

# Experience in vegetable marketing of Quynh Luong farmer groups and Metro Thang Long in Hanoi

*CRS-FAO workshop: Linking farmers to markets:  
Intermediation models, policy and networking*

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# Opportunities for vegetable production and marketing

- Geographic location: not far from center of Quynh Luu district (13 km) and Vinh City (75 km) – convenient transportation (good roads).
- Natural conditions
  - Monsoon tropical climate: Favourable for leafy vegetables, tomato, carrot and spring onion
  - Sandy soil: easy water drainage and soil preparation that suitable for growth and harvest of spring onion and mustard greens.
  - Abundant and unpolluted underground water: good for irrigating vegetables

# Opportunities for vegetable production and marketing

- Internal strengths:
  - Long experience since 1960s
  - Hardworking and economical people who have desire to be richer from production and sale of vegetable.
  - Long experience in marketing and market access (*from silk business in long time ago*)
- Policy and institution:
  - 1994 – Commune policy in giving up rice, reducing sweet potato and expanding landarea for vegetable production.
  - 1994, Government Decree No. 64 on land allocation to households – Farmers allowed to adjoin land plots for larger landarea.
  - 2001, Nghe an Province considered Quynh Luong commune as a model on implementation of land adjoining for agricultural production.
  - 2002: Website for vegetable developed
  - 2003: Quynh Luu Extension Department supported Quynh Luong to set up demonstration of safe vegetable

# Opportunities for vegetable production and marketing

- 10 large collectors and numerous small collectors in Quynh Luong collecting 70 ton/day during harvest.
- Products sale in markets within province and to metropolitan centers in central Vietnam, namely Hue, Da Nang, and Quang Ngai
- Collectors come to the farmers' houses or fields to collect and the farmers do not have to carry the produce anywhere

# Obstacles for vegetable production and marketing

- Landarea:
  - Limited cultivation landarea: 240ha in total
  - Average landarea: 1.000 – 1.500 m<sup>2</sup>/ household; 300m<sup>2</sup>/head
  - Some land plots for households
- Climate
  - June and July: Hot and dry Western wind influence to productivity and quality of leafy vegetable and tomato.
  - August to October: 60% of landarea flooded – reduce volume of vegetable.
- Vegetable produced without planning and market-orientation.
- Local vegetable seeds, few good quality
- Production and harvesting process as habit
- Ineffecient disease management

# Obstacles for vegetable production and marketing

- Fluctuated markets
- Products not meet market requirements due to seed, diseases, not processed.
- Quality of products not uniformed, small volume
- Price decided by wholesaler in Vinh City

# CRS Project interventions

- Capacity building for government staff and service providers on territory approach for agro-enterprise development – market-oriented production
  - Trainings on: agro-enterprise development, project management, computerising and internet access.
  - Exposure visits to agro-enterprise development models
  - Support and facilitation of implementation and application
- Formation of farmer groups, capacity building for group management and operation: Group management, planning, savings in group, checking and monitoring, books recording and store, etc
- Support and facilitation in market opportunity identification: Rapid Market Analysis, participatory market opportunity identification, negotiation and discussion on sale contracts/ agreements, etc

# CRS Project interventions

- Facilitation in linking actors in product chain for contractual implementation
  - Invite buyers/ companies to check conditions and production process – direct discuss with farmers.
  - Technical staff contracted to provide techniques and technical guides to farmers in production process
- Support for contractual implementation:
  - Introduce new varieties
  - Manage production process
  - Introduce pre-processing: packing, labeling, etc
- Support in improving production conditions for contractual implementation.
  - Upgrading drainage system
  - Participatory Irrigation Management
  - Upgrade consolidation center

# Reason for linkage with Metro

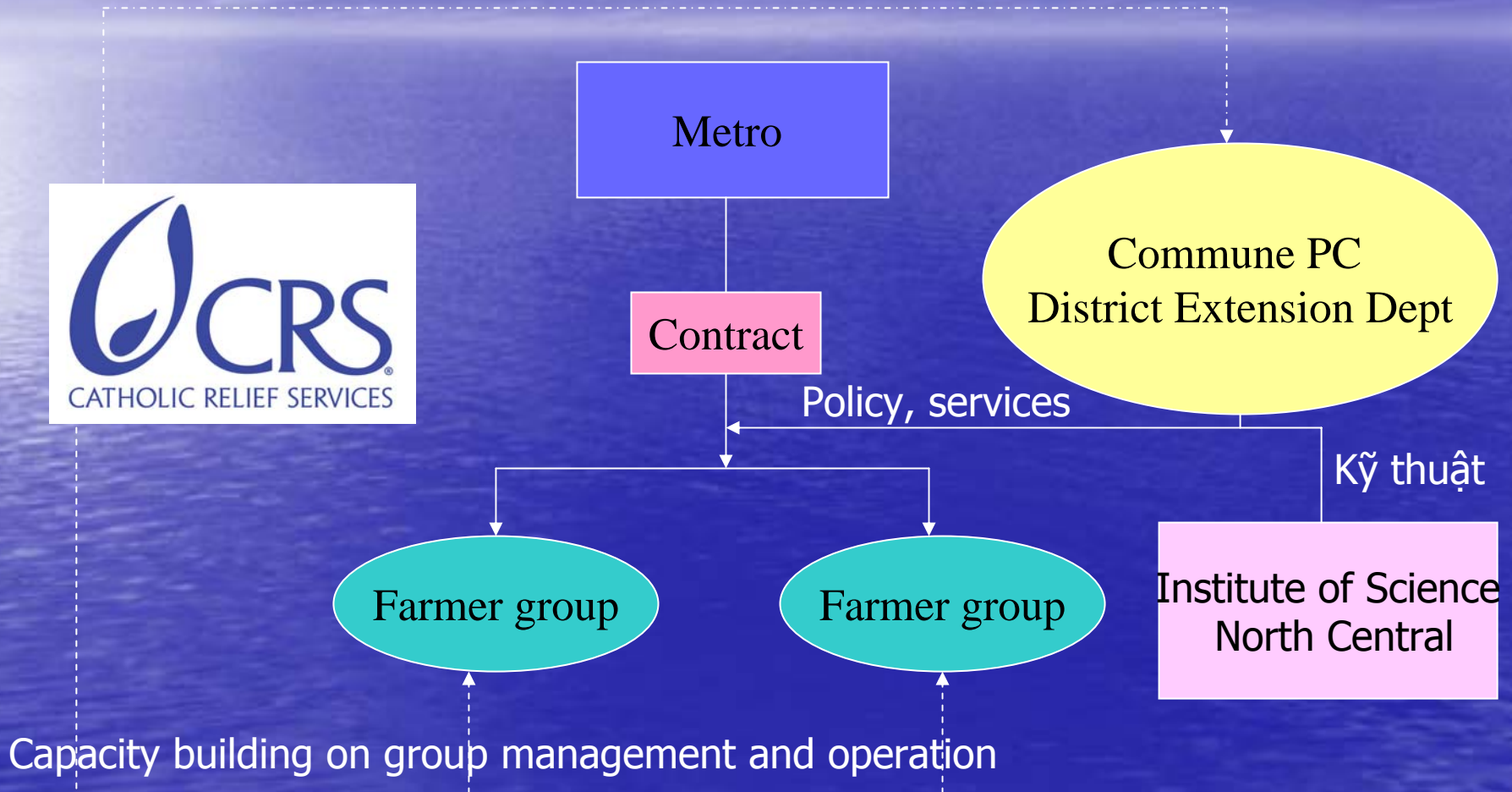
- Big, Well-known and stable retailer, big consumption of vegetable, Metro's buyers are wholesalers, retailers and high-income consumers – requirements for good quality, good taste and safe products.
- Metro's price higher than prices at local markets. Workable purchase conditions.
- Vegetables from Quynh Luong selling to Metro for confirmation of quality and safety, good opportunity for advertisement of Quynh Luong vegetable to consumers
- Linkage with Metro is an opportunity for farmers familiar with market-oriented production and access to high value markets

# Approach for linking to Metro

- A group consist of commune staff and farmer representatives to Metro for discussion on cooperation in vegetable sale.
- Introduce vegetables produced for consideration and selection based on Metro's criterias.
- MEtro's marketing staff check production conditions and process at households and check quality of products.
- Farmers and marketing staff discuss and conclude terms in contracts
- Sale contract signed and implemented

# Implementation structure

Capacity building on agro-enterprise development



# Role and function of actors

- **Metro:**
  - Buyer of products as Metro standards and criterias.
  - Check quality of vegetable samples on the Metro standards.
- **Farmer/ producer groups**
  - Producer and supplier of products as Metro standards
  - Select products and prepare production schedule and implement production schedule for products as Metro requirements
- **Commune People's Committee**
  - Facilitator between Metro and farmer groups
  - Support for farmer groups in group management and production.
  - Check and monitor contractual implementation
  - Collateral with Metro for good cooperation with farmers.
- **Technical institute (Institute of Science North Central, District Extension Department)**
  - Introduce technical production process
  - Support of certification cost
  - Check and provide technical guides during implementation of production process

# Products and requirements

- 2 products: Cabbage and water melon
- Basis for product selection:
  - Discussion between Metro and RMA group (consist of commune staff, farmer representatives) on Metro's demands.
  - Farmer group: consider production ability for products as Metro's requirements and benefit.
- Metro's requirements:
  - Cabbage: Greenhelmet variety (imported from Japan), weight: 1.2-1.5kg, good quality, and safety (certificate).
  - Watermelon: Hac My Nhan CS202 and TS46 varieties, weight: 2-4 kg, good shape and quality.

# Farmer group operation

- Group formation for :
  - Manage technical process, ensure volume of product, uniformed in quality and safety.
  - Sign sale contract, better for transaction with company, increase power in negotiation of price.
- Voluntery group member: (included poor households) to share and learn experience, production and sale processes.
- Relation among group members: based on group regulation on group objective, group structure, right and responsibilities of each members

# Role and responsibilities in group

- Group members:
  - Strictly follow production schedule: timing, scale, technical process, data/ information records.
  - Implement product sale as contract signed.
  - Share experience, cross-check and monitor contractual implementation and support other members in production and harvest.
  - Follow group regulation.
- Group head/leader:
  - Facilitate group meeting, develop group regulation and topics for technical sharing.
  - Monitor implementation of technical process, harvest and consolidation of product.
  - Request group members to harvest products and assist other members during harvest.
  - Record weight of product from each member and then distributes money as per the quantity of watermelon supplied

# Principles for contractual implementation

- Production:
  - Use agreed varieties and technical process.
  - Record information relating to date of planting, date and amount of fertilizer, name and amount of pesticide, date of harvest, etc.
  - Follow production schedule for product volume as signed contract.
- Sale:
  - Ensure quality of products, label products.
  - Pack product in crate.
  - Transport crates of products to stores of Metro.

# Description of cabbage group

- Number of members: 22
- Structure: 5 sub-groups of 4-5 households/ sub-group in the same area.
- Group head prepare group production schedule on calendar, scale of production for each sub-group to ensure every 7-10 day deliver 1 truck to Metro as signed contract. Total 8 deliveries.
- Applied technical process of safe vegetable production as issued by MARD under guide and monitoring from technical staff of Science Institute and District Extension Department.

# Description of watermelon group

- Number of members: 21
- Structure: 3 or 4 households/sub-group on basis of adjoining land area. One group head.
- Group head prepare group production schedule on calendar, scale of production for each sub-group to ensure every 7-10 day deliver 1 truck to Metro as signed contract.
- Experienced farmers (5 households) planted and harvested first so that non-experienced members of the FG could learn techniques
- Used new varieties: Hac My Nhan CS202 and TS46 as Metro required.
- Total 32 tons supplied

# Increased income

- *Cabbage (per = 500m<sup>2</sup>) - Double profit*

	Output	Price	In total
Local buyer	2,500	1,100	2,750,000
Metro	1,800	3,000	5,400,000
Production cost as normal practice			1,838,000
Production cost as Metro required			1,842,000
Certification cost			250,000
Transportation cost			1,300,000
Packing cost			200,000
<b>Profit – local buyer</b>			<b>912,000</b>
<b>Profit - Metro</b>			<b>1,808,000</b>

# Increased income

- *Water melon (per 500m<sup>2</sup>)*

	Quantity	In total
Seeds	150 g	210,000
Fertilizer		783,000
Labour	30	1,200,000
<b>Total production cost</b>		<b>2,139,000</b>
Output	2,000	2,000
Production cost/unit		1,070
Price – local buyer	<b>3,500</b>	<b>7,000,000</b>
<b>Price – Metro</b>	<b>5,200</b>	<b>10,400,000</b>
Transportation cost		<b>1,600,000</b>
Comparison- Metro/ local buyer		<b>1,800,000</b>

# Strengthen relationships in product chain

- *Among group members*
  - Working in group for common goal, increase solidarity within community.
- *Between group and buyer*
  - Create belief between buyer and farmers – more products required for supply.
- *Between actors in product chain*
  - Promote two-way exchange of information,
  - Farmers access to technical supports from technical units (Institute of Science, District Extension Department) .

# Effect to environment and human health

- Reduce over-produced situation – no more products left on the field that pollute environment.
- Produce accordance to technical procedure, reduce amount of pesticide, reduce environmental pollution.
- Unwanted amount of pesticide in product in line with safety standard – ensure health of consumers.