



**Malica**

# **Linking small-scale farmers to quality food chains: fostering stakeholders' information and coordination (Vietnam-Laos-Cambodia)**

**Paule MOUSTIER, CIRAD**

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# The context



- ⌘ In the last 10 years the food sector of the region has gone through profound changes due to : (i) market liberalisation ; (ii) urban growth; (iii) market segmentation in the domestic and export sector (income, quality preferences)
- ⌘ These changes make the matching between local production and demand (domestic, export) a complex problem to solve.

# The context



## ⌘ Typical problems of the connection between supply and demand:

### ☒ Quality mis-match

- ☒ Consumers do not trust the quality of food, esp. because of pesticides in vegetables, hormones in meat (Figuié, 2002)
- ☒ Farmers' efforts in terms of quality are not always rewarded by higher prices

### ☒ Quantity mis-match

- ☒ Farmers complain of market surpluses and price drops
- ☒ Reciprocally traders and processors complain of producers not being regular in their supply and difficult to reach

# THE APPROACH



# Major strategies for better farmers' market access



- ⌘ Researching commodity chain organisation and performance
- ⌘ Feeding market information to public and private stakeholders
- ⌘ Combining technical and institutional innovations (farmers' collective action, intra-chain coordination, public-private partnerships for provision of public goods and services)

# Major research steps on food commodity chains



- ⌘ Consumption appraisal
- ⌘ Chain and flow mapping
- ⌘ Analysis of actors' strategies and organisations
- ⌘ Analysis of chain performance (price, quality, income and availability)

# Feeding stakeholders with market information: from MIS to MICS



- ⌘ Market Information and Conciliation Systems
- ⌘ Enabling participants ' compromises on shared diagnosis and shared objectives
- ⌘ Market information delivery used as support for debates
- ⌘ Can prove useful to set the basis for « inter-professional organisations », or chain alliances
- ⌘ See : Interréseaux (1997); Moustier (1999); Thoyer (2000)



# Providing conditions for successful farmers' collective action

(Olson, 1965; Bosc and al, 2002)

- ⌘ Groups, associations, cooperatives, where members join resources to reach common purposes
  
- ⌘ Advantages of collective action
  - ☒ Economies of scale
  - ☒ Reduced transaction costs
  - ☒ Supply of collective goods, e.g., reputation for quality
  - ☒ Increased bargaining power
  
- ⌘ Difficulties of collective action
  - ☒ Bureaucratic costs
  - ☒ Possible opportunistic behaviour (free-riding)
  - ☒ Decreased autonomy and flexibility
  
- ⌘ Need for small groups with clear rules, monitoring and enforcement mechanisms



# Providing conditions for successful farmer-buyer cooperation

(Williamson, 1985; Jaffee, 1995)

- ⌘ Exchange of information and commitments between sellers and buyers
- ⌘ Regular interactions, contracts, vertical integration
- ⌘ Advantages:
  - ⊞ Reduced transaction costs (information and bargaining costs)
  - ⊞ More stable incomes
- ⌘ Difficulties:
  - ⊞ Monitoring costs
  - ⊞ Decreased autonomy and flexibility
- ⌘ Need to combine farmers' groups and farmer-buyer contracts (Dao The Anh and Vu Trong Binh, 2005)

# SELECTED MALICA RESULTS



# Malica consortium



- ⌘ Markets and Agriculture Linkages for Cities in Asia
- ⌘ A consortium between CIRAD, VAAS and IPSARD in Vietnam, collaborating with Nabong University in Laos
- ⌘ Aiming at capacity building on food market analysis and quality development in food chains

# Susper vegetable Mics (2002-2005)

- ⌘ Periodic market surveys (4 times/year) to collect basic indicators (origin, quantities, prices), esp. to identify periods of higher prices and imports
- ⌘ Organisation of stakeholder workshops to present and debate market information:
  - ⊞ Panel of farmers, traders, public officials, consumer representatives
- ⌘ Market bulletins
- ⌘ Daily price dissemination system by TV in Hanoi
- ⌘ Major outcomes:
  - ⊞ Demonstration of the opportunities of supply of tomato and cabbage from June to October
  - ⊞ Improved labelling of vegetables for one cooperative with indication of place of production and commitments on reduced input use

# Linking poor farmers with supermarkets and other quality food chains (Superchain)

## Rationale

- ⌘ Malica/M4P study in 2005-2006 in Vietnam: Higher incomes of farmers in groups delivering SM and shop chains than in conventional markets thanks to higher prices, regular quantities bought.
- ⌘ The poor have some specific advantages in the supply of specific quality products (low input use, labour availability, location in mountainous areas)

## Selected products and areas

- ⌘ Vietnam: safe (IPM) vegetables in Hanoi and Ha Tay provinces, sticky rice in Hai Duong province and beef in Cao Bang
- ⌘ Laos: chemical-limited vegetables and chick sticky rice in Xiengkhuang province

# Project framework of activities

## Quality guarantee systems:

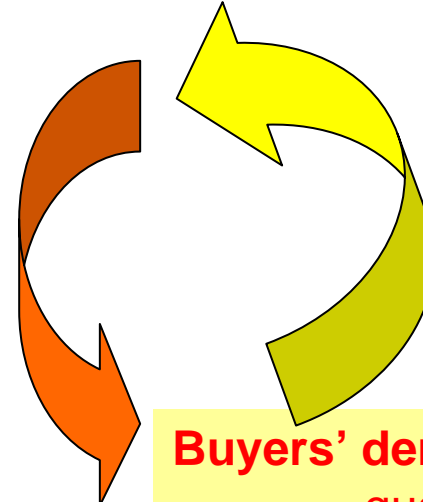
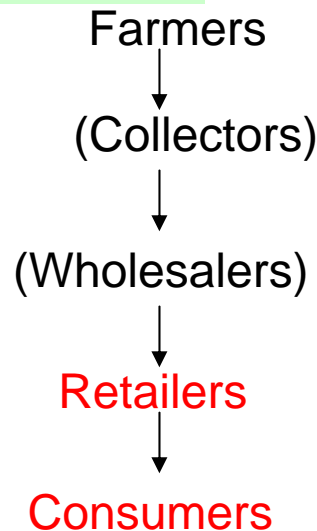
Training on production protocols  
Training on internal control protocols  
Organisation of external control and certification

## Farmers' groups

Commitments on production and control protocols  
**Intra-chain coordination**  
Contracts and direct sales

## Information

**And networking**  
Multistakeholder workshops  
Farmer-buyer contacts



**Buyers' demand:** quality criteria  
quality and origin control  
labeling

## Results on buyers' demand

	Sticky rice	Beef	Vegetables
Consumers' demand	Shape, perfume (Vn) Chemical-free (Laos)	Colour, freshness, animal health	Safety relative to chemicals Freshness Indication of origin
Retailers' demand		Veterinary certificate for slaughterhouse	Certificate on safety Diversity (>20 types)
Farmers' opportunities	Specific quality characteristics in relation with place of production and production protocol		
Chain constraints	Lack of origin tracability (labelling, intra-chain coordination)		

# Dissemination and discussion of market information through stakeholder workshops

Commodity	Date	Nr of part.	Nr of private chain stakeholders
Vegetables	Nov 7, 2007, Hanoi	34	8 farmers, 7 retailers (incl. 4 supermarkets), 2 consumer representatives
Beef	March 31, 2008, Cao Bang	36	10 farmers, 3 collectors, 1 consumer representative
	May 22, 2008, Hanoi	27	1 farmer, 1 supermarket retailer, 1 hotel caterer, 1 consumer representative
Sticky rice	June 10, 2008, Hanoi	42	6 farmers, 7 supermarket retailers, 6 shop retailers, 5 processing companies, 1 consumer representative

# Collective action for quality promotion

Vegetables Hoai Duc district, Hanoi province	3 groups 18 to 72 members/group, 1-2.5 ha/group	Joint production protocol, packaging and labelling Internal control system External certification Common collector in charge of shop
Sticky rice Kinh Mon district, Hai duong province	3 groups in, 60 members/group, 2 ha/group	Joint production protocol, packaging and labelling Joint contacts with shops in Hanoi
Beef HaQuang district, Cao Bang province	2 groups, 25 members/group, Total=148 head	Joint production protocol and label Credit for stock

## Comparison of earnings from hoa vang of households in and outside group and from other crops – in 2006

	Inside group (hoa vang sticky rice)	Outside Group (hoa vang)	Outside group (soan sticky rice)
1. Yield (kg/360m <sup>2</sup> )	145	139	150
2. Production cost (VND)	276,000	260,000	242,000
3. Selling price (VND/kg)	7,000	6,600	5,200
4. Revenue (VND)	1,020,000	920,000	780,000
5. Net income (VND)	744,000	660,000	538,000
6. Income comparison	100	89	72
7. Other advantages	** Community strengthening ** Keeping reputation of the region		

**Note – Expected income increase in 2008 = 30%**

Source: Bui Thi Thai, Casrad, 2008- 30 farmers inside group – 20 outside

# Joint labelling



(from Nabong University, Superchain project)



(from Casrad, Superchain project)

# Public-private partnerships for quality control



- ⌘ Development of internal control system for vegetable safety by vegetable groups; external certification by department of agriculture and Institute of Fruits of Vegetables (Vietgap)
  
- ⌘ Need to clarify the responsibilities of public authorities:
  - ☒ Necessary coordination between ministries (health, trade, health)
  - ☒ Ensuring basic non food toxicity (e.g. direction of fraud repression, agency for food risk monitoring)
  - ☒ Supporting the emergence of private agencies in charge of quality certification

# Conclusions



- ⌘ The approach, based on technical and institutional innovations for farmers to promote their specific quality products, is time-consuming but efficient
- ⌘ Pilot models, which are asked for by numerous province leaders in Vietnam and Laos, need to be further developed and documented
- ⌘ Modelling the economic impact of various types of farmer groups and farmer-buyer relations needs to be developed (on-going in Superchain for vegetable chains)
- ⌘ For more details, you are welcome to visit  
<http://www.malica-asia.org>  
<http://www.avrdc.org/susper>