

From organic niche markets to conventional mass markets with farmers' improved awareness of fish safety – a series of small scale projects initiated by GTZ in Vietnam

Thomas Finkel – Chief Technical Advisor
GTZ SME Development Program in Vietnam

Lasting impacts of GTZ's Public Private Partnership project on organic pangasius production...

The PPP project of GTZ in Vietnam on organic pangasius (cat fish) production in An Giang with Binca Seafood, Naturland and local producers has been successfully implemented and had significant impacts in different aspects. Firstly it created a market for organic pangasius that is growing nicely, step by step. This conclusion is drawn based on the growing number of organic fish produced each season, and the increased number of buyers that express their interest in buying organic products from Vietnam. That is one the main reasons why Binca has recently invested quite intensively in opening up its office and training facilities in An Giang in order to multiply the organic pangasius production model that was introduced in the aforementioned pilot project. Binca plans to import 400 tons of organic pangasius from Vietnam in 2006, a significant increase from the 70 tons of the first harvest in 2005.

Secondly, farmers are making a better margin with the organic product. They earn 15 % more than in the conventional market. Additionally, their outputs are secured by the buyers in this buyer-driven value chain. More and more farmers and processors in the neighboring areas come to learn from the organic niche market success.

Thirdly, the organic pangasius value chain is now expanding to incorporate local organic agricultural products into the feed supply chain. This tackles a critical point, as s one of the weak points within the organic pangasius value chain identified during the project implementation was the feed which so far is mostly being imported from neighboring countries like China and Cambodia. On top of the logistical problems, this results in increased production costs, since feed cost account are by far the largest cost parameter, directly affecting profit margin of production. It normally accounts for 65 to 80% of total costs of the fish farms. Today, the main ingredients of homemade feeds are trash fish (20 to 40%), and rice bran / broken rice (60 to 80%) depending on the size of fishes and investment capacity of farmers.



Home made feed procedure

...lead to other initiatives of GTZ and its partners to assist the pangasius sector in Vietnam ...

In that context, GTZ has recently initiated together with DED – a German Development Organization - another small PPP project with a local organic fertilizer producer – Minh Hoang Company - and the Department of Agriculture and Rural Development (DARD) in An Giang.



The focus of this project is placed on conducting awareness training and workshops for farmers to introduce the benefits and methods of using organic inputs for their rice farming. Organic fertilizers of Minh Hoang Company have got the approval from the Ministry of Agriculture and Rural Development (MARD) to be sold in the market and it is currently applying for patent registration. Demonstration programs using organic fertilizers have shown that the rice yield has increased by 10% while costs for fertilizers are 30% less than using the existing chemicals as inputs for rice farming.

Binca Seafood is again involved in this project as they need organic or even rice of the 1st conversion crop to provide to their contracted farmers. As mentioned above, this will reduce production costs since currently organic feed supply has to be imported from China and Cambodia.

The role of GTZ SME Development Program in this project is purely facilitating, bringing different players of the chain together while DED and Minh Hoang Company provide funds to implement it.

Results expected from this project will be huge in terms of improving the awareness of farmers in organic rice farming, promoting the local production of organic fertilizers and reducing the costs of producing organic and “safe” pangasius.

... to not only serve the niche markets but also the conventional ones

While the number of buyers interested in organic pangasius from Vietnam has increased significantly over the last 1-2 years, only Binca Seafood acts as the middle man to import these pangasius to European market. Binca has a plan to import 400 tons of organic pangasius from Vietnam in 2006. However, this covers only a fraction of the pangasius production in An Giang province.

Over the past years, many buyers that importer pangasius from Vietnam have made bad experiences due to the exceeded amount of antibiotics and bacteria in aquaculture products. Many times, containers get rejected by the inspectors. This has awoken all stakeholders of the aquaculture sector in Vietnam and the buyers to be more concerned about product quality and safety.

The necessity to improve the sustainability of the Pangasius value chain, and thus guarantee stable trading relations with international buyers, is of interest to all parties involved. It falls in line with the 5 year plan of the Ministry of Fisheries and other local initiatives, as well as with those of international buyers who are defining basic standard on quality, environmental and social aspects for the production and trade of aquaculture products. Local stakeholders have shown their commitment to such a process in the workshop in Can Tho in April 2005 organized by GTZ and Vietnam Chamber of Commerce and Industry (VCCI) in Can Tho.

This is the basis for the MPI-GTZ SME Development Program and its partners to initiate yet another project to help farmers and processors in An Giang province - which has the highest production of freshwater aquaculture products in the country - to improve the quality and safety of their product for the conventional markets. The improved pangasius will fulfill minimum requirements of buyers. To achieve that objective, the management practices along the pangasius value chain are to be in compliance with minimum standards regarding quality, environmental and social aspects.



In preparation for this project, GTZ has conducted 2 studies to have an insight about the current status of conventional pangasius production and the service market in aquaculture sector in An Giang.

The first study of the current farming system of Pangasius in Vietnam was carried out in An Giang in view of the future implementation of Good Aquaculture Practices. This was undertaken in order to:

- Bring a concrete and detailed understanding of the current farming system of conventional Pangasius.
- Identify problematic areas that need to be changed in order to implement a controlled "safe Pangasius" farming system.

The study results have served as the basis for proposing the introduction and application of a controlled farming system that meets the minimum requirements of stakeholders and international buyers.

The approach of GTZ and its partners to assisting fish farmers and processors in this project to improve their products as proposed in the 1st study report is through local service providers. Therefore, the second study was conducted in order to:

- Identify difficulties of fish farmers and processors and their experience with service providers available in the market
- Assess shortcomings of the current service market
- Recommend interventions to improve service provision

The experience with the organic pangasius production project has shown that the critical points along the value chain can be overcome and management practices - together with a traceability system - can be installed for stakeholders in this new project especially with the assistance of local service providers.

However, one of the fair concerns of farmers and processors in this project is how to distinguish their products from those who do not apply the improved practices?

Certification, for example, to EurepGap standards seems to solve the problem. Nevertheless, certification costs are rather huge for small farmers and processor as there is no local certification body operating in the country yet. Therefore, GTZ is currently seeking for an appropriate local institution or a private company to assist them to get accredited by EurepGap in order to drive down certification costs in the mid term.

The interventions of GTZ SME Program are not the panacea for the pangasius sector in Vietnam. Nonetheless, with its limited fund in a finite period of time, the assistance of GTZ has been very much appreciated by all sector stakeholders and partners and highly evaluated by donors' community.

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