



# CONSULTATION OF FO FEDERATIONS ON THE LEGAL FRAMEWORK FOR UNIONS OF AGRICULTURAL COOPERATIVES

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## ACRONYMS

AC	Agricultural Cooperative	FCFD	Federation of Cambodian Farmer Organizations for Development
ADG	<i>Aide au Développement - Gembloux</i>	FO	Farmer Organization
AFD	<i>Agence Française de Développement</i>	MAFF	Ministry of Agriculture, Forestry and Fisheries
AVSF	<i>Agronomes et Vétérinaires Sans Frontières</i>	NGO	Non-Governmental Organization
CIRD	Cambodian Institute for Research and Rural Development	SNEC	Supreme National Economic Council
DACP	Department of Agriculture Cooperatives Promotion (GDA/MAFF)	SCCRP	Support to the Commercialization of Cambodian Rice Project
DGRV	German Cooperative and Raiffeisen Confederation	U-AC	Union of Agricultural Cooperatives
FAEC	Federation of farmer associations promoting family Agriculture Enterprises in Cambodia		

<sup>1</sup>[www.avsf.org](http://www.avsf.org) ; <http://www.cird.org.kh> ; <http://www.ong-adg.be>

## 1. OVERVIEW / SHORT DESCRIPTION OF THE CONTEXT

The Commercialization of Cambodian Rice Project (SCCRP) was funded by the *Agence Française de Développement* (AFD), implemented by the Supreme National Economic Council (SNEC) with the support from Consultants from IRAM/NIRAS and includes counterpart staffs from the Ministry of Agriculture, Fisheries and Forestry (MAFF). The institutional support and consolidation of Farmer Organizations Federations and Networks (under Component #1 of SCCRP) was undertaken by a group of Consultants from AVSF, ADG and CIRD.

This case study is to document the process of consultation of FO representatives and the review by FAEC and FCFD of the draft legal framework on model statutes, by law, and internal regulations of Agricultural Cooperative Unions (U-AC) formulated by MAFF with the support of DGRV. MAFF issued in 2013 the Law on Agricultural Cooperatives (AC). Further to the promulgation of the law, a number of additional sub-decrees and regulations were still required to complete the sub-decree and legal framework on AC. Among them is the “Model Statutes, by-Laws and Internal regulations of U-AC (Article 95 of the AC law). The formulation of the law is supported by the DGRV (*Deutscher Genossenschafts und Raiffeisenverband* – German Cooperative and Raiffeisen Confederation reg. Assoc.), which is sponsoring other legal framework formulations by DACP. Consultation of farmer organisations was not foreseen by DGRV or DACP at the time of the formulation of the legal framework.

The SCCRP management team considered that Farmer Representatives’ consultations were essential to reach the objectives of fostering more comprehensive agricultural value-chain development addressing the business environment in a coherent manner. In addition, Farmer Representatives were complaining that their roles as private sector economic stakeholders were limited and not recognized as such with the consequences that policies were not build on their business interests. On the other hand, DACP started to recognize that consultation was useful to provide preliminary awareness on laws and regulations, thus reaching a level of accountability by the consulted AC leaders.

## 2. THE ORIGIN OF THE ACTION

SCCRP project builds on the Royal Government of Cambodia (RGC) rice for export policy, which concludes in the rice subsector development strategies and actions plan. Among these are the institutional support and consolidation of Farmer Organizations Federations and Networks (under Component #1 of SCCRP) aiming at promoting the conditions for the dialogue and cooperation among the various categories of stakeholders in the rice value-chain to promote and support public-private dialogue and partnership in the rice sector.

It was with the aim to support the organization of public-private dialogue that SCCRP Management Team initiated the organization of consultation workshops with FO-Fed and AC Representatives. The opportunity of the DACP formulation of the AC-U legal framework was taken in 2014 to organize consultation processes by FAEC and FCFD regarding the draft form of by laws for AC Unions prepared by MAFF, and the delivery of comments and suggestion to MAFF on this issue.

Initially, SCCRP project has proposed to support the process of development of different elements of additional sets of DACP regulations, such as:

- the Sub-Decree on the organisation and functioning of the AC Development Fund (ACDF)
- the Sub-Decree on preferential treatment /incentives that AC may enjoy from the RGC
- Contract Farming Agreement Guideline for operating business of AC

A specific roadmap has been drafted, including time sequencing of SCCRP inputs on the different topics. The sequences started by the establishment of the “AC Policy Board” as foreseen in the AC Law (Chapter II, Section 1) with the purpose of preparing regulations, policies, strategic plans for the development of ACs. Technical Assistance was considered to accompany a participatory process to elaborate these regulations but the proposed process was not approved as it was proposed by the project implementation team..

More specifically, the consultation workshops with the FO-Feds and AC Representatives on the AC-U legal framework was to retrieve experiences useful for the formulation process of further legal frameworks, and as well fostering DACP initiatives to set-up mechanisms through which other issues could be worked out in a multi-

stakeholder approach and in partnership with AC Representatives. As such, key principles were displayed for agreement with DACP:

- Full transparency of the process, activities and coordination involving DACP and its other partners
- Systematic consultation with AC Representatives and limited interference in the FO-Fed internal discussions on policy content
- Timely information and provision of draft legal texts long in advance to allow FO Federations to organize internal consultation and come up with comprehensive and relevant positions.

However, SCCRP support to FO Federations in reviewing the formulation of the legal framework was in line with the overall objective to build the capacities of FO Federations and AC Representatives to “effectively analyse and communicate”. Issues of AC-U are common concerns between these Representatives and the DACP and RGC. SCCRP team has initially proposed a consultation process over a 3 to 4 months period including decentralized consultation at provincial levels, notably where ACs are already informally undertaking collective functions among them. But MAFF delays in providing the draft legal documents and the imposition of a sharp deadline for providing inputs did not allow sufficient time for these provincial workshops to occur; and only a one-step consultation could be organized with selected FO leaders in Phnom Penh. This imposition impoverished the dialogue despite productive and substantial contribution from FO-Fed and AC Representatives.

### 3. THE STAKEHOLDERS INVOLVED

The policy review involves four main groups of stakeholders as follows:

**Table 1: Stakeholders involved in the policy review**

Stakeholders	Role / Function	Main Tasks
2 FOs Federations (FAEC, FCFD)	Analyse, communicate	Analyze the policy, contribute comments on its content Communicate with FO Representatives Consolidate the outcomes of the internal consultation Communicate results to DACP/MAFF
DACP	Invite the public-private dialogue	Communicate draft legal framework Review comments from FO- Feds (and take them into consideration while finalizing the legal framework) Coordinate with partners, working groups...
SCCRP Consultants	Technical Assistance	Technical assistance to FO-Feds Representative Financial support for the process
AFSA Project (ADG/CIRD)	Facilitation	Facilitation of the consultation workshop

### 4. IMPLEMENTATION PROCESS

Here below are described the main key stages in the process that occurred for the legal framework review:

#### 4.1. PREPARATORY WORK WITH MAFF AND DGRV

An important work consisted in organizing a dialogue between MAFF and the Farmer Representatives. It was first necessary to convince DACP and other international organizations supporting this regulatory development process to engage in a real consultation process for the formulation of sub-decree and other legal documents. Several meetings were necessary before SCCRP team and FO Federations were able to get a copy of the draft regulation so they can start the consultation process.

#### 4.2. ORGANIZATION OF THE CONSULTATION WORKSHOP:

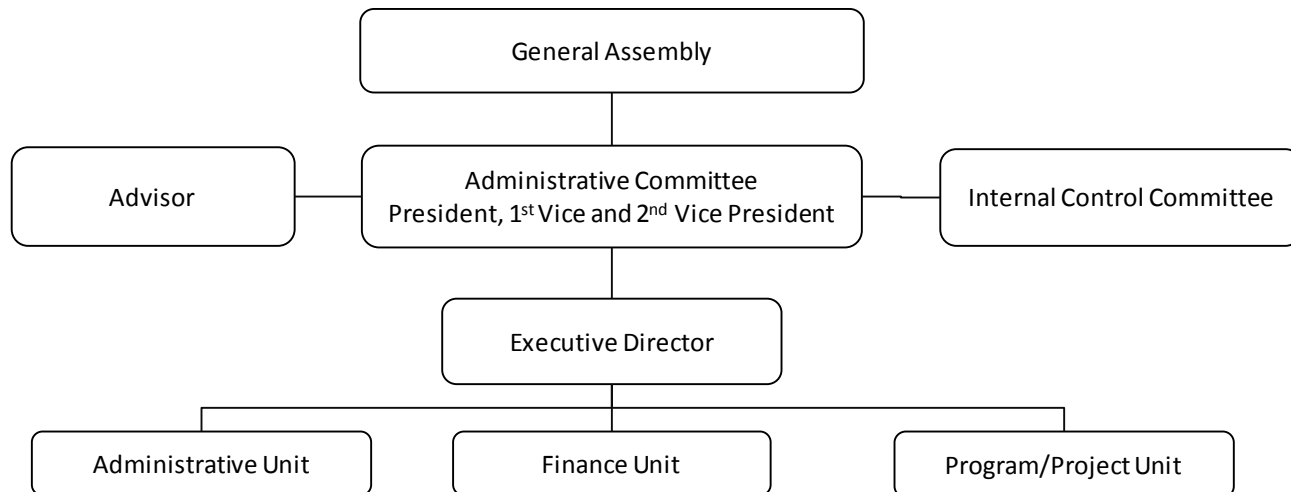
Initially, to ensure efficiency of the consultation and quality and representativeness of the FO leaders contributions, it was foreseen to organize rounds of consultations at provincial levels to enable the FO-Fed representatives to consult their members first before putting-up a position at the consultation workshop. But this was not made possible because of the tough deadlines imposed by MAFF. It was finally decided to organize only one consultation

workshop at Phnom Penh on 29 September 2014 facilitated by Prak Sereyvath, CIRD Director responsible to support the development of FO-Feds advocacy functions for the project AFSA funded by the Belgian Government (the DGD).

9 Representatives from FAEC and 6 Representatives from FCFD met on that day to analyze the content of the draft document and the following recommendations were elaborated:

- Modifying Chapter 2 (Vision, Mission, Objective and Direction) in order to let the AC-U deciding and developing their own vision, mission, objectives and direction. They proposed that the Chapter 2 is kept but clearly identified as guideline and instructions by MAFF without obligation for AC-U members.
- Adding to Article 17 (Right and Role of Internal Control Committee) of Chapter 3 (Leader and Management) to suspend member of AC-U Administrative Committee in the case of any inconvenience that will have negative impact on the AC-U profits. Also, the Internal Control Committee shall submit their annual report to the AC-U General Assembly.
- Modifying Article 19 (Core value and Criteria of Membership) of Chapter 4 to clarify that actors of AC-U should be representatives of AC, not as individual member farmer.
- Modifying Article 21 (Task of Members) to clarify the section 5 as the AC representatives strongly suggest that AC-U shall be open to private sector firm investments and other partners to strengthen communication and foster any kind of supports (knowledge, technical and financial supports). In section 8 it is not clear who will compensate whom in case of any damage.
- Clarifying the selection criteria for AC-U President in Article 23 (Core Value and Criteria of President) and precise the level of knowledge/education
- Clarifying responsibility of debt in Article 33
- AC Representatives proposed a decentralized structure in term of management. The proposal was to empower the Administrative Committee, completed by an Internal Control Committee, Advisors, and Executive Director, as shown on chart below:

**Figure 1: Proposed organization chart for Unions of Cooperatives**



At the end of that workshop, the AC representatives set another meeting on 9<sup>th</sup> October 2014, also facilitated by AFSA, to draft a model of internal regulation for AC-U. But as the FO-Feds did not receive feedbacks from MAFF on their review works, they decided to change the meeting agenda to focus on the preparatory work of advocacy actions by FO Federations during important events organized by the government.

#### 4.3. COMMUNICATING THE RESULTS OF THE WORKSHOP:

FAEC has sent the results from the workshop by e-mail in Khmer language to DACP on the 13 October 2014. MAFF replied the next day that they will provide the inputs to MAFF Core Team. FAEC replied by e-mail that they would like to get the feedback on their contribution. As it was difficult for FAEC/FCFD representatives to provide comments without getting clarifications on meaning and interpretation, FAEC requested a meeting with DACP/MAFF again on the 11 November 2014 to get feedback and develop further their arguments and make

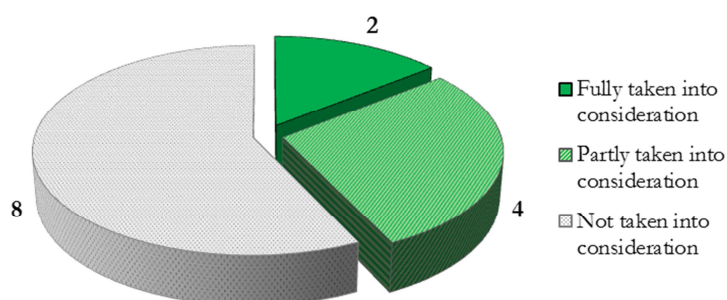
clarifications. But this request for a meeting remained unanswered by MAFF and they could not obtain this opportunity to directly present their comments and recommendation on the draft regulation.

## 5. OPERATIONAL RESULTS AND SITUATION

Consultation with private sector and civil society is not yet a very natural and obvious part of the policy and regulation development process for MAFF, which in particular has shown some reluctance to let FO Federations organizing their own internal consultation process without control or interference from the Ministry.

Also, the absence of reply of DACP to FAEC's requests for meeting reveals a lack of culture of dialog and/or a lack of consideration for the FO Federations. At several occasions, MAFF counterpart in SCCRP mentioned that MAFF would not work with FO Federations as these are registered associations with the Ministry of Interior, therefore outside MAFF jurisdiction. But this argument is not relevant as MAFF do work with private sector firms that are registered with the Ministry of Commerce and has a mandate to work with all stakeholders involved in the agricultural sector. Anyway, the consultation process had successfully paved the way for better quality private-public dialogue. DGRV mentioned that most of the proposed improvements of the AC-U legal document were also raised by their consultant, showing that FO-Fed work were substantially of quality.

**Figure 2: Number of recommendations of comments from FO Federations taken into consideration by MAFF in the finalization of the regulations on Unions of Agricultural Cooperatives**



The Figure 2 (opposite) shows that, despite some signs of reluctance from MAFF in the process of consultation, a (minor) part of the comments and recommendations formulated by FO Federations have been partly or fully taken into consideration by MAFF while moving from the initial draft to the final official version of the *Prakas* on Agricultural Cooperatives Unions and its annexes.

The recognized improvement of AC Representatives' capacities to analyze and discuss proposed policies and regulations will surely help in building trust and interest for future consultations when these will happen.

This experience confirmed the poor quality of the public-private dialogue that occurred in 2014. The role of external moderator is essential to improve this dialogue, as facilitation techniques and technical assistance made the workshop livelier and productive. Awareness and interest of participants were raised in order to improve the business environment at large.

## 6. BENEFITS

As a whole, whether or not ACs (and enterprises) are able to realize their market potential depends to a large extent on the general conditions of doing business. Supporting constructive public-private dialogue is recognized an important benefit for all companies that will gain from positive business and investment climate.

Another benefit of consultation workshops, when these are properly implemented, is the knowledge gained by FO Representatives during analysis and communication works. Therefore, awareness campaign on the specific law is not necessary or at a reduced level. A well-organized consultation process will certainly cost less than awareness campaigns.

