

DRAFT

DAKADO Avocado in Vietnam

Value chain development approach, upgrading strategies
and interventions
Period March 2007 - March 2009

gtz



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1. Introduction

The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH is an international cooperation enterprise for sustainable development with worldwide operations. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. Working under difficult conditions, GTZ promotes complex reforms and change processes. Its corporate objective is to improve people's living conditions on a sustainable basis.

GTZ has been working with its partners in Vietnam since 1993. We promote sustainable development in approximately 20 projects and programmes covering the three priority areas Sustainable Economic Development, Management of Natural Resources and Health, as well as the cross-cutting sector Poverty Reduction.

The Small and Medium Enterprise Development Programme (SMEDP) in Vietnam is implemented in cooperation between The German Technical Cooperation (GTZ), the Agency for SME Development of the MPI, Vietnam Chamber of Commerce and Industry, selected Local Governments and other key partners at national level and in four provinces of the country (Hung Yen, Quang Nam, Dak Lak and An Giang). The overall objective of the Programme is to increase the competitiveness of the enterprises and to achieve more formal employment and income in this sector which has gained more and more importance during the last year for Vietnam...

The core intervention areas of the SMEDP are (i) improvement of the business environment, (ii) Promotion of Local Economic Development in 4 provinces; (iii) strengthening of selected sectors/value chains; and (iv) Technical Services in Material Analysis and Quality Management.

The interventions in the Value Chains are designed to address the main challenges, particularly the lack of market orientation and links between the stakeholders as well as the low quality of services provided for the development of the chains.

The agricultural sector has been selected as a focus during the first phase of the Program. The value chains the program is supporting vary according to the characteristics of the regions and include coffee, cashew nuts, vegetables, catfish, avocado, longan, litchi and rattan. These products have been chosen due to their potential to gain shares in both the international and domestic markets. They also add considerable value to the local production, thus increasing income for farmers and processing companies.

This paper is to document practices in value chain development in the avocado sub-sector from Dak Lak province, Vietnam, which focus on process results. Lessons learnt from this value chain development is centered around five success factors of the Capacity WORKS - a process management tool developed by GTZ. The five success factors are strategy, cooperation, steering structure, processes, and learning and innovation.

Development of an avocado value chain

Brief Project overview

Objective:

Development of an avocado value chain which will deliver high quality avocado to the markets with cost-effective price, leading to improved benefits for all actors in the chain. More precisely, the project aimed at:

- professionalizing the avocado chain of Dak Lak province
- raising the domestic demand on avocado
- offering a high quality avocado brand

Duration:

March 2007 to March 2009

Partners involved:

- Fresh Studio Innovation Asia Ltd: project design, facilitation and development
- Department of Science and Technology (DOST), Dak Lak province: consultation and coaching
- Center for Science and Technology Application (CSTA): facilitator and implementor of work packages 3, 4, 5
- Western Agriculture Science Institute (WASI)
- Agriculture Extension Center (AEC)

Interventions:

The value chain development approach was applied in the project implementation, which take up opportunities and address shortcomings along the chain. Interventions covered the 4 main areas: (1) Research and Development, (2) Production and logistics, (3) Sales and distribution, and (4) Market and communication.

Main activities: 12 work packages (WP)

- WP1: Market research
- WP2: Awareness campaign
- WP3: Chain formation
- WP4: Good Agricultural Practices (GAP)
- WP5: Standard Operating Procedures (SOP)
- WP6: Homogenous batches
- WP7: Harvesting tools
- WP8: Cold storage
- WP9: Packaging
- WP10: Branding
- WP11: Seedlings
- WP12: Management and Cooperation

Project results for chain players:

- A group of committed avocado trader, collectors and farmers were established, which supplies branded high quality avocado to the markets
- Higher income for actors involved
- Cooperation among the producers and wholesaler and retailers like Metro Cash & Carry Vietnam, Sai Gon Co.op Mart and Fivi Mart established, which leads to higher market segment and consequently, higher prices.
- Value addition through quality management, branding, packaging and market development activities
- Farmers trained in GAP now have potential for export
- Less use of chemical pesticides and fertilizer reduce environmental impact and improve food safety.

2. GTZ/SMEDP value chain development

2.1 Definition

A value chain can be defined as a sequence of productive processes from the provision of specific inputs for a particular product to primary production, transformation, marketing and distribution and final consumption.

According to Kaplinkski and Morris 2003' value chain describe the full range of activities which are required to bring a product or service from conception

through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers and final disposal after use.

Value chain development considers all the steps of production process. It analyses the flow of product, actors involved and linkage among them. The analysis helps to identify strengths, weaknesses, opportunities and constraints in a value chain. It also takes into account market demands, buyer's requirements, quality standards, and boundaries between the national and international chains.

Partners in a value chain work together to tackle the weaknesses and constraints, to take up strengths and opportunities, in order to improve their operations; and consequently, they share risks and benefits all together.

2.2 The GTZ SMEDP' Value chain promotion in Vietnam

In 2005, when the SMEDP has been started, the value chain approach was still new to partners' organizations and institutions. The SMEDP since then, have intensively worked on (1) promotion of the value chain approach at national and provincial levels and (2) directly involved in development of 8 subsectors/value chains at provincial level, which are litchi, longan, avocado, vegetable, coffee, cashew, pangasius and rattan.

The value chain development by SMEDP follows GTZ ValueLinks approach, which comprises of 5 key steps below:

1. Selection of a subsector.

Selection of a subsectors for value chain promotion is based on the importance of the sub- sector to the local economy, commitment of partners, characteristics of the sub-sector, its competitive advantages and the potential for value adding.

2. Analysis of value chain.

After the selection of the subsector a value chain analysis is conducted. The process comprise of value chain mapping, market and economic analysis. In another words, it identifies the production flow, how value is added along the chain, who are the major stakeholders/ players and supporting agencies of the chain and relationship among them. The analysis also assesses shortcomings as well as opportunities of the sectors.

Participatory approach is used for this process, which include all relevant major stakeholders of the subsector.

3. Development of upgrading interventions

The development of upgrading interventions carries on using the same participatory approach. Again, major stakeholders of the subsector gathered in a workshop/seminar to agree on the vision, mission, to set goals and develop intervention strategies to reach the goals.

It is very important at this stage that all major stakeholders jointly develop a common vision of the chain, how the chain will look like in three or five years from the start of the project and then, work on upgrading strategies to tackle shortcomings, to make use of opportunities, to add value to products and consequently, improve the competitiveness of producers/ SMEs. This process is the basis to form up consensus among chain actors and motivate them to cooperate with each others.

4. Implementation of intervention activities

The intervention strategies then translated into an action plan where activities, time frame, responsible person and contribution were included and the project started implementation of its action plan.

In this implementation period, the role of value chain facilitators is very important, which stimulate, and at the same time, direct chain players to achievements of the goals set fort.

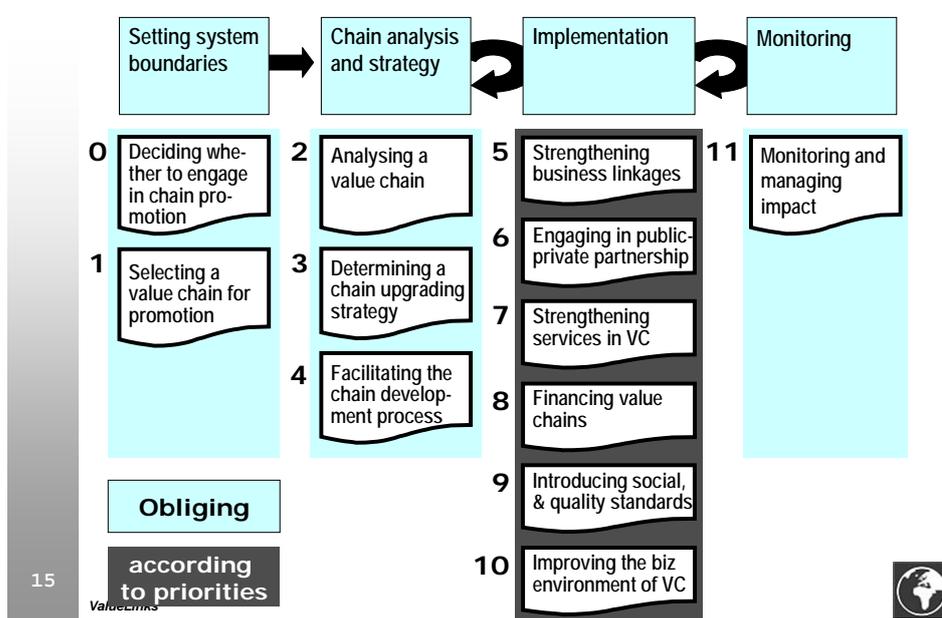
5. Monitoring and evaluation

Baseline data collected during the value chain analysis is used for monitoring and evaluation purposes, which consider major aspects such as increase in-competitiveness of the subsector and percentage of value addition.

Feedbacks from monitoring reports enabled corrective actions and/or orientation of further steps of the project.

Value chain development steps are illustrated in the figure 1 below:

Figure 1: Value chain promotion process



3. Avocado value chain

3.1. Selection of the subsector

GTZ SMEDP's 4 focus provinces are Hung Yen, Quang Nam, Dak Lak and An Giang. Dak Lak is the province, where coffee production contributes 70% of the provincial agricultural production. A consultation with provincial authorities and various stakeholders identified that avocado production is potential among other crops; and provincial authorities tend to diversify agricultural production from the dominance of the coffee production.

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The following criteria were identified and used to select the avocado subsector suitable for value chain development:

- Market demand/ growth potential
- Potential for employment creation
- Potential for income generation
- Opportunities for market linkages
- Potential for value adding

- Number of avocado collectors and traders (outreach)
- External factors (policies of local government, taxes, ect...)

3.2 Analysis of avocado chain

3.2.1 Objective of analysis:

The overall aim of the avocado value chain analysis is to create a joint vision within avocado stakeholders and develop a market based interventions plan for a more competitive and successful avocado subsector, which can create a win-win for all actors in the avocado value chain

3.2.2 Methodology:

Market chain analysis and rapid diagnostic appraisal were used in this value chain analysis. The market chain approach was used to describe the numerous links that connect all the actors and transactions involved in the process of delivery of avocado from the farm to consumer.

Rapid diagnostic appraisal was used to analyse what is happening in and around the avocado chain. The method empowers people to analyse their own problems, develop solutions and implement them.

The figure 2 below presented the methodologies used.

(Insert the Figure 3 of the avocado VCA, page4)

3.2.3 Analysis team and locations

The value chain analysis team comprised of staff of consulting company, relative line departments, collectors and farmers. Field work was carried on in main avocado producing districts of Dak Lak province and Buon Ma Thuot city, as the main trading hubs, from which avocados were transported all over Vietnam.

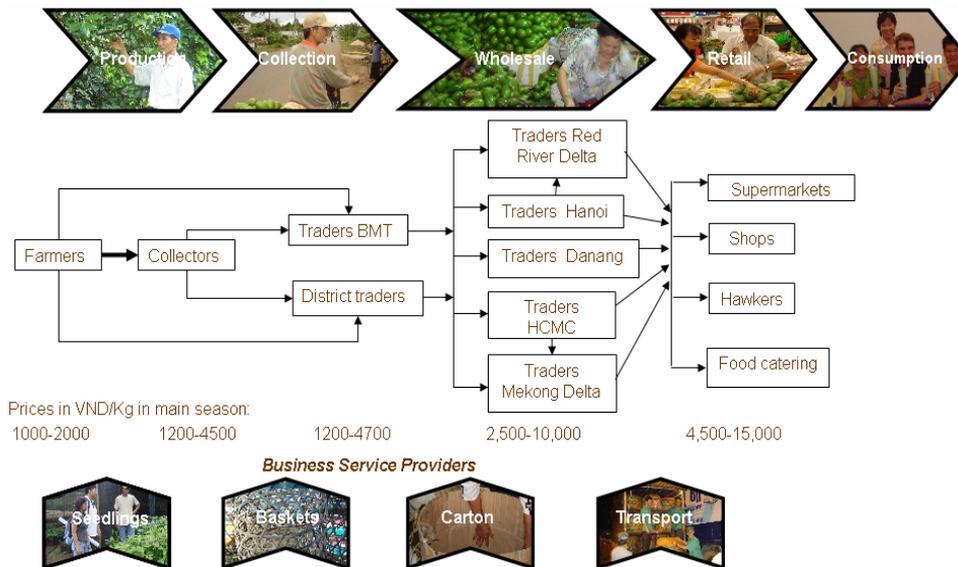
The analysis was also conducted for major wholesale markets in Hochiminh city and Hanoi. To get inside in the deterioration of the quality of avocado, the value chain analysis team followed a sample of avocados from the moment of harvesting until the delivery to final consumer in Hochiminh city.

The avocado value chain analysis was conducted in June 2006.

3.2.4 Avocado value chain map

There are many actors involved in the avocado business and at different levels of the chain. It comprises of suppliers of avocado seedling, farmers, collectors at district and provincial levels, wholesalers in big cities like Hochiminh city and Hanoi. The avocado chain is presented in the figure 3 follow:

Figure 3: Avocado chain



3.2.5 Market and economic analysis of avocado subsector in Dak Lak province

The Information on avocado production, harvesting, post harvesting, product flow from farm gate to collectors, district wholesalers, Buon Me Thuot wholesalers, wholesalers and retailers in big cities such as Hochiminh city and Hanoi capital were identified.

Losses, possible value addition at every production and distribution level was also analysed. Other aspects that were considered are:

- Avocado varieties and characteristics,
- World trade and consumption of avocado
- Vietnamese market, market trend and consumption of avocado
- Local development strategies for avocado

- Service arrangement in the subsector
- Participation of poor people in the subsector

The general feature of the Dak Lak avocado subsector is summarized in the table 1 below:

Table 1: General features of Dak Lak avocado subsector

Indicator	2006
Avocado volume traded by full time Dak Lak avocado wholesalers (n=42)	25,610 ton
Harvested number of trees per year	256,000 trees
Number of farmers involved	51,000
Number of collectors involved per year	1,200
Harvested area per year	1,707 ha
Truckloads per year	3,201
Traded revenue per year	USD 7 millions

Source: Data collected from 42 full time avocado wholesalers in Dak Lak, Not included traded volumes of 68 part time avocado wholesalers.

The analysis showed that avocado business involved quite a big number of people and the annum trade volume of avocado is rather high . These results were a big surprise to analysis team, major stakeholders of avocado subsector and local authorities.

The complete value chain analysis report can be found at SMEDP website at www.sme-gtz.org.vn

3.3 Designing of upgrading interventions

The results of the avocado value chain analysis was presented back to more than 60 major stakeholders of avocado subsector in a workshop on 4th August 2006. Representatives of Sai Gon Co.op Mart and Metro Cash & Carry Vietnam have participated to the workshop and gave valueable comments on customers' requirements. 14 posters capturing major findings of the analysis were posted on the wall of the seminar hall as a roving exhibition.

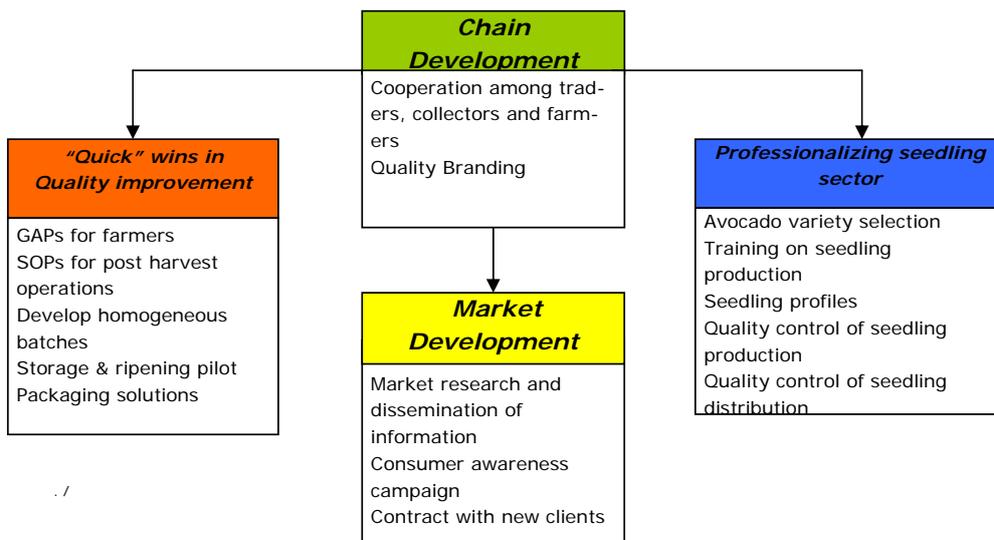
Figure 4: avocado stakeholder workshop:

Pictures of plenary discussion, group discussion, participants in the rowing exhibition, face-to-face dialogue between Sai Gon Co.op Mart and producers



Participants verifying results of the analysis, discussing solutions of most critical points in the chain and jointly developing upgrading strategies to fully exploit current and future market opportunities. The figure 5 below presented major intervention areas of the avocado value chain project

Figure 5: Main intervention areas of the avocado value chain project



3.4 Implementation of intervention activities

Based on the upgrading strategies, an action plan for the avocado value chain development was developed, which comprised of 12 work packages, covers the whole chain e.g. from research development to production, logistics, sales and distribution, marketing and communication.

The kick-off workshop of the avocado chain was conducted on 16th March 2007. In this workshop, major stakeholders discussed what, how, who and when to implement upgrading activities. The project from that time, have intensively carried on implementation of the action plan.

3.4.1 Avocado chain development

A market pull approach was used in the chain development. Workshops and meetings were conducted to explain about the project and its benefits. Representatives of wholesale and retail chains have been joining the workshops together with proactive avocado traders, collectors, farmers and local authorities. Committed avocado traders, collectors, farmers and cooperating agencies were identified. They worked in a group, closely together, applying improved procedures of production and post-harvest operations which resulted in higher quality avocados supplied to markets. Market responses, on the other hand, are channeled back to the producers.

The DAKADO brand was invented, which contains both, the regional heritage (Dak Lak province) and the category name (avocado).

An avocado trader was supported in order to become a professionalized company in fruit trading. A business plan was developed and the packaging house was upgraded.

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

3.4.2 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 increase the markets for avocados.

Campaigns which were organized 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 Mart, Fivimart and Metro Cash & Carry, conveyed information to consumers about the avocado's potential health and beauty benefits. The campaigns received very useful feedbacks from consumers.

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

The followings are some examples of marketing materials developed:



DAKADO logo on the poster



New packaging solution



Sticker on a DAKADO avocado

Traceability



Posters promoting benefits of avocado and DAKADO chain development

3.4.3 Quality improvement

The strategic orientation in quality improvement comprise of short-term and long-term activities.

“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](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.

Figure 6: Pictures taken from implementation process, Quick-wins

SOP training

Cool storage



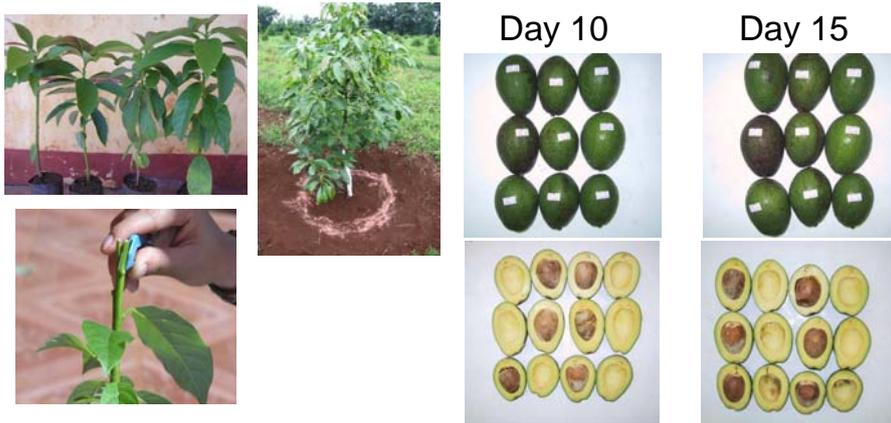
3.4.4 Professionalizing avocado seedling

LONG TERM Quality improvement: The project aims to strengthen the current avocado variety selection program 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 the growth in sales.

Figure 7: Pictures taken from implementation process, long-term

Professionalizing seedling supply

Preservation highlights



4. Findings and lessons learnt

4.1 Findings

After about two year of implementation of the avocado value chain interventions, the GTZ/SMEDP realized that the avocado subsector is very potential and there is still a lot of substantial scope for value addition such as diversification of avocado product (avocado oil, avocado powder, substance for cosmetic products etc...) and there are promising export markets.

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The avocado value chain project was designed in a participatory manner, which has clear and plausible objectives. Aspects such as organizational, human and financial were considered.

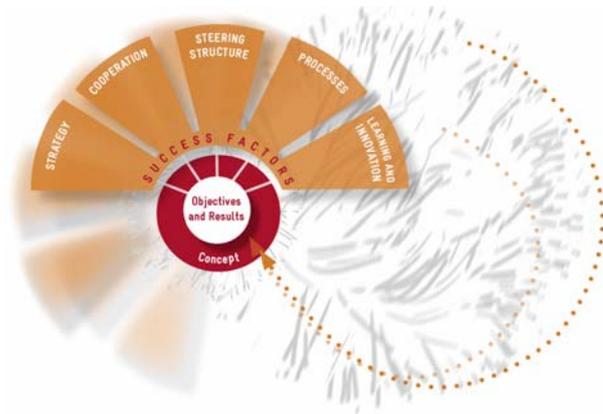
The chain actors and facilitators were motivated, very enthusiastic and obtained ownership in value chain development. They were involved in the project design and actively participated in its implementation, which lead to the success of the value chain development.

More analysis about this success is shown in the lessons learnt below.

4.2 Lessons learnt

The capacity WORKS management tool is applied to draw lessons learnt from the avocado value chain development, which is centered around the 5 success factors following:

1. **Strategy:** negotiating and agreeing with project partners and stakeholders on a clear and plausible strategic direction for the project.
2. **Cooperation:** providing cooperation structures and formats to a selected group of partners, allowing a network of people and organisations to facilitate change through a clear understanding of project stakeholders and their respective functions.
3. **Steering Structure:** negotiating the optimal steering structure with project stakeholders.
4. **Processes:** designing, implementing and improving processes that facilitate social innovation.
5. **Learning and Innovation:** encouraging learning among participants to facilitate sustainable capacity development.



4.2.1. Strategy: Negotiate and Agree on Strategic Orientation

To be successful, the project requires a clear and plausible strategic orientation

- It centres on the cooperation project's objectives (benefits for all involved).
- The selection of agreed outputs corresponds to outcomes that are to be achieved
- It is the result of a negotiation process among major stakeholders, GTZ and its local partners.
- It focuses on potentials especially the development trend of the subsector and a combination knowledge and resource of chain actors and supporting agencies

- The private sector's commitment and investment amounts to 80% of total costs of a cross-cutting project.

Strategic orientation of the avocado value chain

- The project objectives are clear and plausible
- The project suits the development strategies of the Dak Lak provincial government and is potential for value addition that make the chain more competitive
- The very comprehensive value chain analysis provides input to strategy development.
- Upgrading strategies include short-term and long-term objectives. Results of short-term objectives stimulate cooperation among the chain actor
- Knowledge and capabilities available from Consulting company – Fresh Studio and local partner – Department of Science and Technology are to designed a comprehensive project and to foster the change
- The process-oriented and capacity development center around the strategies

The strategy focuses on:

- Multi-stakeholder approach, which involve provincial line departments, universities, research institutes, traders, farmers and service providers
- Market orientation (local, national and international markets)
- Demand orientation (bottom-up approach)
- Incentives and innovation
- Communication strategy to increase awareness about project objectives, new topics (cooperation, good agricultural practice, marketing, branding and packaging...)
- Sustainable development (economic benefits, social change, environmentally sound – triple bottom line).

4.2.2. Cooperation: Network people and organizations to facilitate changes

What is important for successful cooperation?

- Identify possible cooperation partners who can contribute to the project.
- Negotiate and agree on common objectives (win-win situation).
- Define roles and responsibilities clearly. The private enterprise plays an active part in the cooperation project.

- Use and combine strengths of partners.
- Share power and influence to increase ownership.
- Make conflicts and perspectives transparent.

Cooperation in the avocado value chain

- Common objectives of the chain were established and well communicated among the chain actors
- Agreements on vision, mission and expected results right at the beginning of the project
- Joint development of upgrading strategies and action plan
- Value chain analysis in the beginning supplied clear and complete overview of stakeholder landscape.
- Promotion of value chain development approach, which focused on strengthening linkages of chain actors
- Flexibility and demand-oriented approach applied
- Clear definition of roles and responsibility:
 - DOST/ CSTA responsible for avocado group formation, production and logistic activities
 - WASI responsible for research on avocado seedling and preservation
 - Fresh Studio responsible for project design, market research, market development, communication and project coordination.
- Enhancing ownership by:
 - Including major stakeholders in the value chain analysis,
 - Making benefits visible to them
 - Helping them fulfill their roles via trainings, GAP and SOP application
 - Contributing to training concept development and its implementation.
- Conflict resolution
 - Awareness through feedback from implementing partners
 - Bringing partners together to resolve conflicts (farmer – trader dialogue in common meetings, farmers and traders visits to stores of Metro Cash & Carry, Sai Gon Co.op Mart and Fivi Mart...)
- Utilise the strength of the partners
 - Knowledge (GTZ, Fresh Studio, DOST)
 - Financial contributions (GTZ, private businesses)
 - Relationship at macro level (GTZ, Fresh Studio, DOST)
 - Influence (local government, line departments)
 - Private sector networks (Private businesses)

- Innovation (Consultation of avocado group formation, marketing material and marketing campaigns, modern packaging solution, construction of packing house, development of business plan etc...)

Figure 8: Poster of DAKADO avocado chain, which illustrate the production flow and cooperation among actors



4.2.3. Steering structure: Negotiate the optimal management structure

Necessary for:

- Strategy development
- Planning of activities
- Resource management
- Coordination
- Conflict management
- Result/impact monitoring

Essentials:

- Clearly defined responsibilities
- Transparency
- Efficiency
- Multi-perspective – joint decision between technical development agency and project partners
- Sensitivity to conflicts

- Flexibility
- Suitability and functionality

Steering structure of the avocado value chain

Simple steering structure with clear responsibilities

- GTZ, Fresh Studio, DOST for management decisions at a meso level
- Core project team for implementation consisting of Fresh Studio (01), CSTA (04) and WASI (02) staff
- Decisions on steering structure made in the beginning and fixed with project planning/design
- Clearly defined processes within the steering structure
- Frequent and efficient communication at core project team and managerial level
 - Regular meetings every month initially
 - Bi-weekly progress reports
 - Joint running of events
- Day to day business and conflicts are dealt with at core project team level.
- Reporting system (once every six months)

4.2.4. Processes: Design processes for social innovation

Objective:

- Identify processes that facilitate change: fields of common interest among private and public actors
- Initiate change processes
- Transfer new process knowledge to partners

Criteria for process quality

- Result orientation
- Speed
- Stability
- Learning

Process optimisation

- Problem identification

- Process analysis
- Definition and redefinition of processes

The Avocado value chain: Selection of change processes

- Recognition of problem: low quality, high percentage of losses of fresh avocados (40-50%), no direct access to the market for farmers (production not according to demand due to lack of knowledge)
 - Linkages that do not work
 - Heterogeneous avocado supply
 - Inadequate cultivation, harvest and post-harvest methods
- Avocado value chain analysis at the beginning to understand context and identify constraints and potentials in the chain
- Define interventions to improve the chain: level of production, collection, storage, transportation, distribution, assistance to establishment of avocado group and establishment of cooperation with major buyers: Metro Cash & Carry, Sai Gon Co.op Mart, Fivi Mart
- Development of GAP, SOP and conducting trainings to the chain actors
- Development of harvesting method and harvesting tool
- Introduction of marketing tool, packaging solution and cool storage conservation
- Implementation of investment in facilities: carton boxes, plastic crates, packing house for avocados
- Assessment:
 - An avocado group of committed trader, collectors, and farmers is established, in which an avocado trader plays an important role in the change process.
 - DAKADO brand for high quality avocado developed, which is owned by 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 for trainings of farmers, collectors and traders.
 - Experiments conducted to identify optimal preservation for avocados. This optimal preservation conditions will be used for export of avocados at a later stage.
 - Potential and disease-free avocado varieties identified.
 - Line departments and other chain actors acquired knowledge on

4.2.5. Learning and innovation: Focus on learning capacity

Objective:

Make learning explicit and enable learning at the following levels by creating a learning architecture:

- Individual learning
- Organisational learning
- Learning networks and systems
- Learning how to facilitate change processes

Process:

- Variation
- Selection
- Stabilisation and restabilisation

Self-observation is needed for this process

Learning and innovation strategy of the avocado value chain

Innovation

- Value chain development in a specific agricultural subsector
- Modern marketing, branding and packaging

Learning at various levels was a central objective of the project:

1. Knowledge transfer through training for farmers, collectors, retailers, wholesalers and on-job training for local partners (individual level)
 - Farmers, collectors and traders learn how to work together to become more competitive and to have better bargaining power against wholesalers, buyers from big cities
 - Farmers learn how to apply new technology for cultivation, harvesting and post-harvesting
 - Local partners learn how to facilitate value chain promotion
2. Constant upgrading in the supply chain. Set incentives for learning for chain actors
 - Open up new market segment of high quality avocado from Dak Lak by connecting with big wholesale and retail supermarkets in Hanoi and Hochiminh city

- Better price of branded high quality avocados
 - Customer attraction by marketing materials and new packaging
3. Organisational learning
 - Project team learning and adaptation from implementation practices
 - Avocado trader recognizes the benefit of setting up a private company and learn how to develop the company business strategy
 - Line departments learned about how to facilitate and promote value chain development (organisational learning on provincial level)
 4. Learning systems
 - Chain actors learn how to work together and innovate to improve their competitiveness
 5. Dissemination of knowledge through workshops and events (project implementation knowledge)
 6. Learning instruments
 - Reporting structures, analysis etc. (learning at project implementation level)

**Marketing strategies: from general awareness in 2007
to brand preference in 2008**

- | | |
|--|---|
| <ul style="list-style-type: none"> + Sticker on a single avocado fruit bearing registration number to enhance traceability. | <ul style="list-style-type: none"> + Carton box for avocados was strengthened and changed from 12kg/box to 4-5kg/box for more convenient use |
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5. Impact and Sustainability

5.1 Impact

Quick appraisal has been done to measure the impact of the project. 15 selective informants from public, private sectors and chain actors (farmers, collectors and trader) were interviewed.

All informants agreed that the project objective is clear and the project has achieved its objective set fort. What they have learned from project are:

- Knowledge about value chain, how to promote and operate the chain, which is focus on tackling the weakest point of the chain, interventions made to every level of the chain, e.g production, logistics, packaging, branding and marketing
- Important results from research and development, production and logistics, distribution and sales, and marketing and communication were achieved. These results are the basis for futher promotion of DAKADO brand in the future

To the question what skill and knowledge they will continue to apply in the future, and to what activities, the answers are:

- Planning and implementation of the plan
- Linkage in the chain and management of the chain operation
- Organizing and moderation of group work
- Marketing, market development
- Specific agrarian knowledge: GAP, SOP...

The above-mentioned knowledge and skill will be applied for development of other investment project in the province such as coffee and tourism development.

After joining the project, chain actors have done differently. They are now working in the group. Market demand and market requirements are considered. New cultivation and harvesting techniques introduced by the project are in use. For instance, to select avocado varieties that the markets required, using harvesting tool instead of shaking avocado trees for harvest to reduce losses, using plastic crates instead laying avocado on the floor while sorting them, using carton box instead of bulk delivery, strict quality management to provide homogenous avocado batches etc... The actors of avocado chain have become more confident. They have invested in the project for improvement of avocado farm, packing and logistic facilities.

The DAKADO avocados from Dak Lak province are known by the domestic customers. Income for the chain actors has increased considerably. High quality DAKADO brand avocado supplied to Sai Gon Co.op and Metro Cash & Carry enjoyed 31% higher in price.

The informants agreed that three dimensions of sustainable development were observed during the project implementation. The economic and social dimensions achieved while the Dak Lak avocado subsector increased its competitiveness and value addition, more jobs creation and income generation. The environmental dimension observed when farmer applying good agricultural practices.

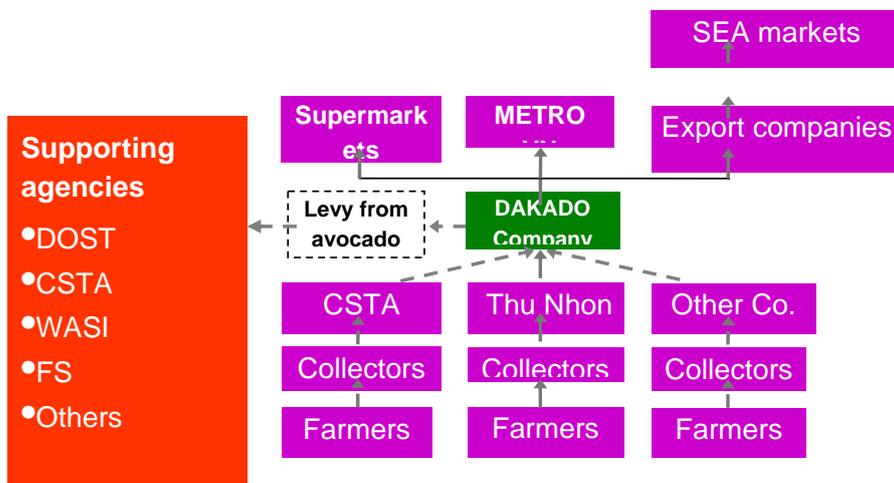
5.2 Sustainability

The sustainability of the project was considered at the designing stage of the project. Market driven approach used for the formation of the avocado group that enable economical viable business activities.

The project has focused on institutionalizing the chain. A lot of efforts have been paid to capacity development of chain actors and facilitators from line departments. It also pay attention to promote roles of private businesses. The avocado trader has been supported to establish the company specializing in fruit trading. This company has become the change agent in the value chain promotion process.

The stakeholder meeting of the avocado chain has been held on January 2009 to discuss further operation of the chain after the termination of the SMEDP. The figure 8 below is the structure of the chain, which has been selected by the major stakeholders during the meeting.

Figure 8: Organization of avocado chain



The operation structure is designed which focus on up-scaling of the chain. Financial structure, levy from trading activity will be used for research and development and other marketing activities.

Small and Medium Enterprise Development Programme (SMEDP)

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