

## Strategy to Support Small Landholder Farmers

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### BRIEF ABOUT THE STUDY:

The study on “Reflection on the Strategies to Support Small Landholders” was conducted between January and February 2015 by a research team of the Center for Development Oriented Research in Agriculture and Livelihood Systems (CENTDOR), and funded by the NGO Forum on Cambodia. The study aims to understand the following key research questions:

- To what extent do the policy priorities in agriculture mentioned in NSDP favour small-land holders or concessionaires?
- What role does the Royal Government of Cambodia (RGC) support small landholders and concessionaires in agriculture in Cambodia?
- What are the potential tensions between supporting both the expansion of large-scale agriculture projects, and supporting small landholders?
- What are the lessons learnt from case studies for supporting small farmers?
- Could the lessons learnt from case studies be replicated more broadly?

To answer the above questions, the National Strategic Development Plan 2014-2018 and relevant literature and policies related to agricultural development in Cambodia were reviewed. Key informants working in agricultural development and supporting small landholders were interviewed. Four case studies of two NGOs, CEDAC and SNV, were conducted to understand what strategies are used, and how they link small holder farmers to markets.

### Key messages

- Agriculture is a main sector for the development of the rural economy and food security. The National Strategic Development Plan (NSDP 2014-2018) focuses on agriculture sector development through modernization, diversification and commercialization without prioritizing small-scale or large-scale agriculture. However, this could disadvantage small-scale agriculture since large-scale agriculture is increasing rapidly and could dominate the agricultural sector in the near future.

- A numbers of legal instruments are in place to support small landholders to improve their agricultural production and market for their produce. However, farmers still face a number of challenges to become organized, to meet quality standard, to deal with the high cost of agricultural inputs, poor quality seed and limited financial capacity.

- Linking smallholder farmers to markets is a key driver of economic growth, but this approach includes both challenges and exciting prospects. in the move from household food security to local markets, and then to urban markets or export markets, smallholder farmers need to learn about business management and the demands of the market. Not only the volume of sales needs to be increased, but the requirement for quality and specification of the products also needs to be ensured. Producers have to respect business rules such as quantity, timing of supply, quality and specification requirements.

- Two development philosophies are identified. Self-reliant development helps farmers to control the business chain, but this process takes a long-term commitment to establish, while the inclusive business approach brings benefit to farmers after a short period

of time, but producers have little opportunity to control the business chain by themselves.

- The adoption of the market approach depends on the nature of selected commodities and the readiness of involved stakeholders of the commodities. The Filière approach has “pushing power” which helps producers to get organized and empower them, while the global chain approach is a “pulling power”, to motivate and encourage farmers to get into the market systems. The two approaches (global chain and filière) or a combination of two approaches are appropriate to support small farmers. However, at the beginning stage of linking farmers to market and to help farmers to prepare themselves to face market challenges, the filière approach is much more promising.

## Key findings: Results and Analysis

- The policies prioritize the agriculture sectors as mentioned in the NSDP. This sector represents one of the four pillars of the rectangular strategy of the RGC (Phase 3) and is expected to play a major role in supporting economic growth, especially the development of the rural economy, but also in terms of equity and food security.

- The NSDP 2014-2018 does not clearly prioritize large-scale or small-scale agriculture, but provides a set of initiatives for the improvement of the agricultural sector. These initiatives are driven by a focus on agricultural modernization that aims to move away from traditional agriculture to modern techniques, diversification by adopting any crops of high added value mainly oriented to export markets, and commercialization, which mainly consists in promoting trade and export of agricultural products.

- **Supporting small landholders:** The relevant legal instruments have been developed by the RGC and mandatory ministries. Those include rice seed and subsidiary crop policy, Cambodia Agricultural Organic Standards policy, rice export policy, and the Agricultural Cooperative law. The Ministry of Agriculture, Forestry and Fishery (MAFF) plays an important role in leading, managing, supporting and ensuring that policy statements and commitments on

agricultural development are achieved, as well as to ensure food security and safety in Cambodia.

- **Supporting large-scale concessionaires:** To support large-scale concessionaires, the Sub-decree on Economic Land Concessions (ELCs) was developed. Furthermore, Directive 01 and land titling to existing land occupants through the “leopard-skin” policy were also carried out to solve conflicts between local communities and large scale land concessionaire within the ELC boundary. These laws could facilitate the smooth implementation of the large-scale concessions.

- **Fulfilling the household food security:** Homestead food production is the starting point which needs to be fulfilled before gradually moving up to the next level. Government agencies and NGOs mainly provide technical capacity building on agriculture production and facilitate farmers to access agriculture inputs, such as quality seeds, fertilizers and other materials for production.

- **Improvement of production for local market and local food security:** At the second level, farmer organizations are needed. The private sector plays the role as distributor or retailer. In addition, farmers can also sell their produce locally in their home villages to their neighbors or to local markets. Government agencies and NGO play an important role in promoting the local products through agriculture fairs. Individual producers, as well as producer groups are gradually known by urban consumers, and then those consumers can also buy such produce directly from producers.

- **Improvement of production toward export market:** Government agencies provide a legal framework while export companies have worked with local companies to purchase the required volume for export. NGOs often work with producer groups and form them as a group and/or register as agriculture cooperatives. Export companies rarely reach out and work directly with agriculture cooperatives, but do so through middlemen or local companies known as intermediaries.

- **Linking farmers to markets:** means regulating supply patterns in order to ensure that farmers get

ongoing benefit from production. The production, planning, and organizational skills of the producers are very important to help access markets. Linking farmers to markets should be extended from local markets, to urban markets, and then to export markets. Therefore the support from the government, private sector, and NGOs to smallholder farmers is needed.

- **Self-reliant development philosophy:** The philosophy is adopted by CEDAC and applied to rice and vegetables. Target communities organize themselves in terms of human, physical and financial resources through the provision of ideas and technical capacity provided by CEDAC.

- **Inclusive business philosophy:** This philosophy is adopted by SNV on the marketing of cassava. The existing market structure is facilitated where involved stakeholders participate in improving and sustaining the business structure to share benefits.

- **The Filière approach:** This market approach has been adopted by CEDAC in vegetable commodities to link this product to the market. This approach appears with the organization and mobilization of small farmer for their specific produce. The Filière approach is generally framed by local production capacity, rather than driven by the demand size from outside.

- **Global chain approach:** This market approach has been adopted by SNV in cassava commodities in linking this produce to both local and export market. The Global chain approach is generally driven by global demand from outside, which is mostly done through contract farming.

- **Combination of two market approaches:** CEDAC has also worked by combining the two market approaches in its interventions on organic rice. In the beginning organic rice producer groups are organized at village level, and then combined at commune level, district level, provincial level and national level. Organic rice has several market destinations, either the local urban market or the export market. CEDAC buys organic paddy from rice producers and mills it to sell to urban consumers. This is known as filière approach. In addition, CEDAC

also plays a role as middleman and collaborated with export companies to export organic rice to foreign markets e.g. EU and the US. In this case, organic rice exporters make a contract with CEDAC for a certain amount of organic rice. CEDAC coordinates with farmers to produce organic rice to meet export needs. A set demand for organic rice by the export market or buyer, and work with a local company (CEDAC Enterprise), is known as Global chain approach.

## Key Recommendations

- Government should speed up the legal framework and technical services for the setting up of agriculture cooperative such as training/learning materials (a. Implementation and management of agriculture cooperative manual and b. Training of trainer manual). So far, Government has established the Agriculture Cooperative Department under the General Department of Agriculture. However, manuals for the implementation of agriculture cooperative are not ready.

- The Royal Government of Cambodia should focus its support on smallholders since the evidence showed that with the appropriate technical agricultural knowledge and market access as well as financial support can lead to sustainable and self-reliant development, particularly it reflects to national food security and nutrition strategies.

- The Filière approach should be adopted to help organize farmer producer groups in the early stages to link farmers to the market. With the development of the ASEAN Economic Community, Agriculture Cooperatives on key agriculture commodities should be established and strengthened.

- So far, federations of agriculture cooperatives have been established and are functioning. Under the federation framework, agriculture cooperatives have mobilized financial resources form their agriculture cooperative members to invest in district rice mill cooperatives. Government should make funds available to support agriculture cooperatives or federations. The funds should also be directly accessible by the agriculture cooperatives

## Disclaimer:

The views express in this report are solely those of the researchers and do not necessarily represent the views of NGO Forum on Cambodia or CENTDOR.

## Further readings

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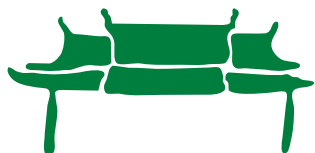
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