Poor suppliers' access to supermarkets: Summary of main findings from literature and study

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INSIGHTS FROM LITERATURE

A - INTRODUCTION

We will first present what the reviewed literature says on the impact of supermarket development on farmers in terms of the different requirements involved, especially in terms of quantity and quality, then we will investigate the impact on traders, and finally some recommendations for public intervention.

B - IMPACT OF SUPERMARKETS ON FARMERS

1 - FAVOURING DOMESTIC SOURCES VERSUS IMPORTS?

On one hand supermarkets may find easier to source from imports for convenience reasons, orders by fax, payment through bank transfers, volumes regular in quantities and quality. On the other hand, selling domestic products may be good for their image. Shoprite, the largest main supermarket chain in South Africa, is communicating on its website over its commitment to source locally in South Africa (Rondot et al, 2005). Carrefour Colombia enjoys an image of benefiting to the country (Sautier, 2005). Purranque provincial supermarkets in Chile develop the image of “local store benefiting your local community” by sourcing from local farmers (Reardon and Berdégüé, 2004). Carefour Malaysia also claims they give priority to local production and want to guarantee a fair farmer’s retribution. Yet an official of the Federal Agricultural Marketing Authority states that there is an apparent bias in favour of imported products in supermarkets as 70% of shelves display imported products.

In Costa Rica, modern retailers are said to prefer local small-scale retailers rather than large farmers who may more easily shift from one customer to the other, especially to sell to exporters. Hortifruti is committed to buy beans locally, although prices of import are lower: 70% of beans sold are bought from local small farmers (Balsevitch et al, 2004 and Rondot et al, 2005).

2 - INDIRECT OR DIRECT SUPPLY FROM FARMERS

In China (Sichuan), 3 supermarkets out of six are supplied by contract by professional suppliers who either directly own farms or have contracts with local governments for them to organise individual farmers and quality control, while the professional supplier provides technical assistance and plant protection. Only one supermarket obtained vegetables directly from a farmers’ vegetable association, although this is the solution that supermarkets prefer; the situation may change with growing public encouragement to form farmers’ groups. Four supermarkets out of six get some of their supply in wholesale markets – with fixed wholesalers for two of them. Small-scale farmers, who are dominant in China thanks to the Household Responsibility System (promoting an average size farm of 0,5 ha), enter supermarkets via wholesale markets, contracts with professional suppliers, and farmers’ associations. Wholesale markets have actually established special zones for pollution free vegetables (Zhang and al 2004).

In Carrefour Malaysia, 18% of fruits and vegetables are purchased directly from farmers, while the rest is bought from wholesalers; direct supplies from farmers are preferred because of the possibility to control cultivation methods and farmers’ income; but on the other hand it may create logistics and shortage problems compared with wholesalers. The Federal Agricultural Marketing Authority in Malaysia supports the establishment of contracts between farmers and supermarkets, especially through dialogue, negotiation, extension services (but the type of services provided is not specified), and infrastructures for distribution centres (including cold rooms). In 2004, 1362 farmers were involved in contract farming, including 405 fruit farmers and 616 vegetable farmers (Julien, 2004).
3 - INCOMPLETE CONTRACTS

The dominant coordination mode in Africa and Latin America appears to be regular relationships: for instance, 80% of Shoprite South African suppliers have been with them for 12 years, and of the 300, they only delist 5-6 a year (Weatherspoon and Reardon, 2003). These relationships entail informal commitments on quality on the part of suppliers.

Formal contracts are rare. In a context of instability on supply, incomplete contracts with possible negotiation of trade conditions like prices and volumes is actually more adapted than formal contracts (Brousseau and Fares, 1998). In Costa Rica, hortifruti has contracts with farmers, individual or in groups (like the Centro Agricola Cantonal gathering 250 small farmers); these contracts specify volume, quality, safety standards and packing requirements, while prices are negotiated two weeks after harvest, and are the highest in the domestic market (Rondot et al, 2005).

Little is said about the relations of dependence in decision which contracts and integration may create for farmers. For India it is mentioned that the role of farmers is being reduced to producers of raw material by changing them into sub-contractors for food companies and retail chains (KIT/RIMISP/IIED, 2004).

4 - CONSTRAINING REQUIREMENTS

Several requirements make it difficult for small farmers to supply supermarkets, and may lead to their exclusion from supermarket supply and in the end from the economy as supermarkets gain largest share in the total market:

- **Requirements in terms of regular volume**
  
  Farmers in Malaysia have to deliver products 365 days (Singh, 2004); cheese farmers in Northern Peru have to deliver cheese to supermarkets everyday, while pineapple growers have to supply 5000 pineapples per day, a requirement they cannot fulfil (Boucher, 2005)

- **Requirements in terms of quality**
  
  Quality promotion and certification strategies are pushed by supermarkets, even though they can develop outside supermarket development.

  In China, all six interviewed supermarkets in Sichuan sold pollution free vegetables, a standard of quality promoted by the government, accounting for a range between 5 to 90% of their total sales. The supermarkets select suppliers whose vegetable production bases are certified by the pollution free production office at a provincial level. In-store quality inspection is also done by the Provincial Quality Inspection Bureau. Carrefour hires a private company for in-store quality inspection, and another supermarket plans to invest in their own lab (Zhang and al., 2004).

  Private standards are developed by supermarkets as substitutes for missing or inadequate public ones. They serve as tools in the competition with the informal sector by claiming superior product quality attributes (Ménard and Valceschini, 2005). In the case of Morroco and Turkey supermarkets have not yet developed their own strategy and are waiting for the public authorities to develop standards (Codron J.-M. Z. Bouhsina F. Fort E. Coudel and A. Puech 2004); Rondot et al, 2005). In Nicaragua, milk farmers have to provide sanitary certification (Collion and Mendoza-Vidaurre, 2005).

- **Requirements in terms of investments** (these are linked to volume and quality requirements)

  Evidence of exclusion of small-scale farmers is provided by Reardon and Berdégué (2004) for the dairy sector who record that more than 100,000 producers have been drawn out of formal milk markets since the 1980s. This is mainly due to the low prices of UHT milk sold by supermarkets in parallel with private investments in large-scale processing units. Supermarkets push suppliers into investments e.g. trucks, cooling equipment and packing. These investments are worth if they make farmers enter the procurement lists of supermarkets (Reardon and Berdégué, 2005).
In South Africa, producers selling to Freshmark, a wholesaler supplying supermarkets have to get involved in all post-harvest activities, i.e., washing, packing, labelling (Rondot et al, 2005).

Yet in Nicaragua, a milk cooperative of 141 members was able to adapt to the requirements of supermarkets, in particular sanitary certification, packaging with nutrient data and purchase date (Collion and Mendoza-Vidaurre, 2005). Besides, for products for which supermarkets have high demand compared to supply, they are ready to share investment costs with farmers, this is the case with pineapples in Northern Peru where supermarkets supply disinfectant and cardboxes to farmers (Boucher, 2005).

Delays in payment (45-60 days after delivery is the common pattern in Latin America; up to 90 days were imposed to cheese farmers by a supermarket in Northern Peru (Boucher, 2005)) may create cash constraints for small-scale farmers. Yet for pineapple in Peru, supermarkets pay farmers within 5 days, due to their high demand for this product (Boucher, 2005).

• Market instability

Market instability is created for suppliers as supermarkets can shift procurement rapidly. On the other hand supermarkets can get involved in contracts that guarantee more stable prices for farmers as evidenced by Cadilhon (2005).

• Decreasing prices offered to farmers

Oligopsonies may be detrimental in the long run for consumers as well as suppliers as they reduce choices of outlets and leaves suppliers with “take it or leave it” conditions. Even wholesale markets can no longer play a role in competitive access to markets as their role is increasingly confined to a residual, low quality market. “The systematic coordination of the supply chain using direct contracting, rather than competitive pricing structures, and the use of (or threat to use) imports, allows retailers to regularise farmgate prices against their precise targets of gross margins (Fox and Vorley, 2004, p.7)”. The UK competition commission found an inverse correlation between the retailer market share and the price paid to suppliers.

Retribution can all the more be tight that shelf fees may be charged to suppliers. This is mentioned by Singh (2004) for Malaysia: supplier listing fee, promotional and advertising fees have to be supported by farmers. Also for milk in Nicaragua, the cooperative has to rent supermarket shelf space (Rondot et al, 2005); it is also quoted for cheese in Northern Peru (Boucher, 2005). These fees are especially developed in Europe, particularly in England: listing fees (charging for shelf space for new products), supplier rebates (discounts based on the amount ordered or the time it takes to sell an amount of product, overriders (supplier gives back a percentage of sales if a certain annual level of business is achieved), requests for promotion expenses (Fox and Vorley, 2004).

For milk in Nicaragua, it is mentioned that supermarkets provide lower prices than other outlets, and that discounts of 10-15% have to be made at Christmas time (while supermarkets keep a margin of 32%). In Northern Peru (Cajamarca), in addition to shelf fees, producers have to accept 7 types of discounts, an admission fee of 500 USD, and a first free delivery of 700 USD. These requirements, in addition to investments required for milk pasteurisation, packaging and bar codes, plus the fact that prices are lower than in markets and specialised stores, explain that cheese farmers have still not been successful in supplying supermarkets (Boucher, 2005).

Yet supermarkets offer in some cases higher prices to their suppliers: Dunghuan group is a professional vegetable supplier in Sichuan (China) who pays farmers 5-10% higher prices than the market prices. In Sichuan, supermarkets are ready to lose on the vegetable section to attract new consumers, and they sell vegetables 5 to 20% cheaper than those in open markets (Zhang and al., 2004). Besides, farmers appreciate the stability of prices guaranteed by supermarkets, both in China and in Southern Vietnam (Zhang and al, 2004, Cadilhon, 2005).

In fact, the main advantages reported for supermarket supply relate to secure prices and volumes: this is the case for milk in Nicaragua (Rondot et al, 2004).
Some supermarkets are developing efforts in terms of ethical remuneration of farmers, for instance Co-op and Migros in Switzerland have converted their bananas to ethically sourced material (Fox and Vorley, 2004, p.9).

Indicators of fairness (or justice) towards suppliers are provided by Kumar (1986) quoted by Fox and Vorley (2004):

- distributive justice: price received, payment terms, distribution of costs, imposed charges
- procedural justice: bilateral communication

Other quoted requirements of supermarkets are:

- Entering a formal system of invoices, accounting and taxes
- High rate of product rejection

Changes transferred to farmers because of all the quoted requirements in terms of quantity and quality can be classified according to categories of Berdégué (KIT/RIMISP/IIED, 2004): (i) technological; (ii) managerial (capacity to keep records for examination by certification agencies); (iii) financial (for investments); (iv) organisational.

5 - VARYING IMPACT ACCORDING TO PRODUCTS

Provision of “niche” products for which small-scale farmers have comparative advantages in terms of location in a specific area, traditional savoir-faire and/or low production costs: vegetables are a typical product for which small-scale farmers have an advantage because of labour intensity; perishability and seasonality also restrains economies of scale. In Colombia, palm hearts and beans from Putumayo were promoted by Carrefour as they represent specific local products (Rondot et al, 2005).

6 - ROLE OF FARMERS’ ORGANISATIONS

The characteristics of family, small-scale agriculture (large diversity of farming systems and practices that results in diverse and non homogeneous agricultural products) are a burden for supermarkets whose requirements and standards are precise (Rondot et al, 2005). There is therefore an important need and role for intermediaries (wholesalers, farmers organizations, others) to connect farmers and supermarkets and a window of opportunity for agricultural producers to organize themselves, in particular to aggregate and match supermarket demand for well qualified agricultural products coming from a heterogeneous supply (Rondot et al, 2005).

Farmers’ organisations reduce transaction costs implied by relationships with supermarkets because they centralise contracts with lower transaction costs than would be the case if separate contracts were negotiated with each farmer and also because they reduce risks of farmers contract default (peer pressure, joint collateral, good communication within groups)(Coulter J. et al. 1997, quoted by Rondot et al, 2005). They also enable the investment in collective assets (transport, storage, packaging) that may answer the requirements of supermarkets in terms of conditions of product delivery and vertical integration.

These organisations are subject to a number of conditions to operate well:

- a certain homogeneity in terms of farm structure and product quality
- good accountability and management; for instance the veal cooperative in Aveyron comprises a board of 11 directors and 33 field managers, acting on a voluntary basis; for the cucumber cooperative in Turkey, 1% of the sales serve to pay 5 employees, taxes and office rental.

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1 Fox and Vorley point out that such efforts may be jeopardized by growing competition, as shown by the financial failure of Iceland UK supermarket which went into 100% organic food – all the more since there has been no government pressure to enhance environmental and ethical standards.
Examples of successful cooperatives supplying supermarkets include the following:

- the milk cooperative in Nicaragua made of 141 members, set in 1992, enabled to ensure regular supply of UHT milk and invested in packaging and quality certification (Collion, Mendoza-Vidaurre, 2005)

- the Aveyron veal cooperative, with a partnership with Auchan and Bigard slaughterhouse since 1995, enforces animal conformation standards and ensures regular supply. The cooperative, slaughterhouse and supermarket have set a tripartite charter, and have regular meetings to promote the product, including visits of purchasers to the cooperative, and visits of farmers to the cooperative (Bosc, 2005)

- the cucumber cooperative in Izmir (Turkey), made of around 100 small cucumber growers (around 2000 m² each): it collectively set prices based on auction prices collected with mobile phones; it sells to supermarkets through an intermediary in charge of transport and contacts (Codron en al, 2004).

7 - NEED FOR PUBLIC SUPPORT
Successful examples of small-scale farmers supplying supermarkets imply the assistance of the public sector or NGOs in the following directions:

- Technical training to reach quality standards (Purranque cooperative in Chile reported by Reardon and Berdégué, 2004); for processing, packaging, and developing contacts with supermarkets (small-scale food processors, Fabrica do Agricultor programme in Parana, Brazil; for quality control, logo development and marketing in general in the case of United Nations Programme against illicit drugs in Colombia in partnership with Carrefour (Sautier, 2005).

- Input credit

The investigation of tripartite arrangements between banks, supermarkets and their preferred suppliers is recommended by Shepherd (2004).

Other directions of policy support are indicated below:

- Provision of infrastructures including cold storage as distribution centres: see the example of FAMA in Malaysia mentioned before; it is also recommended that large wholesale markets, like the ones in Bangkok, supply logistics platform for smaller supermarket chains (Shepherd, 2004). In Korea, the government has supported the National Agricultural Cooperative Federation (NACF) to develop modern wholesale food distribution centres, which operate together with cooperative-owned supermarket chain distribution centres at the same location (Shepherd, 2004). The example of pollution-free vegetable areas in wholesale markets is also worth disseminating (Zhang and al, 2004).

- Favouring contacts and contracts between farmers and supermarkets

Besides their role in developing contracts between farmers and supermarkets, FAMA in Malaysia has also established a pilot demand and supply virtual system to link farmers with modern retail outlets.

- Promoting fair trade

In addition to the release of the constraints faced by small farmers, a positive approach is to promote the unique values smallholder produce can add, the sustainable competitive approach as advocated by Agrofair company who sells “fair banana” to a number of European supermarkets. The company is owned by farmers at 50%, another half is owned by NGOs (KIT/RIMISP/IIED, 2004). The companies face fragility as regards possible competition with multinationals that can also get involved in fair trade and organic goods; also small farmers are not represented in the definition of standards.
C - IMPACT OF SUPERMARKET ON TRADERS

2 - IMPACT ON RETAILERS

According to Reardon and Berdégué (2004), in Latin America, supermarket development had a positive influence on the modernisation of specialty shops and street fairs, while they resulted in the recession of small traditional stores and plaza markets.

3 - IMPACT ON WHOLESALERS

Traditional wholesalers are excluded from the supply of supermarkets due to lack of standards and grades; hence supermarkets switch to new wholesalers able of providing graded products, or to direct procurement from farmers (Reardon and Berdégué, 2005). Hortifrut in Chile is an example of new wholesaler with stringent quantity and quality standards, and inspection by a third-party auditor based in California. This wholesale company has contracts with 500 fruit and vegetable farmers in Costa Rica and 200 farmers in Nicaragua. Professional wholesalers are also described in the case of Sichuan (China) as companies involved in direct farming or contracts with government for farmers’ groups supervision, and who invest in cleaning, grading, packaging and trucks (without cool storage). One wholesaler, Dunghuan group, is also involved in direct delivery of consumers by orders and state this activity is more profitable than supplying supermarkets (Zhang, Yang and Fu, 2004).

Graded products and quality standards can be termed as specific assets for which supermarkets need to develop specific relationships with suppliers in line with predictions of transaction cost economics (Williamson, 1985).

Supermarkets develop own distribution centers which serve the supply of local outlets and may serve for exports at the same time. In China all supermarkets with more than one store have a procurement centre for vegetables which centralises orders (Zhang, Yang and Fu, 2004).

D - CONCLUDING REMARKS

The processes of exclusion of the small farmers from supermarket supply are quite well explored by the literature, as well as the conditions for improved and more profitable access to supermarkets, in particular, participation in farmers’ organisation; yet these appraisals are mainly qualitative; little is known on the actual financial gains and losses of the access to supermarkets for small-scale farmers relative to other outlets, which is certainly due to the delicate nature of such information.

METHOD OF CASE STUDIES

For each case study, the framework of data collection was as follows:

1. Literature review on the organisation and performance of the commodity chain

2. Estimating the impact on employment of the poor as traders of the different distribution chains:
   1. Making a census of all the retail outlets where the products are sold based on the typology mentioned above (supermarkets, quality shops and stalls, retail markets, street vending):
   2. Comprehensive census and positioning of all the supermarkets and markets selling the selected products (in relation with Component 1, in particular using the documents from the departments of trade of Hanoi and Ho Chi Minh city which give a census of the different points of wholesale and retail trade in the two cities)
   3. Enumeration of all the traders selling the selected products in the identified markets (wholesale and retail) with indication of their functions (wholesalers,
4. Estimation of the people employed by supermarkets for fruit and vegetable distribution and their qualification

5. Selection of two districts in the city (one with high density of traders, one with low density) and enumeration of all the traders selling the selected products in shops or as street vendors with indication of a score of poverty according to the nature of visible investments in the business (nature of stall, transport mode)

6. Synthesis on the number of the poor employed in the marketing of the selected products operating in the different outlets (supermarkets, shops, wholesale markets, retail markets, street vending).

3. Tracing back the commodity chain from selected DVCs in Hanoi and Ho Chi Minh City up to selected production areas to identify the places of transaction, the different marketing, processing, sorting and packaging stages, and the different intermediaries. This has been done through cascade interviews starting from retail traders and continuing with a sample of their suppliers and their suppliers’ suppliers. Estimating the share of the poor farms in the supply of selected DVCs through interviews of DVCs managers and farmers’ interviews; and reciprocally estimating the share of DVCs in the marketing of the poor farms relative to other –traditional – outlets, through farmers’ interviews

4. Analysis of the institutional factors explaining the development of the marketing of the selected products (provision of agricultural services, promotion of new farmers’ associations, etc.), through group interviews with Province, District and commune leaders, as well as key-informant farmers.

5. In-depth analysis of the patterns of horizontal and vertical coordination linking poor farmers to DVCs:

- As regards horizontal coordination: the emergence and role of farmers’ associations, product labels – This will be gathered through group interviews of farmers and community leaders

- As regards vertical coordination: the relationships between farmers and their purchasers in terms of exchange of information (market and technical information); credit; inputs; quality control; training; pricing strategies and bargaining power; possible conflicts and sanctions. This will be gathered through farmers’ and traders’ interviews

6. Analysis of the social and economic costs and benefits of the involvement of the poor in DVCs:

   i. Historical analysis of the involvement of farmers in the supply of DVCs and other outlets, and gathering indicators of the social and economic changes brought by this involvement (changes in the volume of sales; changes in the number of poor households; investments in housing, education, health; diversification of economic activities). This will be done through in-depth interviews of province, district and commune authorities as well as selected farmers.

   ii. Qualitative assessment (through farmers’ interviews) of the advantages and drawbacks of the different types of outlets for the farmers (sale to collectors, sale to town-based wholesalers, retailers or consumers, sale to supermarkets, sale to shops): volumes, prices, conditions of payment, flexibility versus dependence, conditions imposed on quality and regularity. Reciprocally we have to establish a qualitative assessment of the advantages and drawbacks of different
types of suppliers, including the poor of the selected areas for the DVC managers, through traders’ interviews.

iii. Disaggregation of costs and benefits along the commodity chain through traders’ and farmers’ interviews. The identification of the cost structure by supermarkets will be especially difficult to get: (i) first because of the reluctance of supermarket managers to make economic data transparent in a context of sharp competition between supermarkets; (ii) second because it is difficult to affect to one given commodity marketing costs which are covered for the whole shop. Hence our strategy will be as follows: (i) trying to be as convincing as possible with supermarket managers as regards the usefulness of our study for the development of quality food production in Vietnam; (ii) gathering farmers’ purchase prices from farmers; (iii) gathering supermarket resale prices by direct observations in the shops; (iv) getting information on the share of different costs in the price differential from supermarket studies in other countries and asking Vietnamese supermarket managers if this cost structure is the same in Vietnam.

The disaggregation of costs and benefits has two major purposes: (i) measure and compare the impact on farmers’ incomes of different marketing outlets; (ii) measure and compare the impact on the final consumer price of different marketing outlets (in relation with Component 2).

7. Prioritization of constraints and policy options to improve the benefits of poor farmers through the supply of DVCs. This will be done through a synthesis of gathered information and a participatory workshop with selected interviewed farmers and officials.

So this component is mostly based on the following modes of data collection:

- Census of traders (for task 2)
- Farmers’ interviews (for tasks 3, 6, 7b and 7d presented above). A minimum of 20 poor farmers will be interviewed for each case study
- Traders’ interviews (for tasks 3, 4, 7c and 7d). A minimum of 3 traders for each type of possible outlet will be interviewed (so this would make a total of 10 to 20 traders).
- Group interviews with community leaders and farmers: for tasks 5, 6a, 7a and workshop for task 8.

Individual farmers’ and traders’ interviews are preferred to group interviews to gather sensitive data such as relationships in the marketing chain, and economic data. Group interviews will be used for topics of common interest, including historical information, and the nature of farmers’ organisation. The workshops will help to validate, synthesise and debate the gathered information. Participants to group interviews and workshops will be carefully selected to enable balanced expression among the participants (maximum of 10 participants; avoidance of excessively talkative or silent participants).

The method had some slight adjustments according to the case studies, these will be given in the detailed reports. The details of data collection are provided in Table 1 and Erreur ! Source du renvoi introuvable.. The questionnaires used to interview supermarket purchasers, litchi retailers, and farmers in associations supplying supermarkets are given in Appendix. There were slight adjustments in the questionnaires according to the nature of commodity and nature of traders.
Table 1- Traders’ census method

<table>
<thead>
<tr>
<th>Place of census</th>
<th>Litchi Hanoi</th>
<th>Vegetables Hanoi</th>
<th>Flavoured rice Hanoi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoan Kiem and Cau Giay districts</td>
<td>Hoan Kiem (old district)</td>
<td>Hoan Kiem (old district)</td>
<td>Dong Da and Hai Ba Trung districts</td>
</tr>
<tr>
<td><strong>Method of census</strong></td>
<td>Counting all street vendors, shops, supermarkets, market retailers with indication of basic indicators of poverty (investment required, number of employees, gender).</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Method of extrapolation</strong></td>
<td>Calculating average density of vendors/km² and multiplying by total Hanoi area</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2- Sample for in-depth Interviews of suppliers in DVCs

<table>
<thead>
<tr>
<th>Sample</th>
<th>Commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litchi, Bac Giang</td>
<td>13</td>
</tr>
<tr>
<td>Vegetables, North</td>
<td>4 (2/village of Moc Chau)</td>
</tr>
<tr>
<td>Vegetables, South</td>
<td>6</td>
</tr>
<tr>
<td>Rice, Hai Hau</td>
<td>8</td>
</tr>
<tr>
<td>Supermarket managers or purchasers</td>
<td>6</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>3 food companies</td>
</tr>
<tr>
<td>2/village of Moc Chau</td>
<td>20 Hai Hau wholesalers</td>
</tr>
<tr>
<td>Market retailers</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Shop vendors</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Street vendors</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Collectors</td>
<td>3 (1/3 communes in Yen The district)</td>
</tr>
<tr>
<td>5 (2/village of Moc Chau, Chien Ly and An Thai)</td>
<td></td>
</tr>
<tr>
<td>Farmers</td>
<td>80 including:</td>
</tr>
<tr>
<td>- 10 poor/commune in 3 communes of Yen The district (Phon Xuong, Hong Ky, Dong Son)</td>
<td>2 heads of farmers’ organisations in Cu Chi district, 3 heads of farmers’ organisation in Lam Dong Province</td>
</tr>
<tr>
<td>- 20 non poor in 2 communes of Yen The district (Phon Xuong, Hong Ky)</td>
<td>10 tomato farmers in Lam Dong Province (7 in Duc Trong, 3 in Dong Duong), 2 farmers in Cu Chi district.</td>
</tr>
<tr>
<td>- 10 non poor in Luc Ngan district</td>
<td></td>
</tr>
<tr>
<td>32=16/village of Moc Chau randomly chosen from list given by collectors</td>
<td></td>
</tr>
</tbody>
</table>

Table 3- Issues investigated in the interviews

<table>
<thead>
<tr>
<th>Actors</th>
<th>Investigated issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>All actors</td>
<td>- Conditions of choice of different suppliers/buyers</td>
</tr>
<tr>
<td></td>
<td>- Relationships with suppliers, including exchange of information, commitments between purchasers and buyers, conditions of payment, quality control</td>
</tr>
<tr>
<td></td>
<td>- Problems in access to factors of production (land, labour, capital), markets, information, for entering the different value chains</td>
</tr>
<tr>
<td></td>
<td>- Prospects of diversification or development</td>
</tr>
<tr>
<td></td>
<td>- Quantities sold, all costs of production or marketing; waste, profits, prices</td>
</tr>
<tr>
<td>Farmers</td>
<td>Production specifications and procedures, as regards conditions for membership, organisation of collective marketing, input supply and services, quality control</td>
</tr>
<tr>
<td>Officials</td>
<td>Trends in production and marketing, constraints and opportunities in the supply of the different outlets, recommendations for more beneficial marketing</td>
</tr>
</tbody>
</table>
**MAIN RESULTS**

**A - A LIMITED INVOLVEMENT OF THE POOR AS TRADERS IN SUPERMARKET CHAINS**

The figures given in C1 show that supermarkets create less employment per unit of area or volume than markets and street vending. This is confirmed by the case studies of vegetables and litchi. The share of supermarkets in total employment by retail trade is estimated at around 6% - without taking account street vending nor shops, only retail markets, while the share in retail business is around 15%. Figures are similar for food as compared with total business. Yet figures are much higher for supermarkets when taking into account indirect employment (11% instead of 6% of employment) – see Table 4 and Table 5. As regards the share of supermarkets in vegetable trade employment, it is less than the share in volume of business (see Table 6).

**Table 4-Employment in markets and supermarkets**

<table>
<thead>
<tr>
<th></th>
<th>Supermarkets</th>
<th>Markets</th>
<th>Total supermarkets + markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct employment</td>
<td>1917</td>
<td>29211</td>
<td>31128</td>
</tr>
<tr>
<td>%</td>
<td>6.2%</td>
<td>93.8%</td>
<td></td>
</tr>
<tr>
<td>Indirect employment</td>
<td>3716</td>
<td>29876</td>
<td>33592</td>
</tr>
<tr>
<td>%</td>
<td>11.1%</td>
<td>88.9%</td>
<td></td>
</tr>
</tbody>
</table>

- Source: C1 data -

**Table 5- Employment in markets and supermarkets (food)**

<table>
<thead>
<tr>
<th></th>
<th>Supermarkets</th>
<th>Markets</th>
<th>Total supermarkets + markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct employment</td>
<td>923</td>
<td>13145</td>
<td>14068</td>
</tr>
<tr>
<td>%</td>
<td>6.6%</td>
<td>92.4%</td>
<td></td>
</tr>
<tr>
<td>Indirect employment</td>
<td>1015</td>
<td>13444</td>
<td>14459</td>
</tr>
<tr>
<td>%</td>
<td>7.1%</td>
<td>92.9%</td>
<td></td>
</tr>
</tbody>
</table>

- Source: C1 data; for markets we considered that the share of food vendors relative to non food vendors is 45%, considering the data of JICA (1998) -

**Table 6-Impact of vegetable distribution points on quantities and employment**

<table>
<thead>
<tr>
<th></th>
<th>% in volume</th>
<th>% in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street vending</td>
<td>46.5%</td>
<td>52.5%</td>
</tr>
<tr>
<td>Ordinary market stalls</td>
<td>34.4%</td>
<td>39.4%</td>
</tr>
<tr>
<td>Safe vegetable shops</td>
<td>7.0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Ordinary shops</td>
<td>6.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>0.9%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

- Source: Son and al (2005)

**Table 7- Impact of litchi distribution points on quantities and employment**

<table>
<thead>
<tr>
<th></th>
<th>% in volume</th>
<th>% in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street vending</td>
<td>78.52</td>
<td>52.83</td>
</tr>
<tr>
<td>Ordinary market stalls</td>
<td>7.93</td>
<td>14.89</td>
</tr>
<tr>
<td>Shops</td>
<td>13.34</td>
<td>32.2</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>0.2</td>
<td>0.07</td>
</tr>
</tbody>
</table>

- Source: Loc (2005)-
The estimation of the employment generated by the retail sale of one ton of vegetables if sold by street vendors, retailers, shops of supermarkets confirms the higher employment impact of the former relative to the latter (see Table 8).

Table 8-Employment by volume of trade

<table>
<thead>
<tr>
<th>Selling 1 ton of vegetables retail in a day gives employment to….</th>
<th>13 street vendors</th>
<th>10 retailers</th>
<th>8 shop vendors</th>
<th>5 employees of medium-scale supermarkets</th>
<th>4 employees of Big C</th>
</tr>
</thead>
</table>

Source: data on quantities traded and employment by sale points in Son and al.

Besides, while street vending and informal markets employ mainly the poor, as they do not require special qualifications nor investment (investment for street vending is limited to 400 000 VND), entering formal markets is constraining in terms of finance (15 M VND) – see Table 9, and becoming an employee of supermarkets may be constraining in terms of qualification (a minimum of one year training in a school of the ministry of trade to work in the shelves, two years to work in supermarket administration for Intimex employees; Big C is not as constraining and mostly asks for good hygiene to work in the shelves). 18% of street vendors can be termed as poor along the 2005 threshold of poverty in Hanoi (500 000 VND/month).

Table 9– Capital necessary to invest in a vegetable business

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street vending (basket)</td>
</tr>
<tr>
<td>Street vending (bicycle)</td>
</tr>
<tr>
<td>Ordinary market stall</td>
</tr>
<tr>
<td>Safe vegetable shop</td>
</tr>
</tbody>
</table>

The profiles of the Hanoi street vendors are detailed below:

- 60% of the interviewed vegetable street vendors are peri-urban farmers with limited land area, who come to sell in Hanoi around 10 months a year; the rest is made of male farmers who sell by bicycle (25%), and basket farmers who come more seasonally (6 to 9 months in the year). As vegetable selling is the main source of income of these street vendors and that they work from 3 a.m. until 7 p.m., we consider this employment as full-time.

The litchi street vendors are also peri-urban farmers with limited land area, where they grow rice for subsistence. They work as street vendors all year, changing of products according to the season.

The fact that supermarkets create less employment per volume of business than other forms of distribution is a logical consequence of the labour-saving innovations used, e.g., self-service (see component 1). So the development of supermarkets is likely not to compensate the loss of employment in street vending and market places. It should be noted though that the salaries paid by supermarkets to their employees (around 1,7 M VND for a cashier) are higher than the incomes of the food retailers in Hanoi, around 600 000 VND/month for vegetable retailers- see Son and al (2005).
B - A LIMITED INVOLVEMENT OF THE POOR IN SUPERMARKET CHAINS AS FARMERS

The results confirm that the poor have no direct access to supermarkets because of their requirements in terms of safety (for vegetables) and quantities (for all products). Supermarkets want to have vegetables suppliers: (i) able to display certificates of quality control – even if out of date, or evidence of regular quality control by DARD; (ii) able to deliver vegetables daily at the supermarket step. The bulk of vegetables supplied to Hanoi supermarkets originate from “leader” peri-urban safe vegetable cooperatives (Van Noi, Van Tri, Duyen Ha) or semi-public companies (Technical center for fruits and vegetables, Bao Ha). The safe vegetable cooperatives are made of voluntary farmers’ associations gathering farmers with neighbourhood and/or family relationships, with higher financial capacity and land size than the average. In Van Tri, the shares are 200 USD/person and the size of farms is 0.45 ha on average, like in Van Noi, i.e. more than twice the average in Red River Delta. The cooperatives have small vans to transport vegetables to supermarkets.

Because of the requirements of supermarkets in terms of vegetable diversity and regularity, the cooperatives have to recourse to collection of vegetables outside their members, especially for off-season vegetables that cannot be grown in peri-urban areas. This gives some opportunities for the poor living in mountainous areas, e.g., Moc Chau and Dalat, as they have specific advantages for the production of off-season vegetables because of their favourable climatic conditions. Moreover, the poor of Hanoi peri-urban areas (the district with the highest percentage of poor being Soc Son, with 4.3% of poor), can become the suppliers of safe vegetable cooperatives and companies as is the case for Bao Ha, provided they got some preliminary training.

In Moc Chau, vegetables are mainly produced in two villages, Chieng ly and An Thai, where poor households (defined as earning less than 70 000 VND/month) represent 16% of households. But poor households are not spontaneously involved in vegetable production, because of the marketing risks associated with vegetables, the necessity to invest in agricultural inputs, e.g., fertilizer and pesticides and the necessary training. Hence the poor households are involved in subsistence rice production plus other staple crops e.g. sweet potato and cassava. The condition for poor households to get involved in vegetable production is: (i) the credit provision of inputs (seeds, fertilizer, pesticides); (ii) the provision of training; (iii) the guaranteed purchase of products at stable prices for the season; (iii) risk shouldering, by not claiming input credit in case of harvest losses. This has been done by Moc Chau cooperative in the two past years and has enabled the shift from staple crop to vegetable production and marketing of four poor families of Thai ethnic origin. This shift has enabled the families to earn enough cash to invest in improved housing and transportation. In addition to these four contracted farmers, two poor subsistence farmers are working for the cooperative as employees on land owned by the cooperative, to produce vegetables for which they have been trained. They get a monthly salary of 500 000 VND per month, and also benefit from housing rented by the cooperative.

The advantages of poor households as suppliers according to the head of Moc Chau cooperative mostly relates to their labour ability. Safe vegetable production is quite adapted to the profiles of small-scale farmers as the economic data on production costs show that these are lower for Moc Chau farmers involved in the supply of the cooperative than those outside...on the other hand the labour requirements are higher.

Hence the involvement in Moc Chau cooperative supply has enabled six households to step out of poverty; this is a small impact in numbers, but can be seen as a model of poverty alleviation through contracts on inputs, labour and products.

As regards farmers supplying HCM supermarkets, they cannot be termed as poor in the sense of people earning less than 500 000 VND/month (poverty line of Committee of Hunger Elimination and Poverty Reduction), but we can find 5% of small-scale farmers with land less than the average, i.e. less than 2900 m² (VLSS 1997-1998 data for North-East of South), in the Cu Chi cooperatives supplying Metro and Coopmart with leafy vegetables. On the other hand, poor farmers of Duc Trong district of Dalat are not supplying supermarkets, which are supplied by cooperatives whose members have to pay shares more than 1 M VND.
The involvement of the poor is higher in rice production than in vegetable production as they represent around 20% of rice farmers in the two communes of Hai Phong and Hai Toan of Hai Hau district (defined as earning 50,000 to 80,000 VND, and 700 to 1000 m²), while the percentage of the poor in the area is 15%. The supermarket-driven chain is supplied by companies buying from medium-scale to large-scale farmers, while the association-driven chain supplying supermarkets comprise around 20% of poor farmers.

As regards Yen The-Bac Giang, the poor (defined by local authorities as earning less than 80,000 VND/month), represent 16% of households in 2004 – a percentage equivalent in litchi production. Litchi production has enabled a substantial reduction in poverty rate (it amounted to 36% in 2000). Thanks to litchi sale, the farmers earn more than 40,000 VND per day, but this is only during 43 days due to small size of production, and still low yield due to lack of training. Litchi from Bac Giang does not supply at the moment supermarkets, which are supplied with Thanh Ha litchi in small quantities. Thanh Ha litchi benefits from a reputation of quality (as well as Luc Ngan, Bac Giang) which has not yet been obtained by Yen The litchi despite similar varieties grown. This shows the importance of quality promotion in the supply of supermarkets and other adding-value outlets.
Table 10-Summary of participation of the poor in the investigated value chains

<table>
<thead>
<tr>
<th></th>
<th>Vegetables Moc Chau</th>
<th>Vegetables Soc Son</th>
<th>Vegetables HCMC</th>
<th>Rice Hai Hau</th>
<th>Litchi Bac Giang</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty line (from local</td>
<td>70,000 VND/month</td>
<td>130,000 VND/month</td>
<td>In Cu Chi district: n.y.a.</td>
<td>50000 to 80000 VND/month</td>
<td>80000 VND/month</td>
</tr>
<tr>
<td>authorities)</td>
<td></td>
<td></td>
<td>In Donc Duong district:n.y.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In Duc Trong district:n.y.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of poor in 2005 in the</td>
<td>16% (Chien Ly, An</td>
<td>4.3%</td>
<td>In Cu Chi district:n.y.a.</td>
<td>20% (Hai Phong, Hai Toan communes)</td>
<td>16.3% in Yen The</td>
</tr>
<tr>
<td>selected districts</td>
<td>Thai communes)</td>
<td></td>
<td>In Donc Duong district:n.y.a.</td>
<td></td>
<td>5.4% in Thanh Ha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In Duc Trong district:n.y.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of poor in 2005 for the</td>
<td>0 at the moment but 6 families stepped out of poverty through Moc Chau cooperative contracting or employment</td>
<td>32%</td>
<td>In Cu Chi district:5%</td>
<td>20% (Around 520 poor rice farmers)</td>
<td>16%</td>
</tr>
<tr>
<td>selected products in the</td>
<td></td>
<td></td>
<td>In Donc Duong district:0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>selected districts</td>
<td></td>
<td></td>
<td>In Duc Trong district:0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of poor</td>
<td>6 families stepped out of poverty through Moc Chau cooperative contracting or employment</td>
<td>32%</td>
<td>None</td>
<td>20%: All 520 poor rice farmers supply indirectly supermarkets through food companies</td>
<td>0%</td>
</tr>
<tr>
<td>participating in supermarket-driven chains, and other high adding-value chains</td>
<td></td>
<td></td>
<td>In Cu Chi cooperatives supplying Metro and Coopmart, 5% of small farmers (&lt;2900 m²)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60% of farmers supplying vegetables to Dung Thao company (60 farmers)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>n.y.a: not yet available</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As regards vegetables, safe vegetable programmes launched in 1995 in Hanoi and 1997 in HCMC have played a crucial role to revive farmers’ organisations. Public administrations in HCMC have intervened in various areas to promote farmers’ associations involved in safe vegetable production (see Table 11): training on cooperative management; training on safe vegetable production (several days per month), support on interest rate from 4 to 7%; organisation of vegetable fairs; quality control organised 1 to 2 times per month in Cu Chi district, and once a year in Dalat area. Vegetable farmers’ organisations in Hanoi and HCMC are in the form of commercial cooperatives with shares, with a legal form in Vietnam since 1996 (Dao The Anh, 2005), except in the case of Ap Dinh which is an association.

Table 11-The role of public administrations in the promotion of farmer’s organisations in Southern Vietnam

<table>
<thead>
<tr>
<th></th>
<th>DARD</th>
<th>DoT</th>
<th>Cooperative alliance</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Management</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Production</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supported interest rate</td>
<td>X</td>
<td></td>
<td></td>
<td>Vietnam Bank for social policy</td>
</tr>
<tr>
<td>Vegetable fairs</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality control</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Farmers’ organisations, in Hanoi like in HCMC, are vehicles of government support to farmers in HCMC and Dalat, in particular in the area of quality development; in addition, they are involved in input supply and collective marketing (by using salaried traders, collective transportation, joint negotiation with purchasers, which enables economies of scale and joint reputation for quality. In Northern Vietnam, Hai Hau and Thanh Ha associations have been set with the help of VASI-DSA in 2003 to answer marketing problems expressed by farmers; they play a crucial role in rice processing, technical training and the building of reputation and label on origin.

The functions of the different investigated farmers’ organisations are summarised in Table 12.
<table>
<thead>
<tr>
<th></th>
<th>Peri-urban (vegetables)</th>
<th>HCMC</th>
<th>Lamdong province (vegetables)</th>
<th>Peri-urban (vegetables)</th>
<th>Hanoi (vegetables)</th>
<th>Moc Chau (vegetables)</th>
<th>Nam Dinh (rice)</th>
<th>Hai Duong (litchi)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production techniques</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(safe vegetable production with DARD)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Organisation of</td>
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<td></td>
</tr>
<tr>
<td>labelling/marketing</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Processing and packing</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit supply</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Input supply</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing: joint name;</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contact with traders,</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>transport, pricing,</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>salaried traders</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality control</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>including:</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
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<tr>
<td>External safety control</td>
<td>Organisation of</td>
<td></td>
<td></td>
<td>Certificate from</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>control</td>
<td>inspections by DARD</td>
<td></td>
<td></td>
<td>department of science</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal safety control</td>
<td>x</td>
<td></td>
<td></td>
<td>and technology(out of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>control on physical</td>
<td></td>
<td></td>
<td></td>
<td>date)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>quality/origin</td>
<td></td>
<td></td>
<td></td>
<td>Control of origin/soil</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>farmers’ commitments</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>to follow procedures</td>
<td></td>
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<td></td>
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<tr>
<td>External control on</td>
<td></td>
<td></td>
<td></td>
<td>Tests with department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>physical quality/origin</td>
<td></td>
<td></td>
<td></td>
<td>of science and</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>technology</td>
<td></td>
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</tr>
</tbody>
</table>
D - THE IMPACT ON INCOME OF SUPPLYING QUALITY RETAILERS

The study shows that selling commodities to retailers with strategies of quality promotion generates additional incomes for farmers, especially those organised in associations. Retailers with quality promotion do not only include supermarkets, but also shops and stalls (individual or in markets), which are easier to attain for small-scale farmers than supermarkets. It should also be highlighted that income increases generated by supermarket supply compared with traditional chains are not systematic, and are in no cases dramatic.

In Ho Chi Minh City, profits per kilo of farmers are higher in supermarket-driven chains than in traditional chains, especially as regards ordinary tomato supplied from Anh Dao cooperative in Dalat area to Coopmart (890 VND/kilo = 21% of final price relative to 176 VND/kilo = 5% of final price, i.e., a 400% profit difference). Production costs are higher in the supermarket chain because of harvest and postharvest cost to deliver grade 1 tomato (mostly labour costs). For water convolvulus profits are also higher while farmer costs are the same (869 VND/kilo = 25% of final price, relative to 769 VND/kilo = 21% of final price, i.e. a 13% profit difference). For baby tomato, there is no difference in farmers’ profits despite higher final price in supermarkets than in traditional outlets. Farmers owning production land area of 1000 m², have almost doubled their vegetable income to about 950,000 VND compared to 500,000 VND before 2002. This achievement has derived from a little increase in price and, more importantly, an increase in their supply capacity of vegetables.

In Hanoi, Soc Son farmers involved in the supply of Bao Ha, itself supplying supermarkets, get slightly higher profits than the other Soc Son farmers (2121 VND/kilo instead of 1727 VND/kilo, which corresponds to 49 and 48% of final price, and a 23% profit difference); the difference of profits for Moc Chau farmers supplying Moc Chau cooperative (itself a supplier of shops and supermarkets) is similar: 949 VND/kilo relative to 881 VND/kilo, 23% and 25% of final price respectively. When the cooperative is supplied by collectors rather than directly buying from farmers, the profits are even lower for farmers (699 VND/kilo). The fact that income increases are little is due to: (i) the lack of differentiation in vegetable safety because of lack of rigorous quality control; (ii) the length of the chain of supermarket supply, with 3 cooperatives acting as intermediaries (Moc Chau, Van Tri and Van Noi).

In the rice chains, selling to supermarkets through the association generates the highest profits per kilo of flavoured rice (5442 VND/kilo compared with 3167 VND/kilo in the traditional supermarket chain, and 3140 VND/kilo in the traditional chain, i.e. a 42% profit difference).

Litchi farmers involved in the association chain from Thanh Ha and selling to supermarkets are those who earn the highest profits per kilo: 3545 VND/kilo in 2004, compared with 2567 VND/kilo for Thanh Ha farmers outside the association (i.e., a 38% profit difference), 2151 VND/kilo for Luc Ngan litchi sold in shops and 1766 VND/kilo for Yen The litchi sold by street vendors. Yet, the situation of the association is fragile, as the collector is also the one who get the highest costs (2690 VND/kilo for collecting costs and 4500 VND/kilo for purchase price), and litchi is a highly perishable product, so losses can be high at retail and wholesale level: collectors get income losses when product losses are higher than 10% (which commonly happens twice a month). In 2005, due to high losses at the retailing stage, supermarkets could only pay the association 7000 VND/kilo (instead of 8000 VND/kilo), and the collector purchased the litchi at 3000 VND/kilo (compared with 4500 VND/kilo in 2004) – which is still higher than the price of farmers outside association (2500 VND/kilo). In the litchi chains, prices increase between Yen The, Luc Ngan and Thanh Ha litchi, due to the increased reputation as regards quality (in particular, sweetness, sorting). Yet, the varieties grown are generally the same between the three locations (thieu). There are still technical improvements to be done in Yen The as regards yield and quality, in particular in terms of choice of plants (with credit support) and tree care. Finally, farmers close to roads have the possibility to sell directly in Hanoi with their motorbikes and develop regular relationships with retailers in Hanoi while isolated farmers in Bac Giang have to sell to collectors at lower prices.
Figure 1- Costs and profits relative to final vegetable retail price in HCMC

Source: Nong Lam University surveys, MALICA/MMWB4P, 2005
The costs and profits for farmers in the supermarket chain are for 1 kg of mixed rice, that is for 300 g of flavoured rice, while they correspond to 700 g of flavoured rice in the traditional chain and 1 kg of flavoured rice in the association chain. So the farmer costs differences presented between the three chains mostly correspond to differences in quantities of flavoured rice sold by farmers for 1 kg of retail rice. For 1 kg of flavoured rice, the production costs are 2833 VND/kilo in the traditional chain, 2953 VND/kilo in the supermarket chain and 3231 VND/kilo in the association chain, the differences relating to higher use of fertiliser, higher cost of seeds and labour.
E - FARMERS’ BENEFITS AND CONSTRAINTS IN THE SUPPLY OF SUPERMARKETS

While the main advantages of supermarkets relate to stability in prices and quantities bought, the disadvantages relate to their requirements in terms of quality, diversity, delivery, as well as less favorable conditions of payment, and possible opportunistic behaviour (see Table 13).

1 - ADVANTAGES OF SUPERMARKETS

- Higher prices
  In Ho Chi Minh City, vegetable prices paid by supermarkets are 10 to 20% higher than prices paid in traditional chains. As regards Hai Hau rice, farmer gate price is slightly higher (by 2%) in the supermarket chain than in the traditional chain, while it is 45% higher in the association chain selling pure flavoured rice. The difference for litchi farmers’ price between supermarket and traditional chain is around 20% (and more than 50% for farmers inside the association). The price difference between supermarket and traditional chains is also around 20% for Soc Son farmers; for Moc Chau, there is no price difference.

- Security of outlets
  In Ho Chi Minh City and Hanoi, supermarkets purchase weekly stable quantities of vegetables, at prices more stable than in the traditional chains. This is translated into a yearly contract with estimated quantities and prices – which are more precisely negotiated every week.

  The stability in prices and quantities are variable according to the supermarkets and are diminishing with supermarket competition and development (see below). In Ho Chi Minh City, the stability of offered prices has decreased from seven to three days.

2 - DRAWBACKS OF SUPERMARKETS

- Quality requirements
  Supermarkets have requirements in terms of physical quality, especially in HCMC where they impose a system of grading and buy only grade 1. In Hanoi, physical quality requirements are limited to little damage and size homogeneity, plus packaging (except in the case of Moc Chau tomato as well as leafy-vegetables of Ha Tay sold in Big C). As regards rice, the requirements in terms of quality mostly refer to packaging. Quality as regards the percentage of flavoured rice in what is sold as flavoured rice is actually lower in supermarkets (30%) than in traditional chains (70%) except for those which buy from the association chain (100%). Litchi can be sold packaged or unpackaged. Supermarkets express preferences for packaged litchi, with indication of origin.

  As regards vegetable safety, suppliers are selected according to their ability to produce a certificate of safe vegetable production in Hanoi (although out of date). But supermarkets admit that in times of scarcity of vegetable supply, i.e., during the rainy season, they buy vegetables from collectors buying from Moc Chau or even China without proof of vegetable safety. In Ho Chi Minh City, suppliers are inspected by DARD (every month in Cu Chi, every year in Dalat); Metro and Coopmart perform also their own inspections on an occasional basis; Coopmart charges farmers the cost of inspection when problems are identified. In Hanoi, there is a commitment that in case some consumers complain of having been poisoned by vegetables sold by supermarkets the supplier and vendor should jointly identify the source of the problem and find solutions.

  As regards rice, the requirements in terms of safety mostly refer to the registration of suppliers in the department of health.
• **Diversity requirements**
  There is a pressure of supermarkets on suppliers to increase the diversity of supplied vegetables. Anh Dao cooperative supplies 32 varieties, 4 of those are sold less than 10 kg.

• **Transport requirements**
  Supermarkets ask to be delivered daily by their suppliers; this is usually done by small van in the case of vegetables, or motorbike for Thanh Ha litchi.

• **Payment conditions**
  While in traditional chains, farmers are paid immediately or after one to three days, supermarkets pay 15 days after the sale in HCMC.

  Supermarkets deal with suppliers as legal entities who have bank accounts, can provide bank accounts, and, in some cases, can provide invoices and pay VAT.

  In HCMC, some supermarkets, e.g., Coopmart, reduce 1 to 2% of the final price for promotion expenses. In Hanoi, contracts with some supermarkets (Intimex and Fivimart) stipulate that vegetable suppliers have to endorse the risk of 50 to 100% value of the non sold product. When litchi is unsold, the producer gets back the unsold product for drying.

• **Variable loyalty**
  Not all relationships with supermarkets guarantee security of outlets. While the relationships between Ap Dinh-Coopmart and Van Noi-Intimex are described by suppliers as long term and loyal, in Ho Chi Minh City, Dalat cooperatives supplying Metro complain of the frequency in the change of suppliers to get the lowest possible prices, sometimes at the expense of vegetable safety.

### Table 13-Summary of advantages and constraints of supermarket chains

<table>
<thead>
<tr>
<th></th>
<th>Supermarket chain</th>
<th>Traditional chain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages for supermarkets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prices</td>
<td>10 to 20% higher</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>Regular weekly purchases in quantities and prices</td>
<td>More variable demand in quantities and prices</td>
</tr>
<tr>
<td><strong>Drawbacks for supermarkets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality requirements</td>
<td>Physical requirements</td>
<td>Quality</td>
</tr>
<tr>
<td>Diversity</td>
<td>More than 10 varieties required in HCMC (check)</td>
<td>No requirement</td>
</tr>
<tr>
<td>Payment conditions</td>
<td>15 days</td>
<td>1 to 3 days</td>
</tr>
<tr>
<td></td>
<td>Unsold products have to be paid back for 2 SM</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>Daily delivery to supermarket</td>
<td>On farm collection</td>
</tr>
</tbody>
</table>
RECOMMENDATIONS

The listed recommendations aim at helping small-scale farmers to better benefit from the development of supermarkets and other adding-value outlets.

1 - PROMOTION OF FARMERS’ ASSOCIATIONS SELLING LABELLED PRODUCTS

Farmers’ associations in southern Vietnam (Cu Chi district and Lamdong province) provide particularly striking examples of the efficiency of the combination of a number of functions to increase product quantity and quality and have access to supermarkets. These functions include activities provided by the provincial administrations and for which the association acts as a vehicle: (i) technical training; (ii) credit in particular to invest in nets and tunnels; (iii) safety control; and economic functions performed by the association board, i.e., the marketing of inputs and outputs, the labelling of products with indication of origin and quality characteristics. In the North, Hai Hau, Thanh Ha and Moc Chau associations are other good examples but they are more fragile because public support is less sustained than in HCMC. A dissemination of “success stories” of farmers’ associations as identified by this study, among farmers and administrations of the south and the north is recommended.

2 - DEVELOPMENT OF PRO-POOR FOOD SAFETY CONTROL

The fact that supermarkets are mostly supplied by farmers’ associations and agricultural centers which have gone through training on safe vegetable production shows how important a criteria food safety is for supermarkets. Yet the system of control is fragile, especially in Hanoi; when controls are performed by DARD in shops and in the fields and that positive results are shown, no system of sanctions is applied; in Hanoi and Moc Chau there is no system of vegetable control and certification in the field since 2002 (but it is slowly coming back with the Department of Plant Protection having certified two cooperatives in 2004). It is impossible for the public as well as the private sector to entirely support food safety control in all production and selling points but there should be at least some unexpected controls in the fields and all selling points to check that toxic food is not sold, with appropriate system of warning and sanctions; and the accreditation of private laboratories controlling private and public standards. This may not be adapted to poor farmers though, for which there can be more poor-friendly systems of participatory certification (PGS=participatory guarantee systems, the philosophy of which has been developed by the international organic movement), based on joint commitments of farmers to follow production protocols, internal procedures of unexpected inspection, warnings and sanctions, with the participation of farmers and consumers in the definition of protocols and procedures.

3 - TECHNICAL TRAINING

In addition to regular farmers’ training on fruit and vegetable safety, there is technical training to be delivered to improve the physical quality of products:

- for litchi, as regards choice of plants and care of trees
- for fruits and vegetables in general, as regards produce sorting and choice of varieties in accordance with consumers' needs
- for flavoured rice, practices related to manure and fertiliser use, quality of seeds, date of harvesting and care in processing, need to be improved to improve rice taste.

Training on off-season production, be it for vegetables or litchi, can provide farmers with new marketing opportunities. A technical and economic evaluation of organic litchi production, which is of interest for Bac Giang farmers as they do not use much chemicals at the moment, is also recommended.
4 - CREDIT PROGRAMMES

Credit programmes can help the poor to get access to the inputs necessary to diversify their production and improve quality, i.e., litchi plants. Investments in joint marketing facilities can also be encourages by credit programmes. Van Tri direct retail sale in 19-12 market is considered by the participating farmers as more profitable than sale to supermarkets, but it requires preliminary investment that many associations cannot afford if not supported by credit schemes.

5 - ENHANCING KNOWLEDGE ON CONTRACT PERFORMANCE

The success story of Moc Chau cooperative in developing contracts with farmers for the delivery of inputs, output marketing and risk support should be widely disseminated. As regards contracts linking supermarkets and suppliers, they are not entirely satisfactory at the moment for suppliers as they do not provide any security as regards price fluctuations and do not prevent supermarkets to shift to other suppliers if found more price competitive. On the other hand, suppliers may not always be possible to supply supermarkets with the regularity and diversity that they require. Hence it is recommended to raise the awareness of the heads of farmers’ associations on the advantages, drawbacks and responsibilities involved in different kinds of contractual arrangements with their purchasers, with varying degrees of flexibility in price variation and purchasing commitments.

6 - PROVIDING STORAGE AND WHOLESALE FACILITIES ACCESSIBLE FOR SMALL-SCALE FARMERS

The example of FAMA in Malaysia providing distribution centers with cold storage near production areas is worth replicating, it could be tested in some areas concentrating vegetable production, e.g., Van Tri-Dong Anh, and Duc Trong-Lam Dong. As regards wholesale markets they are more accessible to small-scale farmers than supermarkets, and the inclusion of “safe vegetable areas” could be considered like in China, but in Vietnam, supermarkets do not commonly purchase vegetables from wholesale markets, they prefer to get direct delivery from farmers or collectors.

7 - IDENTIFYING NEW MARKET NICHEs

In mountainous areas, some special products, grown by the poor could be promoted in Hanoi outlets, e.g., special races of pigs, or medicinal plants..and then support to marketing could be organised.
REFERENCES

A - LIST OF C3 REPORTS


B - OTHER REFERENCES


APPENDIX – EXAMPLES OF QUESTIONNAIRES USED IN C3

QUESTIONNAIRE FOR SUPERMARKET MANAGERS

Objectives of survey: helping poor farmers in Vietnam to have better access to supermarkets

Code: ..........................          Date: ..........................

Name of supermaket:..............................................................................

Name of interviewee :..............................................................................

Location (address): ..............................................................................

I. SIZE OF SUPERMARKET

1. WHEN DID YOUR SUPERMARKET OPEN?

   1. What was the initial size of your supermarket ? .................. m²
   Is the area different now ? ...............................................................

   2. What is the area for food ?
       ..................m²

   What is the area for fresh fruits and vegetables?

       ..................m²

3. Did your supermarket sell food when it opened?

   No: .........  Yes: .......

   If no, when did it start selling food?: .......

4. What kind of food do you sell more at the moment?

   a. .................. b. .................. c. ..................
   d. .................. e. .................. g. ..................

5. How many people work in your supermarket ? .............................

       ...........................................................

6. How many people work in the food section? ..............................

6. How many people work specifically for the vegetable section?

7. What are the quantities of vegetables sold per day? Minimum-maximum
For tomato?

For rau muong?

II. MODE OF BUYING AND SELLING

II.1. How do you get your supply of tomato and rau muong? (see codes under table)

- If products of different quality characteristics and packaging, indicate it in the type

<table>
<thead>
<tr>
<th>Tomato Type:</th>
<th>Tomato Type:</th>
<th>Rau muong Type:</th>
<th>Rau muong Type:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Nature of suppliers (code)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Nature of delivery (code)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Place(s) of purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Nature of transport to place of purchase (code)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Place(s) of production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Name of supplying cooperatives or enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Codes

a. Nature of suppliers: 1 = individual producers – 2 = farmers’ association – 3 = collectors – 4 = wholesalers – 5 = company (give name) 6 = other (state what)
b. Nature of delivery: 1 = on spot – 2 = transport to place of purchase
d. Nature of transport: 1 = motorbike – 2 = ordinary van – 3 = refrigerated van – 4 = other (specify)

II.2. What kind of supplier do you prefer (producer, farmers’ association, collector, wholesaler, company)? Why?
II.3. Do you have regular or occasional relationships with the suppliers?

Regular       Occasional

Why?

II.4. What type of relationships do you have with your suppliers? (for buyers with regular suppliers):

Priority purchase
Priority sale
Payment after sale
Credit in cash
Credit in kind    what?
Fixed price during............months (state number of months)
Commitment on quantity to be supplied for...........months
Other types of commitments (quality..)

Written contract
Delivery of inputs  what inputs:
Training           what training:
Risk sharing when unsold products  how.                     ........

II.5. What criteria do you use to choose the suppliers?

II.6. If food safety is included in the criteria, how do you ensure that you have access to safe vegetables?

II.7. If price is one of the important criteria, how do you manage to get the lowest possible prices?
II.8. Could you tell me the mode of payment for suppliers?

Cash:

Delayed payment in cash: number of days after sale

Bank transfer: number of days after sale

II.9. Do you have any difficulty when you buy vegetables? If yes, what difficulties?

II.10. Do you have any difficulty when you sell vegetables?

From customers:

From others:

II.11. Can you distinguish the origin of vegetables coming from different locations? For example:

Tomato

Rau muong

II.12. Which origin do you prefer? Why?

Tomato

Rau muong

II.13. What is the frequency of product delivery to your supermarket?
III. POSSIBLE UNTAPPED OUTLETS

1. ARE THERE SOME FOOD PRODUCTS WHICH YOU WOULD LIKE TO GET IN BIGGER QUANTITY?

2. Why?

3. WHAT IS YOUR PRESENT MODE OF SUPPLY FOR THESE PRODUCTS?

<table>
<thead>
<tr>
<th>a. Nature of suppliers (code)</th>
<th>b. Place(s) of purchase</th>
<th>c. Place(s) of production</th>
<th>d. Name of supplying cooperatives or enterprises</th>
</tr>
</thead>
</table>

Codes

a. 1 = individual producers – 2 = farmers’ association – 3 = collectors – 4 = wholesalers – 5 = company (give name) 6 = other (state what)

IV. NATURE OF CUSTOMERS

IV.1. What type of customers does your supermarkets have?

<table>
<thead>
<tr>
<th>Products</th>
<th>Frequence of Buying</th>
<th>Type of customers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Households</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rich &gt; 1 M</td>
</tr>
<tr>
<td></td>
<td>+ Regular</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Occasional</td>
<td></td>
</tr>
</tbody>
</table>
IV.2. Do you give special advantages to your customers?

For example: Credit card; Home delivery.

V. FIXATION OF BUYING AND SELLING PRICE

V.1. What is the basis for your setting your buying and selling price?

V.2. Do you compare your selling price with the price of retail markets? (wholesale market for Metro)

If yes: how do you get informed about the retail market prices?

Do you try to sell

At the same price
At a lower price (by how much)
At a higher price (by how much)

V.3. Do you compare your buying price with the price at wholesale markets

If yes: how do you get informed about the wholesale market prices?

Do you try to sell

At the same price
At a lower price (by how much)
At a higher price (by how much)

V.4. Do you have a fixed margin relative to the purchase price to cover your costs?

For example: The trading on 3 products?
<table>
<thead>
<tr>
<th>Items (/kilo)</th>
<th>Tomato</th>
<th>Rau muong</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Buying price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Cost of trading</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Packing (Bag, etiquette...)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Package ?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Labour in goods – shelf ?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Keep in good condition ?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (1 + 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Selling price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This table will be difficult to fill – Rather tell them the margins in other countries, and ask if the same, if lower or higher

**VI. PROSPECT**

VI.1. Does your supermarket have any projects in the future?

For expansion of shop (by how much)

For diversification of products: what new products:

For new suppliers: who?

For new shops: where?

How do you select the location of new shops? ................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................
VI.2. What kinds of food do your supermarket would sell more?

VI.3. According to you, what kind of farmers can access the supermarket to sell their products?

VI.4. According to you, what factors are necessary for poor producers to access the supermarkets?

VI.5. Do you have ideas to help poor producers get more income?
**QUESTIONNAIRE**

*(For litchi retailer)*

Code: ................. Date ........... 2004 Location of interview: .................

1. Name of interviewee: ............................................ Age: .................

2. Address: ............................................................

3. How many months do you sell the products in Hanoi: ................. In there: for litchi: ................. and for other products: .................

**I. MODE OF BUYING AND SELLING**

1. Who are your suppliers? .............................................

2. What kind of farmers are involved in your supply?
   - Small scale: ................. 
   - Large scale: ................. 
   - Subsistence: ................. 
   - Commercial: .................
   - (m²/ tree)
   - (m²/ tree)

3. What kind of farmers do you prefer? Why?
   .................

4. Could you tell me about your trading during the 5 nearest days?

<table>
<thead>
<tr>
<th>Date</th>
<th>Buying</th>
<th>Selling</th>
<th>Source/Variety</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity (kg)</td>
<td>Price (₫/kg)</td>
<td>Amount (₫)</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Special section on economic results

<table>
<thead>
<tr>
<th>No</th>
<th>Articles</th>
<th>Amount</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Interest rate:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Cost accommodation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Food, water</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td>Investment in the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Or + Bamboo frame</td>
<td></td>
<td>How many months do you use it?</td>
</tr>
<tr>
<td></td>
<td>+ Basket</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Or + Bicycle</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Basket</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Balance</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Did you ever lose your capital? How often did it happen during the last month?

7. Do you have regular suppliers?

   Yes [ ] No [ ]

8. What are your criteria for choosing suppliers?

   - [ ] Quality (sweet, fresh, beautiful colour)
   - [ ] Price
   - [ ] Source
9. What type of relation do you have with your supplier:

- [ ] Priority customer  
- [ ] Credit from supplier  
- [ ] Delayed payment  
- [ ] Relative  
- [ ] Neighbor  
- [ ] Known for more than 3 years

10. Do you have any difficulty when you buy litchi?

11. Do you have any difficulty when you sell your products?
   a. From customers:   
   b. From others:   

12. Do you know the place of production litchi which you buy?

   - [ ] No  
   - [ ] Yes

Cite the source of the litchi:

13. How can you answer to customers when they asked you about source of litchi?

14. Do you distinguish the litchi which come from different locations? For example the difference between litchi from Hai Duong (Thanh Ha) and Bac Giang?

15. Which one do you prefer? Why?

II. CHARACTERISTICS OF CUSTOMERS

11. What kind of customers do you have?
## Frequency Estimate Income of Clients

<table>
<thead>
<tr>
<th>No</th>
<th>Frequency</th>
<th>Estimate Income of Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rich (&gt;$600,000NVD/month)</td>
</tr>
<tr>
<td>1</td>
<td>Customers buying litchi every week</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Clients not buy litchi every day</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Occasional customers</td>
<td></td>
</tr>
</tbody>
</table>

### 12. What kind of clients do you have?

a. They live near market.
   - Age: □ <30  □ 1 – 55  □ 56

b. They live far from market/Only work near market
   - Age: □ <30  □ 31 – 55  □ > 56

### III. FIXATION OF SELLING PRICE

13. What is the basis for your setting your selling prices?

14. What do you think about your price in comparison with the selling price of street vendors?
   - □ More expensive   □ cheaper   □ Similar

15. Could you cite the rotation of time for selling the litchi?
   - □ 1/2 day  □ 1 day  □ Other
V. COMPETITION

16. Do you have competition with the street vendors

No ☐ Yes ☐

17. If yes, what do you do for protection of your selling location?

..............................................................

..............................................................

..............................................................

VI. PROSPECTS

16. Do you have any project in the future? (For example development of stall or sell more type of fruits . . .)

..............................................................

..............................................................

..............................................................

17. According to you will street vending be possible in the future?

..............................................................

..............................................................

..............................................................

18. What is required to maintain this mode of selling?

- ..............................................................

- ..............................................................

- ..............................................................

21. Have you the number of clients increased in the five last year?

☐ No ☐ Yes

Why? ..............................................................

..............................................................

..............................................................

22. What will you do if you had to stop your selling?

..............................................................

..............................................................

..............................................................

24. Do you have any proposal to make to government or foreign organisation to help you?
Interviews of farmers inside associations supplying supermarkets

Selection of poor farmers
Income less than…..(average in the region) – to be estimated by the head of the association
Area less than…….(average in the region)
Housing characteristics:

I. Participation in the association
I.1. When did you start entering the association?
I.2. Why did you decide to enter the association?
I.3. What are the advantages of the association for you?
I.4. What are the constraints of the association for you?

II. Comparison of different distribution chains
II.1. Before selling to the association, who were you selling to?
II.2. And now, do you sell to other outlets than the association? Which ones?
II.4. For a given product (tomato, water convolvulus) at a given period (time of interview), describe the characteristics of different outlets:
<table>
<thead>
<tr>
<th>Product:</th>
<th>Period:</th>
<th>Supermarket</th>
<th>Direct retail sale</th>
<th>Sale to safe shops</th>
<th>Sale to ordinary retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase price</td>
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<tr>
<td>Min qty</td>
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<tr>
<td>Max qty</td>
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<tr>
<td>Delays in payment</td>
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<tr>
<td>Price variation</td>
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<tr>
<td>Quality requirements:</td>
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<td>Safety</td>
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<tr>
<td>appearance</td>
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<tr>
<td>Grading</td>
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<tr>
<td>Others</td>
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<tr>
<td>% of waste between harvest and collection</td>
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<tr>
<td>Time delivery of product between harvest and retail stage</td>
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<tr>
<td>Returns of unsold products</td>
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<tr>
<td>Services given to farmer by trader (training, credit..)</td>
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<tr>
<td>Other advantages</td>
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<tr>
<td>Other constraints</td>
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<tr>
<td>Existence of written contracts (if yes, detail nature of clauses)</td>
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<tr>
<td>Sanctions if contract not respected</td>
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</table>
III. Impact of sale to supermarkets on incomes

III.1. Since you sell to the supermarket, did you experience changes in your incomes?
Give some figures and indicators (possible investments in the household, in the farm, in other businesses)

IV. Production characteristics and results (ask these questions while visiting the farm)

IV.1. Size of farm:
Size of vegetable area:

IV.2. Nature of crops

Vegetables:
What does tomato (or rau muong) represent in the total income:

Other crops:
What do vegetables represent in the total farm income

IV.3. What are the other sources of incomes in the household? What is the percentage of your farm income in the total household income?

IV.4. Do you follow certain specifications as regards the use of chemicals?
If yes, what are these specifications?

Name of authorised pesticides:
Length of time between last treatment and harvest:
Other ways of disease treatment than pesticides:
Source of water:
Did you receive a certificate of safe production? From whom? When? Was it updated? When?

IV.5. For a given area and product, in the main period of production
Size of considered plot:

Product: Period:

Cost of seeds
Cost of pesticides
Cost of manure
Salaries
Irrigation costs

Cost of nets: Year of purchase of nets:

Other costs
Are there other any major investments (>1 MVND) being made in the farm (equipment, infrastructures fences..)

Date: Cost:

Number of family workers
Number of labour days/family workers
Time between sowing and harvest:
Yield (t/ha)

How many times do you grow tomato (or rau muong) per year?

IV.6. Do you calculate your production costs?

IV.7. Do you record all the operations in your farm in a book?

V. Prospects and conclusions
V.1. Please make a hierarchy of your major opportunities for developing supply of vegetables to supermarkets
1.
2.
3.

V.2. Please make a hierarchy of your major constraints for developing supply of vegetables to supermarkets
1.
2.
3.

V.3. Do you have any plan in the future for your business? Please expand
MALICA (markets and agriculture linkages for cities in Asia)

Le consortium MALICA associe des instituts de recherche français et vietnamiens : le CIRAD (le centre de coopération internationale en recherche agronomique pour le développement), l’IOS (l’institut de sociologie de l'académie vietnamienne de sciences sociales), le RIFAV (l’institut de recherche sur les fruits et légumes), le VASI (l’institut des sciences agronomiques du Vietnam), l’université agricole de Hanoi, et l’université agricole et forestière de Ho Chi Minh Ville. L’objectif principal est de renforcer la capacité d’analyse des marchés alimentaires et des relations entre villes et campagnes des chercheurs, étudiants, cadres de l’administration, responsables de groupes privés. MALICA met au point des méthodes qui sont appliquées à des projets visant à adapter la production alimentaire locale et la demande du marché intérieur, en quantité et qualité (ex : projet régional sur l’agriculture périurbaine, SUSPER ; projet sur les comportements alimentaires et la perception des risques). Les mécanismes d’information et de concertation des acteurs de l’offre et de la demande sont considérés, en complément aux analyses classiques de l’efficacité technique et économique des filières à leurs différents stades.

Les méthodes d’analyse de la consommation et des filières sont appliquées à deux domaines de recherche prioritaires : l’élaboration de la qualité dans le secteur alimentaire ; la régulation des flux d’origine périurbaine, rurale et extérieure. Les principales activités réalisées concernent l’application de ces thématiques aux filières légumes, porc et maïs ainsi que l’analyse des marchés de gros.

The MALICA consortium brings French and Vietnamese research institutes together. These include the CIRAD – centre de coopération internationale en recherche agronomique pour le développement, the IOS – the Institute of Sociology of the Vietnamese Academy of Social Sciences, the RIFAV – the Research Institute on Fruits and Vegetables, the VASI – the Vietnam Agricultural Science Institute, as well as the Hanoi Agricultural and Forestry University of Ho Chi Minh City. Its main objective is to reinforce the capacity of researchers, students, administrations as well as private groups in analysing food markets and city/country relations. These methods are applied to projects which aim at a correlation between local production and local market demand, in terms of both quantity and quality, such as the regional periurban agricultural project, SUSPER, or the project about food behaviour and risk perception. Stakeholders’ information and cooperation mechanisms are taken into consideration as a complement to classical technical and economic efficiency analysis for different stages in the commodity chains. Methods of consumption and commodity chain analysis are applied to two priority research fields: increasing quality in the food sector; and the comparative advantages of periurban and rural flows. The main activities over the past year have focused on the application of these methods to the vegetable, pork and maize commodity chains and the analysis of the wholesale markets.

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