TAking a value chain approach towards local economic development and women’s economic empowerment

Joint Programme: Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor

Thematic Window: Development and the Private Sector

Main Participants: ITC (lead agency), FAO, ILO, UNCTAD, UNIDO, Viet Nam Trade Promotion Agency (VIETRADE), Viet Nam Handicrafts Exporters Association (VIETCRAFT), Department of Agriculture and Rural Development
1. Introduction

The MDG-F Joint Programme on Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor (the Programme) set out to strengthen the sericulture value chain in Quy Chau district of Nghe An province in Viet Nam. It paid special attention to the strengthening of the Hoa Tien Textile Cooperative, a group of women weavers belonging to the Thai ethnic minority. The cooperative was supported to enhance its productivity and profitability by improving its managerial, organizational, technical and marketing skills; increasing the availability of local raw materials; and strengthening local support services. This has contributed to enhanced women’s confidence, better acknowledgement and support by male community members and ultimately, increased income for the Cooperative members and improved employment opportunities for women in the community.

2. Initial Situation

Reducing poverty and improving livelihoods in rural areas and among ethnic minority communities has been a continual challenge in Viet Nam, despite its status as a middle-income country since 2010. In rural areas of Viet Nam, agriculture remains the most important economic sector. However, the income generated from farming is often not sufficient for smallholder farmers to reach an income level above the national poverty line. The collection and processing of natural raw material from forest areas and the production of handicrafts, mostly undertaken at times when farm work slows down, constitute some of the most important sources of additional income for farmers. In fact, it is mostly the additional income generated from handicraft production that determines whether or not the smallholder farmer can lead a life below or above the national poverty line. Between 65-80 per cent of the household craft producers are women. Craft production is predominantly practiced at home and women can therefore combine it easily with their other responsibilities, such as farm work and family care.

There is overwhelming evidence that, since women are mainly responsible for ensuring the well-being of their family, women’s economic empowerment has a direct impact on the overall quality of life of their family and can contribute to poverty reduction and accelerated economic growth. However, opportunities for women to start and expand successful businesses are still limited. Women face obstacles to obtain technical and managerial skills due to their limited access to education and technical training. Although training programmes on starting or improving a business are available in Viet Nam, most of them are designed for those with a certain degree of formal education, and they are less suitable for low-income women. Moreover, access to finance is very limited for poor people, especially women. Furthermore, women tend to work significantly longer hours than men, being responsible for a variety of tasks, including agricultural work, managing small businesses and being the primary caretaker of the family household. This leaves them little time to attend training, seek support from networks and institutions to improve their business or commercialize their products outside their villages. As a result, many low-income women face a continuous struggle to increase their income from their business.

Recognizing the need to increase income and to promote employment opportunities for the rural poor in Viet Nam, in 2010 the Government of Viet Nam and the United Nations launched a Joint Programme on Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor. The Programme supported the handicrafts sector, recognizing its importance as a major source of income for smallholder farmers and landless poor, especially women, who, as already mentioned, represent the majority of household crafts producers.

3. Objectives

The Programme aimed at increasing family income while preserving the handicrafts cultural tradition. It used a value chain approach to develop better integrated, pro-poor, and environmentally sustainable “green” value chains, by enabling poor raw craft material growers and collectors and grassroots handicrafts and furniture producers to improve their skills and products, and linking these to more profitable markets.
Within the handicrafts sector, value chains of particular importance and relevance to poor were considered for upgrading. Bamboo/rattan, sericulture, sea grass, lacquer ware, and handmade paper were selected as the target value chains.

This report presents the experience in strengthening the sericulture and brocade value chain in the Quy Chau commune district of Nghe An province. People in Quy Chau belong to the Thai ethnic group, one of the 54 ethnic minorities in Viet Nam. The majority of participants in the workforce in the sericulture sector are women, who do all the labour involved in brocade weaving. This report focuses specially on the process of strengthening of the Hoa Tien Textile Cooperative.

4. Key Actors

The Hoa Tien Textile Cooperative, integrated by women weavers belonging to the Thai ethnic minority

The Department of Agriculture and Rural Development of Nghe An province, which provided technical training and guidance

Viet Nam handicrafts exporters association (VIETCRAFT) and Viet Nam Trade Promotion Agency (VIETRADE), the two national implementing partners of the Programme

The five UN agencies responsible for the Programme: FAO, ILO, UNIDO, UNCTAD and ITC, whose inputs were structured along the value chain and are visually illustrated in the figure above

5. Strategy

The Programme used a value chain approach to improve the livelihoods of the people in Hoa Tien, through the strengthening of the sericulture and brocade value chain. As the first step, a detailed value chain analysis was conducted at the start of the Programme, which allowed identifying various challenges at different stages of the sericulture and brocade value chain. Based on this analysis, a comprehensive and integrated plan for support was developed. The plan included promotion of decent work practices, technical skills training, gender equality and entrepreneurship development, access to business support services and finance, and access

This was combined with initiatives to enhance the capacity of relevant institutions to promote women’s empowerment and workers’ rights, and to increase women’s participation and leadership in the value chain. Strengthening of the Hoa Tien Cooperative was a key element in the process. Each intervention is further explained in detail below.

**STRENGTHENING THE CAPACITY OF HOA TIEN COOPERATIVE LEADERS AND MEMBERS**

Traditional beliefs and customs around brocade production are handed down from mother to daughter through the generations. In recent years, however, the traditional brocade activity of ethnic groups has been endangered as young women are increasingly being attracted to income-generating opportunities in the larger cities or province capitals. In 1997, the women weavers of Hoa Tien Village formed an informal group with the goal of dealing collectively with orders from customers. However, the group faced many difficulties because of poor management skills. After this experience, a cooperative was formally established in July 2010 by seven women leaders (which is the minimum according to Vietnamese law), with some 200 other women supplying their products to the Cooperative leadership for collective trading. The Cooperative’s managers are elected by commune leaders and cooperative members. However, they had never received training in cooperative management, and were often faced with their own limitations in the management and operation of the cooperative, limited access to finance, and other challenges.

The Programme supported the strengthening of the Cooperative by improving their technical, managerial and marketing capacities. The Hoa Tien Cooperative leaders and members participated in a wide range of capacity building activities, with trainings on topics such as Business Group Formation, Entrepreneurial Behavior through EMPRETEC, Requirements and Opportunities of Fair Trade, and Effective Trade Fair Participation. They also participated in the Gender and Entrepreneurship Together for Women in Enterprise (GET Ahead) training, aimed at promoting enterprise development among women in poverty who want to start or are already engaged in small-scale business. Within the framework of this training, participants were encouraged to reflect on gender roles and identify specific challenges they face as women, such as heavy workload due to household responsibilities combined with income-earning responsibilities, and to discuss how they could overcome these challenges to succeed in their businesses. The Business Group Formation training dedicated a special session to discuss gender equality and women and men’s roles, in order to enhance the participants’ awareness on the division of workload, decision-making and income within the family and in business groups, as well as understanding of the importance of gender equality in general.

**STRENGTHENING THE GENDER-RESPONSIVE CAPACITY OF LOCAL SUPPORT INSTITUTIONS**

While the Nghe An province had a policy for supporting handicraft production and encouraged the preservation and development of brocade, their support was limited. Besides, from a gender point of view, they did not fully recognize the specific challenges faced by women producers in growing a business, including low education, limited mobility, insufficient knowledge on managing a cooperative and the need to balance time between business and household responsibilities.

In order to improve the capacities of key local support institutions to provide gender-responsive services, the Programme conducted several Training of Trainers workshops addressed to the staff of provincial institutions including the DARD, the Provincial Cooperative Alliance, the Department of Labour, Invalids and Social Affairs and the provincial Women’s Union. Participants were trained to become trainers on key topics such as Strengthening Business Development Services (BDS), Business Group Formation (BGF), Occupational Safety and Health (OSH), and Gender and Entrepreneurship Development and Gender Equality. Gender was mainstreamed in all these topics, so that the new trainers could provide business training to local producers by integrating gender issues in each topic. They also learned participatory training methods to increase the effectiveness of the training for beneficiaries, especially those with limited formal education. Following the training of trainer’s workshop, local institution organized trainings for the producers.
INCREASING THE AVAILABILITY AND QUALITY OF RAW MATERIALS

Despite a tradition of planting mulberry for silk production for weaving, the production of local mulberry in Hoa Tien went down in recent years. With the introduction of cheaper silk, cotton, and wool yarns from China and Laos, the locally produced silk prices had dropped and many households had replaced mulberry trees with sugar cane. In order to ensure the quality of silk yarns and to keep a stable supply, many households were eager to go back to mulberry production and silkworm rearing. However, they lacked capital to purchase seeds and the required knowledge and skills to choose a suitable variety of mulberry seedling to grow the trees.

In order to revitalize the cultivation of mulberry trees, the Programme provided 160,000 mulberry seedlings of a high-yielding hybrid variety to some 75 households in Quy Chau district. The new variety mulberry trees have grown well, with plants and leaves being significantly larger than the mulberry variety being used before. Additionally, and in cooperation with the local DARD, the Programme trained approximately 100 farmers in proper planting, cultivation and harvest of mulberry trees, as well as in the use of fertilizers while minimizing environmentally damaging pesticides.

INCREASING PRODUCTIVITY THROUGH SAFETY IMPROVEMENT IN THE WORK AND HOME ENVIRONMENT AND PRODUCTION PROCESS

Based on the findings of an assessment on the working conditions in the sericulture and brocade production, the Programme conducted training on OSH. First, DARD’s officials were trained to become qualified OSH trainers. Then, they trained women weavers in Chau Tien and other communes, including twenty women from Hoa Tien Cooperative, on how to improve productivity by creating safe and more efficient working conditions. Following the training, the Cooperative implemented a number of improvements, such as placing all the tools needed for weaving within arm’s reach, using a chair with a backrest when possible to avoid back pain (e.g. for sewing), adding a soft cushion to be more comfortable when weaving for extended periods and consistent use of protective equipment.

STABILIZING AND IMPROVING QUALITY OF NATURAL DYEING

In order to ensure that dyeing of silk yarn would result in consistent and colourfast fabric, the Programme provided the Hoa Tien Cooperative with a professional dyeing machine. Cooperative members were trained to use the machine effectively and safely. This allowed the group to produce higher quality and quantity of silk fabric more quickly.

PRODUCT DIVERSIFICATION

Support was provided to expand and diversify Hoa Tien Cooperative’s product range, which had been limited to traditional designs. National and international designers worked with the group to develop new products suitable for the international market.

FACILITATING THE MARKET LINKAGES BEYOND THE TRADITIONAL MARKETS

In order to raise the profile and competitiveness of Viet Nam as a top exporter of high quality handicraft products, the Programme supported the handicraft exporters association VIETCRAFT in the promotion of an international trade fair entitled Lifestyle Viet Nam. In 2012, the fair attracted 1,700 visitors, including over 1,300 buyers from Europe, up from 300 visitors in 2010, and provided an opportunity for handicraft producers and shops to establish business relationships with potential buyers within and outside of Viet Nam. Several Programme participating companies, including the Hoa Tien Textile Cooperative, participated in the fair.

In order to diversify their customer base, the Programme facilitated linkages between Hoa Tien Textile Cooperative and exporting companies based in Ha Noi. Linkages were established with Greencraft, a fair-trade exporter, and Kana, a company managed by a female entrepreneur. The Programme also supported both companies in terms of product and market development. Ultimately the
creation of mutually beneficial business linkages offers the best prospects for sustainability beyond the Programme duration.

**PRESERVING CULTURAL HERITAGE**

Despite frequent production of the brocade products by the Thai women in Chau Tien, the traditional meanings of different patterns depicted in the weavings were not always fully known or remembered by the producers. Recognizing the importance of documenting intangible cultural heritage for the Thai people themselves as well as for Viet Nam, and recognizing the value that the intangible cultural heritage can add to traditional handicraft products in national and international markets, the Programme documented the traditional patterns of the different ethnic minority groups, including the Thai group from Quy Chau. The patterns were carefully redrawn and their meanings were documented, thus contributing to the preservation of the rich ethnic minority cultural heritage of Viet Nam.

**6. Progress and Results**

**INCREASED CONFIDENCE AND BETTER NEGOTIATION POWER BY THE COOPERATIVE BOARD MEMBERS**

As a result of their participation in various trainings and trade fairs, Hoa Tien Textile Cooperative members, especially the Board Members, gained renewed confidence in working and communicating with people outside of Chau Tien commune. They are now better able to negotiate with customers with confidence. They travel to Ha Noi to deliver their products at least once a month and actively participate in festivals or trade fairs held locally or nationally to find new customers. In addition, with increased confidence and negotiation skills, the Cooperative members have gained new clients from different cities in Viet Nam as well as from other countries such as Japan.

The women from Hoa Tien are also more active and play increasingly important roles in their community. The Board Members of Hoa Tien Textile Cooperative are actively teaching weaving technique as well as basic business skills, such as cost and price calculation, to other women who could not join training organized by the Programme.

“I highly appreciate the support to sericulture and brocade production in Hoa Tien. I can see that women are feeling more confident after training and they have more active participation in local affairs. With increased confidence, two members of the Cooperative ran for the commune people’s council election in 2011 for the first time and have been elected. Perhaps this may be one of the impacts of the programme support.”

**MR. LU VAN NHÍ, VICE CHAIRPERSON OF CHAU TIEN COMMUNE**

**INCREASED JOBS IN THE LOCAL AREA THROUGH THE INCREASED SALE OF THEIR PRODUCTS**

Thanks to its participation in trade fairs, the Hoa Tien Textile Cooperative could connect and negotiate with national and international buyers to receive new orders. This has translated into more brocade production and, consequently, more jobs. For example, a woman in Chau Hanh, another village group supplying products to the Cooperative, has more than doubled her production in one year. With the increased sales, the Hoa Tien Textile Cooperative is expanding its membership: Three new women weavers joined the cooperative in 2012, and there are plans to expand with 10 more members during the next 3 years.

**INCREASED INCOME FROM BROCADE WEAVING AMONG COOPERATIVE MEMBERS**

Gradual increasing of orders from customers, combined with reduced material and production costs due to increased availability of raw materials and improvements in the production process, has translated into more benefits to Hoa Tien Textile Cooperative members, an increase of 125-167 per cent in their average income from