

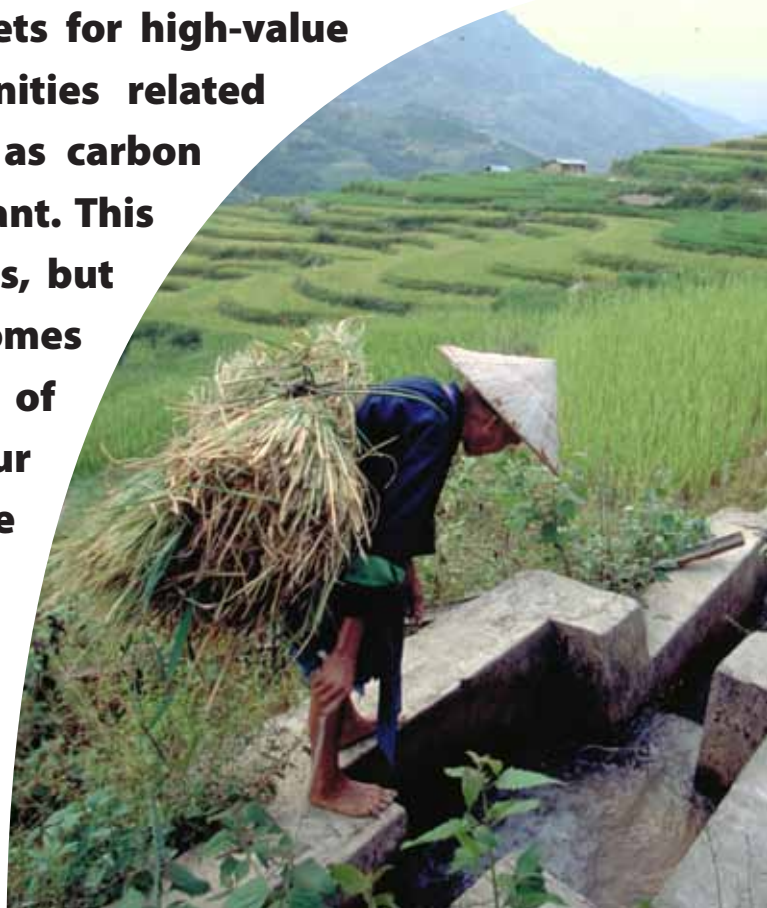


VIETNAM

IFAD AND IFPRI PARTNERSHIP

Promoting smallholder market access and climate change mitigation

The International Fund for Agricultural Development (IFAD) and the International Food Policy Research Institute (IFPRI) have joined together in a strategic program to advance innovative policies designed to help the poor benefit from climate change mitigation and improved market access. The overall goal of the IFAD–IFPRI Strategic Partnership Program is to provide rural poor people, particularly women, with better access to new market opportunities to take advantage of them. Access to markets for high-value agricultural products and opportunities related to climate change mitigation, such as carbon sequestration, are especially important. This goal presents two distinct challenges, but each could potentially improve incomes and decrease the vulnerabilities of the poor in many countries. Four countries have been selected to share in this venture: Ghana, Morocco, Mozambique, and Vietnam.



Climate Change Mitigation

To achieve this goal, the program will strive to meet the following three objectives:

1. Strengthen the capacity of partners in participating countries to analyze and address policy issues.
2. Identify, test, and evaluate innovative policy, institutional, and program options to improve access to new markets, including those for high-value commodities and climate change mitigation services.
3. Disseminate the knowledge gained, incorporating the findings into national policies and investment programs.

Market Access

Many IFAD projects work to improve linkages between small farmers and growing markets for agricultural commodities, including high-value agricultural commodities. High-value agricultural commodities are those that have a high economic return per hectare, such as fruits, vegetables, dairy products, and meat. The program aims to increase access to markets for these particular commodities among smallholders within the four target countries. Often, farmers participate in such markets by entering into contract agreements. Contract farming has proven to be an effective way to integrate farmers into domestic and international markets, but poor and less-educated farmers are sometimes excluded from this practice. The program's intent is to improve their welfare by designing contract and cooperation mechanisms that incentivize small farmers and by testing the mechanisms in the field in collaboration with private companies or rural producer associations.

Market-access activities will include

1. assessing policies and regulations that affect small farmers' access to dynamic markets;
2. testing innovative contract farming structures and other institutional mechanisms for increasing smallholder participation in modern value chains;
3. developing and testing best practices for evaluating the impacts of market and government failures and devising innovative approaches to reduce their incidence;
4. developing a scaling-up methodology, based on agroclimatic and market-access conditions; and
5. synthesizing the knowledge gained by creating a toolbox of methods and incorporating findings into an enhanced knowledge-management system.

Climate change presents enormous risks to poor people who are highly dependent on natural resources for their everyday living. Mitigation of these distressing effects has become a top priority on the international agenda. For example, payments are being made to those who agree to maintain forested land to act as sinks for absorbing excess carbon. Agriculture and the rural poor whose livelihoods are dependent on agricultural crops, however, do not currently benefit from mitigation and carbon-offset mechanisms in formal carbon markets. While afforestation and reforestation projects are eligible for carbon-emission reduction credits under the rules governing the Clean Development Mechanism of the Kyoto Protocol, the participation of agricultural projects has proven difficult due to the uncertainty present in measurements of carbon sequestration potential and reduction of GHG emissions. Furthermore, a lack of understanding of the costs related to aggregating and organizing farmers coupled with high costs of monitoring, reporting, and verification have made accessing voluntary markets very difficult.

Small farmers could potentially be rewarded for practices that are commonly considered beneficial for soil fertility and yields. Efficient manure usage, zero or minimum tillage, changes in water management, management of crop residues, and use of compost and biochar are some of the practices that not only sequester carbon and reduce emissions, but increase productivity and offer a path toward climate change adaptation. The program will assess the policies and programs that encourage the development of climate change mitigation markets for agriculture.

Climate change mitigation activities and access to carbon markets will include

1. an assessment of the mitigation potential of poor rural households and communities and the potential benefits;
2. an analysis of the policies, institutions, and structures (including nongovernmental organizations, extension systems, farmers organizations, supply chains, and producers of high-value export crops) that could aggregate farmers and facilitate their access to carbon markets;
3. the identification, testing, and evaluation of promising new approaches for involving the rural poor in the provision of agricultural mitigation and other environmental services; and

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★ Close up on Vietnam



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Vietnam has achieved rapid economic growth during the past 15–20 years, resulting in dramatic reductions in the incidence of poverty. Vietnam has rapidly become a leading exporter of rice, coffee, black peppers, cashew nuts, and seafood. Income growth in urban areas is creating new domestic markets for high-value commodities. Despite this progress, many small farmers remain poor, particularly ethnic minorities and those living in remote upland areas. Although the deltas and coastal areas are generally more prosperous, they are vulnerable to rising sea levels associated with climate change. A recent World Bank study found that Vietnam was one of the countries most vulnerable to climate change.

IFAD has a large portfolio of projects in Vietnam, most of them focused on the northern uplands and central highland areas. Currently, IFAD has five major programs spanning nine provinces of Vietnam. These programs include the Rural Income Diversification Programme, the Decentralized Programme for Rural Poverty Reduction, the Programme for Improving Market Participation of the Poor, the Developing Business with the Rural Poor Programme, and the Pro-Poor Partnerships for Agroforestry Development Project.

The market access component of the IFAD-IFPRI Partnership is launching a set of research activities to support ongoing IFAD projects in the identification and testing of innovative approaches to agricultural marketing. More specifically, at least three activities are envisaged for the Partnership in Vietnam. First, IFPRI will work with local collaborators to combine agroclimatic geographic information systems (GIS) data and data from the recent agricultural census to identify spatial patterns and household characteristics associated with diversification into different high-value crops. This study will also explore the relationship between crop mix and poverty.

Second, IFPRI will use the GIS data to develop recommendation domains based on market accessibility, population density, and agroclimatic characteristics. The recommendation domains will facilitate the task of anticipating where successful interventions can be scaled up.

Third, IFPRI will work with IFAD project staff to implement impact evaluations of selected projects or interventions. Two projects under consideration are a community-driven development project in three provinces and a payment-for-environmental-services project in Bak Kan province.

4. a synthesis of the knowledge gained in a manual of best approaches and practices that will be mainstreamed through a strengthened knowledge-management system.

Program Support

The IFAD–IFPRI program includes three predominant areas of activity:

1. Capacity building.
2. Knowledge management.
3. Development of innovation or policy networks or both.

The primary objective of the capacity-building activities, such as policy workshops, is to foster a better understanding of the link between project and policy levels. This objective will be met by improving capacity for both research and policy analysis and then heightening understanding of the dynamics of knowledge and information use in policy processes. This will increase the capacity to identify emerging issues.

A key activity in the area of knowledge management is the development of an internet portal. This portal will be an interactive website that facilitates the full documentation of the program's activities, methods, and results. The portal will also include a question-and-answer (Q&A) forum where users receive immediate responses to questions already in the database. Inquiries that require content-specific study will require a longer response time. The portal will also encourage interactions among research teams to discuss the research agenda. It is envisioned that the portal will provide opportunities for participants to post real-time experiences related to the approaches taken.

Finally, country innovation networks will be established to serve as an open forum for policy analysis. These networks will link existing IFAD and IFPRI country and regional networks. The program will also nurture these networks, with the goal of identifying opinion-makers and in-country leaders who will promote innovation and the adoption of policy options. Though the networks will be primarily virtual, they will also allow participants to engage in face-to-face meetings and policy consultations. IFAD and IFPRI hope to identify an in-country host institution to initiate the development of the innovation and policy networks.

Program support functions will include

1. implementing focused capacity-strengthening workshops for policy analysis that will translate research on high-value commodity markets or carbon market opportunities into action on the ground;
2. sharing knowledge through an open portal providing access to full documentation about program processes, methods, and results (the portal will benefit participating country professionals as well as others who are developing program interventions in nonfocus countries);
3. developing an informal network of policy analysts, policy advisers, and policymakers within the focus countries to link with existing IFAD and IFPRI networks at the country or regional level and to promote the creation and adoption of innovative policy options emanating from program research activities; and
4. developing both internal and external communications strategies to maximize synergies and impacts to ensure that relevant information reaches the stakeholders who benefit from it the most.



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