

An aerial photograph of a vast tea plantation in Vietnam. The tea bushes are arranged in neat, parallel rows that stretch across the landscape. Numerous workers, wearing traditional conical hats, are seen tending to the plants. The sky is bright blue with scattered white clouds. The overall scene depicts a busy agricultural setting.

Smallholder-Inclusive Business Models in Vietnam

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- The development of smallholder-inclusive business models in Vietnam
- Research themes on inclusive business models in Vietnam

Inclusive business has newly introduced in Vietnam

- 2007: ADB's Inclusive Business Initiative
 - ADB initiated the regional technical assistance project "*Promoting Inclusive Growth through Business Development at the Base of the Pyramid*" with the aim to assess the feasibility of developing regional and/or country-based impact investment facilities/private equity funds for the BoP ventures in 10 Asian countries included Vietnam.
 - SNV participated in the project through four preliminary drafts of these feasibility studies (Vietnam, Pakistan, India, and Bangladesh)
- 2008: SNV Vietnam was first introduced the concept of Inclusive Business
- 2010: Vietnam Business Council for Sustainable Development (VBCSD) was established by the VCCI. The VBCSD facilitates and promotes the sharing of experience, solutions and good practices on sustainable development.

Inclusive business has recently introduced to Vietnam

- 2012: Vietnam Business Challenge Fund (VBCF) funded by DFID and managed by SNV
 - VBCF aims to support the private companies operating in Vietnam to develop innovative IB in Agriculture, Low Carbon Growth, and Infrastructure.
 - VBCF pledged nearly 9 million USD to 21 inclusive business ventures
 - The expected social returns by December 2015 as a result of the VBCF investments include 9,000 new jobs created and 70,000 people with increased income.
- 2014:
 - The first Vietnam Corporate Sustainability Forum was organized by VCCI in collaboration with British Council and VBCF.
 - Inclusive Business Accelerator Vietnam was designed to both consolidate and scale-up private sector engagement in the low-income markets.

Inclusive business has newly introduced to Vietnam

- 2015:
 - May: The second Vietnam Corporate Sustainability Forum was organized by VBCSD in collaboration with SNV and British Council.
 - September: The event of Roundtable on Inclusive Agribusiness in Southeast Asia organized in Vietnam.

Legal Framework

- The type of “social enterprise” has just defined legally in the New Enterprise Law (2014).
- The type of “inclusive business” is not defined in the Enterprise Law 2014.
- The specific policies that support inclusive businesses/social enterprises such as tax, land, etc. remain absent.

Key stakeholders (1)

- Government agencies
 - Ministry of Agriculture and Rural Development (MARD)
 - Ministry of Planning and Investment (MPI)
- Donors
 - Asian Development Bank (ADB)
 - Australian Department of Foreign Affairs and Trade (DFAT)
 - United Kingdom Department for International Development (DFID)
- Network/Partnership
 - Grow Asia
 - The Global Donor Platform for Rural Development (GDPRD)

Key stakeholders (2)

- Program/Initiative/Event
 - Sea of Change
 - The Food System Innovation Initiative
 - Vietnam Business Challenge Fund (VBCF)
 - SPARK
 - InclusiveAsia
- Academics
 - CIEM
 - IPSARD
 - British Council (BC)
- NGOs
 - SNV Netherlands Development Organisation (SNV)
 - Vietnam Chamber of Commercial and Industry (VCCI)
 - Center for Social Initiatives Promotion (CSIP)
 - Vietnam Business Council for Sustainable Development (VBCSD)

Best practices of IB models in Vietnam

- **Training, Technical & Input Supports**

- Ecofarm (Corn): Training of local farmers to switch from solely rice to both rice and corn production; establish corn growing cooperatives.
- Orient Dragon (Tea): Increase access of farmers to technical services for safe/clean tea; improve income for farmers through tea product diversification and product quality improvement.
- Dalat Fbio (Flowers): Improve access of farmers to training and technical assistance services for ornamental cultivation; improve access of farmers to high quality ornamental plantlets.
- Garden Mountains (Horticulture): Improve access of farmers to training & technical services and to high quality seedlings.

- **Certification**

- Gentraco (rice): develop global GAP rice cultivation models with certification for a network of small farmers; provide industrial drying services in the paddy growing region for small paddy farmers and traders.

Best practices of IB models in Vietnam

- **Contract Farming**

- Vinamilk (Dairy): Most of raw milk is collected from 5,000 small households raising dairy cows who have joined contract farming with Vinamilk.
- CP (Meat): Conduct contract farming with thousands of livestock households to raise pigs and poultries.

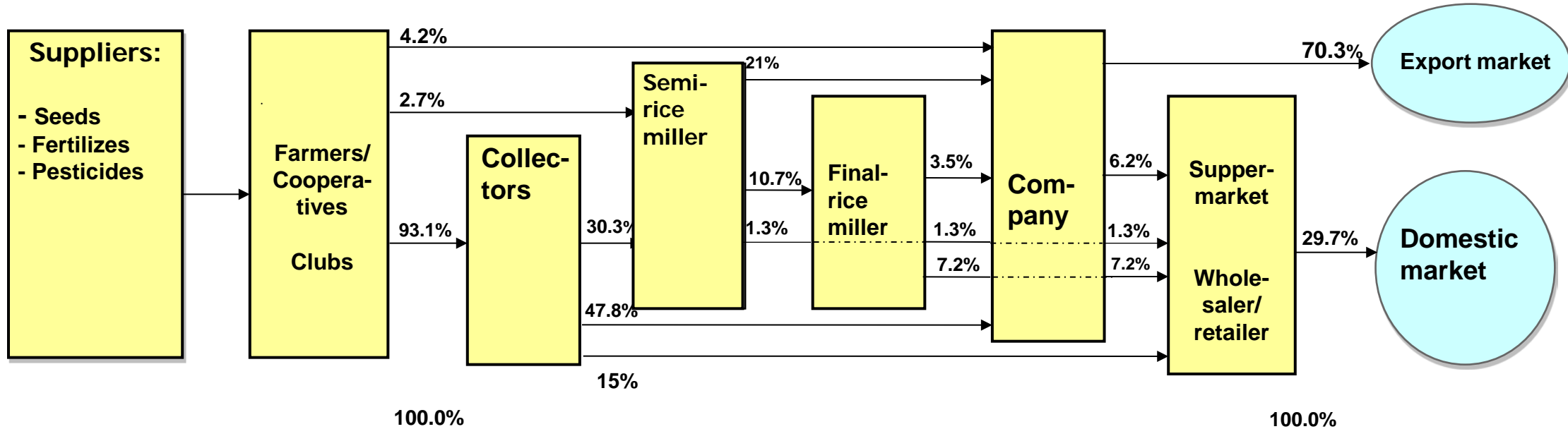
- **Cooperatives/self-managed groups**

- Nam Hai seafood (Fishery): Engage low-income populations in the management, protection and sustainable exploitation of scallops. Building up a stable supply base through fishermen's self-managed groups to ensure the quantity and quality of inputs.
- Hung Cuong (Tea): Hung Cuong links with 635 farmers from the Dao ethnic group to source its organic tea through a partnership with an NGO (VBCF).

Barriers for IB development

Fragmented agricultural value chain

Rice Value Chain in Mekong Delta



Research Institutes, Universities
Agricultural Extension Centres
Companies

- VFA
- VinaFood2
- MARD
- MOIT
- Customs

Local Authority and Bank

Barriers for IB development

Fragmented value chains



High costs

- Wrong kinds
- High price, volatile
- Overuse of fertilizers, pesticides
- Scare water

Inefficient, low quality

- Small-size, fragmentation
- Lack of coordination
- Wrong technical process
- Overuse of cheap labor
- Inefficient irrigation
- Quality inconsistency

High transaction cost, high post-harvest losses

- Arm's length transaction
- Many layers of intermediary
- Weak storage
- Weak packaging and transportation

Low tech, low value added

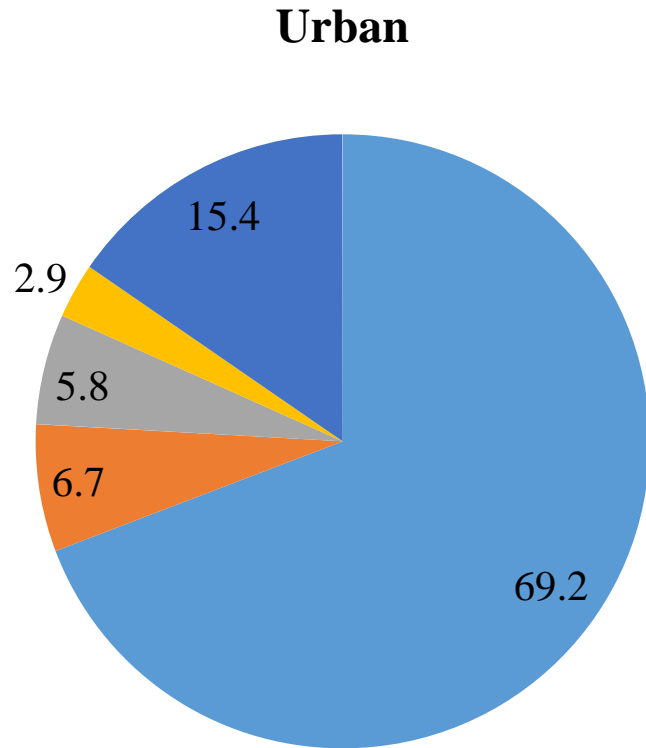
- Small-size, fragmentation
- High losses
- Lack of refined and deep processing
- Lack of by product processing

Low quality, Low price

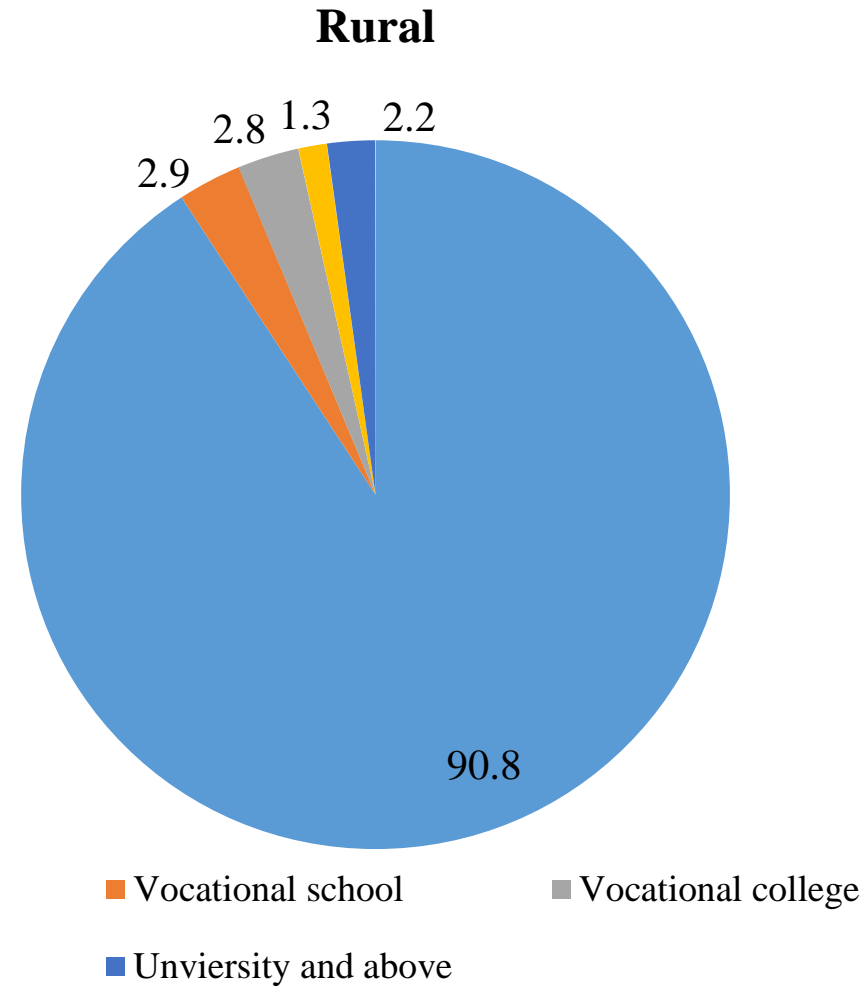
- Poor quality management
- Lack of market information
- Poor branding

Barriers for IB development

Low skills of rural labor



Unit: %



■ Not trained

■ Vocational school

■ Vocational college

■ College

■ Unviersity and above

Barriers for IB development

- Business enabling environment: Lack of legal framework for IB models
- Weak farmers organization: cooperatives/farmers group.
- Lack of access to credit and effective land tenure arrangements

The total number of inclusive business remains small

- Total number of inclusive business (estimated): 200
- Total number of operating enterprises (end 2014): 400,000

Research themes on smallholder-IB in Vietnam

- Policy research: identifies constraints and opportunities; and proposes policy recommendations to promote inclusive businesses.
- Case studies on IB models: business operation, inclusive strategy, business model, impact to small-holders.

An aerial photograph of a farmer wearing a blue long-sleeved shirt, dark pants, and a white wide-brimmed hat. The farmer is bent over, working in a vast, golden-yellow field. The field is marked with numerous parallel furrows. A prominent feature is a large, intricate spiral pattern etched into the soil, resembling a nautilus shell or a complex maze. The text "Thank you for your attention!" is overlaid in white, serif font across the center of the image.

Thank you for your attention!