



THE PADDY TRADING PLATFORM

25 September, 2017

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ACRONYMS

AC	Agricultural Cooperative	FWUC	Farmer Water User Community
AFD	<i>Agence Française de Développement</i>	ICT	Information and Communication Technologies
CFAP	Cambodian Farmers' Association Federation of Agricultural Producers	ISC	Irrigation Service Center
CRF	Cambodian Rice Federation	MAFF	Ministry of Agriculture, Forestry and Fisheries
DACP	Department of Agriculture Cooperatives Promotion (/MAFF)	NF3	National Farmer Organization Federation Forum
FAEC	Federation of farmer associations promoting family Agriculture Enterprises in Cambodia	NGO	Non-Governmental Organization
FCFD	Federation of Cambodian Farmer Organizations for Development	PSG	Paddy Selling Group
FNN	Farmers and Nature Network	PTP	Paddy Trading Platform
FO	Farmer Organization	SNEC	Supreme National Economic Council
FWN	Farmer and Water Net	SCCRP	Support to the Commercialization of Cambodian Rice Project

¹ www.avsf.org ; www.cird.org.kh ; www.ong-adg.be

² www.iram-fr.org

1. OVERVIEW / SHORT DESCRIPTION OF THE PADDY TRADING PLATFORM

This case study is to document the set-up of a Paddy Trading Platform (PTP) established under the Support to Commercialization of Cambodian Rice Project (SCCRP)³ in order to create and strengthen linkages between Farmer Organizations (FO) and private sector buyers of paddy rice in Cambodia. SCCRP has supported commercial FOs, under the forms of Agriculture Cooperative (AC) or Farmer Water User Committee (FWUC), to fulfil their roles as economic stakeholders in the rice value-chain. Within the first three years of the project, some FOs successfully experienced the organization of Paddy Selling Groups (PSG) to collect paddy from their members, and the gathering of buyers, the negotiation of sale conditions, and the brokering of selling contracts or deals. To scale-up these experiences and enlarge to more FOs, it was decided to organize a B2B platform offering detail information on paddy sellers (the FOs) and paddy buyers (the rice millers, exporters ...). The original aim is to enable FOs to attract large rice-milling enterprises that may be likely to better value quality paddy to retrieve value addition for farmers.

The PTP is a business matchmaking instrument that was complementary to other instruments implemented by SCCRP with the overall objective to support the growth of the rice value-chain at large, and in particular the Cambodian farmers to realize economic benefits from the rice market development. These were accompanied by a mix of supportive interventions for FOs to gain technical and business performances (facilitate access to finance, facilitate contractual arrangements, technical assistance to organize the supply...), including their engagement in the interprofession of the rice subsector, the Cambodian Rice Federation (CRF). The PTP was initially intended to be proposed as a CRF service to its members to involve firms and FOs operating in the rice value-chain; this unfortunately did not concretized, by the decision of CRF not to collaborate as this project of PTP was reaching its implementation phase. Because the PTP was newly established, this document is to capitalize on the knowledge gained by SCCRP when creating and operating the PTP, aiming at:

- Providing information on the Paddy Trading Platform for a joint-learning purpose
- Providing practical recommendations for future support to sustain and scale-up the initiative

The electronic application of the platform is available on: <http://paddycambodia.org> (login and password are required to access the site).

The PTP was established in 2016, just on time to be ready for the wet season harvest; 94 FOs have registered in the system as users and 32 of them have actually posted announcements on their forecasted harvests and capacities to supply paddy. 92 out of these 94 FOs are member of at least one national FO Federation (FAEC, FCFD, or FWN) that provided support and backstopping to them to ensure the quality and reliability of the information posted.

More than 40 Millers/Exporters were registered in the system and could in principle access all the FO announcement on the on-line platform. They can sort or filter these announcements based on various criteria (type of variety, volumes available, geographical locations...). They can also be notified by e-mail and/or SMS each time a new announcement is posted by a FO and they can select filters (as stated above) to receive only the announcements that are likely to interest them.

2. THE ORIGIN OF THE ACTION

Realizing the need to improve the efficiency of the highly fragmented paddy supply markets, SCCRP addressed the conditions under which business contacts were made through different types of business matchmaking by:

- Facilitating the participation of FOs in trade fairs and exhibitions such as the International Rice Festival and the National Rice Forum;
- Organizing buyer/seller meetings between FOs and large rice millers and exporters, such as BRICO, AMRU, Golden Rice, Bayon Heritage, and many others;
- Creating a booklet on FO' rice production data and contact information

³ The SCCRP is a 5 years' project coordinated by the Supreme National Economic Council (SNEC), funded by the *Agence Française de Développement* (AFD), technically assisted by NIRAS/IRAM and another consortium AVSF/CIRD/ADG.

- Developing and publishing a paddy selling announcement and digital map of large irrigation scheme to plan and organize production and harvest of Stung Chinit Paddy Selling Groups (PSG)
- Creating and operating the Paddy Trading Platform (PTP)

The PTP takes its origin from the lessons learned on the booklet on FO production and paddy selling announcement and on the digital map of Stung Chinit PSG. Stakeholders’ consultative workshops were organized (at that stage, with CRF and FO Federations) to identify success and failure factors of the use of these tools and formulate the necessary adjustments that led to the design of the PTP.

2.1. THE BOOKLET ON FO’ RICE PRODUCTION DATA AND CONTACT INFORMATION

The booklet was published by FAEC, FCFD, and FWN in October 2015, opening up a search path for potential buyers of 2015’ wet-season rice harvests covering from November 2015 to March 2016. Each of the 44 FOs from 10 provinces published information on one single page per FO, including:

- FO name and contact details
- Varieties of paddy seeds grown and potential volumes
- Period of harvest
- Road accessibility and availability of warehouse and irrigation.

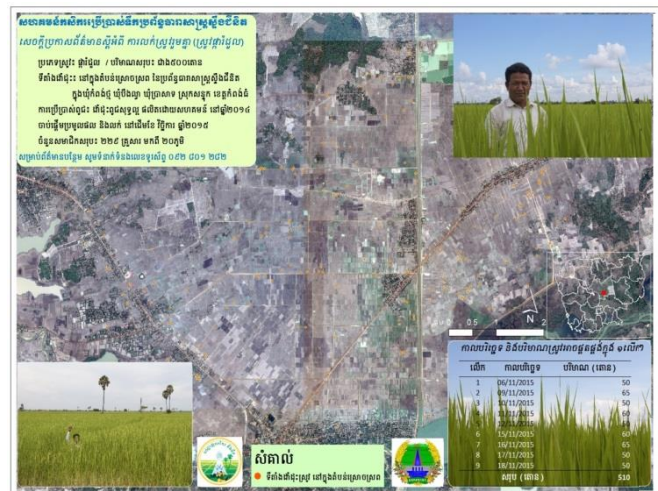


1,000 booklets were printed and distributed to FOs’ Representatives, rice millers, and part of CRF members.

Early 2016, before preparing for the next rice season, it was assessed that only one A-C in Battambang was contacted by one rice miller, but too late for the supply of their 2015 rice harvest. Following acknowledgment of this result, a stakeholder consultative workshop was organized between rice-millers and FO’ Representatives during which the decision was taken to switch to an online data platform.

2.2. THE PADDY SELLING ANNOUNCEMENT AND DIGITAL MAP AND PRE-HARVEST SELLING ANNOUNCEMENT OF STUNG CHINIT PSG

The Farmer Water Users Committee (FWUC) of Stung Chinit irrigation scheme at Kampong Thom, organized Paddy Selling Groups (PSG) that started in 2014 by improving production of quality rice seeds of *Pkha Romduol*, a photoperiodic long grain fragrant (Jasmine) rice variety having good market value. In 2015, it was estimated that more than 500 Tons of quality paddy could be harvested from these seeds. The FWUC, with the technical assistance of the Irrigation Service Centre (ISC), decided to edit one paddy selling announcement with a digital map of the production area (within the irrigation scheme) specifying that the paddy was cropped from quality seeds, and providing details on expected volumes that could be supplied for each day of delivery from 6 November to 18 November (50 to 65 Tons per delivery for a total of 9 collection-days). In this case, the information that was provided was more accurate than in the FO Federations’ booklet: it is information gathered just before harvest, with a relatively sharp evaluation of volumes actually available and of dates of harvest, with also indication of the expected quality. The announcement was disseminated directly to some well-known buyers and also through the CRF.



SCCRP ■ Case Study

An assessment highlighted that the digital map announcement, supported by an embedded logistic service of detailing planning of collection volumes and collection points, successfully led to commercial deals with rice-millers, and it allows producers to get good price for their quality paddy, hence providing an incentive for farmers to continue to invest in quality in the following years. It led also to improving FWUC visibility to service providers of harvest equipment who contacted the FWUC to propose interesting prices for their services.

3. THE STAKEHOLDERS INVOLVED

The Paddy Trading Platform involves five main groups of stakeholders as follows:

Table 1: Stakeholders involved in the Paddy Trading Platform

Stakeholders	Role / Function	Main Tasks
94 Farmer Organizations (FOs)	Collection	Organize paddy production and supply Collect/ devise and provide data on paddy supply expectation
3 FOs Federations (FAEC, FCFD, FWN)	Technical Assistance / Facilitator	Provide technical support to FOs to ensure data accuracy Edit, publish and follow-up paddy rice selling announcements on behalf of their members
40 Rice Millers/ Exporters	Buyer	Provides requirement for the design Source and buy paddy rice at FO gate
SCCRP Consultants	Technical Assistance	Technical assistance to FO-Feds Facilitation of stakeholders consultation Financial support for the process
Proact IT Company	Web-design Service	Web site design and development

4. IMPLEMENTATION PROCESS

The four main key process stages to create, develop and operate the Paddy Trading Platform are:

4.1. STAKEHOLDER CONSULTATIVE WORKSHOPS FOR THE DEVELOPMENT OF THE ON-LINE PLATFORM:

A 1st workshop was co-organized by the SCCR project and CRF, with the participation of FO Federations on the 4th of May 2016. The purpose of this workshop was broader than the concept of paddy trading platform (including other support to commercial linkages between FO and millers, such as possible support to Contract Farming development), but a session of this workshop was dedicated to a quick information and survey which confirmed the interest of rice millers for an on-line information platform providing pre-harvest announcements on paddy availability with FOs.

On 21 September 2016, a 2nd Stakeholder Consultative Workshop was co-organized by SCCR and CRF; 64 persons from FO-Federations, Rice Millers/Exporters, CRF, SCCR, VSO, IFAD, MAFF and IT Service Providers deeply explored and discussed the set-up of the on-line platform.

The workshop had four objectives: (1) to introduce the possible roles of CRF in PTP facilitation; (2) to clarify information required by rice millers; (3) to agree on the content and organization of information that FOs should provide; and (4) to fine-tune the digital tool to be used and developed, and the functionalities of the system.

Three options were proposed:

- Options 1: (very basic) An excel spreadsheet updated in real-time and shared via tools such as Drop Box or other equivalent services allowing to edit online and share access to users (millers) to consult and sort/filter data. This option is the most basic, not very user friendly, but was proposed to possibly be implemented for the up-coming harvest of jasmine varieties in case other more elaborated solutions could not be developed on time.
- Options 2: Use of existing platform (such as e-commerce or social media platforms) to post paddy offers, with possible development of only additional “plug-in” options to adapt the tools to our specific needs.
- Options 3: Development of a specific ad-hoc software / system, tailored to the needs of FOs and millers.

Working Groups were organized for discussion; the following was restituted:

- Criteria on data collection were more specific (Paddy type, Variety, Volume, Start / End, Quality, Location, Contact person, and other information attachment)

- Paddy quality insurance can only be applied for post-harvest announcement, for specific batches of paddy already characterized in term of quality specifications
- Reliable data collection is difficult at the beginning, should be easier in future years, and FO-Federations are accountable to support ACs' functions

The workshop helped to clarify the objectives and functionalities of the PTP but also to focus on important preliminary questions regarding the process to collect and input the information in the system, and expected modalities for users on the buyer side. Notably if millers can only get information by connecting to the platform and searching for posts relevant to them (as it was preliminarily foreseen), a risk of low use was identified (i.e. low number of millers connecting themselves, and/or low frequency of connections). A “push” strategy was identified as probably more efficient to get information reach millers, with for instance e-mail or SMS notifications sent to them, yet with still the possibility to access the full database at any time and search offers when they need.

Further to the second workshop, Proact IT Company voluntarily prepared a basic prototype and has proposed its services to develop the software for the platform. Considering the objective to operationalize the platform on-line for 2016's wet season harvest, an urgent decision was quickly made to mobilize this service provider.

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

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

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

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

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

Millers/Exporters can also directly receive e-mail and/or SMS notification each time a FO post an announcement. If they don't want to receive too many notifications, they can set their own filters based on the same criteria above, or they can switch-off notifications.

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

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

A meeting took place in CRF (with some millers and representatives of FOs) on 12 of October to fine-tune these specifications. CRF started to express concerns about its participation at that moment, and a follow-up meeting was organized in CRF again on 18 October 2016 with SCCR and Proact IT representatives to discuss and agree on the roles and functions of each agency in setting-up the PTP. Also the conditions to access the platform were discussed, it was agreed that during the pilot phase the service was provided for free (no service fee), and that by default all millers and exporters members of CRF will be registered as user and can then sign out or discard the option of SMS and e-mails notifications.

During the meeting, it was foreseen the ownership transfer to CRF after the first pilot phase and by the end of SCCR project provided that both parties agree on the conditions of this transfer. A MoU was to be formalized for this purpose but would have to encompass other area of cooperation between SCCR and CRF and it was said that it would be formalized after. The main contribution expected from CRF was to provide the list of all millers (or potential paddy buyers) among its members. The

implication of CRF in the Paddy Trading Platform was de facto cancelled as CRF finally refused to provide these data.

It was agreed also to conduct an evaluation after the pilot phase in order to gather feedback from users and define the improvements required to develop a version 2.0 of the software and, if needed, improve the quality / reliability / verification of data posting. Users' rules were to be developed in order to address practical issues raised during the trial run.

The development of the electronic application followed a feature driven agile methodology and considering stakeholders' requirements to post, view and respond to announce. Deliverable included a version of the application deployed in production, a copy of the source code, accompanying functional tests, technical documentation. A demo version of the platform was tested to identify and address all bugs, between 24th and 26th of October.

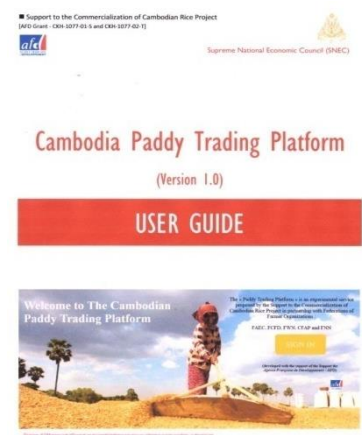
4.2. PREPARATION OF THE "USER GUIDE":

Once the online PTP software was conceived, a comprehensive and illustrated Paddy Trading Platform (v.1.0) User Guide was first prepared in English. The translation in Khmer was done a week later.

4.3. LAUNCHING THE PTP ON-LINE AND TRAIN USERS:

The PTP was on-line on 27 October 2016. A brief presentation including a demonstration on how to use the platform and how to post paddy selling announcements was conducted the next day for FO-Fed Representatives and staff members. 94 FOs (the 44 FOs from the booklet and 50 additional FOs from FAEC, FCFD, FWN estimation based on rice production potential for commercialization and two FOs supported by VSO in Battambang province) received their user name and password to register in the system. Between end of October 2016, when the platform was deployed on-line and until end of March 2017, 32 of them posted their announcements.

Because the CRF did not send the contacts of Rice-Millers and Exporters, the SCCRP project team has registered a number of millers or exporters with whom it had contact and also all the exporters whose contacts were displayed in the "Cambodian Rice Exporters Compendium" that was prepared with the support of IFC project for international export promotion events. Some new contacts made by SCCRP when participating in events, were added to the list. Proact IT has registered about 50 Rice-Millers, mainly large one, on the "buyer" side in the system. Then the project team has sent them a soft copy of the User Guide together with their user name and password. From 31 October 2016, for most of them e-mail and SMS notifications were turned-on (by default), except for the ones that were met and had indicated that they did not wish to receive the notifications.



4.4. OPERATION, MONITORING THE USEFULNESS, AND SUSTAINING THE SERVICE

The paddy selling announcements of the FOs were posted and removed by FO Federations Officers, on behalf of the FOs. In parallel, FO Federation Officers provided important work to communicate with FO Representatives to ensure quality and accuracy of the data provided. This was also verified at later stage when talking to some rice-millers who visited the FOs for enquiry.

The SCCRP Consultant promoted the usefulness of the platform to other FO Federations (CFAP and FNN), trying to get additional interested FOs to engage; while agreeing on the usefulness of the services, these Federations did not supported their members to register.

Whether or not paddy was purchased after contacts made through the platform was verified by talking to FO Representatives, and through FO Federations' reports.

Right before the writing of this case-study document, nine rice-millers were interviewed to assess the use of the PTP with the complementary objectives to gather their criteria to improve the availability of information and data, to adjust the matchmaking strategy when project will end, and to report.

5. OPERATIONAL RESULTS AND SITUATION

In end of 2016 and early 2017 results of the support to paddy commercialization were not as good as expected. The difficult economic and market context for the rice sector during that period partly explained the limitation of collective sales by FOs. Notably, “Paddy Selling Group” (PSG) model developed by FWN and ISC with FWUCs did not achieve expected results for 2016 year harvest. In the last quarter of this year, 11 AC of FAEC and FCFD intended to organize PSG for collective sale of paddy to rice-millers through matchmaking meetings organized by SCCRP. FAEC and FCFD managed to negotiate selling contracts with millers for two ACs selling just more than 1,400 Tons.

Within the four months following the launch of the PTP, 32 paddy harvesting/selling announcements have been posted by FOs for a total of 36,692 Tons of paddy. Six rice millers contacted FOs after receiving the notification of the announcement, but no deal could be made during this pilot implementation. This first test was not very favorable, as the sector was going through a certain crisis, with low prices and limited purchases by millers. The FOs mentioned two main reasons for not concluding deal with millers, differences of timing between harvest and purchase, and no common agreement could be reached on better prices than what was paid by local middlemen.

An assessment of the results was carried on March 2017. Nine (out of eighteen rice-millers contacted) responded to the interviews. While they mentioned being well aware that the PTP was a useful tool providing relevant and appropriated data and information, all requested to improve the system by providing them hard copies of the PTP user guide and organizing an introductory explanation on how to use it. Importantly, eight mentioned that the contacts used in the internet tool were not the correct person to target and suggested to add other e-mail address and phone number of the employees who are in charge of sourcing and buying paddy for the milling company. Also, some mentioned their will to add road access quality (40 tons accessibility) to be provided by the FOs and the required availability of an FO Representative to travel to the rice-mill location with paddy samples for quality test and promotion.

The list of potential paddy buyers in the PTP is divided into three categories: active Rice-Mills; inactive Rice-Mills; and rice Exporters. The assessment demonstrated that only active Rice-Mills were searching paddy selling announcement, while the others never did. For inactive rice mills, distinction is to be made between rice-millers who have put their activities in standby because of the rice market deficiency that year, but may resume later, and the rice millers definitely closed. The definitely closed will be removed from the list of users. The standby rice-millers will have their SMS notification turned-off.

The CRF was offered to own the platform as a service to its members, at the interface between farmer organizations and millers. It was developed and offered for free to CRF, but it did not show willingness to support the PTP re-opening the question on the ownership of the platform, therefore its sustainability. While the advantages from increased collaboration between FOs and buyers are recognized, the fact that FOs could be exposed to more price offers may have contributed to some colluded rice-millers lobbying in disfavor of CRF involvement. As inter-professional institution is concerned, this service of interface between different groups of stakeholders in the rice sub-sector constitutes its main relevant objective and forms its legitimacy. The net benefit from cooperating between Rice-Millers and FO was to achieve common commercial advantages, within the common interest of improving the supply chain by reducing search and collection costs and by facilitating the access to information, really valuable in the Cambodian context where there are limited sources of information and high expenditure on collection of paddy supply.

6. ECONOMIC ANALYSIS

6.1. ACTUAL BENEFIT AT THE SCALE OF PILOT IMPLEMENTATION

Overall, the Paddy Trading Platform aims at improving the communication between rice farmers organizations and rice millers in order to increase the volume and price of Cambodian paddy sold to local millers. For this first test,

the Paddy Trading Platform has not been very convincing regarding the capacity for FOs to identify better selling opportunities. Yet it is difficult to conclude that the tool is irrelevant or inappropriate. The assessment indicates concrete willingness from Rice-Millers to engage more in sharing and in exchanging contacts and information. Proximity is still an important criteria used by the Rice-Millers to select FOs to be visited, expressing their will to enlarge the PTP access to more FOs.

The main advantage of the PTP is its accessibility to a large number of users, FOs and Rice-Millers, and could involve all FOs and rice-millers operating in the rice value-chain. Its cost-effectiveness makes economic sense for and provides incentive to rice-millers to join the platform. Because of the particular conditions of the rice regional market failures that occurred during the pilot phase, no conclusion could be drawn from the pilot action, except on how to make it more user-friendly and how to promote its use and operations.

The cost efficiency of dealing with a FO as a new supplier instead of with middlemen they already use to work is also to be considered. In 2016, the volume of Cambodian rice exports has been nearly the same than the previous year. If the growth of exports resume in 2017/2018, maybe millers will have to find new sources of paddy and this will be a better context for PTP to prove its interest. It could be interesting to analyze the volume exported, company by company over the last 3 years (2014, 2015, 2016), to support FO Federations to identify rice millers - exporters who have the faster pace of growth, and who may be the ones the more interested to find new solutions for sourcing paddy. With a hopeful improvement of the general rice business environment, it is expected that the upgraded PTP will provide visible success in a relative short-time before SCCRP project end.

6.2. COSTS TO SUSTAIN THE PTP

The main advantage of mediation between businesses over the internet is the reduction of search costs, which is particularly relevant in the Cambodian context of highly fragmented supply and demand, and of limited sources of information for SMEs (including A-Cs).

For the pilot phase, considering the need to demonstrate to users the interest of the tool and considering that this interest – for all parties – depends on a sufficient number of users, it was agreed that the service is provided for free (no service fee). It was originally foreseen that by default all Rice-Millers and Exporters members of CRF would be registered as user and could then sign out or discard the option of SMS and e-mails notifications. Even non-members of CRF would as well be entitled to be added to the service if they request, so to contribute to attract them to join CRF if later on the service is limited to members. It was foreseen to have the CRF Coordinator for Production and Seed ExCo as interlocutor of millers and exporters, shall they need support to un-register or discard the SMS and e-mail notifications. His contact could be provided in the announcement sent to rice-millers and exporters.

In the longer run, in order to sustain the service, one of the foreseen options was to integrate the costs in CRF's membership fee if CRF wishes to, and charge only for non-members a reasonable fee. This was to be further discussed during the first pilot phase. However, as the CRF turned down its collaboration in the initiative, the institutional set-up has to be revised in order to sustain the platform. Different options are proposed in the below chapter 7.

Important technical supports are necessary to assist FOs in their provision of accurate data and information; it should be considered to channel a portion of budget to FO-Federations in order to sustain their necessary role of FOs' backstopping.

The costs to sustain the platform, without any additional upgrading, are estimated in the following Table 2.

Table 2: Estimated costs to sustain the operation of the Paddy Trading Platform

Description	Unit	# of unit	Unit price	Total (USD)	
IT service fee for maintenance	Work Day	3	250.00 US\$	750.00 US\$	
Application hosting (for 1 year) Nov-Oct 2017-2018	Year	1	300.00 US\$	300.00 US\$	
TOTAL SMS Service*				5,040.00 US\$	
SMS in Khmer version	Nb of SMS	(200 × 90)	18,000	0.27 US\$	4,860.00 US\$
SMS in English version	Nb of SMS	(200 × 10)	2,000	0.09 US\$	180.00 US\$
Total running cost to sustain the system:				6,090.00 US\$	

* Based on the hypothesis of 200 announcements per year relayed to 100 potential buyers (90 in Khmer, 10 in English).

The above costs do not include the IT Service to upgrade the interface for a user-friendly adding of new members or modifying members' data. The following basic small upgrades to improve the interface for user-friendly were identified. It should mobilize the IT Service for another five workdays:

- Edit / add an FO user “Module”
- An access to announcements without login
- Insert village, commune, district and province using standard administrative nomenclature
- Inserting selective reasons for FO when disengaging the announcement
- Insert pictures for wet or dry paddy
- Access to history of announcement
- Insert an administrative procedure when password are forgotten or to be changed

SMS budget of the pilot phase is sufficient to cover the costs of SMS service until the end of October 2017. However, these costs could be drastically reduced if hosted from Cambodia. One platform under development by MAFF, the PLAS-Gate, is getting free SMS charges from CELLCARD and SMART Companies. Similar conditions could be negotiated by SCCRP. Another possible way of reducing costs is to reduce the space of message in Khmer language; an SMS message in Khmer use six times more space than an SMS in English.

The following additional costs (See Table 3 below) are to support FO in their task to provide quality and accurate information and data and to post FO announcement. Regular stakeholder consultation workshops would be useful to retrieve lessons learned, assess results and review the design and criteria of the PTP in order to improve it.

Table 3: Additional budget required to provide backstopping to FOs in the use of the PTP and consultation for improvements

Description	Unit	# of unit	Unit price	Total (USD)
Fo-Federation backstopping to FOs	FO	100	30.00 US\$	3,000.00 US\$
Stakeholder Consultation Workshop	Workshop	1	2,000.00 US\$	2,000.00 US\$

In the case of FWUC member of FWN, the ISC is providing the service of organizing planning of paddy harvest that requires sequential schedule of production and the tasks of the Paddy Selling Groups (PSG). This is possible when irrigation is available and a FWUC is in average 1,600 Ha of irrigated land thus potentially supplying 4,000 Tons; however rice for family consumption should be deducted and governance issues limiting PSG efficiency more realistically reduced this tonnage by one third. This provides quite interesting incentive for rice-millers, as it allows pre-announcements indicating dates and volumes of each potential delivery, thus efficiently planning transport and processing. Two costs are to be considered, the logistics and administrative costs of the FWUC to coordinate the paddy selling and the facilitation of the organization of paddy selling plans by FWN/ISC, as shown in Table 4 below.

Table 4: Additional costs for more detailed planning of harvest (case of Paddy Selling Groups in FWUCs)

Description	Unit	Cost (USD)
Coordination by PSG Coordinator (from the margin made)	Ton	1.3
Facilitation tasks to organize the PSG and plan harvests (to be sponsored)	FWUC	700

Another advantage of the internet platform is that it is accessible to a large number of users, FO and Rice-Millers. Therefore dividing the costs among users is relevant, as there are many potential users cutting down the costs to reasonable low amount per user. The coverage of these costs could be shared among FOs and Rice-Millers; however, FOs have limited funds that are currently used as capital to cover business operations and fee to pre-invest in potential business was never experienced. A realistic coverage by FO may be in kind for the functions of collecting and providing data and information. On the other hand rice-millers are probably better placed to support the costs of IT service, hosting, and SMS. The SMS costs could be sponsored by SMS service providers as provided for PLAS-Gate. However, external support are required for backstopping FOs in posting their announcement as well as when necessary for organizing stakeholder consultation and/or for organizing planning for paddy harvests; as these are part of the government role to orient production and facilitate the upgrading of the rice value-chain for general public interest, these functions could be reasonably subsidized.

7. SUPPORT FURTHER THE PTP AND CONDITIONS FOR SUSTAINABILITY

The study of the set-up and pilot implementation of the Paddy Trading Platform is determining two lead questions:

SHOULD THE INITIATIVE BE DROPPED OR CONTINUED?

The relevance of such instrument to support the growth of the Cambodian rice value-chain is already well demonstrated. In 2016 results of the support to paddy commercialization were not as good as expected. The difficult economic and market context for the rice sector these years partly explained the limitation of collective sales by FOs. But despite these very difficult international market conditions, volume of rice exported from Cambodia in 2016 remained similar to the one of 2015. It indicates that in the case that international market conditions for rice improve, which is probable, volumes of rice to export will increase and there will be needs to search for more paddies.

The expressed will of some rice-millers to upgrade and use the PTP indicate strong interest to pursue the pilot initiative. During the discussions with rice-millers when assessing the use of the PTP, they expressed ways to upgrade the internet platform; an important request was to enable rice-millers to post announcement on demands of paddies. This was not experimented yet; the question is how to convey back these announcements as FOs may not have access to internet. The SMS option is currently only the possible option, at the condition that SMS costs in Khmer languages are being reduced. As rice-millers may post frequent announcements, it will currently be too expensive. Another solution is to be determined; the Facebook page could make sense but the development of such tool will require much more analyzes and longer-term preparatory work to be adaptable to new needs and conditions.

While everyone agreed that the main issue of the rice sector in Cambodia is the supply chain management, promoting new mechanisms serving market integration for organized farmers is of high importance. For this coming rice harvest, SCCRП will pursue to experiment a new version of the PTP that will take into consideration the changes requested by FOs and Rice-millers.

- The website will offer the services for paddy' buyers to post announcement on their demand as it is for FOs for paddy selling
- The FO-Feds will meet individually around 100 rice-millers at the early rice season to exchange information and to introduce the PTP with the expectation that the combination between two matchmaking instruments will increase chances to succeed
- Registering rice-millers will get hard copy of the PTP guideline and a training on how to use the website
- FO-Feds will as well train FOs in collecting accurate data, and continue their support for posting FO' announcements

- Further upgrading of the platform, such as offering an online chat-room or posting on Facebook, will be discussed and analyzed during this pilot implementation phase

However, without an appropriate institutional set-up to ensure sustainability of the platform, the intervention will forcibly be not durable.

WHAT ARE THE CONDITIONS FOR SUSTAINABILITY?

This question is particularly relevant as SCCRIP is to end in December 2017, the implementation of the pilot PTP being currently under the umbrella of the project. Even if SCCRIP project team was at the origin of the concept of the PTP and took the lead in its preparation, it was foreseen that the ownership of the platform could be transferred to the Cambodian Rice Federation. Following this, SNEC project management has instructed to pursue the implementation of the pilot Paddy Trading Platform without CRF, under the ownership of the project for the first pilot stage and in partnership with FO Federations, which, on their side, had provided lists of the FOs they wish to register as users, with all the detailed profile information required.

Considering this background, it seems that for the PTP management only three options are available:

Option 1: to integrate the PTP in the PLAS-Gate platform managed by MAFF

Currently the Agriculture Market Office (AMO) of the Department of Planning and Statistics at MAFF is developing a website platform in complement of the MAFF agriculture market information system. The PTP could be integrated into this platform. However this option does not solve the issue on the short-term as such integration would require important IT service work to adapt both platforms for comprehensive expected services. MAFF' Chief of AMO will be contacted to further study this feasibility. For sustainability, issues have as well to be addressed to ensure longer-term viabilities;

1/ AMO platform is promoting multiple products exchange, based on the price collection system that is currently sustained through supportive external donors. Conditions must be clarified on its long-term financial viability, specifically in regard to the engagement of the private sector.

2/ The current AMO platform does not have maintenance plan and financial plan to sustain the platform.

Option 2: by the national Platform of FO Federations (National Farmer Organization Federations' Forum, also referred to as "NF3" that is currently being created by FAEC, FCFD, FWN, FNN, and CFAP

A platform of FO Federation is currently under development and institutionalization, referred to as "NF3". FO Federations met several times to agree on collaboration terms and distribution of tasks. The operation of the PTP could be a practical function of the NF3 that could easily become promoter/ multiplier when undertaking the coordination functions to operate the PTP. However, the platform of the FO Federations did not yet realized major activities on which to base legitimacy to manage the PTP. They will still require external facilitation to enhance understanding and trust and they do not represent rice-millers, but the PTP could be seen as an instrument to gain bargaining power and strengthen FO role in the rice supply chain.

Option 3: by a new working group made of FOs and Rice-Millers to be established

Some rice-millers and FO representatives have expressed their concerns as CRF, from their point of view, fails in representing and defending interests of the whole rice sector and fails to implement practical services to its members. As a result, they still operate isolated, and trust and cooperation are not built among these stakeholders. The failure of the CRF' Production and Milling ExCo to engage and meet was as well mentioned as a weakness. These rice-millers and FO representatives proposed to SCCRIP to organize another formal dialogue space where this core group could organize joint rice value-chain upgrading strategy. This idea could be revived under the set-up using a nucleus (/ or "cluster") approach.

None of these options are ready-made available options. They need to be promoted and accompanied step by step in order to build appropriation, ownership and trust.

