



***Smallholder Inclusive  
Value Chain Models for  
Local and Global Markets***

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# **A Smallholder Inclusive Business Model for the Local Market in Vietnam: A Case Study in the Poultry Sector**

*Group 2 - Presentation*

Market for food safety is fast growing but smallholders could not be able to access

- Many/most consumers reported concern over food safety (**40-97%**)
- Willing to pay **5-10%** premium for food safety
- Smallholders can not access to food safety market:
  - Inadequate and consistent of supply volume
  - Lack of trust, and marketing skills
  - High transaction cost: certification and marketing

# Overview of the Business Model

- ***Purpose of the model:***

- To provide safety and hygiene and pre-process poultry and consumed by school children at lunch for which parents pay (cooked at school).
- Linking farmers (who produce safety and hygiene products) to the niche market for nutrition

- ***Scope and business activities***

- Set up and manage a supply chain of safety and hygiene food packs (including poultry) for 12 schools in Hanoi (each school has an average of 1000 school children)
- Monitoring and checking the compliance of standards in the whole supply chain.
- Marketing of safety and hygiene products

# Overview of the Business Model



## **Value chain captain: VAF company**

- Finding the niche market for nutrition (safety and hygiene)
- Linking smallholders to the niche market
- Quality control to meet standard and monitoring

# Business objectives/Drivers in Developing and Maintaining

- ***Social objectives***

- Raising expectations of safety and hygiene
- Nutrition standards
- Linking smallholders to the niche market

- ***Economic objectives***

- Premium price paid (10% higher than conventional ones)

# Success Definition

- ***Competitive***

- Continue to win contract every years (contract not cancelled-7 years since 2009)
- Additional schools

- ***Inclusiveness***

- 100 chicken farmers
- Reward: Premium price paid (10% higher), advance payment.
- Risk: no risk sharing mechanism
- Gender: No barriers for women participation in the value chain (women: raising and men: delivery)

# Roles and contributions of key players

- **Business entity:**
  - Value chain manager: value chain coordination, supply monitoring, ensure the consistent of supply.
  - Marketing: finding and building trust for the niche market.
  - Quality control to meet standard and monitoring in the whole chain
- **Government agencies:**
  - Provide veterinary and extension service
  - Training farmers
  - Quality assurance
  - Rise the public's awareness of food hygiene and safety.
- **Technology providers:** breeders, for better breed
- **Certification agencies:** certification, training farmers, checking the compliance.

# Challenges in Developing and Maintaining the Model

- Scalability
- Company provides other tools in packs
- Monitoring the standards



# Takeaway Messages

- A long-term relationship with a premium price paid is necessary for the sustainability of the contractual relationship with smallholders.

Thank you for your attention!