

# Cambodia: how can we support farmers' organisations in their efforts to create profitable markets?

Responsible partnerships, organic and fair trade certification: the example of PMUAC and Kampatraco



Rice harvest - Cambodia

### Country

**Cambodia**

### Direct beneficiaries

**2,407 families,  
 75 villages,  
 20 communes,  
 9 districts,  
 2 provinces**

### Périod

**2017-2022**

### Total cost

**130,000 euros**

### Main funding bodies

- Agence Française de Développement (AFD),
- Société Coopérative Ethiquable

### Local stakeholders

- Preah Vihear Meanchey Union of Agricultural Cooperatives (PMUAC) in Preah Vihear province
- Tnoat Kampong Speu Agricultural Cooperative (KAMPATRACO) in Kampong Spe province.

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**I**n Cambodia, agriculture is the main source of income for rural populations and plays an important role in economic activity and maintaining food security. The rice industry is a major sector, contributing over 15% of GDP. Exports of rice (milled/wholly milled) rose sharply between 2010 and 2020, from 51,300 tonnes to almost 700,000 tonnes. At the same time, rice production methods have changed, and the adoption of direct seeding has led to the use of mineral fertilisers and pesticides that are harmful to human, animal and environmental health, causing fish stocks in rice fields to decline. In addition, the lack of storage capacity and cash flow among farmers, who are not yet organised into cooperatives, means that unhusked rice (or paddy) is sold «at the farm gate» at a time when rice prices are at their lowest and producers' needs are at their highest. These weaknesses in terms of farmer organisation and access to markets also affect other sectors, such as palm sugar, cashew nuts and groundnuts.

Against this backdrop, the Royal Government of Cambodia and donors are focusing on

programmes to support contract farming, linking small farmers with private sector players (buyers, intermediaries, exporters) and/or direct marketing. A large number of cooperatives and unions have been set up to enable the collective marketing of agricultural produce. However, many of them are still poorly organised and do not have access to fair and sustainable markets.

### Towards a sustainable and fair industry: what steps need to be taken?

In 2017, AVSF and the Ethiquable Cooperative Society set up a support programme for around 4,000 producers to enable them to access quality, remunerative and sustainable markets. Several activities to support the production of rice, groundnuts and palm sugar, on the one hand, and organisation and access to organic and fair trade markets, on the other, have been implemented by two producer organisations:

#### - The Preah Vihear Meanchey Union of Agricultural Cooperatives (PMUAC),

Cambodia's first cooperative union, was set up in April 2016 and now includes 25 rice and groundnut producer cooperatives (comprising 5,403 producer members) in Preah Vihear province.

- **KAMPATRACO**, a cooperative in the province of Kampong Speu, created in 2011, is a much smaller organisation, comprising 126 palm flower sugar producers, 26 of whom are now organic.

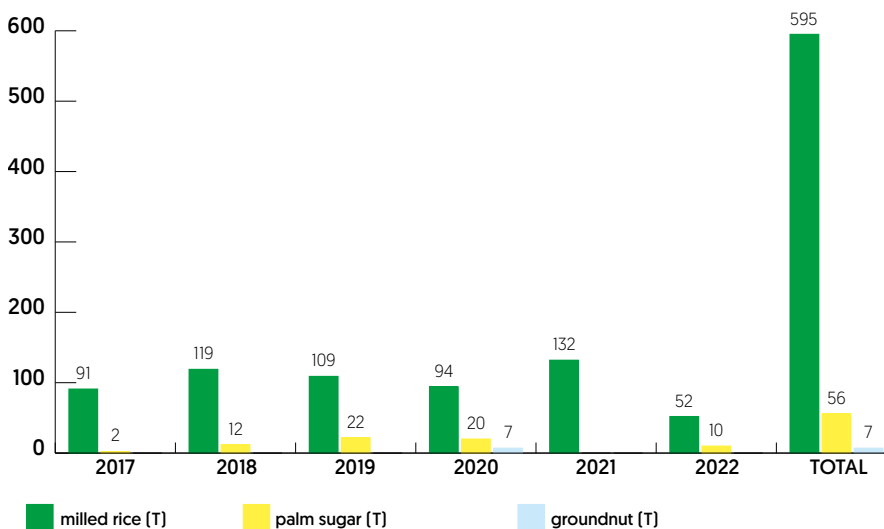
This support has contributed significantly to the increase in volumes sold by the cooperatives. Between 2017 and 2022, they sold **658 tonnes of certified organic and fair trade products** (595 tonnes of milled rice, 7 tonnes of groundnuts and 56 tonnes of palm sugar) to the French buyer, Ethiquable.

Organising these organic and fair trade industries requires support across several phases:

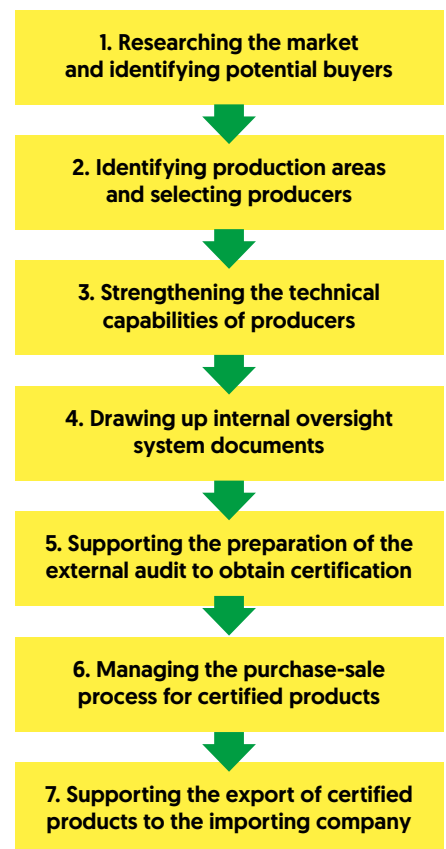
#### 1. Researching the market and identifying potential buyers

Organic and fair trade certification generate costs and create expectations in terms of sales for producers. It is a worthwhile and

Development of PMUAC and KAMPATRACO's trading capacities on the organic and fair trade market



Key phases in accessing organic and fair trade markets



[1] Groupe initiatives - Traverse No. 53 - Organisations in the value chain and quality management - <https://groupe-initiatives.org/-Site-FR->

→ appropriate option, provided that the export markets have been identified in advance and provide purchase prices that cover the costs of certification. This is why, with AVSF's support, the farmers' organisations (FOs) approached Cambodian companies (such as AMRU Rice) and the French company Ethiquable, in advance of the project, in order to secure initial sales outlets for their members.

## 2. Identifying production areas and selecting producers

With the support of AVSF, the cooperatives carried out several surveys to identify producers who were interested in obtaining certification and to select areas where compliance with the specifications was possible.

The selection criteria for volunteer producers are as follows:

- agree and undertake not to use any chemical inputs (synthetic fertilisers, pesticides, etc.) on their land.
- take part in training courses on organic farming and fair trade at least once a year.
- commit to recording all production-related activities.

Today, over 4,000 member producers are certified as organic and fair trade.

## 3. Strengthening the technical capabilities of producers

To ensure that the producers complied with the requirements of the organic farming specifications, the project team organised a series of training courses each year on production and post-harvest techniques, with the cooperatives' technical teams providing post-training follow-up. Obtaining organic certification was made easier by the fact that the cooperative members did not initially use chemical inputs on their land. The main difficulties lay in setting up a traceability and oversight system for agricultural practices, known as the «Internal Oversight System».

## 4. Drawing up internal oversight system documents

The internal oversight system must ensure that all commitments relating to the organic farming and fair trade (SPP) specifications are respected at all times, and guarantee this through a functional and effective traceability system.

This is a system of continuous self-oversight, the reliability of which must be verified by

the external auditor. In practice, this means that the oversight body delegates part of its responsibilities to the FO in order to reduce costs. The system has been put in place within the cooperatives and has involved drawing up a large number of documents in order to oversee the practices of producers and processors: list of collectors/producers, general map, commitments to be respected, organic production rules. These documents are included in [the AVSF manual on preparing for organic certification](#).



## 5. Supporting the preparation of the external audit to obtain certification

AVSF assisted the two FOs in negotiating and communicating with the certification bodies in order to carry out the audit and monitor the results. To do this, the FOs had to complete various procedures: fill in forms, sign quotations and order forms, etc. The auditors then carried out field inspections. The results were positive, and the organic certificates of the PMUAC and KAMPATRACO organisations were renewed each year.

## 6. Managing the purchase-sale process for rice, groundnuts and palm sugar

Once the two certificates had been obtained, AVSF helped the managers and staff of the two FOs to prepare a plan for purchasing certified products and organising logistics.

## 7. Supporting the export of palm sugar and groundnuts to the importing company

As the two managers of the FOs had no experience of shipping agricultural products abroad, AVSF and Ethiquable also supported them during this phase. An export company and a local service provider were hired to transport the sugar and groundnuts to France.



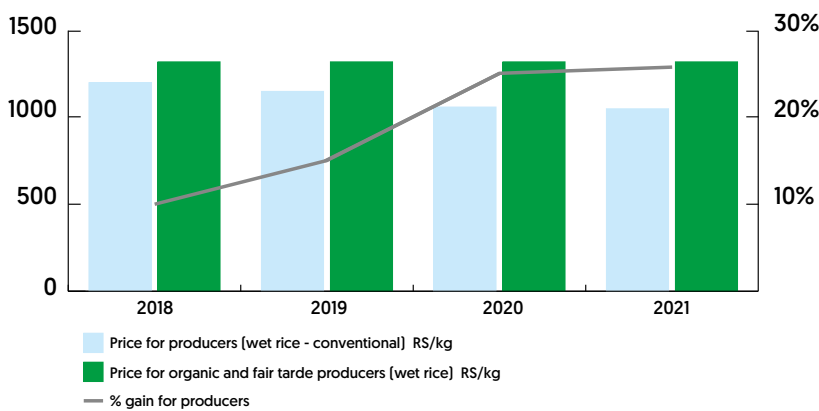
## A better income for farming families involved in organic and fair trade industries

The main objective of these farmers' organisations is to improve the incomes of farming families. A comparison between the fair trade/organic price and the conventional price of a similar type of rice shows that **the sale of certified products improves producers' incomes** (by 25% over the period 2020-21) and **strengthens the financial capacity of the cooperatives and the union.**

On average, 72% of the price paid by Ethiquable to the union goes directly to the producers. The share retained by the union and its member co-operatives enables them to build up working capital in order to pre-finance future campaigns and develop new services for their members. →



**Comparison of prices paid to producers for conventional and organic fair trade products**



### Diversifying members' production and strengthening the autonomy of organisations by developing new services

In parallel with its activities in the rice industry, and in order to encourage the diversification of producers' incomes, PMUAC decided to support two of its member cooperatives in the production. Technical support and post-harvest investments were provided (purchase of a shelling machine, construction of drying areas and warehouses, etc.).

Growing groundnuts has a number of advantages. In particular, it improves soil fertility (by fixing atmospheric nitrogen) and mitigates the financial risks faced by producers by providing them with farm income during the off-season.

The same applies to palm sugar production, which is an off-season activity that complements rice cultivation and provides an additional source of income for KAMPATRACO's producer-members.

### Useful synergies between qualifications...

These experiences with dual certification have demonstrated a number of advantages and synergies:

- **Farmers' organisations are encouraged to become independent of processors** (cooperatives seeking to process, direct export) and thus create added value locally.
- **The cooperative spirit is strengthened** by providing an immediate return for members and for the running of the cooperatives.
- **Sustainable production and consumption is ensured** while promoting expertise and local areas.
- **Previously negotiated reciprocal commitments are formalised** (regarding volumes, prices, quality, delivery times and terms and conditions, pre-financing) in order to secure the commercial activity of the parties involved.

### ... but challenges remain

Despite improved organisation in these industries, certain crops are still threatened by a shortage of labour, due in part to the arduous nature of the work, difficulties in accessing small-scale mechanisation and the availability of «more attractive» job opportunities in textile factories. This is already having an impact on the quality of the harvest (occasional high breakage rate, poor moisture content) and is forcing some producers to simplify their cultivation practices, at the risk of affecting the quality of the produce.

To develop and reinforce these fair trade and sustainable agricultural sectors, we need to:

- Continue our efforts to obtain **long-term commercial commitments** from as many buyers as possible **and to ensure that minimum prices are respected**, which more than cover production costs and enable producers to make a decent living.
- **Continue to diversify and strengthen services for producers to improve production, harvesting and processing conditions and thus make the work less arduous.**
- **Continue to search for outlets** for all the organic and fair trade volumes collected.
- **Build the capacity of organisations to lobby** for the adoption of agricultural policies that promote commercial practices based on the fundamental principles of fair trade.



Palm sugar producer - Cambodia

## Testimonials from beneficiaries



*«The benefits of this commercial partnership include a stabilised market, remunerative prices and environmental protection thanks to organic farming which does not affect the health of humans, animals or plants. What's more, this partnership is a key driver in motivating and stimulating our member services. PMUAC is gradually becoming self-sufficient and can look to the future.»*

**M. Oeur Sam Ath,**  
Managing Director of PMUAC.



*«In 2020, I earned more than 20 million riels from the sale of my organic rice. This profit enabled me to increase my investment capital in my grocery shop and pay off a debt to buy a power tiller. I was also able to prepare better for the next season.»*

**Keo Hen,**  
rice producer and member of the PMUAC agricultural cooperative.



*«Before the launch of the project and the partnership with Ethiquable, I used to sell my sugar at Rs 5,000/kg. Today I sell it at Rs 7,000/kg for 3.5T. I'm making a profit of more than 1,500 euros compared with before. This gives me a second income in addition to growing rice and enables me to support my family by buying food and clothes and helping with school fees for my five children. I've also been able to build a fence around my house.»*

**M. Hor Huot,**  
palm sugar producer - member of KAMPATRACO.



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