

Increase income for the poor

The Sedge Value Chain

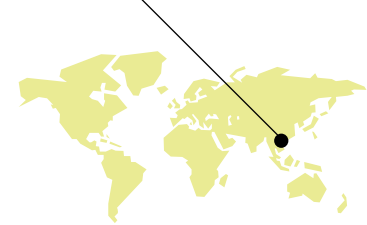
Promoting changes in the value chain
to benefit the poor

Capacity Development Illustrated



Tong Duc Chinh works on the Binh Minh communal farm in Kim Son district. Chinh is a farmer who has cultivated sedge, a grass-like plant, for fifteen years, moving on to semi-processed sedge products in the last five years. In addition, he grows rice to support his family of four. A financial costbenefit

Tong Duc Chinh, Vietnam



analysis and a soil analysis have revealed that farmers such as Chinh can save 30 per cent of their fertiliser cost and increase the sedge yield by 40 per cent. SNV's goal is to increase the share of benefits for the underprivileged by analysing the entire chain from producers to consumers and promoting changes wherever useful.

Sedge is mainly used as a raw material for handicraft products, such as mats, baskets and decorative items. With a total export value of US\$ 10 million, Ninh Binh province, 100 kilometres south of the capital Hanoi, is considered to be the leading producer of Vietnamese sedge handicraft products in the country.

The sedge sub-sector is important for the economic situation in the province. It accounts for 27 per cent of the total export turnover from the province and, more importantly, most enterprises are privately owned (the other main traded products such as rice and pineapple are dominated by state-owned enterprises). As for the market potential, the export market for sedge handicrafts has grown at an average of 10-15 per cent over the past five years. Approximately 25,000 poor households, spread over 56 villages are involved in the sector, both as farmers of the raw material and handicraft producers. In these communities, the income from sedge can vary between 20 and 50 per cent of the total income, depending on the level of processing that is carried out in a village.

In recent years, the sub-sector has experienced a downward trend, partly owing to the shortage of high-quality raw material, which leads handicraft importers to source outside Ninh Binh for handicraft products made of other natural materials.

SNV launched its programme to stimulate the competitiveness of small and medium enterprises in the sedge value chain in June 2006, with an additional grant from the Ford Foundation of US\$ 51,000.

A market-oriented study analysed the factors that influence farmers to opt for sedge vs. alternative crops and products. SNV selected Binh Minh Farm, which has contracted over thousand families in the district, for the pilot study, and developed the first ever extension service for sedge under the technical guidance of researchers at the Hanoi University of Agriculture. The survey provided a thorough baseline for measuring the impact of follow-up activities.

In 2006 the provincial authorities asked the Department of Agriculture and Rural Development (DARD) to propose a comprehensive policy to counter the downward spiral of the sedge sub-sector. The department approached SNV for support in drawing up appropriate policy recommendations to address all stages of the value chain - cultivation, processing, production and trade.

To map the main issues in the cultivation stage of sedge, a local team consisting of representatives from DARD, the extension centre and district staff conducted a financial cost-benefit analysis of the three main crops in the coastal area: rice,



shrimp/crab production and sedge. The province now actively supports the sedge sub-sector and plans to invest 30,000 Euros from 2006 till 2010 for R&D and innovation. Based on the policy formulated, SNV continues to support the department and actors within the value chain. As a follow-up, public-private partnerships will be promoted.



Sustainable improvements

The province has adopted many of the recommendations made by the study team in its five-year master plan to support the sub-sector. This has resulted in a comprehensive approach to improve both the quantity – output targets – and quality of the sector. Most importantly, the government has invested € 30,000 for applied research and development (R&D) and innovations at the cultivation stage, as well as skills development and the availability of credits to enable producers to invest in improving production capacity.

What did SNV do?

To improve the production of sedge crop, SNV:

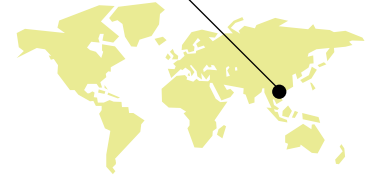
- Supported a team of researchers and local stakeholders to undertake fieldwork and consolidate the analysis;
- Facilitated knowledge transfer from the researchers to sedge growing communes, including the preparation of a sedge cultivation manual;
- Developed a pool of local experts on sedge cultivation to formulate extension services for sedge;
- Advised the Department for Agriculture on the formulation of a provincial policy to promote sedge crop development.

To promote market linkages, SNV:

- Connected local enterprises with international experts to coach them on product development and marketing;
- Supported the local trade promotion centre to facilitate access for local enterprises to national funds, export promotion programmes, and market information services;
- Coordinated training and coaching for local enterprises.

This support amounted to 120 direct advisory days in 2006.

Tong Duc Chinh, Vietnam



DARD has proposed a similar participative planning process in nine poor communes in the Ninh Binh province.

Chinh and fellow-farmers on the Binh Minh farm will reap benefits from the pilot intervention, as will the sedge processors. Thanks to better production methods, improved quality, and enhanced support, they have started to enjoy better market access, and a higher and more stable income from sedge cultivation. This outcome provides an incentive for the farmers to expand the cultivation area – currently on average 1,000 m² (0.1 Ha) – in order to produce sufficient raw material for processing final products locally. With time, this is expected to open up thousands of part-time jobs for households involved in the semi-processing of raw material and producing sedge products.

Key Achievements

- 1,000 contracted farmer households on Binh Minh farm have directly benefited from the pilot intervention;
- The new provincial policy is expected to result in the creation of 2,000 jobs (both farm and off-farm) and an additional rural income of € 250,000 per year from improved agricultural practices;
- Gender inequality has been addressed: women are the primary beneficiaries of additional income by means of sedge handicraft.