

- Clear management of raw materials inputs to product outputs in the whole value chain.
- People's consciousness and actions must be resolute in saying no to chemical fertilizers.

Recommendations

- The project should continue to invest in supporting enterprises to upgrade technology, diversify value-added products, expand the markets and improve competitiveness; improve the capacity of farmers and enterprises on the organization of business and production links, promote the value chain of products according to market demand.
- The authorities should pay more attention to the actors in the chain, especially the poor households in expanding the chain to many areas inside and outside the province, and eventually to participate in the global value chain.
- Guide farmers to have the habit of consuming clean products and using organic products in production to provide clean products to consumers.
- IFAD should pay more attention and invest more in rural agriculture in the direction of organic, reducing environmental pollution and mitigating the risks of climate change and natural disasters.

Establishing Value Chain Links of Safe Agricultural Produce

VietNam



Adaptation to the Climate Change in the Mekong Delta in Ben Tre Province, Vietnam
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Synopsis

In 2017, the AMD Ben Tre Project invested in Phu Hung Thinh Organic Fertilizer Company and Viet Tam Clean Vegetable Company through Public Private Partnership (PPP) approach. With project support, the two companies have created value chain from agricultural waste (cow dung, coconut coir, hush ash, rice hulls) producing cocopeat and vermicompost fertilizers which are used to grow clean vegetables in Ba Tri district, Ben Tre province. Farmers participated in the value chain of producing safe agricultural products and are assured of a market. The farmers get Vietgap certification. Traceability is established assuring the consumers of clean vegetables.

Background

Phu Hung Thinh and Viet Tam Company are two small start-up companies which belong to the Start-up Enterprise Group of Ben Tre Province. Although they are small companies, their common goals are to take advantage of the waste material in the province such as: cow dung, coconut coir, hush ash, rice hulls to produce cocopeat and vermicompost fertilizer. The cocopeats and vermicompost fertilizers will be used for cultivation of vegetables which will be supplied to the market.

These two companies are supported by the AMD Ben Tre Project, which is financed by IFAD. The investment cooperation aimed to expand vegetable growing area towards organic direction, minimizing environmental pollution due to waste materials in animal husbandry and the use of chemical fertilizers. It also aimed at mobilizing rural people to join trade links and cooperative groups, and to save the input costs and minimize the risks in the chain linkage. Finally, it is directed at improving the added value of products to market (cocopeat, organic fertilizers and clean vegetables), thereby increasing the income of farmers.

Innovations / Good Practices

The commonalities of these two companies are towards practicing clean agriculture and linking rural people into cooperative groups, thereby raising awareness on the whole chain (farmer, enterprise, cooperative group) --- creating organic agricultural inputs, practicing clean and safe standards in production and processing, aiming at co-operation between companies and the farmers, adapting to climate change, and achieving sustainable benefits. In particular, focus is on the ability of poor farmers to participate in the chain linkage and timely support when they need help. In the process creating more job opportunities and increasing income for the poor through the direct participation in economic activities.

About Phu Hung Thinh. The company took advantage of agricultural waste products such as cow dung, coconut coir, hush ash, rice hulls, to produce cocopeat and organic fertilizer products. The company has stable and long-term contracts to buy cow dung from the farmers, ensure the price and prevent backlog of waste products that can cause environmental pollution. The company also trained the farmers to use organic fertilizer and provide technical guidance to compost waste materials in accordance to standards. Cooperative members are funded by organic fertilizer products each year to encourage an increased use of organic fertilizer in farming.

About Viet Tam Company. The company trained farmers on the techniques of cultivation and supplied seeds for farmer in the direction of safety and organic farming. It also supported farmers to get Vietgap certification. The company encouraged farmers to join in value chain of safe agricultural products, provided market orientation, bought the entire product of the cooperative groups. It preprocessed and packed the farmers' produced and published the traceability of the farmer to the market.

Outcomes/Impact

From agricultural wastes cocopeat and organic fertilizers are produced and finally, clean and safe vegetables are supplied to the consumers. This is an example of a participatory value chain of the poor. Phu Hung Thinh Company has over 350 beneficiary households, including 105 poor households and 105 female headed households. The capacity of company has also been raised to more than 2,000 tons per year, with more than six products such as: cocopeat (for vegetable), cocopeat (for flower), coconut coir, vermicompost fertilizers (powder and pellets), alluvial soil which serve as agricultural inputs to organic or safe agriculture.

Currently, Viet Tam Vegetable Company has over 90 beneficiary households, of which 30 are poor households and 37 female headed households, linked to consumption of vegetable products with 42 households in An Hiep and Phu Ngai communes (total area of 7ha). This also created jobs for 26 rural workers. With these activities, the Company increased production up to 218 tons per year (up 3 times) with vegetables such as: centella asiatica as the main product (70% of production), vegetables and zucchini. The economy of rural people has increased markedly, quality and productivity in agricultural production has been increased towards clean products to consumers.

Facilitating Factors/Challenges

This model has addressed:

- Environmental pollution from the increased livestock waste is becoming a difficult problem in Ben Tre province;
- Imbalance in fertilizer production, i.e. the amount of organic fertilizer only accounts for 10% of the fertilizer in the country, the remaining 90% is chemical fertilizer;
- The price of buying and selling cow dung is unstable, thus creating an opportunity for Phu Hung Thinh Company to create a link to purchase raw materials through contracts with stable quantities and prices;
- The current market demand for clean and non-toxic chemicals. Technical guidance and a few preferential policies for the farmer have created the conditions for Viet Tam Company to purchase fresh vegetables from farmers.

There are the challenges:

- Some traders buying cow dung in rural areas offer high prices when there is a great demand that makes people to be confused about the purchase contract of the Company;
- Participating in a cooperative group is quite new to rural people;
- Rural people have a habit of using chemical fertilizers for cultivation and husbandry;
- Due to the saline soil, acid sulphate soil and prolonged hot weather, lack of fresh water for irrigation, that causing plants death, reduce productivity and poor quality. The number of farmers in the cooperative group is still limited, so the company does not meet the demand of customers in larger quantities;
- About company: the area of processing factory is still limited, so it does not meet the preprocessing conditions with the large volume to meet market demand, so that sometimes the company have to sell raw products (unprocessed).

Lessons Learned

- The company needs to have transparency, accountability for the terms of the trading contract that link with farmers and the preferential policies needed to balance the interests of the two parties.
- The support of local authorities in mobilizing and organizing is also an important factor to determine the sustainable linkages between farmers and the enterprises.
- The AMD project and the enterprises need to recognize the practical aspirations of the farmer, invest in the right purpose to create added value for clean agricultural products.
- Pay attention to information and education to guide rural people in establishing cooperative groups, exchanging experiences and groups management.