Appendix M Summary of Final Workshop (24 March 2006)

M.1 Opening Session

1119. The workshop was opened by Dr. Hean Vanhan, Deputy Director of the Department of Agronomy and Agricultural Land Improvement, Ministry of Agriculture, Forestry and Fisheries and Mr. Peter Lindenmayer, First Secretary of Development Cooperation of the Australian Embassy.

1120. Dr. Francesco Goletti, Lead Consultant, gave an update on the progress of the Consultant's Team and also presented the objectives of the workshop and organization of the working groups.

1121. The powerpoint slides of the Opening Session are presented below.

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Program - Morning

Time	Activity
08:00 – 08:30	Registration
08:30 – 09:00	**Opening Session** •Opening remarks MAFF and AusAID •Progress up to date in the Diagnostic Study •Objectives and Organization of the Workshop •Working Group Organizations
09:00 – 09:45	**Session 1 (part 1)** Fieldwork Findings of the Consultant's Team •Presentation by Consultant's Team (35 minutes) •Clarifications (10 minutes)
09:45 – 10:00	Coffee/tea Break
10:00 – 12:00	**Session 1 (part 2)** Fieldwork Findings of the Consultant's Team •Working Group Discussion (1 hour) •Plenary Presentation of working groups (30 minutes) •Plenary Discussion (30 minutes)
12:00 – 13:00	Lunch Break

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Program - Afternoon

Time	Activity
13:00 – 15:00	**Session 2** Analysis of Constraints, Core Problem, and Impact •Presentation by Consultant's Team (20 minutes) •Working Group Discussion (1 hour) •Plenary Presentation of working groups (20 minutes) •Plenary Discussion (20 minutes)
15:00 – 15:15	Coffee/tea Break
15:15 – 17:00	**Session 3** Approach to Program Formulation •Presentation by Consultant's Team (45 minutes) •Plenary Discussion (60 minutes)
17:00 – 17:15	**Concluding Session** •Summary of the Workshop •Concluding Remarks

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Objectives of the Workshop and Update on Diagnostic Study

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Objectives of Workshop

- To share information about the field work findings of the Consultants' Team
- To identify the core problem for developing rice-based farming system, its main causes and its main impacts
- To present the preliminary approach to program formulation

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Diagnostic Study Update

- **Mobilization**: 20 February 2006
- **Field Work**
  - Kampong Speu and Svay Rieng Field Work: 27 February to 5 March 2006
  - Kampong Thom and Battambang: 12 March to 17 March 2006
- **Consultations** in Phom Penh
  - Briefing AusAID: 20 February 2006
  - Briefing MOWRAM: 20 February 2006
  - AFD: 6 March 2006
  - Focus Group Discussion AusAID Projects Team Leaders: 6 March 2006
  - Briefing MAFF: 7 March 2006
  - Strategy Workshop: 10 March 2006
  - GRET: 17 March 2006

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Diagnostic Study Field Work

	Kampong Speu	Svay Rieng	Kampong Thom	Battam Bang	Total
Case Studies	4	5	8	1	**18**
Focus Group Discussions	2	3	2	1	**8**
Value Chains	8	6	5	5	**24**
Key Informants	12	7	11	10	**40**
Total	**26**	**21**	**26**	**17**	**90**

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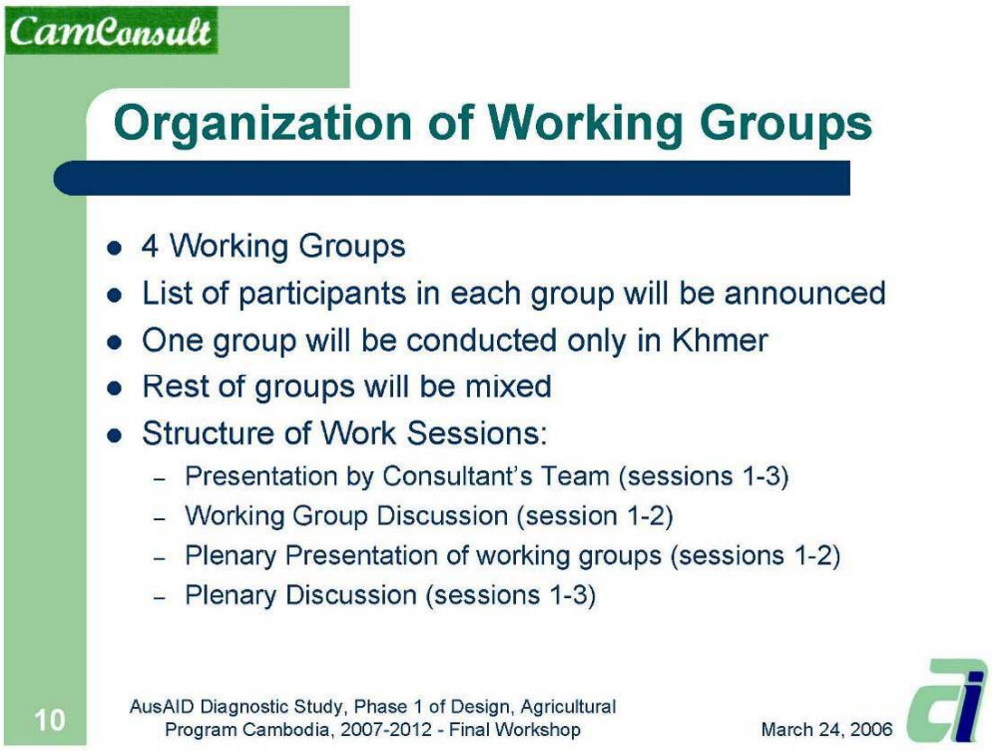

M.2 Session 1: Fieldwork Finding

M.2.1 Presentation of Session 1

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Session 1: Fieldwork Findings

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Definition of Value Added

Definition

Value added = revenue - non-labor costs of inputs

Where:

Revenue = price*quantity

Cost = capital (structures, equipment, land), materials, energy, and purchased services

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How to Increase Value Added in Rice-based Farming Systems?

From the Definition

Value added = price*quantity - non-labor costs of inputs

So to increase value added:

1. Increase price
2. Increase quantity
3. Reduce cost

Or a combination of the above

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How to Increase Value Added in Rice-based Farming Systems?

- Increase Price
  - Higher value products
  - Better quality
  - Better service
- Increase Quantity
  - Larger organization
  - More production
  - Acquire market share
- Reduce Costs
  - Improve productivity

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Keys to Increase Value Added - 1

Adding value implies making **innovations** that enhance or improve (**in the opinion of the consumer**) an existing product, or introduce new products or new product uses. This allows the farmer to create new markets, or differentiate a product from others and thus gain an advantage over competitors. In so doing, the farmer can ask a higher premium (price) or gain increased market share or access.

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Keys to Increase Value Added - 2

Vertical expansion of a farm operation through direct selling or a move to **on-farm processing** shortens the distance between farmer and consumer, and is often cited as a means to add value to the farm operation. Agricultural value-added can also involve new **vertical and horizontal relationships** that help increase profit margins, such as collective membership and investment in farm cooperatives. In addition, **food quality chains** can be protected or enhanced, and thus add value through partnerships along the food continuum from the farmer to the processor, distributor and retailer.

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Where is the Value Added? - Examples

- Aromatic Varieties of Rice
- Rice exports of quality rice
- Horticultural products
- Efficiency of water use
- Aquaculture and animal production
- Food processing for the local market

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Value Added Along the Value Chain - Farmers

		Battambang	Kg. Speu	Kg. Speu	Svay Rieng	Kg. Thom	Svay Rieng
	Unit	Typical Wet Season	Aromatic Wet Season	Dry Season but not Intensified	Dry Season Intensified	Vegetable Cabbage	Vegetable Covolvulus
Revenue	'000 Riels /ha	885	1,360	1,290	2,600	7,550	12,000
Cost							
Material	'000 Riels /ha	289	610	755	1,279	1,900	388
Labors	'000 Riels /ha	287	380	380	325	640	2,375
Total Cost		577	990	1,135	1,604	2,540	2,763
Gross Income	'000 Riels /ha	307	370	155	995	5,010	9,237
	$/ha	$ 77	$ 93	$ 39	$ 249	$ 1,253	$ 2,310
Margin	%	34.8	27.2	12.0	38.3	66.4	77.0

Value Added Along the Value Chain - Traders

Province		Kg. Speu	Svay Rieng	Kg. Speu
	Unit	Small 1	Small 2	Medium
Volume	Ton	1,430	2,200	
Revenue	000 Riels	940,200	1,286,000	4,068,500
Total Expenses	000 Riels	93 140	1,193,70	3,955,336
Gross Income	000 Riels	6,060	92,30	113,164
	$	$ 1,515	$ 23,075	$ 28,291
Margin	%	0.6	7.2	2.8

Poor Storage Decision

Goof Storage Decision

Value Added Along the Value Chain - Millers

Province		Kg.Speu	Kg. Thom	Battambong
	Unit	Small	Medium	Large
Volume	Ton	200	3,000	5,100
Revenue				
		99,600	1,390,800	2,010,000
Others	000 /Riel	20,400	342,000	1,129,752
Total Revenue	000 /Riels	120,000	1,732,800	3,139,752
Total Expenses	000 /Riels	113,565	1,521,940	2,773,027
Gross Income	000 /Riels	6,435	210,860	366,725
	US$	$ 1,609	$ 52,715	$ 91,681
Margin %		5.4	12.2	11.7

Poor Storage Decision

Value Added Along the Value Chain - Processors

		Battambang	Kg Speu	Battambang	Kg. Thom
	Unit	Sauces (Chili, Soy, fish)	Soybeans (popus sandeak)	Noodles	Soy bean Fermented
Revenue	000 Riels	600,000	43,200	1,175,300	16,200
Cost	000 Riels	562,500	36,000	903,375	13,770
Gross Income	000 Riels	37,500	7,200	271,925	2,430
	US $	**$ 9,375**	**$ 1,800**	**$ 67,981**	**$ 608**
Margin	%	6.3	16.7	23.1	15.0

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Constraints - Farmers

- Production
  - Irrigation and water use efficiency
  - Access and quality of inputs (seeds, breeds, fertilizers, pesticides)
  - Plant nutrients and protection management
  - Animal nutrition and disease
- Markets
  - Access to markets
  - Market opportunities information
- Postharvest
  - Threshing, drying and storage
  - Primary processing
- Capacity
  - Business Planning
  - Establishing linkages among themselves and with the market
- System-wide
  - Credit
  - Infrastructure (rural roads, electrification)
  - Deforestation
  - Land titles

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Availability
No Water, No Value Added.
Farmers everywhere
Efficiency
Maintenance
No Availability


Rice alone cannot be a good business. It should be rice combined with fish and animal raising.
Mr Diep Heuy, Farmer from Svay Rieng

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Constraints - Traders

- Transportation Cost
  - Poor infrastructure
  - Illegal Fees
- Credit
- Postharvest technologies
  - Storage, Drying, Packaging, Handling
- Quality
- Lack of organized channels
  - Market places
  - Collection and Distribution centers, Packhouses
  - Contracts

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Transportation

Rice Transportation Cost

- Truck Battambang to Phnom Penh: $10/ton
- Container Phnom Penh to Sikahnoukville: $25/ton
- Ship Sihanoukville to Malaysia: $23/ton

Rice Miller in Battambang

Illegal Fees

- Riel 30,000 per local trip
- Truck Charge Rs 20,000/month
- Total Fees: $510/year
- Total Income: $4,225/year
- Illegal Fees = 12% of income

Rice Miller in Kampong Thom

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Constraints - Processors

- High Costs
  - Credit
  - Energy
  - Transportation
- Supply Chain
  - Procurement of raw material of consistent quality
  - Competition from neighboring countries
- Technology and Know-how
  - Outdated technology
  - Labor skills
- Public and Private Services
  - Ineffectiveness of Public Services
  - Ineffectiveness of Associations and Chambers

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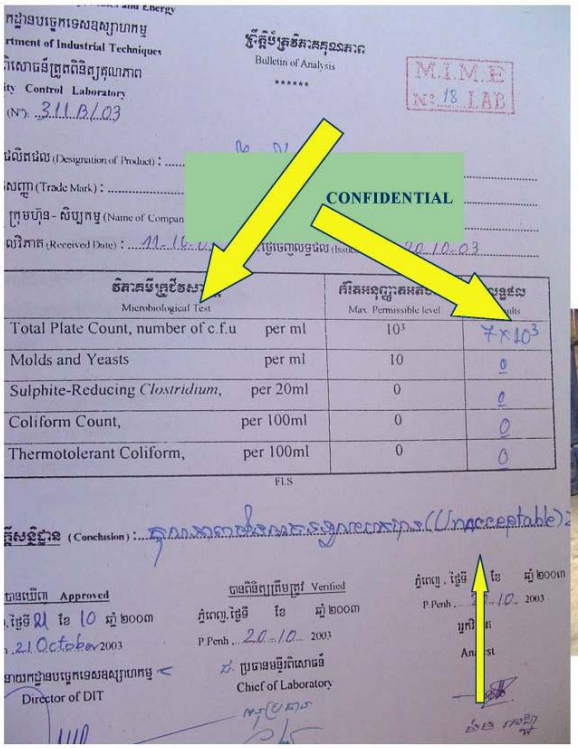

They come regularly, 4 times per year, they take the money ($415/year) to do some lab tests, they discover the quality is no good, but do not say anything how to improve. The test results arrive 1 year later, but the money goes immediately.

A small food processor talking about the visit of Dept Industry to her business.

Since I started soybeans processing, I have much better relations with farmers in the community. They use wastes from the factory for pig nutrition and now they have new sources of income.

Soybean processor in Kampong Speu.

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Measuring Moisture Content: Perceptions or Reality?

Location	Paddy Variety	Source	Key Informant Perception	Moisture Meter Average (3 samples)
Kirireaksney Village	Neang Malis	Farmer Dried	14%	18.1%
Kirireaksney Village	Mixed	Farmer Dried	15%	14.8%
Krang Chhney	Mixed	Farmer Dried	17%	14.3%
Samroung Torn District	Mixed	Farmer Dried	20%	14.5%

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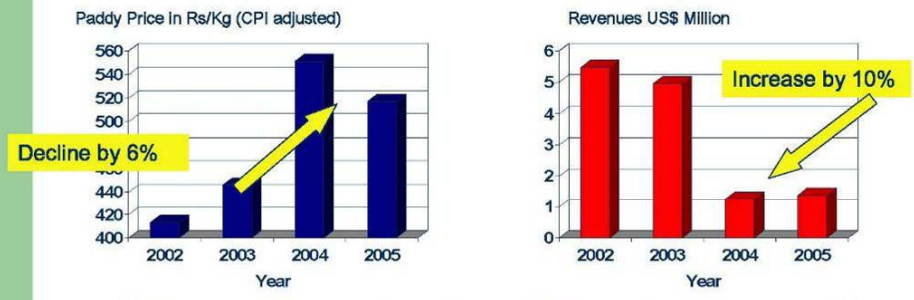
Changing Prices: How Large Mills Cope?



- Price have increased in real terms (25%)
- Revenues declined considerably (-75%)
- Contracts with Government have declined (also by 75%)
- Not much effort to gain new customers (exports)
- Capacity at 40,000 ton - Utilization 10%

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Constraints – Service Providers

- Public service providers
  - Budgetary constraints
  - Capacity of staff (technical, management, planning, monitoring)
  - Multiple objectives and limited instruments
- NGO service providers
  - Weak communication and coordination with public agencies
  - Multiple objectives and limited instruments
  - Emergency versus sustainability

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Multiple Objectives – Limited Instruments

- Multiple Objectives
  - Production and Productivity
  - Income and Poverty
  - Food Security and Self-sufficiency
  - Vulnerability
  - Environmental Sustainability
  - Social Development (gender, education, health)
  - Governance
- Limited Instruments
  - Resources
  - Capacity
  - Weak Coordination

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What have we learned?

- Problems and constraints are many
- But there are also success stories
- Success depends on innovations to meet market demand
- The challenge is how to provide a fertile soils for innovation to grow and success cases to multiply
- For this purpose we need to analyze more in depth

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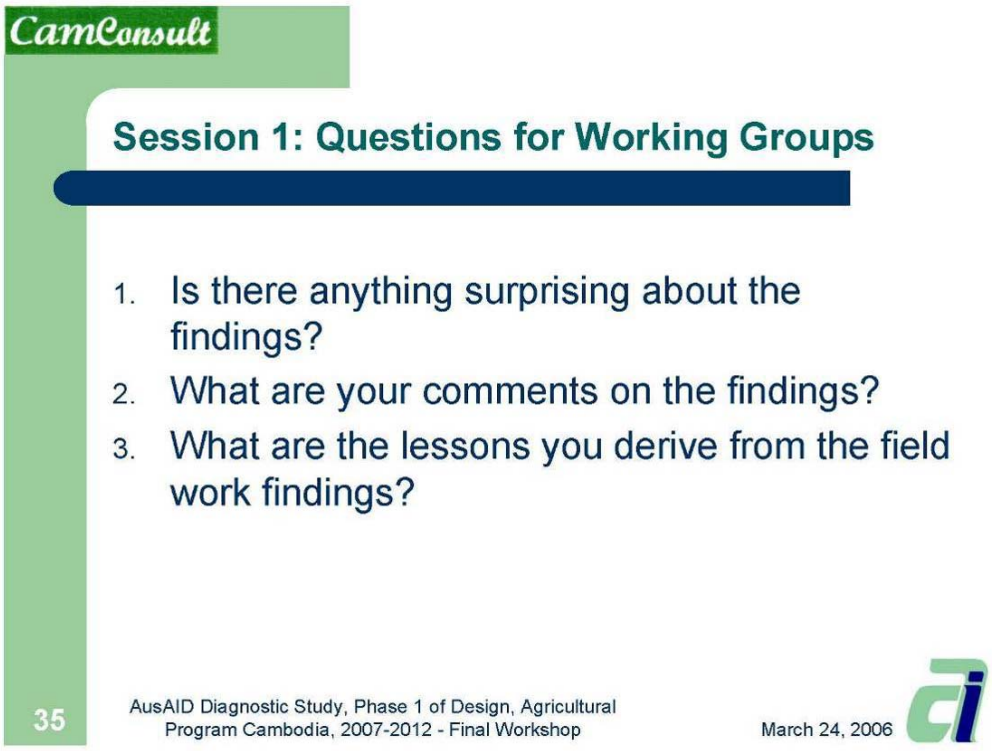

M.2.2 Working Group 1 Findings

In response to the question 1, the working group noted:

- Paddy price has increased by a lot
- Is open paddy market competitive?
- Late result for lab quality test
- The margin from vegetable production are very high, compared to rice production
- Figure of moisture clearly indicated by farmers
- High revenue for water convolvulus

In response to the question 2, the working group noted:

- Why the surveys focused only on the large mill?
- Should have long-term business plan for a big company/Investors ?
- Credit/Loan is big challenge for the miller
- Main constrain: Supply, credit and Storage for medium size
- Is the credit problem driven by lack of the rice supply
- Set-up farmer' cooperative farming contract to sustain rice supply
- Why contract farmer so rare?

In response to the question 3, the working group noted:

- Properly coordinate with other agencies

- We need a strong framework to make a clear decision & intervention
- A lot of possible activities can be done with private sectors, but need a lot improvements in public service
- Strengthen the good governance
- Possibility to build the capacity of dealers

M.2.3 Working Group 2 Findings

In response to the question 1, the working group noted:

- Relationship between rice prices and miller revenue is unclear. Is the example given representative of the industry? (Clarify by adding detail on “gross margins”).
- Definition of Value-added is this Gross margin?
- Need to clarify the constraints which are more effective to reduce value added.

In response to the question 2, the working group noted:

- More market information for opportunity with high rate profits, but small market volume.
- More information on credit access constraints (i.e. interest rate, credit available at local area).
- What are the limited access and constraints related to credit? and more the problems for both farmers and MFI/Bank.
- Are farmers aware of some high profit from season rice, yes, but they want avoid high rise.

In response to the question 3, the working group noted:

- Waters is critical for value added.
- Strengthening capacity of local committees (e.g. VDC, farmer association)
- Flexible resolutions to constraints at different places.
- Variations of profits from different crops. It is important to understand in details of market opportunities.

M.2.4 Working Group 3 Findings

In response to the question 1, the working group noted:

- Local business can compete and win a share of the local market
- Difference in rice and vegetable production margins
- Very big difference in margin made by one-off decisions - means market is very under developed
- Value of networks - margins are greatly increased
- Why diversification not noted as a key to increasing value added
- How expensive is the transport

In response to the question 2, the working group noted:
na

In response to the question 3, the working group noted:

- Sustainable water management in one key
- Institutions/why farmers to market are very under developed especially in rice which is so dominant in the country
- Need to learn more about what degree forward integration associations, cooperative will help the farmer?
- Need to urgently address the access to finance issue - including the MFI (micro finance Institution) is and their weaknesses
- Extension services not sustainable because government at all levels fails to invest. Issue of short term mentality? Who to provide needs to be clarified too
- District and Commune level extension series can work effectively but need long team financial support

M.2.5 Working Group 4 Findings

In response to the question 1, the working group noted:

- Vegetables produce more incomes than rice production per year- 25 times different.
- High fees for transportation
- Un-clarity of export services (high taxes rate)

In response to the question 2, the working group noted:

- Multiple objectives must be prioritized

In response to the question 3, the working group noted:

- Chain of production is not well established yet (Farmer, collector, Processor, Trader)
- Integrated farming system should be included in the program

M.3 Session 2

M.3.1 Presentation

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Session 2: Problems Analysis

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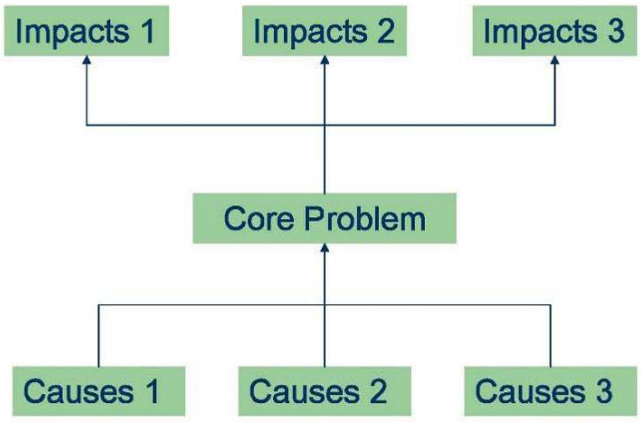
Problem Tree Analysis



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Core Problem

Low Value Added along the Value Chain in Rice-based Farming Systems

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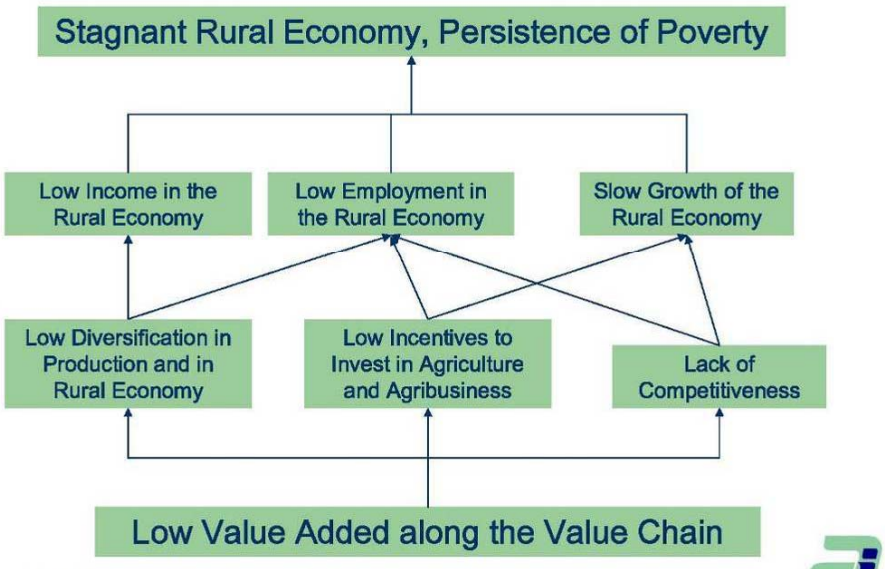
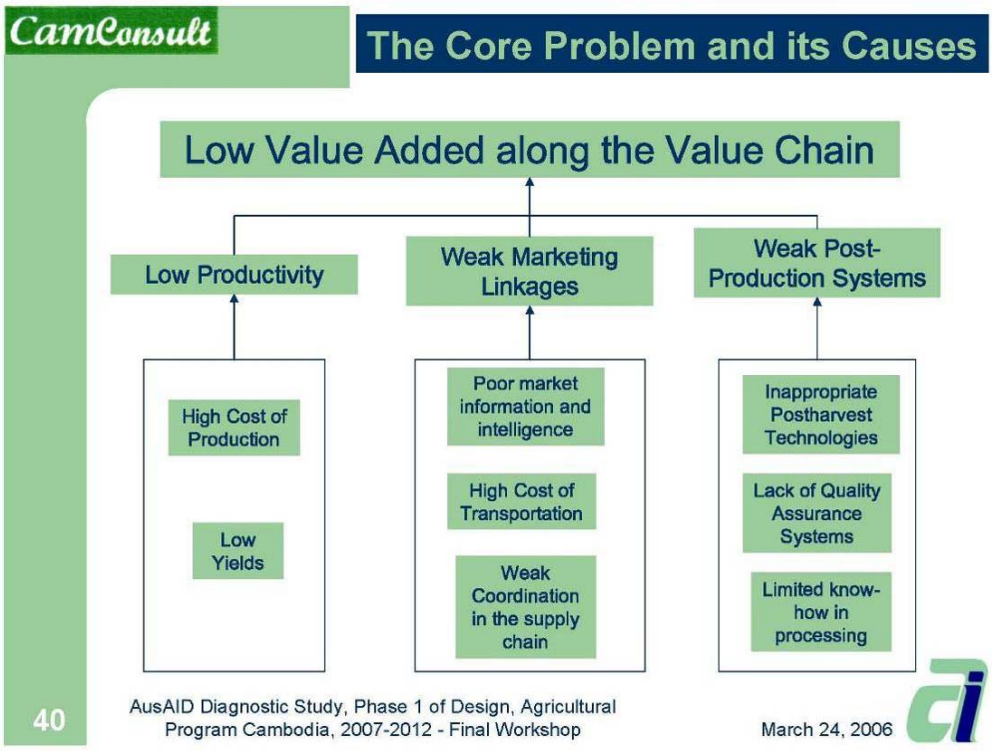
The Core Problem and its Impact

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The Core Problem and its Causes
Low Value Added along the Value Chain
Low Productivity
Weak Marketing Linkages
Weak Post-Production Systems
High Cost of Production
Low Yields
Poor market information and intelligence
High Cost of Transportation
Weak Coordination in the supply chain
Inappropriate Postharvest Technologies
Lack of Quality Assurance Systems
Limited know-how in processing
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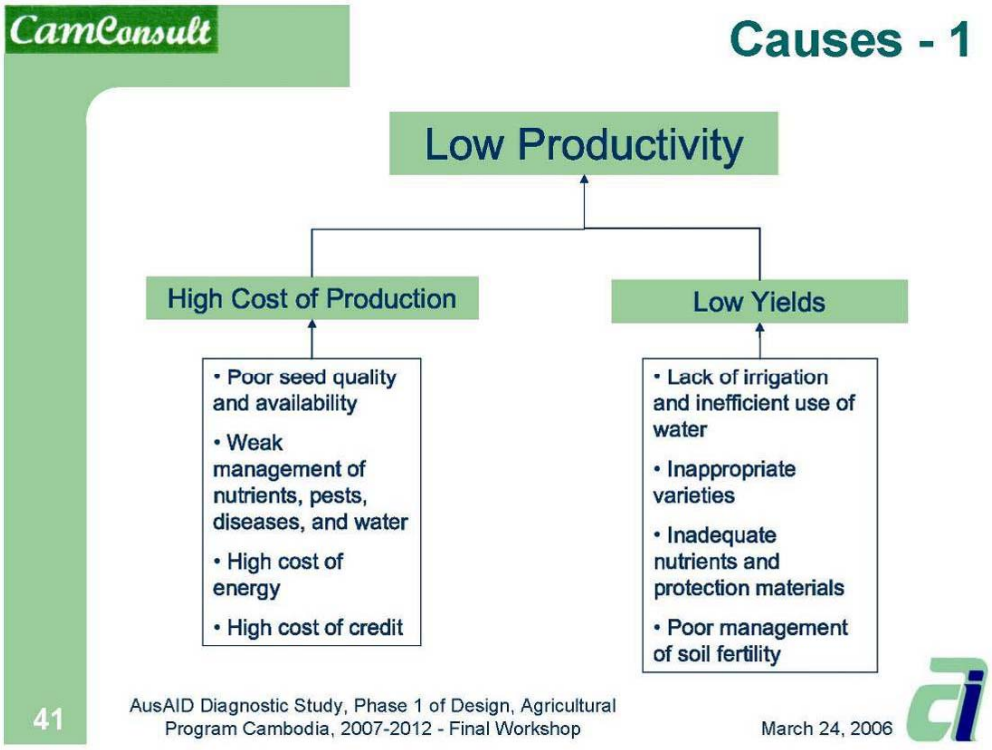
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Causes - 1
Low Productivity
High Cost of Production
Low Yields
• Poor seed quality and availability
• Weak management of nutrients, pests, diseases, and water
• High cost of energy
• High cost of credit
• Lack of irrigation and inefficient use of water
• Inappropriate varieties
• Inadequate nutrients and protection materials
• Poor management of soil fertility
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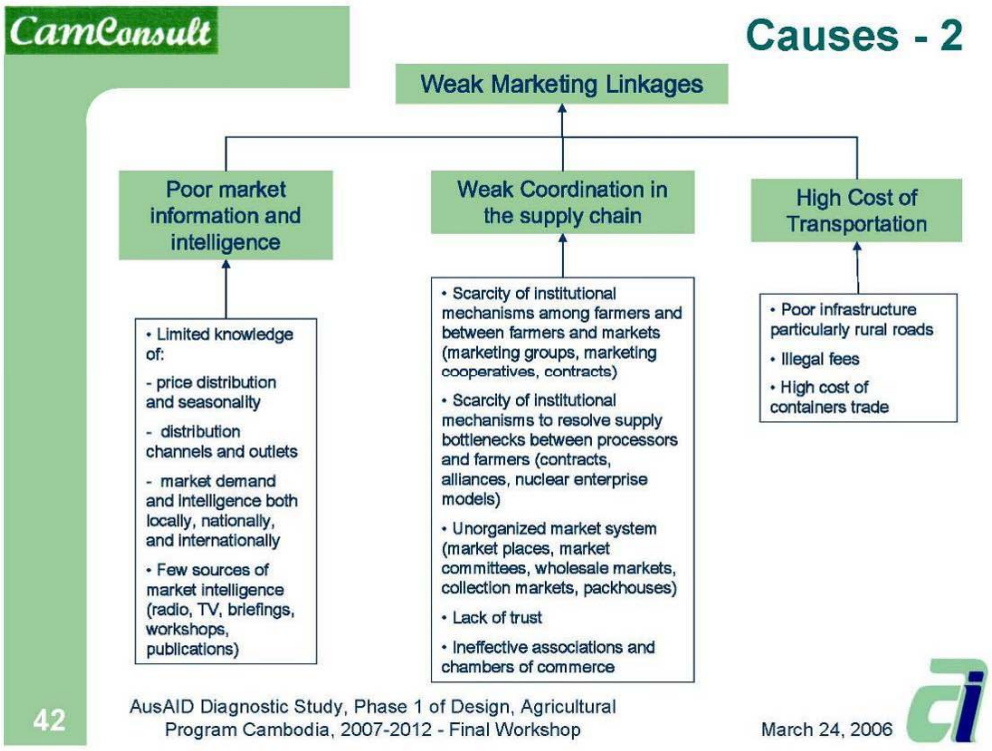
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Causes - 2
Weak Marketing Linkages
Poor market information and intelligence
Weak Coordination in the supply chain
High Cost of Transportation
• Limited knowledge of:
- price distribution and seasonality
- distribution channels and outlets
- market demand and intelligence both locally, nationally, and internationally
• Few sources of market intelligence (radio, TV, briefings, workshops, publications)
• Scarcity of institutional mechanisms among farmers and between farmers and markets (marketing groups, marketing cooperatives, contracts)
• Scarcity of institutional mechanisms to resolve supply bottlenecks between processors and farmers (contracts, alliances, nuclear enterprise models)
• Unorganized market system (market places, market committees, wholesale markets, collection markets, packhouses)
• Lack of trust
• Ineffective associations and chambers of commerce
• Poor infrastructure particularly rural roads
• Illegal fees
• High cost of containers trade
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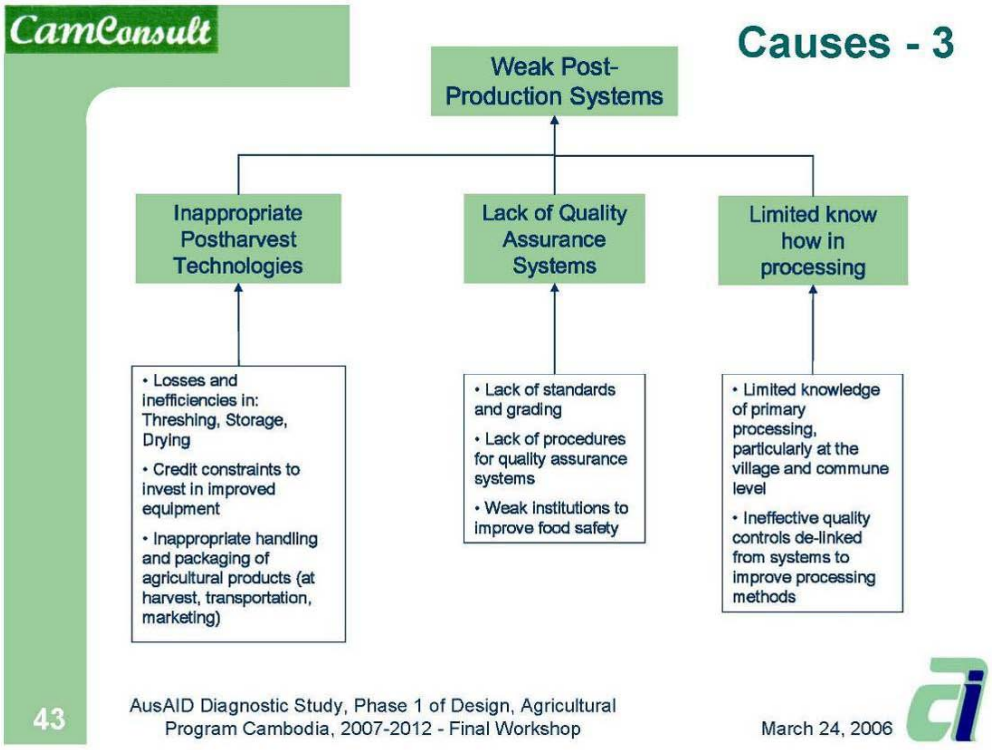
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Causes - 3
Weak Post-Production Systems
Inappropriate Postharvest Technologies
Lack of Quality Assurance Systems
Limited know how in processing
• Losses and inefficiencies in: Threshing, Storage, Drying
• Credit constraints to invest in improved equipment
• Inappropriate handling and packaging of agricultural products (at harvest, transportation, marketing)
• Lack of standards and grading
• Lack of procedures for quality assurance systems
• Weak institutions to improve food safety
• Limited knowledge of primary processing, particularly at the village and commune level
• Ineffective quality controls de-linked from systems to improve processing methods
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What have we learned?

- The core problem is to increase value added along the value chain
- To do this we need to resolve bottlenecks in the farming system and marketing system
- And link farmers to markets
- By tackling the core problem, we will have an impact on income of smallholders, rural employment, and poverty reduction while improving food security
- But we couldn't/shouldn't try to resolve all the problems
- We will need to focus on those problems that we can tackle and try not to dilute the efforts, doing too many things at the same time

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Session 2: Questions for Working Groups

1. Do you agree with the identification of the Core Problem for the formulation of the AusAID Cambodia Agricultural Program (ACAP)?
2. What are your comments on the identification of impacts?
3. Do you agree that if we find solutions to the core problem we will have also get the desired impacts?
4. What are your comments on the identification of the causes of the core problem?
5. Are there fundamental causes that we have neglected?

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M.3.2 Working Group 1 Findings

In response to the question 1, the working group noted:
Yes we agree

In response to the question 2, the working group noted:
- Low employment results in immigration
- Low diversification is core-of low value added

In response to the question 3, the working group noted:
- We agree to some extent

In response to question 4, the working group noted:
Cause 1:
- High risk- low productivity
- Poor labor technical skills-(farmers)
- Un mechanized framing systems
- Lack of marketing intelligent to help in production

Cause 2:
- Farm management skills for farmers
- Farmer price takers set by counties
- Program should not consider high cost of transportation as priority

Cause 3: Post harvest
- Lack of awareness of post harvest lessen
- Uncompetitive behavior?
- Unpredictable business environment

In response to the question 5, the working group noted:
na

M.3.3 Working Group 2 Findings

In response to the question 1, the working group noted:
Yes we agree

In response to the question 2, the working group noted:
- Low VA leads directly to low income.
- Low Diversification leads to low VA
- Low VA also leads to low income generation for public finances.
(National Impacts)

In response to the question 3, the working group noted:
Yes we agree

In response to the question 4, the working group noted:
About Cause 1:

- Is this low Agronomic or Economic (must be output and input) productivity?
- Low quality seed produce low yield and not high cost.
- Add poor farming systems and low yield not high cost.
- Add high cost of inputs.

About Cause 2:

- Co-ordination – groups need dispute settlement, system in addition to common cause.
- Add high cost of fuel: export certification.

About Cause 3:
Yes.

In response to the question 5, the working group noted:

- Lack of Capital- Unacceptable risks.
- Lack of Education.
- Lack of knowledge of technology.
- Lack of support service (e.g. Maintenance of equipment).
- Lack of modern equipment (land titles)
- Low competitiveness with VN and Thailand (particularly vegetable).
- Weak Agric Policy and Governance.
- Limited Agric Services (salaries Low).

M.3.4 Working Group 3 Findings

In response to the question 1, the working group noted:
There might be more than one core problem
Need to look at distribution issue
Need to look at land titles
Need to look at finance

In response to the question 2, the working group noted:
Yes we agree

In response to the question 3, the working group noted:
If the core problem is solved, we will get impact. However, the issue is how much impact.

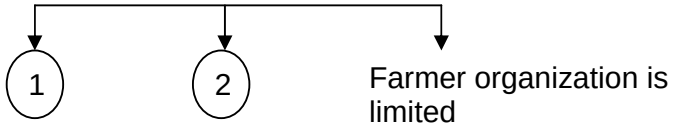
In response to the question 4, the working group noted:
We need credit which influences all the aspects of the supply chain

In response to the question 5, the working group noted:
Land size issue: what is the optimum size
Irrigation is much more important problem than what was stated

M.3.5 Working Group 4 Findings

In response to the question 1, the working group noted:

Low Productivity



- Lack of support
- Human resources is limited
- Limited extension services

In response to the question 2, the working group noted:

- Rural exodus (social)
- Off farm activities

In response to the question 3, the working group noted:
Yes, we agree.

- Farmer's income increased
- Poverty is reduced
- Rural agriculture activities are increase

In response to the question 4, the working group noted:
Na

In response to the question 5, the working group noted:
Na

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Session 3: Approach to Program Formulation

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Goal and Objective

Goal

The Program will contribute to "ensure household food security, increase income and improve livelihood for rural poor farmers, by improving agricultural productivity and diversification of agriculture" in Cambodia (MAFF Goal 1.1)

Objective

The Program will increase value added along different stages of rice-based farming systems.

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Guiding Principles

- **Low Value Added in Rice-based Farming Systems** as the Core Problem for Program Formulation
- **Value Chain Linkages and Appropriate Technologies** address the Core Problem
- **Proposed Intervention are Demand-driven**. Driven by farm communities and entrepreneurs and driven by market opportunities.
- To be successful, the proposed interventions require **Focus**
- So as to lead to improved **Farming and Business Practices** and **Replicable Models**
- Higher value is obtained by meeting **consumer demand** at the local, national, and international level
- Improved practices and models are made possible by strengthened **Capacity of Stakeholders** and Access to **Investment Funds**
- **Sustainable Impact.** Communities and enterprises are expected to engage in sustainable activities by program completion.

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Focus – You cannot do everything

- **Narrow down the type of interventions.** Clarify what constraints could be addressed by the program and what constraints could not / should not be addressed by the program
- **Selection of Provinces**. Three provinces at most and target a sufficient number of communes (30) in each province in order to have noticeable impact by program completion. Reach 40,000 smallholder households.
- **Selection of Beneficiaries.** Focus on smallholder farmers who are in the middle income distribution (not very poor, not rich) and on SME.
- **Limited number of value chains**. Rice, horticulture, aquaculture, small livestock, maize, soybeans, mungbeans

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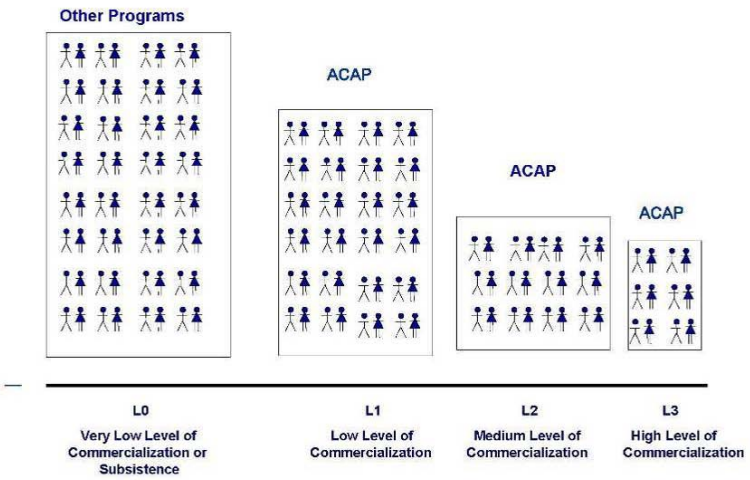
ACAP and Targeting of Rural Households



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Interventions - No
(what the Program cannot and should not do)

- Cannot do
  - Investment in Major Infrastructure (roads, ports, electrification, large irrigation systems)
  - Restructuring of Financial system (MFI and banks) and high interest rates
  - Control of Illegal Fees
  - Clarification of Land Titles and Economic Concessions
  - Deforestation and illegal logging
  - Water Law
- Should not do
  - Budgetary Support to Research and Extension
  - Credit disbursement

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Interventions- Yes
(what the Program can and should do)

- Can do
  - Investment in small irrigation systems
  - Transfer of technology to intensify and diversify farming systems
  - Improve postharvest technologies and processing
  - Improve market intelligence
- Should do
  - Facilitate linkages between farmers and markets to meet consumer demand
  - Facilitate both farmers and entrepreneurs in formulating and implementing investments to improve productivity and value added

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Components of the Program

- Value Chain Linkages
- Farming Systems Technologies
- Postharvest Systems

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Component 1: Value Chain Linkages

- **Rationale**
  Lack of organized linkages between producers, entrepreneurs, and consumers in the value chain that could benefit from economies of scale in production, processing, marketing, and the channeling of limited resources in product specialization.
- **Key Features**
  - Market information and intelligence reports and dissemination at the local level
  - Facilitate organization of marketing groups at the community level and Community Marketing Plans
  - Learn to work together to realize economies of scale and scope
  - Link producers-entrepreneurs-markets
  - Enhance agribusiness orientation of farmers
  - Farmers invest through Matching Grant Scheme (Value Chain Fund)

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Component 2: Farming Systems Technologies

- **Rationale**
  Lack of irrigation and low efficiency of water use, and weak dissemination of technologies to improve productivity of rice-based farming systems consistent with market opportunities and development of value chain linkages
- **Key Features**
  - Small irrigation schemes
  - Water use efficiency demonstrations
  - Extension methods (FFS, demonstrations, T&V, media) applied in response to farmer demand and based on agroecological analysis and market demand
  - Farmer groups submit proposals to invest in small irrigation systems and obtain technologies and knowledge services to improve value addition (Farming Systems Fund)

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Potential Strategies for Irrigation Investment - 1

Strengthen on-Farm Water Management Expertise in Extension

- Capacity building and training of irrigation extension officers, scheme managers and farmers in water management is where substantial improvements in Small Scale Irrigation performance could be achieved.
- There is large scope for cost effective improvements to be made in pumping efficiencies and design of small dams.
- Less diesel for the same quantity of water.
- More stored water for the same quantity of earthworks

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500 mm discharge pipe into primary supply channel. The total head, or height the water needed to be lifted is 10m. Lower discharge pipe by 1.5m. Save 10% less energy. Use elbow pipe ($100-200). Gains of 10% over the life of the system.

Using same diameter of suction pipe (40mm) increases friction losses. Buy a larger PVC suction pipe (75mm) of length 4m at about Riel 10,000. Increase in energy efficiency about 10%.

40x40x3 pond (4800 m^3). Could double the capacity by using a compacted wall around the perimeter of the pond, at marginal cost (the earthwork has already been done). Fill the pond during the wet season with 2 days use of small pump.

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Potential Strategies for Irrigation Investment - 2

Invest in Creating an Enabling Environment for the Formation of Water User Groups

Focus on strengthening the following aspects:

- Achieving consensus and cooperation amongst stakeholders within a WUG.
- Establish legal entities and statutes to clarify conflict resolution and strengthen the right to raise money to finance operations.
- Offer support services to WUG to establish forums for the exchange of experiences and ideas.
- Gain experience on these tasks starting from small schemes. Do no jump to medium and large schemes.

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Potential Strategies for Irrigation Investment - 3

Focus on Improving Overall Irrigation System Utilization

To maximise the productive capacity of small to medium sized irrigation systems a diversity of irrigation techniques will be required

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Potential Strategies for Irrigation Investment - 4

BE MINDFUL….. IMPROVING AN IRRIGATION SYSTEM IS A PROCESS NOT AN EVENT

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Component 3: Postharvest Systems Technologies

- **Rationale**
  Weak postharvest systems resulting in losses of agricultural production and little value added
- **Key Features**
  - Drying and Storage investments at the community level
  - Quality assurance systems in processing of raw material
  - Certification for exports
  - Handling and packaging demonstration
  - Collection centers
  - Food processing demonstrations
  - Entrepreneurs submit proposals to obtain technologies and knowledge services to improve value addition (Postharvest Technologies Fund)

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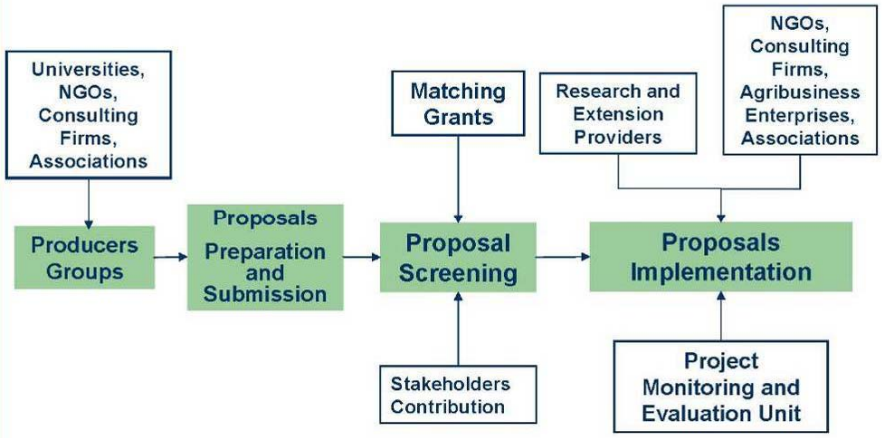
Matching Grant Scheme



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Roles of Different Stakeholders in ACAP

Farmers, Traders, Processors and their Associations	Engage in production, processing, and marketing Prepare, submit, and implement investment proposals Form groups and alliances for marketing, production, irrigation, processing Engage in capacity strengthening (production, planning, marketing, processing, postharvest)
NGOs and BDS	Facilitate formation of groups and alliances Provide business development services
Departments at Central and Local Level	Provide technical services Coordinate among agencies and programs Monitoring and Reporting
Consultants	Provide technical assistance and advisory services
Ministries (MAFF and MOWRAM)	Overall coordination of program activities with central agencies, donors, and provincial departments Overall monitoring, evaluation, and reporting
Local Government	Coordinate community plans with overall plans Coordinate program activities with other programs/projects
AusAID	Overall supervision Disbursement of funds, Recruitment of Consultants/Advisors Overall monitoring and evaluation

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Institutional Framework Options

	Executing Agency (EA)	Implementation Agency (IA)	Technical Assistance (TA)
Option 1	MAFF	Department	Yes
Option 2	AusAID	Department	Yes
Option 3	MAFF	Advisory Team	Yes
Option 4	MAFF	Local Government	Yes
Option 5	Local Government	Provincial Department	Yes

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Next Steps

- 27 February 2006: Aide Memoire
- 10 April 2006: Draft Final Report
- 20 April 2006: Peer Review
- 30 April 2006: Final Report
- May-June 2006: Design
  - Detailed development of components
  - Outputs, Activities, Inputs, Monitoring
  - Institutional Framework
  - Flow of Funds
  - Implementation Schedule
  - Target provinces and stakeholders
  - Economic and Social Assessment

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Session 3: Questions for General Discussion

1. What are your comments about the Guiding Principles for program formulation?
2. What are your comments about the Focus of the program?
3. What are your comments about the proposed Components?
4. What are your comments about the Roles of different Stakeholders?
5. What are your comments about the alternative Options for Institutional Framework?

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Concluding Session

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Summary of Workshop - 1

- The program will focus on increasing value added in the rice-based farming system
- It should focus on a limited number of constraints and try to resolve them.
- This will involve working with farmers and enterprises to improve market linkages and technologies.
- The program will facilitate the adoption of innovations at the community level and among SME to improve value added.

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Summary of Workshop - 2

- Demand-driven investments (from farmers/entepreneurs and their communities in response to consumers' needs and based on agroecological conditions).
- No single recipe to all the problems. Specific solutions. The issue is to establish new ways

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