

The role of coordination in the safe and organic vegetable chains supplying Hanoi

The recent economic, politic and demographic changes in Vietnam have led to growing urban demand in quantity and quality. Despite consumers' concern for vegetable safety (especially as regards pesticide residues) and the public and private initiatives taken to promote production and marketing of IPM and organic vegetables, the market for vegetables indicated as safe or organic still represents less than 5% of household consumption in Hanoi - although farmers' profits increase with the marketing of these vegetables. Our objective is to explain this situation by exploring the problems of intra-chain coordination.



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Methodology

The unit of our analysis is the leafy vegetables chains produced in Hanoi Peri-Urban Area. Based on a research protocol drawing from insights of institutional economics, we compared different coordination devices (signs, standards, horizontal coordination, vertical coordination) in chains labelled as quality vegetable chains (safe and organic), and in chains of "ordinary" vegetables; we used quantitative and qualitative surveys conducted between 2002 and 2004 on the consumers, traders and producers of leafy vegetables chains supplying Hanoi.

We keep use the term "safe" for the IPM vegetables and the term "organic" for the vegetables produced without any chemical, although this may convey the misled idea that organic vegetables are not safe.



Source: Hoang Bang-An and al., 2003. The chains illustrated here represent more than 90% of transactions

Coordination in ordinary chain

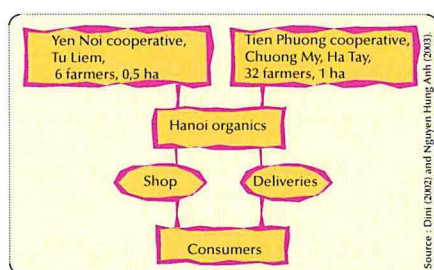
1. Absent signs and standards : ordinary vegetables, without indication of quality, constitute more than 95% of vegetables sold in Hanoi wholesale and retail markets.
2. Vertical coordination: mainly spot relationships.
3. Absent horizontal coordination: peri-urban farmers are involved in cooperatives, but, for ordinary vegetables, these cooperatives deal mostly with infrastructures, e.g., irrigation, and are not involved in marketing, which takes place on an individual basis.
4. Quality control is mostly organised in an internal way within the cooperatives; only the organic vegetable company has recourse to an external body.



Marketing chains of leafy-vegetables in Hanoi.

Coordination in organic chains

1. Attempts at certified quality signs. This certification is awarded by "Organic Agricultural Certification Thailand". Yet, this certification has been interrupted from June 2004 onwards due to financial difficulties of the company.
2. Vertical coordination: Hanoi Organics Company signs 2-year contracts with six families of producers in Hanoi province, and 32 farmers in Ha Tay province, specifying the production regulations and frequency of controls, while quantities and prices are renegotiated every 3 months.
3. Limited horizontal coordination : no collective action among producers, i.e., as regards the grouping of sales, or quality control, which created some dependence between the farmers and the marketing company, and problems of adequate coordination between farmers and the company staff.



Simplified organic vegetable chain in Hanoi in 2002.

Source: Dini (2002) and Nguyen Hung Anh (2003)

Conclusions and perspectives

The comparison of ordinary and quality vegetable chains (safe and organic) confirms the proposition that integrated forms of coordination and farmers' collective action are the most developed in chains with the highest share of vegetables getting a premium for quality, together with the presence of signs and the reference to quality standards.

Recommendations at the State level are indicated below:

1. Defining minimum non-toxicity standards and ensuring they are respected.
2. Supporting definition and control of compliance with private standards, notably via laboratory accreditation.
3. Providing information concerning the advantages and disadvantages of various methods of coordination.



Safe vegetables in a row of a supermarket in Hanoi.

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