

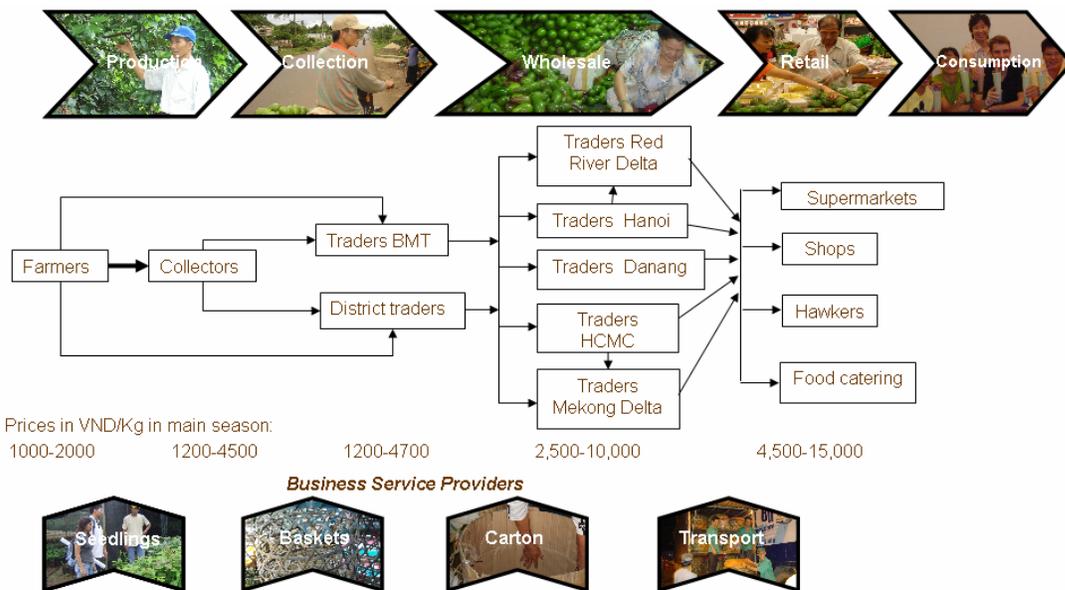
Avocado Value Chain in Daklak

Value chain development activities: August 2006 until March 2009

BACKGROUND

The avocado is relatively new in Viet Nam. Consumers are not yet familiar with the fruit's nutritional value and its different uses within a healthy diet. An analysis conducted in June 2006 proved that there is enormous potential for the production and consumption of avocados in Viet Nam.

The GTZ-MPI Small and Medium Enterprise Development Programme has been running the 'Development of an avocado value chain in Dak Lak province' project since March 2007. The aim is to create an avocado value chain that will address the shortcomings of the sub-sector such as heterogeneous supply, and unprofessional production and handling that lead to high losses and low profits for the different chain actors. The following figure shows the results of the mapping of the avocado value chain:

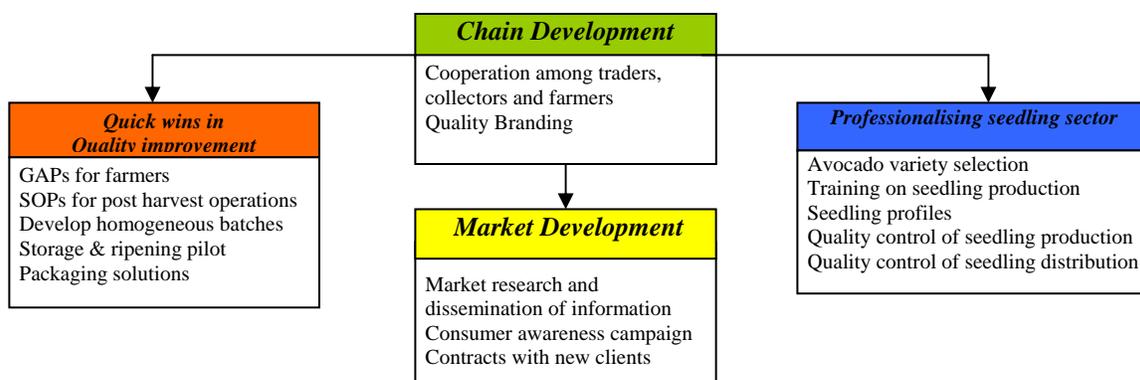


Supporting agencies were:

- Fresh Studio Innovation Asia Ltd was involved in project design, facilitation and development
- Department of Science and Technology (DOST), Dak Lak province provided the consultation and coaching of the project implementation
- Center for Science and Technology Application (CSTA) acted as facilitator and implementer of work packages related to production, harvesting and logistics
- Western Agriculture Science Institute (WASI) delivered consultancy in avocado varieties and implementation of avocado preservation
- Agriculture Extension Center (AEC) delivered farmer trainings

PROJECT INTERVENTIONS

Results of the value chain analysis were presented to the chain's major stakeholders in a workshop held in June 2006 in Buon Me Thuot City. Participants have discussed and jointly developed a comprehensive two-year intervention plan covering four main areas following.



AVOCADO CHAIN DEVELOPMENT

A market pull approach was used in the chain development. Workshops and meetings were conducted to describe the project and its benefits. Representatives from wholesale and retail chains, proactive avocado traders, collectors, farmers and local authorities participated in the workshops. Committed avocado traders, collectors, farmers and cooperating agencies were identified. Working together in groups, they applied improved production procedures and post-harvest operations, which resulted in higher quality avocados supplied to markets. Market responses were then channelled back to the producers.

The DAKADO brand was invented: the name is a combination of both the province (Dak Lak) and fruit (avocado) names.

An avocado trader received support in becoming a professional fruit trading company. A business plan was developed and the packaging house was upgraded.

Trainings were conducted and an operational management system was developed. This was to ensure joint work within the avocado stakeholder group and continued efforts in quality control, research and development and trademark promotion once GTZ support ends.

MARKET DEVELOPMENT

Market development includes market research and consumer awareness campaigns. The market research generated information about consumer perceptions, market size and potential buyers. Results of the research contributed important inputs for a consumer awareness campaign to widen the avocado market.

Campaigns were organised in July / August 2007 and July / August 2008 in Ho Chi Minh City and Hanoi at big retail and wholesale chains such as Sai Gon Co.op, Fivimart and Metro Cash & Carry. They informed consumers about the avocado's potential health and beauty benefits. The campaigns received useful feedback from consumers.

A DAKADO Day (D-day) was held in June 2008 to promote DAKADO avocado to Dak Lak consumers, which include food buyers of hotels and restaurants in Dak Lak province.

A website <http://www.dakado.vn> has been developed to promote the DAKADO avocado as well as to receive communication and feedback from customers.

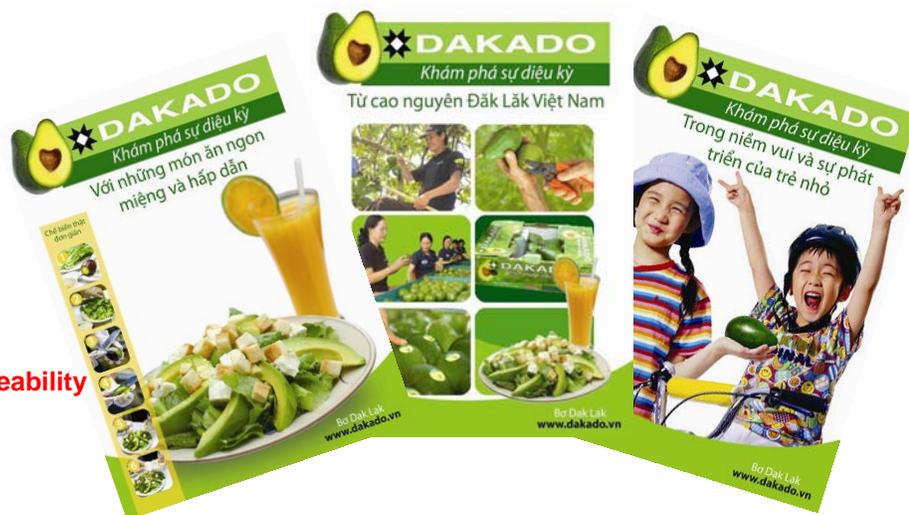
The followings are some examples of marketing materials developed:





Sticker on a DAKADO avocado

Traceability



Posters promoting benefits of avocado and DAKADO chain development

QUALITY IMPROVEMENT

- **SHORT TERM – ‘QUICK WINS’:** Quality improvements achieved through the development of (1) good agricultural practice (GAP) for farmers, (2) standard operating procedures (SOP) for post-harvest activities, (3) development of homogeneous batches (tree inventory database developed at <http://tree.dakado.vn> to forecast the type, quantity, harvest period and suppliers of avocado), (4) introduction of efficient professional harvesting tools, (5) good preservation and storage, and (6) packaging solutions.
- **LONG TERM:** The project aims to strengthen the current avocado variety selection programme at the Western Agriculture Science Institute. This is to ensure that disease-free avocado seedlings with the correct passport information are available to farmers. An avocado seedling sales monitoring system will also be set up. Together with the avocado trade information established under the market research activity, it will provide an early warning system to farmers in case the planted avocado area grows faster than avocado sales.

ACHIEVEMENTS TO DATE

- An avocado group of committed traders, collectors, and farmers was established, with avocado traders playing a role in the change process.
- DAKADO brand of high quality avocado was developed, which is owned by the avocado group.
- High quality DAKADO avocados were distinguished and accepted by domestic consumers.
- A set of attractive marketing materials and a website were developed and are in use.
- Good Agricultural Practice, a harvesting tool and a Standard Operational Procedure for avocados were developed and used to train farmers, collectors and traders.
- Experiments were conducted to identify optimal preservation of avocados. These optimal preservation conditions will be used for the export of avocados later.
- Potential and disease-free avocado varieties were identified.
- Farmers have invested for improvement of farms and avocado varieties. The avocado traders have invested in the promotion of standard packaging and packaging houses.

Warehouse upgrading, a new warehouse built



DAKADO
Dak Lak Province

Professional QA system



DAKADO
Dak Lak Province

Collector network development



90 collectors and 480 farmers trained

DAKADO
Dak Lak Province

IMPACT AND SUSTAINABILITY

- Price of quality and branded DAKADO avocado is 25% to 30% higher than the ordinary product, which has implication at farm gate and trader's store.
- Percentage of losses reduced through optimal SOP.
- Domestic market development for avocado-based products.
- Interest of international traders / investors in the avocado sector.
- An avocado group of farmers, collectors and traders closely cooperate to supply quality avocados and this group is capable of maintaining their collaboration after SMEDP's support ends.
- Pilot model of standardised agricultural product supply chain is appreciated by local partners and has potential for replication

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