The Role of Farmer Organisations in Marketing Periurban ‘Safe Vegetables’ in Vietnam

In Vietnam, urban agriculture still represents a substantial share of food supply and employment. Its contribution to the food needs of the entire population of Hanoi was estimated at 44 per cent in 2002 (Mai et al., 2004). In the same year, over 70 per cent of leafy vegetables originated within a 30 km production radius of the city (Moustier et al., 2004). Cu Chi district, a suburb of Ho Chi Minh City, is the major provider of leafy vegetables to this city (Cadilhon, 2005). About 30 per cent of the population around Hanoi Province and in the periurban districts of Ho Chi Minh City is engaged in agriculture (Hanoi Department of Agriculture and Rural Development, 2009; Dang, 2008).

Yet, the more than 100,000 vegetable farmers in Hanoi face a number of constraints to sustaining their activities. Surprisingly, despite the short distance to urban markets, marketing is the first constraint expressed in a survey of farmers. Analysis of price data shows strong price fluctuations. For example, the maximum prices of tomato and cabbage are ten times the minimum prices in the period 1996-2001 (Moustier et al., 2004). Another issue is consumer distrust of vegetable safety. A recent survey, conducted in 2005 among 800 consumers in Hanoi and Haiphong (the third largest city of Vietnam) shows that 75 per cent of consumers are extremely concerned with food safety in general (Luu et al., 2005). Food safety is deemed of primary importance in vegetables, fruit and meat, together with the freshness of these products. In Hanoi, sample analyses show that farmers commonly use banned pesticides and apply more nitrates and pesticides than are authorised (Vietnam Ministry of Agriculture, 2009). Lowering the use of chemical inputs is not easy because pests and diseases thrive in the humid conditions. Besides, cheap pesticides from China are easily available.

Concerns for food safety among consumers actually represent market opportunities for farmers, if they are able to respond to them. They may also help farmers to protect their land from urban development. The city authorities are prepared to keep some land for agriculture provided it is ‘ecological and innovative’. Otherwise, it is likely that the process of conversion of agricultural land will continue. As in other cities of the world, urban development proceeds rapidly at the expense of agricultural areas. For instance, in Hoai Duc district, farm land decreased from 8355 hectares to 4373 hectares between 2000 and 2008, as roads and buildings encroached. Donadieu and Fleury (1997) argue that, if it is to be sustained in the city, agriculture needs to develop in alliance with urban concerns.

Success factors
Some farmers have proven able to meet this challenge; they have realised new market opportunities and increased the profitability of their businesses. Three factors are strategic in these success-stories: technical training through public programmes, the capacity to join farmer organisations that are focused on quality development, and the integration of some stages of marketing. These are further explained below.

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Internal control in a safe vegetable cooperative in Hoai Duc district, Hanoi
Photo: Nguyen Quy Binh
In 1995, public interest in the safety of vegetable products led the Vietnamese Ministry of Agriculture and Rural Development to implement an ambitious programme called ‘safe vegetables’. Based on integrated pest management (IPM) principles, this programme educated farmers in moderate use of fertilisers and pesticides as well as in the use of water from wells and non-polluted rivers. The programme also helped to market ‘safe vegetables’ through various communication strategies. These included the organisation of annual safe vegetable fairs and support to farmers and traders who wanted to open ‘safe vegetable’ shops or market stalls. The Danish NGO ADDA also organised training programmes for farmer groups on IPM vegetable production in Hanoi Province.

In Ho Chi Minh City, the programme was implemented by the Department of Agriculture of the city in 1997. The first targeted area of this programme was Ap Dinh hamlet in Cu Chi district where households that had belonged to a cooperative in the early 1980s were now farming individually. In 1997, five of them formed an association so that they could join the training programme. From 1997 to 2000, membership expanded from five members to forty. After the city’s vegetable fair in September 2000, the Ap Dinh Association received numerous orders from vegetable companies, city caterers and shops. To meet the increase in demand, the association has gradually expanded its membership, which now numbers 200 households divided into 4 smaller groups in four villages. They produce a wide range of leafy and fruit vegetables (Phan and Loan, 2006).

In 2008, twenty-seven Hanoi cooperatives held a certificate of safe vegetable production issued by the Plant Protection Department. But not all are successful when it comes to marketing their products. In fact, ‘safe’ vegetables are commonly mixed with ordinary vegetables. This is partly because the cooperatives only produce a limited range of vegetables, so traders who buy from safe vegetable cooperatives also buy from neighbouring conventional cooperatives. Moreover, there is no control of the use of the safe vegetable label by public or private organisations. Yet nine (of the 27) cooperatives have developed an efficient marketing strategy. Among these nine cooperatives, six are regular suppliers of supermarkets, and six (including three selling to supermarkets) have market stalls or shops where they sell directly to consumers. Approximately 500 farmers are involved in these cooperatives.

All of the nine cooperatives regularly supply directly to canteens. Unlike the traditional market supply chain – which is characterised by a chain of collectors, wholesalers and retailers – the distribution of ‘safe’ vegetables generally involves one or no intermediaries. This is a deliberate strategy of the farmers themselves, so that they see their quality efforts rewarded. The farmers’ strategy of integration of marketing stages (i.e. removing intermediaries) is an effective way of reducing food safety uncertainties and of commanding higher prices. The farmer-consumer or farmer-retailer relationship is an opportunity to exchange knowledge on production methods. This fulfils the purchasers’ needs for reassurance, as producers are perceived as the most competent persons to give this information. At the same time, direct farmer-consumer exchanges enable farmers to better appreciate consumers’ demands.

**Organisation is important**

Traditionally, cooperatives in Vietnam concentrate on service provision, especially irrigation. The nine safe vegetable cooperatives in the Moustier et al. study are characterised by their collective action for quality promotion and marketing (2010). This active role is the result of government support for quality improvement (especially training on IPM), which has deliberately targeted farmer groups as a strategy for overcoming the problems of Vietnamese agriculture, in particular those faced by small-scale farmers. It is also the result of the initiative taken by certain dynamic farmers, who have taken advantage of this support and the emerging demand for specific food qualities.

The first advantage of collective action for farmers is the centralisation of marketing operations. This brings economies of scale in terms of quantities collected, contacts and negotiations with purchasers, investment in a common operator with adequate skills and time for marketing tasks, and participation in flexible contracts with supermarkets, shops and schools. The second advantage of belonging to a farmer organisation is that it enables the farmer members to have access to training on quality improvement. A third advantage concerns joint investments by members of farmer organisations in the areas of quality development, labelling and certification. These investments are necessary to satisfy the quality requirements of supermarkets.

**Safe can be profitable**

A study carried out in 2002 provides data on the profitability of periurban safe vegetable production compared with that of conventional production. A survey was done on costs and benefits for 30 conventional farmers and 32 safe vegetable farmers in Hanoi Province. The results obtained for cabbage and choy sum indicate that safe vegetables have higher costs

Retail shop of a safe vegetable cooperative in Gia Lam district, Hanoi

Photo: Paule Moustier
of production, mainly due to higher labour costs. Yields are lower because of greater prevalence of disease, but higher resale prices generate higher profits (see Table 1).

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<th>Table 1 Comparison of costs and profits of conventional (Van Duc commune, Gia Lam district) and safe vegetable production (Van Noi commune, Dong Anh district) in Hanoi Province</th>
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Source: (Son et al., 2003)

Yet the profitability of the safe vegetable business is fragile. The reputation of the farmer groups is vulnerable because of the lack of an external, rigorous control and certification system. The limited range of vegetables that each group sells intensifies the problem. As a result, they buy vegetables outside the group but sell under their own label, without any control (and thereby undermining the validity of their own label). Lastly, the protection of agricultural areas (even ecological ones) from urban development is still uncertain.

Nevertheless, there is still some room for manoeuvre for producers of safe vegetables to increase profitability and sustainability. First, using more organic inputs instead of chemical inputs could reduce the costs of production. Safe vegetable farmers still purchase expensive organic pesticides and fertilisers instead of using natural green manure and pesticides (see UA Magazine no. 23). Second, getting farmers to be more organised, for example in farmer groups, and forming an alliance of safe vegetable farmers, will aid communication with local authorities and private land developers to ensure that land is kept for agricultural uses. Forming an alliance will also help overcome the problem of the lack of variety of vegetables sold, because it will encourage safe vegetable groups to network and to make joint deliveries to buyers. The building of such an alliance has started under the Superchain project but still needs to be consolidated (Moustier et al., 2009).

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References


