

■ Support to the Commercialization of Cambodian Rice Project

[AFD Grant - CKH-1077-01-S and CKH-1077-02-T]



Supreme National Economic Council (SNEC)

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

# **QUARTERLY EXECUTIVE REPORT #19**

**JULY – SEPTEMBER 2017**

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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)                             |
| ACMECS   | 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   |
| ADDA     | Agricultural Development Denmark Asia  |
| ADF      | Agriculture Development Fund (= ASDF)  |
| ADG      | Aide au Développement - Gembloux   |
| AEA      | Agro-Ecosystem Analysis  |
| AEC      | ASEAN Economic Community   |
| AFD      | <i>Agence Française de Développement</i> / French Agency for Development                                 |
| AFDI     | <i>Agriculteurs Français et Développement International</i>  |
| AFO      | Accounting and Finance Officer (in SCCRP project management team)  |
| AFTA     | ASEAN Free Trade Agreement   |
| 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     | <i>Accompagnement du Risque de financement de l'Investissement privé en Zone d'intervention de l'AFD</i> |
| AROS     | Asia Regional Organic Standard   |
| ARPEC    | Alliance of Rice Producers & Exporters of Cambodia   |
| ASDF     | Agriculture Support and Development Fund (same as ADF)   |
| ASEAN    | Association of South-East Asian Nations  |
| ASIrri   | <i>Projet d'Appui aux Irrigants et aux Services aux Irrigants</i>  |
| ASPIRE   | Agriculture Services Program for Innovation, Resilience and Extension (IFAD project)                     |
| ASYCUDA  | Automated System for Customs Data  |
| AusAID   | Australian Agency for International Development  |
| AVSF     | <i>Agronomes et Vétérinaires Sans Frontières</i>   |
| BFS ExCo | Banking and Finance Solutions Executive Committee (of CRF)   |
| BRC      | British Retail Consortium  |
| BRiCo    | Battambang Rice Investment Company   |
| BritCham | British Cambodian Chamber of Commerce  |
| BUAC     | Battambang Union of Agricultural Cooperatives  |
| C2A      | <i>Commission Agriculture et Alimentation de Coordination Sud (French development NGO platform)</i>      |
| CAC      | <i>Crédit Agricole Consultants</i>   |
| CACA     | Cambodian Agricultural Cooperative Alliance  |
| CACC     | Cambodian Agricultural Cooperative Corporation   |

|         |   |
|---------|---|
| CAMFEBA | Cambodia Federation of Employers and Business Associations  |
| CAVAC   | Cambodia Agriculture Value Chain Program (AusAID)   |
| CARD    | Council for Agriculture and Rural Development   |
| CARDI   | Cambodian Agriculture Research and Development Institute  |
| CB      | Certification Body  |
| CBAPC   | Contract Based Agriculture Promotion Committee  |
| CC      | Commune Councils  |
| CCA     | Climate Change Adaptation   |
| CCC     | Chamber of Commerce of Cambodia   |
| CCD     | Cambodian Certification Department  |
| CCFC    | <i>Chambre de Commerce Franco-Cambodgienne</i> / Franco-Cambodian Chamber of Commerce                             |
| CDC     | Council for the Development of Cambodia   |
| CDRI    | Cambodia Development Resource Institute   |
| CEDAC   | <i>Centre d'Etude et de Développement Agricole du Cambodge</i>  |
| CEDEP   | Cambodia Export Development and Expansion Program   |
| CEFP    | Committee for Economic and Financial Policy   |
| CEO     | Chief Executive Officer   |
| CF      | Contract Farming  |
| CFAP    | Cambodian Farmers' Association Federation of Agricultural Producers   |
| CIDA    | Canadian International Development Agency   |
| CIRAD   | <i>Centre International de Recherche Agronomique pour le Développement</i>  |
| CIRD    | Cambodian Institute for Research and Rural Development  |
| CO      | Certificate of Origin   |
| CoC     | Code of Conduct   |
| COrAA   | Cambodian Organic Agriculture Association   |
| COSTEA  | <i>Comité Scientifique et Technique de l'Eau Agricole</i>   |
| CPS     | Centre for Policy Studies   |
| CREA    | Cambodia Rice Exports Association   |
| CRX     | Cambodia Rice Exporter Meeting (facilitated by IFC)   |
| CSR     | Corporate Social Responsibility   |
| DACP    | Department of Agricultural Cooperatives Promotion   |
| DAE     | Department of Agricultural Extension  |
| DAI     | Department of Agro-Industry   |
| DAL     | Department of Agriculture Legislation   |
| DANIDA  | Danish International Development Agency   |
| DDM     | Demand Driven Model   |
| DFID    | Department for International Development (UK)   |
| DGRV    | <i>Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative &amp; Raiffeisen Confederation)</i> |
| DHRRRA  | Development of Human Resource in Rural Areas (Asian partnership program)  |
| Dis.    | District  |
| DMC     | Direct-seeding Mulch-based Cropping system  |
| DP      | Development Partners  |
| DPA     | Development and Partnership in Action   |
| 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  |
| EoI      | Expression of Interest   |
| EPWG     | Export Promotion Working Group (informal group of rice exporters supported by IFC)                       |
| ESP      | Environmental and Social Policy  |
| ESR      | <i>Equitable, Solidaire, Responsable</i> (Fairness, Solidarity, Responsibility) – Ecocert owned standard |
| EU       | European Union   |
| ExCo     | Executive Committee  |
| FAEC     | Federation of farmer associations promoting family Agriculture Enterprises in Cambodia                   |
| FAO      | Food and Agriculture Organization of the United Nations  |
| FASMEC   | Federation of Association for Small and Medium Enterprises of Cambodia                                   |
| FCFD     | Federation of Cambodian Farmer Organizations for Development   |
| FCRE     | Federation of Cambodian Rice Exporters   |
| FCRMA    | Federation of Cambodian Rice Millers Associations  |
| FFS      | Farmer Field School  |
| FI       | Financial Institution  |
| FNN      | Farmer and Nature Network  |
| FMP ExCo | Farming and Milling Productivity Executive Committee (of CRF)  |
| FO       | Farmer Organisations   |
| FOO      | Farmer Organisations Office of the DAE   |
| FSMS     | Food Safety Management System  |
| FWN      | Farmer and Water Network   |
| FWUC     | Farmer Water User Community  |
| 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  |
| GIS      | Geographic Information System  |
| GIZ      | <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> / German Development Cooperation          |
| GMP      | Good Manufacturing Practice  |
| GMP ExCo | Global Market Promotion Executive Committee (of CRF)   |
| GMS      | Greater Mekong Subregion   |
| GPS      | Global Positioning System  |
| G-PSF    | Government – Private Sector Forum  |
| GRET     | Groupe de Recherche et d'Echanges Technologiques   |
| GS       | General Secretary  |
| HACCP    | Hazard Analysis and Critical Control Points  |
| HARVEST  | Helping Address Rural Vulnerability and Ecosystem Stability (USAID project)                              |
| HCA      | Henri Capitant Association   |
| HH       | Household  |
| HKL      | Hattha Kaksekar Limited  |
| HR       | Human Resources  |
| IBG      | Input Buying Group   |
| ICS      | Internal Control System  |
| IFAD     | International Fund for Agricultural Development  |

|        |   |
|--------|---|
| IFC    | International Finance Corporation   |
| IFOAM  | International Federation of Organic Agriculture Movements                   |
| IP     | Intellectual Property   |
| IPD    | Intellectual Property Department of the Ministry of Commerce                |
| IPM    | Integrated Pest Management  |
| IRAM   | <i>Institut de Recherche et d'Application des Méthodes de Développement</i> |
| IRRI   | International Rice Research Institute                                       |
| ISC    | Institute of Standards of Cambodia  |
| ISC    | Irrigation Service Center   |
| ISF    | Irrigation Service Fee  |
| 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 | Ministry of Land Management Urban Planning and Construction                 |
| MoC    | Ministry of Commerce  |
| MoWRaM | Ministry of Water Resources and Meteorology                                 |
| MPWT   | Ministry of Public Works and Transport                                      |
| MRC    | Mekong River Commission   |
| MRC    | “Mini Rice Center”  |
| MRD    | Ministry of Rural Development   |
| MSP    | Mekong Strategic Partners   |
| M&E    | Monitoring and Evaluation   |
| NBC    | National Bank of Cambodia   |
| NC     | National Coordinator  |
| NF3    | National Farmer Organization Federations’ Forum                             |
| NGO    | Non-Governmental Organization   |
| NKPSAC | Nikum Krao Preah Sihanouk Agricultural Cooperative                          |
| NOP    | National Organic Program (USA organic standards)                            |
| NPACD  | National Policy for Agricultural Cooperatives Development                   |
| NPD    | National Project Director (in SCCRP project management team)                |
| NSC    | National Standard Council   |
| NSDP   | National Strategic Development Plan   |
| NWISP  | North-West Irrigation Sector Project (ADB/AFD)                              |
| OA     | Organic Agriculture   |
| OACP   | Office of Agricultural Cooperatives Promotion                               |
| ODM    | Offer Driven Model  |

|          |   |
|----------|---|
| OPM      | Open Paddy Market   |
| O&M      | Operation and Maintenance (of irrigation schemes)                               |
| PAO      | Project Administration Officer (in SCCRP project management team)               |
| PADAC    | <i>Programme d'Appui au Développement de l'Agriculture au Cambodge</i>          |
| PADEE    | Project for Agriculture Development and Economic Empowerment (IFAD/FAO project) |
| PBA      | Program Based Approach  |
| PC       | Project Coordinator (in SCCRP project management team)                          |
| PDA(FF)  | Provincial Department of Agriculture (Forestry and Fisheries)                   |
| PDOWRAM  | Provincial Department of Water Resources and Meteorology                        |
| PDRD     | Provincial Department of Rural Development                                      |
| PIMD     | Participatory Irrigation Management Development                                 |
| PIP      | Public Investment Program   |
| PM       | Prime Minister  |
| PMA      | Project Management Advisor (in SCCRP project management team)                   |
| PMUAC    | Preah Vihear Meanchey Union of Agricultural Cooperatives                        |
| 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  |
| RSEO     | Rice Sector Economic Observatory  |
| RUA-CD   | Royal University of Agriculture – Chamcar Daung                                 |
| SAP      | Sihanoukville Autonomous Port   |
| SAW      | Strategy on Agriculture and Water   |
| SCCRP    | Support to the Commercialization of Cambodian Rice Project                      |
| SCF      | Strategic Climate Fund  |
| SCM      | Scoring Criteria Method   |
| SCM      | Supply Chain Management   |
| SEA      | South East Asia   |
| SIAL     | <i>Salon International de l'Agroalimentaire</i> (Paris)                         |
| SME      | Small and Medium Enterprise   |
| SMP      | <i>Sansom Mluh Prey</i> NGO   |
| SNEC     | Supreme National Economic Council   |
| SoA      | Signatures of Asia  |
| SOWS-REF | Secretariat of the One-Window Service for Rice Export Formality                 |
| SPP      | <i>Symbole des Producteurs Paysans</i> (a fair trade standard)                  |
| SPS      | Sanitary and Phyto-Sanitary   |
| SRP      | Sustainable Rice Platform   |

|          |  |
|----------|--|
| SS       | Salary Supplement  |
| SWAp     | Sector Wide Approach                                       |
| TA       | Technical Assistance                                       |
| TBT      | Technical Barriers to Trade                                |
| TDSP     | Trade Development Support Program                          |
| TFP      | Total Factor Productivity                                  |
| ToR      | Terms of Reference   |
| ToT      | Training of Trainers                                       |
| TPC      | Thaneakea Phum (Cambodia) Ltd.                             |
| TPD      | Trade Promotion Department of the MOC                      |
| TREA     | Thai Rice Exporters Association                            |
| TRT      | The Rice Trader  |
| TWG      | Technical Working Group                                    |
| TWGAW    | Technical Working Group on Agriculture and Water           |
| 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 – French Agency for Development). Its implementation period is from January 2013 to December 2017. This report is the 19<sup>th</sup> Quarterly Executive Report of the project. It covers the period from July 1<sup>st</sup> to September 30, 2017.

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

| Important activities and outcomes of the past quarter   | Foreseen objectives and activities for the coming months  | Issues and concerns   |
|---|---|---|
| <b>C#1</b> <ul style="list-style-type: none"> <li>Decision of creation of National Farmer Organization Federations' Forum (NF3) by five FO Federations, and preparation of statutes.</li> <li>Training on value-chains approach of FO Federation leaders.</li> <li>Founding General Assembly of new Union of Cooperatives in Battambang.</li> </ul>   | <ul style="list-style-type: none"> <li>Founding General Assembly of NF3 (but the event is not financially supported by SCCR).</li> </ul>  | <ul style="list-style-type: none"> <li>Proposed support to NF3 consultant input to work on sustaining FO Federation services and to enhance synergies with up-coming AIMS project has been rejected by AFD.</li> </ul>  |
| <b>C#2</b> <ul style="list-style-type: none"> <li>Name of CRF foreseen certification mark changed again from "Angkor Malys" to "MALys Angkor" (??).</li> </ul>  | <ul style="list-style-type: none"> <li>Launching of "Malys Angkor" by CRF.</li> </ul>   |   |
| <b>C#3</b> <ul style="list-style-type: none"> <li>PMUAC institutional strategic plan and staff policy developed.</li> <li>Contract farming agreements signed by 26 ACs in Preah Vihear for organic paddy supply to AMRU and SoA, for more than 20,000 t of paddy.</li> <li>Tri-partite contract Ethiquable – AMRU – PMUAC on organic and fair trade rice supply.</li> <li>Ecocert starts inspection of organic paddy production in Preah Vihear.</li> <li>Implementation of Contract Farming agreement for SRP rice with AMRU: about 50 % of volumes delivered.</li> <li>Contract farming agreements signed for SRP rice with BRICo.</li> <li>Agreement between SCCR and DAI on the draft of the Manual on CF and draft sent by e-mail to Taskforce members... but taskforce meeting not yet convened by MAFF.</li> </ul> | <ul style="list-style-type: none"> <li>External inspections and certification of organic rice in Preah Vihear.</li> <li>Implementation of Contract Farming for organic rice with AMRU and SoA.</li> <li>Implementation of Contract Farming for SRP rice with BRICo.</li> <li>2<sup>nd</sup> Meeting of Taskforce on CF: Taskforce reviews and validate the draft Manual on Contract Farming.</li> <li>Launch printing of the Manual and organization of CF training workshops.</li> </ul> | <ul style="list-style-type: none"> <li>Long delays and negotiation for the endorsement of the draft Manual on CF by DAI has delayed all the process of validation of the Manual, printing and organization of training, which might not be doable by the end of the project.</li> </ul> |
| <b>C#4</b> <ul style="list-style-type: none"> <li>Mission of Horus on MEF Credit Guarantee fund.</li> <li>Validation of additional ToR for a mission of Horus on credit to FOs.</li> <li>2 first loans to FOs guaranteed by the project have been reimbursed.</li> </ul>  | <ul style="list-style-type: none"> <li>Second step of the mission of Horus to MEF on the guarantee fund.</li> <li>Implementation of additional mission by Horus on credit to Farmer Organizations.</li> </ul>   | <ul style="list-style-type: none"> <li>Long delay from MEF to react on the document sent by Horus on the guarantee fund.</li> </ul>   |
| <b>C#5</b> <ul style="list-style-type: none"> <li>Draft of the 1<sup>st</sup> issue of Cambodian Rice Observatory Bulletin has been submitted to the project. Comments sent back to CPS and Mr F. Lançon.</li> </ul>  | <ul style="list-style-type: none"> <li>Issuing of 1<sup>st</sup> Cambodian Rice Sector Economic Bulletin.</li> <li>Mobilisation of national consultant to help SNEC to finalize new rice policy.</li> </ul>   | <ul style="list-style-type: none"> <li>Quite long delays for CPS and F. Lançon to finalize the first draft of CRSEO Bulletin..</li> </ul>   |

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

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

### 1.1.1. INSTITUTIONAL SUPPORT AND CAPACITY BUILDING OF FO FEDERATIONS

#### 1.1.1.1. PREPARATION OF AN UP-DATE OF FCFD AND FAEC MEMBER SCORING (SCM)

During FCFD's quarterly meeting on 11<sup>th</sup> and 12<sup>th</sup> September 2017, SCCRP advisor has helped FCFD field coordinator to work with the Board and prepare service activities, and has provided refresh-training on Scoring Criteria Method (SCM) to FCFD's Board members, in order to strengthen their capacity to assess their members' capacities. FCFD plans to conduct SCM field assessment in October covering 35 ACs in 5 provinces.

Similarly, on 27<sup>th</sup> and 28<sup>th</sup> of September, FAEC also conducted the refresh training to their SCM assessment committee facilitated by Mr. Chhay Sothet (ADG), assisted by Mr. Chhay Sara. FAEC plans to conduct field assessment from 5<sup>th</sup> October till 25<sup>th</sup> November, covering 33 ACs.

#### 1.1.1.2. TRAINING ON VALUE CHAIN ("VALUE-LINK" APPROACH)

The training course on value chain (Value-Links approach) was conducted in Phnom Penh from 12 to 14 of July 2017 by ADG officer with the financial support of SCCRP project. Twenty persons took part in the training (6 representatives from FOs and 14 staffs of FOs' Federations or Unions – FCFD, FAEC, CFAP, PMUAC – or partner organizations – CIRD). The objective is to enhance the skills of participants in designing, implementing and monitoring value chain upgrading projects and the know-how covers both technical subjects and facilitation skills to work with groups of entrepreneurs, business associations and public institutions. The main content of the training is to give participants a profound introduction into the concept and methodology of Value-Links, a well-recognized Value Chains development approach. The training followed an interactive method, in which the presentation of concepts, facts and methodology alternates with exercises to apply hands-on tools and know-how to concrete cases. Participants apply the concepts in working group sessions. In particular, the training covers the following subjects:

- Selecting value chains based on promising market opportunities as well as social and environmental objectives,
- Mapping and analyzing value chains,
- Developing a vision and strategy for chain upgrading,
- Process design and facilitations skills for working with chain actors and engaging in public-private partnerships,
- Introducing innovative business models,
- Facilitating horizontal and vertical market linkages
- Embedding financial services and other service arrangements in business transactions,
- Introducing standards on product quality and safety,
- Improving the business climate of value chains,
- Conducting impact monitoring in value chain projects.

### 1.1.1.3. ORGANIZE WORKSHOP ON PADDY SEEDS PURIFICATION AND MULTIPLICATION / PRODUCTION

The workshop on paddy seeds purification and multiplication techniques has been organized in Phnom Penh on August 30, 2017, implemented by CIRD with the financial support from SCCRP. In total, there were 30 participants in this training, from CFAP, FAEC, FCFD, FWN and PMUAC. The workshop aimed farmer representatives reflect on strategies regarding expansion of paddy seeds production by FOs. Group discussion was organized to discuss about main factors of paddy seeds value chain, market expansion, quality of seeds improvement and management. Following-up on this training, FO Federations/Networks or Union will consider the development of paddy seeds production to supply to members and possibly to markets.

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

### 1.1.2.1. INVOLVEMENT OF FO FEDERATION IN THE USE OF PADDY TRADING PLATFORM

FO Federations (FAEC, FCFD and FWN) took part in the meetings with millers to update their information on the Paddy Trading Platform, as developed in § 3.4. page 22. In this period, FWN in particular has supported its members to prepare and post announcements as relevant.

### 1.1.2.2. CONSIDERED PREPARATION OF A WORKSHOP RELATED TO TRICYCLAZOLE ISSUE

In its letter to SNEC dated 8 of August 2017, AFD has suggested the organization of additional training on “quality of rice and standards to fulfill the exportation requirements”. Whereas standards and requirements depends a lot on the different target markets and even of individual clients, one of the hot issue for the time being regarding the requirement for the export to the EU is the drastic reduction of the level of tricyclazole residue tolerated on rice, the Maximum Residue Level being now set to 0.01 mg/kg of rice. On 31<sup>st</sup> of August, SCCRP team had a meeting with CAVAC project on this matter in order to get some up-dated information, as that project had recently worked on the subject. MAFF has already released a ban on the importation, distribution and use of tricyclazole since March 2017. Yet it seems that there are still some fungicides containing tricyclazole available for farmers. In collaboration with CRF, CAVAC has tested samples from rice mills, which shows that in some cases residue content was above the limitation fixed by the EU. In the period, CAVAC was organizing, in partnership with GDA, one national and three inter-provincial workshops with millers and MAFF/GDA/PFAFF staff to spread information. SCCRP project has explored if it could be possible to sponsor the participation of more representatives from Farmer Organizations in the inter-provincial workshop, but after consulting with GDA, CAVAC said it was not possible.

The project will consider the organization (in partnership with FO Federations) of a workshop on this subject with FO leaders and millers/exporters targeting the EU market, not just to spread information, but to identify if there is a need from millers/exporters point of view to source tricyclazole free paddy. We see here a strategic opportunity for partnership with Farmer Organizations, as millers cannot get guarantees on how the paddy is produced when they source the paddy from their usual network of collectors. Further discussions will take place with FO Federations to confirm the opportunity of organizing this workshop. In the meantime, SNEC has requested information from the one-windows-service for rice export (managed GDA) in order to get the list of exporters exporting to the EU, with the volumes exported by each of them, in order to be able to strategically invite exporters who are mainly targeting EU market and who are thereof more likely to be interested. At the moment, we were able to get a list of exporters who are selling to the EU, but without the information on the volumes they have exported last year or from the beginning of this year.



### 1.1.3. OTHER FO FEDERATIONS' SERVICES TO THEIR MEMBERS

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

The agreement for fertilizer supply between Bayon Heritage Holding Group and FO Federations (FCFD/FAEC) continued to be implemented during this quarter.

For the last two quarters (from April to September 2017), 194.25 tons of fertilizers were ordered through FCFD and 56.97 tons through FAEC.

This agreement is valid until June 2018. Both parties will review and discuss a possible follow-up contract around April-May 2018.

#### 1.1.3.2. ACCESS TO CREDIT: LIAISE WITH RDB CREDIT MECHANISM FOR FO AND GUARANTEE MECHANISM

In this quarter, only one member of FAEC has applied for a loan from RDB: Phnom Krapeu AC, based in Battambang. But it was not accepted because of lack of own land titles to use as collateral (See details in § 4.2.1., pages 25-26).

### 1.1.4. FO FEDERATIONS REPRESENTATION AND ADVOCACY ROLES

#### 1.1.4.1. CONTRIBUTION OF FO FEDERATIONS REPRESENTATIVES IN DACP WORKSHOP

The Department of Agricultural Cooperatives Promotion (DACP) of MAFF has prepared a draft *Prakas* on “Business Contract Guideline for Operating Business of Agricultural Cooperatives”. A consultation workshop on this subject was organized by DACP on 29<sup>th</sup> of September 2017.

On the previous day (September 28), 7 farmer representatives from FAEC, FCFD and FNN had a preliminary meeting to review the draft in preparation of the workshop. But they prepared only few minor comments.

On the day of DACP workshop, 8 representatives from FAEC, FCFD and FNN attended. Mr. Hardy Schneider (DGRV) presented experiences of cooperatives' business contracts in neighbouring countries, and Mr. Chea Saint Dona, Director of DACP, introduced the proposed *Prakas*, before the workshop split for group discussion. But after group session, the results were collected by DACP officers (saying they would be taken into consideration) but no time was given to present and discuss the outputs of the groups. Hence, the workshop finished at 12:15 pm (instead of 16:30 as planned in the agenda), shortcutting the foreseen discussion in plenary session.

#### 1.1.4.2. PARTICIPATION OF FO FEDERATIONS IN MEETING IN MEF ON GOVERNMENT INTERVENTIONS FOR RICE SECTOR

On 14<sup>th</sup> of August 2017, the Ministry of Economy and Finances organized a workshop to present “Government's interventions to support purchase of paddy rice”. The workshop was chaired by H.E. Vongsey Vissoth, Secretary of State. 7 representatives from FO Federations /Networks were invited to attend this event, during which MEF has exposed its 50 million USD plan to support the rice sector and in particular the purchasing of Cambodian paddy, and paddy price for farmers. The budget is mainly foreseen to be used to create paddy collection centres with the cooperation of RDB, rice mills, Farmer Organizations, and local authorities.



## 1.2. NATIONAL FO FEDERATIONS FORUM (“NF3”): AN APEX BODY TO CONSOLIDATE SERVICES AND REPRESENTATION

### 1.2.1. DECISION OF CREATION OF “NF3”

Since the beginning of the support of SCCRP project to FAEC and FCFD, Federations were encouraged to work in a collaborative way in order to increase their cost-efficiency. The option of a merging of FAEC and FCFD was even seriously considered and proposed to their members, but finally rejected by the General Assembly of FAEC in early 2015<sup>1</sup>. Yet both Federations have continued to implement jointly part of their activities, and have also enlarged partnership to the other Federations (such as the management of Paddy Trading Platform which currently involves FAEC, FCFD and FWN, or the organization of FO representation in CRF which was coordinated among FAEC, FCFD, FWN, FNN and CFAP). In early 2017, the five FO Federations have signed a Memorandum of Understanding to formalize a partnership, notably for their advocacy role.

During this Quarter, significant moves were made to go further in the consolidation of the partnership between the 5 FO Federations.

On the 20<sup>th</sup> of July 2017, FO Federations’ representatives have agreed on the principle of registering a legal entity (under as statue of association, with the Ministry of Interior) to institutionalize an “apex body” of the five Federations. This future entity is temporarily named “National Farmer Organization Federations’ Forum” (Acronym NFFF or “NF3”). Since then, FO Federations leaders have moved fast and have already drafted statutes and internal rules. They are planning to hold the founding General Assembly of NF3 in October.

The creation of a legal entity gathering all FO Federations was encouraged by the SCCRP project as it can contribute to consolidate the operational partnerships already developed between them and to address issues of economic sustainability of the services developed so far (for instance input supply, Paddy Trading Platform, or facilitation of the relation between FOs and RDB to access finance...). The 5 Federations can decide to keep some of the services to their members at the level of each Federation, or decide to mutualize some services at NF3 level, in order to generate economies of scale.

Also the registration of a legal entity is foreseen to be useful so the Federations can jointly contract with partners<sup>2</sup>, enhancing the higher level of representativeness and geographical coverage they have when considered jointly, and they can also jointly own services such as the “Paddy Trading Platform”<sup>3</sup>.

### 1.2.2. PROPOSAL OF SUPPORT TO NF3 ENVISAGED AND SUBMITTED TO AFD

For SCCRP team, the perspective of the institutionalization of the partnership between the 5 Federations was seen as a very good opportunity to address part of the issues related to the sustainability of the services developed by FO Federations with the support of the project.

It is well acknowledged that the development and consolidation of Farmer Organizations Federations at a national level is a long term process. Support (including financial), will be needed beyond the duration of SCCRP project for FO Federations to pursue their development and consolidate their services, as it has been said from the beginning of the process of support to FAEC and FCFD. Thereof the formalization of

<sup>1</sup> Cf. Quarterly Executive Report #09, page 6.

<sup>2</sup> The creation of NF3 was also seen to be helpful for the AIMS project, financed by IFAD, which is starting at the moment and intends to associate FO Federations (See also in following paragraph 1.2.2.)

<sup>3</sup> The ownership of the platform being still a question to address, the registration of NF3 it at the moment the main option considered to transfer it.

NF3 as a legal entity and the starting of AIMS project were seen as excellent opportunity to consolidate the outcomes of the project and ensure the process will continue to be supported.

Members of SCCRP project team had a couple of discussion and exchanges with IFAD team in Phnom Penh to discuss how synergies between SCCRP project and AIMS could be enhanced. This has led to a proposal of support to NF3 that has been prepared by PMA and shared with IFAD, AFD and SNEC. The proposal was including:

- Financial contribution to the organization of first General Assembly of NF3,
- Mobilization of a consultant to work with NF3 on a strategic and business plan, which could include plans to sustain the services developed with the support of SCCRP and make the link with the AIMS project.
- Possibly provide a budget subsidy for NF3 to have some budget resources to start the Year 2018, as a transition before other partners can complete the Federations own resources.

Unfortunately, whereas IFAD was positive on this support and the synergy it could have with AIMS project, the proposed inputs of SCCRP have been rejected by AFD. No direct support to the cost of General Assembly or registration will be thereof provided by the project, but yet as part of the support to FO Federations, AVSF-CIRD-ADG team will contribute to the reflection among FO Federation on the creation of NF3.

### 1.2.3. FURTHER PREPARATION OF NF3 ESTABLISHMENT

On August 17-18, 16 representatives of FAEC, FCFD, FNN, CFAP and FWN had a meeting to start to prepare NF3 statute.

In addition to the work that has started on the statutes, it was proposed (under the facilitation of Mr Christophe Goossens) to plan some further thematic discussions in the following weeks to reflect on NF3 future activities and services in relation of the different activities of the existing federations. Topics include: (1) The representation of farmer in CRF board; (2) Paddy seeds production; (3) Agricultural Extension; (4) Credit Access for AC and (5) Paddy Selling Group/ Paddy Trading Platform. Each federation appointed their representatives to take part in the specific groups.

On September 13 and 14 a follow-up meeting was organized among FO Federations in order to:

- Validate<sup>4</sup> the draft statutes of National Farmer Organization Federations Forum (NF3) and identity participants and prepare agenda for NF3 First General Assembly ()
- Make sure that thematic working group proposed will be implemented.
- Organize forum with five federations/Networks and development partner regarding policy and law instrument involved agriculture, natural resources and environment at national level.

As results, the draft statutes were finalized, and the founding General Assembly was scheduled (initially in October, but then postponed to November to allow more participant to join). NF3's first General Assembly documents have been drafted such as logo, backdrop, tentative agenda, NF3 board election procedures, etc., and persons in charge for each topic were designated.

CFAP will take responsibility to coordinate the NF3's GA and draft invitation letter and send to all Federations/Networks. All Federations/Networks representatives agreed to send their 7 boards members

<sup>4</sup> This is a "pre-validation" only, as the statutes will be submitted to the vote of the founding General Assembly.

to vote for NF3's president in General Assembly and 2-3 Federations/Networks staff will participate and help in the GA.

### 1.3. SUPPORT THE ESTABLISHMENT OF AN AGRICULTURAL COOPERATIVES UNION IN BATTAMBANG

#### 1.3.1. FIRST GENERAL ASSEMBLY OF BATTAMBANG UNION OF AGRICULTURAL COOPERATIVES (BUAC, OR "PONLEU REAKSMEY SANGKE-BANAN UNION OF AGRICULTURAL COOPERATIVES")

Following up on the preparatory meetings which took place in the previous quarter<sup>5</sup>, the first General Assembly to set up the Union has been organized on July 17, 2017, at Provincial Department of Agriculture Forestry and Fisheries in Battambang province. This General Assembly was coordinated by Mr. Ouk Saroeun, Deputy Director of Department of Agricultural Cooperative Promotion (DACP/MAFF) and officers of Office of Agricultural Cooperative Promotion (OACP/PDAFF), with the financial support of the SCCRP project. 45 persons took part in this event, including 28 representatives of ACs, 4 members of commune councils, 2 district governors, one representative of FAEC, and support organizations.

The General Assembly has approved the statutes, with some specific decisions that were made during the General Assembly such as:

- Name of the Union: "Ponleu Reaksmeay Sangke-Banan Union of Agricultural Cooperatives"<sup>6</sup>
- Membership fees = 200,000 KHR/year.
- Value of one share = 2,000,000 KHR.
- List of potential activities to be implemented by the Union:
  - Agricultural productions (rice, vegetable, cassava, corn, ...)
  - Animal productions (cow, pig, chicken, duck, ...)
  - Agricultural produces processing and packaging (paddy seeds, rice, vegetable, fruit tree...)
  - Animal feed processing and packaging (cow, pig, chicken, duck...)
  - Buy and sale agricultural input supply (seeds, fertilizers, pesticides...) (2)
  - Collective buy and sale agricultural product (1)
  - Buy and sale fuel
  - Buy and sale foods
  - Buy and sale agricultural material, equipment and spare part
  - Processing and made natural fertilizer
  - Cash saving and credit
  - Service on rice production and transportation. (3)

(But further discussions are needed at the level of the Board of Director to avoid overlapping with current activities of FOs and enhance complementarities).
- Principles of gross profit distribution.

The General Assembly has also elected the Board of the Union and its internal audit committee. Mrs Yan Srey Yat (from *Chamroeun Phal Raing Kesey AC*) was elected as President of the Board. The Board counts a total of 5 members and the audit committee has three.

#### 1.3.2. FIRST MEETINGS OF THE ELECTED BOARD AND START PLANNING OF OPERATIONS

After the General Assembly and up to the end of September, the Board of the Union has held three meetings: on 25<sup>th</sup> of July, 8<sup>th</sup> and 9<sup>th</sup> of August and 23<sup>rd</sup> of August. Members of the Board first get to know

<sup>5</sup> See Quarterly Executive Report #18, § 1.3. page 4.

<sup>6</sup> But the official registration has still be done with the name "Battambang Union of Agricultural Cooperatives (BUAC).

better the SCCRP project and the other partners that can provide support to the newly established Union, (in particular PDAFF, VSO, ADG, and FAEC) and then have worked on the priority activities that the Union would work on.

In its first meeting, the Union's Board has made the decision to settle a temporary office at Svay Cheat village, Raing Kesey commune, Sangke district, because this place is quite central for the Union and has existing office of Chamroeun Phal Raing Kesey AC with electricity access, and nearby the house of the President of the Board. In coming months the Union will seek for alternative options to set its own office. The Board intends to approach local authorities to apply for allocation of land.

To avoid the overlapping with their member the Board of the Union tried to identify the priority businesses or services which their members could not implement alone or for which the Union could provide complementary benefits to members. Below are the main businesses and service that the Board has decided to implement as the first priorities:

- **Paddy sack and wire trade:** based on the discussion with the BUAC's board, there are big amount of paddy sack and wire needed by AC's members during paddy harvesting period around 300,000 sack needed by farmers in four ACs.
- **Fertilizer trade:** through bidding supply or business contract with company.
- **Service on SRP certify standard:** BUAC will discuss with partner to get the support on this work from next year and collaborate with WCS and AMRU.

The Union will initially have the following resources, and may need some initial support from its partners:

- Member fees: 800,000 Riels ( 200,000 KHR/AC/year × 4 ACs)
- Capital (shares): 16,000,000 Riels (2,000,000 KHR/share)<sup>7</sup>.

In its second meeting, the Board of the Union has approved its logo and various templates of documents, set a phone number and e-mail for the Union<sup>8</sup>. It has reviewed internal regulations and allowance policies (which was then approved in the third meeting). A format was also prepared to collect key information from the Union's members.

A more detailed time-frame for the implementation of paddy sacks supplying service has been elaborated and discussed by the Board. Information and assessment of members needs has been implemented in August. For the two ACs producing *Phka Rumduol* (harvested in November) the number of sacks needed is 11,000. Then the Union started to identify suppliers in September, but they will review again the feasibility of the activity as at that time they found that the price difference locally with retailers and in Battambang market was quite narrow.

<sup>7</sup> Each AC has decided to buy 2 shares. Not that as of 30 September, membership fees and shares were not yet collected because they wait for the bank account to be opened first (which requires certificate of registration of BUAC, which MAFF will issue).

<sup>8</sup> Phone number: +855 (0) 61 90 22 99 – e-mail: battambangunionac@gmail.com and Facebook page: Buac Battambang.

## 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



Further to the application introduced by CRF to the Department of Intellectual Property of MoC for the registration of its certification mark for premium Cambodian Jasmine rice, additional discussions took place during this quarter between CRF and MoC. For reasons that have not been communicated to SCCRP project, the name of the certification mark « *Angkor Mahys* » has been changed (again) to « *Mahys Angkor* », and the attached slogan « *Certified 100% Cambodian Jasmine Rice* » was changed to « *Cambodian premium fragrant rice* » (despite “fragrant rice” sounds like a secondary category compared to Jasmine, whereas only the Jasmine type varieties will be eligible for the brand).

CRF informed that they plan to launch « *Mahys Angkor* » in November, on the occasion of the 6<sup>th</sup> Cambodian Rice Forum.

CRF did not up-date regarding the other actions that are required to make the certification mark be used, in particular about further information to be provided to millers and exporters, collection of application from companies interested to use the brand, listing of Certification Bodies that CRF would accredit, etc.

### **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**

##### **3.1.1. INSTITUTIONAL AND MANAGERIAL SUPPORT TO PMUAC**

With the financial support from SCCRP project for capacity building to PMUAC, 4 prioritized subjects are implemented in this year, as follows:

- Training on Arc-GIS and GPS;
- Development of staff policy;
- Development of PMUAC 5-year strategic plan;
- Development of PMUAC financial policies.

GIS training was completed in the previous quarter. During this quarter, two other topics were completed: and only the last one (development of financial policies) is still on-going. Details are provided below:

##### **3.1.1.1. DEVELOPMENT OF PMUAC STAFF POLICY**

A draft staff policy was prepared with the support of a consultant, and it was presented and discussed with PMUAC BoD and staff on the 10<sup>th</sup> of July 2017. It was then up-dated with the outcomes of the meeting, then further polished after some e-mail exchanges between the consultant, PMUAC and SCCRP team. A final version is now available at PMUAC and is foreseen to be submitted to the next PMUAC Board meeting for final endorsement. The staff policy covers topics such as: code of conducts, staff recruitment procedures, working hours, leaves, termination of employment contracts, disciplinary measures, staff benefits, mission allowance, repayment to staff, salary information, procedures for short-term employment transfer, and performance assessment.

##### **3.1.1.2. DEVELOPMENT OF PMUAC 5-YEAR STRATEGIC PLAN**

Following up on the 2-days training on strategic planning and reflection on achievements & challenges of the Union that was implemented by the Mr. Leng Chhay in June 2017, the next steps of the process were implemented during this quarter. Mr Leng Chhay has facilitated a workshop with PMUAC Board members and staff from 4<sup>th</sup> to 7 of July (three days and half) in order to elaborate PMUAC 5-years strategic plan. PDAFF officers and members of SCCRP team took part in this workshop.

Key elements of the strategic plan development were extensively discussed, notably: background and achievements of PMUAC, the results of stakeholder consultation, trend and situation analysis, strategic issues, vision, mission, goal, core values, strategic direction etc. The consultant has then compiled the outcomes of the workshop in a first draft of Strategic Plan for the Union of Cooperatives. It was then submitted to PMUAC and further amended taken into account numerous comments and exchanges with PMUAC team and SCCRP consultants. This final version is foreseen to be submitted to PMUAC Board in its next meeting for endorsement.

The strategic plan enhances notably the following five objectives, to be achieved by 2022 (actually, part of these objectives could be considered as already achieved or well advanced for the organic rice, but it is



considered that they can still be further consolidated, or extended in the scope of their application to other agricultural products apart from the organic rice):

1. Capacities of Cooperatives (PMUAC members) will be further strengthened (both production techniques and managerial capacities), and the coherence and solidarity among members is further consolidated to be able to influence stakeholders, especially buyers.
2. Cooperatives (PMUAC members) will produce agricultural products (notably organic rice), with quality specifications that meets market needs (national and international).
3. Organic rice and other agricultural products of cooperatives will have secured market access and will be sold at reasonable price.
4. PMUAC will develop and run business activities (as an enterprise), such as product processing, trading, and services, contributing to address market issues and to generate incomes for PMUAC and for its members.
5. PMUAC will consolidate its development as a professional, self-reliant, and sustainable organization.



△ Facilitation of PMUAC member participation in the process of development of the Union's 5-years strategic plan, in July 2017.

### 3.1.1.3. DEVELOPMENT OF PMUAC FINANCIAL POLICY

A consultant of PCG & Partner Co., Ltd (PCG), mobilized by PMUAC with SCCRП financial support, has facilitated a 3-days training workshop on financial policy preparation. A total of 17 people attended, from the PMUAC Board, Supervision committee and staff, and also official of PDAFF Preah Vihear, member of SCCRП team and IVY accountant. Before discussion of the policy design, the consultant made a presentation on a concept of financial policy in order to make all participated people aware of it, especially PMUAC Board staff. Elements to include in the Union's Financial Policy were then discussed one by one. Based on these exchanges, a draft financial policy was prepared by the consultant and presented to be reviewed and discussed by the participants. The scope of the draft financial policy encompasses accounting system, role and responsibility, procedures for expenditures approval, income, expense, procurement procedure, cash management, asset management, expenditure allocation and provision. Final version and endorsement shall be provided in the last quarter of 2017.

### 3.1.1.4. PREPARATION OF A STUDY TOUR OF PMUAC TO THAILAND

In order for PMUAC to gain experience, to develop its managerial capacities and to enlarge its strategic vision and business orientation, PMUAC Board and PDAFF Preah Vihear have proposed to organize a

study tour/exchange visit to learn about management and functioning of ACs/Union in Obon Ratchathani province, in Thailand. PDAFF Preah Vihear is committed to facilitate the organization of this study tour, and already has several contacts in Obon Ratchathani. ToR for PMUAC BoD and staff study tour to Thailand were prepared with the objectives of: i) learning the successful experience of AC/Union management and functioning, ii) exploring how they manage their business/enterprise and their activities and services, iii) exchanging field experiences between PMUAC and AC/Unions in Thailand. This study tour is scheduled for 3 days and 2 nights and plans to take place in October 2017.

After submission of the ToR and budget of the study tour to SNEC and AFD (as a proposed use for the remaining balance in the MoU already signed between SCCRP and PMUAC), the principle of a contribution of SCCRP project to the costs was validated, but only for a part of the costs to be covered (PMUAC being responsible to find the resources to cover the rest of the budget). After this validation, the study tour will be organized in October 2017.

#### 3.1.1.5. SUPPORT TO PMUAC IN THE NEGOTIATION OF OTHER SUPPORTS FROM NGOS/PROJECTS

##### PARTNERSHIP WITH “DEVELOPMENT AND PARTNERSHIP IN ACTION” (DPA)

Discussions are on-going since several months between PMUAC and the NGO “Development and Partnership in Action” (DPA), supported by Oxfam to elaborate the terms of a possible partnership. Some points of disagreement were still to overcome, until September. SCCRP team (AVSF-CIRD-ADG) has contributed to the discussion and facilitation of the negotiation, notably in a meeting between the parties (PMUAC, DPA and Oxfam) that took place in Phnom Penh on 18<sup>th</sup> of September. As a result of this meeting, the pending issues were addressed and the MoU modified accordingly and signed at the end of the meeting.

DPA took the commitments to provide to PMUAC 7 GPS units and 19 sets of agricultural tools (drum seeder, rake tiller and weed card tool) for cooperative members of PMUAC, to deliver package training for PMUAC Board, and to cover the costs of ICS manager required to integrate 3 new ACs that DPA supports and which are not yet member of PMUAC (but are foreseen to apply to become members). PMUAC will facilitate and attend trainings delivered by DPA, provide required documents and support the 3 new ACs to produce organic paddy and to be encompassed in PMUAC ICS, if these 3 ACs are volunteers to become members of PMUAC.

##### DISCUSSION WITH ADDA

ADDA (“Agricultural Development Denmark Asia”), a Danish NGO working in Cambodia, has contacted PMUAC to get information, learn from this experience in Preah Vihear and also envisage partnership. SCCRP team also had a meeting with ADDA on 6<sup>th</sup> September in SNEC, to explain about the history of the development of the organic paddy production and supply chain in Preah Vihear and about PMUAC history and situation to date.

ADDA has sent to PMUAC a first proposal for a support action to the Union. But PMUAC has sent back some comments and rejected the proposal as it was, because they estimated that PMUAC current situation, existing supports and additional needs (notably to diversify activities) were not well considered and addressed (given the too small amount of time ADDA had to prepare this project, given their funding partners deadlines). Finally, ADDA did not apply for the session of grant application they were initially targeting, leaving more time to further discuss the possibility of a partnership with PMUAC in the coming months.



### 3.1.2. CONTRACTS WITH AMRU RICE

#### 3.1.2.1. NEGOTIATION OF CONTRACT FARMING AGREEMENTS FOR SEASON 2017

A meeting for Contract Farming negotiation for season 2017, between ACs and AMRU-Rice, took place in Preah Vihear on 7<sup>th</sup> of July 2017. 18 Agricultural Cooperatives were involved (including the three new ones supported by DPA – See § 3.1.1.5., previous page).

Mr. Oeur SamAth, PMUAC's Executive Director, presented the proposed draft of contract formulation, which was discussed point by point during the meeting. It was approved with the following changes that were discussed and agreed:

- Before providing sacks to their members, all AC committees shall check the organic paddy quality of those farmers and be accountable to manage the sacks provided by AMRU Rice.
- One grade C2 of fragrant rice quality has been added (purity: 90-100%, moisture content: 25-30% and broken rate: no). For grade C1, the moisture content was decreased from 19.5-30% (in contracts 2016) down to 19.5-24.9% (for contracts 2017). The premium applying to Jasmine Grade C1 is increased from +50 KHR/kg in 2016 to +100 KHR/kg in 2017. The premium applied for Grade C2 is +80 KHR/kg.
- Accepted delay for cash transfer (from the date a given batch of paddy is collected by AMRU) is extended from 7 working days (in last year contracts) to 10 working days (for contracts 2017).

#### 3.1.2.2. SIGNATURE OF CONTRACTS AND VOLUMES ENGAGED FOR 2017

After the meeting of CF negotiation, PMUAC team has adopted and finalized CF agreements based on the result of the session, and completing with the volume of organic paddy each AC plans to supply to AMRU-Rice in 2017. Contract Farming agreements were edited and printed for signing.

A signing ceremony for the Contract Farming agreements for season 2017 has been organized on 11<sup>th</sup> of July 2017. It took place in PDAFF Preah Vihear meeting hall with attendance of 70 people, including 8 District governors and provincial governor, H.E. Un Chanda, who chaired the ceremony. Contracts were signed by both parties and witnessed by PDAFF Director.

*Signature of Contract Farming agreements between AMRU and 15 ACs for season 2017 (July 2017) ▷*



For 2017, the contracts engage AMRU Rice to buy (and the 18 ACs engaged to supply) a total volume of 16,662.7 metric tons of organic<sup>9</sup> paddy, including (4,782.32 tons of fragrant rice and 11,880.4 tons of white rice varieties). The contracts are engaging a total of 2,890 farmers<sup>10</sup> on a total surface of 9,773.63 ha.

Table 2 next page provide details of surface and volume of organic paddy that has to be produced and delivered by each of the 18 ACs engaged in contract with AMRU-Rice.

<sup>9</sup> As for previous years (since 2014), organic standards considered are EU organic standards (EOS) and USA organic standards (NOP).

<sup>10</sup> 2,890 organic rice producers in total if we include all the 18 ACs (including the 3 supported by DPA, for which the supervision by PMUAC has been clarified only later, in September – See 3.1.1.5., Paragraph entitled “Partnership with “Development and Partnership in Action”, previous page).

**Table 2: Surface and volume of organic paddy committed by each ACs in contract with AMRU**

| Code                                      | AC's name                        | No. of Organic Farmers | Land Size (Ha) |              |                 | Expected Volume to be sold to AMRU (Kg) |                   |                   |
|---|----------------------------------|------------------------|----------------|--------------|-----------------|---|-------------------|-------------------|
|   |                                  |                        | Fragrant       | White        | Total           | Fragrant                                | White             | Total             |
| AC01                                      | Kraboia Prum Tep                 | 149                    | 280.45         | 335.50       | 615.95          | 429,500                                 | 558,500           | 988,000           |
| AC02                                      | Kelum Or Chiveak Pheap           | 120                    | 167.75         | 362.90       | 530.65          | 241,500                                 | 543,500           | 785,000           |
| AC03                                      | Samaki Rohas Mean Chey           | 128                    | 206.40         | 56.40        | 262.80          | 264,770                                 | 77,300            | 342,070           |
| AC04                                      | Leuk Kompos Satrey               | 559                    | 729.00         | 1331.50      | 2060.50         | 823,150                                 | 2,775,200         | 3,598,350         |
| AC05                                      | Romduol Mlu Prey Cheay Den       | 205                    | 329.61         | 350.25       | 679.85          | 666,300                                 | 969,000           | 1,635,300         |
| AC06                                      | Satrey Ratanak                   | 482                    | 1102.00        | 896.10       | 1998.10         | 1,463,000                               | 2,434,200         | 3,897,200         |
| AC07                                      | Tasu Sen Chey                    | 166                    | 474.70         | 193.80       | 668.50          | 719,000                                 | 533,500           | 1,252,500         |
| AC08                                      | Romtum Samaki Mean Chey          | 202                    | 133.00         | 432.60       | 565.60          | 175,100                                 | 565,900           | 741,000           |
| AC09                                      | Prame Sen Chey                   | 81                     | -              | 266.50       | 266.50          | -                                       | 305,000           | 305,000           |
| AC10                                      | Choam Khsant Cheay Den Mean Chey | 207                    | 1.00           | 709.70       | 710.70          | -                                       | 1,230,500         | 1,230,500         |
| AC11                                      | Rumdaoh Srae Samaki Mean Chey    | 71                     | -              | 139.50       | 139.50          | -                                       | 273,000           | 273,000           |
| AC12                                      | Tuek Kraham Kelamor Chivipheap   | 118                    | -              | 300.00       | 300.00          | -                                       | 412,500           | 412,500           |
| <b>3 new ACs supported by IVY in 2017</b> |                                  |                        |                |              |                 |   |                   |                   |
| AC13                                      | Preah Klang                      | 58                     | -              | 87.50        | 87.50           | -                                       | 136,500           | 136,500           |
| AC14                                      | Kon Khmer Chamnan Krouy          | 91                     | -              | 266.50       | 266.50          | -                                       | 450,000           | 450,000           |
| AC15                                      | Tbeng Pi Samaki Rik Chamroeun    | 98                     | -              | 285.50       | 285.50          | -                                       | 268,500           | 268,500           |
| <b>3 new ACs supported by DPA in 2017</b> |                                  |                        |                |              |                 |   |                   |                   |
| AC27                                      | Ranakse Preah Khan Aphiwat       | 74                     | 12.50          | 162.25       | 174.75          | -                                       | 168,000.00        | 168,000.00        |
| AC36                                      | Ro Ang Roum Knea Aphiwat         | 33                     | 26.30          | 67.00        | 93.30           | -                                       | 89,500.00         | 89,500.00         |
| AC37                                      | Sdao Aphiwat                     | 48                     | 17.55          | 49.88        | 67.43           | -                                       | 89,800.00         | 89,800.00         |
| <b>TOTAL</b>                              |                                  | <b>2,890</b>           | <b>3,480</b>   | <b>6,293</b> | <b>9,773.63</b> | <b>4,782,320</b>                        | <b>11,880,400</b> | <b>16,662,720</b> |

## 3.1.2.3. TRI-PARTITE CONTRACT: PMUAC, AMRU AND ETHIQUABLE FOR ORGANIC AND FAIR-TRADE

Following the visit of Ethiquable company in last June<sup>11</sup>, Ethiquable, AMRU and PMUAC have formalized a tri-partite agreement, signed in September 2017. Ethiquable's order (in packaged milled rice, brown rice or broken rice) is estimated equivalent to 305.5 tons of paddy<sup>12</sup> (See Table 3 below). As explained in the previous report, to avoid distortions in the price paid by AMRU to individual farmers or cooperatives (which could become a factor of disunion for PMUAC), the additional premium for fair-trade will be directly paid to PMUAC and not to the ACs or specific farmers. As shown in the Table xx, it is estimated that, if the contract is fully implemented, this will generate an additional income for PMUAC of more than 36,000 USD after the harvest 2017. AMRU will be responsible to process and package the rice for Ethiquable, according to this buyer requirements.

**Table 3: Volumes engaged in contracts with Ethiquable and foreseen additional premium for PMUAC**

| Products categories                | Volume milled (in kg) | Equivalent volume of paddy (in kg) | Additional premium for PMUAC     |                        |                     |
|------------------------------------|-----------------------|------------------------------------|----------------------------------|------------------------|---------------------|
|                                    |                       |                                    | (in KHR/kg)                      | (in KHR)               | (in USD)            |
| Paddy for white jasmine production | 67,500                | 256,000                            | KHR 475                          | KHR 121,600,000        | \$ 30,400.00        |
| Paddy for brown jasmine production | 10,000                | 33,000                             | KHR 475                          | KHR 15,675,000         | \$ 3,918.75         |
| Paddy for broken jasmine           | 8,000                 | 0                                  | → (by product of the above ones) |                        |                     |
| Paddy for white rice               | 5,000                 | 16,500                             | KHR 475                          | KHR 7,837,500          | \$ 1,959.38         |
| <b>TOTAL</b>                       | <b>90,500</b>         | <b>305,500</b>                     |                                  | <b>KHR 145,112,500</b> | <b>\$ 36,278.13</b> |

<sup>11</sup> Cf. Quarterly Executive Report # 18, § 3.1.3.3., pages 12-13.

<sup>12</sup> Note that these volumes are not additional to the total volumes that AMRU took commitment to buy as shown in § 3.1.2.2., but are part of those volumes.

### 3.1.3. CONTRACTS WITH SIGNATURES OF ASIA

#### 3.1.3.1. FORMALISATION OF A FRAME MOU BETWEEN SIGNATURES OF ASIA AND PMUAC

In addition to Contract Farming agreements to be signed by Signatures of Asia with each ACs, it was seen as useful to establish a memorandum of understanding between the company and the Union of Cooperatives, in order to make the role of the Union well identified and recognized and to define the condition of a financial contribution of Signatures of Asia to PMUAC costs<sup>13</sup>. Following two discussion meetings and email exchanged between PMUAC and SoA (with support from the SCCRP team) an agreement was reached and a Memorandum of Understanding was signed between PMUAC and SoA on 17<sup>th</sup> of August 2017.

The MoU is valid for 10 months from the 1<sup>st</sup> of July 2017 to the 30<sup>th</sup> of April 2018. Signatures of Asia takes the commitment to buy organic paddy from the 8 contracted agricultural cooperatives for a minimum volume of 5,000 tons, and to contribute to PMUAC costs for 9,042.00 USD, covering the remuneration and operational costs for 2 ICS managers for a duration of 10 months. On its side, PMUAC is responsible for the delivery of training on organic standards, the ICS management, the risk analysis assessment, the facilitation of 1<sup>st</sup> and 2<sup>nd</sup> internal inspections and accompanying external inspector(s) from the Certification Body.

#### 3.1.3.2. SIGNATURE OF CONTRACT FARMING AGREEMENTS WITH SIGNATURES OF ASIA



After finalizing the negotiation of Contract Farming agreements with Signatures of Asia for season 2017, a signing ceremony was organized on 11<sup>th</sup> July 2017 in PDAFF meeting hall. 34 participants took part in this event, from the 8ACs involved, Signatures of Asia, PMUAC, PDAFF-Preah Vihear and SCCRP team.

◁ *Signature of CF agreements with Signatures of Asia.*

**Table 4: Number of farmers, surface and volumes of organic paddy to be delivered by 8 ACs to SoA**

| AC Code      | AC's name                            | No. of Organic Farmers | Land Size (Ha) |                 |                 | Expected Volume to be sold to SoA |                  |                  |
|--------------|--------------------------------------|------------------------|----------------|-----------------|-----------------|-----------------------------------|------------------|------------------|
|              |                                      |                        | Fragrant       | White           | Total           | Fragrant                          | White            | Total            |
| AC020        | Kchorng Sang Samaki                  | 203                    | 33.80          | 460.20          | 494.00          | 74,500                            | 1,017,100        | 1,091,600        |
| AC023        | Putrea Samaki Vattanak Mean Chey     | 292                    | 13.30          | 518.30          | 531.60          | 20,600                            | 1,017,100        | 1,037,700        |
| AC030        | Chrach Salvorn Samaki Sen Chey       | 282                    | 24.00          | 417.80          | 441.80          | 66,700                            | 766,240          | 832,940          |
| AC031        | Thmea Nala Kiri Samaki Sen Chey      | 73                     | 8.45           | 106.70          | 115.15          | 26,800                            | 343,200          | 370,000          |
| AC018        | Sangkae Samaki Meanchey              | 120                    | 20.50          | 139.20          | 159.70          | 48,800                            | 290,224          | 339,024          |
| AC025        | Aphivat Samaki Sangkae Pir           | 149                    | 21.10          | 194.80          | 215.90          | 54,600                            | 497,030          | 551,630          |
| AC022        | Rumdoul Samaki Meanchey Mlu Prey Pir | 122                    | 33.00          | 260.70          | 293.70          | 76,100                            | 531,721          | 607,821          |
| AC039        | Samaki Sovankiri Chaeb               | 79                     | 10.90          | 125.00          | 135.90          | 19,200                            | 152,000          | 171,200          |
| <b>Total</b> |                                      | <b>1,320</b>           | <b>165.05</b>  | <b>2,222.70</b> | <b>2,387.75</b> | <b>387,300</b>                    | <b>4,614,615</b> | <b>5,001,915</b> |

<sup>13</sup> Considering that the fact pace of the scaling up of contract farming partnership with SoA requires much more resources for PMUAC to undertake its role, than what can be covered with the fees collected from the 760 tons of organic paddy delivered to SoA last year, in the pilot stage.

As shown on Table 4 (previous page), for this season 2017, Signatures of Asia and the 8 ACs have signed contracts for the production and supply of a total volume of 5,001.915 metric tons of paddy (387.300 tons of fragrant rice varieties and 4,614.615 tons of white rice varieties). 1,320 farmer households are engaged in this partnership on a total 2,387.75 ha of land.

This is only the second year of Contract Farming partnership for the production of organic paddy with Signatures of Asia, but whereas volume engaged in 2016 were still limited (879.7 tons), the scaling up has been fast for this second year (+468% in volumes).

### 3.1.4. INTERNAL CONTROL SYSTEM AND CERTIFICATION

#### 3.1.4.1. CONSOLIDATION OF PMUAC ICS TEAM

PMUAC team has been consolidated in order to address the need of internal control supervision for the growing number of ACs, farmers and surfaces in the organic paddy production program.

PMUAC now has a total of 9 ICS managers + one Team Leader of ICS managers (Mr Hud Ramo). In total, with the Executive Director and one Accountant / Admin officer, PMUAC has 12 full time employees at present.

#### 3.1.4.2. OVERALL GPS MAPPING OF ORGANIC PADDY FIELDS

The training of PMUAC staff on Arc GIS and GPS use was completed since April 2017, and trainees have gained the expected capacities to use GPS and operate ArcGIS mapping tools in order to develop complete and geo-referenced maps of all paddy fields in the organic production program. But in the previous Quarter, PMUAC team did not have time to implement the mapping. In this quarter, the points<sup>14</sup> of part of the organic rice farms have been collected by PMUAC ICS managers and those data were imported from GPS to Arc Map, so a general map of the organic paddy production area (for contracts with AMRU-Rice) started to be developed before external inspectors come (See the general map in Annex 1). This map is still far from being complete at the moment, but the work can be pursued in the next dry season when PMUAC staff has more time available.

#### 3.1.4.3. IMPLEMENTATION OF 1<sup>ST</sup> ROUND OF INTERNAL CONTROL INSPECTIONS FOR ACs ENGAGED WITH AMRU-RICE OR SIGNATURES OF ASIA

The first round of internal control inspection was implemented by ACs' internal inspectors (with the support from PMUAC's ICS managers) from the 1<sup>st</sup> week of July and until the 4<sup>th</sup> week of August. The objectives of this 1<sup>st</sup> round of internal inspection are:

- To check the knowledge of farmer on organic standards
- To control the compliance of farmers' practices with organic standards on seed usage, soil preparation, fertilizer application, pest and disease control;
- To assess risks (including risks related to irrigation water and water flow, external contaminations...), and identify possible non-compliance points and deviations.
- To check the traceability system, farmers recording books, and to prepare sketches of paddy fields.

100% of organic rice farmers engaged AMRU or with Signatures of Asia have been inspected.

For ACs engaged with AMRU-Rice, out of a total of 2,890 farmers, 119 farmers were removed from the organic paddy producer list: 73 of them because they did not grow organic paddy this year because their rice

<sup>14</sup> At the moment, given the time constraint, each parcel was not delimited as a polygon, but registered as a point. PMUAC envisage to redo a more precise mapping (with surfaces) during the dry season, when its staff have more time available.



fields were damaged by flood, 46 other farmers because they have applied herbicides and/or because their fields were contaminated by chemical fertilizer substances from neighboring fields.

Results of the internal control inspections for ACs engaged with Signatures of Asia were not yet compiled.

#### 3.1.4.4. PRE-AUDIT INSPECTION

From 22<sup>nd</sup> to 27<sup>th</sup> of August, SCCRP team (notably Mr Sok Sarang, from AVSF-CIRD-ADG team, who has the strongest experience with organic certification) has conducted a “pre-audit” jointly with ICS managers of PMUAC. The pre-audit has covered the 8 ACs involved in CF with Signatures of Asia and 15 ACs in contract with AMRU-Rice<sup>15</sup>. The purpose was to contribute to build capacities of PMUAC team (especially of newly recruited ICS managers), on Internal Inspection and on how to conduct pre-audit. It was also aiming at identifying strong points, weak points and deviations to be improved or corrected before the audit of Ecocert for both AMRU Rice and SoA projects.

During the first half-day, Mr. Sok Sarang delivered a training on EU and US Organic Standard, Organic Grower Group and Internal Inspection procedures and methods. Then field work has been scheduled and implemented in the following days. For this pre-audit, ICS managers were assigned to audit areas and group of farmers that are not under his/her regular supervision.

This pre-audit has consolidated capacities of PMUAC team, and allowed to identify some weaknesses or deviation to address.



*Pre-audit implemented on the fields by PMUAC and SCCRP team at AC level, in end of August 2017 △*

After the pre-audit, another field mission was organized by the SCCRP team in order to check all relevant documents at PMUAC level to ensure all required data and ICS documents are place to be presented to Ecocert. Checklists were designed for all levels (Union level, AC level and farmer level), with all templates/forms. Moreover, all ICS documents at PMUAC level have been reviewed and well prepared.

#### 3.1.4.5. EXTERNAL INSPECTION BY ECOCERT FOR ACS ENGAGED WITH AMRU-RICE

The annual external inspection by Ecocert of producers and ACs engaged in the organic paddy supply with AMRU-Rice has started from the 25<sup>th</sup> September and is continuing until 7<sup>th</sup> of October 2017. Three auditors of Ecocert are mobilized, and will inspect a sample of 160 farmers from the 18 cooperatives engaged. The outputs of this external inspection will be reported in next quarterly report.

<sup>15</sup> It did not include the 3 other ACs supported by DPA as the partnership between PMUAC and DPPA was not yet clarified at that time.

### 3.1.5. OTHER SERVICES OF PMUAC TO ITS MEMBERS

#### 3.1.5.1. TESTING ORGANIC FERTILIZERS

To improve soil fertility and productivity, yet remain compliant with EU and USA organic standards, PMUAC has cooperated with two organic fertilizer supplying companies to test and demonstrate 2 types of organic fertilizers<sup>16</sup>:

- Alga 600 (it is a product of Leili biotex company from Beijing, China); and
- Singha Head 101 (the product of Bayon Heritage Holding Group Co., Ltd, Cambodia).



*Experimentation of Alga 600 organic fertilizer* △

28 volunteer farmers have participated in this experimentation/demonstration, on a total surface of 7.65 ha.

For the two types of fertilizers, the product is tested on experimentation plots, and the crop is compared with a control plot. For both products, the application of the organic fertilizers seems to have a positive impact on the crop development, but measurement and evaluation of the effect on yields will be done at harvest time.

### 3.2. SUPPORT CONTRACT FARMING FOR SRP RICE PRODUCTION

#### 3.2.1. CONTRACT FARMING FOR SRP RICE BETWEEN ACs AND BRICO



Further to the negotiation of contract farming agreements in Battambang between BRICO and 2 ACs (Ponleu Thmey Ney Kdey Sangkheum Kasekor AC and Toeuk Chit Kasekor Kea Meanchey AC), contracts were signed on the 24<sup>th</sup> of July 2017, in PDAPP Battambang office. There were some slight up-dates/adjustments in the contracts compared to the information that we have provided in the previous report<sup>17</sup>. The Table 5 below provide up-dated information:

△ *Signature of Contract Farming agreements for SRP rice production with BRICO, in Battambang, in July 2017.*

**Table 5: Key elements of contracts signed by two ACs with BRICO for SRP paddy supply**

| Name of ACs                                | Variety             | Number of farmers | Surface          | Estimated volumes      |
|--|---------------------|-------------------|------------------|------------------------|
| Ponleu Thmey Ney Kdey Sangkheum Kasekor AC | <i>Phka Romduol</i> | 48                | 130 ha           | 342 t                  |
| Toeuk Chit Kasekor Kea Meanchey AC         | <i>Phka Romduol</i> | 119               | 341.60 ha        | 854 t                  |
| <b>Total</b>                               |                     | <b>167</b>        | <b>488.10 ha</b> | <b>1,222 – 1,294 t</b> |

<sup>16</sup> It is noted that the 2 types of organic fertilizer are both compliant with EOS and NOP standards and are certified and verified by Ecocert.

<sup>17</sup> Cf. Quarterly Executive Report #18, § 3.2.2.2. page 15 (Table 6).

For the two contracts, BRICo will apply a premium price of 10 USD/ton (9 USD for farmers and 1 USD for AC). It is noted that SCCRP team has some reserves regarding this level of premium. We are not sure it will be sufficient to incentivize the farmers and cover the operational costs at cooperatives level. Yet this first year is considered as a pilot, which will help to better assess what are the costs cooperatives will have to engaged to undertake their roles. Lessons shall be learnt from this first experiment and taken into account when negotiating a possible renewal of the contracts next year.

The two contracts have been formally acknowledged by the Department of Agro-Industry on 1<sup>st</sup> of September 2017.

After the two contracts have been signed, technical supports to the two ACs have mobilized by BRICo and implemented by WCS. In August, the promotion activities on SRP have been done in 3 communes (Bay Damram, Kear and Preaek Chik communes, respectively in Banan, Moung Russei and Rukh Kiri districts). Around 90 farmers attended these promotion activities. Besides the promotion activities on SRP, WCS also provided the training to all key farmers on farmer diary. SCCRP team also attended in the training of WCS to Kea Meanchey AC in Muong Russei on 9<sup>th</sup> of August 2017.

For these contracts, harvest is foreseen to take place in November.

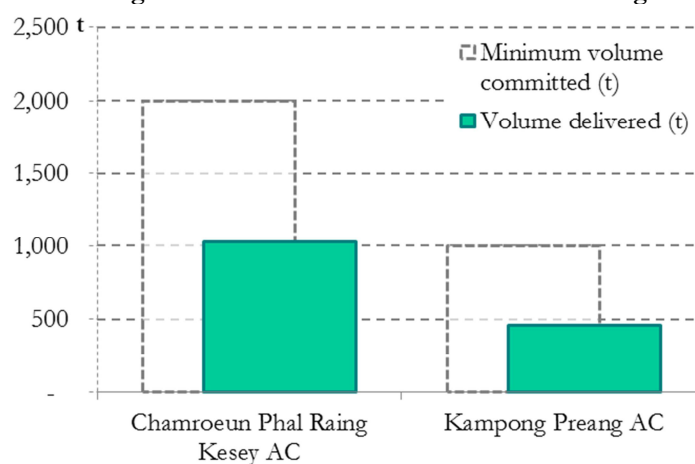
### 3.2.2. CONTRACT FARMING FOR SRP RICE BETWEEN ACs AND AMRU-RICE

The two contracts for SRP rice production signed in June between AMRU-Rice and two ACs (*Chamroeun Phal Raing Kesity* and *Kampong Preang*) have been formally acknowledged by the Department of Agro-Industry on 1<sup>st</sup> of September 2017.

As stated in the contracts, AMRU has provided technical support to ACs related to SRP rice practices (promotion of SRP practices, training on use of farmer recording book, etc.). SCCRP project team has also visited some contracted farmers of the two ACs on 9<sup>th</sup> and 11<sup>th</sup> of August 2017. No specific issue related to SRP paddy production has been noticed during this follow-up.

The harvest of SRP *Sen Kraob* paddy was implemented from 11<sup>th</sup> of August and until 5<sup>th</sup> of September 2017. But quantities delivered were significantly below the volumes committed in the contracts. In total, only 1,489 tons of paddy were sold to AMRU (less than half of the estimated volumes in the contract: 3,000 to 3,500 tons). The reason for this is that some local traders were offering a higher farm-gate price than the one calculated based on agreed reference mills. AMRU said it could not afford to follow this price, and thereof allowed the farmers to sell their remaining paddy to the other buyers.

**Figure 1: Volumes committed and delivered for the two contracts signed with AMRU for SRP rice in Battambang**



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

#### 3.3.1. COLLECTIVE BUYING GROUPS FOR INPUT SUPPLY

##### 3.3.1.1. REPAYMENT OF FERTILIZERS PROVIDED AS PART OF CONTRACT FARMING IN STUNG CHINIT AND BARAY SR



For the two cases of fertilizer supplied in the frame of Contract Farming agreements, in Stung Chinit and Baray SR FWUCs (See Quarterly Executive Report #18, § 3.3.1.2. page 17), 85 % of the amount to be repaid has been collected during this quarter (from 78% of the members). The remaining 15% will be collected in the next quarter. See Table 6 below.

◁ Fertilizer delivery in Stung Chinit FWUC area.

**Table 6: Situation of reimbursement of fertilizers for IBG in FWUCs of Stung Chinit and Baray SR**

| Name of FWUC | Total amount due |                 |                    | Already re-paid |                   |              | Still to be collected |                   |
|--------------|------------------|-----------------|--------------------|-----------------|-------------------|--------------|-----------------------|-------------------|
|              | Nb of villages   | Nb of farmers * | Total amount (KHR) | Nb of farmers   | Amount (KHR)      | % repaid     | Nb of farmers         | Amount (KHR)      |
| Stung Chinit | 9                | 79              | 45,009,000         | 69              | 40,882,000        | 90.8 %       | 10                    | 4,127,000         |
| Baray SR     | 4                | 36              | 52,620,000         | 21              | 41,734,940        | 79.3 %       | 15                    | 10,885,060        |
| <b>Total</b> | <b>13</b>        | <b>118</b>      | <b>97,629,000</b>  | <b>90</b>       | <b>82,616,940</b> | <b>84.6%</b> | <b>25</b>             | <b>15,012,060</b> |

\* Two farmers in Stung Chinit have switched from the Input Buyer Group to the CF scheme, this is why there are now 79 members recorded whereas it was only 77 in the previous quarterly report. Similarly, 3 farmers in Baray SR have switched from IBG to CF group.

Difficulties were faced in the implementation, which reveals insufficient support to persons in charge at FWUCs or IBG level, in particular to prepare clear procedures and tools, and to build their capacities to implement these procedures and tools. Among these difficulties encountered during this quarter, FWN report mentions:

- Cases of receipt lost for one farmer in Beung Lvea village (could be solved but had to go through a checking of all the receipts by FWN/ISC team).
- Lack of information sharing to inform about changes in the quantities of fertilizers requested by farmers, and some farmers coming to take more fertilizer than what they have ordered.
- Error in the records in the case of Stung Chinit FWUC between the two different systems (fertilizers supplied as part of the Contract Farming scheme or as part of Input Buying Group).
- In Baray SR, one case of a farmer using another farmer name to get more fertilizers.

##### 3.3.1.2. FERTILIZER SUPPLIED OUTSIDE OF CF SCHEMES

Repayments for the fertilizer supplied outside of the CF schemes (for other Input Buying Groups), in Stung Chinit, Ksak, Spean Sreng and Dounkai Thmey FWUCs, will be collected after harvest, in the next quarter.



### 3.3.2. PADDY SELLING GROUPS

During this quarter, FWN has provided support to 5 FWUCs willing to implement Paddy Selling Group activity: Boeung Leas, Angkau, Baray SR, Popideum, and Ping Pong. After data collection within these PSG, it was estimated that the potential volume of paddy to sell collectively could reach 4,960 tons.

But when it came to implementation, the actual sales by Paddy Selling Group have been very low, with only 196 tons of paddy sold collectively, as shown in Table 7 below:

**Table 7: Objectives and results of Paddy Selling Group in 5 FWUCs in this quarter**

| FWUC name    | Nb. Village | Nb of PSG members | New PSG members | Expected paddy sale volume (t) | Paddy sold (t) | % paddy sold | Remark          |
|--------------|-------------|-------------------|-----------------|--------------------------------|----------------|--------------|-----------------|
| Boeung Leas  | 2           | 40                | 0               | 767                            | 0              | 0            |                 |
| Angkau       | 4           | 64                | 0               | 2,028                          | 0              | 0            |                 |
| Baray SR     | 10          | 96                | 46              | 291                            | 3.676          | 1%           | 2 days of sales |
| Popideum     | 9           | 109               | 12              | 632                            | 169.987        | 27%          | 4 days of sales |
| Ping Pong    | 7           | 93                | 21              | 1,242                          | 22.315         | 2%           | 1 day of sales  |
| <b>Total</b> | <b>32</b>   | <b>402</b>        | <b>79</b>       | <b>4,960</b>                   | <b>195.978</b> | <b>4%</b>    |                 |

The following reasons were provided by FWN in its quarterly report to explain why FWUCs of Boeng Leas and Angkau did not sell paddy through the Paddy Selling Groups:

- For Boeung Leas:
  - Some members of PSG have loan with local buyers since the beginning of rice planting and cannot sell to PSG.
  - The price offered by buyers outside of the local area is higher, but not sufficient to balance the operational costs such as loading, transportation labour...
  - The paddy quality does not match buyers requirements due to flood by rain water at harvest time.
- For Angkau:
  - FWUC committee members could not collect paddy at the same day as planning because some members harvested earlier than the plan because of rains.
  - The paddy quantity of Nam Khong Bong variety is not sufficient to match the volumes expected.
  - The price offered by buyers outside of the local area is higher, but not sufficient to balance the operational costs such as loading, transportation labour...

### 3.3.3. CONTRACT FARMING BETWEEN FWUCS AND BAYON HERITAGE (/SIGNATURES OF ASIA)

After the negotiations of the previous quarter and addressing the pending issue regarding the recommendation of fertilizer use<sup>18</sup>, the Contract Farming agreements between Bayon Heritage (/Signatures of Asia) and two FWUCs (Stung Chinit and Baray SR) were signed on 24<sup>th</sup> of July 2017.

These contracts are finally for the production of white rice varieties<sup>19</sup>, with volumes engaged that remains relatively limited 455.15 tons in total for the two FWUCs, as shown in Table 8 next page.

<sup>18</sup> Cf. Quarterly Executive Report #18, § 3.3.3., pages 18-19.

<sup>19</sup> Negotiation was initially for Car 15 and IR 86.

**Table 8: Number of farmers and volume engaged in contracts between FWUCs and Bayon Heritage, and volumes actually delivered**

| FWUC names   | Plan per contracts |                                  | Paddy actually sold to contractor |   |                                     |
|--------------|--------------------|----------------------------------|-----------------------------------|---|-------------------------------------|
|              | Nb of farmers      | Quantity of paddy to deliver (t) | Nb of farmers who delivered       | Quantity of paddy delivered to the contractor (t) | Percentage of the target volume (%) |
| Stung Chinit | 77                 | 231.25 t                         | 0                                 | 0 t   | 0.00 %                              |
| Baray SR     | 36                 | 223.90 t                         | 11                                | 47.571 t  | 21.25 %                             |
| <b>Total</b> | <b>113</b>         | <b>455.15 t</b>                  | <b>11</b>                         | <b>47.517 t</b>                                   | <b>10.45 %</b>                      |

**Box 1: Main features in contracts signed by FWUCs with Bayon Heritage****Quality requirements:**

- Seed purification not less than 95%;
- Broken rice should not more than 15%
- Ripe rice should be in the condition of 95%
- The moisture of rice from 20 to 27%

Loading and transportation are the responsibility of the buyer.

Price is local price +20 KHR/kg premium.

Harvest was already implemented in August (or from 31<sup>st</sup> of July in Baray SR), but only 21% of committed volumes were delivered by Baray SR FWUC, and no paddy was delivered to Bayon Heritage by the FWUC Stung Chinit. In Baray SR, there were a lot of damages due to rats and panicles with empty grains, so the volumes were limited and the quality was not good and could not be sold. In Stung Chinit, prices offered by local traders were equal or better than what could be obtained from Bayon Heritage. Also the management of the planting and harvest was not well coordinated enough, and it was not possible to supply enough quantities per day to fill trucks. Last there were some issues regarding maturity requirement, as the contractor was expecting farmers to harvest when 95 to 98% of grain are ripe, whereas farmers want to harvest at 75% ripeness to avoid loss of grains.

The 47.57 tons of paddy sold by FWUC Baray SR were paid by Bayon Heritage at an average price of 730 KHR/kg. For Stung Chinit case, the paddy price was set at 760 KHR/kg. But farmers in most of the cases were obtaining a similar price when selling directly to local traders (using the price of FWUC paddy selling group as a reference). Overall these two contracts have failed to be properly implemented.

### 3.4. DEVELOPMENT OF A “PADDY TRADING PLATFORM” (PARTNERSHIP SCCRP PROJECT AND FO FEDERATIONS)

SCCRP's Institutional Capacity Building Consultant, have been organized individual meeting with around

About 40 rice millers in 8 provinces<sup>20</sup> have been met individually by FO Federations and/or Phat Sophany (AVSF/SCCRP) in order to assess their interest and issues related to the Paddy Trading Platform, and to recall/inform millers about how to use this service. 19 new rice millers have expressed interest in accessing

<sup>20</sup> Prey Veng, Kampong Cham, Kampong Thom, Siem Reap, Banteay Meanchey, Battambang, Pursat and Kampong Chhnang.

the service, and 11 millers who were already registered have expressed demands to improve, in particular to add more notification receivers.

Some up-dates were made by the PTP service provider (Proact-IT) in August.

During this quarter, 5 announcements were posted, all by FWUCs member of FWN, from Kampong Thom, Siem Reap and Banteay Meanchey. In total, these announcements represent a volume of 3,391 tons of paddy (2,891 t of white rice varieties and 500 t of fragrant).

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

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

##### 3.5.1.1. CURRENT PROGRESS OF THE WRITING TO DATE

The Table 9 (below) shows progresses of Manual writing as of 30<sup>th</sup> September 2017.

After SNEC has replied to DAI comments in June (as seen in the last Quarterly Executive Report #18, page 19) and express points of disagreements as part of DAI comments were not consistent with the MoU signed between SNEC and MAFF in 2016, SNEC project coordinator has met DAI senior counterpart officer to clarify and explain the points that could not be accepted.







But DAI asked to review again some other points. And a new meeting between SCCRP team and DAI deputy director took place on 4<sup>th</sup> of September. Modifications were made by SNEC after this meeting.

Then DAI sent again new comments which were reviewed again on 7<sup>th</sup>.

Finally, a full draft was approved by both SCCRP and DAI, and was sent on 11<sup>th</sup> September 2017 in soft copy to the members of the Taskforce on Contract Farming. All taskforce members were asked to send their comments by e-mail within two weeks, in prevision of a meeting of the taskforce to be scheduled in end of September or early October. As no comment was received, DAI has re-sent it again on 25<sup>th</sup> of September to extend the deadline for comments until 29<sup>th</sup> of September.

As of 30<sup>th</sup> of September, still no comment was sent to DAI or SCCRP, and the meeting of the Taskforce was still not scheduled yet.

**Table 9: Progress of the writing of the Manual on Contract Farming**

| Progress of the writing of Manual on Contract Farming in Cambodia |   |                         |      |   |                          |       |       |       |  |  |
|---|---|-------------------------|------|---|--------------------------|-------|-------|-------|--|--|
| Sections  |   | Subsections             |      |   |                          |       |       |       |  |  |
| Forewords   |   | For.                    |      |   |                          |       |       |       |  |  |
| Intoduction: Purpose and Scope                                    |   | Int.                    |      |   |                          |       |       |       |  |  |
| #1 - Overview of Contract Farming                                 |   | 1.1.                    | 1.2. | 1.3.  |                          |       |       |       |  |  |
| #2 - Context of CF in Cambodia                                    |   | 2.1.                    | 2.2. | 2.3.  |                          |       |       |       |  |  |
| #3 - Procedures for facilitation and negotiation                  |   | 3.1.                    | 3.2. | 3.3.  |                          |       |       |       |  |  |
| #4 - Contract content and advices for writing                     |   | 4.1.                    | 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  |   | B                       |      |   |                          |       |       |       |  |  |
| Index   |   | Ind.                    |      |   |                          |       |       |       |  |  |
| Annexes   |   | An.                     |      |   |                          |       |       |       |  |  |
| Color codes   |  | = Not started           |      |  | = Improved Draft         |       |       |       |  |  |
|   |  | = Parts only            |      |  | = Submitted to Taskforce |       |       |       |  |  |
|   |  | = 1 <sup>st</sup> Draft |      |  | = Final                  |       |       |       |  |  |
|   |   |                         |      |   |                          |       |       |       |  |  |

Color codes

■ = Not started

■ = Parts only

■ = 1<sup>st</sup> Draft

■ = Improved Draft

■ = Submitted to Taskforce

■ = Final

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

### 3.5.1.2. REQUEST QUOTATIONS FOR THE RE-DESIGN AND PRINTING

In order to anticipate and be able to swiftly proceed after the endorsement of the text of the Manual, SCCCRP has started to request quotation from potential service providers for the re-design and printing of the Manual<sup>21</sup> (and for other documents foreseen to be published by the project as part of the knowledge management process – See § 5.3. pages 28-29). The gathering of quotation is still on-going at the end of this quarter.

### 3.5.2. PREPARATION OF THE TRAINING WORKSHOPS ON CONTRACT FARMING

It is foreseen to organize a series of training workshops on Contract Farming, at inter-provincial level, targeting notably PDAFF officers and few other institutions that can be involved in Contract Farming facilitation, such as FO Federations, NGOS, etc... The training content will be based on the Manual, so it is difficult to confirm the organizations of the training before the Manual is finally endorsed, and it is foreseen that the lack of time remaining to implement the training after endorsement of the Manual (and formal publication) and before the end of the project will be very challenging.

Yet, in order to get ready and save time, a first tentative planning of the training sessions, agenda and training guidelines has been prepared by Mr Sok Sarang, team leader for Component #3, and shared with DAI, PMA and team of Component #3 on 26<sup>th</sup> of September. A first batch of comments was sent back by PMA on the next day.

## 3.6. GENERAL COORDINATION OF THE COMPONENT #3

### 3.6.1. C#3 COORDINATION MEETINGS

One coordination meeting for Component #3 took place during this quarter, on 11 September 2017, convened by Mr Sok Sarang.

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<sup>21</sup> (based on the current draft, and knowing that some adjustments could be required)

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

### 4.1. UP-GRADING RDB: RDB REFORMS PROCESS

#### 4.1.1. NEW ORGANIZATIONAL CHANGE IN RDB

RDB has confirmed that it will establish two “mobile units” from October 2017, one targeting Battambang area and the other Tbong Khmum. Main responsibilities of these units will be small credit distribution and credit monitoring.

Besides, the two following policies were approved during this last quarter, according to information provided by RDB:

- the Staff Loan Policies and Guidelines.
- the Small Loan Policies and Guidelines for supporting agricultural value chain financing.

#### 4.1.2. RDB ROLE FOR RICE SECTOR

The Rural Development Bank has been more mobilized in the recent months to contribute to address the challenges of fund shortages in the rice sector.

The Royal Government of Cambodia has authorized the RDB to act as implementer for the Government’s Special Fund, which is used to provide loans for working capital and infrastructure investment in the rice sector. These operations have started since late 2016, but were intensified recently. An amendment of Lending Policies and Guidelines under the Government Special Fund for the rice sector’s working capital and infrastructure investment loans has been made. As to date, the Government’s special fund for working capital loans increased to USD 50 million for paddy harvest season in 2017-2018 whereas the investment fund raised to USD 30 million (USD 15 million for a 200,000 ton rice storage warehouse facility and rice paddy drying facility with the drying capacity of 3,000 ton per day in Battambang Province, and another USD 15 million for rice storage warehouse facility and rice paddy drying facility project in Takeo, Prey Veng and Kampong Thom Provinces).

### 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

##### 4.2.1.1. NEW APPLICATIONS

During this quarter, only one new application for loan was submitted by Phnom Krapeu AC (Battambang) for an amount of 5,000 USD for working capital (to be used for fertilizer and seed trade). The application was sent to RDB on 13 July. It was rejected by RDB on 13<sup>th</sup> of September because the soft land title proposed as collateral was a public land (made available for the AC to use, but which cannot be used as collateral). The AC leader could not pledge other title and the application was thereof rejected.

##### 4.2.1.2. REIMBURSEMENTS

The two first loans that were approved by RDB and disbursed as part of the new credit policy for FOs developed with SCCRP project support have been fully reimbursed during this quarter, as it was scheduled (5,000 USD for Ba Phnom Meanchey AC in Prey Veng and 6,000 USD for Chamroeun Phal Raingkesi in Battambang).

These two loans were the only two for which a partial guarantee was provided by SCCRP project (for a maximum amount of 5,000 USD engaged for the two loans). Thereof, as of 30<sup>th</sup> of September 2017, there are no more project funds engaged to guarantee the loans to FOs.

The Table 10 (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 June 2016 <sup>22</sup>.

**Table 10: Requests for loans submitted by FOs to RDB and follow-up**

| N° | Name of AC                   | Province   | Date of request submission | Member of | SCM score | Amount of loan requested | Type of business              | Type of collateral | RDB decision | Guarantee mobilized | Amount of the loan accepted | Capital already reimbursed |
|----|------------------------------|------------|----------------------------|-----------|-----------|--------------------------|-------------------------------|--------------------|--------------|---------------------|-----------------------------|----------------------------|
| 1  | Samaky Rithy Ta Orng         | Prey Veng  | 30-Aug-16                  | FCFD      | 78        | \$ 5,000.00              | Fertilizer trade              | Hard-title         | No           |                     |                             |                            |
| 2  | Punleu Samaky Meanchey Prech | Prey Veng  | 30-Aug-16                  | FCFD      | 73        | \$ 5,000.00              | Fertilizer trade              | Hard-title         | No           |                     |                             |                            |
| 3  | Baphnom Meanchey             | Prey Veng  | 14-Sep-16                  | FCFD      | 68        | \$ 5,000.00              | Fertilizer trade              | Hard-title         | Yes          | Yes (40%)           | \$ 5,000.00                 | \$ 5,000.00 ✓              |
| 4  | Sahakum Ksikam Samaky Thkov  | Prey Veng  | 14-Sep-16                  | FCFD      | 62        | \$ 5,000.00              | Fertilizer trade              | Hard-title         | No           |                     |                             |                            |
| 5  | Chamroeun Phal Raingkesei    | Battambang | 20-Sep-16                  | FAEC      | 87        | \$ 9,070.00              | Rice trade                    | Soft-title         | Yes          | Yes (50%)           | \$ 6,000.00                 | \$ 6,000.00 ✓              |
| 6  | Trapaing Russey              | Kpg Thom   | 17-Oct-16                  | FCFD      | 89        | \$ 30,000.00             | Paddy + seeds trade           | Hard-title         | No           |                     |                             |                            |
| 7  | Oudom Sorya                  | Takeo      | 20-Mar-17                  | FAEC      | 83        | \$ 7,000.00              | Rice trade                    | Soft-title         | Yes          | No                  | \$ 7,000.00                 |                            |
| 8  | Baksey Reakreay              | Takeo      | 20-Mar-17                  | FAEC      | 66        | \$ 20,000.00             | Fertilizer & rice trade, mill | Soft-title         | Yes          | No                  | \$ 11,000.00                |                            |
| 9  | Trapeang Kranhoung           | Takeo      | 23-Mar-17                  | FCFD      | 90        | \$ 10,000.00             | Fertilizer & rice trade       | Soft-title         | Yes          | No                  | \$ 10,000.00                |                            |
| 10 | Sangkahak Kaksekor Samyorng  | Svay Rieng | 24-Mar-17                  | FAEC      | 71        | \$ 15,000.00             | Fertilizer & rice trade, mill | Soft-title         | No           |                     |                             |                            |
| 11 | Phnom Krapeu AC              | Battambang | 13-Jul-17                  | FAEC      |           | \$ 5,000.00              | Fertilizer & rice seeds trade | Soft-title         | No           |                     |                             |                            |

It is noted that RDB currently has in its portfolio 10 active loan contracts to 6 different FOs that were disbursed before the current policy for credit to Farmer Organizations was endorsed by RDB. All these loans are multi-annual (for investments) and they represent a total outstanding amount of 840,752.00 USD + 80 million Riels.

#### 4.2.2. ADDITIONAL TOR FOR A MISSION OF HORUS ON CREDIT TO FOs ARE VALIDATED

Additional Terms of Reference for Horus Development Finance have been prepared and validated by RDB, SNEC and AFD regarding further support to the credit for Farmer Organizations. These ToR include:

- A support to the consolidation of the partnership between RDB and FO Federations for the provision of credit to FOs.
- A review and advices to RDB on its procedures for assessment of FOs applications for loan, in order to improve efficiency and reduce the delay for decision making process.
- Up-date assessment of FO financial needs and discuss adequacy of RDB offer to match these needs (+ possible adjustment of RDB credit policy to FOs).

Extension of Horus contract will be prepared, and the mission shall be implemented in the next quarter.

#### 4.3. GUARANTEE MECHANISMS

Mrs Christine Westercamp (HORUS) undertook a first phase of her mission for the development of practical tools for the management of MEF Credit Guarantee Fund from 11 to 14<sup>th</sup> of July 2017. The

<sup>22</sup> Cf. Quarterly Executive Report #14, Section 4.2., pages 29-30.

mission started with a lunch kick-off meeting on 11 with SNEC and AFD, then high level meeting with the Ministry of Economy and Finance (with SCCRP project representatives). Mrs Christine Westercamp has also met members of MEF Working group on the Guarantee Fund, MEF legal department and other stakeholders such as commercial banks. A debriefing in SNEC took place on 14<sup>th</sup> of July.

After this first in-country mission, the consultant has developed draft of the different documents and tools required, which were sent to MEF in August (on 19<sup>th</sup>, completed on 24<sup>th</sup>). This includes:

- Operational manual, including individual guarantee rules, eligibility criteria for PFIs, guidelines for parties and roles and responsibilities of parties;
- Macroprocess;
- Amended draft bank-facility agreement;
- Operational templates:
  - Presentation form;
  - Grant letter;
  - Guarantee claim form;
  - Balance payment request;
  - Guarantee database template.

The next step of the mission (consisting in the finalization of the documents and in the training of MEF officers in charge) shall be implemented in the next Quarter. Yet it could not be scheduled up to now as, as of September 30, MEF still did not validate or comments the documents provided by the consultant.



## 5. COMPONENT #5: CROSS-CUTTING ISSUES

### 5.1. RICE POLICY REVIEW AND UP-DATE

Since April 27, there was no new meeting of the Working Group on Rice Policy (SNEC, MAFF, MoC and CRF). SNEC has only slightly improved internally the draft, but could not achieve a satisfactory version yet. In September, SNEC have asked if we could mobilize again Mr Srey Chanthy who has previously been mobilized on the rice policy review to help to finalize a new complete version of the rice policy.

On the principle, it was approved by AFD and the process to contract the consultant is on-going.

### 5.2. ANALYSIS OF ADDED VALUE DISTRIBUTION IN CAMBODIAN RICE SECTOR AND SETTING-UP A PERMANENT RICE SECTOR ECONOMIC OBSERVATORY

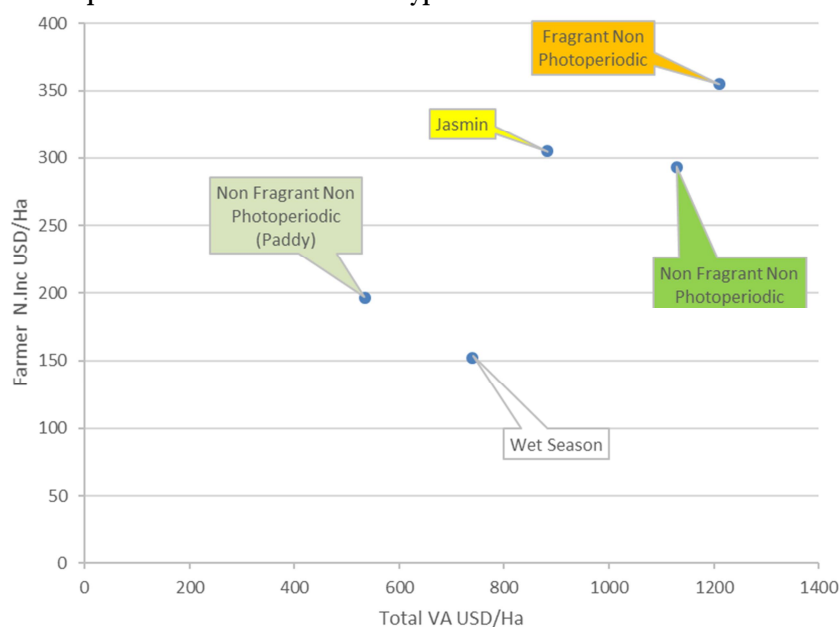
On 3<sup>rd</sup> of August, CPS has sent a first complete draft of the 1<sup>st</sup> Issue of Cambodian Rice Sector Economic Observatory (RSEO) Bulletin. But this version was not yet judged as satisfactory by SNEC / SCCRP project team. Comments were prepared and sent to CPS by the PMA on the 4<sup>th</sup> of September 2017.

It was proposed at that time that CPS would send an edited version within the following week, and a meeting of the working group (SNEC, MAFF, MoC and CRF) set up for the rice policy up-date and which is foreseen to serve as Steering Committee for the RSEO would take place in the last week of September to validate the final draft and discuss on focus topics for the second issue, and on the institutionalization of the RSEO. But CPS was not able to send a revised version of the draft Bulletin until the end of September, which has delayed the rest of the process.

Only Mr Frédéric Lançon (CIRAD) has sent a few new elements or graphs following SNEC and PMA comments and requests.

As an example, the interesting graph (opposite) shows, for the main types of rice (jasmine, fragrant non-photo-sensitive, wet season white rice or non-photosensitive-non-fragrant rice) the total added value generated for the national economy per hectare of paddy grown and the net income for farmers per hectare:

**Figure 2: Total added value generated per hectare, and net incomes for farmer per hectare for the different type of rice varieties**



### 5.3. PROJECT KNOWLEDGE MANAGEMENT AND LESSONS LEARNT

IRAM team and AVSF-CIRD-ADG have continued the work on SCCRP experience capitalization, in particular by the writing of case studies on pilot actions and policy notes.

On 28 September, the following draft versions of documents were sent to SNEC and AFD:



- Case Study No 5: Paddy Trading Platform.
- Case Study No 7: Consultation with FO Federation on legal frame for ACU.
- Policy Note No 1: Representation of Farmer Organizations in Policy Dialog.
- Policy Note No 4: Inter-professional organizations.

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## **ANNEXES**

## ANNEX 1: GENERAL MAP OF ACS AND PADDY FIELDS FOR ORGANIC PRODUCTION OF PMUAC MEMBERS FOR AMRU RICE

