It was resent as a reminder on 8 December as CRF did not reply by that date. But still this request has remained unanswered as of 31st December 2016.

During all this Quarter, there has been no meeting of the Global Market Promotion ExCo of CRF (or at least no meeting with the branding on the agenda), which is in principle the committee in charge of the management of the branding process and of decision making.

Yet, we were informed by Mr Poeuv Bunrith, CRF officer in charge, that the final decision regarding the name of the Certification mark has been made. The name initially defined and endorsed by the ExCo (but then questioned again)¹², has been approved by CRF President with only a change of spelling (*« Angkor Malys »* instead of *« Angkor Malis »*).

2.1.2. PROGRESSES ON BRAND'S SPECIFICATION, REQUIREMENTS AND MECHANISMS FOR VERIFICATION OF THE COMPLIANCE

TÜV Rheinland has compiled all the documents they have prepared regarding the process for control and certification of compliance with CRF Acertification mark requirement in a folder that has been delivered to SNEC. SCCRP has proceeded to the final payment of TÜV, ending their contract. Yet TÜV is committed to provide some follow-up support with CRF and notably provide at least one additional session of information to potential users of the certification mark.

2.1.3. Brand registration process

In December, CRF has informally submitted to the Department of Intellectual Property of MoC the documents to proceed to the registration of the Certification Mark. This was not yet an official filing of the application for the registration, but only a preliminary presentation of the documents to get feedback and advice from MoC before to formally file the application for registration.

CRF then had a meeting with the Department of Intellectual Property on 16th of December 2016. Main feedback and outcomes of this meeting are summarized below¹³:

- 1- The Name « Angkor Malys» was clearly explained to the Department of Intellectual Property. It was clarified that it covers a group of Cambodian premium aromatic rice (photosensitive varieties only) but does not refer to one variety only.
- 2- DIP founds that the brand logo does not reflect that it is a Certification mark and suggested to add some words such as « Certified by Cambodia Rice Federation »14.

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¹² Cf. Quarterly Executive Report #15, § 2.1.2. page 12-13.

¹³ This is based on a summary of outcomes that was sent by e-mail by Mr Poeuv Bunrith.

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

3.1. CONSOLIDATION OF THE SUSTAINABILITY OF ORGANIC PADDY SUPPLY CHAIN IN PREAH VIHEAR WITH AMRU RICE

3.1.1. SUPPORT TO CREATION AND MANAGEMENT OF THE UNION OF COOPERATIVES

3.1.1.1. SIGNATURE OF THE NEW MOU BETWEEN SCCRP PROJECT AND PMUAC

As stated in the previous Quarterly Report¹⁵, a new MoU between the SCCRP project and Preah Vihear Mean Chey Union of Agricultural Cooperatives (PMUAC) has been developed which defines the support of the project in 2016-2017 and the commitments taken by PMUAC and by member ACs.

Before this MoU was signed, a full day meeting was organized on 10th of October with representatives of all the member ACs in order to read again all the terms of the MoU and make sure it is well understood before the MoU was signed by all representatives, at the end of this session on 10th October.

3.1.1.2. HUMAN RESOURCES: REPLACEMENT OF PMUAC GENERAL MANAGER

Following-up on the exercise of self-assessment and interview of PMUAC General Manager with project consultants conducted in September ¹⁶, the results of the evaluation of PMUAC general manager's performance were presented by Mr. Min Sophoan (AVSF/SCCRP consultant), to PMUAC Board members on 27th of October. The evaluation concluded that PMUAC General Manager can be a good Technical staff but lack skills and rigor¹⁷ to properly undertake the expected tasks and responsibilities as General Manager.

Based on the result of appraisal, Mr. Neang Thai, PMUAC General Manager, has decided to resign from PMUAC on November 9, 2016 and the Board has approved his request.

Following the resignation of Mr. Neang Thai, PMUAC general manager, PMUAC board members (7 representatives) with the support of one member of SCCRP support team interviewed 4 internal employees of PMUAC and 2 external candidates for the position of General Manager and ICS manager on November 3, 2016. The following decisions were made, regarding PMUAC human resources:

- Mr. Oeur SamAth has been promoted as a General Manager of PMUAC to replace Mr. Neang Thai after his resignation. He took over the position starting from November 10, 2016.
- Mr. Hud Ramo has been promoted as Supervisor of ICS management, from the same date.
- Mr. Hean Piet has been recruited as a new ICS manager, to fulfil the vacant position. He has taken
 office from November 21, 2016.

¹⁵ See Quarterly Executive Report #15, page 15.

¹⁶ See Quarterly Executive Report #15, page 14.

¹⁷ AVSF-CIRD-ADG Quarterly report provides more details on the assessment of strength and weaknesses of the General Manager, that we do not detail here. But non-compliance with recommendations of the support team, late proceeding with executive and financial reporting and lack of reactivity were among the main issues raised that really affect the performance of the GM and the management of the Union as a whole.

3.1.1.3. PMUAC FINANCIAL MANAGEMENT

Following up on the official registration of the Union of Cooperative, PMUAC has opened its new bank accounts with ACLEDA Bank in Preah Vihear (two accounts in USD and one in KHR) on 26th of October 2016.

Besides, the balance of unspent subsidy received as part of the previous agreement with SCCRP project has been reimbursed to the project on the 27th of October 2016, which was the last pending condition to proceed with the first disbursement under the new MoU signed on 10th of October. The first installment of subsidy to PMUAC was transferred by AFD to PMUAC bank account on 30 November 2016 (initial advance) then 2nd and 3rd installment, based on justification of expenditures, were transferred on 13 December 2016.

Given the very good results of 2016 season and sales to AMRU (See § 3.1.4. page 15 in this report), and to Signature of Asia (See § 3.2.3. page 19 in this report), incomes of PMUAC from ACs contributions for harvest 2016 (to feed PMUAC budget for 2017) should reach more than 400 million KHR (more than 100,000 USD). Provided there is no difficulty with the collection of these service fees from the 12 ACs which have sold paddy to AMRU, PMUAC should have sufficient resources to cover its operation costs in 2017, start to feed a reserve fund and possibly invest in new activities or services. It is considered that the costs of internal inspectors (up to now born by each cooperative) could fall under the budget of PMUAC from next year. The possibility for PMUAC to contract directly Ecocert and hold the organic certificate for the paddy they sell is also considered. This would require a renegotiation of their MoU with AMRU, but could allow to sell organic paddy to other buyers, in particular for jasmine varieties¹⁸. Yet it should not be to the detriment of structural partnerships such as the one with AMRU. A priority shall be given to ensure the supply of volumes committed by contract with long-term partners. This long-term partnership is beneficial for both parties and provides the security to continue to invest on certification.

3.1.1.4. Overall support to PMUAC administration, governance and consolidation

SCCRP project team has provided support to PMUAC Board for the overall management and governance of the Union. The 4th PMUAC Board meeting was held on 27th of October 2016, attended by 19 persons. The meeting was led by Mr. Thuon San, PMUAC President. The objectives of the session were to present achievements of the previous quarter and to prepare work plan for the next quarter.

Among the subject discussed during the meeting, a possibility of diversification of cooperative business is considered with an opportunity identified for cashew nut supply. AC member of the Union were asked to collect primary data internally with their members in order to estimate cashew production and provide feedback. Diversification of businesses is seen as a way to further consolidate the Union and the Cooperatives and also to value the human resources of the Union (which business with rice can leave some time availability in low season).

SCCRP team has also assisted PMUAC General Manager in completing a number of his following assignments and responsibilities, notably:

- Helped edit 2nd and 3rd quarterly reports;
- Facilitated process of bank accounts opening;
- Helped review monthly work plans and timesheets;
- Assisted in checking and verifying monthly expenditures of PMUAC.

¹⁸ More jasmine paddy was produced by farmers in the organic program in 2016 than what AMRU has bought. More than 1,000 tons would have been entitled to be sold as organic but was sold as conventional.

3.1.1.5. Integration of New Member ACs in the Union

It is expected that PMUAC (which was registered in July with 8 members) will integrate 11 new ACs from early 2017:

- The 4 ACs supported by IVY;
- The 7 ACs which have a Contract Farming agreement for organic paddy selling to Signature of Asia¹⁹.

Two ICS supervisors are already working to support these new ACs, with an external financial support (by IVY for the 4 ACs they support, and by SCCRP project for the 11 in contract with Signature of Asia) but at a remuneration rate aligned with PMUAC practices, so these staff can be easily transferred to PMUAC in 2017. Besides, all these 11 ACs have already planned to contribute 50 KHR/kg of organic rice they sell in 2016 harvest to be able to provide their share of contribution to PMUAC budget 2017 when they join the Union²⁰.

Since the system of Union of Agricultural Cooperatives is very new (and since PMUAC is the first I and still the only I Union officially registered in Cambodia to date), the procedures for the integration of new members has to be clarified and explained by DACP to PMUAC and to ACs applying for membership. This will be done by DACP Micounterpart officers in January 2017.

3.1.1.6. NEGOTIATION OF AMOUNT OF MARGIN RETAINED BY ACS FOR THEIR OWN OPERATION COSTS

During harvest 2015, it was observed that some of the ACs have retained relatively high level of margin on paddy selling price for their own operation costs (and notably remuneration of committees). In April, a workshop was organized²¹ with cooperativesÑeaders, during which some principles were recalled (notably by PDA officer) as well as rules defined according to the law on Agricultural Cooperatives.

By signing the new MoU with SCCRP project and the Union²², the 8 ACs which were involved in Contract Farming for organic rice in 2015 took the commitment *Îto limit the remuneration of AC committees to a reasonable amount, consistent with actual time investment of committee members and aligned with MAFF regulations for Agricultural Cooperative management and collective orientations discussed at ACU level!*

Table 3 next page below presents results of discussion undertaken during this quarter and final amount to be withheld to cover the costs of each of the 8 cooperatives (signatories of the MoU with SCCRP), including committee remuneration and internal inspectors costs notably.

¹⁹ See Part 3.2. in the present report, from page 17.

²⁰ Actually, for the 7 ACs in contract with SoA, these 50 KHR/kg have been withheld by the buyer on the payment to cooperatives then transferred (already) by the company to the Union. So (paradoxically) the 7 ACs which are not yet members of the Union have transferred their contribution (service fee) to the budget for 2017 even before the 8 actual members (which are waiting for final payments by AMRU to be made in January to calculate and transfer the full amount due).

²¹ See Quarterly Executive Report #14, § 3.2.2. page 18.

²² See § 3.1.1.1. page 10 in this report.

Table 3: Result of discussion in ACs about the amount of premium to be retained by AC for harvest 2016

AC name	Estimated rice production (kg)	Premium to be retained by AC
Krabao Prum Tep	467,400	Buy at least 100 KHR/kg higher than local middlemen.
Livelihood improvement	617,500	30 KHR/kg for all grades
Rohas Samaki Mean Chey	250,000	40 KHR/kg for all grades
Leuk Kampos Satrey	1,773,000	30 KHR/kg for all grades (initially set to 50, but revised).
Romduol Mlu Prey Cheay Den	1,124,200	Retrocede by each grade (50KHR, 40 KHR, 30 KRH/kg) ²³
Satrey Ratanak	1,600,000	40 KHR/kg for all grades
Torsu Sen Chey	734,000	40 KHR/kg for all grades
Romtum Samaki Meanchey	453,000	50 KHR/kg for all grades

3.1.2. ORGANIC CERTIFICATION

After external inspection implemented by Ecocert in September and submission of report of implementation of all corrective actions required in the same month²⁴, Ecocert has issued the certificates following EOS/EU and NOP organic standards to AMRU Rice on 11th of October 2016.

3.1.3. IMPLEMENTATION OF CF AGREEMENT: MANAGEMENT OF HARVEST AND DELIVERIES

3.1.3.1. AGREEMENT ON REFERENCE PRICE WITH AMRU AND FINAL PRICE TABLE FOR SEASON 2016

According to the Contract Farming agreements signed between cooperatives and AMRU-Rice, the price to be paid by AMRU for the paddy supplied is calculated based on a reference price + a premium. The reference price is based on price offered by rice mills in Kampong Thom province.

Few varieties of white rice at AC of Satrey Ratanak, AC of Torsu Sen Chey, AC of Leuk Kampos Satrey, and AC of Mlup Prey Chheay Den have been harvested in the middle of October 2016. At that time, PMUAC could not seek any price of white rice varieties from millers in Kampong Thom province. Without any reference price of white rice varieties, AMRU-Rice proposed the same price as in 2015 (850 KHR/kg), which has been accepted by PMUAC Board members since it was aligned with the results of the internal discussion they had during PMUAC Board meeting on 27th of October.

Regarding the reference price of jasmine rice varieties, PMUAC general manager has been trying to contact and negotiate with Mr. Nhim Thangcheng, Community Responsible Officer of AMRU-Rice, via phone call and email. At the beginning, the reference price of jasmine rice varieties was offered by AMRU as follows: 1,120 KHR/kg and 1,000 KHR/kg for dry and partly dry of jasmine rice respectively.

This proposal was not accepted by AC representatives. Thereof, the Union called for a meeting with the 8 members ACs²⁵ on November 10, 2016, with the objective of determining the Union position regarding price establishment for Jasmine, in order to carry further the negotiation with AMRU.

²³ A1=50KHR/kg, A2=50KHR/kg, A3=40 KHR/kg, A4=30KHR/kg, B1=50KHR/kg, B2=40KHR/kg, B3=30KHR/kg, D1=40KHR/kg, D2=30KHR/kg, D3=20KHR/kg

²⁴ See Quarterly Executive Report #15, § 3.1.3.3.. page 18.

²⁵ Only the 8 initial members of PMUAC have fragrant/jasmine rice in their contract farming agreement, this is why the other 11 ACs involved in organic contract farming were not required to be present.

Figure 1: Illustration of compromise negotiation on reference price for jasmine paddy

The meeting has set PMUAC initial bargaining position for reference prices at 1,200 KHR/kg for dry jasmine rice and 1,150KHR/kg for partly dried jasmine rice.

Finally, after negotiation, the two parties agreed on the following acceptable reference price of jasmine rice varieties: 1,150 KHR/kg for dry paddy and 1,030 KHR/kg for partly dry paddy.

Final price structure applied for season 2016 for the different quality of paddy is shown in Table 4 below. Graph in Annex 2 (provided by PMUAC) compares the reference price agreed with AMRU for Jasmine paddy with price locally offered by collectors for jasmine paddy, throughout the harvest period.

Table 4: Final prices applicable for payment of organic paddy bought by AMRU from PMUAC cooperatives in season 2016

3.1.3.2. FACILITATION OF MOBILIZATION OF COMBINE HARVESTERS

Following by refresher and training on post-harvest techniques delivered to organic farmers of each AC, PMUAC staff helped facilitate and coordinate them to access a service of combine harvester in order to improve their paddy quality. To deal with this, a number of owners of combine harvesters from other provinces in Cambodia have been contacted and then those service providers have met with AC committee members to negotiate service fees and other conditions

The service fee of combine harvester was ranged from 300,000 to KHR 400,000 KHR/ha depending on land and field conditions. During rice harvest 2016, 99 organic farmer households from 6 ACs have used the service of combine harvester (13 combine harvesters), on a total surface of 220 ha of organic rice plots.

3.1.3.3. PRACTICAL ORGANIZATION OF PADDY COLLECTION

The implementation of organic paddy buying and selling has started from October 28. In order to carry out this activity smoothly, PMUAC team has assisted AC committee members in forming an organic paddy buying-selling committee at AC level. Each committee has been divided into 2 groups: Group 1 is responsible for checking quality of organic paddy and making selling-buying plan; and Group 2 is accountable to weight and record the amount of paddy selling. In general, they didn't face any issues on paddy quality checking between ACs and AMRU-Rice because the result of quality checking by AC committees was consistent with results of quality checking performed by AMRU.



r Quality check on organic paddy.

After checking the paddy quality, the AC committees provided sacks to farmers for packing based on their paddy volume and then they write the farmer code including AC code on the sacks and the paddy is kept at the farmer's house until the collection day. When AMRU informs on the date of paddy collection, the farmers bring their paddy to the collection points jointly agreed by AC and AMRU.

3.1.4. Result of this year deliveries: 7,655 tons delivered (up to 31^{ST} of December) for season 2016

3.1.4.1. UPDATE OF VOLUMES SOLD

In total, based on the Contract Farming agreement signed on 11th of July 2016, ACs took the commitment to supply (and AMRU to buy) 8,641 tons of paddy (4,830 t of fragrant/jasmine and 3,811 t of white rice varieties). As of 31st December 2016, the 12 ACs had delivered a total of 7,654.863 tons of organic paddy to AMRU (4,987.305 tons of jasmine and 2,667.558 tons of white rice varieties), 88.6% of total volumes committed, which is a good result, significantly above the rate of contract realization achieved last year (72.6%)²⁶, despite the increase of volumes committed this year was representing a real challenge. Details are provided in Table 5 next page. Hence, this is not yet a final statement of sales for season 2017. Some of the cooperatives still have some dried organic paddy (approximately 300 t) that they will finish to deliver in early 2017.

²⁶ Cf. Quarterly Executive Report #12, page 25.

Table 5: Total quantity of organic paddy sold to AMRU-Rice as of December 31, 2016

ACs name	Volume committed in contract (kg) Fragrant Rice White Rice		Volume Total in	Quantity of paddy sold (kg)		Volume Total sold	Gap or	Gap /
ACS Name			contract (Kg)	Fragrant Rice	White Rice	in Kg	surplus in Kg	surplus in %
Krabao Prum Tep	259,500	207,900	467,400	281,659.00	147,371.00	429,030	(38,370)	-8.2%
Livelihood improvement	242,500	374,500	617,000	141,611.00	152,747.00	294,358	(322,642)	-52.3%
Rohas Samaki Mean Chey	477,971	9,500	487,471	220,368.00	8,585.00	228,953	(258,518)	-53.0%
Leuk Kampos Satrey	849,500	898,000	1,747,500	993,367.00	615,837.00	1,609,204	(138,296)	-7.9%
Romduol Malu Prey Cheay Den	619,900	512,300	1,132,200	600,872.00	177,724.00	778,596	(353,604)	-31.2%
Satrey Ratanak	1,570,800	734,000	2,304,800	1,843,603.00	583,166.00	2,426,769	121,969	5.3%
Torsu Sen Chey	697,400	190,500	887,900	756,271.00	192,322.00	948,593	60,693	6.8%
Rom Tom Samaki Meanchey	112,900	333,000	445,900	149,554.00	343,381.00	492,935	47,035	10.5%
Bro Mei Sen Chey	-	60,000	60,000	-	58,202.00	58,202	(1,798)	-3.0%
Choam Khsan Cheay Den Meanchey	-	258,100	258,100	-	246,846.00	246,846	(11,254)	-4.4%
Rumdoh Srae Samaki	-	115,500	115,500	-	79,056.00	79,056	(36,444)	-31.6%
Toek Kraham Kelamor Chivipheap	-	117,400	117,400	-	62,321.00	62,321	(55,079)	-46.9%
Total	4,830,471	3,810,700	8,641,171	4,987,305	2,667,558	7,654,863	(986,308)	-11.4%

Note: These are not the final figures for deliveries for harvest 2016, but the statement as on 31st December 2016. It is estimated that a total of approximately 300 additional tons of paddy will be delivered to AMRU by those twelve cooperatives in the first half of January 2017.

3.1.4.2. PAYMENTS BY AMRU

Regarding the modalities of payments: as stated in contracts, AMRU-Rice has to transfer payments directly to ACs' bank account within 7 working days after paddy has been delivered. In practice, AMRU has proceeded with payment to ACs every Monday and Thursday.

But in some cases, payments were made late, (around 4 or 5 days above the agreed delay for payment) especially for the ACs which supplying more volumes. As of 31st December 2016, 73% of the 7,654.863 tons delivered had been paid, and the total amount transferred by AMRU at that date was 6,236,996,820 KHR, with thereof approximately 27% of paddy delivered still to be paid.

Recording volume delivered by farmers at organic paddy collection points w



3.1.5. SEEDS PRODUCTION



r Removal of unwanted panide in a field destined for paddy seed production.

From October until harvest time, PMUAC has followed-up 27 farmers who had made deals with AMRU-Rice for the production of paddy seeds of *Phka Ramdaul* and *Neang Ouk* varieties. During field follow-up, ICS manager of PMUAC and internal inspectors of ACs as well as seed producers visited the farm and estimated total productivity and purity rate at flowering stage. Purification by removing unwanted panicles was also conducted at that stage.

Those farmers have then followed good practices for harvest and post-harvest. In total, nearly 36 tons of paddy destined for use as seeds have been harvested. Yet, not all the requirements that would be accepted for certified seeds have been applied in this process (no foundation seeds used, notably). Paddy harvested can be considered as fairly good to be used as seeds, compared to own farmer saved seeds, but would not qualify for a commercial seed business.

3.2. IMPLEMENTATION OF A NEW CONTRACT FARMING PARTNERSHIP FOR ORGANIC PADDY SUPPLY WITH SIGNATURE OF ASIA

3.2.1. IMPLEMENTATION OF ICS AND ORGANIC CERTIFICATION

3.2.1.1. IMPLEMENTATION OF 1ST ROUND OF INTERNAL CONTROL INSPECTIONS

The first round of internal control inspection was started since the 18th of September 2016 as reported previously²⁷. It continued to be implemented until completion on 5th of October 2016. Those internal inspections were implemented by the 31 Internal Control Inspectors trained²⁸, with the support and supervision of the ICS manager.

Initially, 485 farmers were in the list of contracted farmers involved in organic paddy production with Signature of Asia. But during preliminary desk review to conduct field inspection, it appeared that 6 farmers were registered twice with different code numbers. Then during the process of internal control implementation, 93 farmers resigned, because they estimated that the surplus of production (additional to their requirement for family consumption) will be too limited.



Implementation of 1d ICS inspection for producers involved with SoA $\vee\!\!\!\vee$

Thereof only 386 paddy producers were controlled, out of which 9 failed to comply with the organic requirements and were removed from the list because of use of insecticides on seedlings. Finally, after 1st internal inspection was implemented, only 377 farmers remains involved in the organic paddy contract farming program with Signature of Asia. Yet, because of higher average yield forecasted and inclusion of missing data on acreage for some farmers, the estimated capacity to produce organic paddy was re-evaluated after 1st internal control at a higher level (1,210 tons) than initially planned. Surface of paddy fields was reduced to 450.2 ha, but estimated production was still foreseen to be sufficient to supply the volumes indicated in the contract with SoA at that time, because estimated yields were re-evaluated.

3.2.1.2. Additional Training of ICS inspectors and implementation of the 2^{ND} round of ICS inspection

On 3rd and 4th November, ACÑ Internal Control System inspectors were trained in preparation of the 2nd round of internal inspections. The training was taking into account the feedback of ICS inspectors on the first ICS inspection in order to address the pending difficulties. In particular, the understanding of the wording used in the internal inspection form has been clarified, and guidance was provided about how to interview rice producers and implement field inspections in order to properly verify the compliance with organic standards. According to training assessment, trainees were judged able to carry out the 2nd round of internal inspections, yet still with some backstopping support from ICS manager.

²⁷ Cf. Quarterly Executive Report #15, § 3.2.3.6., page 22.

²⁸ Cf. Quarterly Executive Report #15, § 3.2.3.4., pages 21-22.

- Grain harvesting & threshing,
- Grain drying,
- Grain storage & milling.

3.2.2.2. Training of cooperatives Nnspectors on paddy quality checking

Cooperatives NICS internal inspectors are also in charge of paddy quality control prior to delivery to Signature of Asia. Thereof, in addition to the 1st training on paddy quality, ICS inspectors have been trained again on quality control in early November, at the same time with the training session for the 2nd round of ICS control (Cf. § 3.2.1.2. p. 17). The participants were trained on practical skills to check moisture content in paddy as well as purity rate, broken rate and rate of coloured kernels. Pictures and video tools were used for presentation, before actual demonstrations were made, then on-hand practice by participants.

3.2.3. IMPLEMENTATION OF CF AGREEMENT: MANAGEMENT OF HARVEST AND DELIVERIES AND RESULTS

3.2.3.1. NEGOTIATION AND AGREEMENT ON REFERENCE PRICE WITH SIGNATURE OF ASIA



To define the reference price of organic paddy, SoA conducted a meeting with representatives from the 7 Cooperatives involved in the CF agreements on 11 November 2016, in Chhaeb district. After discussions, the meeting decided to use the same reference prices³⁰ as agreed by AMRU-Rice with the other cooperatives in Preah Vihear, i.e. 850 KHR/kg for white rice varieties and 1,150 KHR/kg for jasmine rice varieties.

 \lor Meeting on reference price negotiation with SoA.

Final price structure applied for season 2016 for the different quality of paddy is shown in Table 6 below.

Table 6: Final prices applicable for payment of organic paddy bought by Signature of Asia from 7ACs in season 2016

Varieties	Grades (in contract)	Reference market price (KHR/kg)	Premium (as in contract)	Price to be applied by SoA (KHR/kg)	Price to be paid to PMUAC (KHR/kg)		Price to be paid to farmer (KHR/kg)
	Α	850	300	1,150	50	10	1,090
	В	850	275	1,125	50	10	1,065
White rice	С	850	250	1,100	50	10	1,040
	D	850	225	1,075	50	10	1,015
	E	850	200	1,050	50	10	990
	Α	1150	300	1,450	50	10	1,390
	В	1150	275	1,425	50	10	1,365
Jasmine rice	С	1150	250	1,400	50	10	1,340
	D	1150	225	1,375	50	10	1,315
	E	1150	200	1,350	50	10	1,290

³⁰ See § 3.1.3.1., pages 13-14 in this report.

3.2.3.2. VOLUMES OF ORGANIC PADDY DELIVERED BY 7 ACS TO SIGNATURE OF ASIA

As of December 27, 2016 a total volume of 760 tons of organic paddy (181.5 tons of jasmine rice varieties and 578.5 tons of white rice varieties) have been delivered to Signature of Asia, i.e. 86.40% of the foreseen 879.7 tons committed in the Contract Farming agreements signed in August³¹. Detailed volumes delivered by cooperatives are shown in the Table 7 below. Those are the final results for delivery of paddy to Signature of Asia for season 2016. There is no organic paddy left in stock at farmer or cooperative level.

Table 7: Total quantity of organic paddy sold to Signature of Asia as of December 27, 2016

Agricultural Cooperative		Organic WHITE Rice		Organic FRAGRANT		Grand Total	
Code	AC Name	Qty (kgs)	Amount (KHR)	Qty (kg)	Amount (KHR)	Qty(kgs)	Amount KHR
AC018	Sangkae Samaki Meanchey	53,690	57,881,475	2,654	3,582,900	56,344	61,464,375
AC025	Aphivat Samaki Sangkae 2	77,847	83,353,075	28,280	38,389,550	106,127	121,742,625
AC022	Rumdoul Samaki Meanchey	61,643	65,324,425	29,774	40,267,900	91,417	105,592,325
AC039	Samaki Sovankiri Chhaeb	24,410	26,863,900	2,095	2,880,625	26,505	29,744,525
AC020	Kchorng Sang Samaki	75,263	80,541,750	38,297	52,683,375	113,560	133,225,125
AC030	Chrachsalvorn Samaki Sen Chey	89,593	98,073,100	62366	84,924,900	151,959	182,998,000
AC023	Putrea Samaki Vattanak Mean Chey	196,042	209,180,000	18081	24,476,350	214,123	233,656,350
TOTA	L	578,488	621,217,725	181,547	247,205,600	760,035	868,423,325







r Delivery of organic paddy to Signature of Asia.

The project team didninobserve any major problem encountered regarding the collaboration between the 7 ACs and Signature of Asia. SoA paid organic paddy to each AC on time, and transferred 10 Riel/kg to each AC and 50 Riel/kg to PMUAC for their functioning as agreed in the contracts. As some of AC sold very small quantity of organic paddy rice to SOA, the income for their ACs functioning was very low. ACs committees will negotiate with SoA to increase the functioning cost of each ACs for next contract. The process to formally integrate these 7 ACs in to PMUAC will start from the first quarter of 2017.

3.3. SUPPORT THE INVOLVEMENT OF FWUCS IN PADDY COMMERCIALIZATION AND DEVELOPMENT OF FWN SUPPORTING CAPACITIES

3.3.1. PADDY SELLING GROUPS

3.3.1.1. Training and mobilization of PSG members in 5 target FWUCs

During this quarter, Farmer Water Net and the Irrigation Service Center has pursued the training and mobilization of Paddy Selling Groups in the 5 following FWUCs: Stung Chinit, and Taing Krasang (Kampong Thom Province), Spean Sreng (Bantheay Meanchey province), Donkai Thmey (Siem Reap province), and Polyum and Kroach Seurch (Pursat province).

³¹ Cf. Quarterly Executive Report #15, § 3.2.2. pages 19-20.

3.3.1.2. IMPLEMENTATION AND PADDY SELLING BY FWUCS PADDY SELLING GROUPS

Six FWUCs had plans to sell paddy during this quarter via Paddy Selling Groups, as detailed in the Table 8 below. But the Paddy Selling Group implementation in these FWUCS has been a total failure for this wet season: only Stung Chinit FWUC has sold some paddy, and in a very limited quantity (only 35 tons, whereas they had estimated they could collect more than 500 t).

Different reasons are reported by FWN to explain this failure. Of course the international prices for rice (and notably fragrant rice) have been very low this season, and the Cambodian rice sector has gone through a certain crisis. Yet, Cambodian millers still have bought and milled paddy. And even if prices are lower, the mill-gate price shall theoretically be above prices offers by local collectors. Among the elements evoked by FWN, the poor quality of paddy, due to late rains this year, is also mentioned. It could indeed explain part of the difficulty of PSG to sell directly to large millers, focused on exports, who are supposed to pay more attention to the quality of paddy they buy. Also FWN estimates that members of PSG did not always comply with their commitment to sell through Paddy Selling Group and that their acceptance to sell to local traders, sporadically offering good prices, has harmed the bargaining power of the group.

Table 8: Collective paddy seling by 6 FWUCs in last Quarter of 2016

No	FWUC's Name	Number of members	Estimated volumes available (t)	Actual volumes sold (t) in 4 th Quarter of 2016	Rice Variety
1	Stung Chinit	198	512 t	35 t	Phka Romdud
2	Taing Krasaing	200	500 t	0 t	White rice
3	Spean Sreng	134	400 t	0 t	Phka Romdud + Somaly
4	Doundai Thmey	9	76 t	0 t	Phka Romdud
5	Polyum	60	475 t	0 t	Samaly
6	Krouch Seuch	122	793 t	0 t	Samaly
Tota	ıl	723	2,756 t	35 t	

3.3.1.3. Preparation of FWUCS NPSG selling plans for the next Quarter

Despite the failure of PSG activities in the last wet season harvest, there are still plans to pursue the efforts. FWN and ISC will need to analyse better the reasons of the failure and to try to find solutions. Also it is possible that after the peak of harvest, the context get a bit more favourable in the coming months. Thus, 7 FWUCs have plans to establish or pursue Paddy Selling Groups activities in the up-coming quarter. A preliminary identification of these FWUCs and of potential volumes is shown in Table 9 below:

Table 9: FWUC NP Paddy Selling Groups plans for the next three months

No	FWUCs	Village	Number of Members	Potential production (ton)	Harvesting Time	Varieties
1	Polyum	1	21	200 t	15/12 - 28/02	Sen Kraob / Somaly
2	Krouch Seuch	8	_	3,250 t	10/01 - 28/02	Sen Kroab / Somaly
3	Ping Pong	9		3,600 t	Dec-Jan	Sen Kraob
4	Porpideum	7	_	3,200 t	Jan-March	Sen Kraob
5	Beung Leas	2		1,356 t	Jan-Feb	IR 504
6	Angkou	3	_	1,372 t	Jan-March	IR 504
7	Baray	11		3,000 t	Feb-April	Sen Kraob
	Total			16,966 t		

3.3.2. COLLECTIVE BUYING GROUPS FOR INPUT SUPPLY

There was no new grouped purchase of fertilizers by FWUCsNCollective Buying Groups during this quarter because it was not the season for fertilizer purchase application. But FWN and ISC have provided support to FWUCs representatives to collect back the repayments for fertilizers loans from their members. 100% of loans were already repaid for Donkai Thmey FWUC, and reimbursements are still on-going for Stung Chinit and Spean Sreng, where repayments respectively reach 43 % and 74 % of the amount due, according to FWN/ISC Quarterly Report for the period Oct-Dec. 2016.

Table 10: Up-dated information on collective fertilizer purchase by FWUCs from Bayon Heritage Co. and fertilizer loans reimbursements as of 31 Dec. 2016

Name of FWUC	Nb of members in buying groups	Number of villages	Quantity of fertilizer bought	Amount of fertilizer loans	Amount reimbursed
Stung Chinit	189	15	20.700 tons	60,365,000 KHR	25,848,000 KHR
Spean Sreng	19	1	2.400 tons	5,742,000 KHR	4,239,000 KHR
Donkay Thmei (a)	42	1	4.675 tons	11,133,000 KHR	11,133,000 KHR
Prey Nub (b)	63	11	13.000 tons		
Total	313	28	40.775 tons	77,240,000 KHR	41,220,000 KHR

⁽a) This FWUC was not mentioned in the first draft report sent to SNEC by FWN/ISC for the previous Quarter, on which we have based our previous Quarterly Report, this is why Donkay Thmei FWUC did not appear in the Table 6 of our previous report.

For Prey Nup FWUC, the figure on the quantity of fertilizer bought has been corrected (there was a mistake in previous quarter draft report sent by FWN/ISC). Besides, the figures for reimbursement of loans are not indicated here because, according to FWN/ISC report, I the company use another system to collect the loan reimbursements I.

3.3.3. EXPLORE POSSIBLE CONTRACT FARMING OPPORTUNITIES BETWEEN FWUCS AND MILLERS/EXPORTERS

Two companies have expressed interest to build partnership with FWUCs based on Contract Farming development. But discussions are still on-going and it is not yet sure that they will lead to an actual partnership:

- Signature of Asia has started discussion with Stung Chinit FWUC for production of CAR 15 variety. It is envisaged that 300 ha could be cultivated, for an expected output of 1,500 tons of paddy. Some of the farmers have expressed their interest. But terms of agreements (including price, input supply, etc.) still have to be negotiated.
- AMRU-Rice has started discussion for production of IR 504 with Teuk Chhar FWUC. The
 discussion has started for a potential cropping area of 375 ha and an expected output of 1,500 tons
 of paddy, but at the moments the conditions of price and payments modalities proposed by AMRU
 are not seen as satisfactory for the FWUC.

3.3.4. Other Technical Activities on Paddy Production by Farmer Water Net

3.3.4.1. FACILITATION OF COLLECTIVE NEGOTIATION AND MOBILIZATION OF COMBINE HARVESTERS SERVICES

FWN has help Stung Chinit FWUC and some of its members to negotiate collectively the mobilization of combine harvesters services for the wet season harvest. Thanks to this facilitation process, 100 farmers have used the service negotiated collectively and used to harvest a total of 117 ha in three villages within Stung Chinit irrigation scheme. FWN and FWUC could generate small margin from this activity to contribute to sustain this coordination role (585,000KHR ì equivalent to 146 USD ì for each of them after paid the allowance to FWUCircular who were responsible for this activity).

3.4. SUPPORT TO PILOT IMPLEMENTATION AND POSSIBLY CONTRACT FARMING FOR "SRP" RICE PRODUCTION

Further to the training on Sustainable Rice Platform standards organized in Siem Reap³² on 14th and 15th of July 2016, SCCRP project team (Team Leader of AVSF-CIRD-ADG team for Component #3) had a discussion with AMRU-Rice on possible pilot implementation of SRP standards through Contract Farming agreement with FOs. But detailed expectations were not yet precise enough on AMRU side to go further, and in particular the ability for AMRU to pay a premium (and at what level) for SRP rice was not yet clear.

Indeed, from SCCRP team point of view, constraints imposed by SRP standards and the need to provide internal control and document all cropping practices make necessary a significant level of premium as an incentive for farmers to comply with the system and keep the required records. Yet at the moment capacities of buyers to pay a premium is still unclear. A document entitled I Communication Guidance I Pilot Phase SRP implementation v.1.0I has been recently issued by the Sustainable Rice Platform Secretariat, which indicates that at the moment (pilot stage of SRP) it is not allowed for any stakeholder to claim SRP compliance or to use the logo on rice packages (even if criteria are verified and farmers score above 90 points out of 100), and reference to the SRP and its standard can be done only in CompaniesÑ corporate communications (such as websites, CSR reports, presentations, etc.), but not on the product itself. This makes difficult the generation of a premium price for SRP rice, and thereof the ability for paddy buyers to pay a higher price to farmers.

3.5. Development of a "Paddy Trading Platform" (partnership SCCRP project and FO Federations)

3.5.1. Development of the software for Paddy Trading Platform and testing on demonstration version

3.5.1.1. Development of software specifications and contracting software developer

In order to facilitate the connection between Farmer Organizations which intend to sell collectively the paddy of their members with potential buyers (and in particular large rice millers who may be likely to better value quality paddy), the creation of an on-line platform was imagined by SCCRP project team, allowing FOs to post announcements on their up-coning harvests and get in touch with numerous potential buyers.

Through two workshops organized earlier this year with FOs and millers (first³³ on 4th of May 2016 then second³⁴ on 21st of September 2016), the interest of such a tool was validated and the main principles and functionalities explored and discussed.

Further to the second workshop, Proact IT company has prepared a basic prototype and has proposed its services to develop the software for the platform. Considering the emergency (the objective being to have the platform on-line and operational for 2016 wet season harvest), the decision was quickly made (with email approval by SNEC and AFD) to mobilize this company under the miscellaneous/unforeseen budget line of AVSF-CIRD-ADG contract.

Specifications of the first version³⁵ of the software were developed in dialog between SCCRPN Project Management Advisor (IRAM), national backstopping consultant for Component #3 (AVSF) and Proact IT,

³² Cf. Quarterly Executive Report #15, § 3.4.1. page 25.

³³ Cf. Quarterly Executive Report #14, § 3.5., pages 23-24.

³⁴ Cf. Quarterly Executive Report #15, § 3.5.1. pages 26-27.

and taking into consideration the outputs of the two workshops. Contract with Proact IT has been made based on these agreed specifications. Main features of the platform are described in Box 1 below.

Box 1: Main features and functionalities of the Cambodian Paddy Trading Platform

FOs registered in the system can post announcements (before harvest for wet paddy or before or after harvest for dry paddy) on the paddy they expect to be able to sell. Announcements indicate the type of variety (Jasmine, fragrant, white rice), the foreseen quantities, the source of the seeds used for the production and the foreseen period of harvest (or of availability of the paddy), and if it is foreseen to be sold as wet paddy or dry paddy.

As users FOs are already registered with their profile, each time they post an announcement it comes with the location of the FO and the contact of FO leader/representatives.

Millers/Exporters who are registered in the system (and thereof have a user name and password) can access information on-line on the web platform. They can filter the data according to the criteria they wish (for instance type of variety, or province, or minimum quantities, etc.).

Millers/Exporters can also directly receive e-mail and/or SMS notification each time a FO post an announcement. If they don Mwant to receive too many notifications, they can set their own filters based on the same criteria above, or they can switch-off notifications.

Both on-line data and e-mails/SMS notification are accessible in Khmer or in English. User can set their language preference.

If the paddy is not available for sale anymore, the FO should discard the announcement.

(Full ToR for the software development I Version 1.0. I are shown in Annex 3).

3.5.1.2. TESTING THE DEMONSTRATION VERSION

A Îdemoi version of the platform was developed and put on line on the 24th of October. Proact IT has sent user names and passwords to project team in order to proceed to testing and to identify bugs. PMA and members of Component #3 team have posted test-announcements. A number of problems were identified through this testing and de-bugging phase. They have been swiftly addressed by Proact IT. The email and SMS notification system was also tested from the 25th of October. Also, Khmer translations of the different elements of the website and of notifications were prepared or verified by project team.

3.5.1.3. FINAL VERSION 1.0. IS DEPLOYED ON-LINE

On 27th of October, the 1st version of the ÎCambodian Paddy Trading Platformi was deployed on-line on https://paddycambodia.org. Proact IT has sent to project team a new list of usernames and passwords (for all registered FOs, and millers and for project and FO Federations). Additional slots were already reserved for the project team to be able to rapidly add new rice millers as users if needed.

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³⁵A second version of the Platform might be developed later on, incorporating a few additional functionalities that were already imagined (but were too long to develop if we wanted the first version to be ready no later than 1st November) but also additional improvements based on feed-back from users of the first version.



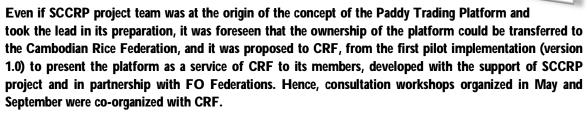
r Home screen of the Cambodian Paddy Trading Platform.

3.5.1.4. Development of User Guide

SCCRPÑ Project Management Advisor has prepared an illustrated User Guide for the version 1.0 of the Cambodian Paddy Trading Platform (in English). The English version of the User Guide was ready and sent to the team and FO Federation on the evening of 27th October 2016.

A Khmer version of the User quide was ready from the 3rd of November.

3.5.2. INSTITUTIONAL ASPECTS OF THE PARTNERSHIP FOR THE CAMBODIAN PADDY TRADING PLATFORM



SCCRP project had to move fast to contract the developer (Proact IT), but rapidly discussed the details of the foreseen implementation of the platform with CRF. A first meeting with some representatives of millers and FOs took place on 12 of October in CRF office, during which CRF has expressed some reserves / concerns that their members could be critic about this service³⁶. Thereof, a second meeting has been planned with CRF management and took place on 18 October (with also the participation of Proact IT). It seems an agreement was reached during that meeting, and minutes were prepared by SCCRPIN Project Management Advisor and sent back to CRF the next day. As stated during these discussions, CRF had to provide a complete list of all millers and exporters among its members with an e-mail and mobile phone contact. But finally CRF did not provide this list and did not reply to the reminders sent by SCCRP project and to the proposed compromise (i.e. proposition to still include all members in the system I as it had to be



³⁶ Despite a disclaimer would indicate that CRF and SCCRP project just provide the tool to exchange the information but are not responsible for the information posted by users.

done initially before to put the system on line I but, by default, switch off e-mail and SMS notifications and call them to present the service and the way they can switch notifications on). For SCCRP project, to postpone the launching of the platform was not an option since the wet season harvest was too close. Thereof, SNEC project management has instructed to pursue the implementation of the pilot Paddy Trading Platform without CRF, under the umbrella of the project only and in partnership with FO Federations (which, on their side, had provided lists of the FOs they wish to register as users, with all the detailed profile information required). About 40 millers and exporters known by the project (mainly large millers / exporters) have been registered as users on the I buyer I side.

3.5.3. User registration and official Launching of the "Cambodian Paddy Trading Platform" version 1.0

3.5.3.1. Briefing and demonstration with FO Federations

A briefing of representatives and staff of FO Federations on the Paddy Trading Platform was done in SNEC on the 28th of October, including a demonstration on how to use the platform and how to post announcements. FO Federations have received their user names and passwords, as well as the list of user names and passwords of their respective members registered in the system.

Only FAEC, FCFD and FWN took part in that briefing, as on the 28th of October, as only these three Federations had registered some of their members in the Paddy Trading Platform.

3.5.3.2. SENDING INFORMATION, USER NAMES AND PASSWORDS TO REGISTERED MILLERS/EXPORTERS

All rice millers/exporters registered in the system of the Paddy Trading Platform (about 40) have received an information e-mail about the platform together with their user name and password and with the English version of the User Guide on 30 or 31st of October 2016.

3.5.3.3. REGISTERING ADDITIONAL USERS

On 27th of October, when the Paddy Trading Platform was deployed on-line, 78 FOs were already registered in the system and 38 rice millers or exporters.

Additional users were registered in the following days or weeks as requests came:

- 2 Agricultural Cooperatives from Battambang supported by VSO³⁷,
- 13 additional FWUCs whose contacts were sent by FWN (in addition to the eleven registered since the beginning).

So in total, 94 FOs are registered among the users (or potential users) in the Paddy Trading Platform. These FOs are mainly members of either FAEC or FCFD or FWN, except 2 of them which are not member of any Federation but get support by VSO project in Battambang.

Table 11: Number of FOs registered as users on the Cambodian Paddy Trading Platform

	FAEC	FCFD	FWN	VSO	Total
Initially registered (from 27th Oct.)	27	41	11	0	79
Added after 27th Oct.			13	2	15
TOTAL	27	41	24	2	94

³⁷ VSO has sent a list of 10 ACs they are working with in Battambang, but 8 of them were already registered in the Paddy Trading Platform system as members of FAEC.

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It is noted that CFAP and FNN did not provide details of any of their members to be included in the platform.

3.5.4. IMPLEMENTATION AND ANNOUNCEMENTS POSTED

After the operational version of the Paddy Trading Platform has been put on-line on 27th of October (as stated above in § 3.5.1.3. page 24), the first announcement was posted on 31st of October by Stung Chinit Farmer Water User Community, followed by more announcements in the following days.

In total, within two months, 16 paddy harvesting/selling announcements have been posted by 14 FOs for a total potential volume of 14,883 tons of paddy. Examples of how announcements appear on the on-line platform are shown in Annex 4.

Table 12: List of announcements posted by FOs on the Paddy Trading Platform during this Quarter

Organization	Province	Variety type	Volume	Date Posted
Stung Chinit FWUC	Kampong Thom	Jasmine	300 t	10/31/16
Nikom Prah Sihanuk AC	Battambang	White rice	800 t	11/03/16
Samakum Chamnak Akphivath AC	Kampong Thom	White rice	190 t	11/10/16
Sang Kahak Kaksekor Sam Yorng AC	Svay Rieng	White rice	9,908 t	11/10/16
Sro Mok Sok Sen Chey AC	Takeo	White rice	250 t	11/10/16
Ponleu Thmey Kdey Sangkem Ney Kasekor AC	Battambang	Jasmine	1,300 t	11/10/16
Sang Ha Phal AC	Battambang	Jasmine	100 t	11/10/16
Samley Khang Tboung AC	Svay Rieng	White rice	300 t	11/11/16
Baphnom Mean Chey AC	Prey Veng	Jasmine	250 t	11/12/16
Baphnom Mean Chey AC	Prey Veng	White rice	250 t	11/12/16
Dounkai Thmey FWUC	Siem Reap	Jasmine	75 t	11/14/16
Spean Sreng FWUC	Bantey Meanchey	White rice	150 t	11/14/16
Sambo Rong Roeung AC	Siem Reap	Jasmine	70 t	11/22/16
Sambo Rong Roeung AC	Siem Reap	White rice	100 t	11/24/16
Samaki Rithy Ta Oang AC	Prey Veng	White rice	800 t	12/05/16
Odom Soriya AC	Takeo	White rice	40 t	12/06/16

3.5.5. MILLERS CONNECTIONS AND NOTIFICATIONS

More than 40 Rice millers / exporters have been registered in the Paddy Trading Platform and have received an information notice by e-mail about the platform, including their log-in and password and a soft copy of the User Manual. For most of them, by default, e-mails and SMS notifications were turned-on (except if they were met and indicated that they did not wish to receive notifications). Yet, only 6 Rice millers logged in to the web platform in order to search for announcements or modify their parameters. This confirmed an assumption made during the workshop on 21st of September38, and the relevance of a Ipushi approach, materialized by the automatic sending of e-mails and SMS notifications each time an announcement is posted by a FO. In total, 547 SMS³⁹ notification were sent by the platform and 809 emails notifications.

³⁸ See Quarterly Executive Report #15, in particular the last paragraph of § 3.5.1., page 27.

³⁹ This is the number of messages sent, but it has to be known that the number of standard SMS communications îinvoicedii is much higher (3,252 standard SMS) because of the length of SMS text (one notification will generally be equivalent to two standard SMS in the English version, and 6 to 8 standard SMS for the Khmer version).

3.5.6. CONTACTS AND SALE AFTER ANNOUNCEMENTS POSTING

SCCRP project team tried to gather preliminary feedback from FOs which have posted announcement on the Paddy Trading Platform, via their respective Federations.

For FCFD: only 1 miller from Tboung Khmum Province and 1 middleman in Phnom Penh have contacted Nikum Preah Sihanuk AC (Battambang). They were interested in purchasing white rice (IR 504) but the paddy was not yet harvested when the first contact was made.

The same miller from Tboung Khmum has also contacted Baphnom Meanchey AC (Prey Veng). He was interested with Fragrant rice (Phkar Rumduol) but offered a price of only 900 Riels/kg delivered at mill gate, whereas at the same time local traders were offering the same price in the village.

For FAEC: none of their members has reported to be contacted by millers/exporters further to posting information on harvest in the PTP.

For FWN: Only Nikoline has contacted Stung Chinit FWUC right after the first announcement was posted on 31st of October. They offered a price of 970 KHR/kg for Phka Rumduol, which was higher than local millers, but same as the offer of Apsara Rice (Kampong Speu). Nikoline buyer also told the FWUC that the price would drop off to 950 KHR/kg a week later. No deal was made with Nikoline, as price offered by Nikoline in the following days (940 KHR/kg on 3rd of November) was lower than offers from Apsara Rice or 11688 Rice milli (950 to 970 KHR/kg).

Overall, for this first test, the Paddy Trading Platform has not been very convincing regarding the capacity for FOs to identify better selling opportunities. Yet it is difficult to conclude that the tool is irrelevant or inappropriate. More discussions and feedback will be needed, in particular from potential buyers Nide in order to assess this pilot experiment. Also the context of this first test was not very favorable, as the sector was going through a certain crisis, with low prices and limited purchases by millers. The experiment will be pursued. We hope it can be more fruitful for dry season harvest as sourcing for rice millers is maybe a bit more difficult at that time compared to the main period of wet season harvest Å

3.6. EXPLORATION OF NEW POTENTIAL PILOT ACTIONS

3.6.1. FEASIBILITY STUDY ON SCENARIOS FOR FOS INVOLVEMENT IN THE DEVELOPMENT AND USE OF PADDY DRYING AND STORAGE FACILITIES

The final version of the report⁴⁰ of the Feasiblity study on FOs involvement in the development and use of paddy drying and storage facilities was sent by GRET on 8 October 2016.

Only minor adjustments have been made, and the conclusions of the study (quite pessimistic about the ability for smallholders FOs to make profitable investments for paddy drying and storage in the current conditions) remain the same as summarized in the previous Quarterly Report⁴¹.

⁴⁰ Carlier Rodolphe, Leang Khun Hak, GRET, <u>« Feasibility study for a pilot project on investments by Farmer Organizations on paddy drying and paddy storage centers in Cambodia »</u>, Support to the Commercialization of Cambodian Rice Project, Sept. 2016.

⁴¹ Cf. Quarterly Executive Report #15, pages 27-28.

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

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

3.7.1.1. COMMENTS AND IMPROVEMENTS OF SECTIONS DRAFTED BY HENRI CAPITANT ASSOCIATION

Comments have been received from UniDroit⁴² on the draft Manual on Contract Farming. Since these comments are quite technical on legal aspects, the Project Management Advisor has asked Henri Capitant Association to incorporate these new elements in the section they have written.

3.7.1.2. CURRENT PROGRESS OF THE WRITING TO DATE

The Table 13 (below) shows progresses of Manual writing as of 31st December 2016.

During this quarter, we have received contributions from AVSF-CIRD-ADG team on the section 5 (partly re-written afterward by PMA). PMA has also drafted forewords and introduction.

DAI has undertaken a study in December to assess other cases of contract farming (on other value chains than rice). But to date DAI did not yet propose text to be integrated about these additional cases, as illustrations (boxes) or Îcase studies i to be incorporated in the Manual.

During this quarter, we have Table 13: Progress of the writing of the Manual on Contract Farming

Sections	Subs	ection	15				
Forewords	For.		-	-			-
Intoduction: Purpose and Scope	Int.						
#1 - Overview of Contract Farming	1.1.	1.2.	1.3.		124		h.
#2 - Context of CF in Cambodia	2.1.	2.2.	2.3.	_/	3.4. might be removed		
#3 - Procedures for facilitation and negotiation	3.1.	3.2.	3.3.	3.4.	'		
#4 - Contract content and advices for writing		4.2.	4.3.	4.4.	4.5.	4.6.	4.7.
	4.8.	4.9.	4.10.	4.11.	4.12.	4.13	4.14
#5 - Monitoring during implementation	5.1.	5.2 .	5.3.				
#6 - Conflict resolution	6.1.	6.2.	6.3.				
#7 - FOs / ACs in Contract Farming	7.1.	7.2.	7.3.	7.4.	7.5.		
Bibliography	В						
Glossary							
Index							
্ৰ = Not started			= In	nprove	d Dra	eft	
= Not started = Parts only = 1st Draft			= Su	bmitte	ed to 1	Faskfo	rce
= 1 st Draft			= Final				

Numbers of subsections in Red and Bold characters are the ones revised during this quarter.

3.7.3. DISCUSSION WITH THE TEAM OF "THE GLOBAL INSTITUTE FOR TOMORROW" (GIFT)

Some members of SCCRP project team⁴³ have met a group of people from the ÎGlobal Institute for TomorrowÏ (GIFT) on the 5th of December 2016 and representatives of Soma Group as part of their research for the development of a contract farming business plan for Soma Group⁴⁴. Experiences and lessons learnt of the SCCRP project about Contract Farming were shared and discussed during this meeting.

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⁴² UniDroit is a co-author with FAO and IFAD of the ÎLegal Guide on Contract FarmingÏ, published in 2015.

⁴³ Mr Jean-Marie Brun, Mr Meang Savoeurn and Ms Chum Pesey.

⁴⁴ This is part of GIFT ÎGlobal Leader Program' described as follows on GIFT website: « On the upcoming Global Leaders Program, GIFT is partnering with Phnom Penh-based Soma Group, a founding partner of the World Economic Forum, and Grow Asia, the ASEAN Secretariat's multi-stakeholder platform. Grow Asia aims to help ten million smallholder farmers increase their yield and profits by 20%, while also using 20% less water and emitting 20% less greenhouse gases per ton of produce. Participants will work on a real-world business project to strengthen Cambodia's rice value chain. On the ground, participants will meet with key business, government and community leaders to gain insights into the social, political and economic landscape of this quick changing Asian country.». Ì See: http://www.global-inst.com/executive-education/global-leadership-programmes/upcoming-programme/upcoming-november/december-2016-cambodia-glp.html

3.8. General coordination of the Component #3

3.8.1. MONTHLY COORDINATION MEETINGS

Only one coordination meetings for Component #3 took place during this quarter, on 7^{th} of November 2016, facilitated by Mr Sok Sarang.

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

4.1. Up-grading RDB: RDB reforms and implementation of KPMG RECOMMENDATIONS

4.1.1. FOLLOW UP MEETING OF SUPPORT TO RDB

On 7th of December, a meeting took place in SNEC with project Director Excellency Ros Seilava, RDB Director Excellency Kao Thach, John Mc Ginley from Mekong Strategic Partner (TA to RDB), and other members of SCCRP project management team and AFD. An overview of Mekong Strategic Partners achievements and outcomes in support to RDB was presented during that meeting, and there has been some exchanges on RDB further strategy. Some issues regarding credit to Farmer Organizations and Guarantee Mechanisms were also raised and discussed. The meeting has also discussed the next steps of MSP Technical Assistance to RDB and has endorsed a proposed up-dated work-plan presented by John McGinley.

4.1.2. SUMMARY OF PROGRESSES IN THIS QUARTER⁴⁵

The period October I December saw continued progress in the reform agenda for RDB. The key areas of focus were strengthening the capacity through ongoing training and operationalizing the new policies and procedures which were completed in Phase 1.

Human Resources: Continued progress was achieved in the HR department. HR policies have been finalized and it is intended in the upcoming board meeting to present them to the RDB board of directors for official endorsement. Following endorsement, further departmental training will be undertaken. MSP was also requested to assist RDB in the selection and recruitment for the Head of the IT department role, after the resignation of the departments head. MSP engaged an external banking IT expert consultant, Glenn Miller, the former Head of IT at ANZ, Wing and Ezecom, who was appointed to the selection panel by RDB. Glenn together with the permanent TA conducted an appraisal of the current IT system and capacity, then subsequently assisted in reviewing the resumes and interviewing short-listed candidates from a technical perspective and ultimately help guide RDB towards identifying the most appropriate candidate.

Credit & Risk Departments: October to December quarter saw continued progress in the risk and credit departments. The recommendation to transfer credit approval away from the credit Committee to the newly formed independent risk department, has now been implemented. Training for these teams remains a priority for the remaining quarters and training has been provided in group and one on one settings.

4.2. DEVELOPMENT OF A CREDIT MECHANISM DEDICATED TO FARMER ORGANIZATIONS

4.2.1. FOLLOW UP ON APPLICATIONS FOR LOANS SUBMITTED BY ACS, AND NEW APPLICATIONS

5 Ioan requests by 5 ACs (4 from FCFD and 1 from FAEC) were submitted to RDB since August 30th 2016. After verification of eligibility of the applications 3 of those 5 Ioans request were rejected by RDB: Samaki Rithy Ta Orng AC, Ponleu Samaki Meanchey Prech AC, and Samaky Thkov AC. Reason given was about the adequacy of the timing of activity proposed (Ioan would have arrived too late since the main activity was fertilizer commercialization for wet season).

RDB has accepted the request introduced by Baphnom Meanchey AC, for an amount of 5,000 USD, which will be used as working capital for the following activities:

 $^{^{\}rm 45}$ This paragraph is copied from the summary of MSP quarterly report.

- Fertilizer business, which is still ongoing and they owe the supplier on the inventory so the loan from RDB could be used to pay off the supplier and to cover the business for the rest of the season (80% of the loan amount),
- Pig raising, selling piglets (10% of the loan amount),
- Vaccines for animal raising (10% of the loan amount).

Yet, this decision was subject to the approval of a partial loan guarantee by the SCCRP project (as part of the transitory guarantee mechanism for credit to FOs). The request addressed to SNEC/SCCRP project has been reviewed by the guarantee committee and approved. On 27 December 2016, SNEC has issued a letter to RDB to confirm the guarantee of this loan for a maximum amount of 2,000 USD (i.e. 50% of the portion of the loan that is destined for activities related to rice). The last of the 5 requests for loan introduced since the previous quarter is the one submitted by Chamroeun Phal Raingkesey AC in Battambang, and as of 31st December 2016, RDB had not made a decision for this request (introduced since September 20).

During this quarter, one new application for loan has been filed by Trapaing Russey AC (Kampong Thom) for an amount of 30,000 USD for rice seed trade. RDB officer has already visited and checked all relevant information and documents with AC leaders. In December all additional documents requested by RDB officer during visiting in the AC were provided. But no official decision was made yet.

The Table 14 below summarizes the situation of all requests for loans introduced by ACs since the new policy for credit to ACs was endorsed by RDB in last June⁴⁶.

Table 14: Requests for loans submitted by FOs to RDB from August to October and follow-up

N°	Name of AC	Province	Date of loan	Membe	r SCM	Total Amount	Type of	Duration	Type of	RDB	Guarantee
			request	of	score	of	business	of	collateral	decision	mobilized
			submission			loan requested		loan			
1	Samaky Rithy Ta Orng	Prey Veng	30-Aug-16	FCFD	78	\$ 5,000.00	Fertilizer trade	12	Hard-title	No	
2	Punleu Samaky Meanchey Prech	Prey Veng	30-Aug-16	FCFD	73	\$ 5,000.00	Fertilizer trade	12	Hard-title	No	
3	Baphnom Meanchey	Prey Veng	14-Sep-16	FCFD	68	\$ 5,000.00	Fertilizer trade	8	Hard-title	Yes	Yes (40%)
4	Sahakum Ksikam Samaky Thkov	Prey Veng	14-Sep-16	FCFD	62	\$ 5,000.00	Fertilizer trade	12	Hard-title	No	
5	Chamrean Phal Raingkesei	Battambang	20-Sep-16	FAEC	87	\$ 9,070.00	Rice trade	7	Soft-title	Pending	
6	Trapaing Russey	Kpg Thom	17-Oct-16		89	\$ 30,000.00	Paddy + seeds t	rade	Hard-title	Pending	

⁽a) Duration of loan for Baphnom Meanchey AC was reduced in order to adapt to the limitation in time of the temporary guarantee system offered by SCCRP project.

4.2.2. Institutionalization of the guarantee mechanism

There has been no progress regarding the institutionalization of a guarantee mechanism during this quarter. As stated in the conclusion of the discussion with RDB and Horus on 1st September⁴⁷, it was judged preferable to wait for the first loan to receive the temporary guarantee from the project, proving the need to institutionalize the system, before to approach MEF. Since first guarantee was only mobilized on 27 December, there has been no move on this issue in this quarter.

During the meeting with RDB and MSP on 7th of December, on this issue of institutionalization of the guarantee mechanism, H.E. Ros Seilava has advised to convene a meeting with relevant high ranking officers in and has indicated that H.E. Ung Luyna will lead this work and take the initiative to convene that meeting. But as of end of December, this meeting could not be convened yet and might be scheduled in the next quarter.

⁴⁶ Cf. Quarterly Executive Report #14, Section 4.2., pages 29-30.

⁴⁷ Cf. Quarterly Executive Report #15, § 4.2.2.2., pages 34-35.

5. COMPONENT #5: CROSS-CUTTING ISSUES

5.1. RICE POLICY REVIEW AND UP-DATE

Mr Francesco Goletti and Mr Srey Chanthy have prepared a draft of a new rice policy formulation in early October 2016. This draft was shared to the recently established ad hoc ÎRice Policy Review Working group I (officially established and led by SNEC and which is limited to representatives of SNEC, MAFF, MoC and CRF) and discussed during a first meeting of this working group that took place in SNEC on the 11th of October 2016.

Comments on the draft policy formulation were prepared by the PMA and sent to SNEC on 30 November 2016.

A broader consultation workshop still has to be organized to get feedback from stakeholders on this policy paper. It is expected to take place in February 2017.

5.2. Analysis of added value distribution in Cambodian Rice Sector and Setting-up a permanent rice sector economic observatory

The 2nd mission of Mr Frédéric Lançon in Cambodia has been implemented from 6th to 19th of October 2016. Its objectives were to finalize and validate the models for the economic analysis of Cambodian Rice Value chain and to pursue the reflection on the establishment of the Rice Sector Economic Observatory.

5.2.1. Analysis of added value distribution in Rice Sector

During the mission, Mr Lançon has finalized the analysis of data collected and worked on the budget analysis for the different stakeholders (mainly farmers and millers) for the different \hat{l} sub-value chains \hat{l} , including:

- Jasmine rice,
- Wet season white rice,
- Dry season white rice,
- Dry season fragrant rice.

Models and figures were discussed for adjustments and validation with panels of millers and farmer during meetings organized separately in CRF office on the 12th of October 2016. Adjustments were made after these consultative panels.

The methodology and preliminary results were then presented in a meeting that was organized in SNEC on 18th of October 2016. The presentation has generated interesting discussions, and generally a real interest of participants regarding the approach and the analysis allowed by the modeling tool, in particular regarding the sensitivity analysis to the variation of variables.

After the period of mission in Cambodia, on 11 November 2016, Mr Frédéric Lançon has sent a report with the findings of his analysis.

A next mission is foreseen in early 2017 to up-date the information with data from 2016 wet season and to work on the establishment of the economic observatory (see below).

5.2.2. Proposed creation of an "Economic Observatory of Cambodian Rice Sector"

The creation of a Cambodian Rice Sector Economic Observatory to follow-up and maintain an up-to-date assessment of costs and of the distribution of added value in rice value chain is envisaged. The policy reformulation takes this into account and integrates the need to set up such a monitoring unit to serve as a dashboard for policy makers and for the governance of the rice sector.

The supervision of such an observatory would be jointly under SNEC, MAFF and MoC, but a team of economists would be contracted to periodically up-date the data and produce a semi-annual bulletin on Cambodian rice sector economic situation.

The terms of reference for this service have been developed and a call for offers has been sent in late December to a shortlist of 5 potential consulting institution or Economic Research institutions. SCCRP project will cover the cost of this service for year 2017. After that the State should take over the costs.

5.3. FINANCING OF CAMBODIAN RICE SECTOR

5.3.1. MEETING IN MEF ON THE FINANCING OF RICE SECTOR (BASED ON CRF CONCEPT NOTE)

In September, the MEF has allocated a fund of 27 million USD (additional to existing capital of RDB and ASDF) in order to provide loans and contribute to the gap in financing of rice mills. As of 10th of October, only approximately 1 million USD had been disbursed as loans to two rice mills only. RDB has explained that the number of applications of mills was actually small, partly because the need for capital was maybe not yet that high in September, and maybe also because of collateral requirements (paddy was accepted as a collateral for these loans, but millers have to prove that paddy is actually already in stock while applying for loans (and also they must have a fire insurance policy).

On 10 October 2016, a meeting took place in the Ministry of Economy and Finances, with representatives of MEF, RDB, National Banking Association and Cambodian Rice Federation regarding the issue of financing of Cambodian Rice sector.

CRF has proposed a preliminary concept note to mobilize credit to millers, with the idea to mobilize existing resources for drying and storage, and with several roles for CRF, including notably monitoring of drying services, selection and supervision of warehouses, communication with banks and MFIs, supervision of milling. In the proposed scheme, there were also roles of CRF to take order (for G to G markets) and forward orders to Farmer Organizations.

So far it seems that the mechanism proposed by CRF has not convinced the Ministry of Economy and Finance.

5.4. Project communication and Coordination with other projects and stakeholders

5.4.1. MEETING WITH IFAD

Project Management Advisor had a meeting with Nigel Smith who was working on the preparation of AIMS project (IFAD funds), on 20th of October 2016. This was just for up-date information about SCCRP project and process of AIMS preparation.

5.4.2. MEETING WITH ACTION CONTRE LA FAIM

Adion Contrela Faim (Action Against Hunger) is preparing a new project in Preah Vihear Province and has submitted a request for funding to AFD. The project has an overall objective on nutrition, but using a

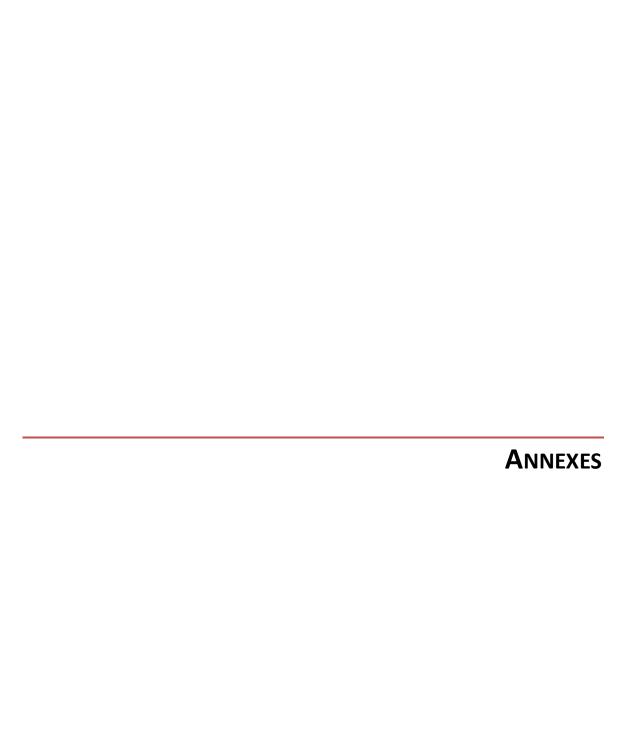
multi-sector approach, combining actions on health, water and sanitation, agriculture / food system and nutrition, and gender. Geographically, it will be concentrated on 4 communes of Choam Ksant district.

Adion Contre la Faim was advised by AFD to contact SCCRP project in order to get information on the activities supported in Preah Vihear. The Project Management Advisor has thereof met Mr Jean-Luc Lambert at ACF Office on the 24th of November in order to share information and discuss possible connection of ACF project with the Cooperatives / Union of Cooperatives supported in Preah Vihear.

SCCRP has provided background information on our project and the list of Cooperatives⁴⁸ and farmers involved in the organic program and contract with AMRU in Choam Ksant district.

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⁴⁸ 3 ACs of PMUAC (among the four newly integrated in the Union) are located in this district.



ANNEX 1: DETAILS OF PADDY SELLING OPERATION BY THE PADDY SELLING GROUP OF NIKUM PREAH SIHANOUK AC IN BATTAMBANG

Description of quantity of paddy sold and price offered in PSG activity of Nikum Preah Sihanouk AC for harvest 2016.

Date of selling	Number of truck	Quantity of paddy sold (t)	Price (Thai-Bath/t)	Amount (Thai-bath)	Amount (USD)
10/12/2016	1	34.940	6,400	223,616.00	6,389.03
11/12/2016	1	39.150	6,400	250,560.00	7,158.86
14/12/2016	1	38.650	6,400	247,360.00	7,067.43
20/12/2016	1	41.950	6,550	274,772.50	7,850.64
21/12/2016	1	40.920	6,550	268,026.00	7,657.89
22/12/2016	1	42.810	6,550	280,405.50	8,011.59
23/12/2016	1	40.330	6,600	266,178.00	7,605.09
24/12/2016	1	36.576	6,600	241,401.60	6,897.19
25/12/2016	1	41.110	6,600	271,326.00	7,752.17
26/12/2016	1	35.550	6,600	234,630.00	6,703.71
27/12/2016	1	38.470	6,600	253,902.00	7,254.34
30/12/2016	1	33.611	6,650	223,513.15	6,386.09
Total	12	464.067		3,035,690.75	86,734.02

(Source: FCFD quarterly report)

ANNEX 2: COMPARISON OF REFERENCE PRICE APPLIED IN CONTRACT FARMING WITH AMRU IN PREAH VIHEAR, WITH PRICE OFFERED BY LOCAL COLLECTORS

The graph below show the reference price (<u>not including the organic premium</u>) used for jasmine paddy sold to AMRU under the Contract Farming agreements signed with PMUAC members, compared with price offered locally for jasmine paddy by local collectors.



(Source: PMUAC report)

Throughout the harvest season, reference price has been 200 to 300 KHR/kg above the price locally offered by collectors.

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ANNEX 3: TOR FOR THE DEVELOPMENT OF PADDY TRADING PLATFORM

Cambodia Paddy Trading Platform

Software Specifications

(Sprint I)

Objectives

The platform aims at improving the communication between rice farmers organizations and rice millers in order to increase the volume and price of domestic rice sold to local millers.

Farmer organizations are able to estimate the availability of rice harvested by their members while collecting information on the nature of the rice (eg. variety, quality). This information must be made easily available to the rice millers so that they can place their orders according to their current and future needs. On Farmer Organizations Mide, the objective is for them to be able to get offers from an increased number of potential buyers, hence to maximize chances to get better prices.

The platform will take the form of a web-based application which could later be ported to a mobile application.

Methodology

The application will be developed following a feature driven agile methodology. Each sprint will last 2 weeks. For each sprint, deliverable includes a version of the application deployed in production, a copy of the source code, accompanying functional tests, technical documentation.

Definitions

- FFO: Federations of Farmers Organization
- FO: Farmers Organization. A FO can be a member of a FFO
- Organization: Generic term that can represent either a FFO, a FO, CRF or Miller
- User: a person member of an organization who can access the platform
- Harvest Announcement: An announcement made by a FO of the future availability of a certain
 amount of rice, homogeneous in nature, at a location. The announced rice is harvested at different
 dates. The period of the announcement starts at the first day of harvest and ends at the last day of
 harvest (for wet paddy) or can be the period during which paddy can be available (for dried paddy).
 The volume announced is the total volume (in metric tons) of one harvest announcement. Each

announcement will have an ID number49.

- Nature of the rice: a list of properties of the harvest rice. This list is comprised of
 - Variety
 - Type of seeds (/seeds quality)
 - Dryness (wet/dry)
- Delivery: Availability of each individual harvest regrouped in an announcement. A delivery represents a fixed volume of rice available at a fix location for the miller to pick up.
- Service provider: Service provider is PROACT-IT, contracted via AVSF-CIRD-ADG contract with SNEC.
- Client: the Client is the ÎSupport to Cambodian Rica Commercialization Project (SCCRPÏ owned by SNEC. The Service Provider is contracted by the client via AVSF-CIRD-ADG contract with SNEC.

Sprints

First Sprint

Period

10Th of October 2016 1 24th of October 2016

Features

- Only registered users can access the application
- Users members of a FO can:
 - Post a harvest announcement specifying the period, volume, location and nature of the rice
 - Edit their own announcements
 - Delete their own announcements
 - View a list of announcements
 - Filter the list of announcements on period, volume, location and nature of the rice
 - Attach a file to an announcement (used to list deliveries)
- Users members of NFOs can:
 - Post a harvest announcement on behalf of a FO
- Users members of a miller organization can:
 - View the list of announcements
 - Filter the list of announcements on period, volume, location (province level and/or district level + more than one location can be selected: e.g.: Battambang + Bantheay Meanchey + Pursat + Siem Reap: miller can tick provinces he is interested with in a list) and nature of the rice: i.e. the three criteria of variety, seeds quality and dryness (wet or dry).

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⁴⁹ If some announcements have an Îattached fileÏ, the file will not be send in the SMS notification. If a miller receives the SMS notification, is interested and want to look at the details provided in attachment, then the announcement ID number will help them to find it on the web platform.

- Receive notifications by email and SMS of harvest announcements. Only one email address and one or two phone number(s) for each miller organization will be notified.
 - [Note: SMS Notification should include the following information (proposed format):
 - <Name of FO> (located in < district name> district, < province name> province, will have < volume> tons of < variety> paddy (< dry> or < wet>) available from < beginning of harvest>. Interested? Please contact: < Name of representative>, < Phone number>.
 - SMS will be sent in KHMER language (by default) but an ENGLISH language notification option will be made available (Language to be set by users in their Îpreferencesi).
- Create filters on period, volume, location and nature of the rice. These filters will be used by the notification system.
- Edit their own filters.
- Delete their own filters.
- Notification system
 - When a new harvest announcement is posted or an existing harvest announcement is modified, users members of a miller organization will be notified.
 - Users who haven't set any filter, will be notified regardless of the announcement.
 - For users who have set filters, the system will check if the announcement matches the criteria defined by any of the user's filters. If it does the user will be notified.
 - When a user creates a new filter or modifies existing ones, the system will not send notifications for previously posted announcements.
 - When an announcement is modified, the system will check the users filters again and notify if the modified announcement matches.
 - The notification is sent by email and SMS. The content of the email and the SMS are identical.

Setup

This first sprint includes the setup of the server hosting the platform.

Notes on limitations

- During sprint 1, the following actions will be done by the Service Provider:
 - Register/Unregister/Modify users
 - Register/Unregister/Modify organizations
 - Add/Edit/Remove location information (province, district, commune, village), variety of rice, quality of seeds
 - The application interface is only available in one language (KHMER)

Yet the Client, as the owner of the product, will be provided with Administrator access.

Notes on user interface and compatibility

The list of announcements will be displayed as a table

- Browser support will be limited to Chrome and Firefox in their latest versions
- The application will be developed to be bilingual (ENGLISH and KHMER). It yet acknowledge that the ENGLISH language option might not be ready by the end of Sprint 1 (by end of October) but if not ready by this time, it is agreed that it will be added afterward (within one month after the end of ÎSprint 1Ï as defined above, at no extra cost.

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ANNEX 4: EXAMPLES OF ANNOUNCEMENTS PUBLISHED ON THE PADDY TRADING PLATFORM

(In English version here, but visible in both English or Khmer on the website)



White rice - 100 t

15-Nov-2016 - 15-Dec-2016

Own Seeds

Siem Reap, Svay Leu, Svay Leu

Sambo Rong Roeung Agricultural Cooperative

085470300 0716268110

View deliveries



White rice - 150 t

1-Dec-2016 - 15-Dec-2016

Mixed type of seeds

Bontey Meamchey, Phnom Srok, Spean Sreng

Spean Sreng FWUC

012368448



White rice - 250 t

16-Nov-2016 - 10-Dec-2016

Own Seeds

Prey Veng, Baphnom, Cheung Phnom

Baphnom Mean Chey Agricultural Cooperative

012344631

View deliveries



Jasmine - 250 t

16-Nov-2016 - 15-Dec-2016

Project/MAFF seeds

Prey Veng, Baphnom, Cheung Phnom

Baphnom Mean Chey Agricultural Cooperative

012344631

View deliveries



White rice - 300 t

27-Nov-2016 - 25-Dec-2016

Mixed type of seeds

Svay Rieng, Kampong Ro, Samley

Samley Khang Thoung Agriculture Cooperative

078537778



Jasmine - 100 t

17-Nov-2016 - 27-Nov-2016

FO produced seeds

Battambang, Bor Vel, Khnach RoMeas

Sang Ha Phal Agriculture Cooperative

012675589

View deliveries



Jasmine - 1300 t

8-Nov-2016 - 28-Nov-2016

Project/MAFF seeds

Battambang, Banon, Bay Taram

Ponleu Thmey Kdey Sangkem Ney Kaksekor Agricultural Cooperative

092532494

View deliveries



White rice - 250 t

3-Dec-2016 - 20-Dec-2016

Purchased quality seeds Takeo, Angkor Borey, Pon Ley

Sro Mok Sok Sen Chey Agricultural Cooperative

092951035

View deliveries



White rice - 9908 t

5-Nov-2016 - 15-Dec-2016

Project/MAFF seeds

Svay Rieng, Kam Pong Ror, Sam Yorng

Sang Kahak Kaksekor Sam Yorng Aricultural Cooperative

077452259

View deliveries



White rice - 190 t

16-Nov-2016 - 21-Nov-2016

Purchased quality seeds

Kampong Thom, Staung, Chamna Kroam

Samakum Chamnak Akphivath

0975100547

View deliveries



White rice - 800 t

20-Nov-2016 - 10-Jan-2017

Own Seeds

Battambang, Thmor Kol, Chroy Sdao

Nikom Prah Sihanuk Agricultural Cooperative

077894942

View deliveries



Jasmine - 300 t

10-Nov-2016 - 22-Nov-2016

FO produced seeds

Kampong Thom, Santuk, Kampong Thmor

Stung Chinit _Farmer Water User Community

092801282

View deliveries