

# KINGDOM OF CAMBODIA



Ministry of Agriculture,  
Forestry and Fisheries

## CONTRACT FARMING IN CAMBODIA

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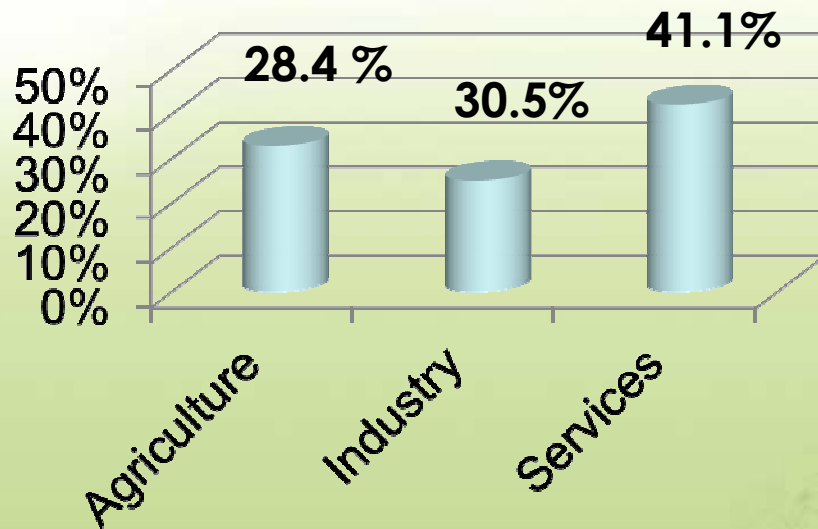


# Introduction



- Total area : 181,035.00 km<sup>2</sup>
- Population : 14,521,276 (2010)
- Population growth rate: 2,2%
- GDP per capita: 790USD(2010)
- 55% are under 20 years old
- Only 15% live in urban centers
- 73 inhabitants/km<sup>2</sup>
- 200.000 young people reach employment age each year, mainly in rural areas

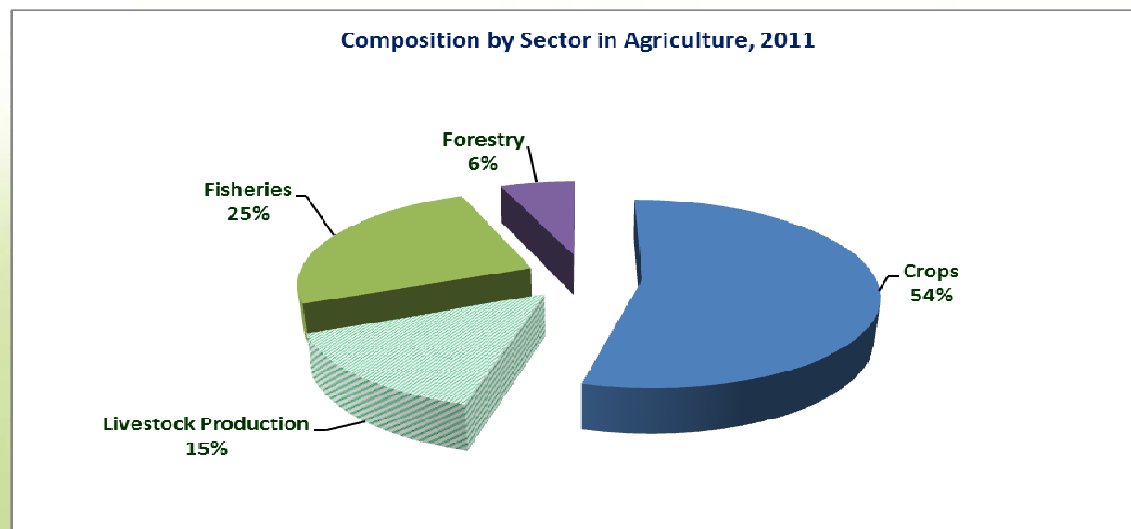
# Cambodian National Economic Growth(2011)



	2004	2005	2006	2007	2008	2009	2010	2011
<b>Agriculture (%)</b>	32.1	33.4	32.8	31.6	30.6	33.5	29.0	28.4
<b>Industry (%)</b>	25.4	24.6	25.0	25.7	26.2	21.7	28.0	30.5
<b>Services(%)</b>	42.5	42.1	42.1	42.7	43.2	38.8	43.0	41.1



# Composition by Sub Sector in Agriculture Sector



	Crops	Livestock	Fisheries	Forestry
2006	50.8%	15.8%	25.9%	7.5%
2007	52.2%	15.6%	24.8%	7.3%
2008	52.7%	15.5%	25%	6.9%
2009	52.9%	15.3%	25.2%	6.6%
2010	53.8%	12.8%	27.3%	6.1%
2011	54%	15%	25%	6%

# Rice Production



Descriptions	2007	2008	2009	2010	2011
Cultivated Areas(Ha)	2,585,905	2,615,741	2,719,080	2,795,892	2,968,529
Harvested Areas (Ha)	2,566,952	2,613,363	2,674,603	2,777,323	2,766,617
Yield (T/Ha)	2.621	2.746	2.836	2.970	3.173
Production (MT)	6,727,127	7,175,473	7,585,870	8,249,452	8,779,365
Rice Surplus (MT)	1,649,640	2,025,033	2,244,598	2,516,752	2,780,328
Paddy Surplus (MT)	2,577,562	3,164,114	3,507,185	3,932,425	4,344,263

## Other Crop Production

<b>Commodities</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b><i>Maize</i></b>	108,836	142,391	163,106	206,058	213,622	174,257
<b><i>Cassava</i></b>	97,918	108,122	179,945	160,326	206,226	391,714
<b><i>Mung Bean</i></b>	85,140	65,261	45,605	49,599	69,206	68,111
<b><i>Soya bean</i></b>	75,053	76,981	74,413	96,388	103,198	70,584
<b><i>Total 4 main Crops</i></b>	366,947	392,755	463,069	512,370	592,250	704,666

# **Crop Marketing Constraints in Cambodia**

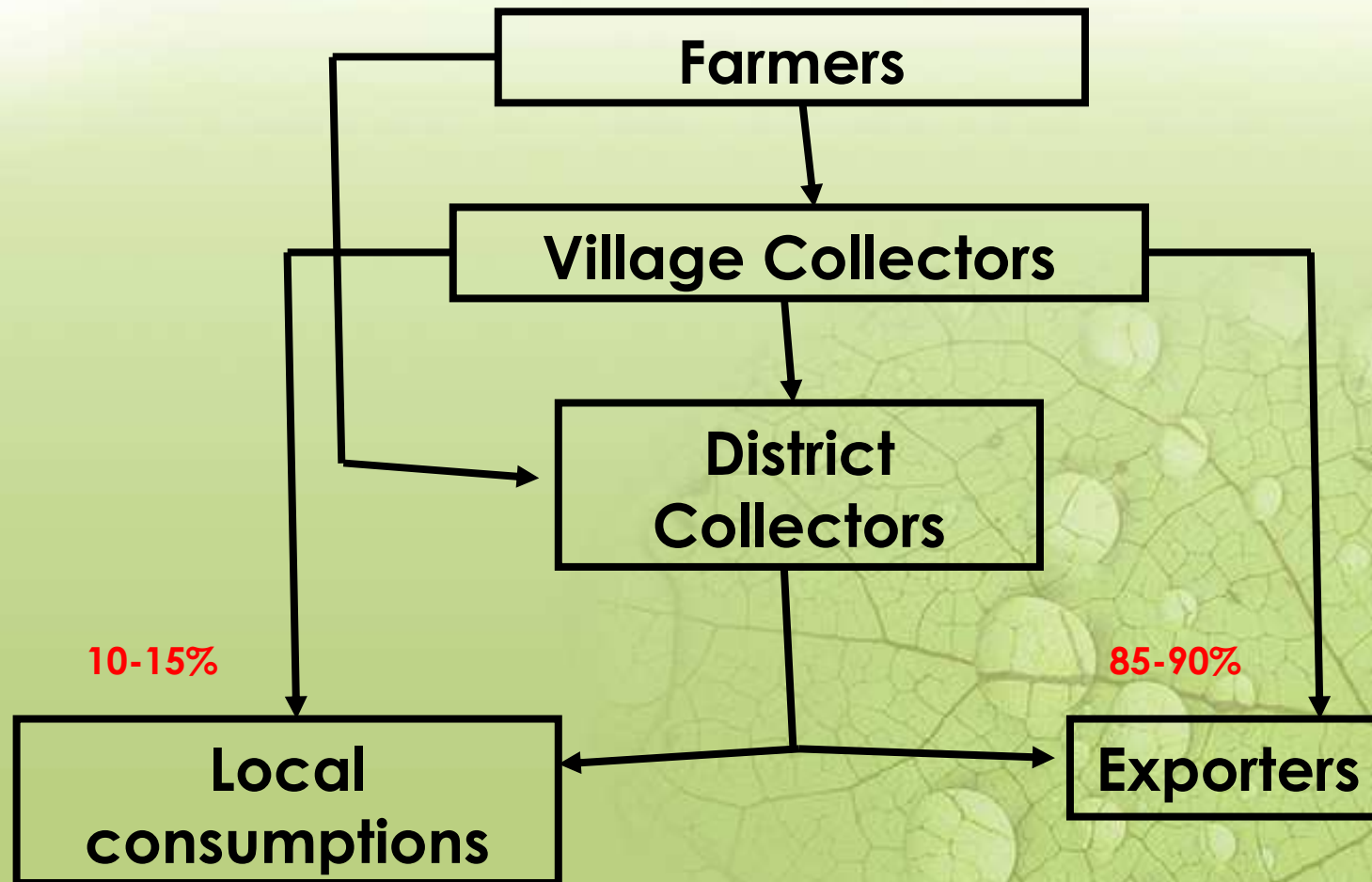


## Crop Marketing Constraints in Cambodia

- Limited domestic demand
- No value addition capture
- No access to market or market channels not known
- Lack of quality incentives and product standards
- Competition with cheap imports (informal cross border trade), especially VN and Thai
- Low reputation of Cambodian products
- No facilitators for market linkage between FOs & Agri-companies

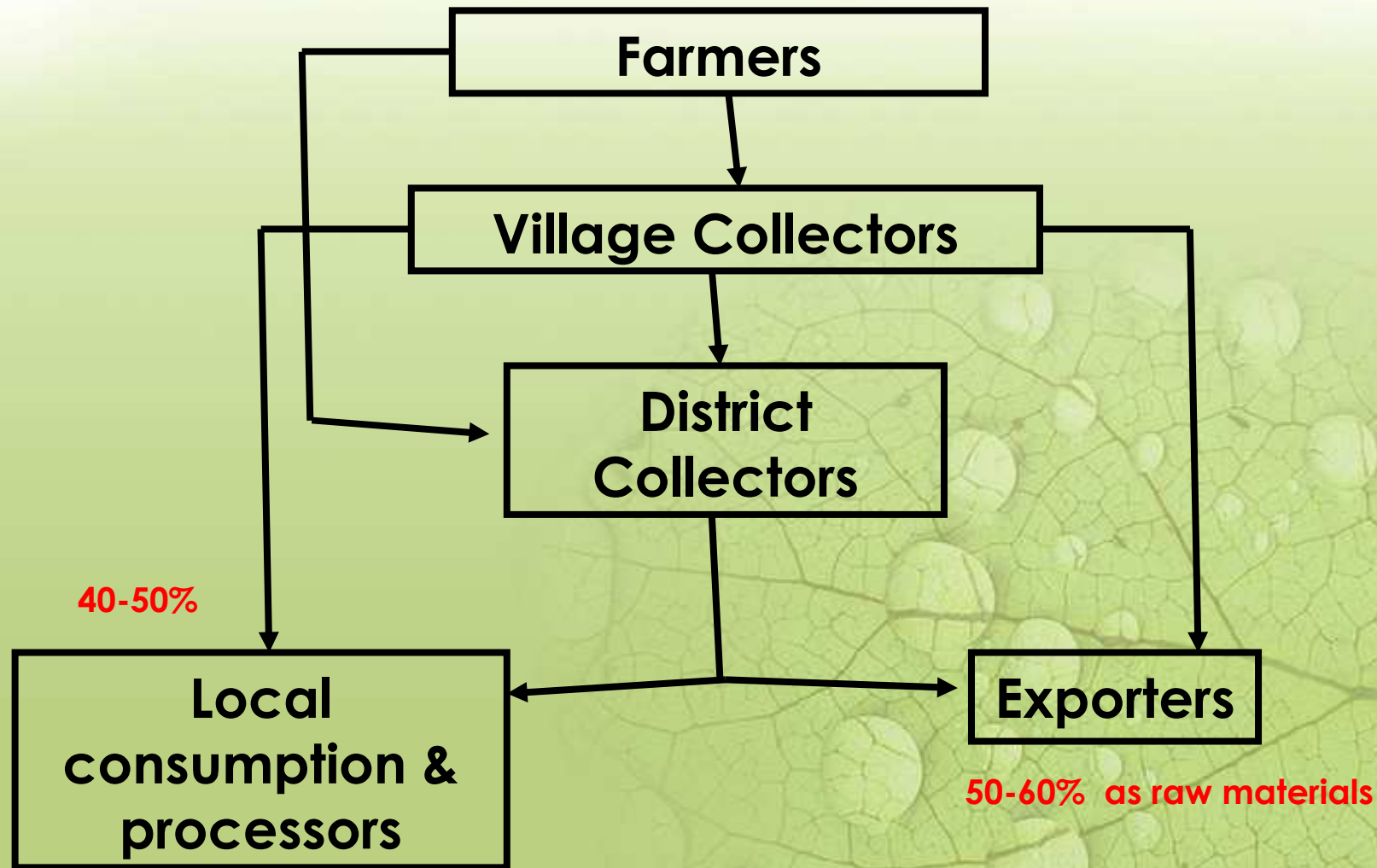
## Crop Marketing Situation in Cambodia

### Crop Marketing Channel



## Crop Marketing Situation in Cambodia

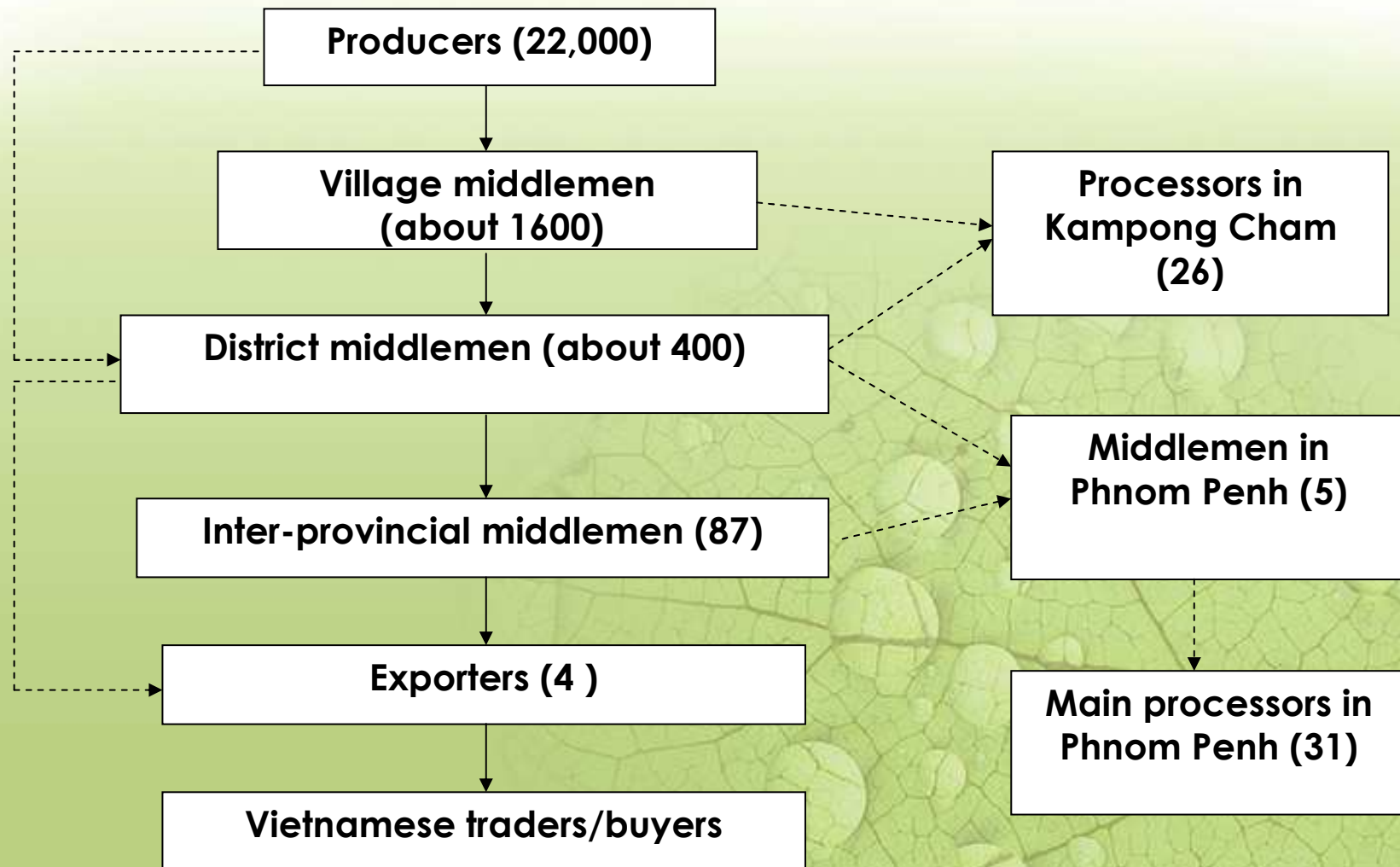
### Rice Marketing Channel





# Crop Marketing Situation in Cambodia

**Case study:** Structure of the marketing chain from catchment area of Soybean to Vietnam (120Km)



**Case study:** Price of Soybean in the Marketing Chain (\$/tonne) along a Trade Route from Bos Knaor commune in Kompong Cham, through Neak Leang in Cambodia, to Taing Chov in Vietnam.

Trade route	US \$ per tonne				
	Average Margin	Transport and fee	Loading, Unloading	Total	Selling Price*
Farmer gate price					<b>550</b>
Village middlemen	5	2	0	7	557
District middlemen	5	0	2	7	564
Inter-provincial middlemen (by route)	5	2.5	2	9.5	573.5
Exporter in Neak Leang (by route)	5	7	2.5	14.5	588
Importer in Taing Chov (by boat)	12	15	3	23	<b>611</b>
<b>Total</b>	<b>32</b>	<b>26.5</b>	<b>9.5</b>	<b>61</b>	

## Crop Marketing Situation in Cambodia

### Price of Cassava Chip (US\$/t)





# **Contract Farming Situation in Cambodia**

### National Policy Supported CF and Partnerships

- National Strategic Development Plan (2009-2013, para.396)
- Strategy for Agriculture and Water 2010-2013(SAW 2010, para.116,301, 308,313)
- RGC's policy paper on the Promotion of Paddy Production and Rice Export (2011-2015) ( page 11)
- Sub decree on Contract Farming (promulgated Feb, 2011)
- **Currently, PM requested to implement the link SLCs programs and ELCs through contract Farming** ( during addressing at the inauguration of the new building of the MLMUPC, date 9<sup>th</sup>, Feb, 2012)

# Sub Decree of Contract Farming (SDCF)



# **Objective of SDCF**

(Article 2,Chapter 1)

- Strengthening the responsibility and trust between producing and purchasing parties base upon the principles of equality and justice.
- Ensuring the accuracy of the prices, purchases, and supply of agricultural products, both quantity and quality
- Increase purchasing, processing and exporting of agricultural products
- Contribute to national economic development and people's poverty reduction pursuance of the policies of the Royal Government

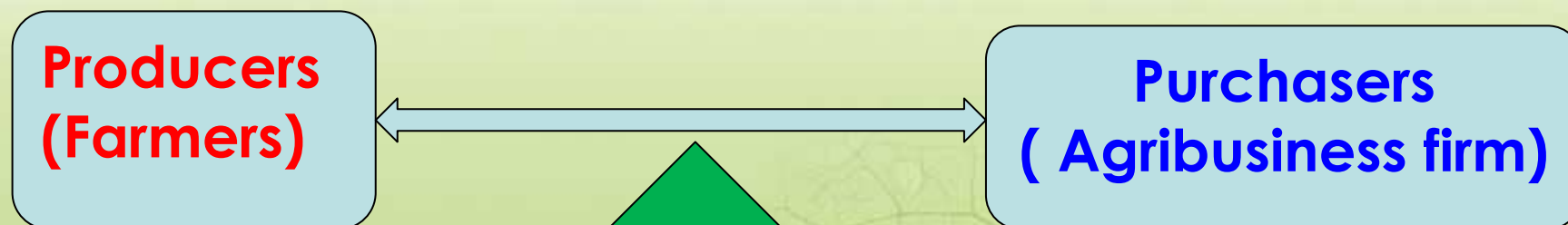
# Application (Article 3, chapter 1)

This sub-decree has its scope that applies all types of agricultural production business under the contract-based agricultural production



# MAFF to be lead body (article 5,6 , Chapter 1)

## Contract Farming



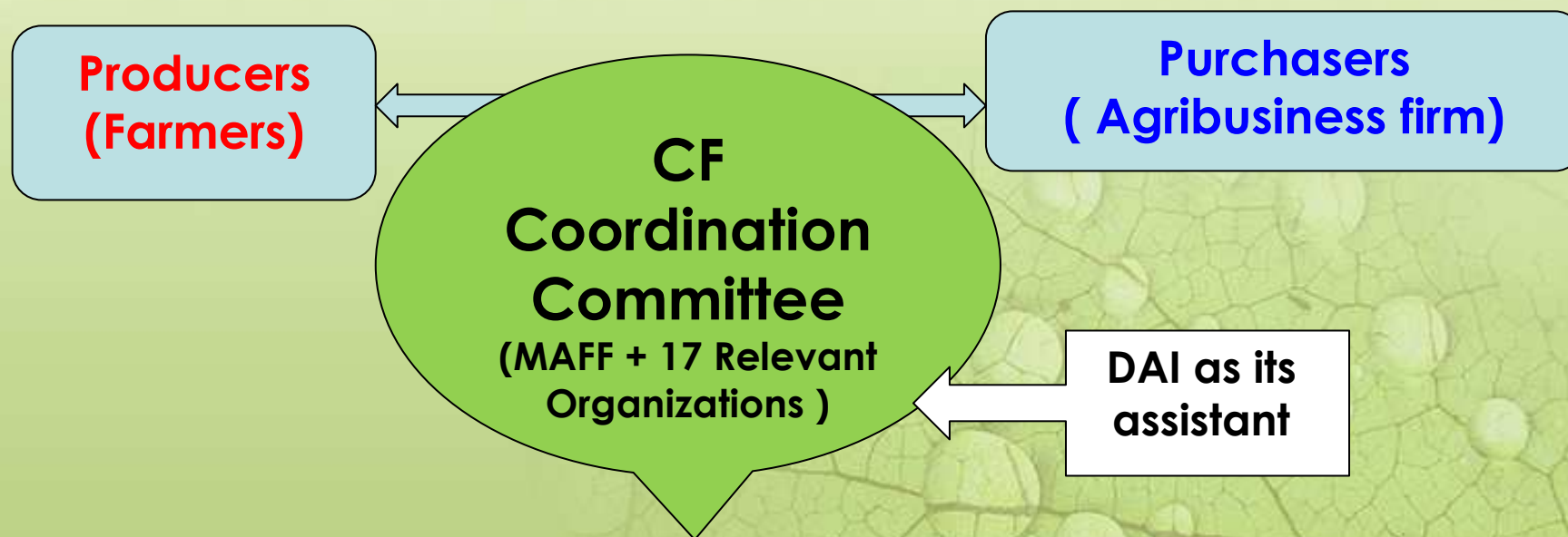
- MAFF shall be the lead institution in communicating, coordinating, and provided expertise services in order to facilitate the contract-based agricultural production development.
- MAFF shall monitor and evaluate all of these functions and reports to RGC .



# Establishment of CF Coordination Committee

(Article 7, Chapter 2)

## Contract Farming



- Develop policy, strategic plan aim at the promotion of the CF
- To facilitate and strengthen the harmonization between parties to CF
- To intervene or reconcile argument or conflict that might be occurred from the implementation of the CF that expertise institution is unable to settle or conflict which required settlement of the inter-institutions

## **Rights and Obligations of Producers & Purchasers**

( Article 8,9 , Chapter 3)

### **Contract Farming**

#### **Producers ( farmers)**

- To comply with conditions as inscribed in the agreement
- To proceed production activities based on seasonal and required timeframe
- To supply on time , in term of grade, quantity, and quality and due timeline
- To accept the payment of product value as set in agreement

#### **Purchasers ( Agribusiness firm)**

- To comply with conditions as inscribed in the agreement
- To determine the commodity items such as quantity, quality , place, and date of delivery and acceptance of the commodities
- To provide agricultural materials such as vegetable or crop seeds, animal breeds , and provided credit advance, technical services, etc
- To pay by specific unit –based products and quality as agreed prices
- To pay the commodities to producing party as specifying under the conditions and at specific timeframe as agreed upon

**In Conclusion** : The SDCF will engage for mutual benefit to both producer and purchaser party

## **Contract Farming**

### **Producers**

- Inputs and production services are provided
- Access to credit
- Skill and technology transfer
- Assured market outlet
- Stabilized income

### **Purchasers**

- Reliable supply of raw materials
- Overcoming land constraints
- Greater conformity to desired quality and safety standards
- Labor cost/ issues reduced



**Department of Agro-Industry,  
Ministry of Agriculture, Forestry and Fisheries**

*Thank you for your  
attention*



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