

Making Agricultural Markets Work Better for the Poor

The Participation of the Poor in Agriculture Value Chains in Viet Nam



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Process of Commercialization

- transformation of the rural economy: non-farm activities are the main source of income and employment.
- development of agriculture into rural businesses: millions of enterprises able to seize new opportunities, create employment, and add value.

Key challenges

- Increasing the competitiveness of Vietnamese agriculture and rural businesses
- Linking the poor to this process
- Generating higher returns to labour
- Participating in **global value chains** to do this

The Value Chain Approach

- “An organized system of exchange from production to consumption with the purpose of increasing value and competitiveness”

Value Chain \neq **Supply Chain**

- Value Chain is about linkages generating **value** for the consumer
- Supply Chain is about logistics

Features of a Value Chain

- The chain creates business linkages by getting stakeholders to work together. This requires effective **coordination** of decisions and exchange
- **Governance** is needed to coordinate
- In order to increase value, the value chain needs to meet **consumer demand** and be **competitive**
- In order to keep competitiveness, the value chain needs to **innovate** continuously
- In order for the chain to establish effective linkages, the chain needs to **distribute** benefits that provide incentives to the participants

From Markets



To Value Chains

Commodity



Product



**Differentiated
Product**



Paddy



Rice



**Vacuum Packaged Fragrant
Rice, 100% non broken
Rice Crackers, Rice Starch
Noodles, Breakfast Cereals
Rice Vinegar, Sake
Rice Pudding, Ice Cream
Bran, Bran Oil
Husk, Fuel Bars
Rice Cakes, Puffed Rice**

Lessons from MMW4P in Viet Nam

Study areas

- Rice
- Tea
- Cassava
- Fresh fruit and vegetables (supermarkets)
- Contract Farming

Overall lessons:

- High potential
- Relatively:
 - poor returns for volume exported
 - Low value added in VN
- Linked vs unlinked
- Need for:
 - Partnerships in value chain
 - Quality improvements
 - Diversification of markets and products

Thank you

