



KINGDOM OF CAMBODIA

NATION RELIGION KING

Royal Government of Cambodia

No.

SUB-DECREE

ON

**THE ESTABLISHMENT OF
CAMBODIA FOOD RESERVE SYSTEM**

(Draft Dated 11 June 2012)



The Royal Government

- Having seen the Constitution of the Kingdom of Cambodia,
 - Having seen the Royal Decree No. ស្រ/រកត/០៩០៨/១០៥៥ dated 25 September 2008 on the Appointment of the Royal Government of Cambodia,
 - Having seen Royal Kram No. ០២/៩៩១/០៤ date 20 July 1994 Promulgating the law on the Organization and Functioning of the Council of Ministers,
 - Having seen the Royal Kram No. SRKM 01.96.03 dated 24 January 1996 Promulgating the law on the Establishment of the Ministry of Commerce,
 - Having seen the Royal Kram No. SRKM 01.96.13 dated 24 January 1996 Promulgating the law on the Establishment of the Ministry of Agriculture, Forestry and Fisheries,
 - Having seen the Royal Kram No. SRKM 01.96.18 dated 24 January 1996 Promulgating the law on the Establishment of the Ministry of Economy and Finance,
 - Having seen the Royal Decree No. ស្រ/រកត/០៨០៩/៨៦៦ dated 27 August 2009 Promulgating the law on the Establishment of the Council of Agriculture and Rural Development,
 - Having seen the Royal Decree No. ស្រ/រកត/០២០២/០៤០ dated February 16, 2002 on the formation of the National Committee for Disaster Management,
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- Having seen the Sub Decree No. 72 អនក្រឹត្យ/ប្រកាស dated 23 November 1998 on the establishment of Green Trade Company,
- Having seen the Sub Decree No. 188 អនក្រឹត្យ/ប្រកាស dated 14 November 2008 on the Restructuring of General Departments of the Ministry of Agriculture, Forestry and Fisheries,
- Having seen the Sub Decree No. 135 អនក្រឹត្យ/ប្រកាស dated 21 September 2007 on the revision of organization and functioning of the Committee for Economic and Finance Policy,
- Having seen the Royal Kram No. 41 RNK BK dated 06 August 1997 Promulgating the law on the implementation of the General Statute of the Public Enterprise,
- Having seen the Prakas No. 617 សម្រេច/ប្រកាស dated 18 August 2008 for the establishment of National Food Security Task Force,
- Having seen the Prakas No. 619 សម្រេច/ប្រកាស dated 18 August 2008 on the establishment of Executing Agency for the management of Emergency Food Assistance Project,
- Pursuing to the Approval of the Committee for Economic and Finance Policy meeting on the day of ----- month of -----, 2012.

Hereby Decides

Chapter 1 General Provision

Article 1 This sub decree is to establish Cambodia Food Reserve System with the abbreviation word of "CFRS".

Article 2 The CFRS is to support the immediate food (rice) needs during a disaster or emergency if any, in Cambodia.

In addition to food, the CFRS is to reserve quality rice, vegetable and other crops seed, to meet the needs of vulnerable farmers during the rehabilitation period of a disaster or emergency.

Article 3 The CFRS is designed to meet the immediate food needs for about 10% of the total Cambodian population at present for a period of 1 month after the declaration of a disaster or emergency.

The seed reserve is designed to assist the vulnerable farmers, and to rehabilitate 2.5% of total rice and vegetable cultivable area of Cambodia at present combined, in the aftermath of a disaster.

Article 4 The Prime Minister leads the CFRS and has supreme authority on it. The CFRS has one committee to provide recommendation and to prepare a draft policy related to CFRS. The CFRS committee has the following members:

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|---|---------------|
| 1. Representative of Ministry of Economy and Finance (MEF) | Chairman |
| 2. Representative of National Committee for Disaster Management (NCDM) | Vice Chairman |
| 3. Representative of Council for Agriculture and Rural Development (CARD) | Member |
| 4. Representative of Green Trade Company (GTC) | Member |
| 5. Representative of General Directorate of Agriculture (GDA) | Member |
| 6. Representative of Cambodian Red Cross (CRC) | Member |

Article 5 The CFRS committee has to organize review meeting once in every three year or as necessary to:

1. Review responses to disasters and ways to improve them within the ambit of the system;
2. Review design, total amount and composition of the system;
3. Review need for modification of the system based on the situation of emergency food needs in the country or the availability of resources of the country to support the objective of social safety net and Rice Export Policy of the government of Cambodia;
4. Review any other issues related to the system; and
5. Recommend to the Prime Minister modifications, if any, to the system as per evolving situation in the country or policy options to improve the existing system.

Article 6 In emergency situation, the CFRS committee has to organize meeting immediately or as necessary. In non-emergency situation, the committee has to organize ordinary meeting once in every year. The agenda of the meeting should include:

1. review responses to disasters and ways to improve the implementation within the ambit of the system;
2. Logistic management, stock position and replenishment, food and seed reserve information system, and financial management;
3. Release and distribution of the reserve;
4. Preparation of the annual budget plan for the CFRS;
5. Report to the Prime Minister and inform other stakeholders on the situation of the CFRS; and
6. Other problems/issues faced.

Chapter 2

Organization and Management

Article 7 Stakeholders of CFRS

The stakeholders that will be implementing and managing the CFRS are

1. Ministry of Economy and Finance (MEF);
2. National Committee for Disaster Management (NCDM);
3. Council for Agriculture and Rural Development (CARD)
4. Green Trade Company (GTC); and
5. General Directorate of Agriculture (GDA).

Article 8 Composition and Management of Food Stock

The total amount of food stock under the CFRS is 16,000 tons of rice. There is a combination of food and cash reserve as follows:

1. 10,000 tons (62.5%) of food reserve is kept in terms of physical stock of rice; and
2. 6,000 tons (37.5%) of food reserve is kept in terms of a cash food reserve fund.

Food reserve stock has to be managed as follows:

1. GTC has to manage 10,000 tons of rice for the CFRS. It has to earmark 7,000 tons of rice from its stock, and manage another 3,000 tons of rice through contractual agreement with private partner companies; and
2. MEF has to earmark and manage cash fund for food reserve equivalent to 6,000 tons of rice for the CFRS.

Article 9 Composition and Management of Seed Stock

The total amount of seed stock under the CFRS is:

1. Rice Seed: 3,000 tons of early varieties seed; and
2. Vegetable and other crops seed: 50 tons.

Combination of seed and cash reserve has to be managed as follows:

1. GDA has to supervise and manage 2,000 tons of early varieties rice seed and 25 tons of vegetable and other crops seed for the CFRS. It has to produce and manage 1,500 tons of rice seed through Toul Samroung Rice Seed Farm; 500 tons of rice seed through contractual agreement with private partner companies and farmers seed grower associations; and 25 tons of vegetable and other crops seed through Kbal Koh Vegetable Research Station; and
2. MEF has to earmark and manage cash fund for seed reserve equivalent to 1,000 tons of rice seed, and 25 tons of vegetable and other crops seed for the CFRS

The rice, vegetable and other crops seed kept as seed reserve have to be produced carefully following the seed production techniques and to be stored under good condition following the seed storage techniques.

Article 10 Release Order to Use and Distribute Stock

1. The Prime Minister will give the order to use and distribute food stock, for free, if the emergency food needs is more than 1,000 tons. In case, the emergency food needs is less than 1,000 tons, NCDM representative, assigned by the Prime Minister, can sign in the release order but needs to provide prior information to the Prime Minister as well as the MEF.
2. The Prime Minister will give the order to withdraw the cash from cash reserve fund held in an Escrow Account, if there is a need to buy more than 1,000 tons of food. In case, the need is to buy less than 1,000 tons, the MEF Representative who will manage the Escrow Account will have authority to withdraw the cash from the cash reserve fund to buy food.
3. The Prime Minister will take decision related to seed reserve, and give the order to use and distribute seed stock.
4. Except the order of the Prime Minister to provide quality seeds for free, the seeds should be sold at discounted prices (50% subsidized price than the market prices). The fund collected from the subsidized sale of seeds should be transferred automatically to the Escrow Account set up for the said purposes and managed by the MEF.
5. The MEF Representative will have authority to withdraw cash from the cash reserve fund to meet operation and maintenance expenses related to the CFRS.

Chapter 3

Roles and Responsibilities of Stakeholders

Article 11 Roles and Responsibilities of MEF

The MEF has to set up a unit headed by the Secretary General which will be responsible for the CFRS. The roles and responsibilities of this unit are:

1. Manage Escrow Account for the cash reserve fund (both food and seed) of the CFRS;
 2. Monitor and supervise the use of cash reserve fund;
 3. Allocate funds for maintenance and other operational activities of the food stock to NCDM (unit that will be responsible for the CFRS) and Green Trade Company, and seed stock to GDA (unit that will be responsible for the CFRS);
 4. Consolidate and arrange for the approval of annual budget plan following the budget law procedure and allocate required fund for food and seed reserves of the CFRS;
 5. Financial Management of the CFRS as a whole;
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6. Report regularly to the Prime Minister and inform other stakeholders on the situation of the CFRS; and
7. Organize the meeting for the CFRS as stated in the article 5 & 6.

Article 12 Roles and Responsibilities of NCDM

The NCDM has to set up a unit headed by one Deputy Secretary General which will be responsible for the CFRS. The roles and responsibilities of this unit are:

1. Manage disaster risk assessment data;
2. Conduct assessment for food needs and help in assessment of seed needs during emergency;
3. Coordinate with institutions and development partners on the emergency food and seed needs information sharing;
4. Provide information of the emergency food needs to the Prime Minister and other stakeholders for necessary action;
5. Coordinate disaster response during emergency;
6. Coordinate to identify target population affected by a disaster;
7. Coordinate and supervise food distribution operation and help in organization, transportation and sale of subsidized seed to target population;
8. Collect and transfer the fund from the subsidized seed sale to the Escrow Account held at MEF;
9. Manage and maintain Food and Seed Reserves Information Management System; and
10. Manage and maintain Logistics Information System.

Article 13 Roles and Responsibilities of CARD

The Food Security and Nutrition (FSN) unit of CARD will support and assist the stakeholders, and have following roles and responsibilities:

1. Regularly prepare and disseminate quarterly bulletin on food security and nutrition;
2. Regularly prepare and disseminate Monitoring and Evaluation Report for Food Security and Nutrition (FSN);
3. Provide information on the food security situation in the country to the stakeholders and other partners based on the mandate of CARD; and
4. Support the CFRS in Monitoring and Evaluation to ensure transparency and accountability of the system.

Article 14 Roles and Responsibilities of GTC

The roles and responsibilities of the Green Trade Company (GTC) headed by the Director General are:

1. Procurement of 10,000 tons of food stock (rice) for the CFRS;
2. Manage 10,000 tons of food stock (rice), including 3,000 tons to be held with private partner companies for the CFRS;
3. Select and manage private partner companies that warrantee on the quality, quantity and delivery of food stock on time;

4. Prepare and enter in to contract agreement with private partner companies;
5. After getting instruction from the Prime Minister or NCDM representative, ensure transportation of food reserves to the distribution point on time;
6. Manage stock inventory at Green Trade warehouses and private warehouses;
7. Manage warehouses and ensure quality of food reserves;
8. Prepare annual budget plan for the food stock of the CFRS; and
9. Prepare and share monthly report, or report as necessary on food stock position including quantity and quality of food reserve under the CFRS to MEF, NCDM and MOC.

Article 15 Roles and Responsibilities of GDA

The GDA has to set up a unit headed by the Director General which will be responsible for the CFRS. The roles and responsibilities of this unit are:

1. Conduct Seed needs assessment;
2. Overall management of 2,000 tons of quality rice seed (including 500 tons to be held with private partner companies and farmer seed grower association) and 25 tons of vegetable and other crops seed for the CFRS;
3. Produce and manage 1,500 tons of quality rice seed at Toul Samrong Rice Seed Farm and 25 tons of vegetable and other crops seed at Kbal Koh Vegetable Research Station for the CFRS;
4. Select and manage private partner companies and farmers seed grower associations that warrantee on the quality, quantity and delivery of seed stock on time;
5. Prepare and enter in to contract agreement with private partner companies and farmers seed grower associations;
6. After getting instruction from the Prime Minister or representative appointed by the Prime Minister, ensure transportation of seed reserves to the distribution point on time;
7. Manage stock inventory at Toul Samrong and Kbal Koh warehouses, private partner companies and farmers seed grower associations warehouses;
8. Manage warehouses and ensure quality of seed reserves;
9. Prepare annual budget plan for the seed stock under the CFRS; and
10. Prepare and share monthly report or report as necessary on stock position including quantity and quality of the seed stock under the CFRS to MEF, NCDM and MAFF.

Article 16 CRC, Development Partners, UN agencies and Civil Societies

The Royal Government of Cambodia welcomes participation and support of the CRC, development partners, UN agencies and civil societies in the CFRS. The participation and support, as appropriate and as per the expertise, may be focused in the following areas:

1. Share information on the emergency food and seed needs with the NCDM;
2. Help in the identification of target population for distribution of emergency food and seed reserves;

3. Provide coordination, cooperation and support in the distribution of food reserves.
4. Provide technical and financial assistance to cover emergency food needs assessment;
5. Share knowledge and experience on logistic and food distribution;
6. Provide assistance and support to CARD to produce quarterly bulletin on FSN and M&E report for FSN; and
7. Provide assistance and support to other stakeholders of the CFRS for capacity building, maintenance and other operational activities of the CFRS.

Chapter 4

Budget for Implementation and Management

Article 17 The Royal Government of Cambodia, through the MEF, will provide regular budgetary support to the CFRS. The budget will be used for:

1. Procurement of 10,000 tons of rice to serve as food reserve;
2. Production and procurement of 2,000 tons of early varieties rice seed and 25 tons of vegetable and other crops seed to serve as seed reserve;
3. Maintenance of cash reserve equivalent to 6,000 tons of rice, 1,000 tons of early varieties rice seed, and 25 tons of vegetable and other crops seed; and
4. Operation, management and maintenance of the CFRS including stock rotation and replenishment, warehouse rental, and other operational expenses especially during food and seed distribution as stated in article 11.

Article 18 To ensure effectiveness, transparency and accountability of the CFRS, all the expenses related to the system, and income from the sale of subsidized seed or old food and seed stock will be transferred to Escrow Account, and will follow the budget and financial modality or guideline set up by the MEF.

Article 19 The Royal Government of Cambodia encourages and will appreciate if the development partners, UN Agencies, and other donors participate and provide support to the CFRS as stated in article 16. All the financial support/assistance provided for the purpose of the CFRS will be transferred automatically to Escrow Account set up for the said purposes and managed by the MEF.

Chapter 5

Final Provision

Article 20 Minister in charge of the Cabinet of the Council of Ministers, Ministry of Economy and Finance, Ministry of Commerce, Ministry Of Agriculture Forestry and Fishery, National Committee for Disaster management, Council for Agriculture and Rural Development, Green Trade Company, and all concerned ministries and institutions shall implement this Sub Decree effectively from the date of signature herein.

Phnom Penh,

Prime Minister

Samdech Akka Moha Sena Padei Techo HUN SEN

Submitted with Respect to
Samdech Akka Moha Sena Padei Techo, Prime Minister
for Signature

Deputy Prime Minister, Minister of Economy and Finance

Keat Chhon

CC:

- Ministry of the Royal Palace
 - General Secretariat of Senate
 - General Secretariat of the National Assembly
 - General Secretariat of the Royal Government
 - Cabinet of Samdach Akka Moha Sena Padei Techo, Prime Minister
 - Cabinet of Deputy Prime Minister
 - Archives-Chronicles
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