Empowering Smallholder Farmers through Cooperative-Led Market Linkages and Climate-Resilient Agriculture in Oddar Meanchey

Authors:

Dr. Tapas R. Dash

Purpose:

This case study was developed as part of the Nurture Project’s interim evaluation to document key achievements and lessons learned from the implementation phase.

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1. Introduction

Nurture Project Overview

Nurturing Climate Resilience in Cambodia (Nurture) is a four-year collaborative initiative among HEKS/EPER, Caritas Switzerland, the Ministry of Water Resources and Meteorology (MOWRAM), and the General Directorate of Agriculture (GDA). Co-financed by the Swiss Agency for Development and Cooperation (SDC), the project strengthens the climate resilience of smallholder farmers (SHFs) through three interventions: local water governance; policy and planning on climate adaptation; and climate-resilient agriculture and market development. By enabling private-sector actors and farmer organizations to adopt and scale commercially viable, climate-resilient practices, Nurture facilitates improved decision-making, productivity, and market access for vulnerable rural households.

Intervention Scope

This case study focuses on the Oddar Meanchey Akphiwat Union of Agricultural Cooperative (OMCAUAC). The intervention covers one town (Samraong) and four districts (Trapeang Prasat, Anlong Veng, Banteay Ampil, and Chong Kal) in Oddar Meanchey Province. The Union is a secondary-tier farmer organization representing 18 primary Agricultural Cooperatives (ACs) and has total investment capital of 235,296,100 Riel. The scope of the Nurture intervention includes capacity building for Union leadership, market linkage development for key commodities (native chicken, shallots, and beans), and the promotion of CRA practices, including cover cropping and agroecological demonstrations.

Award ceremony: The Oddar Meanchey Akphiwat Union of Agricultural Cooperative (OMAC) announced as the winner of the incubator program, 2025 © Impact Hub

2. The Context: From Fragmentation to Collective Action

Residents relocating to a safe zone in Chong Kal District, Oddar Meanchey, during the Cambodia-Thailand border conflict.
© OMAC

Damaged cucumber crops resulting from delayed harvesting during the Cambodia-Thailand border conflict.
© KS Seed

Before the project’s intervention, agricultural cooperatives in Oddar Meanchey province operated largely in isolation. Although the OMCAUAC was established in October 2019, its initial capital (62.6 million Riels) and its capacity to coordinate large-scale market contracts were limited. SHFs faced significant barriers, including erratic rainfall that led to total crop failure, high prices for chemical inputs, and deep-seated mistrust of contract farming stemming from failed negotiations.

The province's geography also poses unique challenges. Proximity to Thailand's border areas often leads to geopolitical instability, which farmers describe as "war-related constraints" that hinder harvests. Furthermore, a lack of technical knowledge of soil health leaves farmers heavily dependent on costly chemical fertilisers, eroding their profit margins and leaving them vulnerable to rising agricultural input costs.

Box 1: Key Challenges

- **Climate & Environmental Risks:** High vulnerability to erratic rainfall and severe water shortages, often leading to droughts and total crop failure.
- Economic Barriers: High market prices for chemical fertilisers and limited access to finance prevented both the Union and individual farmers from scaling new operations.
- **Market Fragmentation:** A lack of trust in contract farming and a disconnect between smallholder production and large-scale buyer quality standards.
- **Capacity & Leadership Gaps:** Approximately 30% of cooperative leaders lacked the technical, digital, and marketing skills required to manage complex business dealings and financial reports.
- **Border-related Security Issues:** Geographical exposure to border-related security issues (war-related constraints) disrupted harvest cycles and logistics.
- **Chemical Dependency:** Over-reliance on expensive chemical fertilisers due to a lack of knowledge regarding soil health and agroecological alternatives.

3. The Intervention: Building a Business-Minded Union

The Nurture project's intervention was designed to transform the Union from a simple administrative organization into a vibrant market intermediary. The strategy focused on three pillars.

- **Pillar 1: Business Incubation and Professionalisation:** In collaboration with Khmer Enterprise (KE) and Impact Hub Phnom Penh (IHPP), Nurture facilitated the Union's participation in the Khmer Agriculture for the Future (KAF) incubation program. Training and mentoring focused on business planning, governance, financial management (QuickBooks / Excel), and sales negotiation. Through holistic learning and peer-exchange experience, the Union professionalised its operations and secured a USD 5,000 seed fund to scale its commercial activities.

Pillar 2 - Market Intermediation: Nurture facilitated "Business Networking Events" and study tours to Battambang and Banteay Meanchey. These events connected the Union with reliable private-sector partners, including Agro Nature (shallots), KS Seed (Mung Bean and Yard Long Bean), and FH Cambodia (native chicken).

Pillar 3 - CRA Demonstrations: To address soil degradation and climate risks, Nurture supported the Union in establishing demonstration plots for rice and vegetables. A major focus was on cover cropping to reduce reliance on chemical fertilisers and improve water retention.

KS SEED introducing mechanized mung bean planting technology to farmers in Kuok Mon Commune, Banteay Ampil District, 2025 ©HALO Trust

Promoting sustainable agriculture: OMAC representatives sharing technical insights on cover crop integration with local farmers in Beng Commune to enhance land productivity. ©OMAC

Partners and Roles

The intervention's success is built on a multi-stakeholder ecosystem. OMCAUAC serves as the lead intermediary, coordinating 18 cooperatives in collective business lines. Nurture acts as the catalyst, providing strategic coaching and grants, while PDAFF ensures institutional and regulatory support. for contract farming. Business professionalization is driven by KE and IHPP through the KAF incubation program, which provides the Union with entrepreneurial mentoring and seed funding. Finally, private sector partners like Agro Nature and KS Seed ensure commercial viability through quality standards and guaranteed off-take contracts.

Box 2: Intervention Core Components

- **Institutional Professionalisation:** Trained Union leadership in business planning, financial management, and human resources.
- **Market Intermediation:** Facilitated long-term supply contracts for native chicken, beans, and shallots with private sector buyers.
- **Strategic Financing:** Provided market development grants and business incubation capital to expand the Union's agricultural credit lines.
- **Climate-resilient Scaling:** Established demonstration plots to promote agroecological practices and cover cropping.

4. Results and Systemic Impact

The intervention has yielded measurable economic and operational improvements. By 2024, the Union's investment capital grew to KHR 235,296,100, a nearly fourfold increase from its founding.

Official signing of a contract farming agreement between the Agricultural Cooperative Union (ACU) and Agronature, 2024 © PDAFF

Official signing of a contract farming agreement between the Agricultural Cooperative Union (ACU) and KS SEED in Kuok Mon Commune, Banteay Ampil District, 2025 © KS Seed

Economic Gains of the Union

- **Profitability:** The Union achieved a net profit of 5,526,900 Riels in 2024. While seemingly modest, this represents a significant increase over the previous year and allowed for the distribution of dividends (KHR 46,000 per share) to member ACs.
- **Market stability:** The Union successfully moved 8,373 kg of native chicken (valued at KHR 188.5 million) under a formal 3-year contract with FH Cambodia. This contract provided farmers with a guaranteed price, shielding them from local market volatility.
- **Input cost reduction:** By surveying depots and coordinating collective purchases of 283 bags of fertilizer, the Union ensured that member ACs received inputs at below-market prices.

Social and Governance Gains

The intervention catalysed a profound shift in the Union's organisational maturity and social fabric, as well as those of its member cooperatives. Central to this transformation is a documented "confidence leap" among Union leadership: committees that once relied heavily on external facilitators for administrative tasks now lead professional business presentations independently, manage staff recruitment, and navigate negotiations with private-sector partners. This institutional professionalisation is further enhanced by the adoption of transparent digital financial systems and rigorous annual business planning, enabling the Union to operate as a credible commercial entity rather than a project-dependent group.

Beyond governance, the project has institutionalised social equity by intentionally integrating the most vulnerable populations, particularly low-income families, widows, and single-parent households, into high-value production chains such as the native chicken and shallot initiatives. These marginalised producers are prioritised for input distribution and technical training, providing a vital pathway for those with limited capital to build resilience. Furthermore, the intervention has successfully elevated the role of women, empowering them to move beyond traditional labour roles and become influential role models in agroecological demonstrations and active decision-makers within the Union's various committees. This holistic commitment to social well-being is reflected in the Union’s internal profit-sharing model, which specifically earmarks a portion of net profit for staff welfare, health funds, and member training, ensuring that the Union’s economic success directly enhances the social safety net of the entire farming community.

Box 3: Inclusion and Equity

- **Support for the Vulnerable:** The Union explicitly targets low-income families and female-headed households in the "My Village Native Chicken" project. These marginalised groups receive seeds, chicken breeds, and technical training.
- **Gender Empowerment:** Women are actively encouraged to serve as "Role Model Farmers" for demonstration plots. In 2024, the Annual General Assembly saw notable improvements in female participation (20% of attendees), and women were prioritised in the selection criteria for the Board of Directors and Audit Committees.
- **Social Fund:** 7% of the Union’s net profit was allocated to a Staff Welfare Fund, and 5% to a Health and Rewards Fund, ensuring that the organisation supports the well-being of its human capital.

Technical Shifts

The introduction of cover crops has begun to shift the local mindset. Farmers reported that these practices minimise environmental harm and reduce the need for costly chemical fertilisers. The Union successfully organisd 10 chicken production groups and a shallot production group, enabling small-scale producers to meet the volume requirements of commercial buyers.

Systemic Change: (Market Systems Development Framework)

The systemic transformation of the Union is evidenced by its progression through the Adopt-Adapt-Expand-Respond (AAER) framework.

- **Adopt:** The Union and pilot ACs successfully implemented formal contracts and digital bookkeeping, proving the technical and commercial viability of organised native chicken and bean production.
- **Adapt:** In transitioning toward self-sufficiency, the Union adapted its business model to include service coordination fees and reinvested net profits into business development funds.
- **Expand:** Early indications suggest that the model has potential for broader relevance. Three additional ACs have begun engaging with the approach, and initial activities are being explored across five districts. The Union has also secured a modest external seed fund of USD 5,000, which may help strengthen its positioning within the national incubation ecosystem. While still at a formative stage, the Union's efforts to diversify into commodities such as shallots and beans provide preliminary signals that the intermediation model could be applicable beyond the original pilot commodities and locations.
- **Respond:** There are emerging signs of a positive response from the market system. The PDAFF has started to demonstrate institutional interest by allocating office space for the Union, and some private buyers have shown early willingness to engage, viewing the Union as a potentially reliable commercial partner. These developments remain preliminary, but they indicate growing recognition of the model's potential.

Award ceremony for the incubator program: Featuring ACU and the seven other successful winning teams. © Impact Hub

The Agricultural Cooperative Union (ACU) presenting its innovative business model to the judging panel during the final evaluation of the incubator program © Impact Hub

5. Lessons Learnt

Nurture's partnership with the Union has yielded critical insights. Trust-building is foundational to any market-system shift. The intervention showed that establishing trust through quick-win commodities, such as native chicken, is essential to rebuilding farmers' confidence in contract farming before scaling to more complex value chains. Furthermore, capacity building must be multidimensional; providing technical agricultural training alone is insufficient if Union leadership lacks the business acumen to manage a balance sheet or the negotiation skills to engage private buyers as equals.

Another vital lesson is that, for SHFs, climate resilience is driven primarily by economic logic. Farmers adopted agroecological practices, such as cover cropping, largely because these methods significantly reduced the cost of chemical fertilisers. This shows that sustainable practices scale most effectively when framed as cost-reduction and risk-mitigation strategies. Bridging the gap between knowledge and practice also requires integrating agricultural credit with technical training to ensure farmers have the liquidity to act on their new knowledge. Finally, targeting vulnerable and female-headed households was not merely a social objective but a strategic one, as these groups consistently provide the reliable production volume necessary for the Union's long-term market sustainability.

Box 4: Strategic Lessons Learnt

- **Trust is the Foundation of Contract Farming:** Small, successful quick wins (such as the chicken contract) are necessary to build the social capital required for other crops.
- **Capacity Building must be Multidimensional:** Technical farming skills are insufficient if the Union leadership cannot manage a balance sheet or present a business plan. The integration of Business Incubation training was a turning point in the Union's professionalisation.
- **Resilience Drivers are Economic**: Farmers were willing to adopt CRA practices (such as cover crops) because they significantly reduced the financial burden of purchasing chemical inputs.
- **The "Follow-through" Gap**: A lack of liquid capital prevented farmers from immediately implementing what they learned. Future interventions must better connect study tours with the Union's agricultural credit business.

6. Sustainability and Ways Forward

The long-term sustainability of the OMCAUAC depends on a diversified, commercially viable business model. By operating across agricultural credit, input supply, and market coordination, the Union has created a self-sustaining financial model in which profits from collective purchasing and service fees were reinvested in member development and social funds.

The Union's strategy for 2025 and 2026 focuses on institutionalising this "one-stop-shop" model by scaling CRA through field demonstrations to ensure the adoption of agroecological practices in production. To ensure continued growth, the Union is transitioning to digital marketing and professionalised logistics to secure a wider range of retail and wholesale partnerships independently. Additionally, the Union is actively advocating for government procurement opportunities for local school food supplies, which would create a permanent institutional market for its members' produce. This transition from a project-supported entity to a market-driven intermediary backed by professionalised leadership and formalised private-sector contracts ensures that the Union will remain a resilient and influential catalyst for SHFs’ prosperity after the Nurture Project ends.

Official signing of a contract farming agreement between the Agricultural Cooperative Union (ACU) and KS SEED in Kuok Mon Commune, Banteay Ampil District, 2025 ©KS Seed

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Contact: Olivier Dumont, Team Leader
Office Siem Reap: Concrete Drain Road, Svay Dangkum, 171202 Siem Reap
odumont@caritas.ch
+855 11 340 789