

# **FINAL WORKSHOP REPORT**

## **POLICY AND INSTITUTIONAL MAPPING FOR SMALL-SCALE PRODUCERS' PARTICIPATION IN DYNAMIC MARKETS: THE CASE OF VIETNAMESE PIG SECTOR**

**March 19 – 21, 2008**

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## Workshop Summary

A Policy and Institutional Mapping Workshop was held in Vietnam during March 19-21, 2008 to bring together producers, processors, major wholesalers and traders, representatives of different associations (farmer, trade and consumers) to discuss emerging issues to enhance the participation of small-scale producers in the modern agri-markets.

Vietnam has been undergoing changes in the modern agri-food markets where the number and size of supermarkets, hypermarkets, convenience stores and fastfood outlets have increased substantially for the last few years. These open great opportunities for small scale producers but at the same time, increasingly exposed challenges to meet strict requirements of these modern outlets in terms of quality, investment, volume, variety and timing.

Vietnam's access into WTO, more than ever before, put a big burden on the agri-food sector and policy makers on how to take advantage and maximise benefits as well as minimize losses from a very competitive globalised market.

The case of pig sector was selected to be a special focus for value chain mapping exercise in the first day as it has been experiencing a difficult period due to high production cost, small scale and disperse production scale and poor product quality as well as its increasing contribution to total agricultural GDP.

A three-day stakeholder workshop consisted of a so-called producer workshop (day 1), a modern market chain workshop (day 2) and finally a multi-stakeholder workshop (day 3). The first day of the workshop focused on the small-producer, particularly pig farmers, identified opportunities and problems and solutions for them to meet these challenges. In the second day, representatives of private sector including food processors, traders, wholesalers, food companies were involved. Here, policies and institutions that affect inclusion of small-scale producers in the modern sector were discussed.

Key issues collected from the first two days were presented by Dr. Nguyen Anh Phong in the final day of the workshop. Comments and feedback from participants were raised and experience from their practical work was shared.

Participatory tools such as value chain, problem and solution tree analysis that help capture the key problems and solutions that come from different market actors were used as an overall strategy. After each day of the workshop, the team had a short meeting in the afternoon to discuss the tools used and adjust methodologies to meet with the current circumstances.

Clearly, the interaction of various stakeholders in the three-day workshop produced active discussions on key issues facilitated by a participatory process that made use of visual techniques. But more importantly, there were options and entry points identified for the different participants in the chain to increase the participation of small scale producers in the modern food markets.

## **I. BACKGROUND**

Agri-food markets and supply chain structures are changing globally in dynamic and unprecedented ways where market liberalisation, more demands from consumers themselves resulted from higher income, and the modernisation of food processing and retailing are primary drivers of change.

Vietnam is not an exceptional case. Increasing urban population and the demand for safe and healthy food have caused changes in the way food are produced, handled and sold. Amid the current period of market liberalisation period under WTO accession, and specifically as Vietnam is expecting to completely liberalise its retail markets by 2009, the agri-food systems have changed rapidly paving an increasing role for food processors, fast food outlets, restaurants and modern retail outlets. This is shown by a bigger share of these forms in the retail sector.

An international multi-donor funded programme *The Re-governing Markets Programme* ([www.regoverningmarkets.org](http://www.regoverningmarkets.org)) is working in nine regions of the world seeking to understand the keys to inclusion of small-scale producers in these dynamic markets, defining good and innovative practice and helping to bring key findings into public and private sector policies and strategies.

Through a partnership arrangement between the program coordinator and the Center for Agricultural Policy (CAP), Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), the workshop was held on this topic.

## **II. OBJECTIVE**

Consistent with the main objectives of the Regoverning Markets Program, the workshop aimed at identifying the issues, challenges and opportunities that affect participation of small scale producers in modern markets. The overall objectives of the workshop are to build a framework for understanding the institutional and policy dimensions of enabling small-scale producers and enhance their access to dynamic sectors. Specific objectives are follows:

1. Identify key issues and barriers to small-scale producers and processors inclusion and participation in new and dynamic markets; as well as find out causes and solutions for key problems.
2. Identify possible entry points for action by key actors – the public sector, private sector and farming community.
3. Identify key trends and drivers affecting fresh high value commodity procurement for the modern market in the next 5-10 years.
4. Identify policies and institutions that affect the role of private sector (modern markets) to take part in supporting the inclusion of small-scale farmers in modern markets.
5. Propose strategies, programs, policies and institutions that increase the chance of small farmers to participate in modern markets.
6. Provide a venue for dialogue and discussion with the public sector to contribute to wider policy discussions at the local and national levels

### III. WORKSHOP PREPARATION

A number of factors were considered in designing the program of the workshop as the outputs of the workshop also serve as inputs to the policy agenda of the industry as well as the following steps of the project. Thus, it was important to scan the gaps and opportunities to maximize contribution of the project in this area.

The workshop program was designed to contribute issues of Regoverning market to policy makers, especially for those who are now working in the area of agricultural and rural development.

Three weeks before the workshop, a careful review of relevant policies and previous studies was done to avoid duplications and pursue areas that need further follow-up. One important input for the workshop was the result of the PRA survey of pig production which had been implemented by CAP in five provinces last year.

The list of the participants was also considered to include representatives from different stakeholders including farmers, modern market sectors (processors, wholesalers, supermarkets, etc.) and relevant departments which are in charge of processed food products. Totally, 100 participants were invited to the three-day workshop, and finally there were 66 of them who were interested in and enthusiastic to the discussion topic, attended the three-day workshop.

A multi-stakeholder guideline for understanding institutions and policies to link small-scale producer with modern markets was provided by the Regoverning Markets programme coordinators to all facilitators for reference before the workshop. The participatory approach was designed in order to facilitate active involvement of the participants.

On March 18, one day before the workshop, the workshop organization board of CAP and the program coordinators, Dr. Felicity Proctor and Dr. Larry Digal had a meeting to check all the preparations for the workshop, i.e. methodologies, logistics and personnel arrangement were finalised and agreed among the whole group.

This process helped to strengthen analytical capacity for CAP/IPSARD team on facilitating a multi-stakeholder process, gained a deeper understanding and appreciation of the issues involved in linking small scale producers in dynamic markets. This set the ground towards stronger partnership and greater involvement after the workshop.

### IV. WORKSHOP PROGRAM

The workshop was designed to last for three days, each day focusing on a different perspective of a selected participant groups. The programme was as follows:

#### ***Day 1: Producer Workshop***

Date and time: 8.30 – 12.30 a.m, Wednesday, March 19, 2008

Venue: Cau Am Hotel, Ha Tay province

Participants: 36, including producers (mostly pig ones), Producer Association; butchers, traders (feed, pig collectors), companies (CP, processing ones), officers of Ha Tay Department of Agriculture and Rural Development (HDARD), Ha Tay Veterinary and Extension Service Department, office of extension service of Chuong My district.

### ***Day 2: Modern Market Chain Workshop***

Date and time: 8.30-12.15 a.m, Thursday, March 20, 2008

Venue: Hotel of Center for Women and Development, Ha Noi

Participants: 13, including processors (individual and Northern Food and Foodstuff Production and Trading Corporation – Vinafood 1); representatives from associations (Vietnam Food and Foodstuff, Vietnam Livestock, Trade Promotion, Vietnam Retailer Association); communication units (Vietnam broadcasting station, Agroinfo)

### ***Day 3: Multi-stakeholder Workshop***

Date and time: 9.00-12.25 a.m, Friday, March 21, 2008

Venue: Hotel of Center for Women and Development, Ha Noi

Participants: 17 (officers of Livestock Department, Animal Husbandry Institute, National Veterinary Institute, Hanoi Agricultural University I, Vietnam Standard and consumer protection association, representative of Prosperity Initiative program of Oxfam HK).

## **V. PRODUCER WORKSHOP**

Producer workshop was started with opening remarks by Mr Nguyen Huy Dang – Vice Director of Ha Tay DARD and a short introduction by Dr. Felicity Proctor – the coordinator of Regoverning Markets programme.

Dr. Nguyen Do Anh Tuan introduced about the workshop agenda and international expert group. All the participants introduced about themselves for around 10 minutes.

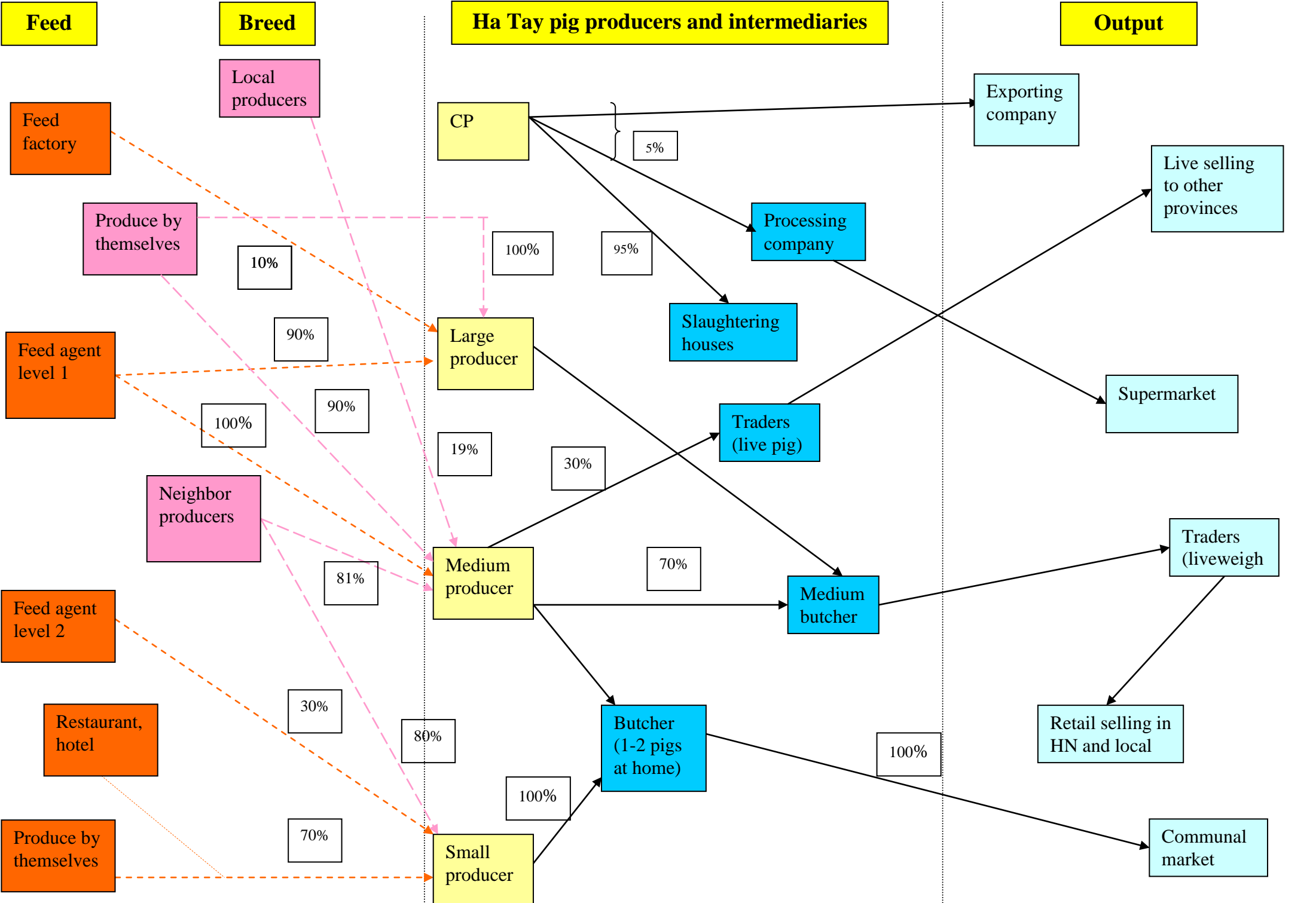
The open discussion began at 9.35 a.m. The first session was facilitated by Dr. Phong using participatory methods and engaging all workshop participants, mapped the pig value chain in Ha Tay province. He was assisted in this process by other CAP members.

*Here are some summary of discussion from participants:*

- Overall, pig value chain in Ha Tay is quite complicated as it involves a lot of intermediaries between the producers to consumers.
- In terms of production scale, there was a common agreement among participants as follows: small scale (under 20 slaughtering pigs), medium scale (20-100 pigs) and large scale (over 100 pigs).
- In terms of breed, most small-scale producers purchase breeding stock from their neighbor/local producers while medium and large scale producers tend to maintain their breeding stock by themselves.

After different ideas were discussed, the pig value chain in Ha Tay was mapped in figure 1:

***Figure 1: Pig value chain in Ha Tay***



After a coffee break, the second session began to discuss problems/barriers that make small producers excluded from selling their products to modern agri-food markets.

Participants were divided into three groups by their profession as follows:

- Group 1: producer and producer association
- Group 2: traders (vet medicine, animal feed, butchers, companies)
- Group 3: government officers (DARD, Vet Department, and Extension Service Department)

Each group was facilitated by one of the CAP team (Phong, Nga and Phuong).

The question was: *What are the main problems that create an exclusion of small-scale producers into the modern market supply chain?*

All participants were asked to write down their problems related to selling their products into modern chain as many as possible. These problems were collected and grouped into 11 problem clusters and presented in a big table so that everybody could easily see.

The participants were then asked to rank the three most important out of 11 selected problem clusters according to their level of importance by sticking one red round piece into each of the three most important clusters (Picture 1).



*Picture 1: Problem ranking exercise by participants*

With active participation, we got the results of points for 11 problem clusters which are summarized in table 1, by their initial order:



*Table 1: Points for 11 problem clusters*

No	Cluster	Points
1	Insufficiency and inconsistency of the system of slaughtering to processing	9
2	Lack of vertical and horizontal linkages (between farmers and farmers and market actors)	12
3	Low productivity and quality of breed and piglets, poor input management of the government	5
4	Lack of market information for buyers, groundless information from media (media scares)	6
5	High production cost (input), low output price	11
6	Small and disperse production is common, production of high quality is not much considered	6
7	Product quality does not meet market demand	5
8	Lack of management policies from the government (in terms of land, vet)	16
9	Poor safety and sanitary condition, poor quality of medicine, producers don't often comply to veterinary law	10
10	Price is often decided by traders	1
11	Weak competitiveness with products having no origin and certification coming from private traders	6

To be more concentrated, only three most important problem clusters were selected for further discussion in the following exercises. The three clusters were according to the rank order as follows:

- (1) Lack of management policies (in terms of land, vet) - 16 points
- (2) Lack of vertical and horizontal linkages (between farmers and farmers and market actors) – 12 points
- (3) High input cost, unstable output price – 11 points

Problem cluster (3) was firstly high input cost, low output price but then revised to unstable output price according to comments of officers from HDARD and agreement of other participants.

After this ranking exercise, we continued with a problem tree and solution session to further understand why and how those factors exclude small producers from access to modern chains and what kind of solutions to remove the three most important problem clusters.

To do this, participants were split up randomly into three groups; each of them discussed causes and solutions of one problem cluster. Facilitators for each group are:

1. Dr. N.D.A. Tuan – overall facilitator of the three groups

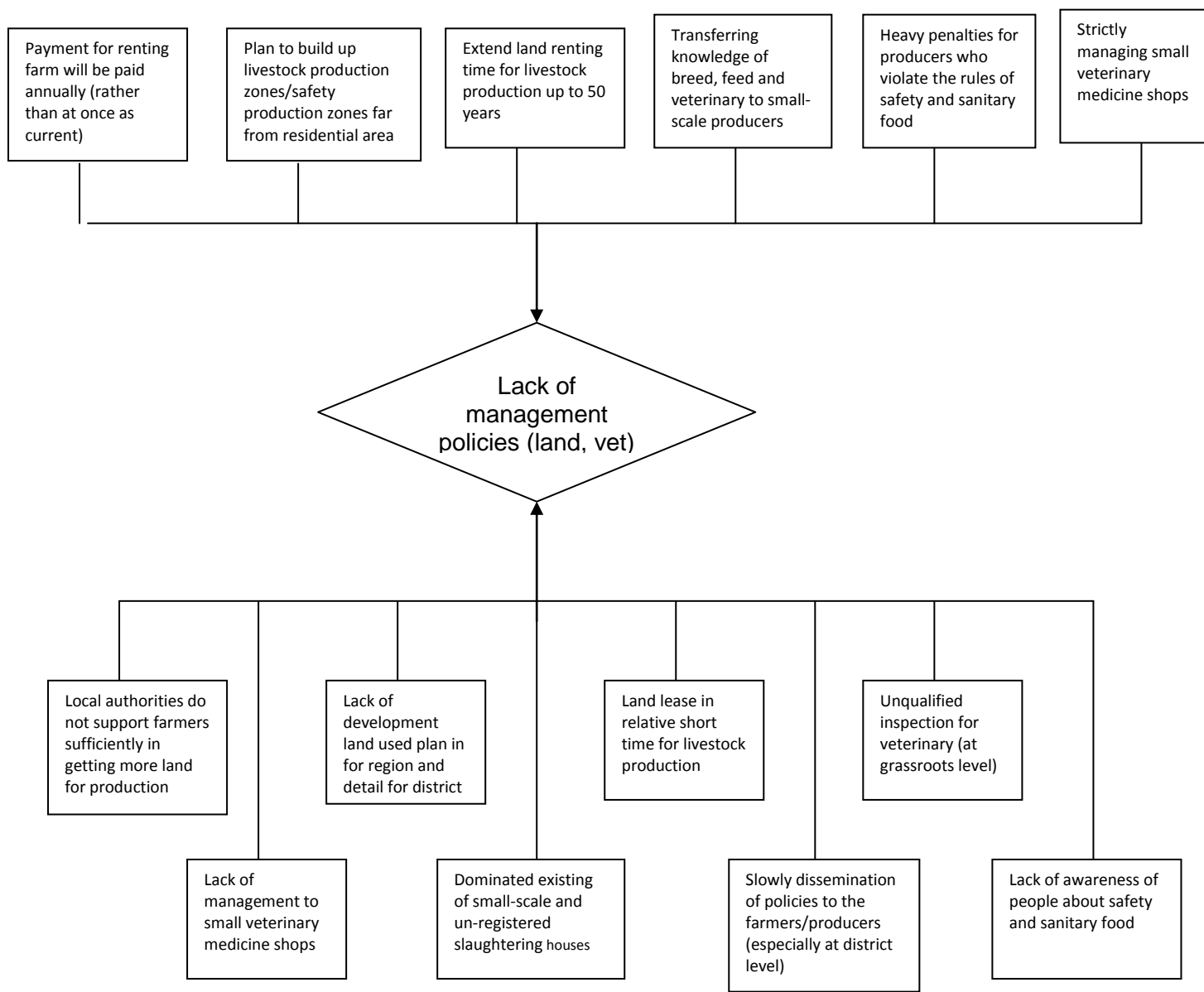
2. Dr. N.A. Phong - facilitator of group 1, dealing with the problem of lack of management policies (i.e. land holding and shortage of veterinary services)
3. Ms. P.L. Phuong – facilitator of group 2, dealing with problem of lack of vertical and horizontal linkages among stakeholders of the sector
4. Ms. N. Q. Nga – facilitator of group 3, dealing with problem of high input cost and unstable output price

The results of problem and solution tree analysis for problem cluster No. 1, 2, 3 are shown in figures 2, 3, 4.

Ideas were actively shared among the three groups on causes of each key problem as well as solutions for each of them to enable small producers' participation into the modern agri-food chains. From their discussion, government should play their important role in managing relevant issues such as land, epidemic and vet medicine management, creating linkages as well as breaking monopolies of feed companies. This is a very important point that government should play the leading role to link producers, especially small scale ones, into the agri-food modern market. However, it implies that all participants, not only producers, traders but also officers in Vietnam, still rely on the government subsidy rather than their own perspective to help themselves to overcome problems.

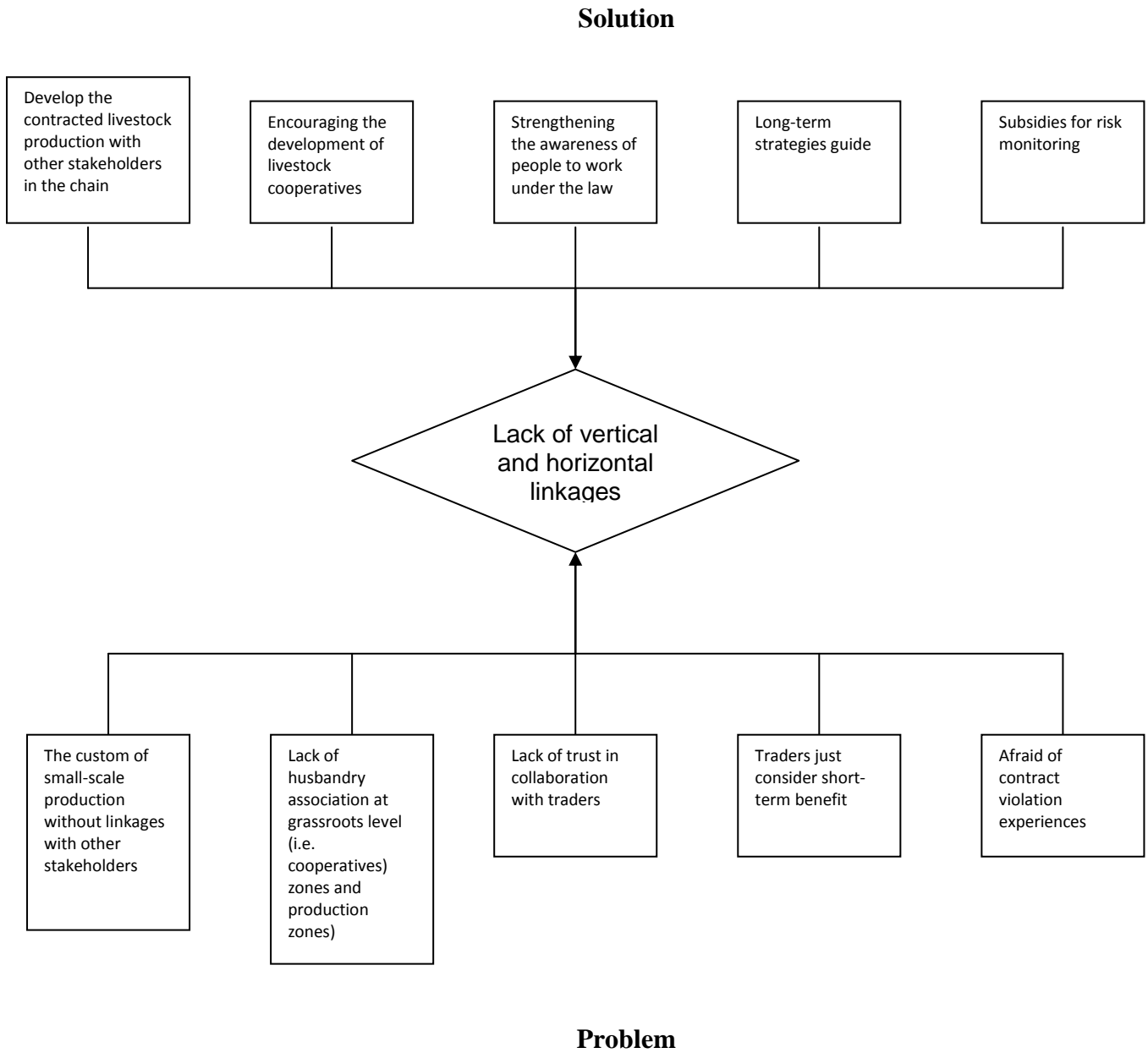
**Figure 2: Problem of lack of management policies (land, vet)**

**Solution**

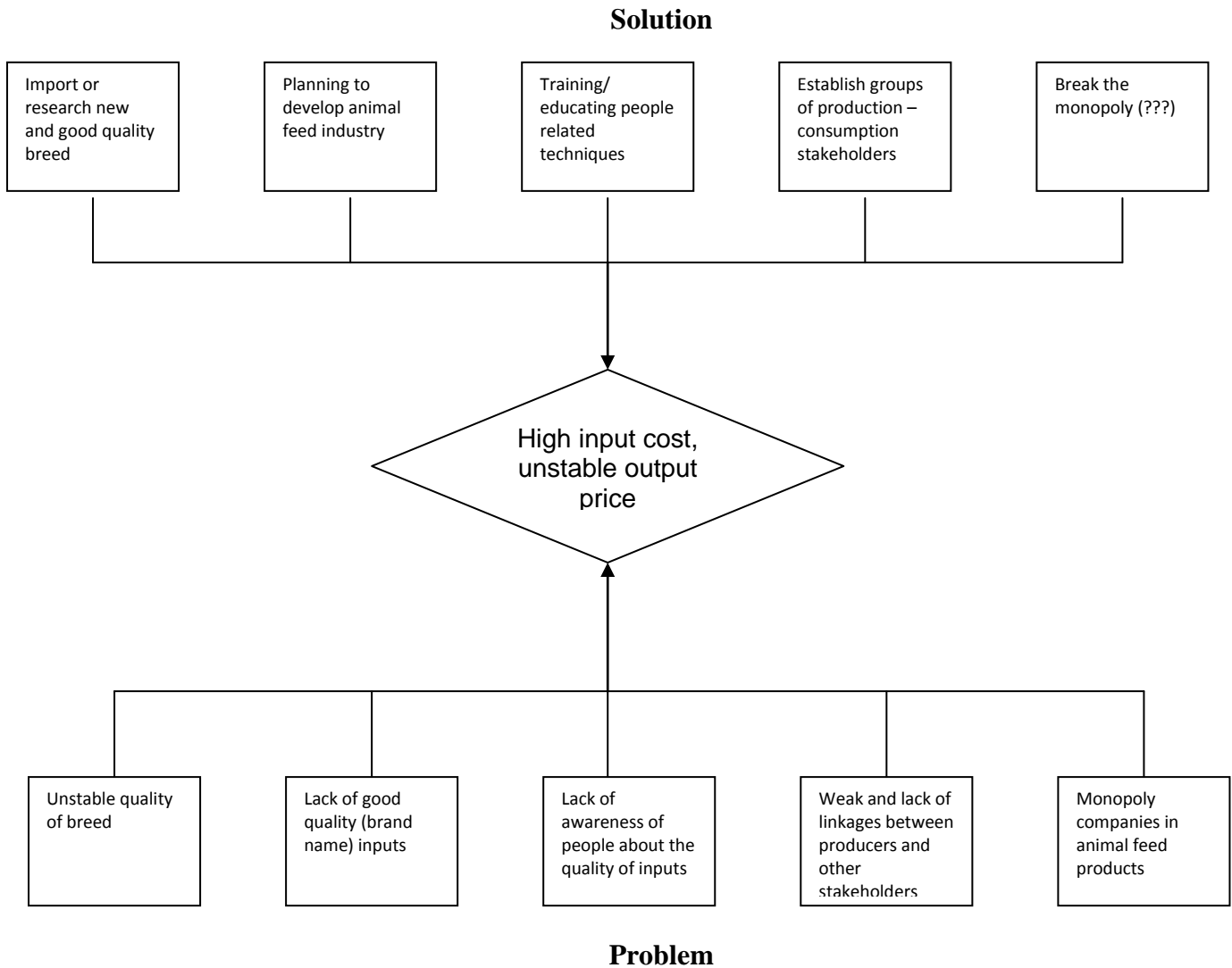


**Problem**

**Figure 3: Lack of vertical and horizontal linkages**



**Figure 4: High input cost and unstable output price**



## VI. MODERN MARKET CHAIN WORKSHOP

The second workshop was held in Hanoi, at Hotel of Center for Women and Development with total 13 participants, including representatives from processing units (individual and Northern Food and Foodstuff Production and Trading Corporation), representatives from associations (Vietnam food and foodstuff, Vietnam livestock, trade promotion); communication units (Vietnam broadcast radio, Agroinfo/Ipsard).

The workshop started at 9 a.m. with a brief introduction of workshop objective, the Regoverning Market Program and then the workshop agenda by Dr. Tuan.

At 9.25 a.m. it continued with Dr Nerlie's presentation on the food retail sector development and its implications to small producers in Vietnam with a focus on livestock sector.

This presentation was concluded and summarized by Dr. Tuan, with some comments on the need of more linkages among relevant stakeholders in order to improve product quality with expectation of more concentrated feature of agricultural products, demand-pulled market and the growth of information, trademark, etc.

The second presentation by Dr Phong on "An overview of Vietnam livestock sector" showed a very clear picture on the livestock sector. It is expected that the livestock sector could have quite a lot of opportunities which would come from higher consumer demand for better quality products but the sector also faced challenges (low competitiveness, safety, diseases, etc.). The presentation also gave specific policy implications to different types of livestock.

At 10.15, the workshop continued with open discussion. The question raised was *"What are going to be the key drivers affecting fresh high value commodity procurement for the modern market in the next 5-10 years?"*

Ideas from participants were collected as follows:

1. Pro. Dr. Le Doan Dien (Chairman of Vietnam Food and Foodstuff Association) raised his concern about the issue of livestock sector's dependency on animal feed imports. He wondered why Vietnam has to import so much maize and soybean even though it is a big agricultural country. According to Dr. Dien, Vietnam should make its own effort to produce animal feed in order to develop livestock sector.

One more issue is about food safety and sanitary (meat, fish, vegetable). Dr Dien suggested having careful management of whole process. He mentioned the model of organic farming of livestock in upland areas which is being organised by his association.

2. Ms. Huong (member of household that owns Uoc Le processing unit) showed her great desire to develop her family's traditional work of producing meat products. However, her unit has met a lot of difficulties since last September due to the "warning" from authorities on the "potential relation" between of fermented pork roll (Nem chua) with cholera. Though all the tests showed that this product is un-related to that disease, but her business with about 100 employees has been stopped during critical period and all the loss would not be compensated.

Ms. Huong also showed her willingness to buy safe meat to process but she did not know which one is safe and where to buy. She expressed her desire to be a safety food processor.

3. Mr. Nguyen Van Thien (Chairman of Vietnam Livestock Association) congratulated this workshop as it is on the same trend of to his association's strategy, particular with the coming workshop of his association, which also focuses on the role of livestock sector and small producers. He expressed his consideration on the development of big scale and

concentrated production toward industrialization and modernization has been guided by the government but what would happen to small producers? Mr Thien emphasized the existence of small production for thousands of years so it should not be forgotten and would take a lot of time and effort to solve the problems related to small producers.

Mr Thien also raised his concern about Vietnam's continuing dependency on animal feed import as domestic feed is not competitive in terms of price. He also indicated three main weaknesses of Vietnam livestock sector: (1) low conversion of feed; (2) negative environmental impacts caused by production; (3) existence of diseases; to be solved in order to develop livestock sector whatever big or small scale.

Some suggestions were offered on production improvement and management of the whole process (breed, feed, and veterinary, technique) to guarantee stable output and safe consumption.

Response to questions and comments, Dr. Nerlie mentioned the link of animal feed and livestock production is necessary as it is related to traceability. The shift from feed imports to complete self-sufficiency is difficult given the current condition.

In terms of food safety, it is very necessary that attention should be paid by not only public but also private sector which also can provide its standards and regulations. Also Nerlie suggested that there should be some consideration to move production areas close to processing areas to reduce cost and to control diseases. Besides, regional trade should be taken into account for processing areas and more attention should be paid to post-harvest within the livestock sector.

The key ideas from the open discussion were:

- 2009: Vietnam is expected to liberalise its retail market, challenge of emergence of global retail chains (Carrefour, chain 7-11...) and the domestic retail sector
- Vietnam has difficulty accessing foreign markets except for China, Eastern Europe... because of its production cost (mostly animal feed),
- Focus on domestic market is a good choice. In the next 5-10 years, domestic retail sector is expected to have some advantages as it can understand practices and taste of Vietnamese more than other parties.
- Weaknesses in terms of technology, diversification of products, poor vertical and horizontal linkages is recognized
- Production improvement: management on the whole process (from breed, feed, vet and techniques) is really necessary.

At 10.45, Felicity made her presentation about some experiences of small producers' inclusion to private sector with the title "Business Innovations for Inclusive Agrifood Markets". Firstly, a brief introduction of Regoverning Market Programme was made. Then nine practical options for business (including business models) were introduced. The "Base of Pyramid" was mentioned as a way to build the market participation of the poor and the small-scale producers as both consumers and producers/market chain actors.

From this presentation, both benefits and costs were seen when enterprises engage with small producers. Also some models can be applied in Vietnam to increase inclusion of small producers into the market chain. This is also a very interesting implication for MARD's development plan of large scale livestock production (the example of the Indonesian model of new intermediaries and multi-agent arrangements or African models of shared equity arrangement could be taken into consideration).

After a short break, the workshop continued with group discussion session at 11.10 a.m. Participants were divided randomly into two groups, both discussing to answer the two following questions:

- (1) *Which benefits and barriers are seen when trading with small producers?*
- (2) *What kind of policy and institutional setting is needed to enable small-scale farmers to participate directly in a modern market supply chain?*

The first group's discussion was facilitated by Dr. Phong and the other one by Nga and Phuong. Discussion outputs from the two groups were collected and summarised as below:

*For question 1:* Comparing the number of benefits to barriers when trading with small producers, it could be easily seen that there are more benefits than barriers. This implied that there are still more incentives for private sector to work with small producers. However, in terms of barriers, unstable quality and quantity of products should be considered as key problems as it can exclude the small producers' participation into the market chain, especially the modern one. The collected benefits and barriers are shown in table 2.

**Table 2: Benefits and barriers when trading with small producers**

<b>Benefits</b>	<b>Barriers/difficulties</b>
Cheaper price compared to larger producers, easy procurement	Not comply to contract or agreement
Can put very low prices due to seasonality of agro products	Unstable quality of products
Have bargaining power against producers (incl. price and others such as quality, delivery, etc.)	Unstable and small supply
Easy use of producers' capital	
Can obtain higher percentage of value added	
Exploitation of labor at low cost	

*For question 2:* There were nine major policy and institutional settings required to enable business to work with small- scale:

- Knowledge equipped (for both businesses and producers)
- Awareness enhancement
- Capital support for producers
- Technical support for small producers (breed, technique, etc.)
- Have an specific agency which is directly in charge of quality control
- Plan production regions and create material area for each specific product
- Publicise technical processes
- Be responsible for public information



- Build markets for input materials and outputs

It should be noted that the nine major settings indicated mostly came from the government support rather than the private sector or producers themselves. It means that the leading role of the public sector should be kept to include the small scale producers into the agri-food market chain. However, some suggestions such as knowledge and awareness enhancement support should not necessarily come from the government but could come from private and producers. This implied the existence of old thinking in which private sector and producers should depend much on the public rather than their own foot to increase their participation into the modern chain.

At 12.05, Tuan summarised and expressed thanks to participants for their active involvement in the open discussion process. The modern market chain meeting finished at 12.15.

## VII. MULTI-STAKEHOLDER WORKSHOP

The third day (March 21) workshop was held in Hanoi at the Center for Women and Development with 17 participants from Livestock Department, Husbandry Institute, Hanoi Agricultural University I, Vietnam Standard and consumer protection association, one representative of Prosperity Initiative program of Oxfam HK.

The workshop opened at 9.00 a.m with a brief introduction by Dr. Tuan about the objective and agenda of the meeting. At 9.15 a.m. Ms. Felicity Proctor made a very interesting presentation on a global perspective of dynamic change in the agrifood sector, showing good practices through different case studies under Regoverning Markets Programmes.

Then the workshop continued with Phong's presentation of results that came up from the first two working days. The lessons learnt and key points raised from the first two meetings with producers/livestock keepers and modern market actors were then taken forward to this final multi-stakeholder meeting.

Finally, some further issues for discussion were suggested from this presentation:

- Advantage of economy of scale vs. monopoly
- Control the "false" information that is harmful to the majority of producers and processors
- How to integrate the intermediaries to develop the small-scale producers?
- How to change the mind of people to more "market oriented" and "demand driven"?

Then the session of open discussion started at 9.50 a.m. with two key questions as indicated in the agenda.

1. *What are going to be the key drivers affecting the fresh commodity markets in the next 10 years?*
2. *What kind of policy and institutional setting is needed to enable small scale producers to participate in a modern market supply chain?*

The first idea raised by Anthony Fenny (PI) was on the role of private sector/enterprises to enable the small producers' participation into the new market chains besides the public sector as a guiding tool. Phong's feedback was that results from the first two workshops were from the small producers perspective, where linkages between farmers and enterprises are not strong enough i.e. there is a missing market and thus a possible need for some form

of public intervention or intermediation. However, it was felt to be a good sign when producers mentioned the potential enabling role of the private sector and the need for improved and enhanced provision.

In terms of mechanisms to help small producers involved into the modern chain, Tuan indicated that there are a lot of good global experiences to link the three actors (producers, the public and private sectors). Vietnam still lacks a policy framework and the necessary regulations. Vietnam policy up to now mostly focuses on “release” the internal resources rather than creates a “healthy and fair” environment for development. The key issue is that Vietnam has yet to create a healthy and competitive market; for example farmers are not well organised, the unavailability of insurance system. These and other factors lead to poor bargaining power of small producers.

From research evidence, Felicity responded that small farmers can access modern markets. Though they may not secure higher farm gate prices, they often obtain more stable prices and through being linked to the market also achieve higher productivity (use of technology, reduction in market risk and increased willingness to invest). The challenge is how to help producers link to each other for economic activities and how the government can create enabling an environment for the inclusion of small producers.

Responding to Anthony’s question on whether small farmers can benefit from short value chain, Felicity agreed that whilst it may be good to link farmers to end consumers, intermediaries can play a key role and thus value add to market actors of the chain for example Bimandiri in Indonesia and Hariyali Kisaan Bazaar in India – see [www.regoverningmarkets.org](http://www.regoverningmarkets.org)). The challenge is how to support all market actors along the chain including the modernisation of the intermediaries.

The next question came from Mr Tinh (Chairman of Vietnam Standard and consumer protection association) on global experience of linking producers and private sector. There were many examples of mixing of clean products and non-clean products. Mr Tinh also gave an example of clean melon produced which cannot be sold because of the perception of malpractice and because this clean product has not yet become a commodity - it is just produced by households.

Tuan replied Mr Tinh’s question was that we need to know how to recognize that it is clean and know the product’s origin. Regarding to the consumption of clean products, one idea suggested was that small producers should be organized, secure traceability and adopt good practice possibly with public support. They can then gain a reputation for selling clean products.

One more issue from a representative of Hanoi Agricultural University I was raised about the case of lychee in Thanh Ha district, Hai Duong province. It is a fact that farmers want to destroy their lychee trees because of poor markets and frequent breaking of contracts due to oversupply in the market during the narrow season of production. Whilst there are some solutions for the seasonality of lychee such as processing, extending the season through tree management as well as regional planning of production- this remains a major issue.

Felicity gave some useful feedback, emphasizing that production should be market oriented. Firstly, market opportunities should ideally be considered before producing, mechanisms to link producers to modern markets need to be secured, business and marketing plans need to be developed and traceability should be taken into account. Vietnam could learn from Thailand, where the main lychee region makes strong product promotion including companies and cooperatives. There are fairs and festivities that surround the main season of production raising awareness and interest in the product. There may also be a need for government support regarding technology and extensions including proper use of agrichemicals.

Mr Khu – Department of Livestock showed his agreement with ideas from producer and private sector through Phong’s presentation. He emphasized the role of the government on issuing of production process and product quality regulation. He also mentioned whether policies for agriculture and to protect consumers are coherent, there is a need to link relevant ministries and bring in the voice of the various associations.

Felicity shared her ideas that it is better to let private sector create standards for traceability and product i.e. letting the market work – the private sector can then manage these within their vertically integrated chain however there remains a core role of government on the regulation of the use of animal health products or pesticides by themselves and in checking on residue levels. It would be very costly for the public sector to carry the responsibility for all aspects of traceability and good agricultural practice – there must be a combined role of the public and private sector on this – where the public sector regulates and ensures consumer protection and the private sector puts in place the appropriate procedures. Phong also replied that standards of some Vietnamese enterprises are all based on the international standards; a key issue over time will be to integrate the local and global standards.

Lastly, Tuan wrapped up issues that came up from the three groups of stakeholders during the three working days as follows:

- *farmer: (1) lack of government policies; (2) lack of vertical and horizontal linkages; (3) dumping out the price (high input cost and unstable output price)*
- *private sector: (1) space for production (short term use of land); (2) false information (the case of shrimp sauce, fermented pork roll, grapefruit, etc.)*
- *public sector: lack of regulations and sanctions that require a setting up of process system to recognize clean and quality products; the way to organise and control the process from producers to consumers.*

Some ideas suggested that public policies should be based on specific research results. Most agreed on the key issue of high transaction costs due to lack of linkages and the weak cooperation among relevant ministries and departments. Mr Tinh mentioned that consumers especially in urban areas accept safe products despite higher cost. But once again he emphasized the inconsistency and lack of inter-management among relevant ministries (the case of Thanh Tri vegetable).

Mr. Manh from National Veterinary Institute shared his experience on selling clean chicken. At first, it was very difficult for him to sell this product as it is more expensive than the normal one even though his product has its clear trademark and origin. After a long time he tried to provide information of his products for short time during associations’ meetings at his ward level, consumers have known more about and finally he could easily sell clean chicken products at higher price than the normal chicken.

*The general following lessons were summarised:*

- communication is important for behavior change of consumers (so it should be integrated)
- consistency and cooperation among ministries/departments, inter-management
- enterprises’ transparency

The workshop brought about lots of useful ideas which would form the basis of policy recommendations for MARD. Dr. Felicity highly appreciated active involvement during the whole workshop and hoped for a positive change in Vietnam’s retail market with higher inclusion of small producers and better product quality.

Felicity also emphasized the need for differentiation of clean and sanitary products and of organic products – both have a place in the market. She also again talked about the

importance of cooperation and link among relevant ministries/industries (the case of mad cow disease in UK was given to illustrate the need for effective working relationships between line ministries and between government and the private sector). The key issue was that these ministries should be properly structured and well coordination at both central and local government levels. At the same time, farmers, private sector and public sector should have some relative independence in quality control. All of these things will help structure agrifood retail sector in the future.

At 12.20, concluding remark was officially done by Dr. Tuan.

## **VIII. EVALUATION AND REFLECTION**

In the afternoon of the third day (March 21), CAP team and coordinators Felicity Proctor and Larry Digal had a short meeting at CAP office to make evaluation from the experience learnt during the workshop process.

CAP team all felt there had been significant benefits from the policy and institutional mapping initiative, not only in terms of valuable results from the workshop but also experiences that our team was built during this learning process.

We also found that there was an active participation during the 3-day workshop; however it would be better to have more representatives from modern sector such as supermarkets/ convenient stores or cash & carry in the last two working days. The full presence of all invitees in the first day shown there was a great interest from livestock producers as well as relevant departments of Ha Tay province. The team also found impressed by their active participation during group discussion for sharing ideas and experiences and of course during the ranking exercise.

Although only around half of invited participants joined the last two working days, it seemed that most representatives from the diverse sectors attended the workshop. It could be some reasons from their own and also could be that they were not interested in this type of workshop or they found no benefits from this. For whatever cases, our team felt that this should be followed though with more specific and focused meetings targeted to particular stakeholders in the future.

During the workshop, there was an agreement of the supporting role of the public to link small producers to modern chains. However, as we discussed during and after the workshop, it seemed that producers and private sector were too much dependent on support from the government. For this part, Felicity shared some experience in her country where the private sector are the ones who set up their own codes of practice and standards set within the framework of public regulation of for example residue levels. Farmers should more active in equipping themselves and seek to gain more knowledge. Models from e.g. Chile where the public sector co-finance with farmers' cooperatives a technician to support quality control and the adoption of good practice might be an interesting model to explore in Vietnam. Experience of communication strategies at ward level was also shared about how to bring information to consumers to boost the sale of clean chicken.

Building the trust of private sector and producers, as well as embedding within national and local policies was considered as critical and lessons learnt from this policy and institutional mapping processing was seen useful. Given the lack of some representatives from supermarkets/ convenient stores, there was also recommended that in the some cases, it is better to take another approach of organizing single stakeholder meetings.

The main challenge in Vietnam is the need to change our “old” thinking of government through national program and master plans. This comes not only from perspective of policymakers but also from private sector and producers.

In terms of tool kit and methodologies, most is required on practical note on how to use the individual tools and which tools are required for which types of group context. It was all agreed that more critical thinking through of enhanced methods should be done in the next following meetings.

It was noted that while the process may not itself generate new information, it was seen to provide additional understanding of values and perceptions of different stakeholders. This process is expected to help change awareness and attitudes of different stakeholders in terms of different solutions/strategies to help small producers become involved in the modern chain. Given the importance of values and perceptions, the team should aim at preparing as much as possible information before the workshop in order to push further what is already known.

Overall significant progress had been made to widen policy and multi-stakeholder engagement, deepening understanding on key problems and strengthen different stakeholders’ involvement. It was also suggested that a copy of the report of the workshop which includes all the issues and recommendations/options/strategies should be given to concerned agencies and participants.

Dr. Felicity Proctor and Dr. Larry Digal and CAP team officials agreed that re-governing market is important issue in Vietnam and should be studied further in specific areas which affect the Vietnamese economic efficiency. Three main issues which should be studied in present and near future are the implementation and effects of Vietnamese currently institution in this area, traceability and suitable organization forms for small-scale producers in Vietnam such as cooperative, farmer groups, etc. It was necessary to have a study tour for a team of researchers, members of associations, Departments of MARD, people from farmer groups to visit and learn experiences from successful cases in Chile and Mexico as given in the program reports.

Another further activity for the team is to organize workshops related to the given issue but at the regional level. The team agreed that all the problems need to be solved not only at national level as usual but in the regional level in order to get involvement of all related stakeholders, especially when Vietnam now is a member of WTO.

It was also recognized the important of building up a comprehensive information system about agricultural products in Vietnam. Since IPSARD is doing a project for vegetable and fruit information system in Mekong River Delta, it would be possible to use that as an initial result for extending its scale to other crops.

# APPENDIX

## Appendix 1. List of participants

### *Day 1: Producer Workshop, March 19, 2008*

STT	Name	Institution/Organisation/Position
1	Nguyen Huy Dang	Vice Director - Ha Tay DARD
2	Can Xuan Binh	Vice Head – Ha Tay Veterinary office
3	Do Phu Son	Vice Director – Ha Tay Veterinary Department
4	Nguyen Xuan Uy	Head of Slaughtering control unit – Ha Tay Veterinary Department
5	Le Thi Ngan	
6	Nguyen Hong Quang	Vice Director - Quang Vinh Ltd co.
7	Nguyen Van Rom	producer - Tien Phuong ward, Chuong My district
8	Thac Vinh Phu	Ha Tay Broadcasting Station
9	Tran Kien	Ha Tay Broadcasting Station
10	Cao Viet Bang	Pig farmer - Chuong My district
11	Tong Thi Hang	Pig farmer - Chuong My district
12	Chu Duc Chi	Head of Livestock Unit, Ha Tay DARD
13	Nguyen Tien Phiet	Farmer Association - Ha Dong town
14	Nguyen Van Vien	Chicken producer - Ha Dong town
15	Duong Anh Hong	Trade promotion Center
16	Representative	People's Committee of Cu Khe commune
17	Nguyen Ba Thin	Chuong My Agricultural extension office
18	Vu Minh Duc	Head of Livestock Unit, Hatay DARD
19	Vu Van Hieu	Livestock Unit, DARD Hatay
20	Tran Duc Hung	Livestock Unit, Hatay DARD
21	Nguyen Thi Lam	Ha Tay Farmer Association
22	Nguyen Thi Xuyen	Ha Tay Farmer Association
23	Dao Thi Xuyen	Agricultural Extension Center, Ha Tay
24	Nguyen Hong Van	CP Group
25	Nguyen Dinh Duong	Feed and breed trader, Duong Noi commune, Ha Dong town, Ha Tay
26	Nguyen Duy Vinh	Feed trader, Duong Noi commune, Ha Dong, Ha Tay
27	Duong Dinh Hong	Ha Tay Trade promotion Center
28	Dao Thi Mai Loan	Ha Tay Trade promotion Center
29	Nguyen Vong Ngo	Producer - Tan Hoi, Ha Tay
30	Nguyen Dang Tho	Producer - Tan Hoi, Ha Tay
31	Bach Ngoc Tuan	Economic & Trade Center
32	Pham Ngoc Si	Farmer Association
33	Trieu Tien Ich	Farmer Association
34	Nguyen Tien Luu	Farmer Association
35	Dang Tran Bang	Farmer Association
36	Le Dinh Phai	Private enterprise (unknown)

***Day 2: Modern Market Chain Workshop, March 20, 2008***

<b>STT</b>	<b>Name</b>	<b>Institution/Organisation/Position</b>
1	Nguyen Van Thien	Chairman - Vietnam Livestock Association
2	Le Doan Dien	Chairman - Vietnam Food and Foodstuff Association
3	Nguyen Dinh Hung	Vietnam Retailer Association
4	Nguyen Thu Ha	IPSARD
5	Nguyen Thanh Tu	IPSARD
6	Nguyen Viet Cuong	IPSARD
7	Nguyen Thi Thu Huong	Owner - Uoc Le processing unit
8	Nguyen Huong Giang	IPSARD
9	Nguyen Hai Yen	Vietnam Broadcasting Station
10	Mai Thanh Tu	AGROINFO
11	Nguyen Xoan Huong	Vinafood 1
12	Hoang Thi Minh	Vinafood 1
13	Pham Van Long	Phuc Thinh Ltd Co.

***Day 3: Multi-stakeholder Workshop, March 21, 2008***


<b>STT</b>	<b>Name</b>	<b>Institution/Organisation/Position</b>
1	Dinh Xuan Tung	Livestock Institute - MARD
2	Antony Feeny	Property Initiative/ Oxfarm Hong Kong
3	Dao Le Hang	Livestock Department - MARD
4	Dang Duc Chien	RUDEC
5	Chu Dinh Khu	Livestock Department - MARD
6	Nguyen Tien Manh	National Veterinary Institute - MARD
7	Do Viet Tinh	Association of Standards and consumer protection
8	Doan Thu Hien	Vietnam retailer Association
9	Duong Van Khai	VECO Vietnam
10	Nguyen Thi Thu Huyen	Livestock Faculty – Hanoi Agricultural University I
11	Dang Que Mai	Animal Feed Association
12	Nguyen Thi Thu Ha	IPSARD
13	Nguyen Huong Gian	IPSARD
14	Pham Hong Hanh	International cooperation Department - MARD
15	Tran Huong	Vietnam Chamber of Commerce and Industry
16	Nguyen Lan Huong	Vietnam Livestock Coporation
17	Le Hoang	Ha Long Canned Foods Ltd. Co





Institute of Policy and Strategy for Agriculture and Rural Development  
Center for Agricultural Policy

## Vietnam Livestock Sector

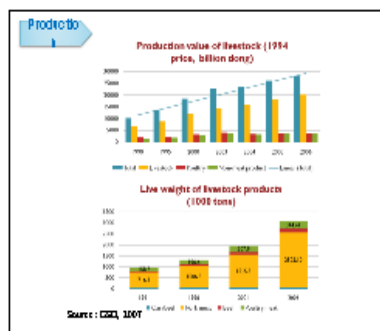


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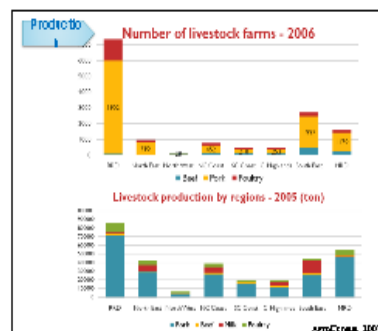
## Content

- Vietnam livestock production
- Vietnam livestock market demand
- Vietnam animal feed processing sector
- Challenges of Vietnam livestock sector
- Policy Implications

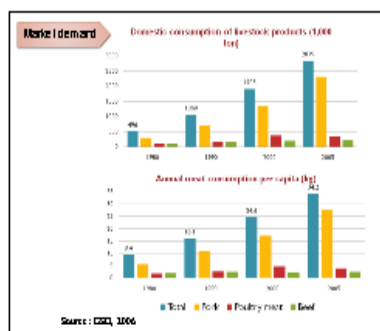
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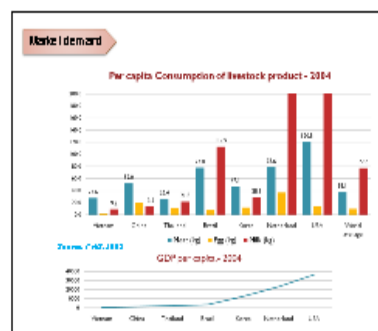
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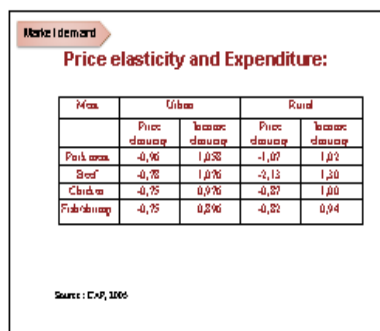
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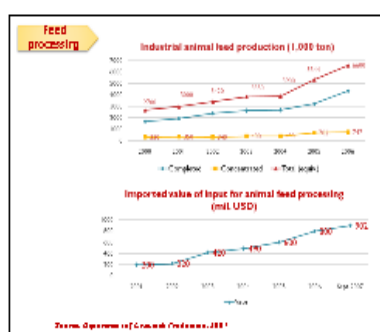


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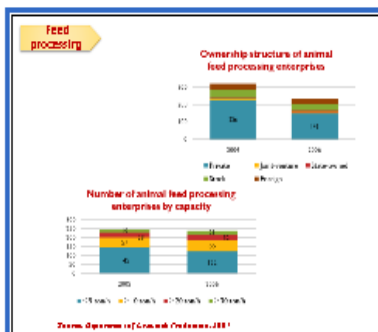
**Feed processing**

- Production of industrial AF increases 17% annually since 2000
- Industrial AF proportion for feeding is at relatively low level (2001: 27%; 2006: 45.1% of total feed)
- Total capacity of feed processing factories increased from 2.89 million (2000) to 6.8 million (2006) with increasing in scale of production
- Large firms tend to dominate the market
- More balanced distribution of enterprises among regions
- Decreasing proportion of domestic private ownership, increasing proportion of foreign joint-ventures and state enterprises

8



9



10

### Challenges of Vietnam Livestock sector

- Competitiveness of export (mainly pork meat) is low: scale, feed, technology (sanitary, feeding, processing, etc.)
- Production costs high while product quality and food safety and hygiene are inadequate, do not meet the increasing demand of domestic consumption
- Many serious epidemics have not been controlled due to weakness in monitoring and inadequate veterinary system
- Fragmented, not concentrated slaughtering, mainly at local level
- Lack of transportation facilities for livestock products
- Low rate of contract farming

1

### Challenges of Vietnam Livestock sector

- Average price of Vietnam's animal completed feed is 10-20% higher than that of regional countries
- The domestic inputs for industrial animal feeds only meet 75-78% of demand in quantity
- Imported inputs (20% rice-levy, 80-90% risk protein, 80% additives) occupy 45% value of inputs for the industry
- High competition for input to animal feed industry from new energy demand (e.g. bio-ethanol)
- Growing importance of food safety due to consumer demand for safe food => increase demand for safe quality feed

2

### Policy Recommendation

3

#### Policy recommendation

- Planning of livestock production: large-scale and concentrated, modern, monitoring, registration, orientation towards domestic market
- Herd cow: North, South, intensive farming pasture
- Dairy: only concentrate on areas with competitive advantages, proximity to urban centers (Hanoi, Da Lat, and not suitable for large-scale production)
- Pig: on-farm village farms in combination with industrial zone development, veterinary guarantee, anti-epidemic area development
- Sheep, goat: Central region
- Chicken: rule on farming inside residential areas, proximity to market with available feed
- Duck: develop settled farms, apply modern technology and scientific methods

4

#### Policy recommendation

- Slaughterhouse: close linked to input and output market outlets, registration, quality standard warranty
- Animal feed:
  - Transform agricultural production toward raw material zone for animal feeds, increase yield by new varieties
  - Move toward self-sufficiency in raw materials, only imports some high protein materials
  - Focus on supporting enterprises with large-scale production, limit the development of small-scale enterprises
  - Guidance to industry on codes of practice and standards
  - Effective labelling, compliance and testing inspection systems-in partnership with the private sector

5

#### Policy recommendation

- Veterinary:
  - Trade agreement with China to rule on cross-border trade
  - Establish monitor and protection line for livestock products
  - Strengthening the veterinary system
  - Develop system of warning, prevention and diagnosis of epidemic diseases
- Transportation
  - Invest in more transportation, special car to transport live animals
  - Invest in developing transportation station of animals
  - Develop market system of cattle to reduce

6

#### Policy recommendation

- Research
  - Support private enterprises to adapt new breed
  - Research on special local breed
  - Research on animal nutrition
  - Not only focus on GMA, but concentrate on breed with high quality serving for domestic market
- Trade support
  - Develop vertical livestock associations, on-farm and support agricultural extension, price and market information monitor
  - Support to strengthen linkages between farmers, processors and supermarkets

7

## Business Innovations for Inclusive Agrifood Markets

### Market Inclusion Meeting– Viet Nam March 20, 2008

Hubert Freder  
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Larry Ugal  
larryd27@yahoo.com

[www.innovativemarkets.eu](http://www.innovativemarkets.eu)

1

[www.regoverningmarkets.org](http://www.regoverningmarkets.org) – a global programme



2

### Regoverning Markets - Key Questions

- Can the new agrifood **business drivers** be **partners** in development?
- Can **small-scale producers** and their organisations be partners in **new business**?
- Can **anticipatory public policy** make any difference?

3

### The Regoverning Markets Programme

- What's happening?
  - Empirical research
- What is best (or better) practice?
  - Case studies
- What should be done?
  - Chain-wide learning
  - Foster policy dialogue

4

### Role of business sector - a business case for inclusive markets

- Build on small-scale producers' competitive advantages
  - Innovation, costs, own-farm management
- Secure supply
  - Against global shifts to a seller's market
  - Security of alternative supplies - off season, special goods
  - Reduce risk and widen supply base
- New business
  - All "base of the pyramid"
  - Reduce markets for alternative trade
- Access to standard inputs, technical and financial resources
- Corporate Responsibility policies - compliance
  - Community goodwill
  - Legal, local procurement
- "Inclusiveness and license to operate"
  - Demonstration of "partnership in development"
  - Pre-emptive legislation

5

### A business case: a business case against inclusive markets

Highly transaction costs and possible higher risk with pricing from large numbers of fragmented small-scale farmers and SMEs:

- Quantity – consolidation and supply continuity
- Monitoring quality and food safety
- Traceability, bookkeeping
- Packaging
- Standards, including compliance with retailers standards for labour, environment
- Loyalty and fulfilment of commitments
- Negotiation time and costs - producer organizations or multiple producers

6

### What are the practical options for agribusiness to work for 'inclusion'?



7

### Pan-Industry UN Global Compact: Nine principles But where are the primary producers?

- Human Rights**
- Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence
  - Make sure that they are not complicit in human rights abuses
- Labour Standards**
- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
  - The elimination of all forms of forced and compulsory labour
  - The effective abolition of child labour
  - Eliminate discrimination in respect of employment and occupation
- Environment**
- Businesses should support a precautionary approach to environmental challenges
  - Undertake initiatives to promote greater environmental responsibility
  - Encourage the development and diffusion of environmentally friendly technologies

8

### Practical option 1

#### Corporate Responsibility

- Emphasis on standards of worker welfare, environment, community relations etc. Has been poor at addressing issues of market inclusion
- Often includes good stories of community engagement to attract weakly mainstreamed actors to business processes
- Change requires sector level buy-in for widening the scope. Starting from CR may have limited potential to include market development

9

### Practical option 2

#### Upgrading mainstream procurement

- Coherence between corporate policies and procurement practices
  - Active involvement of reward systems
  - Senior management buy-in
- Standardised certification adapted to the reality of small-scale producers
- Producer and SME access to market information, business and technical knowledge
- Payment practices - Payment scheduling and frequency

10

### Practical option 3

#### Best commercial practice code

Argentina 2000 is an example of an industry-wide private business policy that results in a more conducive environment for suppliers in their dealings with modern retailers.

They address such issues as:

- payment terms and predictability
- promotional fees
- listing of suppliers
- charges for product return

Similar codes are being developed in Colombia, Mexico and Costa Rica.

1

### Practical option 4

#### Affirmative procurement

From small-scale producers and family farmers and their organizations, and SMEs

##### • Carrefour – Indonesia

- Dialogue with SME suppliers to improve product quality and packaging.
- "Best supplier prize" etc.
- Improved shelf access: reducing out-of-stock; Carrefour will only take margin between the supplier price and the retail price as its profit on fresh food (vegetables, fish, household equipment and textiles).

2

### Practical option 5

#### Affirmative procurement

- In partnership with trading agencies

##### Shoprite, Mozambique

- IFAD grant of US\$23.6 million to Agricultural Markets Support Programme (PAMA); small-scale farmers in Beane
- Shoprite now buying 25 per cent of its fruit and vegetables locally



3

### Practical option 6

#### New intermediaries and multi-agent arrangements

- Indonesia "Transparent margin partnership" between mango farmer group and supermarket group in Indonesia, via a specialised wholesaler - Bimadiri (5% commission on transactions) established between farmers and retail buyers. Technical, management and business support provided by intermediary

4

### Practical option 7

#### New Business Models 'Base of pyramid'

- Building the market participation of the poor and the small-scale producers as both consumers and producers/market chain actors
- e.g. Hanyali Kisan Bazaar
- Two-pronged business model – both input and output side of farm-to-consumer value chain



Shoprite Business School case

5

### Practical option 8

#### Shared equity

- Thandi, South Africa: Worker equity share arrangements – illustrates what it takes for ordinary South African farm workers to become co-owners of a successful commercial agribusiness
- ESOP, Togo (goats): shareholding structure with participation from a farmer organization, a private entrepreneur and a support agency. Best performing farmers can progressively become shareholders of the company.

6

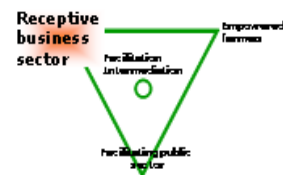
### Practical option 9

#### Joint Learning –single and multi-stakeholder processes

- Commodity Committees e.g. Phytosanitary Boards, Mexico
- Unilever-Oxfam-Indonesia
- Sustainable Food Laboratory – sustainable agriculture and market chains – global agribusiness membership

7

### Foundation of success



8

### Final remarks

- There is a case beyond meeting the MDGs, to trade with the small-scale sector, to build sound business models
- Intermediaries are important – as vehicle for change
- Share business models that work and develop new ideas/approaches
- Business can't solve everything
- Key role of public policy to accompany change
- Foundations of success require actors to work together in new ways

9

# Regoverning Markets: A global perspective of dynamic change in the agrifood sector

Hanoi, Vietnam  
March 21, 2008  
Larry Dugal  
University of the Philippines  
and  
Felicity Proctor  
IIED Visiting Fellow UK  
[www.regoverningmarkets.org](http://www.regoverningmarkets.org)

1

# Elements of Restructuring: Liberalisation

- Surges in imports through private channels
- Can bypass domestic producers of the same commodity, or substitute import preferences
- Not 'dumping' in the WTO sense
- Spill-over from economies where agribusiness and commercial producers have become highly competitive
- Retained either through traditional or modern channels

2

# Elements of Restructuring: Changes in Food Manufacturing

- Internationalisation, market concentration and privatisation of food industry
- Accompanied by higher supplier requirements and tougher market entry conditions  
e.g. Dairy sector in Brazil
  - 1997-2000 lost 25,000 farmers 75% from supply list of agribusiness sector

3

# Elements of Restructuring: Changes in Retail

- 1980s: very rapid growth in supermarket internationalisation
- Expansion based on:
  - Economies of scale - can squeeze suppliers and primary producers
  - Supply chain management - can exclude large proportions of producers from the supply base
- Notably the big global retailers
  - Regional and national companies now knowledgeable and confident
  - Accessing riskier and poorer markets
  - A 'modern' retail format for almost every market

4

# Re-structuring, Re-governance...

1. Marketing strategies built around...
  - Safety and Consumer awareness
  - Reliability of supply
  - Lower prices through:
    - Increased supplies
    - Increased productivity
    - Economies of scale
    - Logistics
    - Own brands
    - Private standards
    - Shaping regulation
2. Deregulation
3. Liberalisation
4. Market concentration

- New entry requirements - technology, organisation, scale, finance
- Collaborative business models
- Buyer power
- Import often cheaper and quality

☆

5

In many countries note the rapid rise of both supermarkets and traditional wholesale markets - for example in China (sales, \$ bn)

Source: CCAP

☆

6

# Changes in the middle of the chain

7

# India: the frontline of retail transformation: debate has been about FDI...

Walmart protest, 2007

☆

8

# Will modern agrifood markets work for the poor?

9

# The Key Questions

- Can the new agrifood **business drivers** be **partners** in development?
- Can **small-scale producers** and their organisations be partners in **new business**?
- Can **anticipatory public policy** make any difference?

10

### The Regoverning Markets Programme

1. What's happening?
  - Empirical research
2. What is best (or better) practice?
  - Case studies
3. What should be done?
  - Chain-wide learning
  - Foster policy dialogue

1

### Our emphasis is on anticipatory policy

*"If we understand the process, we can design policies to shape the way in develops" ...quote a senior government official*

2

Detailed country studies: generating the evidence

3

### What is good (or better) practice? 38 case studies

4

### What can be done?

Support policy dialogue and action planning

5

### Eight emerging messages

1. Speed of market restructuring
2. Policy restructuring
3. Intermediaries
4. Multiple markets
5. Territorial aspects
6. Food safety
7. Food access
8. Private sector options for inclusive agriculture

6

### 1. Market restructuring can be rapid. Drivers (FDI, urbanisation, etc) interact in unpredictable and non linear ways and differ by commodity

No. of stores	Area	Year	Stores/ha
100,000	100,000	2000	1,000
200,000	200,000	2005	2,000
300,000	300,000	2010	3,000
400,000	400,000	2015	4,000
500,000	500,000	2020	5,000

7

### Example: Elmandiri in Indonesia - used to be traditional wholesaler, became logistics firm to serve supermarkets

8

### 2. Substantial restructuring down stream is not always matched by upstream (farm) restructuring - there is uneven restructuring mid stream

Tonkameaking channels, Shandong, China

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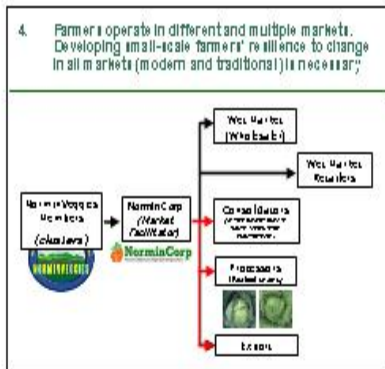
### 3. Intermediaries (modern, traditional and processors) matter for inclusion

Farmers who participate in supplying different modern markets (BOD products), Indonesia - potatoes

No.	Channel	Number of farmers	Share of income
1	High	22	26
2	High	6	54
3	High	122	26
4	High	2	52

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1

5. There are regional/territorial effects as well as farm specific dimensions of inclusion and exclusion

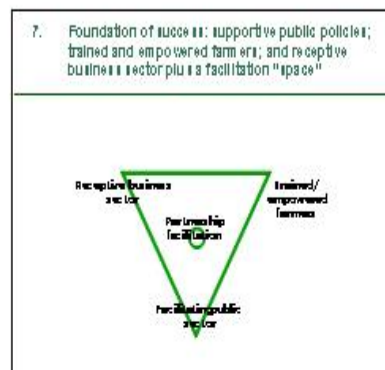
Percentage of gross income by sale of livestock, producer

Region	Export	Processor	Wholesale	Therapeutic (small localities)
Indonesia	6	41	46	10
Indonesia	6	16	6	12
China	16	16	12	16

2



3



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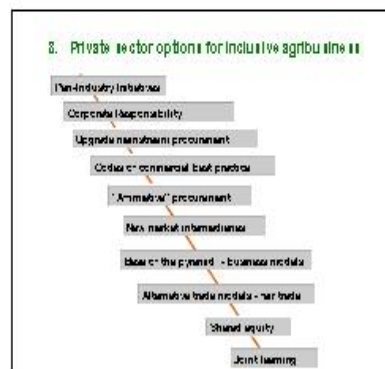
National multi-stakeholder task groups can build understanding and support change

Result from workshop: Government has formed a permanent multi-stakeholder committee for the horticulture sector to address the challenges of transformation of the agribusiness and horticulture.

Our team is now working with the University to help train retail staff to build and upgrade supply chains and address inclusion of small-scale farmers and wholesalers.

Multi-stakeholder Policy and Institutional Mapping on small-scale producers' participation in dynamic markets in Indonesia  
3<sup>rd</sup> July - 4 August 2008

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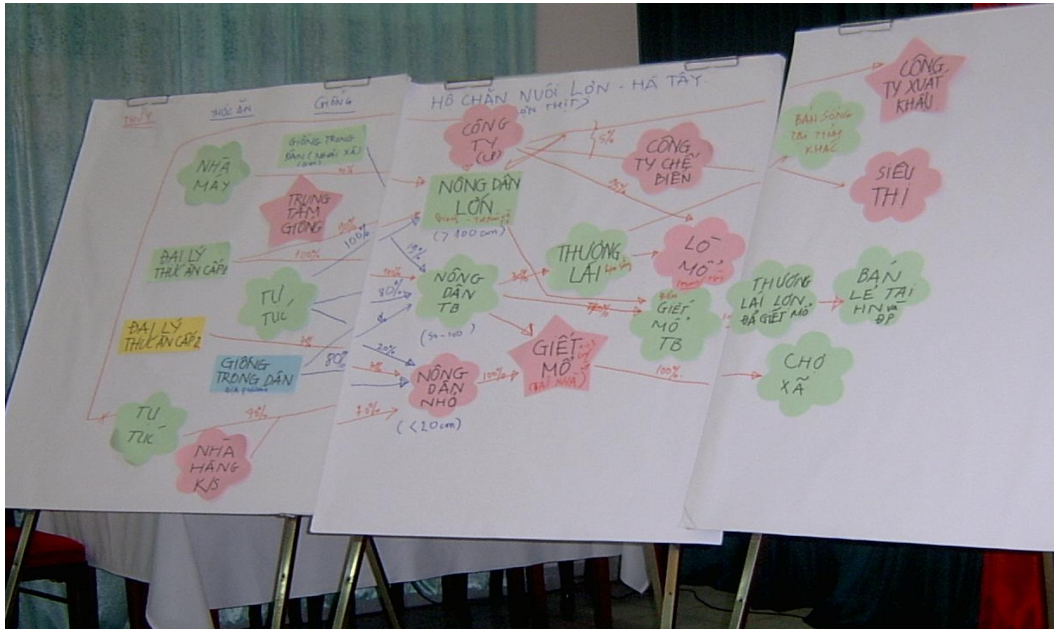


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## Appendix 3: Pictures

### 1. Pig value chain in Ha Tay

#### Value Chain of Pig Sector

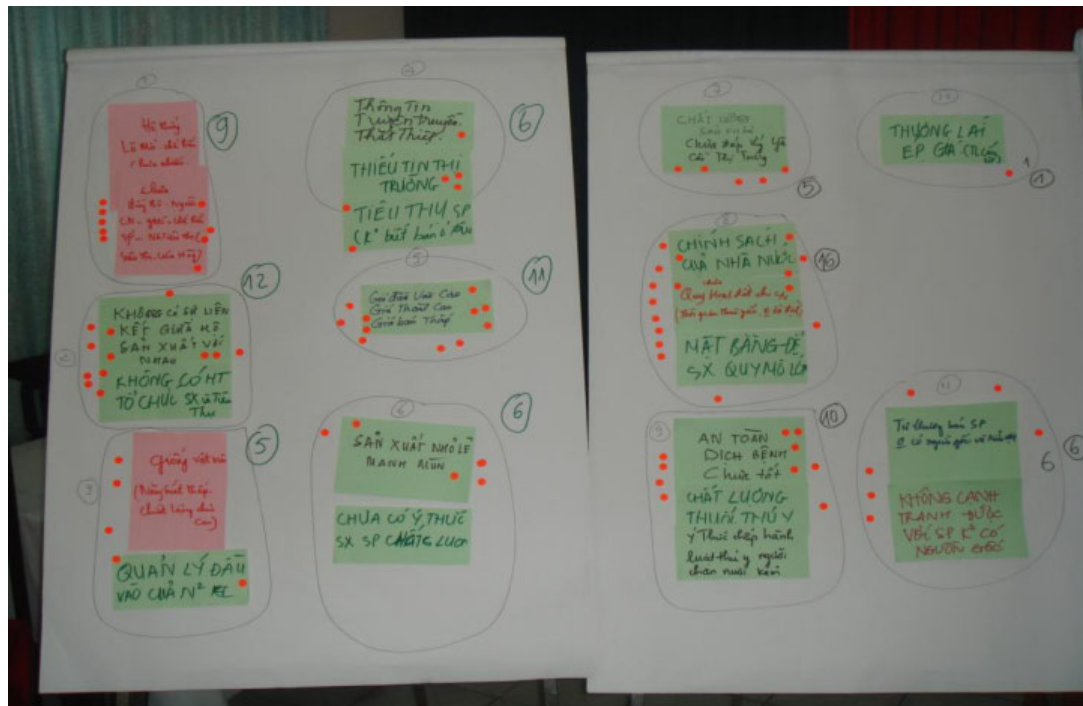


### 2. Active participation in ranking exercise





### 3. Outputs of ranking 11 clusters



#### 4. Identification of causes and solutions of problem



## Appendix 4: Schedule

### ENABLING SMALL-SCALE PRODUCERS' PARTICIPATION IN DYNAMIC AGRI-FOOD MARKETS IN VIETNAM

#### Day 1 – 19 March 2008: Producer Workshop

Venue: Ha Tay province, Vietnam.

08:30	Registration
09:00	Welcome Address (by leader of DARD Ha Tay)
09:10	Meeting objectives and agreement on timetable and programme and participant introductions. Introduction facilitators to working sessions (Dr. Nguyen Do Anh Tuan)
09:20	Working session 1: Value Chain mapping  Pig sector would be the sample sector to develop the value chain. Experience from ACIAR's project in pig sector would be used as reference Facilitators: Nguyen Anh Phong (chef) and Pham Lien Phuong (asst)
09:50	Coffee break
10:05	Working session 2: Barriers/Problems  Break up into four (04) groups Facilitators: Nguyen Anh Phong, Pham Lien Phuong and Nguyen Que Nga Discuss the following questions: (1) <i>Why are so few small-scale farmers connected to the modern agri-food market?</i> (2) <i>What are the main problems that create an exclusion of small-scale farmers into the modern market supply chain?</i>
10:40	Working Session 3: Understanding causes of problems and identifying solutions  Break up into three (03) groups Facilitators: Nguyen Anh Phong, Pham Lien Phuong and Nguyen Que Nga Identify the top 3 problems from session 2. Discuss the reasons of each problem and then find solutions.
11:40	Summary of the working session.  Facilitator: Dr. Nguyen Do Anh Tuan
12:00	Feedback from the participants
12:25	Concluding Remarks
12:30	Lunch

## ENABLING SMALL-SCALE PRODUCERS' PARTICIPATION IN DYNAMIC AGRI-FOOD MARKETS IN VIETNAM

**Day 2 – 20 March 2008: Modern Market Chain Workshop**  
**Venue: Hanoi**

08:30	Registration and Tea
08:45	Welcome Address (Dr. Nguyen Do Anh Tuan - CAP)
09:10	Meeting objectives and agreement on timetable and programme and participant introductions. Introduction facilitators to working sessions (Dr. Nguyen Do Anh Tuan)
09:20	Presentation  The food retail sector development & its implications to small producers in Vietnam- focus on livestock sector Present by: Nerlita M. Manalili and Lucila A. Lapa
9:40	Presentation  Vietnam Livestock Sector Overview and some discussion on Pig value chain in Vietnam Present by: Nguyen Anh Phong (CAP)
10:00	Presentation  Presentation on Global Perspective of Dynamic Change in the Agri-food Retail Sector Present by: Re-governing Markets Programme Team (Felicity/Larry)
10:15	Tour of table  Key views from participants
10:45	Tea break
11:00	Working Session: Implications to Small Scale Producers Break up into 2 groups Facilitators: Nguyen Anh Phong + Ta Thu Trang and Pham Lien Phuong + Nguyen Que Nga Discussion question: <i>(1) what are advantages and disadvantages for companies/processors to work with small-scale farmers in the procurement system of the dynamic market?</i> <i>(2) What do companies/processors want the other organizations (government, NGOs, etc.) to support to work with small-scale farmers?</i>
12:00	Summary of the working session
12:05	Feedback from the participants
12:20	Concluding Remarks. (Dr. Nguyen Do Anh Tuan)
12:30	Lunch

## ENABLING SMALL-SCALE PRODUCERS' PARTICIPATION IN DYNAMIC AGRI-FOOD MARKETS IN VIETNAM

### Day 3 – 21 March 2008: Multi-stakeholder Workshop

**Venue:** Hanoi

08:30	Registration and Tea
08:45	Welcome Address (Dr. Nguyen Do Anh Tuan – CAP)
09:10	Meeting objectives and agreement on timetable and programme and participant introductions. Introduction facilitators to working sessions (Dr. Nguyen Do Anh Tuan)
09:20	Presentation  Presentation on Global Perspective of Dynamic Change in the Agri-food Retail Sector Present by: Re-governing Markets Programme Team (Felicity/Larry)
9:45	Recap of the discussion on the last 2 days on:  Trends/Drivers/Future Scenario Challenges/Strategic Issues of Inclusion/Exclusion of Small Scale producers Present by: Dr. Nguyen Anh Phong
10:05	Tour of table  Key views from participants
10:25	Tea break
10:45	Working Session: Policy and Institutional Setting/solutions  Discuss between business and policy makers/ associations  <i>What kind of policy and institutional setting is needed to enable small-scale farmers to participate directly in a modern market supply chain?</i>  Panel: Dr. Nguyen Do Anh Tuan and Association representative/ Policy makers
11:35	Recap of the discussion on the Policy and institutional setting/solutions  Facilitator: Re-governing Markets Programme Team (Felicity/Larry)
11:50	Feedback from the participants
12:20	Concluding remark
12:30:	Lunch