

GREAT Knowledge Series: Issue 2

# **Bridging Gaps Between Businesses and Producers in Agriculture**







# Introduction

GREAT is focused on improving the socioeconomic status of women living in north-west Vietnam whilst leveraging their participation in and contributions to the growing agriculture and tourism markets.

The Aus4Equality|Gender-Responsive Equitable Agriculture and Tourism (GREAT) Program works with business, government, research and community organisations to generate long-lasting benefits for ethnic minority women and their families in the ethnically-diverse rural communities of Son La and Lao Cai provinces.

Bridging Gaps Between Businesses and Producers is the second publication in the GREAT Knowledge Series. This Knowledge Series shares emerging lessons as the Program builds an understanding of opportunities and challenges relating to Women's Economic Empowerment within the Vietnamese context. In the following sections, this paper discusses the existing constraints and the solutions offered by the GREAT Program to overcome these challenges, working with both businesses and producers to contribute to viable models for sustainable and inclusive market systems development.



# Inclusive Business

*An inclusive business is an entrepreneurial initiative seeking to build bridges between business and low-income populations for the benefit of both.*<sup>1</sup> This relationship should be transparent and needs to be mutually beneficial if it is to succeed and be sustained. From a business perspective, there must be potential for both commercial viability and additional gain – for instance by diversifying sources of supply, or expanding markets, or developing innovations that provide a competitive edge. Agricultural companies might expand their processing or wholesale-retail volumes significantly by contracting not only with large-scale farmers but also with groups of smallholders. Businesses might

see an opportunity to try something new while initial project support is on offer, but will then only persevere on their own if the business model is sound.

Producers will also only engage if they see clear incentives such as assured demand, improved access to productive inputs and services, and higher or more stable output prices. Producers are often also concerned about food security when switching from staple crops such as rice and maize to potentially higher value crops and need to be convinced of the benefits versus the risks.

GREAT's Longitudinal Study Baseline explored women's aspirations in considerable depth.<sup>2</sup> Among its findings:

"Stability in income and in prices are particularly important for all women in the qualitative study because agriculture... [is] unpredictable and intermittent in income generation. ... Women are creative and use many resources to ensure greater financial stability in their lives. This includes having diversified forms of earning and seeking multiple markets to ensure the best prices and greater security in their earnings.

For example, women working in cinnamon production commented that while cultivation and harvesting techniques are well known to them, they value participating in production groups linked to a processing company so they can regularly discuss the market and pricing and ensure fair and stable prices."

1. Inclusive Business: Profitable business for successful development. [http://wbcsdservers.org/wbcsdpublications/cd\\_files/datas/business-solutions/social-impact/pdf/InclusiveBusiness-ProfitableBusinessForSuccessfulDevelopment.pdf](http://wbcsdservers.org/wbcsdpublications/cd_files/datas/business-solutions/social-impact/pdf/InclusiveBusiness-ProfitableBusinessForSuccessfulDevelopment.pdf) [accessed July 2020].

2. Aus4Equality|GREAT Longitudinal Study Baseline Report, University of Minnesota (March 2020).



# Challenges – Business Perspective

It is not always easy for a business – particularly a small one – to identify suitable farmers to link to as well as adopt more inclusive approaches. The supporting services to help link producers and business is often lacking, as well as the market information that enables effective planning at both business and farm level. Businesses sourcing from local farmers need ways of developing a stable supply base that will ensure consistent quantity and quality of produce. It will generally be easier, and less costly, to enter into a supply contract with a few relatively

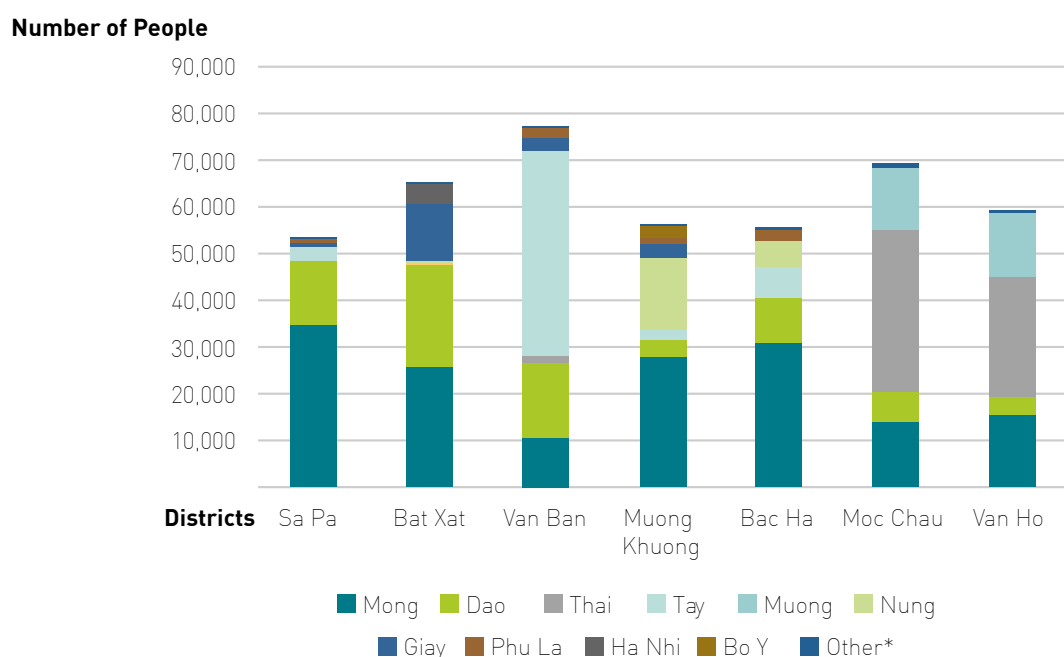
large, commercially oriented producers than with many small-scale suppliers scattered across diverse production areas.

The operating environment in Son La and Lao Cai is especially challenging to establish linkages between businesses and producers. In the mountainous north-west, farming areas feature dispersed smallholdings, wide variations in culture, language, customs, capabilities and weak infrastructure. Businesses seeking to replicate and expand their business models to new areas or

products need to tailor their approaches to suit different producer groups, particularly in ethnic minority areas (Figure 1). This means high investment costs and significant risks. Local small and medium enterprises (SMEs) tend to have limited capital and other resources to fall back on, and often face difficulty accessing both long- and short-term credit. Consequently, they may not be in a position to take on the perceived risk of building supply chains with ethnic minority producers.

**Figure 1. Ethnic Diversity in Seven Districts of Lao Cai and Son La**

Ethnic diversity statistics highlight the complexity of the local context. Across the seven districts where GREAT is working, there are 24 different ethnic groups out of an estimated total population of 436,500.<sup>3</sup>



3. Data supplied via the Son La and Lao Cai Provincial Committees for Ethnic Minority Affairs (2020).



In addition, the support services essential to agricultural ventures – both for obtaining inputs and adding value to outputs – are often hard to access and of variable quality. Service providers are unlikely to expand their distribution networks into upland areas unless they are confident the level of demand and buying capacity will outweigh the high transaction and logistics costs involved. Without these support services, businesses may need to provide these additional services which can stretch their capacity. In some cases, government programs provide free or subsidised services, making it hard for full-price service providers to compete.

Long-term trust and commitment takes time to develop and require both sides to see benefits from the relationship. Businesses sourcing agricultural products worry their quality and/or quantity requirements will not be met, and that producers will renege on agreements if informal traders – such as those plying the cross-border trade between Lao Cai and China – offer more appealing farm-gate prices. One of GREAT's business partners, for instance, reported that prior to joining GREAT his company struggled to recoup some hundred million Vietnamese Dong advanced to farmers for productive inputs when the farmers sold their output to informal vendors.<sup>4</sup>

## Challenges – Producer Perspective

Most small-scale farmers face significant resource and capital constraints, with many finding it difficult to obtain loans to expand and upgrade production to meet the requirements of an anchor business.<sup>5</sup> Expanding or intensifying cash crop production requires access to arable land, finance and reliable, reasonably-priced supplies of quality productive inputs. Producers also need a good understanding of the required quality standards and how to achieve them.

If producers are not confident of future market demand, they will hesitate to invest scarce resources into new crops and technologies, expanded production areas or micro-enterprises. They will evaluate risks carefully and seek clear evidence that the promises of the business seeking to engage with them are realistic and will be upheld.

“The long-term presence of companies and factories gives households trust to engage with the projects and invest in their production. But these companies and factories also need to engage with different stakeholders and groups to ensure that trust. The Muong women in this study had developed these relationships over time; some Dao and Mong in Son La were more sceptical of the stability of vegetable production. Similarly, Dao, Mong and some Tay women were also concerned about value chains and markets in Lao Cai and preferred to see how the projects developed and impacted on stabilising and increasing prices.”<sup>6</sup>

4. Interview of business partner in Son La Province during GREAT's Joint Monitoring Mission in 2019.

5. In mid-2019, 52% of households in Son La were in need of loans, but just 27% obtained them. In Lao Cai, 27% of households needed loans and 21% obtained them, Aus4Equality|GREAT Longitudinal Study Baseline Report, University of Minnesota (March 2020).

6. Aus4Equality|GREAT Longitudinal Study Baseline Report, University of Minnesota (March 2020).



Furthermore, most farmers rely on home-grown crops for household consumption (see Figure 2 below), so any shift away from traditional staple crop production is a food security risk.

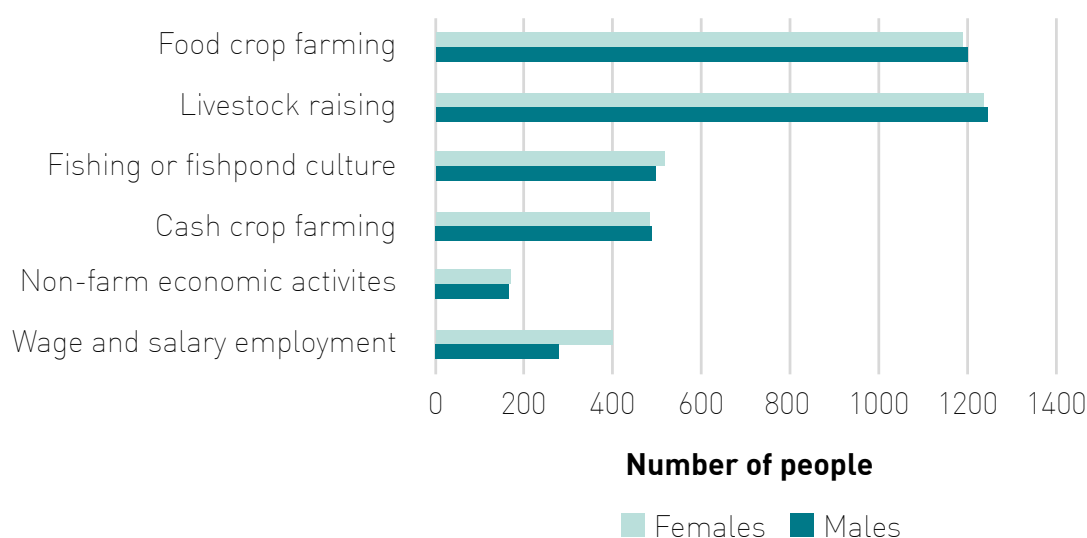
Focus group discussions during GREAT's Baseline Longitudinal Study highlighted women's perspectives on cash cropping:<sup>7</sup>

Women expressed a desire for greater diversification of their crops and earning potential. They did not want to be limited to single crops or markets. A Muong woman in Son La captured this concern well: "In the past, people had more of a financial safety net because we used to grow a bigger variety of plants, like corn and cassava". [And another:] "Wheat is less profitable than tea, but you can keep it to eat..."

A Tay woman in Lao Cai said: "I want to plant more cinnamon trees...because they are perennial trees. I also keep pigs and chickens every year. But planting trees requires capital for thinning forests."

**Figure 2. Participation in Household Production and Income Generation, by Gender<sup>8</sup>**

A high proportion of men and women participate in food crop farming; far fewer grow cash crops.



Assessments undertaken by GREAT highlight the many challenges inhibiting market participation by ethnic minority women in Lao Cai and Son La. Communication skills are often a critical constraint, including literacy in Kinh (Vietnamese) language, and the confidence to engage with businesses. The case of the fresh vegetable market is illustrative.

7. Aus4Equality|GREAT Longitudinal Study Baseline Report, University of Minnesota (March 2020).

8. Aus4Equality|GREAT Longitudinal Study Baseline Report, University of Minnesota (March 2020). Question pertained to participation in these activities over the previous 12 months.



# Participation in Vegetable Markets: Constraints Facing Ethnic Minority Women<sup>9</sup>

A background study carried out during GREAT's Inception Phase in 2018 identified the following issues in the fresh vegetable sub-sector of Son La and Lao Cai at that time:

## At sub-sector level



Access to markets for ethnic minority women was undermined by a lack of capable intermediaries. There were fewer than five examples in each province of proven business cases in which vegetables were supplied by households, aggregated by companies or cooperatives and sold at premium prices in modern retail outlets.



The two vegetable cooperatives existing at the time of the study (one in each province) had spent five years establishing linkages with about 50 households to serve their current customers – supermarkets in Hanoi with stable daily volume requirements. It was apparent that it would take considerable time for companies to build up sustainable business relationships with new buyers and therefore have a need to expand their supply base. Without external support (e.g. through GREAT), there was unlikely to be a rapid increase in the number of ethnic minority women involved in supplying these markets.

9. Adapted from Aus4Equality|GREAT, Background Study (2018).

## At household level



Safe vegetable production requires strict application of specific techniques. In addition, supermarkets and other bulk buyers generally demand consistent daily supply. This can be challenging for many smallholders including ethnic minority women, whose traditional production methods would typically result in variable yields and quality.



Accessible, irrigated land is a requirement for vegetable plantations. Growers without this could not be included in the value chain.



Lack of awareness and skills to conduct commercial production as per market demand made it difficult for ethnic minority women to effectively engage with companies and cooperatives.



Producing vegetables for high-end markets such as supermarkets requires high investment costs and good logistics, which were often inaccessible to ethnic minority women.

# Addressing the Challenges: GREAT's Response

GREAT's partnerships in Lao Cai and Son La provide examples of promising models. GREAT has 52 investment agreements, including 22 businesses, to implement projects in Lao Cai and Son La. Through these, the Program is helping expand and/or trial new business models that are more inclusive of ethnic minority women,

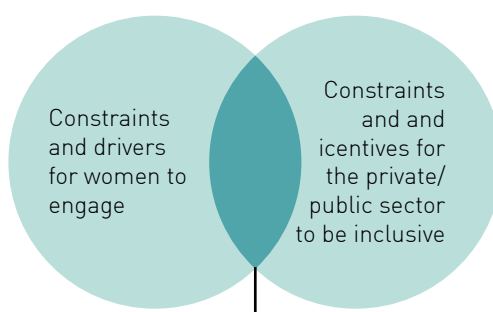
including people with a disability, whilst also strengthening the market system. In total, around 130 private entities are now engaged in the value chains supported by GREAT – including GREAT's business partners, registered collective groups and cooperatives and other organisations.

"We have worked with many projects in agriculture to reduce poverty. However, I like this project the most because we now have a stable outlook for bamboo shoots having signed a contract with the Company for 20 years. CRED has provided support to build the processing facilities right in the village that has created jobs for villagers. Planting bamboo generates income and protects the forest. I will motivate people here

to register for planting bamboo in the areas that used to plant corn to expand the bamboo area to 1,000 ha under the plan of Van Ho District People's Committee, in cooperation with Yen Thanh – Yen Bai Bamboo Shoot Company." – Mr Lo Van Pop, Secretary of the Village Party branch in Tun Xa Village, Xuan Nha Commune, Van Ho District, Son La.<sup>10</sup>

The Program works with these enterprises as well as public sector actors to create sustainable system changes that will help underpin women's economic empowerment. The diagram illustrates the 'feasible workspace' or win-win between producers and the market actors, including businesses. The circle on the left captures the supply side in terms of the behaviour changes and economic and social benefits in relation to

women's engagement in the market. The circle on the right captures the incentives of the private and public sector to become inclusive and through developing innovative models and interventions with a range of partners that are hopefully replicated. This also includes supporting policies and the regulatory environment to become more inclusive.



## What is the feasible workspace and win-win area

The potential to feasibly and sustainably work on the constraints on both sides

10. Adapted from Aus4Equality|GREAT, Background Study (2018).

Table 1 describes concrete solutions to the challenges summarised below, bridging the gap between producers and businesses and the facilitation approaches of the GREAT Program.

**Table 1. Responding to the Challenges**

Challenge	Impact on Implementation	GREAT's Response
<ul style="list-style-type: none"> <li>× <b>Diverse and dispersed small-scale producers with limited resource/asset base.</b></li> <li>× <b>Limited agri-support services of reliable quality (e.g. input supply, output aggregation, local processing).</b></li> <li>× <b>Financial services difficult to access (e.g. credit for producers and small businesses).</b></li> </ul>	<ul style="list-style-type: none"> <li>• Difficulties for producers and businesses wishing to expand or intensify production (limited scope, increased costs and risks, financing constraints).</li> </ul>	<ul style="list-style-type: none"> <li>✓ GREAT partnerships to share risks in innovation and expansion. To date, a total of 7,743 hectares of new agricultural production areas have been established.<sup>11</sup></li> <li>✓ Co-investment and technical advice to support input supply partners in sub-sectors such as vegetables and bamboo shoots to develop nurseries to supply good quality seedlings to producers. Finance for seedling purchases available to producers through the Program's revolving fund. Facilitating formation of cooperatives and other producer groups to aggregate supply, access technical training and reduce input costs. E.g. GREAT developed simple guidance for partners on forming and running groups. By end of 2020, 528 such groups had been established, engaging over 13,419 women.<sup>12</sup> Over 10,000 women have been provided with access to productive resources. Facilitating formation of cooperatives and other producer groups to aggregate supply, access technical training and reduce input costs.</li> <li>✓ Development of value chain financing options, e.g. collateral-free loans based on cash flow modelling and risk profiling of farmers.</li> <li>✓ Basic financial literacy training and tools (e.g. cash management, income and expense management and insurance and promotion of suitable savings products) and digital finance training (including banking apps and wallets) through partnerships with VietED and the Vietnam Bank for Social Policies (VBSP)</li> <li>✓ Development of e-commerce tools with Innovation Fund support, e.g. smartphone App and business mentoring, to bring efficiencies to the sector, improve business profitability and support increased income for women.</li> </ul>

11. GREAT's Management Information System (MIS).

12. Idem.





Challenge	Impact on Implementation	GREAT's Response
<ul style="list-style-type: none"> <li>✗ <b>Limited technical advice available to develop farming knowledge/capacity.</b></li> <li>✗ <b>Businesses not directly involved in improving production quality.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Producers lack awareness and/or ability to meet quality standards; businesses struggle to develop stable, high-quality supply base.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Businesses encouraged to provide training to producers directly or through external providers, as part of on-going contractual links with producer households/groups. E.g. producers are being trained and coached to apply techniques required to meet specific quality standards and thereby benefitting the business through improved products and increased price and sales volume.</li> <li>✓ Support and capacity building for cooperatives/producer groups.</li> </ul>
<ul style="list-style-type: none"> <li>✗ <b>Inadequate market information and fluctuating market demand.</b></li> <li>✗ <b>Few facilitation services linking those requiring products and services with those able to provide them.</b></li> <li>✗ <b>Competition from informal traders.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Producers and businesses lack confidence in each other and in future market; hesitant to enter long-term commitments.</li> <li>• Very risky for agri-businesses to pre-finance producers (who may abandon supply agreements to sell elsewhere).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Encouraging long-term relationships between businesses and producer households/groups, to build confidence and commitment. In the early stages, a neutral third party might help establish and demonstrate non-threatening, respectful communication practices based on honest information-sharing and dialogue. A third party can also facilitate access to market information to help both producers and businesses assess options and negotiate mutually beneficial contracts.</li> <li>✓ To end of 2020, GREAT business partners signed over 5,296 contracts with producer groups or individuals that detail the investment from the business, the quality standards and purchasing arrangements. Effective relationships involve regular and transparent communication between business partners and producers, including providing feedback on produce quality and working openly with producers to address any issues.<sup>13</sup></li> </ul>
<ul style="list-style-type: none"> <li>✗ <b>Government policies/programs constrain business activity.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Businesses face regulatory or operational hurdles.</li> <li>• Free or subsidised services undercut full-price providers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Policy engagement, e.g. advocating for market-based approaches in design and guidance for the new National Target Program for Socio-Economic Development in Ethnic Minority and Mountainous Areas.</li> <li>✓ Partnerships with Government agencies to build (over time) a more supportive enabling environment for women-led enterprises built on increased dialogue with women entrepreneurs, including through the District and Department Competitive Index (DDCI).</li> <li>✓ Sector steering groups to share information and agree priorities and bring together key government, industry and community groups to share information and agree on policy priorities.</li> </ul>


13. Idem.

## Case Study: Bac Ha Tea



 **Business model:** Development of organic Shan tea production in combination with medicinal plants for the advancement of ethnic minority women

 **Location:** Four communes of Bac Ha District, Lao Cai Province

 **Scope:** 697 households with 550 hectares of tea and 100 hectares of medicinal plants



**Inclusive business model:** The Bac Ha Tea Company proposed a business model that would involve low-income farmers in their core business as producers and workers. The Company aims to target more women, particularly by cooperating with women to develop organic farming models based on the Shan forest tea garden – combining tea production with growing of natural herbs.



**Farmers' problems:** Tea is the only cash income source for local farmers. However, farmers in these four communes have been facing significant challenges for many years, including (i) scattered production with low productivity; (ii) unstable supply and variable quality; (iii) no linkages and no business agreement with processors and exporters; (iv) lack of access to market information and business support services.

# Case Study: Bac Ha Tea



**Business Solutions:** The Company is applying innovative and comprehensive business solutions such as supply of input materials (herbicides, organic fertilisers), technical training and building systems to work towards sustainable certification (GACP<sup>14</sup> and Organic). This includes disseminating knowledge to ensure local women have both the technical skills and the confidence to create organic fertiliser through agricultural residue (biochar combined with compost), and develop bio-pesticides. Higher productivity along with other business solutions are helping the company increase the added value of processed products and expand their markets, both domestically and overseas.



**Impact:** The number of households involved in organic tea production in Ban Lien has expanded from 296 to 697. Of these, 526 households are using a total of 100 ha to intercrop tea with organic medicinal plant products. Farmer income per hectare is predicted to increase by 256% and profit by 120%. The company has also created 15 new jobs, including 10 for ethnic minority women at the Company's tea processing workshop in Ban Lien Commune.

14. Idem.

15. Idem.



**“We are proud to be people in Ban Lien Commune, having experience in planting, taking care, and collecting tea leaves to sell to the company. Our living condition is good, and our family’s financial position has improved. People’s literacy and awareness on social issues have been improved too. During the COVID-19 outbreak, many products lost their market; however, the tea product continues to generate income for us. Women benefit the most as we directly keep money from selling tea and managing family expenses. We support our husbands in this difficult period. It’s hard for our husbands to find jobs in the current situation.”**

- Ms Vang Thi Ngan, Chairperson of the Women’s Union in Ban Lien. Bac Ha Tea Company, Quarterly Report, April - June 2020.<sup>15</sup>



# Lessons to Date

## GREAT's Innovation to Help Women with Low Literacy in Kinh (Vietnamese) to Access Information

The Program's midline longitudinal study identified that as women became more engaged in target sectors, they increasingly require more knowledge to expand production or grow their business. This includes financial management, leadership, digital technology and marketing skills.<sup>16</sup> Through its Innovation Fund, GREAT is backing the development of local support services suited to Vietnam's north-western provinces including a smartphone App to enable women from the Mong, Ha Nhi and Tay ethnic groups to learn and apply new production standards, and business mentoring services to help agricultural producer groups sell local products on an e-commerce platform and via social media channels.

GREAT's experience in linking producers with businesses in Son La and Lao Cai highlights issues of broader relevance to those seeking to support inclusive development in Vietnam and elsewhere. First and foremost, it is essential to develop a strong understanding of the local context or economic 'system' that individuals are operating within. This includes identifying how products move through value chains to end-markets, what supporting functions and services are available and who provides them, and what formal and informal 'rules' shape interactions within the system.

In the areas of high diversity with numerous ethnic groups such as in Son La and Lao Cai, it is especially important to understand the traditions, culture, ethnographical characteristics and specialised indigenous products of each ethnic group. In many areas, there is a strong community culture that can influence a households' engagement with a business. Having this understanding can help a business identify the best entry points and to create and maintain trust with producers to sustain their engagement and commitment. Often, the engagement of community leaders of an ethnic group is critical for a successful engagement of the entire group.<sup>17</sup> GREAT's research activities have consequently helped unpack the ethnographical characteristics of the producers in addition to the market and sectoral issues.

Before designing a specific intervention, such as helping a business partner and producer groups expand production, a full market analysis should be undertaken including forecasting future demand and competing sources of supply. A thorough business planning process then follows, backed up by regular monitoring and frequent interactions with business partners and co-investors to share information on emerging market issues, including new information revealed through research studies and other assessments. COVID-19 has demonstrated how quickly market conditions can change. In the vegetable sector, the lower market demand due to the outbreak required a rapid adaptation in the production plan with producers. GREAT is also now supporting partners that relied heavily on export markets to further develop domestic marketing channels.

Any advice or support to businesses or producers must be based on careful analysis of risks. For example, perishable and short-term vegetables, such as cabbages and lettuce are vulnerable to weather conditions, especially heavy rain. GREAT is supporting vegetable partners to apply technical solutions (enclosed glasshouses, low-cost netting) and adjust their production plans and introduce more rain resistant crops, such as pumpkins.

16. Aus4Equality|GREAT Longitudinal Study Midline Report, December 2020.

17. Ibid.

In north-western Vietnam, there are significant differences between ethnic groups and locations, so it is risky to generalise. Farmers produce many different commodities and have diverse levels of access to productive resources. The businesses that provide market outlets for farm produce include formal and informal buyers; small, medium and large enterprises; cooperatives and retailers, wholesalers and processing companies. Each type of business has a different set of requirements and challenges, so it is vital to work closely with the selected partners in order to identify what support services are necessary and appropriate. When Bac Ha Tea Company expanded to two new communes, the solutions that had worked in the initial communes were not as effective, with the company needing to revise its training approach.

There are social and cultural factors affecting households and women in making economic decisions and engaging with businesses. For example, young Mong women from Sapa did not want to participate in a three-month training course offered by a GREAT business partner on embroidery skills in another province, despite an allowance being paid and all costs being covered due to a reluctance to travel. Further information and training are required to help households and women make effective decisions on their economic activities that considers both opportunities and risks.

Many factors influence producers' and buyers' willingness to enter long-term contracts, including the level of competition in the market at harvest time – whether there are just a few relatively large buyers with strict quality and quantity requirements, or a myriad of options for selling output. Here too there is no simple answer: it depends on the products and areas. A dedicated effort is needed to develop a nuanced understanding of business and producer incentives to commence and sustain partnerships, and of the types of arrangement that function most efficiently. In the early stages, a neutral third party can help establish and demonstrate non-threatening, respectful communication practices based on honest information-sharing and dialogue.

Projects under GREAT that are supported by NGOs working with private sector partners (tea, medicinal herbs, cinnamon) are generally more effective in forming producer groups underpinned by transparent communication mechanisms. GREAT also facilitates to help both producers and businesses assess options and negotiate mutually-beneficial contracts. The local government and mass organisations such as the Women's Union and Farmer's Union can also help build trust with farming households.

GREAT funds are best used early to change mindsets or test innovative approaches but should then be reduced over time. Participants need to see potential for on-going profit, rather than joining primarily to access project funds.<sup>18</sup>

Strong communication between a business and its producers is essential to build mutual understanding about the business plan and required standards – including the volume of produce required each season. This is especially important for products which have a short season, a fluctuating market and are

easily affected by weather (such as vegetables and rice). GREAT is also supporting smart phone apps that can help improve planning, communication and transparency between businesses and producers.

18. 'Learning' captured in GREAT's Reflect and Refocus Workshops (Aus4Equality|GREAT 2019).

# GREAT Learnings on Producer Groups<sup>19</sup>

To develop a sustainable and stable linkage between a company and all target households is a time-intensive process that requires patience.<sup>20</sup>

The chances of success of producer groups also vary depending on the type of group and local factors. Intra-household and intra-group dynamics cannot be ignored. While GREAT has an explicit focus on empowering women, it also recognises that many production units are households or mixed-gender groups, so women-only activities are not always feasible or appropriate. Furthermore, the impact of activities designed to benefit women will depend to a significant extent on whether these match women's aspirations and priorities.

Producers – especially women, whose workloads are already high – need to believe the benefits of joining a group before they will consider doing so. This means being convinced of strong prospects for improved product quality leading to higher prices and increased income. These benefits need to be clearly communicated, preferably with practical demonstrations and backed up by contractual agreements. It can also be useful for local authorities to be visibly supportive of group formation.

Companies should include producer groups as an integral part of their inclusive business models and have mechanisms to incentivise group leaders and maintain groups. Groups are more likely to persist and maintain themselves when there are clear mandates and production activities are part of an on-going business linkage, delivering clear monetary and other benefits.

The group itself should set its rules, norms, targets and monitoring arrangements, to ensure these are appropriate to the local culture and context.

Men should be engaged in developing solutions together with their partners, even when women are the primary 'target' of an intervention. For example, workload issues should be discussed with men and other family members, to find ways of giving the women more time to participate in group activities.

Group leaders need incentives to keep them motivated. One way is to provide bonuses for strong results achieved. In addition, leadership training will often be required. Women may need specific support to build confidence for leadership.<sup>21</sup> They can be invited to participate in more group activities, asked to open meetings and contribute their experience and perspectives. A gradual progression into more senior roles, with mentoring from a more experienced leader, can be an effective strategy.

19. Based on PowerPoint record of Reflect and Refocus Workshops in Lao Cai and Son La [Aus4Equality|GREAT 2019].

20. Aus4Equality|GREAT Progress Report January to June 2020, p. 25.

21. As of mid-2020, over 1000 women had been appointed to take a leadership position in GREAT- supported collective groups - well over the performance target for this indicator. Source: Aus4Equality|GREAT 2020b.





Producer groups also need practical training. To achieve quality certification,<sup>22</sup> for example, groups need both technical and record-keeping skills, often including familiarity with smartphone apps for recording production details. Training has the most impact when delivered in producers' own language, in small groups, by high-quality trainers and preferably in the field rather than a classroom. Visual materials such as photos, videos and cartoon icons are generally more effective communication tools than words.



Producer groups' ability to manage contractual obligations to comply with seedlings and fertiliser quality standards can be strengthened by improving their access to finance, including through local savings and credit arrangements such as revolving funds and short-term loans. It is also important to work with banks to improve their loan products for households and producers.

An enabling policy environment allows businesses to establish, expand and make decisions following business principles; supports productive activity through secure land-use arrangements; and incentivises financial service providers to meet the needs of low-income groups. This also means avoiding or scaling back government support programs that compete with private operators, for instance by providing free or cheap productive materials, seedlings or services.

Sub-sector steering groups are proving useful for policy advocacy. For example, through the Cinnamon Group, land approval issues faced by two GREAT partner businesses in Lao Cai Province were taken up with the respective district and provincial authorities. As a result, the businesses' land-use plans have been approved, paving the way for new processing facilities and the creation of an estimated 530 jobs for local people.<sup>23</sup>

22. Such as conformity to Vietnam Good Agricultural Practices (VietGAP).

23. Adapted from Aus4Equality/GREAT Progress Report January to June 2020, p. 16.





## Conclusion

The GREAT Program supports the development of more inclusive business models that will help bridge the gaps between small-scale farming ventures in Lao Cai and Son La and the businesses that service them and buy their products. GREAT's activities are based on a thorough appreciation of the challenges and assessment of the opportunities. GREAT has helped identify practical ways to get local economic systems working better, for the benefit of ethnic minority women and other poor and marginalised people in these remote provinces.

Progress is already evident, including expanded production zones, new and expanded markets, increased productivity, improved quality that meets market standards, and higher farmer income. New producer groups are now connected to the market and cooperative management has improved. Businesses have closer links with farmers and understand them better. Women are more integrated into supply chains and more opportunities are now available for women entrepreneurs.

GREAT's approach – partnering with existing organisations, service providers and businesses and ensuring the linkages developed provide mutual benefit – means positive changes are likely to be sustained well after the Program concludes.



## References

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