

External Shocks & Adjustments in Smallholder Livestock Production

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The Future of Poultry Farmers in Viet Nam after HPAI
Hanoi, Viet Nam, 8–9 March 2007



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Pro-Poor Livestock Policy Initiative

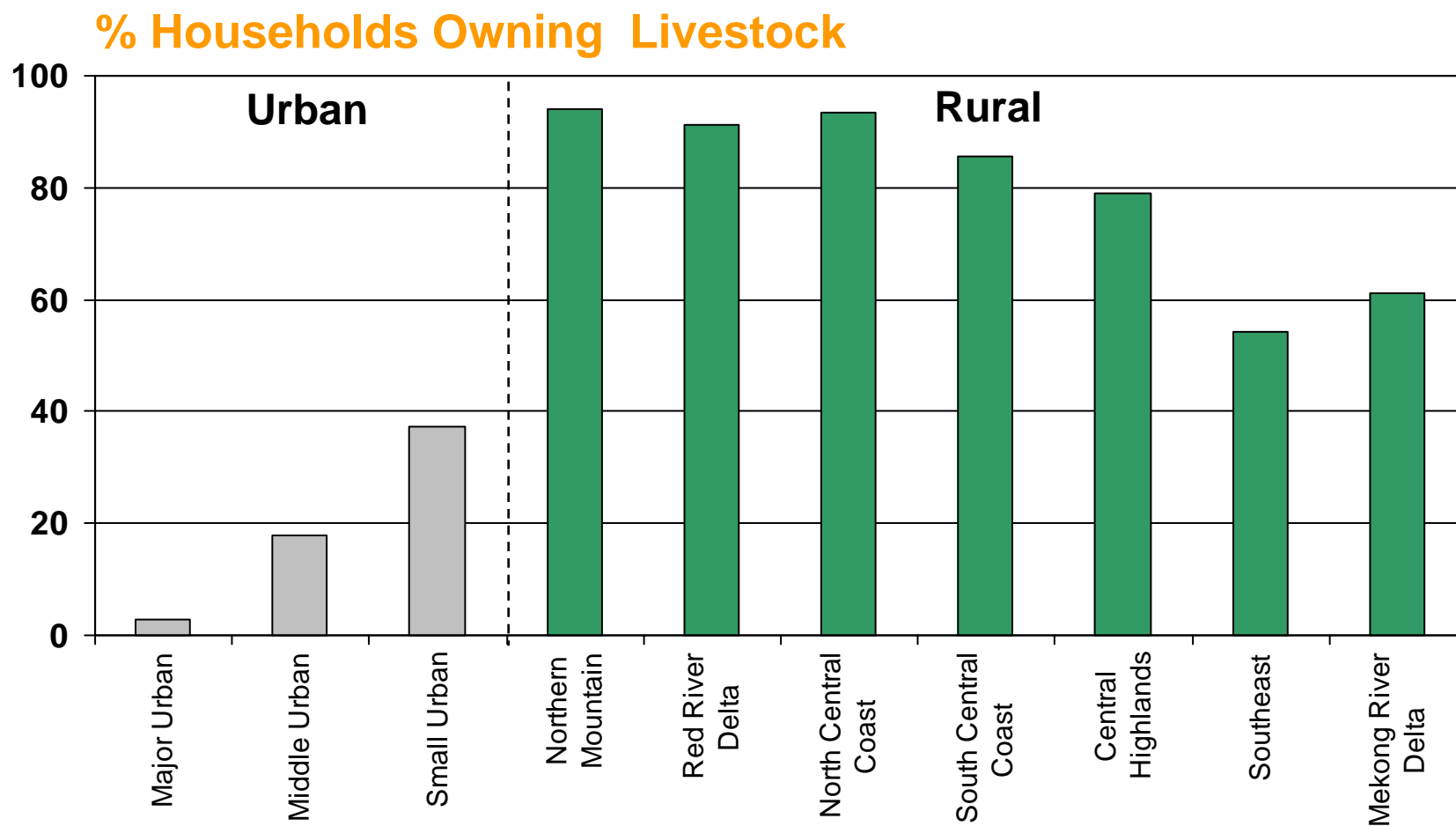


Outline

- Livestock sector characteristics
- The role of livestock in rural incomes
- Adjustment options to external shocks – value chain certification



Livestock Ownership in Viet Nam



Source: 1998 VLSS

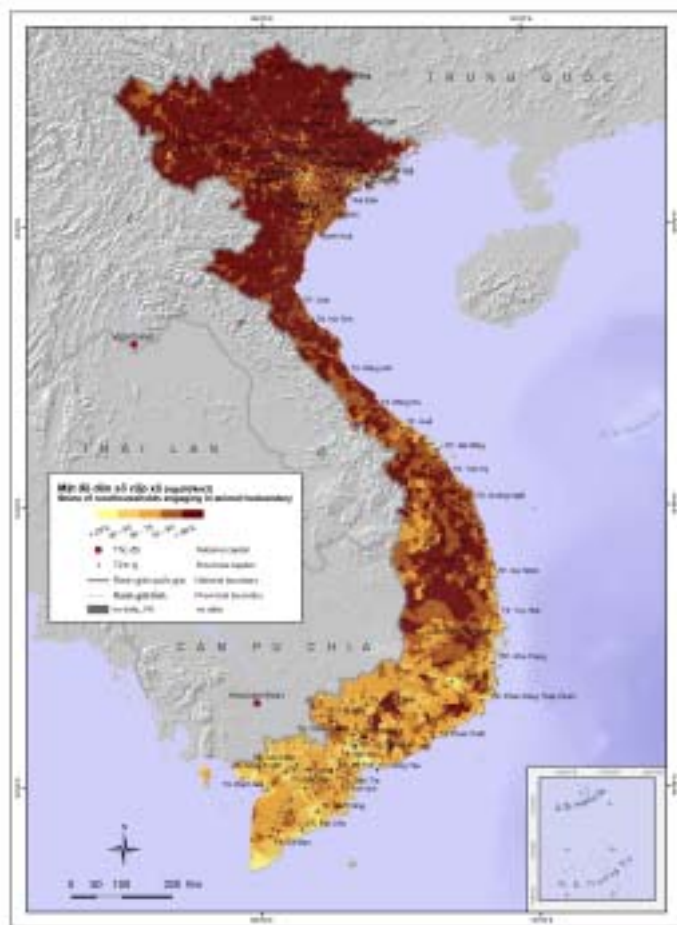


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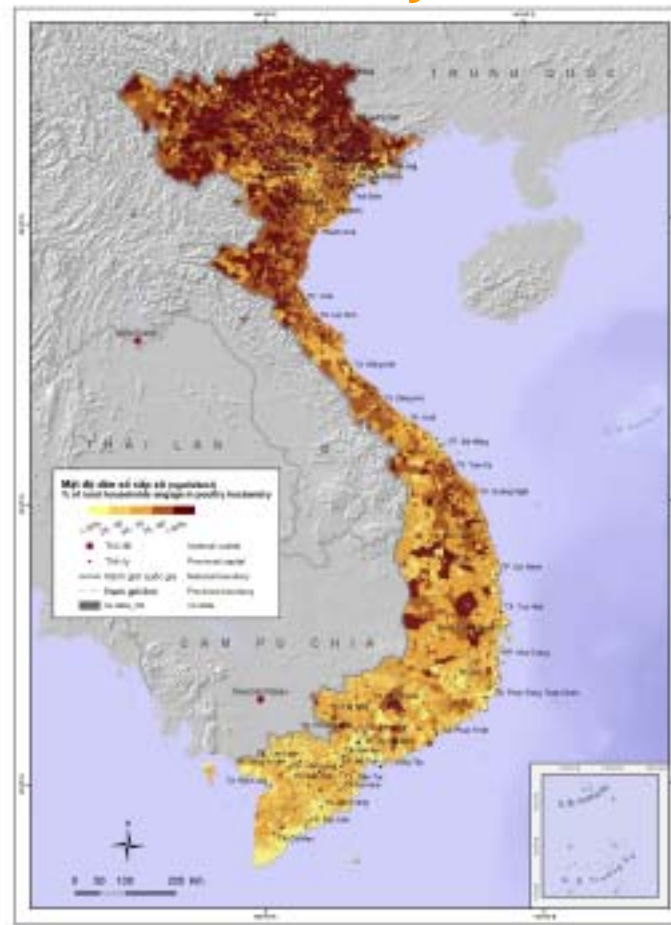


Households Engaged in:

Livestock



Poultry

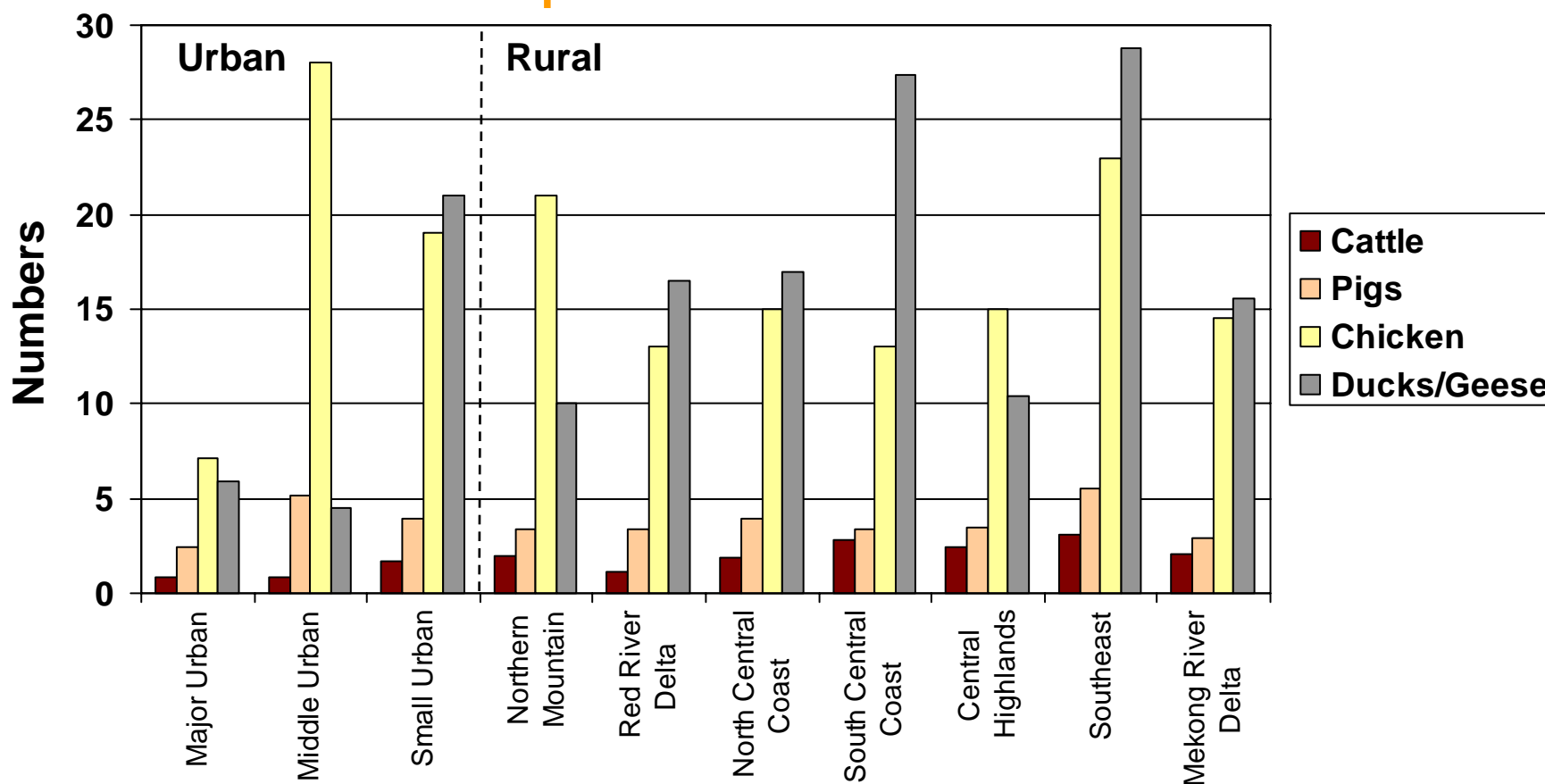


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Livestock Ownership in Viet Nam

Herd / Flock Composition



Source: 1998 VLSS

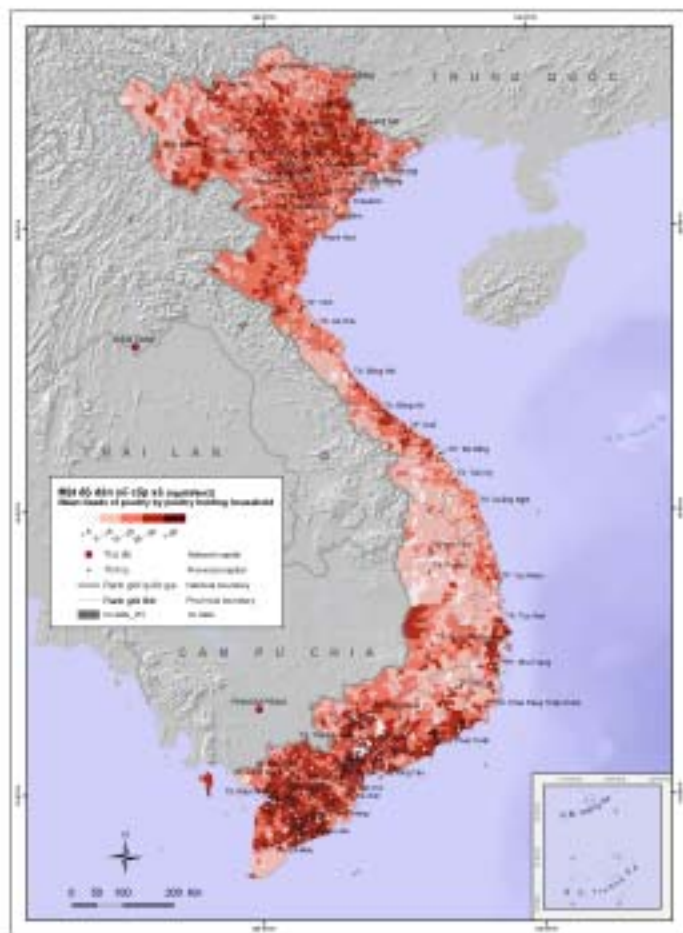


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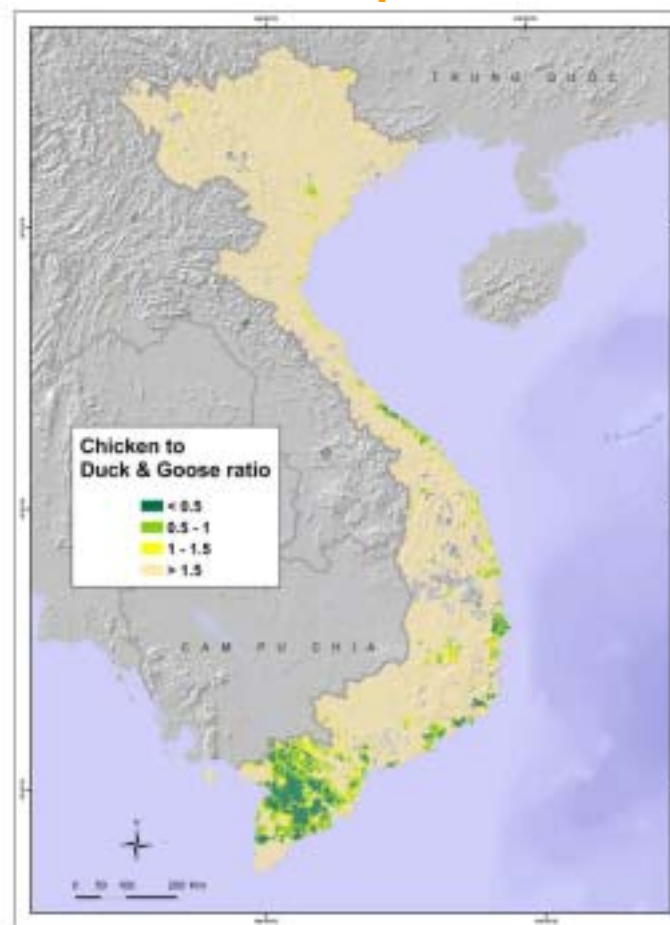


Poultry Flock Size & Composition

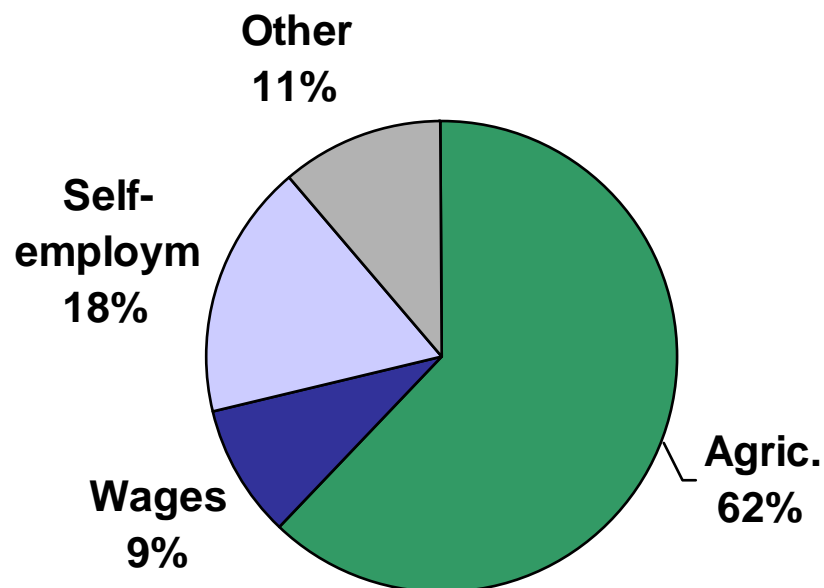
Flock Size



Flock Composition



Rural Income Sources



Average: USD750 / household / year
Poverty line: app USD650 / hh / year

Source: 1998 VLSS, PPLPI 2005



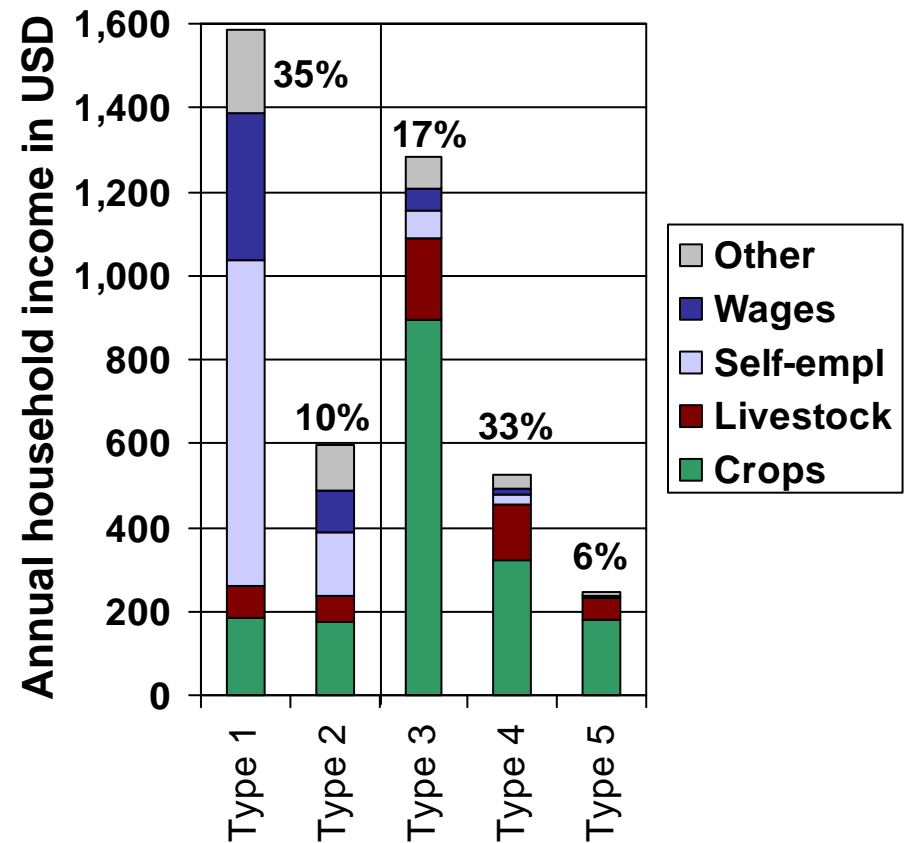
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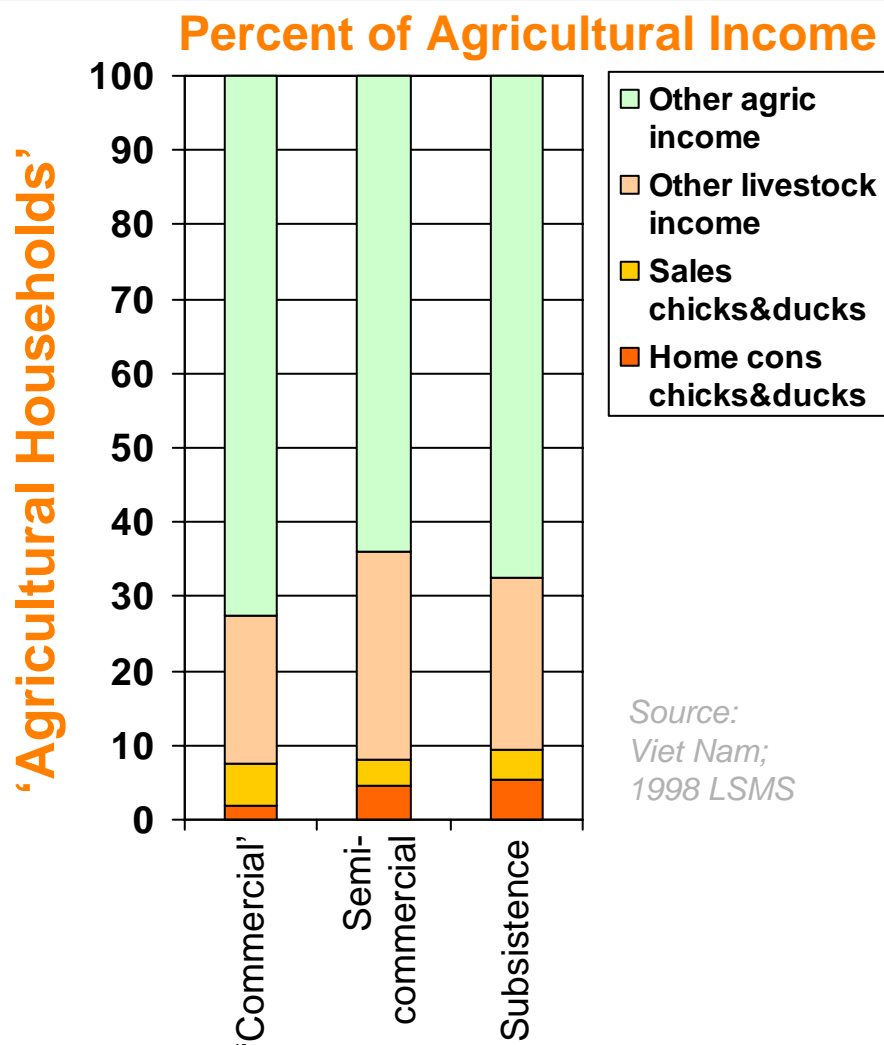
Viet Nam: Rural Household Types

Type:

- ‘Diversified’
 - with market-oriented agriculture (>75% sold)
 - with semi-market-oriented agriculture
- ‘Agricultural’
 - market-oriented
 - semi-market-oriented
 - subsistence (<25% sold)



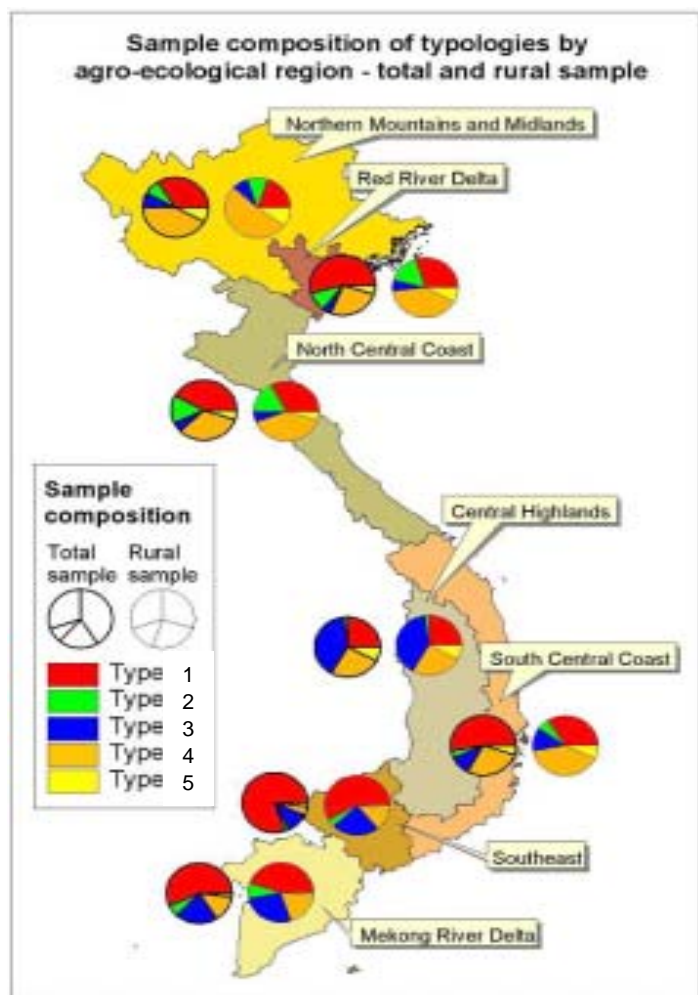
Rural HH: Agricultural Incomes



Source:
Viet Nam;
1998 LSMS



Spatial Heterogeneity

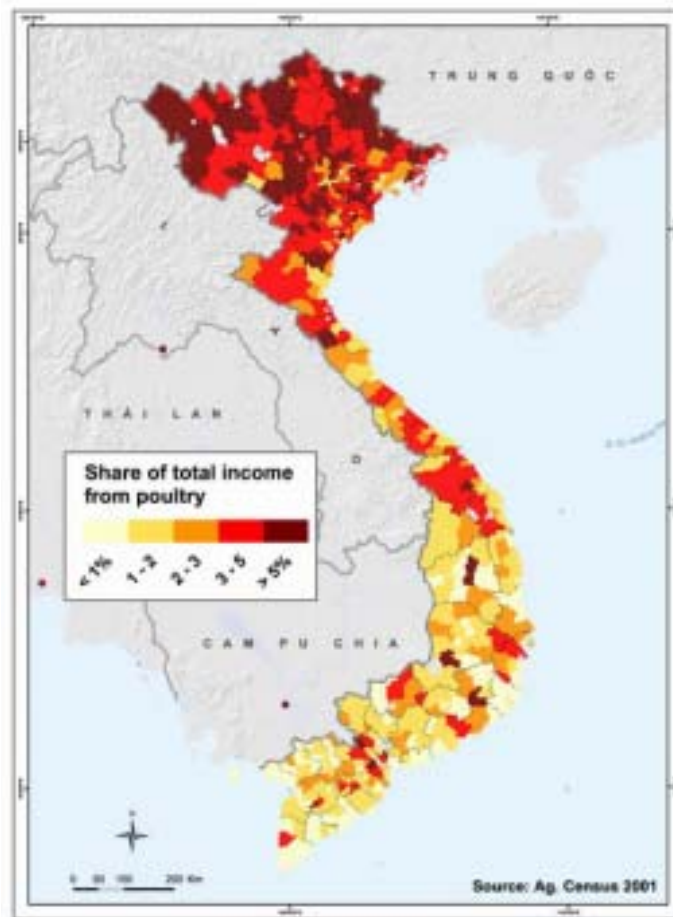


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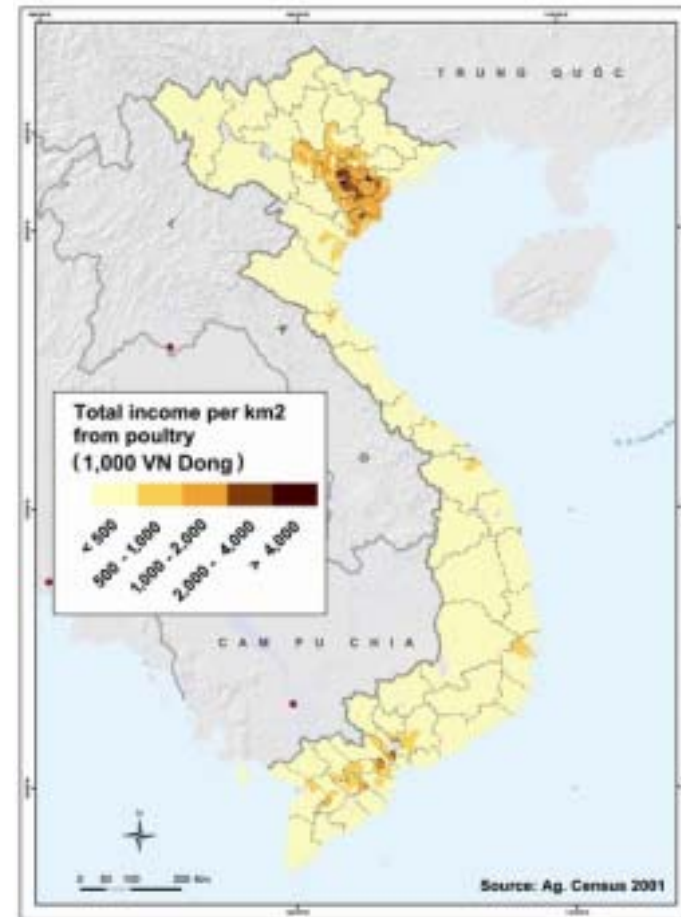


Income from Poultry

Share

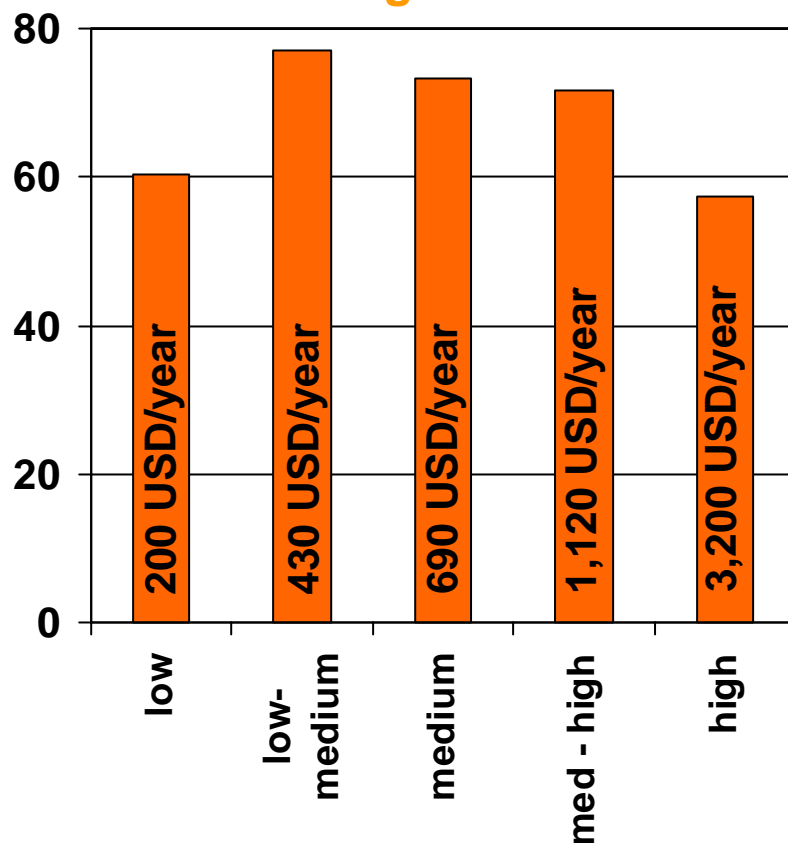


Total per Area



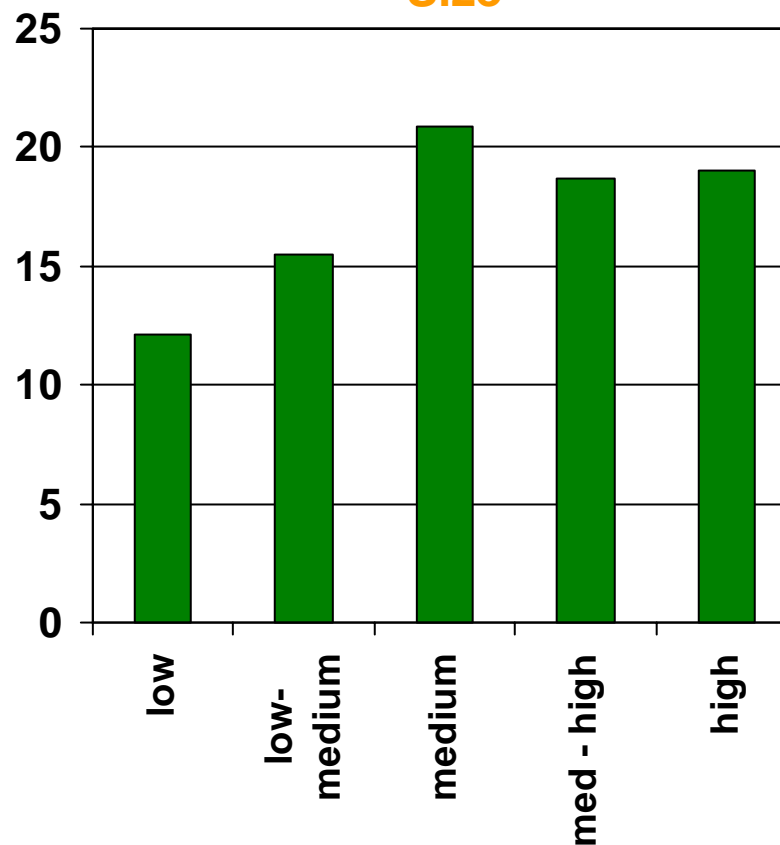
Chicken Ownership – Rural Viet Nam

Proportion (%) of Households
Owning Chicken



Income Quintile

Average Chicken Flock
Size

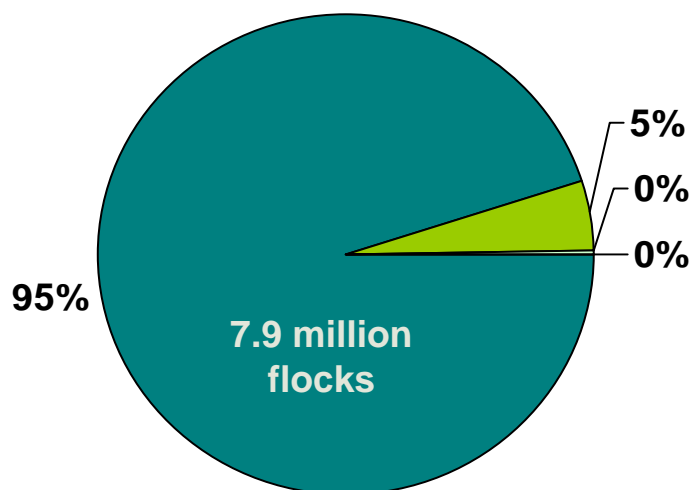


Income Quintile



Poultry Sector Composition

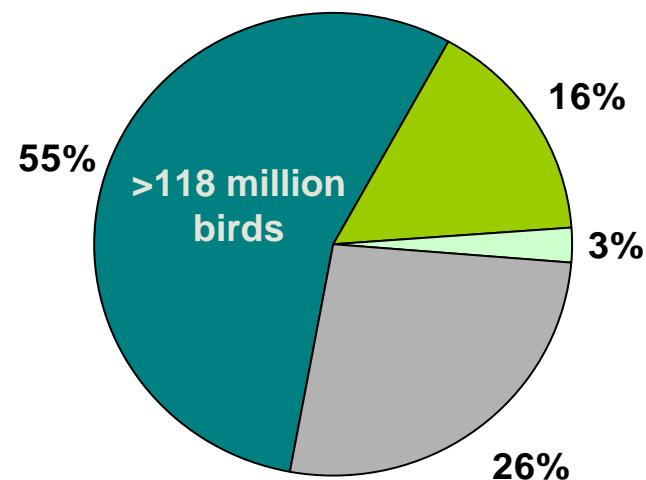
Flocks by Size Class



Flock size class



Poultry by Flock Size Class



Flock size class



Profitability of Backyard Chicken

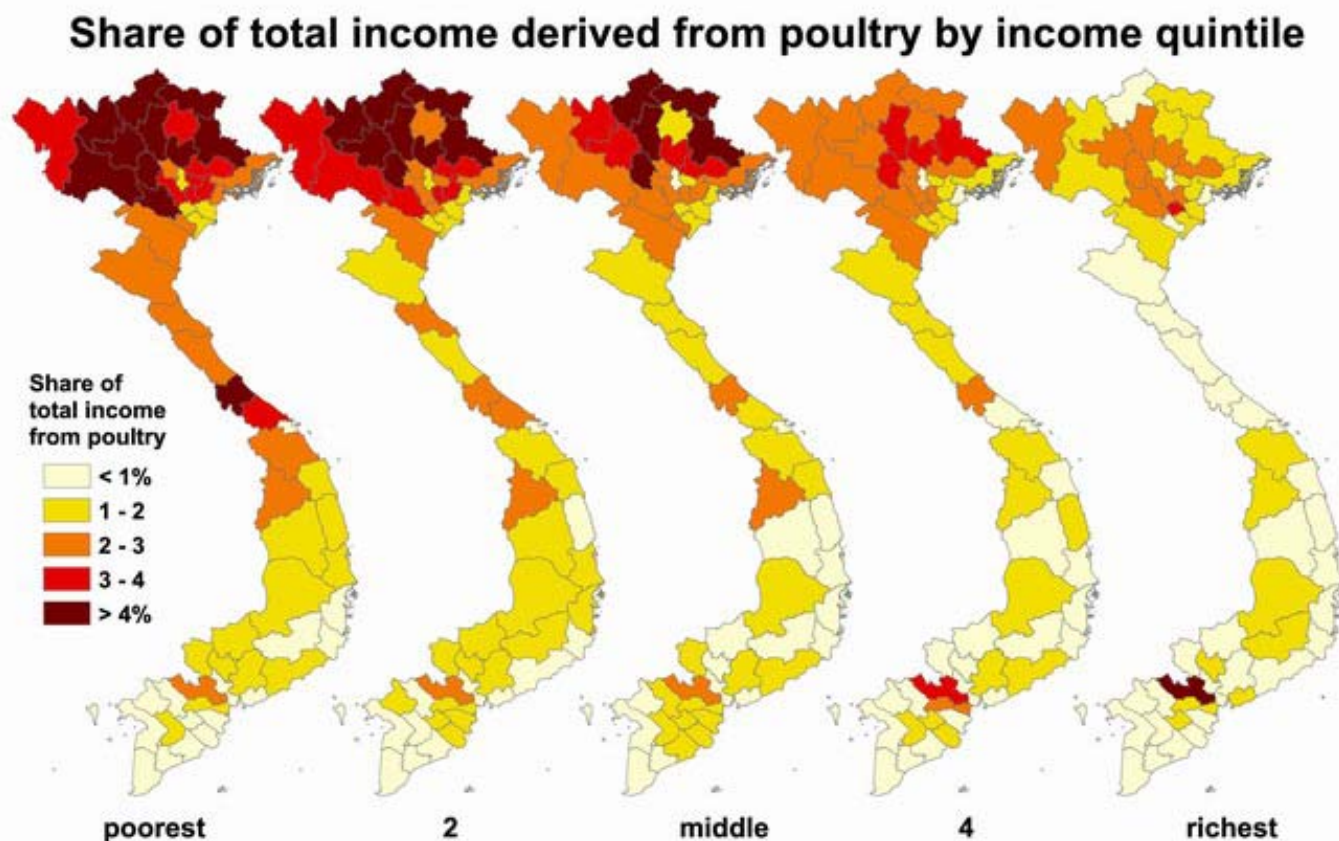


Average Return per Hen and Year (Monetary Values in 1,000 VND)

Item	
Eggs consumed/sold (nr)	35.0
Birds consumed/sold (nr)	6.7
Value of eggs consumed/sold	49.0
Value of birds consumed/sold	244.7
Depreciation of hen	6.3
Gross revenue/hen	287.4
Investment/hen	50.0
Return on investment (%)	575.0



Poultry Income by Poverty Status



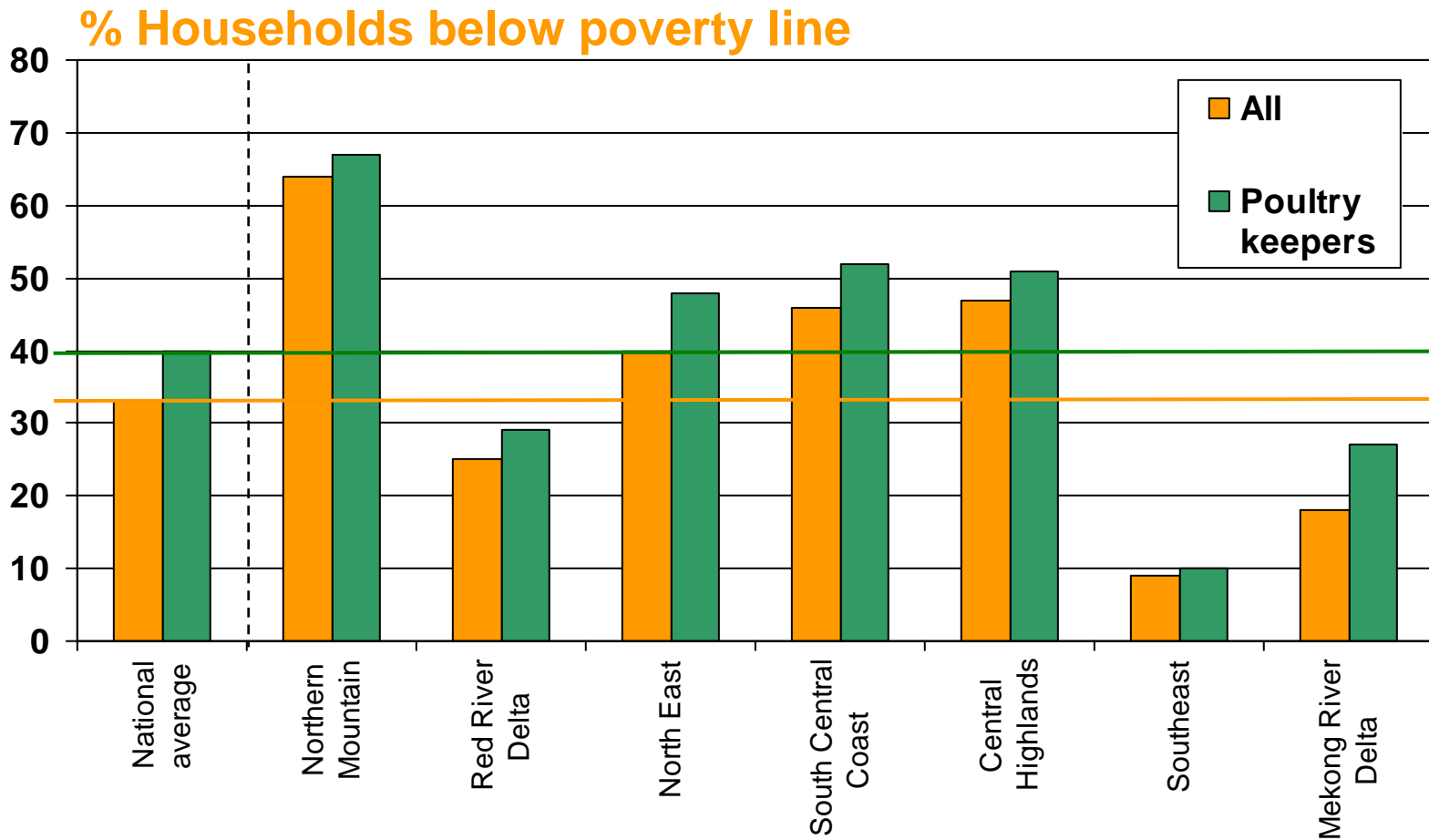
Source: VHLSS 2002



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Poultry Keeping and Poverty



Source: 2002 VLSS



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Coping Strategies for Smallholders

Endogenous

- Gains through price increases of substitute products
- Intensification of other farming activities (e.g. pig production)
- Engagement in 'new' farming activities (e.g. fruit)
- 'Release' family labour for labour market (e.g. construction)
- Draw on savings and social networks

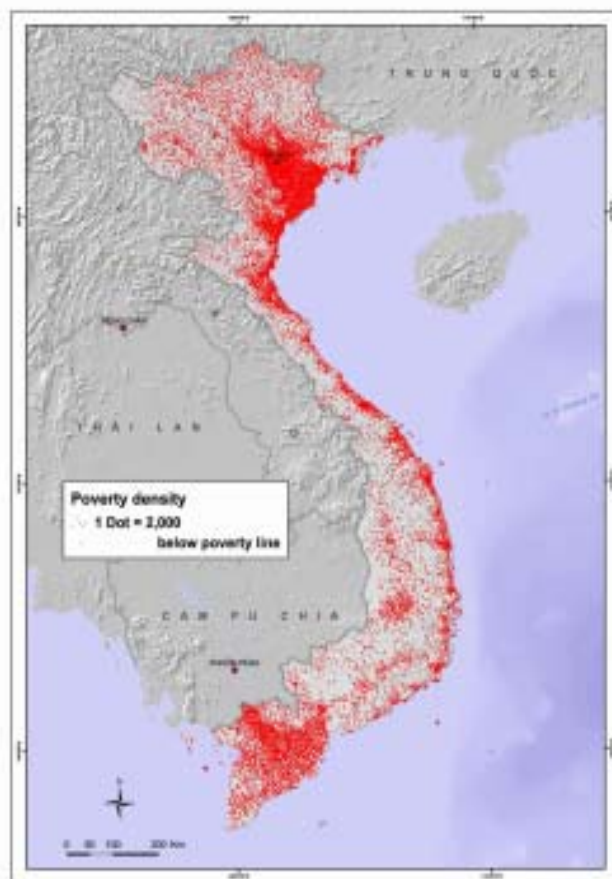
Exogenous

- Compensation
 - partial (20% of value of culled bird)
 - late (several months delay is not uncommon)
 - none for revenue foregone
- Restocking assistance
 - delayed
 - inopportune
- Diversification assistance
- 'Supply-chain certification'

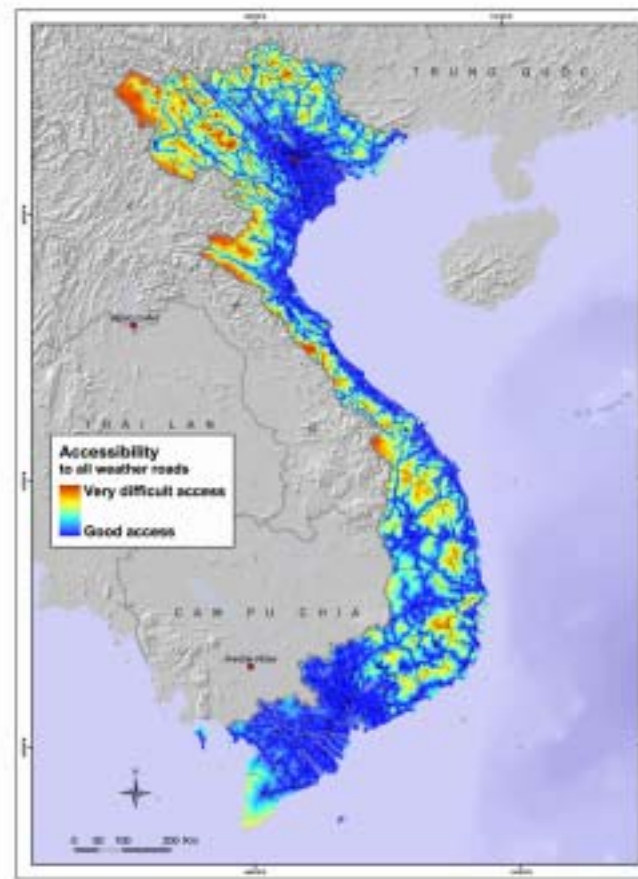


Poverty & Market Access

Poverty Density

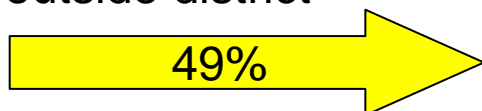


Accessibility

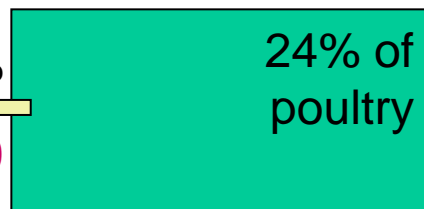


Resource Flows

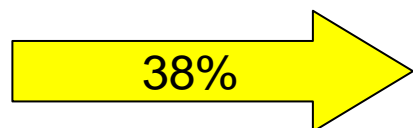
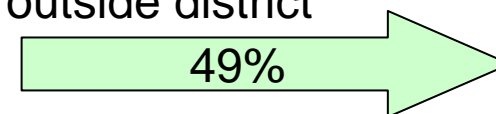
D.O.C. % from outside district



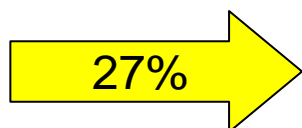
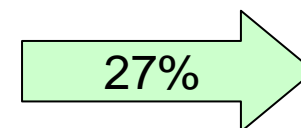
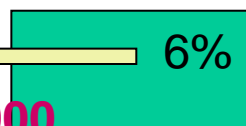
0.02%
>2000



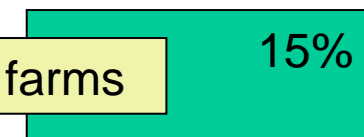
% Marketing outside district



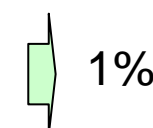
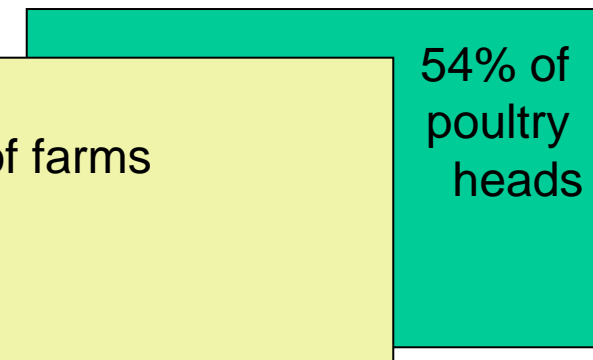
1%
150-2000



5% of farms
50-150



93% of farms
<50



TCP Rehab - GSO survey data

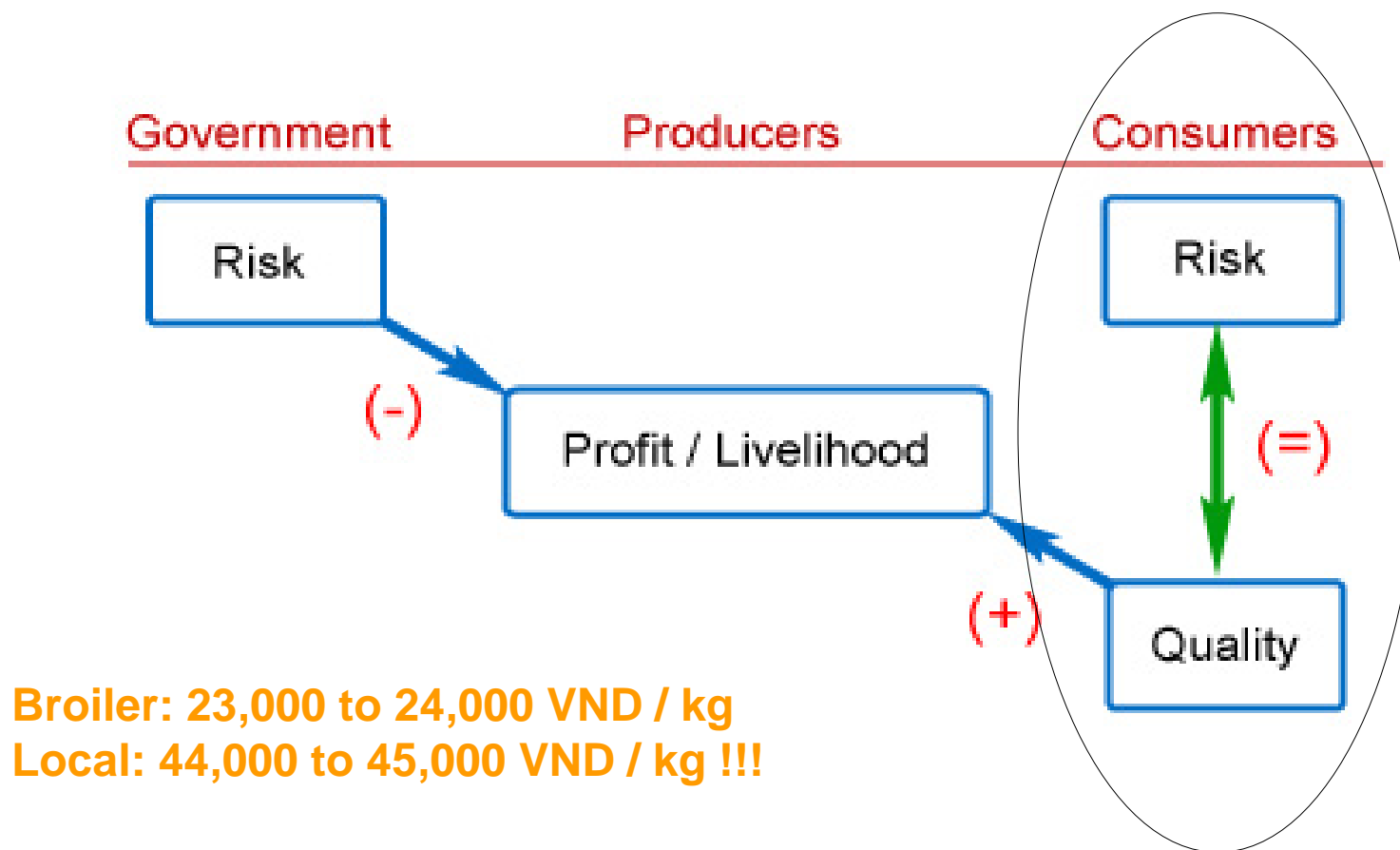


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TCP Rehab - GSO survey data



Quality Recognition in Supply Chain

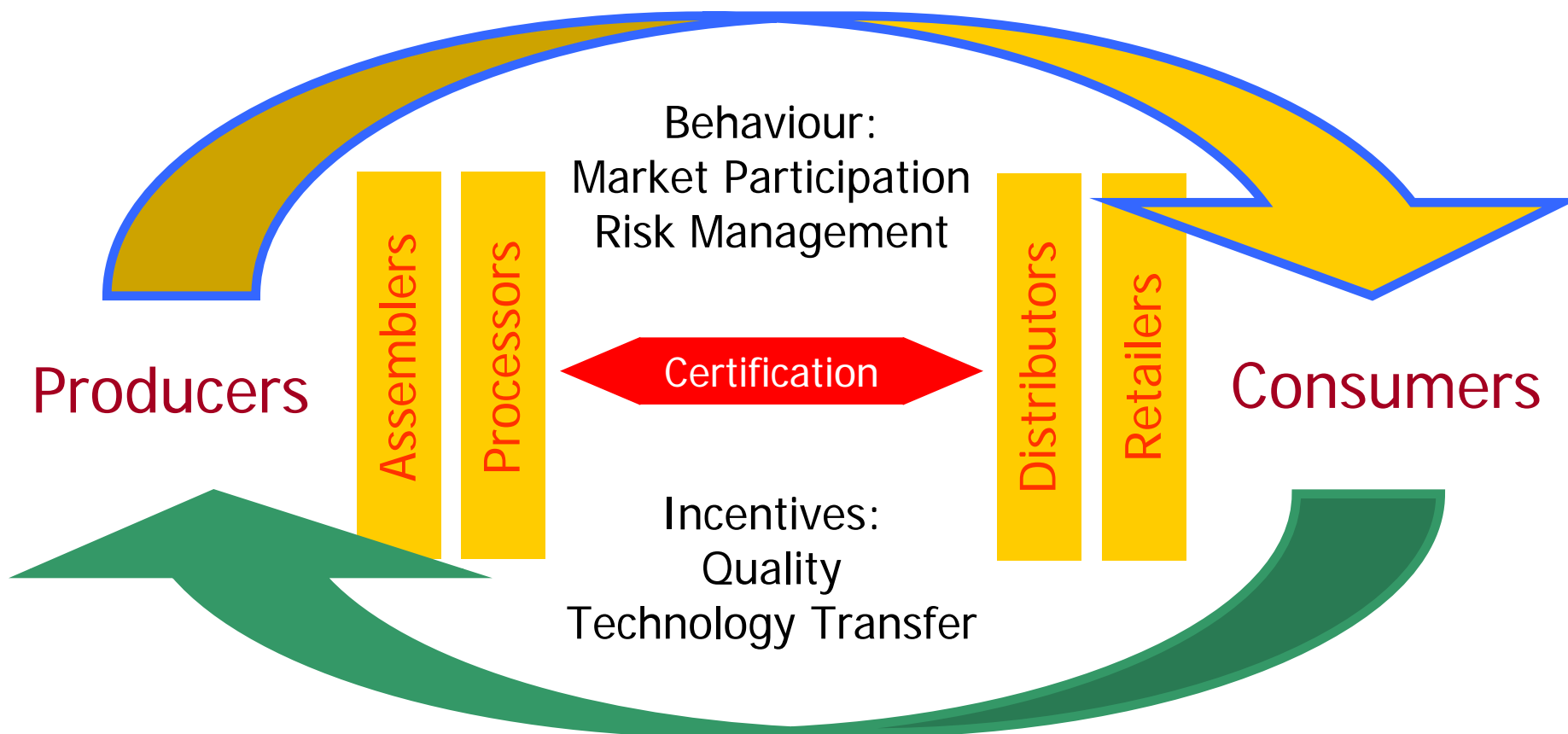


Broiler: 23,000 to 24,000 VND / kg
Local: 44,000 to 45,000 VND / kg !!!



Market Flow: Resources and Income

Supply Chain – Resource Flow



Value Chain – Income Flow



Certification & Risk Management

- Government gains
 - Testing moves downstream reducing costs
 - More rapid disease identification
 - Lower control costs
- Consumers gain
 - Food and disease risk reduction
 - Quality improvement
 - Product differentiation
- Producers gain
 - Market access
 - Extension services & technology transfer



Conclusions

- Livestock play a complex role in the rural economy, but poultry can be an important catalyst for smallholder poverty reduction in Viet Nam
- In a dynamic export-oriented economy, an essential way to promote rural livelihoods is by improving the terms of urban market access for small farmers.
- A multi-level approach to (rural) development and poverty reduction may be desirable, e.g.
 - Macro – infrastructure investment and good governance
 - ‘Median’ poor – livestock development targeted at households above a critical level of resource and financial capacity, focusing on extension services, standards, and product quality certification
 - Poorest – labour market facilitation



References & Further Reading

PPLPI Working Papers:

No. 21 The Contribution of Livestock to Household Income in Vietnam: A Household Typology Based Analysis

No. 24 Geographical Dimensions of Livestock Holdings in Vietnam: Spatial Relationships among Poverty, Infrastructure and the Environment

PPLPI Research Reports

Integrated Poverty Assessment of Livestock Promotion: The Case of Viet Nam

Pilot Programme for Certified Smallholder Poultry Supply Chains for Hanoi



For more information please visit the PPLPI website:

www.fao.org/ag/pplpi.html

www.fao.org/ag/againfo/projects/en/pplpi/publications.html



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