



# ***Better business: market chain workshops***

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## Summary

We developed this tool with purpose that the institutions such like local government authorities, enterprises, NGOs, rural development programmes, research institutions and others can use it as means to improve the livelihoods as well as to empower the small-scale producers and traders of upland areas. The tool describes in detail of how to organize workshop, which is a real forum for representatives of people involved in market chain of products such like small-scale producers, traders, transporters, processors, exporters to share and to improve their knowledge of the market and of market policies, to voice their problems and expectations, and to contribute to government policies and their implementation.

## What is market chain workshop?

A “market chain workshop” allows representatives of the various groups involved in the market chain of a product – from producers and processors to policy-makers and police - to come together to discuss issues of common concern around market performance, land use, resource management, labour use, production technology, trade policies and so on.

A market chain workshop may be organised to discuss one or group of products. For example, a workshop may be organised for a product such as coffee, tea, or rubber that has a big market and economic importance to the whole region or country. Alternatively, a market chain workshop can be useful for a product or group of products of which the economic value is nationally negligible, but important to poor households in a particular area.

The guidance presented here was developed from experience with the uplands of Vietnam (Box 1). Colleagues from Nepal and Pakistan have commented that conditions are similar in their countries.

### Box 1. Market chains in upland Vietnam

Most upland products are from forests, such as timber and non-timber forest products. Uplands also have other specific characteristics. Conditions are diverse and infrastructure poor. The Vietnamese uplands are inhabited by a wide range of different ethnic minority groups, different in culture and language. Literacy and access to market information are limited. Most marketed products are of high economic value to most households, but insignificant nationally. Furthermore, most direct actors at the production end of the market chain are small-scale farmers and traders.

## What is the market chain workshop for?

Market chain workshops are effective as a means to improve the livelihoods of small-scale producers and traders. For small-scale producers, a market chain workshop is an opportunity to share and to improve their knowledge of the market and of market policies, a means of voicing their problems and expectations, and a rare chance to contribute to government policies and their implementation.

For policy-makers and managers, a market chain workshop is an opportunity to find out:

- How the policies for rural development have been implemented – are they effective at the grassroots level? What are the constraints?
- Are local producers and traders aware of legislation and policy?
- What are the expectations of local people and what are their suggestions for addressing the constraints in policy?

Rural service providers and development programmes, such as poverty alleviation, conservation and community forestry programmes, conservation can use the workshop as a tool to identify the problems of target groups and their actual needs, as well as the effectiveness of assistance and how might be improved.

Conflict in interest between local processing enterprises and producers or small-scale traders is a common reality. The market chain workshop is a useful forum for them to dialogue and solve disputes that may relate to many issues such as buying contracts, pricing and labour use.

Gaps between policy research and local people's priorities are also hard to avoid. Research organisations may benefit from market chain workshops for direct discussion with a range of concerned parties.

However, not all individuals or organisations stand to benefit from a market chain workshop. There may be big private or state-owned enterprises or traders enjoying monopoly in enterprise, or privilege in land tenure, or those who have particular power in decision-making and policy implementation. They may collaborate to abuse their power or use the shortcomings of policies as leeway to manipulate for their own interests. For that reason, they may not like the workshop event and may even attempt its sabotage. Furthermore, market chain workshops may face the bureaucracy of government officials functioning as policy implementers or supervisors. As these people are knowledgeable and have power, they may be obstacles to a successful workshop.

## **Who can organise a market chain workshop?**

The workshop can be organised by:

- Local government authorities
- Local enterprises
- NGOs
- Rural development programmes
- Research institutions

Powerful organisers ensure better participation, especially of the individuals and institutions that resist the workshop. For example, a workshop organised by district or provincial authorities ensures both high attendance of participants and due consideration of workshop outcomes. If the workshop is held by other organisations, assistance of government authorities is an important factor for its success.

## **How to organise a market chain workshop**

The whole process of workshop organisation can be divided into four phases: planning, running, follow-up and evaluation.

### **1. Planning**

#### ***1.1 Characterising market chains***

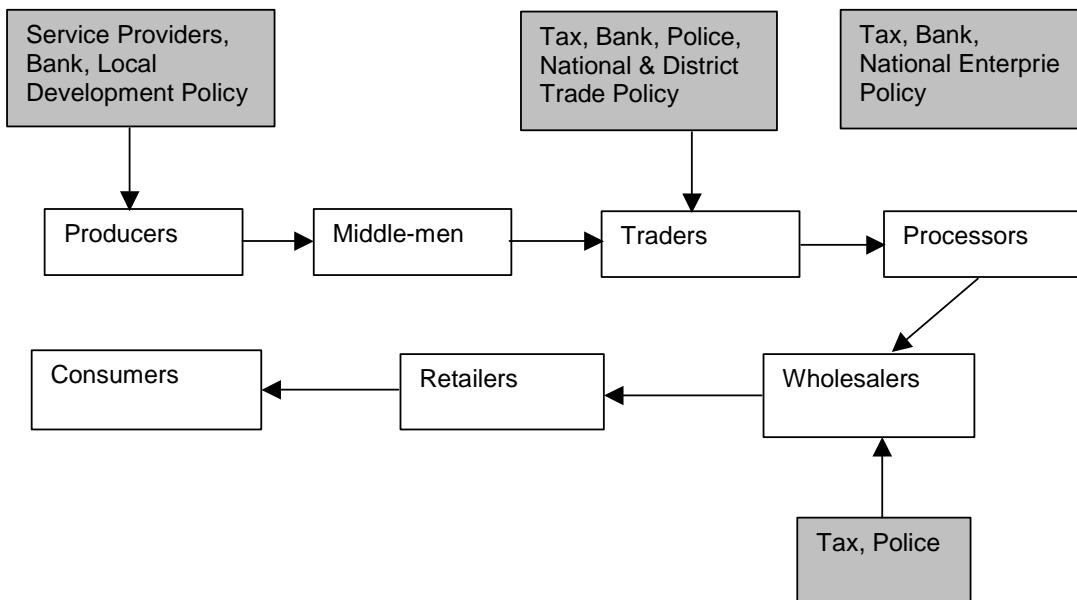
Basic information on market structures is needed. This information may relate to production areas, annual production, traded volume, economic values, and the number of households or people involved in production, trade and processing. Besides this, information on what governments at all levels and different assistance programmes have done to support, or constrain, product marketing is also very important.

Market analysis is a useful method for obtaining this information. The method is based on the MA&D toolkit, which in turn is based on general market chain analysis technique. The steps described here build on earlier materials, but adapt these to practical condition in Vietnam.

The method describes the market structure of product or group of products, how it moves along market chain from producers to consumers, information flows through channel, kinds of actors involved at each link of chain and their function/influence on the key parameters such like pricing, profit earned, information flow etc.

Market chain of products may be short with few actors or very long and complicate with many direct and indirect actors involved. The direct actors are members of market chain through which the product moves such like the producers, middlemen, traders, processors, retailers. The indirect actors (individuals or organizations) are those who have an influence on the marketing of the product such like policy makers, managers, policy implementers.

The below diagram illustrates the market chain of product



The method consists of following steps:

- a. Development of research questions. It is very important as it will be a guideline for the whole process of survey. The questions should cover all the issues that need to achieve the research objectives.
- b. Area selection. The research can not be conducted on very large area or part of country. A representative area is to be selected. For this purpose, a set of criteria to be made basing on the scope and objectives of research. The criteria may include availability of marketing activities, population characteristic, poverty, accessibility degree, natural resources and etc.
- c. Partner selection. The most suitable is local organization the function of which is closely related to the studied fields. The contact to be made to get its formal agreement
- d. Methodology workshop. A workshop of 1-2 days to be held with the partner to discuss of research approach, task division, planning. It may take 3-4 weeks for planning, logistical preparation and presentation from each side on workshop.
- e. Selection of sub-areas/districts for study. To narrow down scale of survey, the representative district should be selected. The number of districts selected depends on the specific conditions of the area (province). The partner is to provide all the information needed for selection and the criteria also to be set for this purpose.
- f. Commune selection (smallest administrative unit of district). The number of communes selected depends on the specific conditions of the district, but the minimum should be two. As the selected should be representative for the other communes, a set of criteria to be made.
- g. How to select communes? The meetings with district departments such like: planning, statistics, agriculture & rural development are needed to get information related to socio-economic conditions and infrastructures of communes, district map, and their contribution to selection. Basing on the collected data and opinion of district officials, final decision of selection can be made.
- h. Selection of product. Again, the criteria for selecting representative products or group of products is to be built, which include economic value of product to commune, number of households involved in producing and planting areas.

- i. The next is meeting with commune leaders to get information of commune marketed products, their importance to commune and households in term of economic value and employment, history of market formation of product and finally, ranking PRA exercise to select products for study.
- j. Tracking market chain of products. The survey starts from producers and ends at wholesalers or retailers or exporters, depending on products. The checklist should be prepared which cover the issue such like:
  - When market of product form in commune? Why farmers decide to grow product for commercial purpose? How do they sell it?; Price and its fluctuation, reasons? ; Profit? Problems and solutions?; assistance of local government?
  - How many middlemen/ traders/ exporters/processors buy product? Buying and selling price? Price tendency in past and future, its fluctuation and causes? Costs (fees, taxes, transportation, hired labors, storing, losses and others), profits? Why and how long they have been doing this business? Difficulties in entering market chain? Problems facing? Solutions for each?
- k. Data processing. The tables or diagrams of product market chains can be used to describe how products move along the chains, what are actors at each link and their role/influence, fees (formal and informal), prices received/ offered, distances between links, time spent, profits gained etc.
- l. Policy review. A summary of policies related to market development of the area/province to be made. The work to be completed before data analysis.
- m. Data analysis. It is easier to identify the general and specific constraints by putting all the diagrams/ tables together, and then use the summary of policies to identify the relationship between the policies and constraints, the gaps between the policies promulgated and policy implementation in practice.

**1.2 Listing potential participants**

Clarity in objectives and scope are needed in order to select participants. If the workshop objective is to increase, say, the economic value to the area of planted timber, representatives of producers might include large-scale farmers or forestry enterprises. If on the other hand the objective is to enhance marketing of products harvested from the wild, the representatives from the production end of the chain would be small-scale farmers and gatherers, and from next stage middle-men and small-scale traders.

The number of traders, wholesalers and manufacturers in a market chain is usually small in a particular district and therefore all of their names can be included in the list of invitees. The name of all the government institutions influencing on the market performance of product should be included in the list.

**1.3 Contacting potential participants**

Most of direct actors in market chains are producers or traders with low literacy, language barriers and little opportunity to be involved in big meetings hence they may have feelings of shyness and inferiority. Furthermore the presence of representatives of some government departments (mainly policy implementers) may make them fear for their smooth business. For these reasons, it is useful to visit them to find out their concerns and whether they will be willing to participate. The result of this step can be noted down in a table – an example relevant to the uplands of Vietnam is given below.

No	Name	Gender	Occupation	Address	Ethnic minority	Willing to participate/remark

**1.4 Making the final list of invitees**

The two main criteria are to aim for a group of 30-50 participants for effective handling and to get representation from all groups of market chain actors. In practice, small-scale producers

and middlemen are often ignored and only the owners of big plantations and local processing factories are invited, hence particular attention is needed to prevent this practice.

### **1.5 Logistical preparation**

Basic principles of workshop organisation apply here. Some tips applicable to market chain workshops for remote areas include:

- Together with the invitation letter, send an agenda, the full list of invitees and a background document for workshop (such as the report on preliminary market survey and summary of policies for market development) in good time. They should get the mail at least two weeks before workshop event. Send the documents to everyone, even those with language barriers or low literacy.
- As far as possible, maintain contact with the invitees to ensure that they have received the invitation, and confirm their participation.
- Due to poor infrastructure and other reasons, some invitees may not receive the invitation letter. The list of workshop invitees enclosed to everyone will be very useful, as those who are not able to receive the invitation may get the information from others. Furthermore, the names of friends in the participant list are important encouraging factors to those who are still hesitate to attend.

## **2. Workshop Running**

### **Facilitation**

Good facilitation skill is needed, as the participants will differ widely in power, literacy, language skills, interests and concerns. The facilitators should have good tactics and be neutral in conflict management, consensus building. Enthusiasm, patience in listening to participants and sensitivity in gender and cultural issues also help.

A friendly rather than antagonistic atmosphere should be built right from the beginning of the workshop. The questions and issues raised should be clear and understandable to all. Long speeches and presentations delivered by sophisticated equipment should be avoided. For group work, it is recommended that direct market chain actors be grouped around their primary concerns, for example separate groups of traders, producers and processors – views can be exchanged across groups during plenary. The representatives of indirect actors should join the group on which they have most influence. For instance, rural service providers should join the producer group, while representatives of the police should join the group of traders and transporters.

Some of the following may be used:

- What mountainous development policies do you know?
- What difficulties do you have in your business (producing, selling, trading, processing)?
- What do local authorities do to support your business?
- How can different groups improve the situation?

The outputs of these discussions will include improvements in policy awareness and market information among participants, identification of constraints, and recommendations for addressing these constraints – including practical measures to put the proposed recommendations into place. Therefore all the questions prepared for group discussion should be understandable and lead towards the expected outcomes.

## **3. Follow-up activities**

Immediately after the event, the organizer should wrap up the outcome of workshop in two types of reports: a record and a summary of outcomes. The latter is targeted at managers and high-ranking officials who may have little time to read the long report. The reports are to be sent not only to the workshop participants, but also to those the recommendations are related. It is desirable that the work done within two weeks after workshop.

Once the outcomes of workshop have been sent, contact should be made to ensure that the mail is received. Such contact is also an effective way to remind those having important influence on market performance of their responsibility to put the workshop recommendations into practice.

#### 4. Workshop impact evaluation

Although impact evaluation is often omitted in practice, it is very useful not only for drawing experience, but as an effective means to remind the government institutions having influence on market system of products to be accountable for the workshop recommendations. The impact evaluation should identify whether the workshop recommendations reach the governments at all levels and what they think of them, what action or plan have been taken by them to remove or mitigate these constraints. On the side of the producers and small traders it is important to find out whether the workshop outcomes are disseminated among members of community, what they thought of the workshop, whether attempts have been made by local authorities to remove the constraints, whether any changes in market conditions have occurred as a result of the workshop, and their suggestions for further influence so that their recommendations will be realised.

#### Market chain workshops in action: the Quang Ninh experience in Vietnam

The Non-timber Forest Products (NTFP) Research Centre in collaboration with Quang Ninh Agriculture & Rural Development Department (DARD) organised a series of market chain workshops in Quang Ninh, a northern province of Vietnam. The objectives of the workshops were to enable actors from all the stages of the market chain, and from different districts, to meet and to share experience of marketing constraints and opportunities to produce measures for improving marketing in upland areas.

Before the workshops, the two sides held a methodology workshop for agreement on task division and site selection for study. Quang Ninh DARD was responsible for policy review. It produced a summary of policies promulgated by national and provincial and district governments, which includes four groups related to: a) Growing/cultivation; b) Harvesting and processing agriculture and forest products; c) Trading agriculture and forest products; d) Indirect influencing policies.

NTFP Center did research market following the steps as described in Market Analysis. The survey was conducted in four of seven mountainous districts (Hoanh Bo, Ba Che, Dam Ha and Binh Lieu) for their representation to the remainders in term of marketed products, natural and social-economic conditions. Number of communes selected for study in each district was two with ten products and groups of products in total selected for tracking market chain, namely timbers, medicinal herbs, resins, bamboo, cinnamon, sugarcane, rice, groundnut, dia lien and star anise.

Based on the research results, timber, cinnamon and bamboo were selected as topics to organize market chain workshops for their importance in term of cash income to livelihoods of a large number of households, as well as having a wide range of constraints along their market chains.

Two workshops were held at district level and one at provincial level.

	District	Provincial
<b>Planning</b>		
Identification of market actors and their characteristics	<p>Market research was used.</p> <p>a) Direct actors</p> <ul style="list-style-type: none"> <li>- Representatives of producers are selected from studied communes. They are small-scale farmers or natural product gatherers of different ethnic minority groups.</li> <li>- Middlemen, trader-transporters and small-scale entrepreneurs starting their business in the last decade.</li> <li>- Bamboo manufacturer-exporters are all state-owned, while only few of cinnamon exporters are private. Most wood processors are local small-scale enterprises.</li> </ul>	The same way.

	b) Indirect actors: forestry inspection (FI), police, agroforestry extension station, agriculture, tax, financial and trade departments, DCP, PPC (District and Province People's Committees) and state forest enterprises.	
Making a list of potential participants	<p>Direct actors: One of commune authorities and three producers, one per product, from two studied communes.</p> <p>All the middlemen, traders (excluding the exporters and state-owned processing enterprises) and small-scale processors.</p> <p>The indirect actors Forest Inspection, police and tax departments were excluded out of fear of less contribution from traders and processors due to worries that their business would face more trouble after workshop.</p>	<p>Direct actors: Representatives of producers, traders, processing factories and exporters of three products</p> <p>Indirect actors: District People's Committees, agriculture and agroforestry extension departments, and state forest enterprises of four districts.</p> <p>From province level the police, Forest Inspection, trade and tax departments and representatives of the province newspaper.</p>
Contact with the potential invitees	<p>Meetings with the traders, middlemen, processors and commune authorities in the list were made to find out whether they were willing to participate.</p> <p>Most of traders showed great interest in participation. A few refused (especially women middle-men and traders) because of shyness or fear for their business.</p>	
Making a final list of participants	33 and 26	43
Logistical preparation.	<p>The invitation letter was sent to each invitee with attached workshop agenda, list of participants, summary of trade &amp; development policies and summary of market research.</p> <p>The list of participants was very useful. Several active traders went to those named in list (some did not receive invitation letter) to persuade them to come to workshop.</p>	Similarly
<b>Workshop running</b>		
Attendance of participants	<p>Direct actors: All the traders and processors living in town who give commitment to attend were available.</p> <p>Some producers, traders and middlemen living in communes who were directly invited without discussion with commune leaders by the team were not present because they did not receive the invitation letter. Indirect actors: All invited were available.</p> <p>Comments of workshop participants: More participants needed from other organisation and departments such as: police, FI, tax, other district departments, state-owned trade companies.</p>	<p>Direct actors: All invited come except two exporters from the capital. Two traders did not receive the invitation letter, but they attended the workshop thanks to information passed on from others.</p> <p>Indirect actors: From district - representatives of agriculture and extension departments. No representatives from the District People's Committees came. From the province, representatives of trade, tax, Agriculture, Extension and police. The latter attended only half the session because of hot criticism from traders on negative attitude of transport policemen on duty.</p> <p>Comments from traders and producers: absence of many important government departments. These organisations should</p>



		have been present to listen to the voice of ordinary people.
Outcomes	<p>Participants actively contributed to the workshops. The sharing of information, especially between the traders themselves and between traders and producers was very good.</p> <p>The market chain constraints and recommendations discussed by participants relate to following issues:</p> <ul style="list-style-type: none"> <li>- Poor policy dissemination</li> <li>- Non-policy implementation</li> <li>- Poor supervision of policy implementation</li> <li>- Non-specific and non-transferable policies</li> <li>- Trade monopoly leading to low farm gate price</li> <li>- Lack of market information for producers</li> <li>- Difficulty in selling produce</li> <li>- Poor access to credit sources</li> </ul> <p>Lack of participation and low effectiveness of assistance programmes</p>	<p>Communication and sharing within and between groups of direct actors was good. Disputes and big disagreements happened between the representatives of indirect and direct actors. Tactful facilitation was needed for friendly dialogue.</p> <p>Besides the constraints raised by the district workshop, the problems identified were</p> <ul style="list-style-type: none"> <li>- Land tenure: inequity in forest land allocation leading to many landless households</li> <li>- Forest management: unsustainable bamboo harvesting</li> </ul> <p>The representatives also discussed and proposed measures for removing each of the constraints.</p>
Workshop evaluation by participants	<p>Good facilitation and logistical preparation. The workshop achieved its objectives. It was very useful and should be organised every year.</p>	<p>Good preparation and facilitation. Many remarks about lack of participation of important institution (IF, Police, DPCs). All agreed that workshop achieved its objectives.</p>
<b>Follow-up</b>		
<p>Two types of reports were produced (record and summary of outcomes) and sent to all the participants and related departments (FI, police, tax).</p>		
<b>Impact evaluation conducted 7 month later</b>		
<p>General opinions: The workshops were very useful and had a clear contribution to market improvement (faster movement of products through market chain and fairer competitiveness in business as results of improvement in implementing national trade policies, while farmers enjoy bargaining power for their products). It should be organised every year.</p> <p>The district workshops had a positive impact on the traders, processors and people at the commune level (including the authorities). After the workshop, their knowledge of policies and market information were significantly improved and the contact between some of participants has been established. The information gained at workshops helped traders to protect their rights and interest, while the farmers became more active in marketing products.</p> <p>The impact of workshop on the government institutions was less. Some of these institutions feel reluctant to implement the workshop recommendations. However, seven of twelve recommendations from the workshops have been realised (such as free trading, participatory approach in assistance programmes, better supervision in policy implementation and better access to credit source, measures for control of sustainable bamboo harvesting).</p> <p>The process of workshop organization permitted us to draw following lessons:</p> <ul style="list-style-type: none"> <li>- The assistance of institutions of highest power is most important factor ensuring workshop success and in this case, the participation of Quang Ninh People Committee (PC) or its instruction to all the related institution is crucial. Most of institutions with power equal to DARD showed reluctance to participate to provincial level workshop, the others did not send representative (provincial Forest Inspection and all the District People Committee, while representative of police attended workshop only few hours. Drawing lesson from workshop organization, we obtained the PC's instruction and sent to these departments before contacting for evaluation interviews and this way of doing is very helpful.</li> <li>- Participation of all the related departments/institutions. Fearing for smooth business of small</li> </ul>		

traders after workshop, we did not invite representatives of some institutions at district level such like police, forest inspection, and tax. However, the representatives of producers, traders, processors requested to invite all of them to attend to listen to their voice.