

# Agribusiness Research for Development: Linking Small Farmers to Market - methodology challenges

Dr. Dao The Anh

Center for Agrarian Systems Research and Development (CASRAD)

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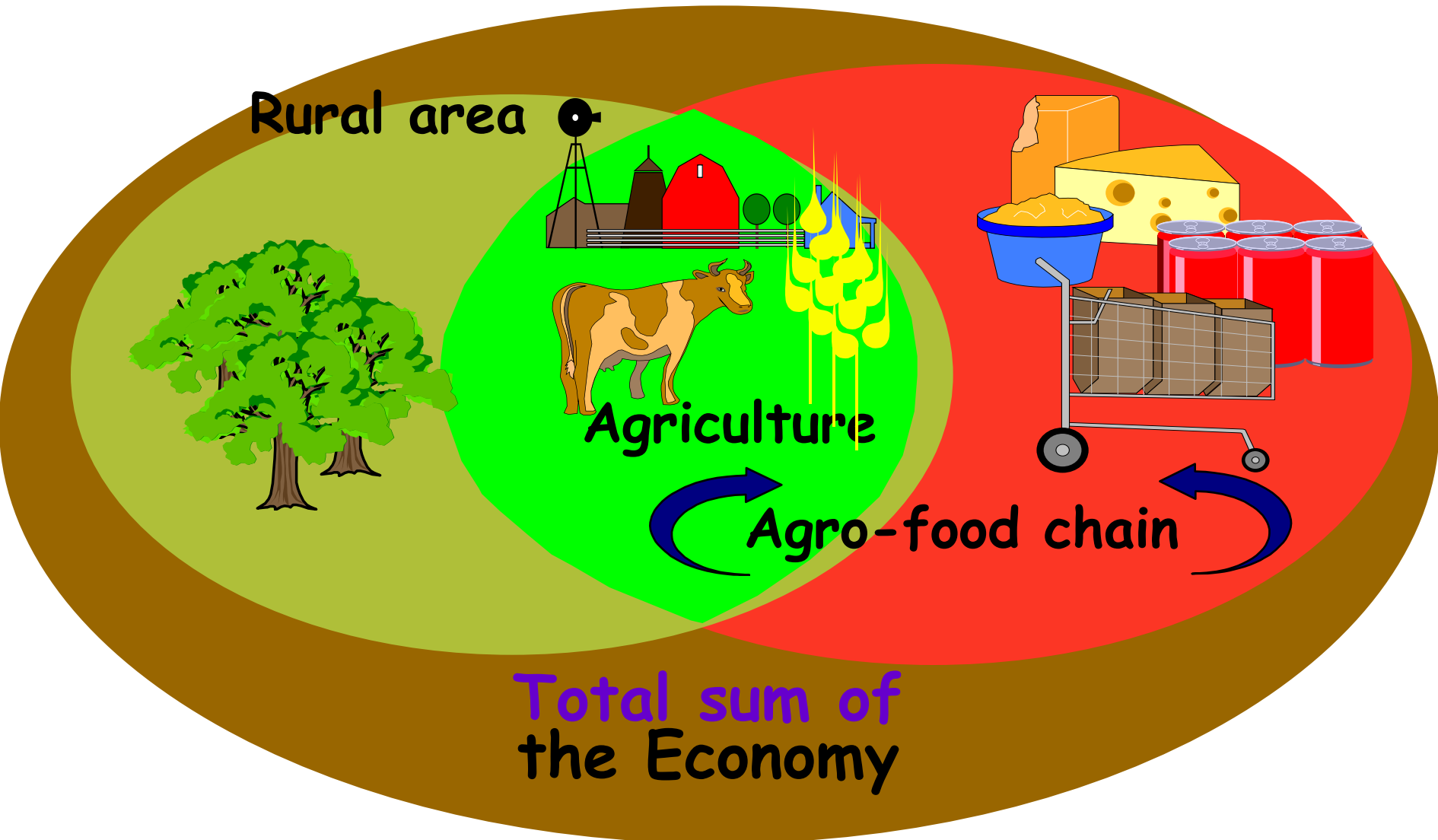


# What is agribusiness?

**“THE TOTAL SUM OF ALL OPERATIONS INVOLVED IN THE MANUFACTURE AND DISTRIBUTION OF FARM SUPPLIES; PRODUCTION OPERATIONS ON THE FARM; AND THE STORAGE, PROCESSING AND DISTRIBUTION OF FARM COMMODITIES AND DERIVATIVE ITEMS THEREOF”**

- (DAVIS, J Y GOLDBERG, R. (1957). “A concept of agribusiness” Harvard University-Graduate School of Business Administration.

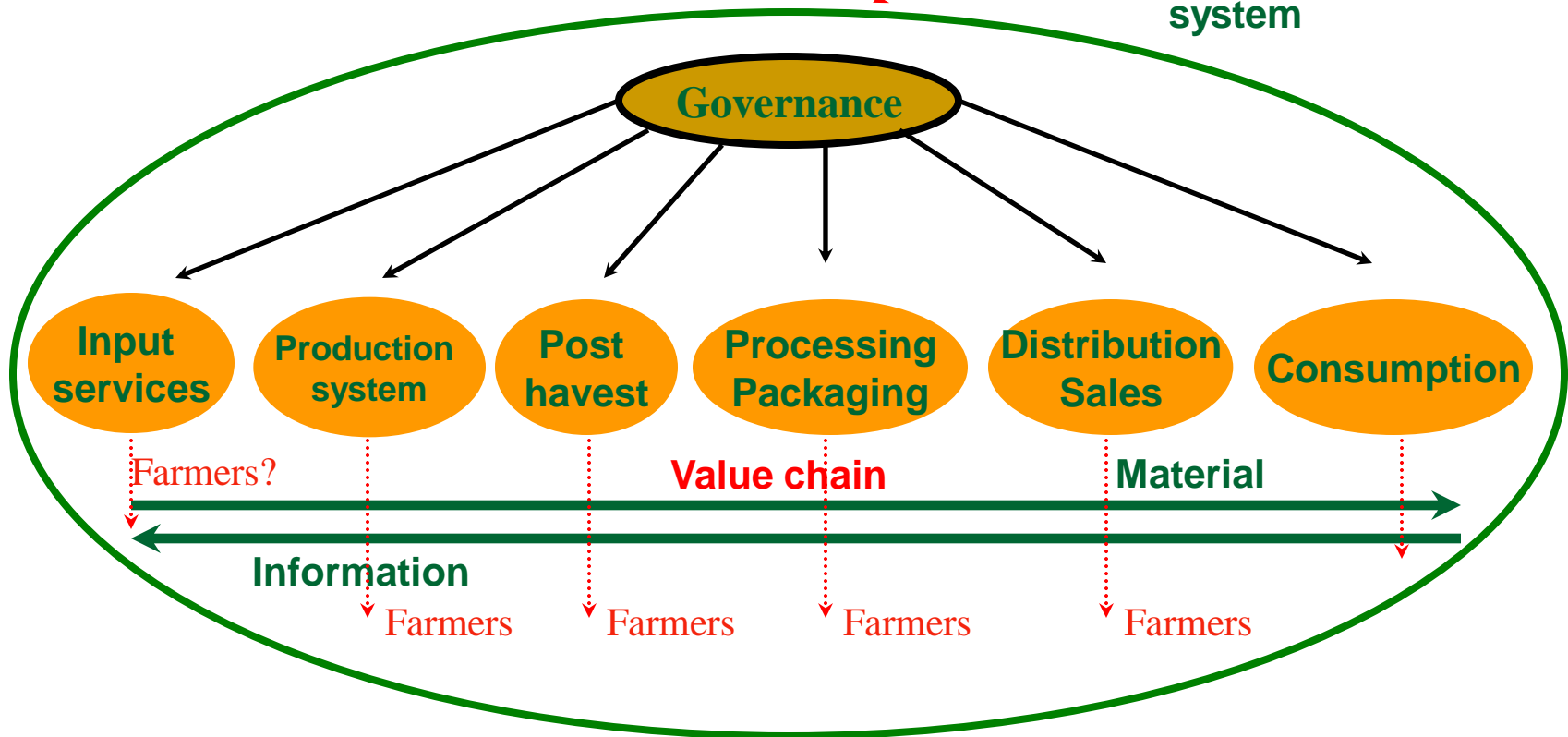
# Agribusiness system



# Value chain and Agribusiness system

Policy and Socio Economic environment

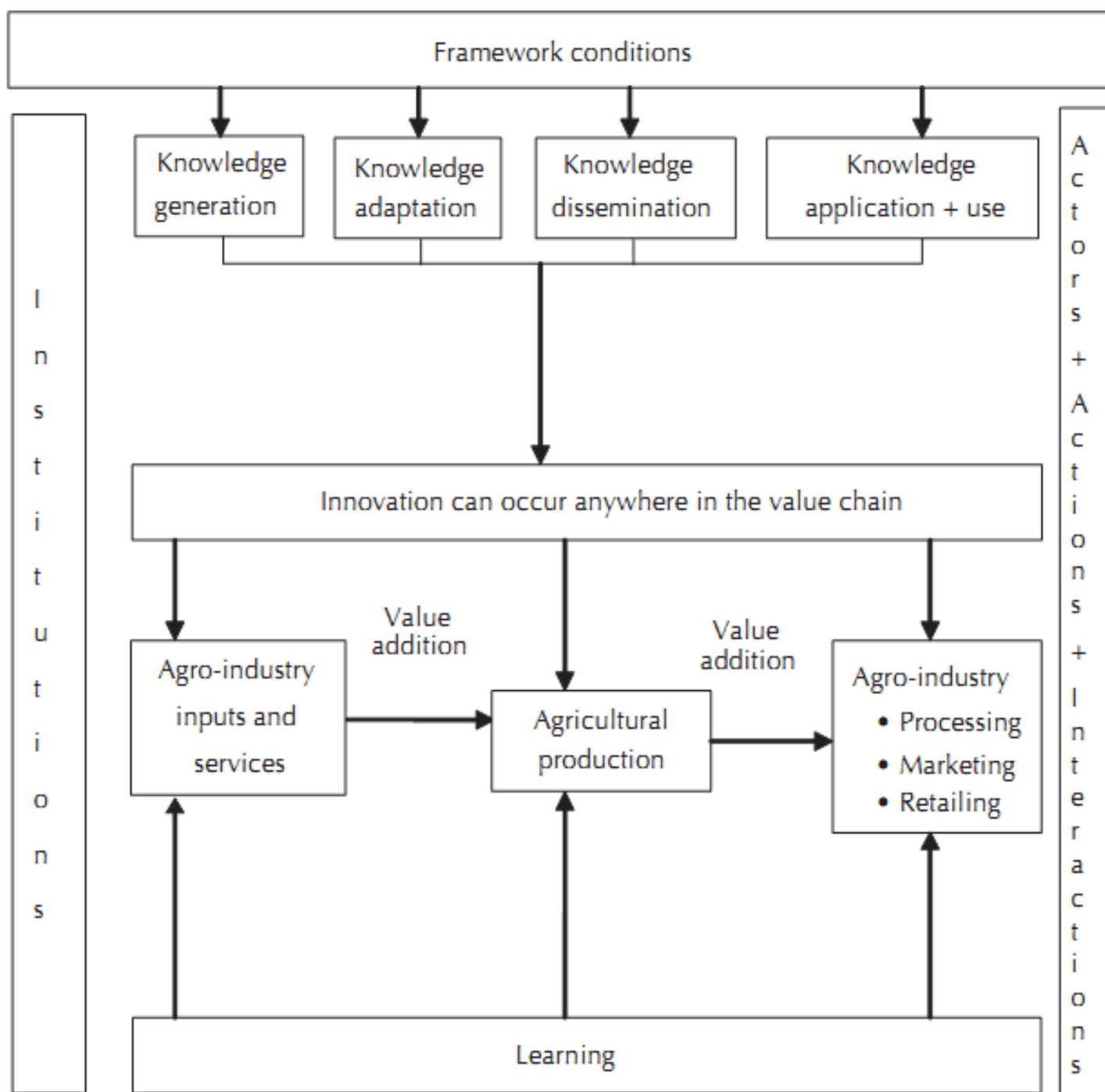
Limitation of  
agricultural trading  
system



Cooperate or self-working?

Ecosystem environment

# Value chain & innovations (ILRI, 2009)

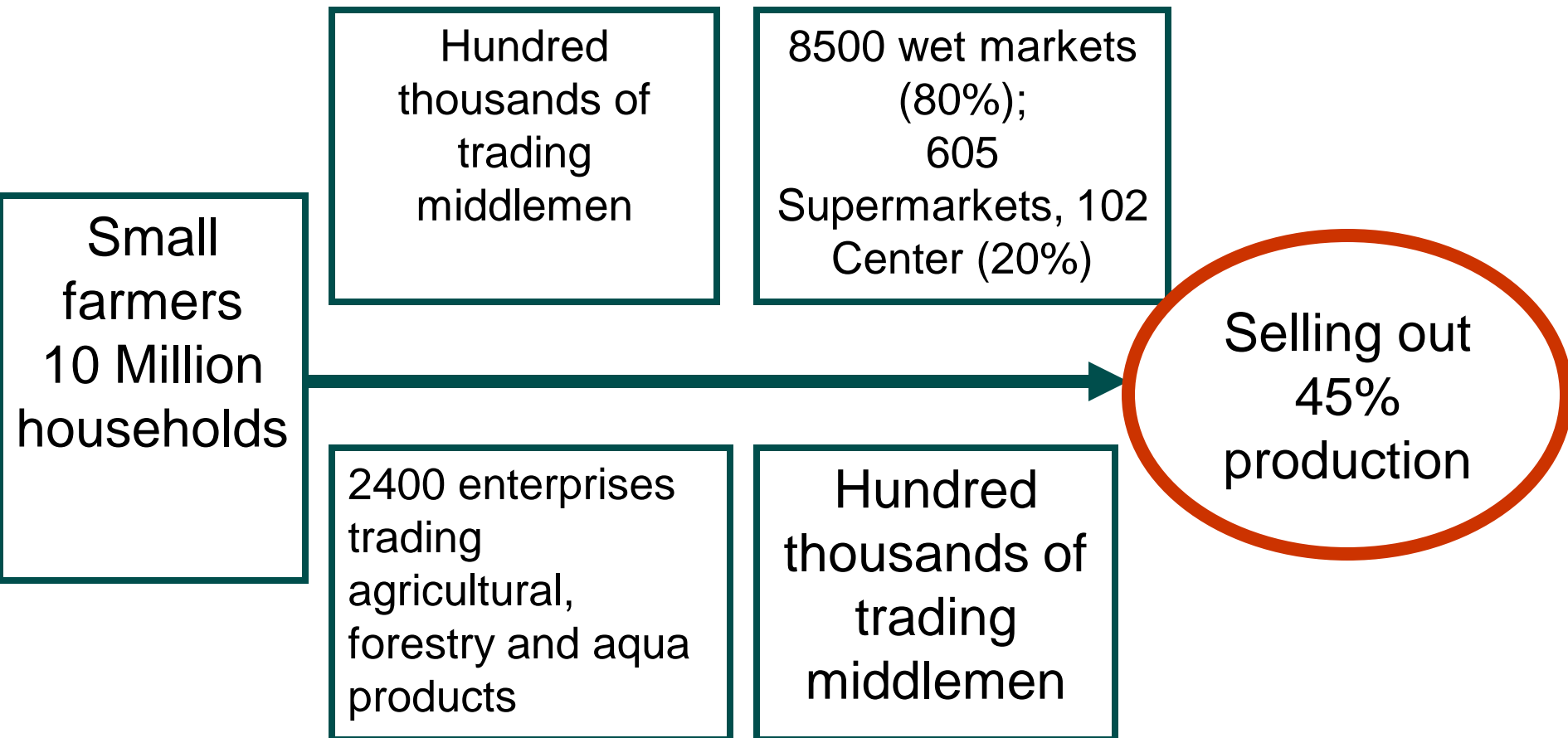


# Systemic approach in Agribusiness

- Need the close cooperation between technological and socio-economic disciplines in the chain
- Should build a multidisciplinary team for agribusiness research
- Research should be leaded by Market and costumer-driven approach and not technology-push



# Stakeholder structures from production to the domestic market in Viet nam



# Beyond Rice success story in VN

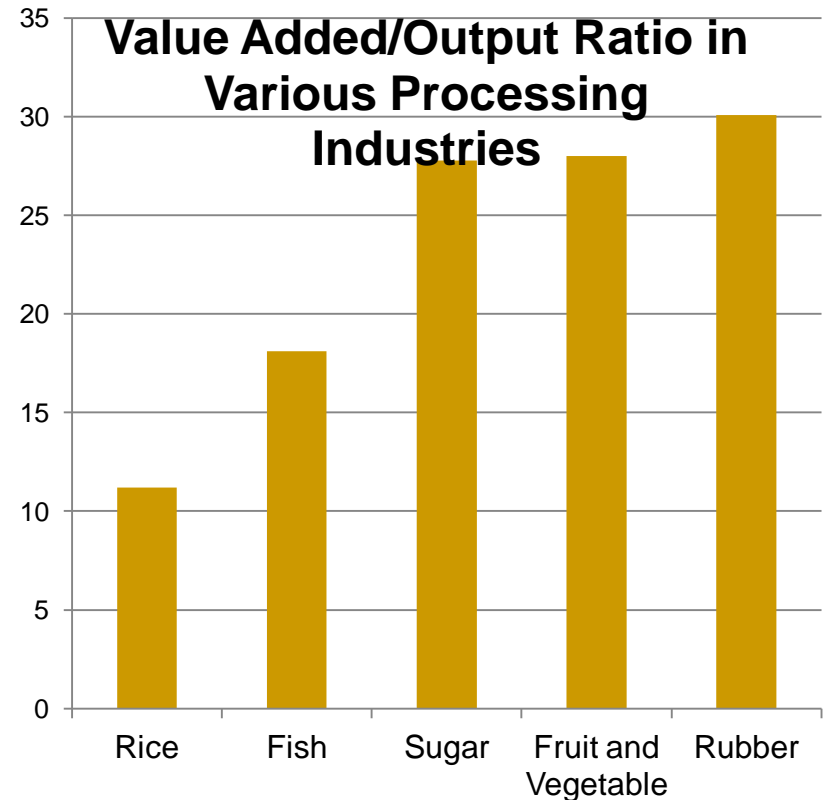
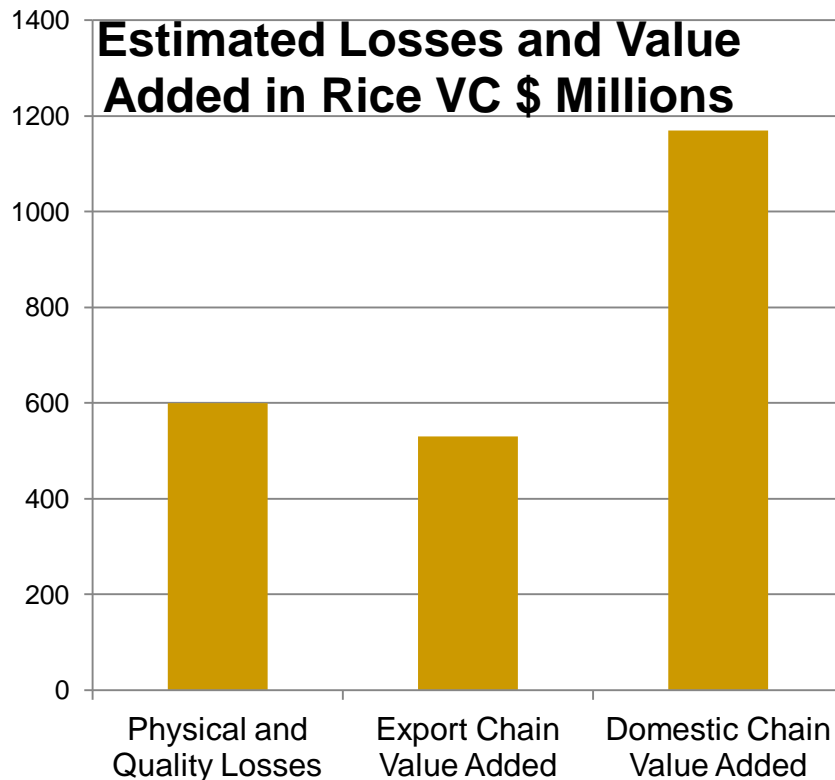
- Export: second in the world, but mainly to low quality markets, price lower than domestic
- Farmers: mainly sell paddy, even wet paddy. Basically, ensuring food security but having low benefit
- Domestic consumption: not yet meet the demand of quality, still use imported rice from abroad or from other localities (20-30%)



# The status of Vietnam rice value chain

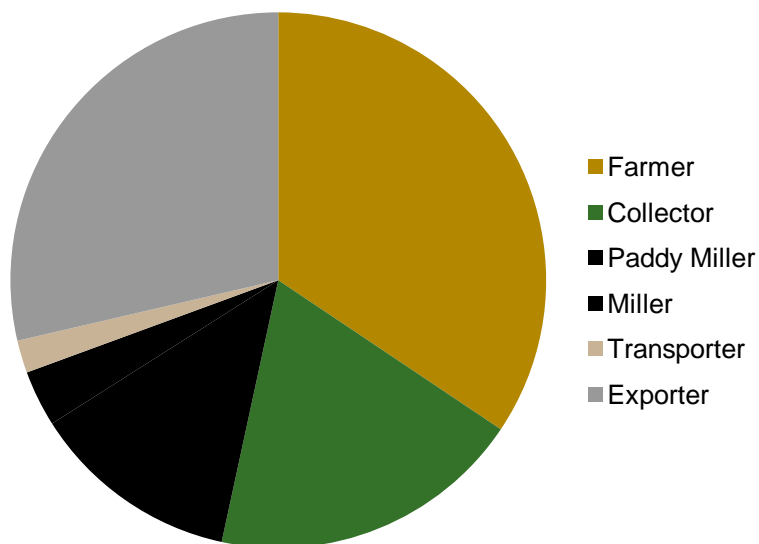
- Disperse: a lot of small stakeholders joining in, little cooperation and weak coordination along chain, lack of long-term strategy
- Without quality differentiation: there is still the mixture between high quality variety and low quality, little branding, without geographical origin ones. The provision for high quality market sector is still limited
- Little innovation: few successful innovative models in the field of modern technology innovation or efficient organizational institutions in value chain
- The chain has low added value: As the chain has high cost and much physical loss and in post-harvest, it does not meet the quality potential demand of domestic and international consumers

# Vietnam rice value chain brings about the least additional value in comparison with other products (WB, 2011)



# Added value distribution in exportation rice value chain in Mekong delta (WB 2011)

Added value share in rice chain, 2009



	Unit profit VND/kg	Added value share (%)	Average quantity T/year	Total added value \$
Farmer	507	34%	8.4	224
Collector	280	19%	1700	25053
Paddy Miller	186	13%	4949	48448
Miller	50	3%	74400	195789
Transporter	29	2%	8550	13050
Exporter	422	29%	100000	2221053

# Shifting approach?

## Supply chain

Production

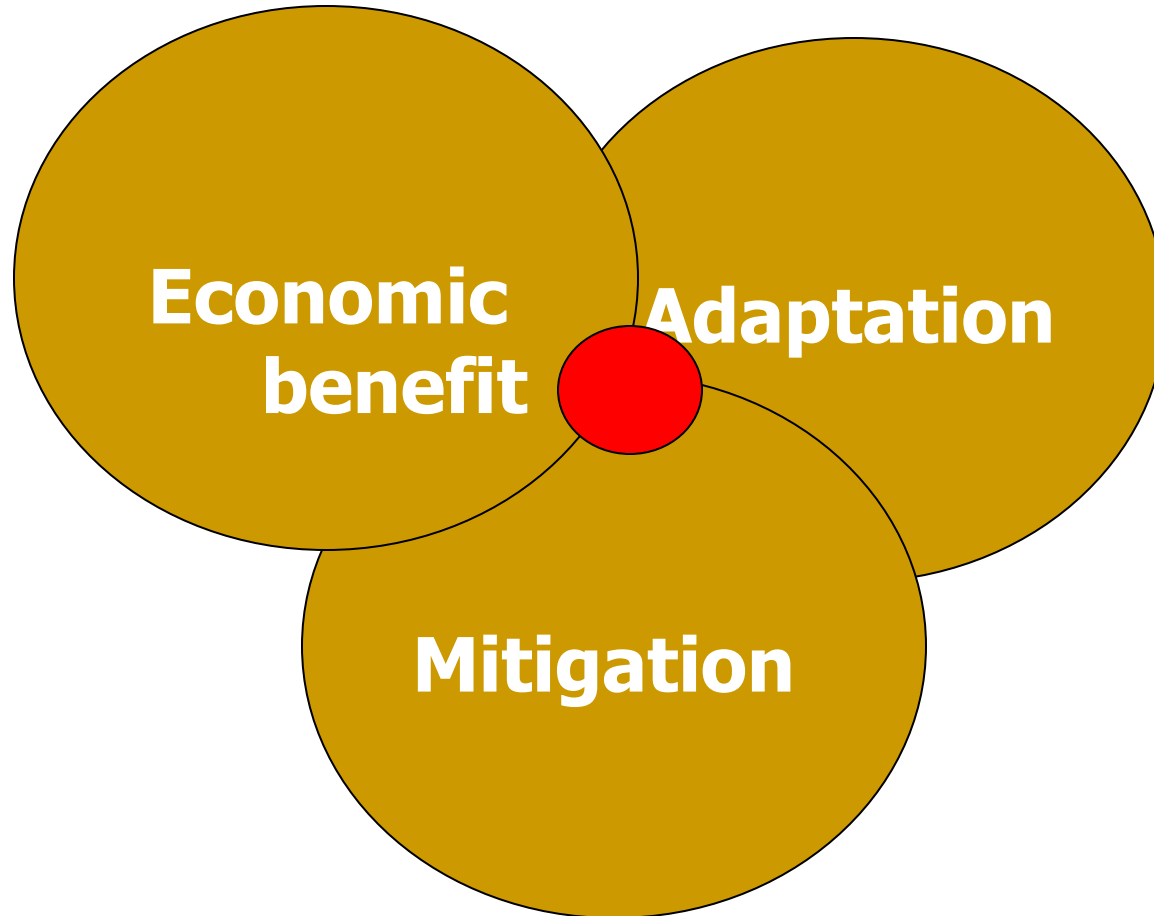


## Value chain



Consumption

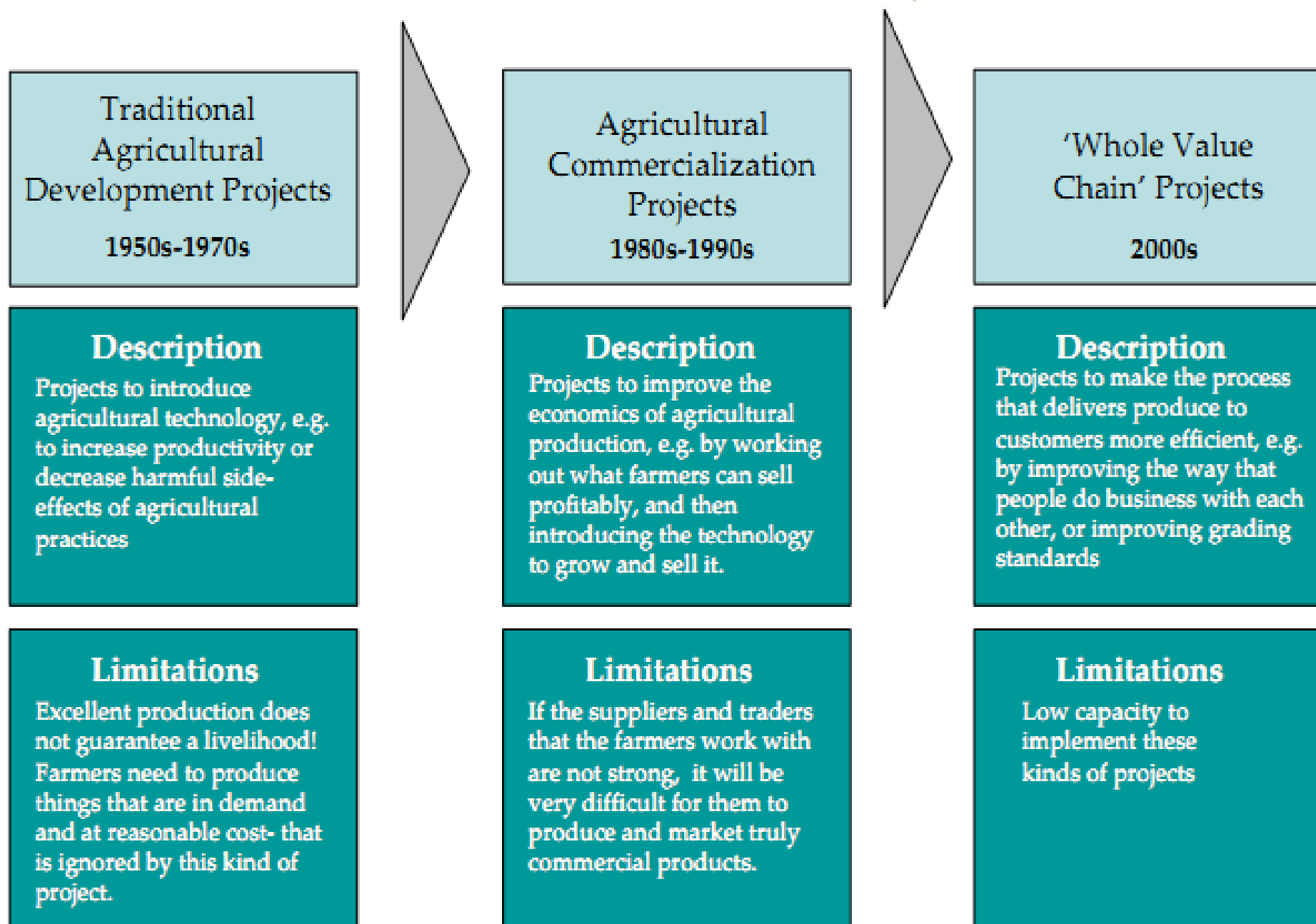
# Value chain strategy in Climate change context



# Rapid changes of agricultural market

- The change of consumption structure from cereals into foods such as meat, butter, milk, fruit and vegetable. There is increase in demand for processing and packaging foods
- Supply chain become more specialized and improvement in organization of distribution systems (E.g. Supermarket, 14-17% per year)
- Increasing in farming contract between agricultural trading companies and farmers but facing much difficulties because of high transaction cost.
- The benchmark and policies for management of quality and food safety become more restrict, but clear.
- Capacity of production organization, market linkages of local support staff is still limited.
- Capacity of research is still weak, lack of leaders
- High challenge for pro-poor research and development approach and methodology

# EVOLUTION OF AGRICULTURAL DEVELOPMENT PROJECTS



# Methods of value chain analysis in Viet nam

	Research methods	Application
1	French commodity chain (Filiere) or Supply chain	Studying chain of agricultural production
2	Value chain as Comparative advantage framework: M. Porter (1985)	Studying value chains of companies/ processing company
3	Global value chain: Kaplinsky (1999), Gereffi (1994; 1999; 2003).	Studying value chains of countries/ global integrated companies



# From diagnostic (RVCA).....

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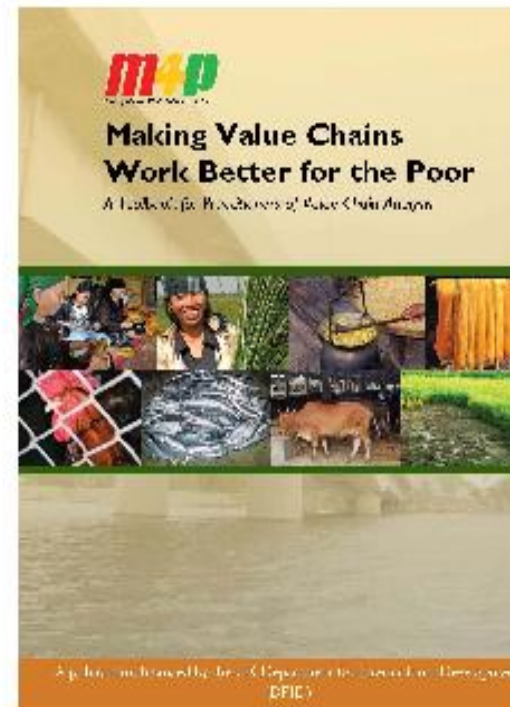
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The latest release version of the toolkit is Version 3, published in December 2008.



[Click here to download full Version 3 of the toolkit](http://valuechains4poor.pbworks.com/DownloadPage)

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# To action-research approach...

## ADDING VALUE TO PRODUCTS

### PROBLEMS

#### Production/Producers

SMALL SCALE: irregular,  
inhomogeneous supply

Food Safety

Poverty

#### Marketing

Unfair, fluctuated Pricing:  
Specialties Market  
access: high-class market

#### Institution

Lack of Legal framework

Supporting policy



Safe vegetable Hatay,  
Hanoi



Thieu Thanh Ha  
lychee Hai Duong



Seedless persimmon Backan



H'mong beef Cao Bang

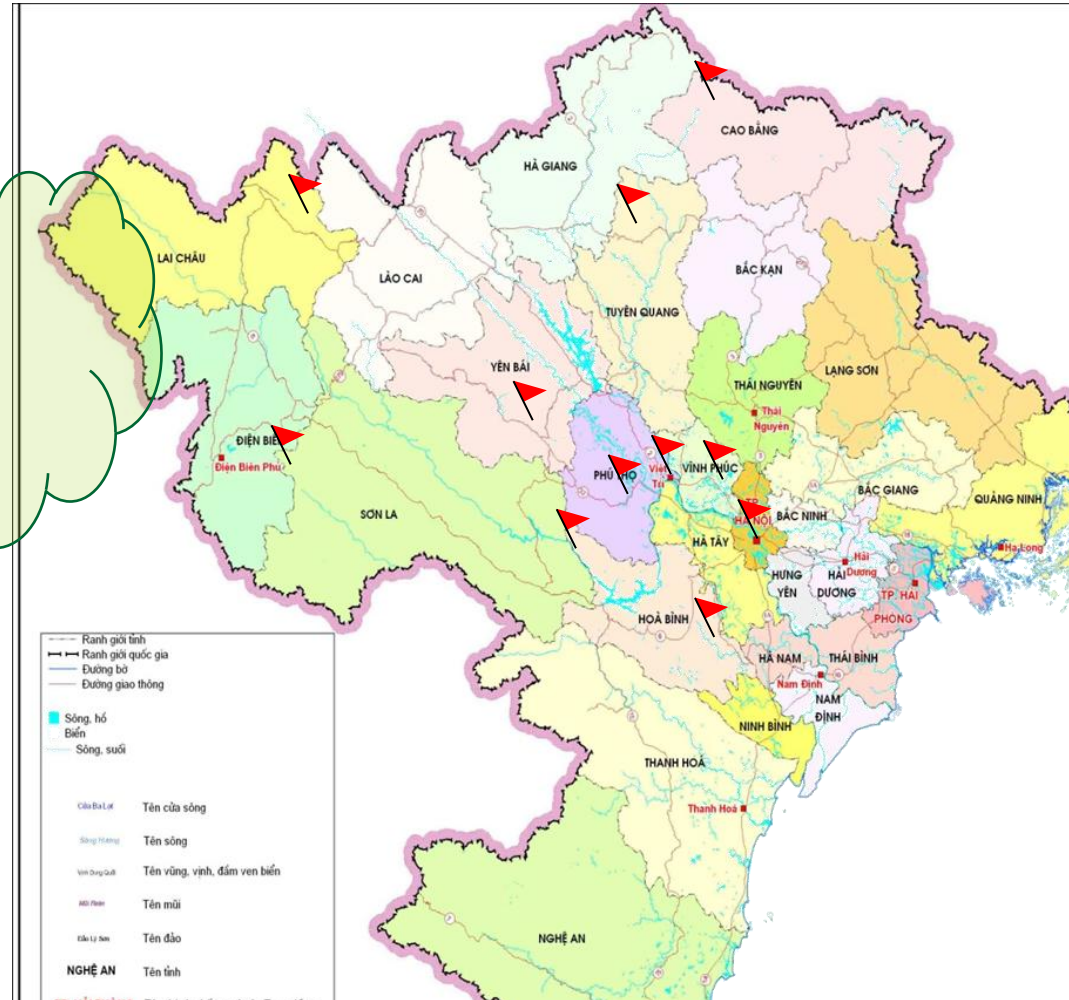


Hoavang sticky rice Hai Duong

# Who is doing VC research in Vietnam?

→ CASRAD: a multi-disciplinary team 45 researchers), working on Value chain research and development

**Value chain R&D**



# Who is doing VC research in Vietnam?



*Markets and Agriculture Linkages for Cities in Asia  
since 2002*

Research  
Training and Scientific Exchange  
Communication

Quality chains  
Food distribution  
Domestic markets



# Who is doing VC research in Vietnam?

- ACIAR, Agribusiness program in Vietnam since 1998 with 7 on-going projects
- Other organizations: Helvetas, CIAT, ICRAF,
- Vietnam organizations...

*But cannot respond to the rapidly growing demand for development (government, donors, private sectors...) of capacity in Agribusiness research*

# What are the best practices on Agribusiness, Consumer studies and Value chain ?

- Many different methods, but challenge to improve the methods ...
- ... and address new methodological challenges: i.e.: Sustainable Value Chains
- Need to exchange experiences about method among practitioners from international
- ACIAR and MALICA scientific coordination initiative

# Objectives of this WS

- Identification the training needs in the middle term (3-5 years) for the teams
- Designing tentative training program
- Network on Agribusiness research in Vietnam?

**Hoping good exchange !**