



# PRIVATE SECTOR ENGAGEMENT – A way to sustain fair access to machinery

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# About Swisscontact



# Swisscontact worldwide



1424

Employees



## Vision

*«We create opportunities»*



Working in  
36



countries

100 Mio.

Project volume



## Private Sector Development

**Employment and income** open up pathways out of poverty into a future of opportunities.

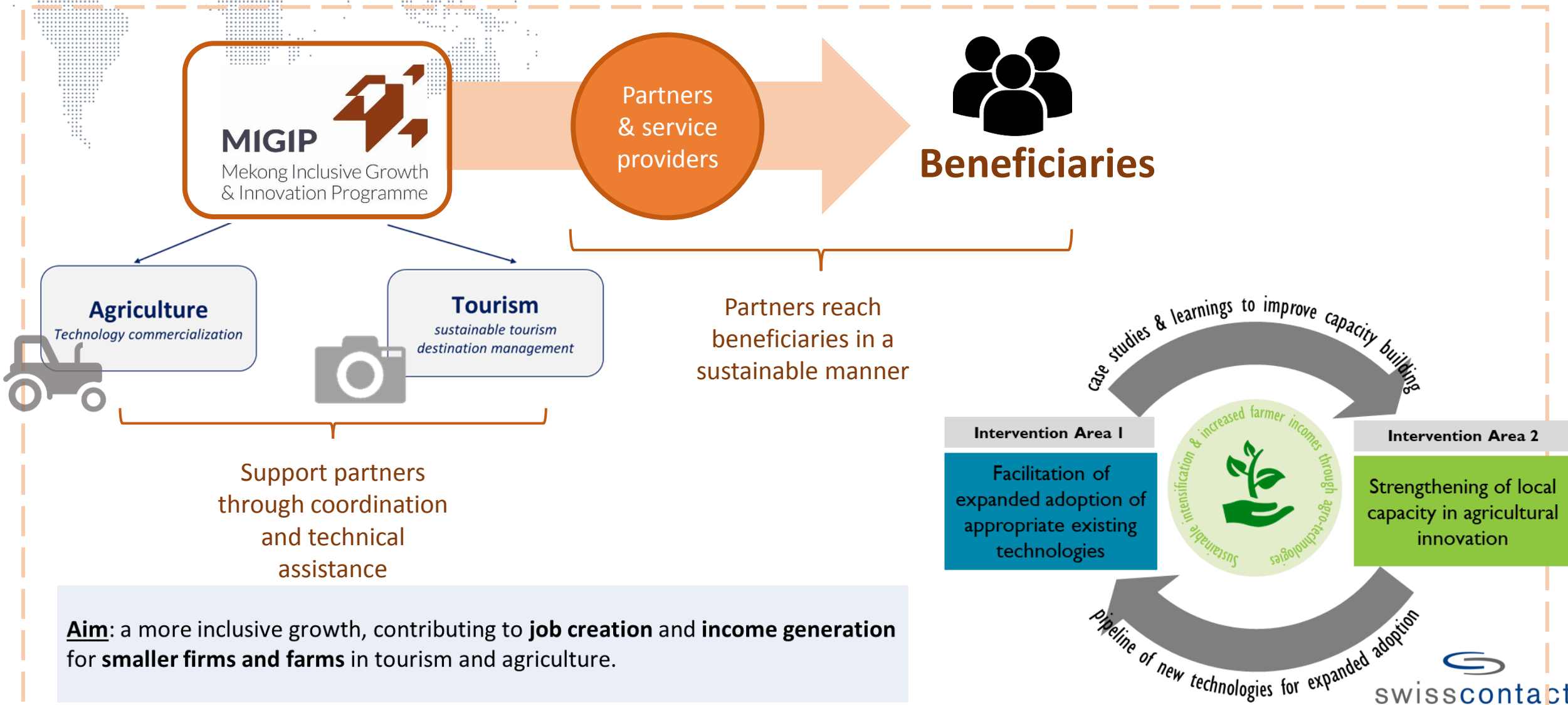
**Sustainable growth**, driven by an innovative private sector, adding value to underdeveloped regions and engaging disadvantaged populations as active market participants is the foundation of Swisscontact's project work.

123

Projects



# MIGIP – Mekong Inclusive Growth & Innovation Program



# Implementation Partners





# Low Technology uptake - Problems & Underlying Causes



# Concerns around the Future of Agriculture in Cambodia

## Key characteristics of most Cambodian farming systems



Highly dependent  
on rainfall



Involves a single crop per  
year (wet season)



Not diversified  
(rice accounts for 90% of  
cropped area)



High input and labor costs



Low machinery ratio



Decreasing profitability



**Low productivity**

Ex: Productivity of cassava  
decreased from 40t/ha to  
20 t/ha within 7 years

Land expansion



**Sustainable  
Intensification**



Technology Input

Shift to Sustainable Intensification “primarily depends  
on the application of **techniques**, **new technologies**,  
**R&D**, **mechanization**, and increased **capacity** of  
irrigation to improve productivity”

– Rectangular Strategy Phase III, National Strategic  
Development Plan (2014-2018)

**We need technologies!**

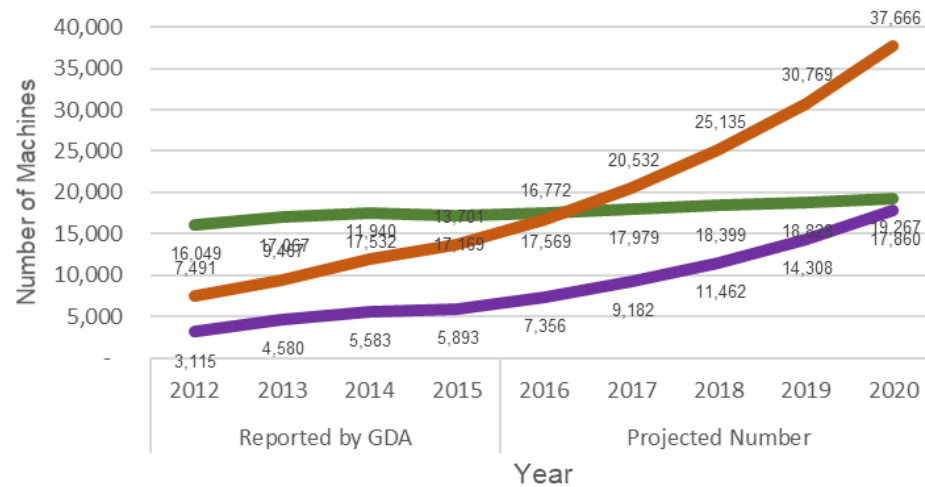


# Agriculture Machinery Market Potential Cambodia



**Water Pump 17%; Hand Tractor 42%;  
Thresher 2.3%; Tractor 22%; Harvester 25%**

**Number of Thresher, Tractor and Harvester**



**Agriculture Mechanization Ratio  
40.1% (Source: GDA)**

**TOTAL BUSINESS VOLUME  
of major technologies**

**\$3.3B**

Existing investment cost of  
technology

**\$1.3B**

Total potential investment  
opportunity

**\$2.0B**

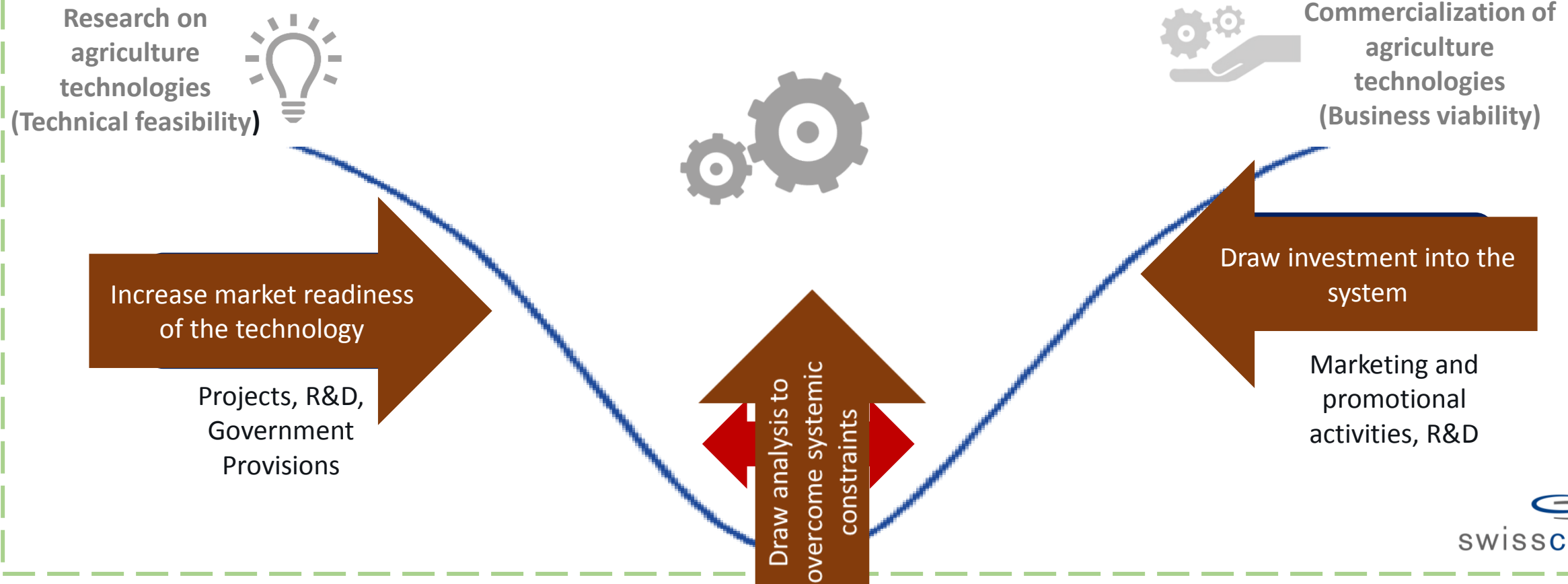


**Why is the private sector  
not tapping this potential?**



# Why the Potential is not met ?

“Valley of Death” between research and commercialization of technologies





# Involvement of the Private Sector





# How to successfully engage in a market system ?

## Aim

The private sector engagement approach has the potential to enable private sectors to develop markets, **sustain fair access** to productivity-enhancing agricultural machinery for smallholder and thereby **create jobs** and increase income.

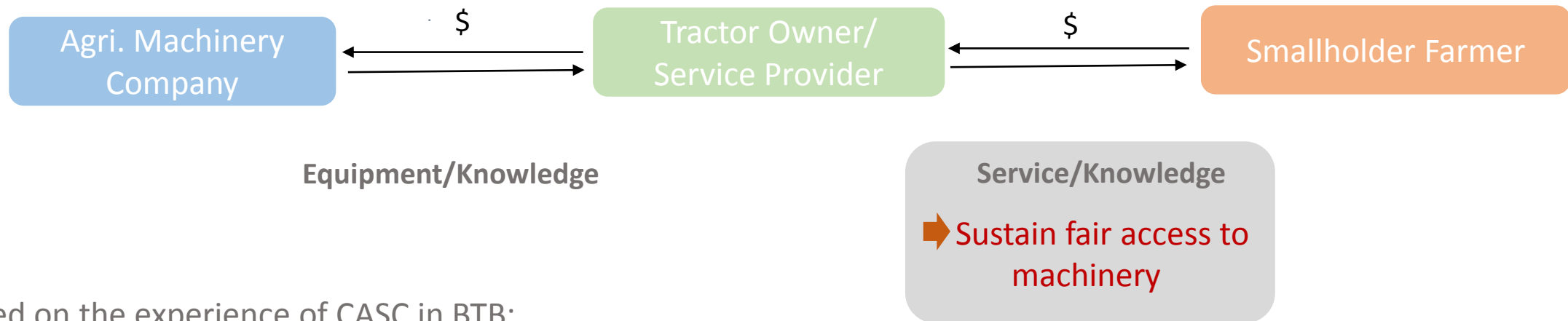


To reach this goal, ***make sure:***

- ➔ to create a business model that benefits all market actors
- ➔ that you know the characteristic of your customers
- ➔ know how to reach and attract your customers



# Business Model that benefits all Market Actors



Based on the experience of CASC in BTB:

 Privat Sector	 Service Provider	 Farmers
Ex. No-till Cassava planter		
<ul style="list-style-type: none"><li>Potential Market: <b>USD 345 Million</b></li><li>Increased sales</li></ul>	<ul style="list-style-type: none"><li>Net income increase no-till: <b>USD 2,540 USD/100 ha</b></li><li>Increase: 181 %</li><li>BEP: 43 ha</li></ul>	<ul style="list-style-type: none"><li>Net income increase: <b>USD 412 / 2 ha</b></li><li>Increase: 169%</li></ul>



# Understand your potential Customer

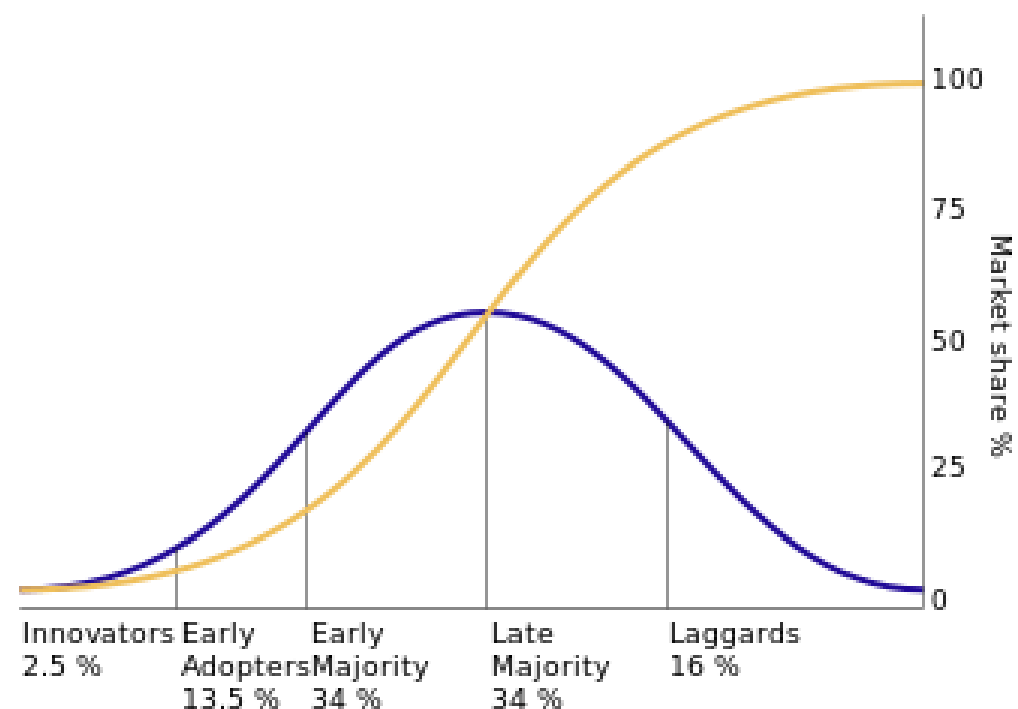
- 90 % of farmers rent machine from service providers due to financial constraints

- 93 % of farmers learn about new machinery from other farmers

- Service providers are reluctant to invest in new machinery if they don't see any demand

Source: SC Farmer Survey 2017

*Diffusion of Innovation by E. Rogers*



***Address early adopters to sustain a fair access to machinery***





Introduction of  
the 4S Modell



# 4S Model

## Target-based Marketing



*Target-based marketing through  
customer segmentation*



**Search**

**Identify potential  
Customers**



**Set up**

**Demand Creation  
Meeting**



**Service**

**Workshop**



**Show case**

**Demonstration**



# Yee Chun a practical Example



## Challenges

- ⚡ Yee Chun spending a lot on demonstration and were not doing anything else
- ⚡ Demonstration was too generic, did not target the right "consumer"
- ⚡ Was difficult to identify the "customer"

... we dug deeper



- Identify location (village, commune, district...)
- Identify TO/ VIP farmers



- Conduct meeting between potential TO and farmers
- List down potential customers who are willing to buy



## Success

38

Implements and 30  
tractors sold since  
August 2018



### Process Outcome

- Match-making (TO/Farmers)
- Customer Database





# 4S Practice on CA Machinery

## CASF

### Challenges



Conservation Agriculture is a new practice in Cambodia, so farmer are not aware of it at all.



Private Sectors are reluctant to make a move because seeing no demand.

First year, two no-till planters will bought and provide service to SHF for at least 300Ha.

### Success

**Note:** Service provider will play a crucial role in ensuring a fair access to CA machinery for SHF. And Private Sector will ensure the sustainability of CA in Cambodia due to its potential.

### ... what will be different from Yee Chun



- Identify location (village, commune, district...)
- Identify Service Provider (SP)/ potential farmers
- Raise awareness on soil degradation and introduce CA as a solution.



- Conduct meeting between potential SP and farmers
- List down potential SP who are willing to buy.



- Identify potential private sectors
- Enter into partnership agreement
- Private Sector investment on conducting workshop & demonstrations
- Invite potential customers





# Conclusion





## Conclusion

Shifting to a target-based marketing strategy will ensure the inclusion of smallholder farmers in the market system and sustain their fair access to machinery.





THANK YOU!

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