



# ISSAAS 2016

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# GOVERNANCE THE CHICKEN CHAIN IN VIETNAM: A CASE STUDY IN KIM DONG DISTRICT, HUNG YEN PROVINCE

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# Content of the presentation

1. Context

2. Objectives

3. Methodology

4. Results and discussion

5. Conclusion and recommendation

# 1. Context

**Chicken raising: a traditional occupation, plays important roles in the economic development of Vietnam, ranks 2nd important positions in the whole livestock sector**

**Numbers of chicken accounts for 95% of poultry, provides 14-15% of meat for the market of Vietnam**

**It is an important economic sector and a great value contribution to the agricultural production, significance in the process of restructuring the rural agricultural economy in Vietnam.**

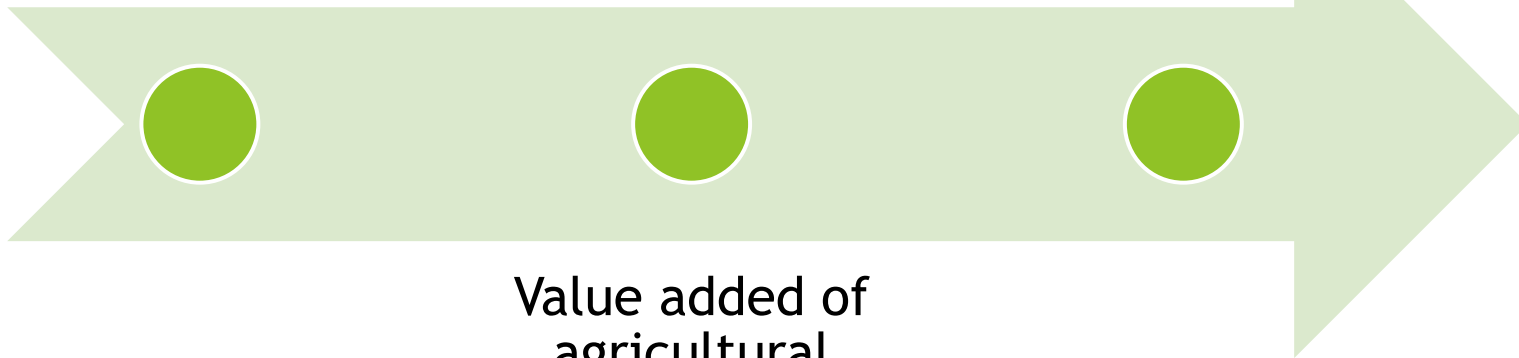
# 1. Context (cont')

Chicken raising in Vietnam is spontaneous, small-scale, easily vulnerable;

The chain actors seem not to link to each other;

Inefficiency in the chain activities, all the chain actors have less benefit

Value added of agricultural production chains is still bias distribution to the non producers



## 2. Objectives

This study aims to analyze and assess the real situation of governance in the chicken chain

Proposed some recommendations to strengthen the governance the chicken chain and improve the benefit for chain actors in the Kim Dong district in particular, in Vietnam in general.

### 3. Methodology

*Selection of the study site: Kim Dong district, Hung Yen province of Vietnam*

It has large consumer markets in the commercial centers of Hanoi, Hung Yen and rounding areas.

Convenient transportation network, a good conditions to expand exchanges and commodity consumption.

Located in the triangle economic zone in the North Vietnam → attracted many domestic, foreign enterprises to invest in, many labors who consume the chicken products.

### 3. Methodology (cont')

**Collect and analyze data:** The in-depth interviews, expert method, standard questionnaire were used to collect primary data with a specific number of agents representing each chain actors

Actors	Farmers	Traders	Retailers	Restaurants /Supermarket	Consumers
Numbers	40	3	6	3	18
<b>Total</b>	<b>70</b>				

# 4. Results and Discussion

## 4.1 Characteristics of chicken raising

Characteristics	Unit	Mean
1. Numbers of litter	Litter/annum	4.3
2. Farm size	Head/litter/farm	2340
3. Density	Chicken/m2	9.6
4. Average adult weight	Kg/head	2.2
5. Feed consumption	Kg/head	4.02
6. Survival rate	%	81.3
7. Numbers of average labors	Labor/farm	2.4
8. Breed	Hybrid Dong Tao	
9. Raising method	Entire captive with playground	

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Raising period: 110-130 days, some farmers raise 6 litters/annum.

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Adult weight: 1.9-2.5 kg/head.

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Entirely captive with a playground at a quite high density.

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Entirely mixed bought feed

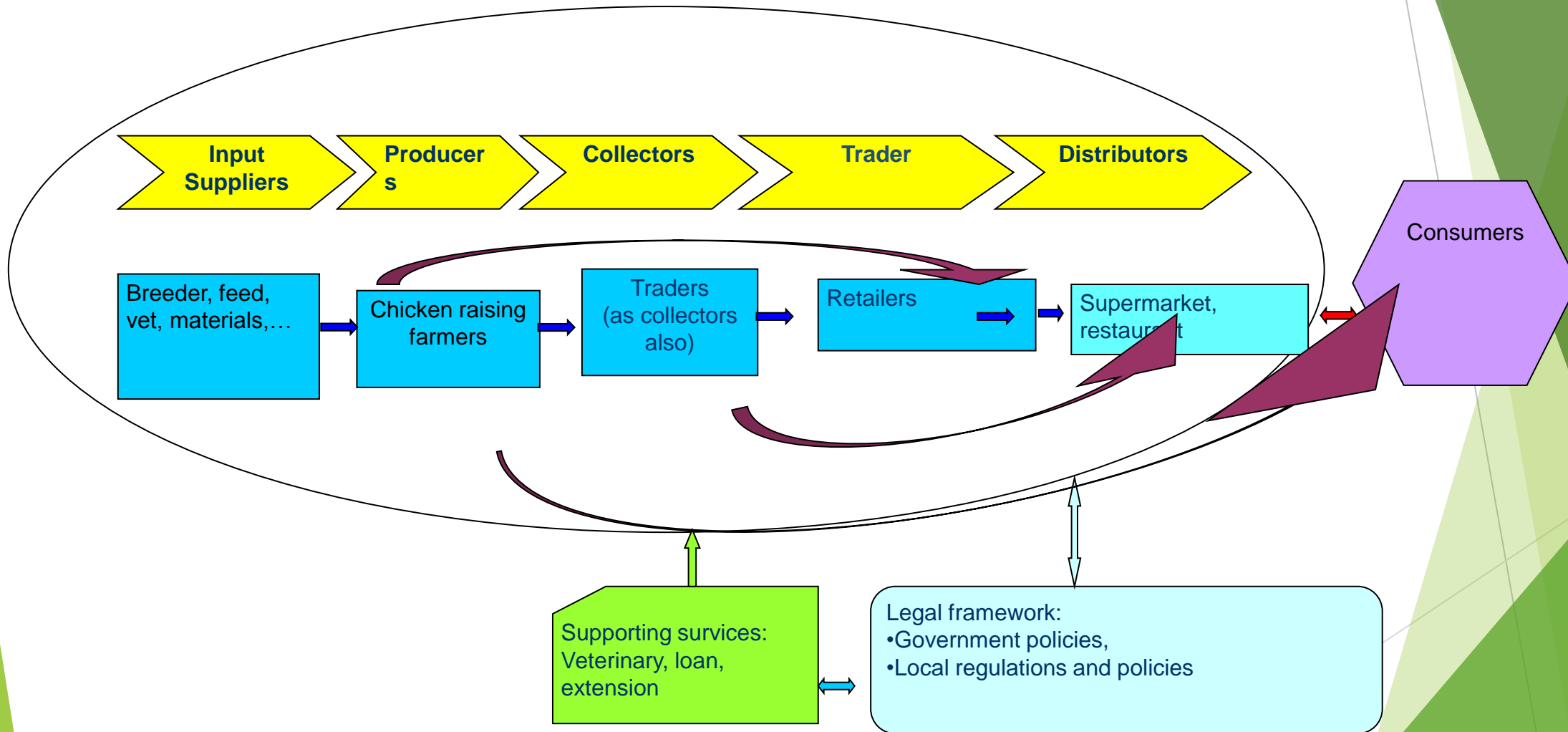
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Family labor, sometimes, they exchanged labor



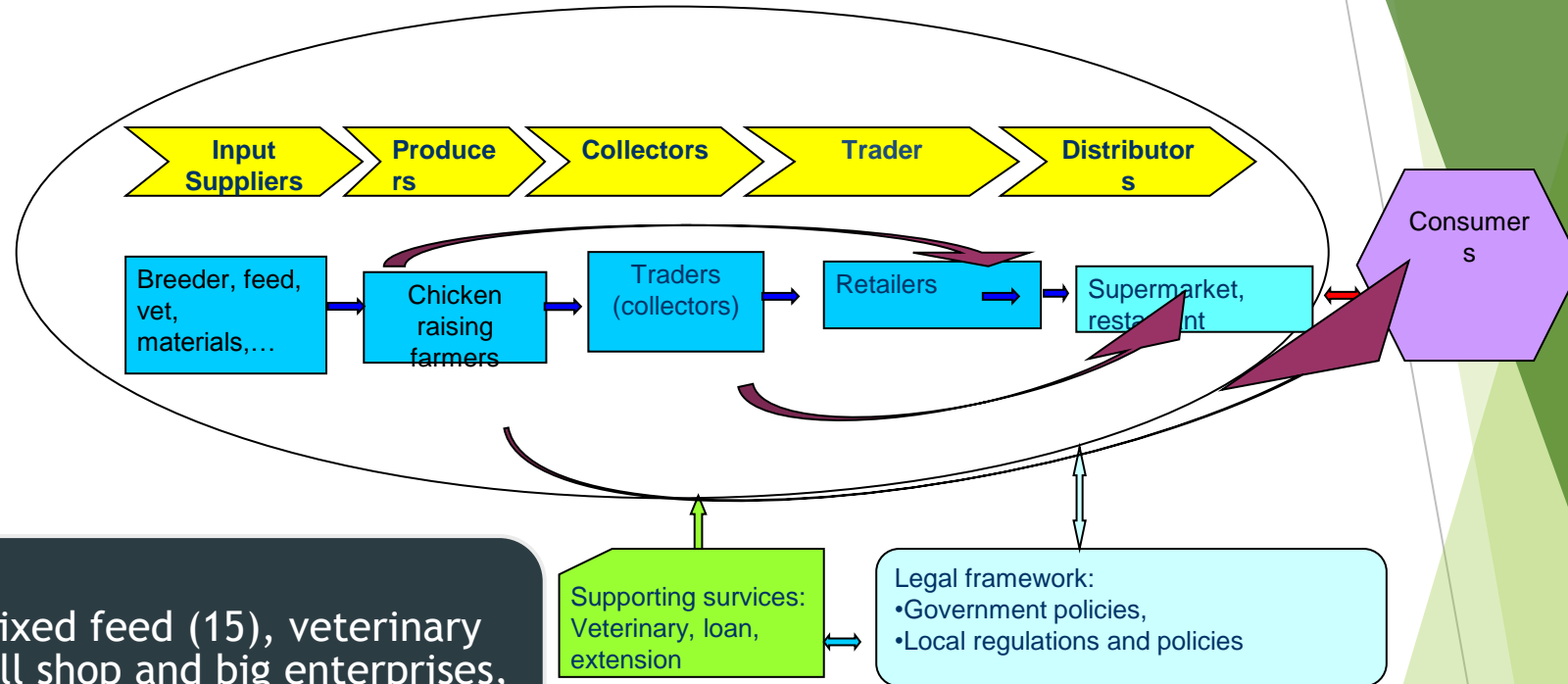
# 4. Results and Discussion

## 4.2 Chicken chain and functions of its actors



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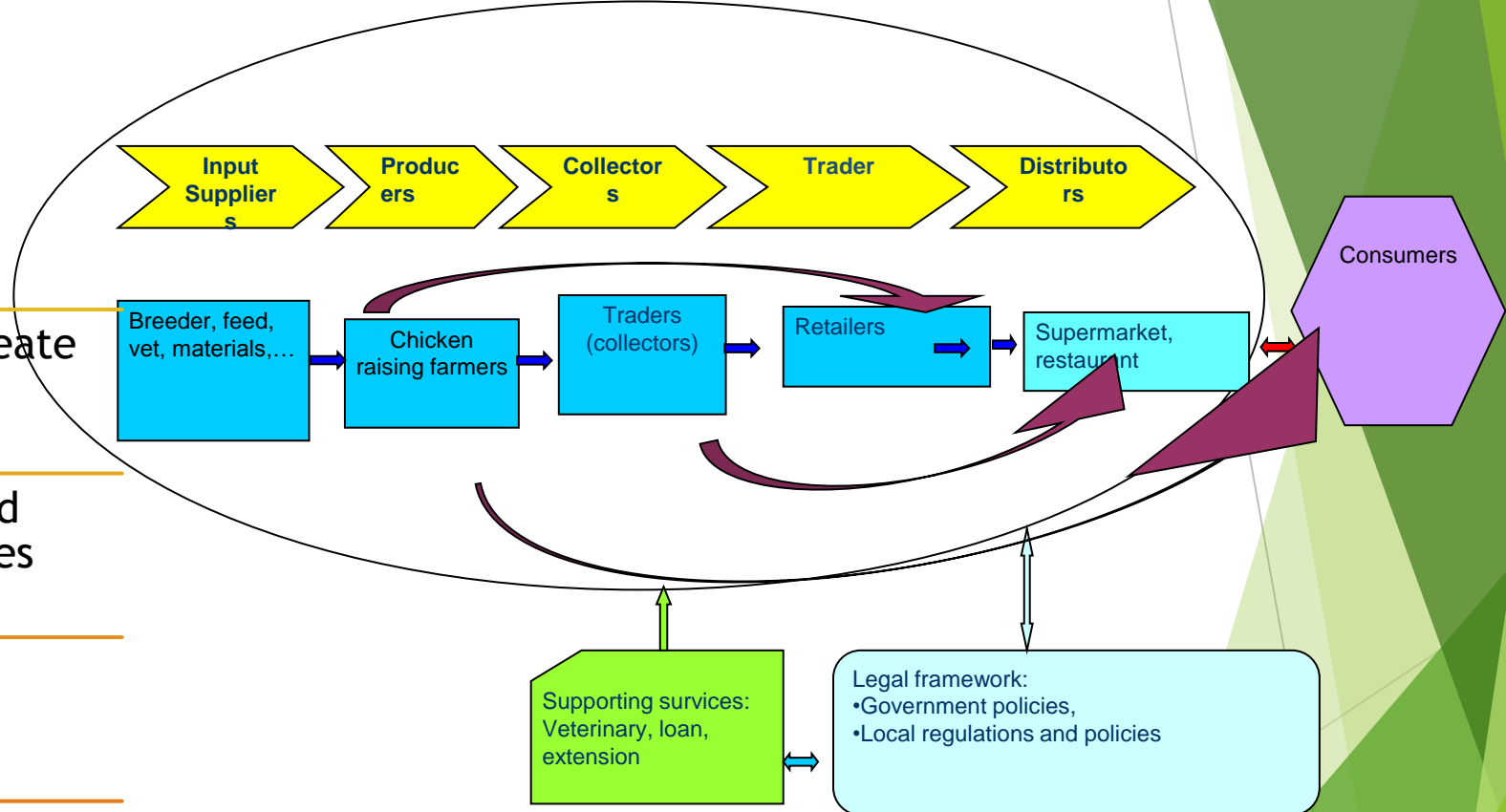


Many suppliers: breed (20), mixed feed (15), veterinary (10), materials, including small shop and big enterprises, and have a loose relationship with the farmers.

Many farmers raising chicken. Traders play a role of collectors and wholesalers. Retailers often sale lives chicken or chicken meat in the local market. Only few restaurants or supermarket joined this chain. Most consumers bought fresh (not processed) chicken.

# 4. Results and Discussion

## 4.2 Chicken chain and functions of its actors



Farmers are the core element to create the chain.

Some veterinary companies provided information about veterinary services through workshops, meeting;

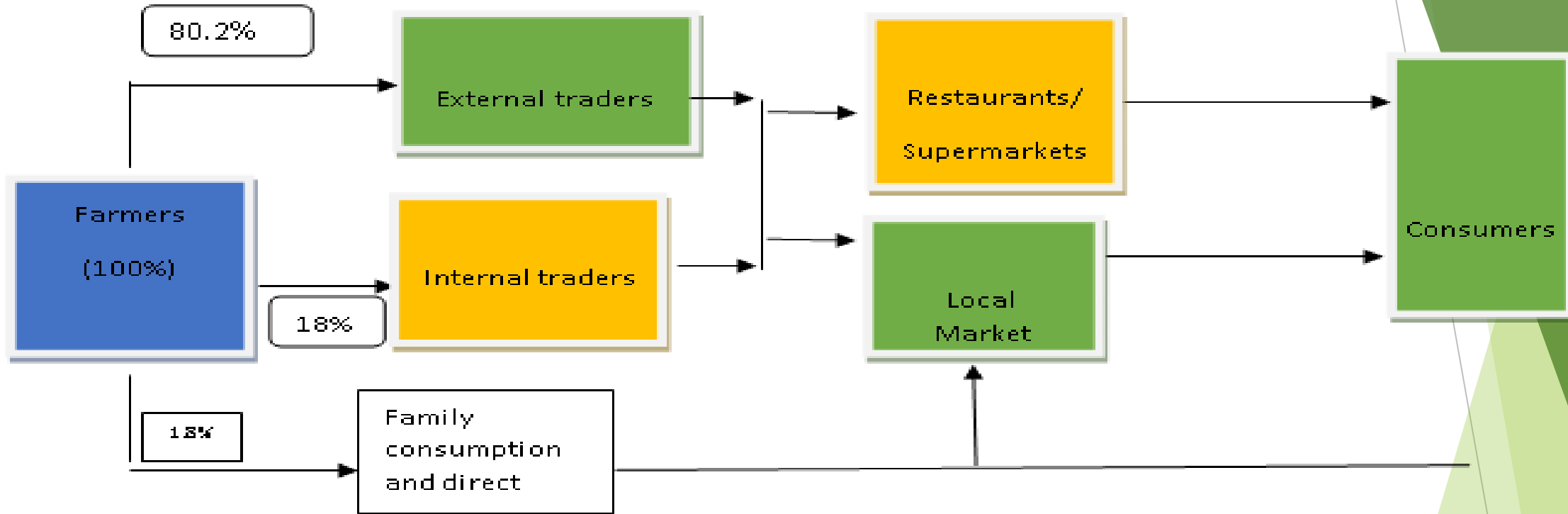
Banks provided funding;

Extension provided technical knowledge

Government and local authorities provide legal framework, create conditions for development the chain.

# 4. Results and Discussion

## 4.3 Chicken distribution channel

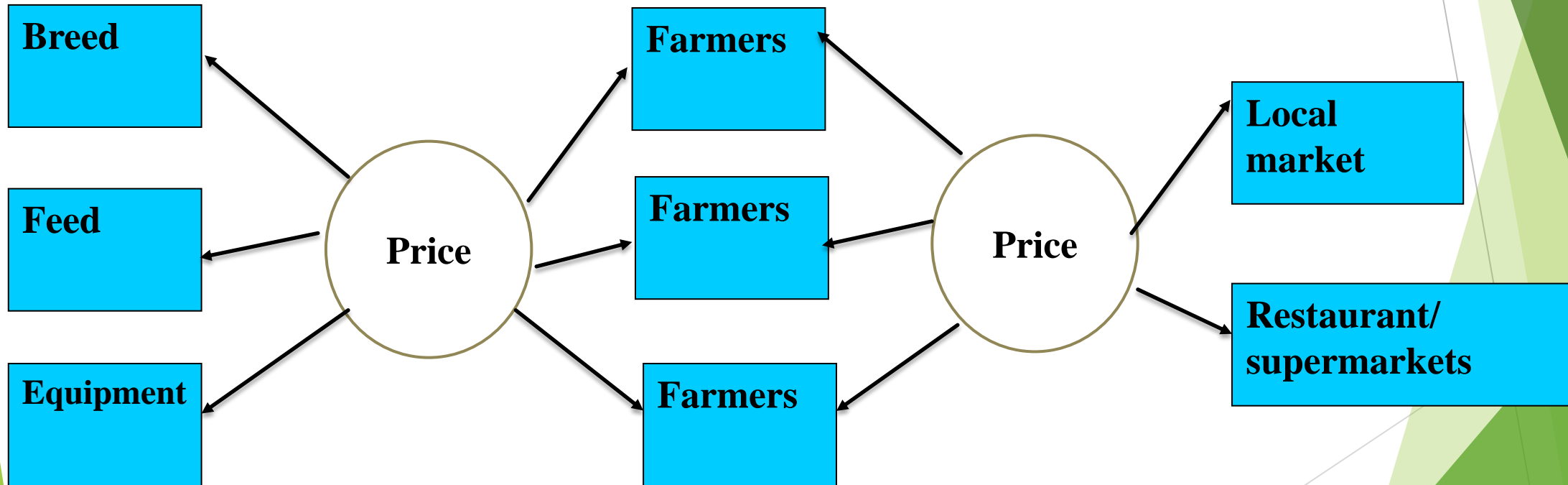


80.2% of adult chicken were collected by external traders, 1.8% families kept for auto consumption or direct sale. Traders collected chicken then sold to retailers who in turn, sold to end consumers in the local markets in kind of fresh chicken meat or live chicken. Only small proportion was sold to restaurants and supermarkets.

# 4. Results and Discussion

## 4.4 Governance of the chicken chain

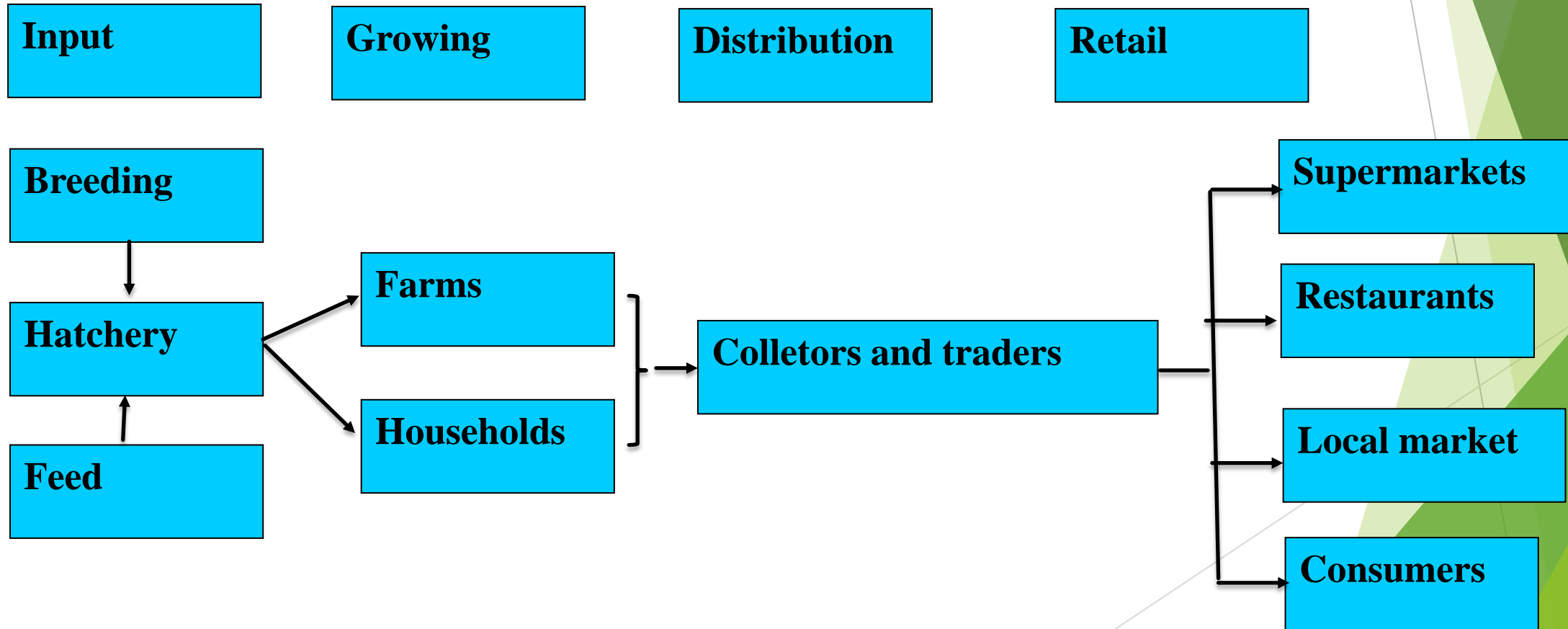
- ▶ Chicken chain characterized by the market governance: Product specifications are relatively simple, suppliers have the capability to make the products in question with little input from buyers



# 4. Results and Discussion

## 4.4 Governance of the chicken chain

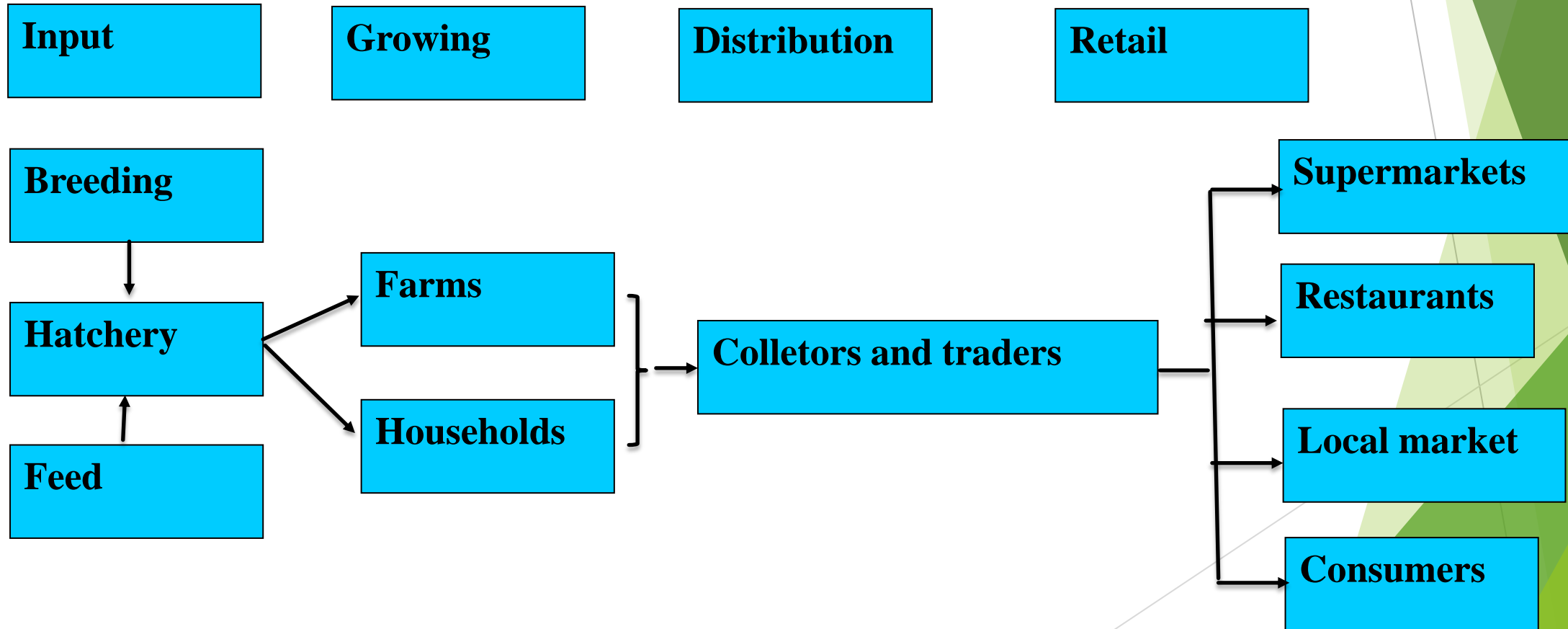
- ▶ Chicken chain governance structure: complexity of information exchanged is relatively low, transactions can be governed with little explicit coordination, simple and loose linkages



# 4. Results and Discussion

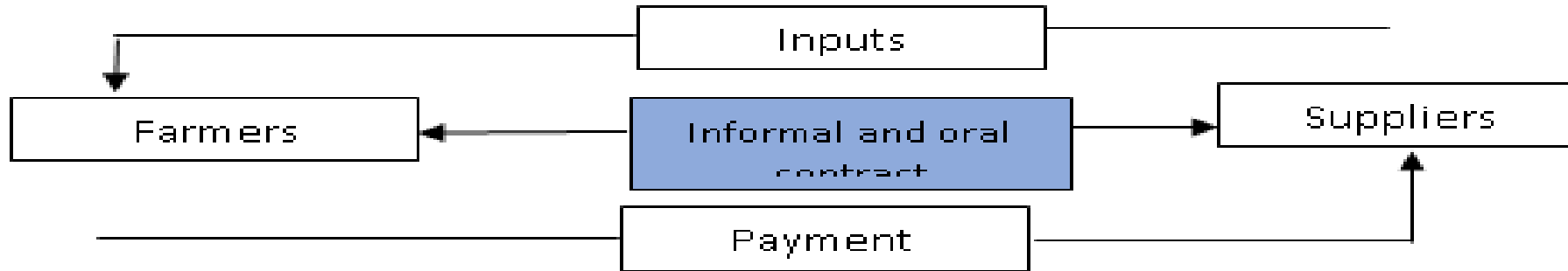
## 4.4 Governance of the chicken chain

- Governance: powers belongs to traders (work as collectors also) while farmers have little in negotiation of price, quantity, quality, place and others



# 4. Results and Discussion

## 4.4 Governance of the chicken chain



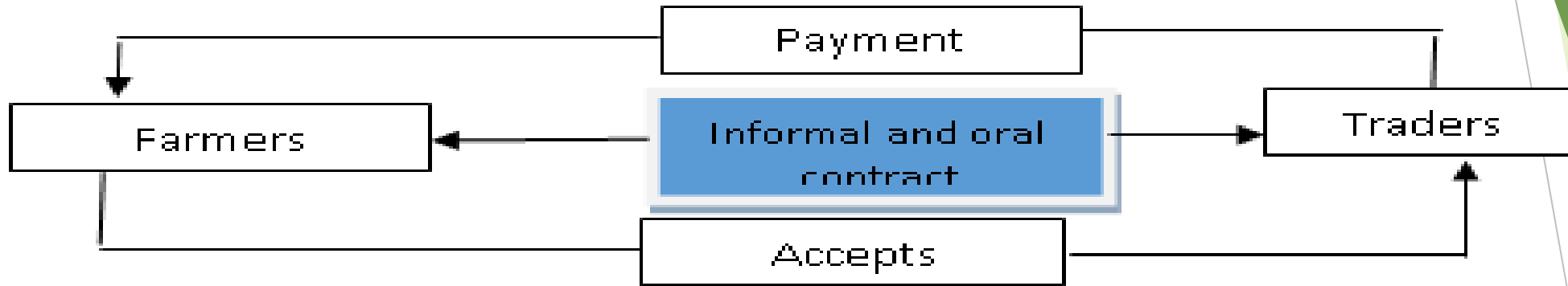
**Regulation** between farmers and suppliers based on informal and oral negotiation.

**Transaction methods:** Suppliers provided necessary inputs to farmers, according to their negotiation in a predetermined time, for three main types of inputs: breed (chickens 0-1 days), mixed feed and veterinary drugs. Farmers make payment by the time of supply



# 4. Results and Discussion

## 4.4 Governance of the chicken chain



Regulation between farmers and traders: informal and oral negotiation.

Transaction methods: When the farmers want to sell their chicken, they negotiate with the regular traders about quantity and chicken price. Finishing negotiation, traders collect all or a part of the adult chicken and make the payment in cash at the time of collecting chickens

## 5. Conclusion and recommendation

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The chicken chain in Kim Dong district, Hung Yen province of Vietnam was undeveloped. The chain actors included input suppliers, chicken raising farmers, traders, retailers and some restaurants and supermarkets.

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Farmers accounted for the most important role that created original products for the chain. The other actors in the chain play a role of a bridge between producers and consumers. Traders played the role of collectors and wholesalers.

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Adult chickens are consumed mainly external regions. Most consumers used fresh chicken meat, so the processing agent did not appear in the chain.

## 5. Conclusion and recommendation

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The linkages in the chain were simple, informal and loose. The actors were discrete and lack of cooperation, did not create a strength of the whole chain, and difficult to deal with the risks involved in production and trading, especially in case of market shock or disease.

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The chain was characterized by market governance with simple model and transactions can be governed with little explicit coordination

Regulation bases on oral and informal negotiation

Transaction method: market based

Powers belongs to traders while farmers have little in negotiation process

## 5. Conclusion and recommendation

The farmers should tighten their linkages to improve their strength, voice and power, especially in the negotiation process, to ensure their benefit against the traders: Farmers could establish cooperation groups or cooperatives to support each other in finding the market, such as signing contract with supermarket, restaurant, or finding the capital investments, farming techniques, veterinary services, etc.

All actors of the chain should cooperate with each other and find the suitable model for governing the chain to form a tight and official chain more efficiently. This could help them to reduce market risks, and bring high economic efficiency and stability.

## 5. Conclusion and recommendation

Local authorities should support chain actors in creating a bridge and an environment for them to connect with each other. They should create mechanisms to form the linkages among actors in the chain and work as a counterweight to make the chain linkage tighten.

The extension and educational institutions should support farmers and other actors and stakeholders to improve knowledge of the chain, better govern the chain so they could understand the benefit and form effective chains.

*Thank you for your listening!*