

KINGDOM OF CAMBODIA
NATION – RELIGION - KING

**THE ROYAL GOVERNMENT OF CAMBODIA’S FIFTH AND
SIXTH PRIORITY POLICY PROGRAMS OF THE
SEVENTH LEGISLATURE OF THE NATIONAL ASSEMBLY**

Compiled by
The Ministry of Agriculture, Forestry and Fisheries
Phnom Penh, November 2023

UNOFFICIAL TRANSLATION

Priority Policy Programs for Agriculture:

- Promotion of agricultural production, marketability, and price stability for agricultural products through financing programs
- Deployment of commune / Sangkat agricultural officers, and
- Development of modern agricultural cooperatives.

Preamble

Dear Parents, Uncles, Aunts, Brothers and Sisters, Farmers, and Compatriots!

Agriculture is a pivotal sector, deeply rooted in the age-old traditions, customs, and culture of Cambodian society. Cambodia's agricultural sector has liberated the Cambodian people from famine and ensured food security through the difficult period of the COVID-19 crisis and a surplus of rice has been maintained for nearly 30 years.

Despite this, the sector still faces challenges which require the Royal Government of Cambodia (RGC) to put in place Priority Policy Programs (PPs) to target the issues facing over two million farmer households, especially to ensure sustainable food security for the entire nation in all circumstances. Challenges facing farmers include a lack of access to the market and the risk of falling prices at time of harvest, lack of access to modern farming techniques at the local level, the inherent lower than optimum sustainable yield, lack of capital for investment and revolving fund for processing, the risk of climate change, and high production costs.

The fifth and sixth priority policies put in place by the RGC aim at addressing these challenges by:

- Promoting agricultural production, facilitating market access and stabilizing prices for agricultural products with a US\$ 100 million financing scheme that will facilitate agricultural value chains, ensure a balance of supply and demand, support farmers' production and meet the needs for food by Cambodian people.
- Deploying commune / Sangkat agricultural officers (CAOs) to address challenges of access to technology by farmers and local communities, orient farmers in their production, and facilitate their access to the market at time of their harvest.
- Developing modern Agricultural Cooperatives (ACs) to address challenges in production, ensuring its efficiency and economy of scale with aggregation of land use at the scale appropriate to modern equipment application, reduced production costs, increased productivity and profit margins, and shared benefits to farmers on a transparent and equitable manner. The CAOs will play an important role in organizing modern ACs with the support provided to building and sustaining their functions. In addition, the Policy Council for Agricultural Cooperative and Agricultural Cooperative Development Fund (CADF), led by the Minister of Agriculture, Forestry and Fisheries, will be established to assist modern ACs, both politically and financially, to ensure sustainable modern ACs and increase their competitiveness at the international level.

I strongly hope that MAFF and the relevant ministries and agencies will implement the Priority Policy Programs effectively. I will continue to monitor the implementation of the Priority Policy Programs to address agricultural challenges effectively and efficiently for the benefit of our farmers and compatriots.

Phnom Penh, 20 November 2023
Prime Minister

Samdech Moha Borvor Thipadei Hun Manet

Preface

Building on the experiences of the past four-phase Rectangular Strategy's implementation and with the existing vision and Agricultural Development Policy (ADP) that was endorsed by **Samdech Akka Moha Sena Padei Techo Hun Sen**, the RGC of the seventh legislature under the leadership of **Samdech Moha Borvor Thipadei Hun Manet**, Prime Minister of the Kingdom of Cambodia continues to place a high priority on the agricultural sector and has put in place the fifth and sixth Priority Policy Programs, focusing on promotion of agricultural production, marketability and price stability for agricultural products. This comes with a US\$ 100 million financing scheme, deployment of Commune/Sangkat Agricultural Officers (CAOs) and modern Agricultural Cooperative (AC) development.

As directed and advised recurrently by **Samdech Moha Borvor Thipadei Hun Manet** and building on a rigorous assessment of the current state of and challenges facing the country's agriculture, MAFF has compiled the 5th and 6th Priority Policy Programs into three chapters. Chapter 1 elaborates the concepts of and mechanisms for financing to streamline the production chain, and balance demand and supply to maintain the prices of key agricultural products at a reasonable level. Chapter 2 outlines a practical plan for the recruitment, deployment, and management of CAOs to ensure their effective provision of technical and market advisory services to farmers and local communities. Chapter 3 describes the concepts and development plan of modern AC at the economy of scale to enhance the effective competitiveness of agricultural production at the agro-industrial level. This chapter also highlights the mechanisms for sustainable use of Agricultural Cooperative Development Fund and the operations of the Policy Council for Agricultural Cooperative to guide the successful modern AC development.

On behalf of MAFF's leadership and officials, farmers, and the whole agricultural community, we would like to thank **Samdech Moha Borvor Thipadei Hun Manet**, Prime Minister of the Kingdom of Cambodia, for his vision, and providing financial and human resources to support and reform the agricultural sector to become more competitive, inclusive, and environmentally friendly to ensure sustainable food security for all Cambodians. We are committed to successfully implementing the fifth and sixth Priority Policy Programs in collaboration with all relevant ministries, agencies, subnational authorities, and development partners to improve farmers' livelihoods and promote agricultural development.

Phnom Penh, 20 November 2023
Minister

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Chapter 1

Policy Program to Promote Agricultural Production, Marketability and Price Stability for Agricultural Products Through Financing Programs

1. Introduction

The 5th Priority Policy Program on “Coordination Mechanism and Financing Scheme” aims to promote production, market access and price stability for key agricultural products at a reasonable level. This comes with the introduction of a targeted budget package, starting with US\$ 100 million, and with potential additional budget allocated, as necessary, representing an important national Policy Program.

Effective implementation of the policy will help:

- Increase farmers' income,
- Incentivize farmers in agricultural production,
- Maintain food security for the community and the country,
- Stabilize agricultural production, and
- Increase the volume and quality of agricultural production for export.

This Priority Policy Program focuses on timely intervention to stabilize prices in all harvesting seasons for key priority agricultural products.

The Policy Program will be implemented by a Joint Working Group (JWG) for Agricultural Value Chain with a set of key interventions, including general measures affecting and directly controlling prices of agricultural crops and commodities.

2. Measures to stabilize prices

It is necessary to promote agricultural production, market access and price stability for agricultural products. Specific mechanisms will be put in place with selected measures to prevent large price fluctuations and interventions in the event of significant price volatility will be targeted. However, the necessary implementation deployed will be decided by the Chairman of the Economic and Financial Policy Committee (EFPC) at the request of the JWG.

2.1 Generic measures to influence prices of agricultural products

Based on the principles of free market economy, prices will be defined by the demand and supply. In this sense, the most cost-effective measure is managing the demand and supply relationship. Supply factors include production, processing, and imports. Demand includes

domestic and export markets. Balancing the demand and supply equation is key to proactively keeping prices stable. Some trade facilitation combined with the elimination of speculation are generic measures to influence the price of agricultural products. In addition, the state may establish provisional stocks that could be used to intervene to stabilize prices. This measure will require supporting infrastructure such as drying facilities, collection points and warehouses. Other proactive mechanisms include implementation of contract farming, modern AC development, designation of potential target areas for agricultural production, post-harvest technology, facilitation of agricultural commodity movement from areas with product surpluses and deficits, and the provision of agricultural insurances as well as other common measures that influence prices.

2.2 Direct Price Control of Agricultural Products

This would be an emergency and temporary measure for use only in the most pressing cases. In doing so, the state may set the price ceiling, especially for agrifood products or set the minimum floor price for legal trading.

There are also direct price interventions through the release of strategic stocks, or fund to buy the surplus to address falling prices. Decision on the measures will be based on a long-term perspective, with the interventions aiming to ease and normalize the supply and demand imbalance as quickly as possible.

3. Joint Working Group for Agricultural value chains

To facilitate successful implementation of the program, the RGC through the Decision No. 112, dated 20 September 2023 has established a JWG for the agricultural value chains, , with participation from relevant line ministries-institutions and selected representatives from the private sectors as its member (The Decision is provided in the appendix).

3.1 Composition

The JWG consists of representatives from the ministries and other entities as follows:

- | | | |
|-----|--|------------------|
| 1. | Secretary of State from MAFF | Chairman |
| 2. | Representative from Ministry of Commerce (MoC) | Vice chairman |
| 3. | Representative from Agricultural and Rural Development Bank (ARDB) | Vice chairman |
| 4. | Representative from Ministry of Economy and Finance (MEF) | Member |
| 5. | Deputy Governors of Capital and Provinces in charge | Member |
| 6. | Secretary General of MAFF | Permanent member |
| 7. | Professional Officer from MoC | Member |
| 8. | Professional Officer from MEF | Member |
| 9. | Representatives from agriculture related private sector | Member |
| 10. | President of the Cambodian Agricultural Cooperative Coalition | Member |

The specific members of the JWG shall be defined by a Decision of the EFPC Chairman in accordance with the Decision #081 dated 8 November 2023 on Appointment of the JWG (See in Appendix).

3.2 Role, Duties and Responsibilities

The duties of the JWG will be as follows:

- Monitor the price of agricultural products in the domestic and export markets to identify those facing potential price fluctuations,
- Analyze the impacts of price fluctuations on domestic producers and consumers,
- Based on the analysis, identify agricultural products with potential impacts for government interventions,
- Develop and submit report to the EFPC Chairman for decision on intervention to address the potential crisis,
- Implement interventions in accordance with the decision by the EFPC Chairman,
- Report on the progress and outcomes of the interventions to the EFPC Chairman as required,
- Develop a Standard Operating Procedure (SOP) to intervene in the value chain as necessary, respecting free market principles, and
- Perform other duties as directed by the EFPC Chairman.

4. Secretary of the Joint Working Group

MAFF's Secretary-General will serve as the Secretary of the JWG for Agricultural Value Chains, with staff from specialized entities as necessary.

The Secretary has the role, duties and responsibilities as follows:

- Assist in all administrative affairs of the JWG,
- Organize meetings of the JWG and MAFF's working groups,
- Collate information from relevant member agencies,
- Collaborate with MoC, the private sector, and relevant stakeholders to monitor and evaluate market progress and prices of agricultural products in both domestic and export markets,
- Help with developing relevant reports, and
- Help with organizing workshops and related meetings.

5. Conclusions

Policy Program to Promote Agricultural Production, Marketability and Price Stability through financing programs is critical to ensure price stability of agricultural products, help the economy, farmers' livelihoods, and food security. Successful implementation of the Policy Program requires involvement of specialized agencies and relevant stakeholders. In addition, it is necessary that the Policy Program is implemented in coordination with other relevant

national policies, such as the deployment of CAOs, and projects to support the development of market-oriented production chains.

Chapter 2

Policy Program on Deployment of Commune / Sangkat Agricultural Officers

1. Introduction

Policy Program on the Deployment of Commune/Sangkat Agricultural Officers (CAOs) represents another effort by the RGC to bring the service closer to local people in all rural communes across the country and to help farmer households improve their agricultural productivity and income.

In Cambodia, there are 1,550 agriculture-based communes, most of which (1,000 communes) are engaged in rice production, with about two million farmer households in total. To enable farmers to access agricultural services, MAFF plans to deploy 1,600 CAOs across the country. Under the high guidance by **Samdech Akka Moha Sena Padei Techo Hun Sen**, MAFF had, in early 2023, piloted a deployment of ten CAOs in ten communes of Cheung Prey district, Kampong Cham province.

To expedite agricultural services to farmers **Samdech Moha Borvor Thipadei Hun Manet** has advised MAFF to deploy 250, 800 and 550 CAOs in 2023, 2024 and 2025 respectively.

2. Objectives and expected results

The main purpose of this Policy Program is to increase economic efficiency for agricultural households through fostering sustainable and climate resilient agricultural techniques and building market-based production systems.

By deploying CAOs to all communes, MAFF expects smoother and closer coordination and cooperation between the national and local levels. Farmers will be more confident and trusting of government policies. More specifically, farmers will have access to:

- Appropriate techniques for effective and efficient crop cultivation, animal husbandry or integrated agricultural harvesting,
- Information on eventual disasters and technical solutions so that damage to their crops could be minimized and local challenges could be addressed in a timely fashion,
- Additional advice to reduce production costs,
- Market information for production orientation,
- Coordinating implementation of contract farming, and specific information on the development of modern ACs.

At the same time, MAFF will have access to:

- More accurate agricultural statistics and information for use in analysis and strategic planning,
- Timely information on challenges facing farmers to promptly implement effective measures,
- Information to inform policies and plans for timely implementation, and
- Building effective and modern Agricultural Cooperatives by focusing on their development.

3. Role, Duties and Responsibilities of CAOs

CAOs act as a facilitator between farmers and stakeholders to access support and services, and address challenges. The CAOs have the following duties:

- Identifying the specific challenges facing farmers in their local area,
- Reporting the challenges to the specialized entities, following their hierarchy, so that appropriate solutions could be decided in a timely manner,
- Assisting farmers in implementing solutions provided to them,
- Facilitating better connected and stronger ACs for a market-oriented production chain, and
- Collecting agricultural statistics.

Sufficient and on-going support and capacity building would be required for successful delivery of these roles, duties, and responsibilities by the CAOs and such support and training should be provided by MAFF's professional officials. In principle, each CAO is responsible for a commune / Sangkat, but in the beginning, each of them may cover two communes / Sangkats.

To perform the role well, the CAOs must work together as a multidisciplinary team at the target district level. The success of the CAOs will be reflected and measured by the number of farmers receiving agricultural services and the increased income by agricultural households.

4. Leadership and management

The CAO deployment Policy Program is a national program implemented by MAFF in collaboration with the municipal, district and commune / Sangkat administrations and relevant professional entities such as the Provincial Department of Agriculture, Forestry and Fisheries (PD AFF) and the Office of Agriculture, Natural Resources and Environment. MAFF has the duty to select, deploy CAOs, support activities on the ground, capacity building and monitoring and evaluation of CAOs' performance. The CAOs are civil servant under the Department of Extension for Agriculture, Forestry and Fisheries.

5. Budget and support

Resources for execution of the CAO deployment Policy Program shall come from the national budget. Supporting budgets include salaries for the officials following the teachers' allowance

scheme with monthly travel allowance at KHR 160,000 which is consistent with the recommendation of **Samdech Akka Moha Sena Padei Techo Hun Sen**. For effective implementation of the program, the capacity building, monitoring and evaluation, and the provision of transport and logistics such as computers or other IT equipment will be needed, which should be financed by development partner projects.

6. Selection principles and procedures

Deployment of CAOs in 2023 and 2024 focuses primarily on rice producing communes. For 2024, MAFF will consider prioritizing to deploy CAOs in communes producing other key agriculture commodities. In addition, MAFF will deploy CAOs with diverse skills for each district. For effective and sustainable CAO recruitment, priority is given to candidates who hold:

- Education with an associate degree in agriculture and/or other related skills,
- Experience in agricultural work and who have been working with farmers in agricultural extension projects,
- Residency in the target commune or district,
- Strong passion for working with local farmers and know-how to work as a team,
- Potential for self-development, and
- Internship experience of at least one year.

7. Conclusion

Success of CAO deployment Policy Program implementation will be measured by the number of farmers receiving support services and the increased income by agricultural households. Deployment of CAOs will help fill the gaps in local agricultural human resources. The Policy Program will also help promote more effective implementation of the RGC's agricultural related work and make agricultural services closer to local farmers. In addition, the CAOs will assist local authorities, especially at the commune level, in implementing the activities necessary to help farmers and farming communities by linking them to the value chains to increase the economic efficiency from agricultural production, reduce production costs and enhance competitiveness that all will contribute to improving farmers' livelihoods and incomes.

This important policy cannot be implemented in isolation. Indeed, it is a mechanism to support other RGC's policies and programs on agriculture, such as modern AC development, maintaining price stability of agricultural products and ensuring sustainability of agroecosystem, preservation of forest and fisheries resources.

Chapter 3

Policy Program on Modern Agricultural Cooperative Development

1. Introduction

An Agricultural Cooperative (AC) is a collection of agroeconomic enterprises jointly owned by farmers themselves. Such Agricultural Cooperative is a private legal entity, formed by a group of people whose main business is related to agriculture, and with its capital voluntarily and jointly raised and managed democratically. The purpose of the AC is to strengthen the capacity in agricultural production, agribusiness, agroindustry, and agricultural production related services to improve the livelihood of their members and contribute to the development of the national economy. This is achieved with the seven fundamental principles of the International Cooperative Alliance.

- Between 2003 and 2022, a total of 1,251 Cambodian ACs have been established,
- Comprising a total of 170,208 members (63% women), equivalent to 5.9% of the total number of farmers nationwide,
- The total contributory share value by members is KHR 51 billion (approximately US\$ 12.8 million), which is equivalent to US\$ 73 per member,
- Combined with cumulative profits and grants by the government and development partners, the total AC turnover is KHR 104 billion (approximately US\$ 26 million) or approximately US\$ 20 thousand per AC, and
- According to the 2022 assessment, 17.5%, 66%, and 16.5% of the ACs were considered strong, medium, and weak respectively.

2. Challenges facing current Agricultural Cooperative

Today, the Agricultural Cooperative face five major challenges, including:

- Lack of capital and operational funds for their businesses,
- Lack of human resources for professional leadership and supervision and for high-skilled production techniques,
- High production costs and non-competitiveness as each member continues to produce, acquires inputs, and sells their crops separately,
- Inability to seize market opportunities and to respond comprehensively to market demand due to challenges, in terms of volume, quality and price, and
- Vulnerability to the risks posed by climate change.

Besides, other ongoing challenges facing the ACs include:

- Lack of orientation and overall coordination among AC members,

- Small-scale and uncoordinated production, lack of integration and unsustainable supply to meet market demand,
- Conflicts of interest between AC and members,
- Lack of common property and low AC profit,
- Lack of AC's support services to members and lack of trust by members, and
- Lack of ownership in AC management.

The AC is in need of modernization to address the above challenges, especially to increase competitiveness in the production sector of Cambodia's agricultural value chain, to improve farmers' livelihoods, to ensure food security and to contribute to transforming Cambodia to become a higher middle-income country by 2030.

3. Modern Agricultural Cooperative

"Modern Agricultural Cooperative" is a vision for large-scale implementation of integrated agricultural production in the sector and forms an integral part of the RGC's sixth priority Policy Program under the seventh legislature of the National Assembly and is scheduled for implementation in 2023.

3.1. Purpose

To transform Cambodia's smallholder based agricultural sector to a strong, highly integrated agricultural economy at scale that is competitive in both volume and quality.

3.2. Characteristics of a modern AC

A modern AC requires farmers to be engaged in joint agricultural production and highly professional management to increase the AC's market competitiveness in terms of volume, quality, cost, and sustainable supply, i.e., its purchase, sales and management must be done jointly by the AC before the profits can be shared proportionately to each member. All interested farmers may voluntarily join in the modern AC under the options as follows:

Option 1: A modern AC rents production land or crops from members for joint agricultural production. The member will thus receive:

- Revenue in the form of a flat fee from renting his/her production land or plantation,
- Dividend from the AC's profits proportionate to his/her share, which is defined by the size of the asset or crops in the plantation leased or subcontracted to the AC, and
- Additional income in the form of waged labor contributing to the AC.

Option 2: Members commit their production land or crops as their shares in a modern AC for joint agricultural production. Members will thus receive:

- Dividends from the AC's profits proportionate to their respective shares, which are defined by size of the asset or crops in the plantation put forward as shares, and
- Wages from labor contributed to the modern AC.

Membership and participation in the modern AC must be voluntary, open, and non-discriminatory. Any lease or placement of a production asset in the AC will not affect the farmers' ownership over the asset. Each member has the right to withdraw his/her membership and thus the production asset or crops from the AC in accordance with the AC's by-law.

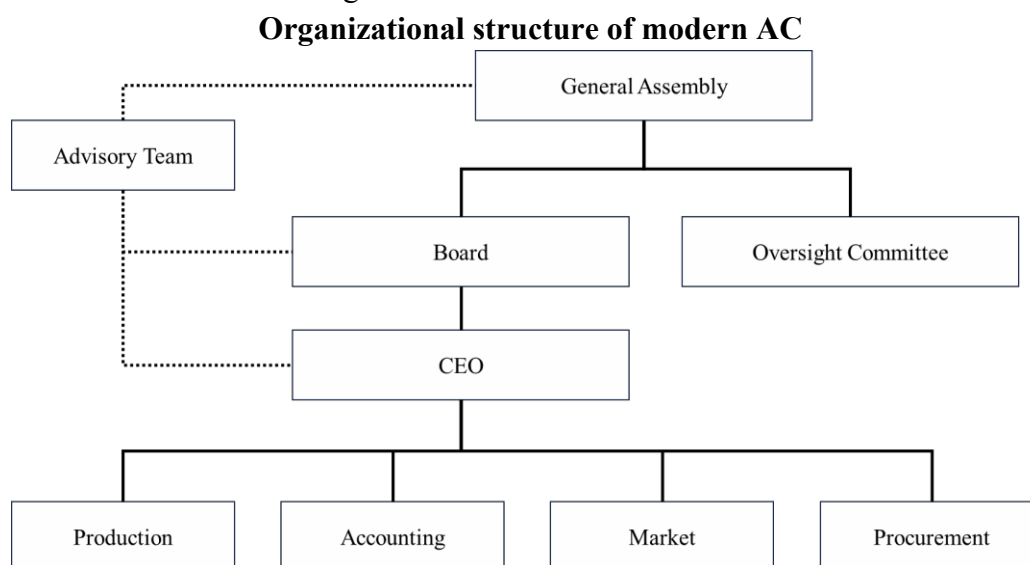
3.3. Benefits of modern AC

Compared to the current AC, a modern AC will have additional advantages:

- AC negotiating power in both the purchase of inputs and the sale of AC's crops and commodities to the market,
- Reduced production costs and maximized profit margins from economies of scale,
- Access to technical support, equipment, infrastructure, technology and advice on agricultural production and highly specialized business management,
- Access to a wide range of agricultural markets and the ability to carry out contract farming,
- Access the support for working capital and loans for operation and business expansion,
- Reduced risk to the impacts of climate change, and
- Improved livelihoods of members.

3.4 Management structure of a modern AC

A modern AC is led and guided by a board and an oversight committee. The day-to-day work and operations of the AC's production and business are managed by a separate CEO and a management team with relevant professional expertise. The AC may also have an advisory team with expertise related to agriculture and other relevant skills for support. The structure of a modern AC is shown in the diagram below:



- Dotted Line: advisory services, without management responsibility
- Solid line: direct leadership and management

4. Procedure for establishment and registration of modern AC

The legal framework for the establishment and registration of AC shall be in accordance with MAFF's Prakas No. 166 on Guidelines for the Establishment and Registration of Agricultural Cooperative, dated 20 March 2018 and the Law on Agricultural Cooperative dated 6 June 2013. To support the development of modern ACs MAFF plans to implement its five strategic steps as follows:

Step 1: Disseminate the concept of modern AC and survey farmers' view

To implement this step, the Department of Agricultural Cooperative Development (DACD) with mandate on AC must implement the key activities as follows:

- Conduct a study to identify the practical challenges facing farmers in a specific agricultural value chain,
- Define market demand and production potential of the modern AC,
- Where the modern AC can provide solutions to the above challenges, the concept of developing a modern AC should be disseminated to the farmers for their mobilization.

Step 2: Form a committee for establishing a modern AC

For this step, the DACD must implement the key activities as follows:

- Facilitate the farmers with interest in a modern AC to form a committee for establishing a modern AC,
- Conduct an economic feasibility study of a potential modern AC to determine the minimum scope that can obtain economies of scale,
- Facilitate mobilization of enough members to meet the minimum size to achieve economies of scale,
- Provide training on by-laws and internal regulation templates, and coordinate the development of a draft by-law and internal regulation for the potential modern AC,
- Coordinate development of a business plan, and
- Determine initial investment capital and assist in mobilizing the investment fund.

Step 3: Organize the first general assembly meeting

For this step, DACD must coordinate with the forming committee to establish a modern AC by implementing the key activities as follows:

- Prepare logistics for the first assembly meeting,
- Organize an agenda for the first assembly meeting,
- Facilitate a process for the first assembly meeting,
- Facilitate an election process to approve the by-law, internal regulations, composition of the Board, the Oversight Committee, the Business Plan, shared values and membership fees, and approval of other related matters for the potential modern AC, and
- Coordinate recording all the processes and results of the first assembly meeting and prepare minutes of the meeting.

Step 4: Develop necessary documentation for official registration

In the fourth step, DACD shall coordinate with the forming committee and cooperate with the PDAFF in question to develop the necessary documentation for submission to the registration unit as follows:

- Compile reports of the first assembly meeting,
- Examine the business plan of the potential modern AC,
- Develop the by-law and internal regulations of the potential modern AC,
- Prepare a list of members to the Board and the Oversight Committee for the potential modern AC,
- Compile a list of farmers who voluntarily apply for membership, number of shares and the membership fee,
- Collect sample signatures or fingerprints of the Board Chair or the authorized person to represent the modern AC.

Step 5: Organize a management team of the modern AC

In the fifth step, DACD must coordinate with the modern AC Board to select the management of the modern AC including:

- A highly qualified and professional executive,
- An accountant,
- A production operations manager, and
- Other professionals as needed.

5. Mechanisms to support the modern AC

To develop a successful and sustainable modern AC, a number of national support mechanisms need to be established.

5.1. Policy Council for Agricultural Cooperative ()

Policy Council for Agricultural Cooperative is a new national mechanism established to help develop policy frameworks, legal instruments, strategic plans, and training for the development of modern ACs in Cambodia.

Role and responsibilities of the Policy Council for Agricultural Cooperative include:

- Conducting research study and consultations to develop regulatory frameworks, policies, strategic plans, and action plans related to modern AC development in accordance with the socio-economic context,
- Developing a proposal to the RGC for decision or revision of the national policy on AC development,
- Monitoring and evaluating the implementation of AC development policies, strategic plan, action plans and work programs,
- Setting goals for capacity strengthening and promoting AC cooperation with the private sector and DPs,
- Coordinating between relevant government agencies, the private sector, and financial institutions to promote and support AC operations,

- Issuing decisions or instructions for the implementation of national and subnational work programs, by relevant ministries, agencies within their jurisdiction, related to the policy, strategic plan, and action plans for AC development,
- Address problems or obstacles that hinder implementation of AC policy, strategic plan, and action plans,
- Produce and submit annual reports on outcomes to the RGC of the AC development, and
- Perform other relevant functions to support AC development policies within the scope of the AC Law.

5.2. Agricultural Cooperative Development Fund

Agricultural Cooperative Development Fund (ACDF) is another new national mechanism under MAFF's direct management to support and develop modern ACs in the Kingdom of Cambodia. The Fund will be used for the following tasks:

- Providing financial assistance to ACs or AC unions to provide capital for their business operations,
- Providing financial assistance to the Cambodian Agricultural Cooperative Coalition (CACC) to support its operations,
- Supporting ACs or AC unions on the development of physical and market infrastructure approved by the ACDF Board, and
- Supporting the AC or AC union development process nationally and subnationally to respond to farmer's needs.

6. Success factors of modern ACs

Success and sustainability of a modern AC will be determined by several key factors:

- Highly qualified and professional human resources,
- Clear management system and strong business plan,
- Level of trust and confidence by the AC members and relevant partners,
- Ownership of entrepreneurial, honest, innovative, and competitive business processes,
- Size of the AC and its economies of scale,
- Economic sustainability and strong capital, and
- Attractiveness and broad support by farmers in the agricultural sector overall.

The above key factors are lacking in smallholder-based agriculture and are hard to achieve even by large-scale private investment. Initial capital is the main stimulus that an ACDF must invest in as a prerequisite. But the established modern ACs will be economically sustainable and capable of repaying the initial investment capital to the ACDF.

7. Modern Agricultural Cooperative pilot project

7.1. Prerequisite for a pilot project

Large modern ACs involve many farming households and have a vision to cover everywhere in Cambodia. This cooperative agricultural production and joint management arrangement is a new form of procedure. The first step of the pilot project will allow for thorough, in-depth, and comprehensive analysis before the planned rollout at scale can be successfully implemented and to avoid any potential risks that could derail the entire Policy Program. This pilot project will provide key data that could be used to revise several hypotheses before the full-scale implementation can occur. Success in the pilot phase will also provide the necessary positive momentum and an enabling environment for the rapid scaling of modern ACs in Cambodia in the future.

7.2. Specific objectives and expected results of the pilot project

The pilot project for modern ACs will be designed to:

- Collect data on the economic characteristics of the modern AC, especially change in income, expenses and profit margins of individual farmers compared to smallholder-based farming with inadequate techniques, and to explore the optimal size of communities to benefit from economies of scale,
- Pilot a highly integrated and production cooperative, supply chain cooperative and marketing cooperative ,
- Learn the dynamics of joint management and the separate responsibilities between the modern AC's general members, the Board, and the operation manager,
- Learn the attractiveness and incentives that encourage farmers to join a modern AC,
- Gather feedback on the needs and challenges facing members as a basis for comparative analysis and adjustments ahead full implementation,
- Understand how to promote modern AC ownership, governance, implementation of business plans and decisions, especially communications between members and with managers,
- Disseminate and draw the attention of other farmers outside the modern ACs,
- Provide insights and recommendations as inputs to the plan for the full scale-up and implementation of modern ACs across the country, and
- Seek effective formulas that could form the basis for Scalability and Replicability in the full implementation phase.

7.3. Methods and scope of pilot project

- **Criteria for site and farmer selection**
 - Voluntary participation by farmer,
 - Agreement on cooperative agricultural production and acceptance of joint management by modern AC,
 - Representativeness and modality for scaling in the future,
 - Areas with high potential consistent with the existing policies, and/or potential to scale in the future as well as proximity to markets,
 - Inclusive and equitable participation, especially the opportunity for farmers with small production assets,

- Priority given to existing ACs, large ACs and ACs with strong leadership,
- Supportive local authorities and easy access to coordination by professional officials, and
- Potential sources for fundraising to support pilot projects.

- **Scope of the pilot project**

Four cash crops are given priority for the first phase of modern AC development, namely rice, cashew, pepper, and vegetables. Potential sites in selected provinces will be identified for the pilot projects including Kandal, Pursat, Battambang, Banteay Meanchey, Kampot, Preah Sihanouk, Kampong Thom, Tbong Khmum and Siem Reap.

7.4 Evaluation of the pilot project

To maximize the benefits from the pilot project implementation, an independent evaluation will be conducted when the project has been completed, and shall be based on the following principles:

- Analyzing and Comparing the results against objectives and baseline data collected prior to the project implementation,
- Conducting qualitative studies with focus groups, emphasizing on the level of satisfaction and positive impacts on the livelihood of individual members after the project implementation,
- Identifying challenges, risks, experiences, and lessons learned,
- Analyzing the sustainability factors of modern ACs that participated in the pilot project,
- Providing conclusions and recommendations for inputs to the revision and planning for scaling-up and full implementation of modern ACs in a broader context.

8. Conclusions

Developing a modern AC is the only way to boost the economic efficiency of Cambodian agricultural production in an environmentally friendly and inclusive manner with the participation of a wide range of farmers. Cambodian agriculture will also advance its competitiveness due to the integration of land use at scale without affecting private ownership.

However, developing a modern AC must still adhere to the principle of voluntary participation without coercion, and respect for the members' rights to leave in accordance with AC by-laws, and remains a complementary mechanism to assist farmers' production effectively. In particular, the support provided by the RGC to modern ACs, for example, to establish Policy Council for Agricultural Cooperative and especially ACDF, will form a financially sustainable support mechanism. Successful modern ACs will keep paying back to the ACDF, which will provide support for multiplication of more modern ACs that will help Cambodian farmers and agriculture. It is expected that the modern AC development Policy Program will not only improve the living standards of farmers, but also enhance the environment and sustain effective production.

KINGDOM OF CAMBODIA
NATION RELIGION KING

Royal Government of Cambodia

No. 112 SSR

DECISION
ON
ESTABLISHMENT OF A JOINT WORKING GROUP FOR AGRICULTURAL
VALUE CHAIN

ROYAL GOVERNMENT OF CAMBODIA

Pursuant to:

- The Constitution of the Kingdom of Cambodia,
- Royal Decree No. NS/RKT/O823/1981 dated 22 August 2023 on Appointment of the Royal Government of the Kingdom of Cambodia,
- Royal Kram No. NS/RKM/0618/012 dated 28 June 2018 promulgated the Law on the Organization and Functioning of the Council of Ministers,
- Royal Kram No. NS/RKM/0196/18 dated 24 January 1996 promulgated the Law on the Establishment of the Ministry of Economy and Finance,
- Royal Kram No. NS/RKM/0196/13 dated 24 January 1996 promulgated the Law on the Establishment of the Ministry of Agriculture, Forestry and Fisheries,
- Royal Kram No. NS/RKM/0196/16 dated 24 January 1996 promulgated the Law on the Establishment of the Ministry of Commerce,
- Royal Decree No. NS/RKT/0723/1563 dated 20 July 2023 on the establishment Economic and Financial Policy Committee
- Sub-Decree No. 17 ONK/BK dated 7 April 2000 on the Organization and Functioning of the Ministry of Agriculture, Forestry and Fisheries,
- Sub-Decree No. 38 ONK.BK dated 16 March 2020 On the Organization and Functioning Of the Ministry of Commerce,
- Sub-Decree No. 43 ONK.BK dated 28 February 2022 on the Organization and Functioning of the Ministry of Economy and Finance, and
- Reference to the necessary requirements of the Royal Government of Cambodia,

DECIDED

Article 1

A joint working group is hereby established to coordinate agricultural value chains with members as follows:

1.	Secretary of State, MAFF	Chairman
2.	Representative, Ministry of Commerce (MoC)	Vice chairman
3.	Representative, Agricultural and Rural Development Bank	Vice chairman
4.	Representatives, Ministry of Economy and Finance (MEF)	Member
5.	Deputy Governors in charge, of relevant Capital and Provinces	Member
6.	Secretary General, MAFF	Permanent member
7.	Professional Official, MoC	Member
8.	Professional Official, MEF	Member
9.	Representatives, agricultural related private sectors	Member
10.	President of the Cambodian Agricultural Cooperative Coalition	Member

The specific members of the joint working group shall be defined by a separate decision by the Chairman of the Economic and Finance Policy Committee (EFPC).

Article 2

The joint working group will have duties as follows:

- Monitoring the price of agricultural products in the domestic and export markets to identify ones facing potential price fluctuation,
- Analyzing the impacts of price fluctuations on domestic producers and consumers,
- Based on the analysis, identifying agricultural products with potential impacts for government interventions,
- Developing and submitting a report to the EFPC Chairman for decision on intervention to address the potential crisis,
- Implementing interventions in accordance with the decision by the EFPC Chairman,
- Reporting on the progress and outcomes of the interventions to the EFPC Chairman as required.
- Developing a Standard Operating Procedure (SOP) to intervene in the value chain as necessary, respecting the free market principles, and
- Performing other duties as directed by the EFPC Chairman.

Article 3

The permanent member will play secretarial role for the joint working group and will have members from specialized entities as necessary.

Article 4

Vice chairman and members shall participate in meetings convened by the Chairman. Where the Chairman is absent a vice chairman may be assigned by the chairman to lead the meeting on his/her behalf.

The Joint Working Group may invite experts or representatives of ministries, agencies, entities, and other relevant stakeholders to participate in the meetings as needed.

This joint working group has the right to use the seal of the Ministry of Agriculture, Forestry and Fisheries in carrying out its duties.

Article 5

Budget to implement the agricultural value chain coordination mechanism shall be planned in a program budget of each relevant ministry/agency.

Article 6

The Minister in charge of the Office of the Council of Ministers; the Minister of Economy and Finance; the Minister of Agriculture, Forestry and Fisheries; the Minister of Commerce; the Governors of the Capital and Provincial Board of Governors; and the heads of all relevant institutions shall be responsible for implementing this decision in their respective duties from this signing day onward.

Done in Phnom Penh, 20 September 2023
Prime Minister

Samdech Moha Borvor Thipadei Hun Manet

Recipients:

- Ministry of the Royal Palace
- General Secretariat of the Constitutional Council
- General Secretariat of the Senate
- General Secretariat of the National Assembly
- Cabinet of the Prime Minister
- Cabinets of the Deputy Prime Ministers
- As in Article 6
- Royal chronological
- Fiel and document

KINGDOM OF CAMBODIA
NATION RELIGION KING

Ministry of Economy and Finance

No. 081

DECISION
ON
APPOINTMENT OF THE JOINT WORKING GROUP FOR AGRICULTURE
VALUE CHAIN

DEPUTY PRIME MINISTER, MINISTER OF ECONOMY AND FINANCE
AND CHAIRMAN OF THE ECONOMIC AND FINANCE POLICY
COMMITTEE

Pursuant to:

- The Constitution of the Kingdom of Cambodia,
- Royal Decree No. NS/RKT/0823/1981 dated 22 August 2023 on the Appointment of the Royal Government of the Kingdom of Cambodia,
- Royal Decree No. NS/RKT/0823/2068 dated 26 August 2023 on the Appointment and assignment of advisors to the Ministry of Agriculture, Forestry and Fisheries,
- Royal Kram No. NS/RKM/0618/012 dated 28 June 2018 promulgated the Law on the Organization and Functioning of the Council of Ministers,
- Royal Kram No. NS/RKM/0196/18 dated 24 January 1996 promulgated Law on the Establishment of the Ministry of Economy and Finance,
- Royal Kram No. NS/RKM/0196/13 dated 24 January 1996 promulgated the Law on the Establishment of the Ministry of Agriculture, Forestry and Fisheries,
- Royal Kram No. NS/RKM/0196/16 dated 24 January 1996 promulgated the Law on the Establishment of the Ministry of Commerce,
- Royal Decree No. NS/RKT/0723/1563 dated 20 July 2023 on the establishment of the Economic and Finance Policy Committee,
- Sub-Decree No. 17 ONK.BK dated 7 April 2000 on the Organization and Functioning of the Ministry of Agriculture, Forestry and Fisheries,
- Sub-Decree No. 38 ONK.BK dated 16 March 2020 on the Organization and Functioning of the Ministry of Commerce,
- See Sub-Decree No. 43 ONK.BK dated 28 February 2022 on the Organization and Functioning of the Ministry of Economy and Finance of the Royal Government of Cambodia,

- Decision No. 112 SSR dated 20 September 2023 and Establishment of the working group to Coordinate agricultural commodity value chains, and
- Reference to the needs of the Economic and Finance Policy Committee

DECIDED

Article 1

A joint working group is hereby established to coordinate for agriculture value chains with following members:

1. HE. Yang Saing Koma, Secretary of State, Ministry of Agriculture, Forestry and Fisheries (MAFF), Chairman
2. HE. Var Roth San, Secretary of State, Ministry of Commerce (MoC), Vice Chairman
3. HE. Ban Lim, Deputy Director General, Rural and Agricultural Development Bank, Vice Chairman
4. HE. Ung Luyna, Director General, General Department of Policy, Ministry of Economy and Finance (MEF), Member
5. Deputy Governors in charge, of the relevant Capital and provinces, members
6. HE. Srey Vuthy, Secretary General, MAFF, Permanent Member
7. HE. Samrith Sakura, Director General of Domestic Trades, MoC, member
8. Mr. Ngor Peng Ti, Official, MEF, Member
9. Private sector representatives active in agriculture, Member
10. Chairman of the Cambodian Agricultural Cooperative Coalition, Member

Article 2

This joint working group has the following tasks:

- Monitoring the price of agricultural products in the domestic and export markets to identify ones facing potential price fluctuations,
- Analyzing the impacts of price fluctuations on domestic producers and consumers,
- Based on the analysis, identifying agricultural products with potential impacts for government interventions,
- Developing and submitting to the EFPC Chairman report requesting the decision on intervention to address the potential crisis,
- Implementing interventions in accordance with the decision by the EFPC Chairman,
- Reporting on the progress and outcomes of the intervention to the EFPC Chairman as required.
- Developing a Standard Operating Procedure (SOP) to intervene in the value chain as necessary, respecting the free market principles, and
- Performing other duties as directed by the EFPC Chairman.

Article 3

The permanent member plays a secretarial role for the joint working group and shall have members from relevant specialized agencies as necessary.

The Vice-Chairman and the members shall attend the meeting at the invitation of the Chairman. Where the Chairman is absent, a Vice-Chairman shall be assigned by the Chairman to lead the meeting instead.

This joint working group may invite experts or representatives of ministries, agencies, entities, and other stakeholders to attend meetings as needed.

This joint working group has the right to use the seal of the Ministry of Agriculture, Forestry and Fisheries in delivering its duties.

Article 5

The budget for implementing the mechanism to coordinate agricultural value chain shall be planned for in the program budget of each relevant ministry/agency.

Article 6

The Minister of Agriculture, Forestry and Fisheries; the Minister of Commerce; the Minister of Economy and Finance; the Governor of the relevant Capital-Provincial Board of Governors, heads of all relevant institutions and persons concerned as stated in Article 1 shall be responsible for implementing this decision according to their respective duties from the date of signing.

Done in Phnom Penh, 18th November 2023
Deputy Prime Minister, Minister of Economy
and Finance and Chairman of the Economic and
Financial Policy Committee

Recipients:

- Office of the Council of Ministers
- Relevant Ministries / Agencies
- Prime Minister's Office
- As per article 6
- Archive/file

Akka Pundit Sapheacha AUN Pornmoniroth

Action Plan on Recruitment and Management of Commune / Sangkat Agriculture Officers

Action Plan	Performance Indicator	Year of Implementation				Responsible Agency
		2023	2024	2025	2026	
1. Recruitment						
Phase I	250 Applicants	x				- MCS - MEF - MAFF
Phase II	800 Applicants		x			- MCS - MEF - MAFF
Phase III	550 Applicants			x		- MCS - MEF - MAFF
2. Management						
Development of relevant legal instruments	Royal Decree on separate statute of CAOs	x				- CoM - MCS - MAFF
	Development of decision on establishment of a secretariat to coordinate tasks of the CAOs		x			- MAFF
	Prakas on SOP for the CAOs		x			- MAFF
3. Training						
Initial training	250 trainees		x			- MAFF
	800 trainees		x			- MAFF
	550 trainees			x		- MAFF
Study and assess technical training and relevant skill delivery	Develop report on study and technical training needs and other skill need assessment		x			- MAFF
Technical training	Delivery of technical training		x	x	x	- MAFF
4. Monitoring and evaluation						
Conduct monitoring and evaluation of CAO performance	Develop report of the M&E of CAO performance		x	x	x	- MAFF - Sub-national administrations - Provincial and Capital DAFF

Keys: MCS - Ministry of Civil Services; MAFF – Ministry of Agriculture, Forestry and Fisheries; MEF – Ministry of Economy and Finance; DAFF – Department of Agriculture, Forestry and Fisheries

Seven Steps to Successful Rice Farming (Kateti Poem)

Rice price whether low or high, the net income is dependent on level of input uses including fertilizers, seeds, pesticides, and collective marketing; high net income will be generated if costs of production are reduced.

As a concept, seven steps to follow for successful rice farming include: first, the selection of good and pure seeds to meet the crop market demand.

Second, proper soil preparation and leveling is necessary so that standing water can be maintained in the field, labor is saved, resilience of the crop is improved, and rice growth is enhanced.

Third, plant the crop in rows to facilitate equal growth of rice plants and they will be able to stand against pests and diseases and require less inputs and pesticides while providing a high yield.

Fourth, apply combined organic and chemical fertilizers according to the growth stage to ensure healthy growth and long panicles.

Fifth, organize into a group to increase the bargaining power; and enter into contract farming.

Sixth, timely harvesting of the crops, neither before nor after the grains are sufficiently ripe, to avoid loss from falling and to get a higher price, while also selecting and purifying seeds for the next cropping.

Seventh, regularly monitor the weather forecast (flood and drought) to avoid damage from potential adverse effects of the climate events.