



**Location:** Lao Cai, Yen Bai, Ha Giang and Lang Son

**Duration:** from 1<sup>st</sup> August, 2013 to 31<sup>st</sup> May, 2016

**Donor:** Swiss Agency for Development and Cooperation (SDC) and Cordaid

**Implementing agency:** SNV Netherlands Development Organisation

**Local government partners:**

- Department of Agriculture and Rural Development Ha Giang;
- Department of Science and Technology in Lang Son (DoST);
- Agriculture Extension Center & Forestry Sub-Department in Lao Cai;
- Forestry- Sub-Department in Yen Bai

**Private partners:**

- Techvina cinnamon oil distillation,
- SPAREX company,
- VIPAGRO company.

## **“SPICE OF LIFE” PROJECT LEVERAGING THE SPICE SECTOR FOR POVERTY REDUCTION AMONGST ETHNIC MINORITY COMMUNITIES IN VIETNAM**

### **Background**

Non-timber forest products (NTFP), including spices, currently plays an important role in improving life for people living in the northern mountainous area of Vietnam. In the last few years, spice products have made a significant contribution to increasing incomes, leading to poverty alleviation for more than 80,000 households in some of the poorest communities in the area. Both authorities and communities consider spice products as a primary means to improve the local economy and reduce poverty. By becoming involved in the world market the Vietnamese spice sector has new and favourable economic opportunities for companies, co-operatives and households. Throughout the world, the demand for spice products (for use in food processing, medicine and as



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aromatics) has been growing, creating excellent chances for the Vietnam spice sector to develop and supply this demand.



SNV Netherlands Development Organisation has been working in the Vietnam spice sector since 2007, supporting spice producers, collectors and traders, as well as local authorities, to improve production quantity and quality; to create and develop market opportunities; and to create a business environment that supports the development of the sector.

In the "Spice of Life" project which is sponsored by Swiss Agency for Development and Cooperation (SDC) and Cordaid, SNV is looking to up-scale its proven interventions and continue its support to the development of the spice sector through: cardamom in Lao Cai, Ha Giang and Yen Bai provinces; cinnamon in Yen Bai and Ha Giang provinces; and star anise in Lang Son province.



**The overall goal** of the project is to improve income security and livelihoods of poor ethnic minority smallholder producers by increasing productivity, sustaining spice production, and encouraging the development of mutually profitable relationships with processing and trading companies.

## RESULTS

After three years of project implementation:

- In overall, **annual income of 10,162 spice production households has increased 14.5%; added value is 29%** which is approximately **VND 55,707,212,500** (to compare with 2013). Total investment of the project is **VND 34,156,879,500** (with the contribution of SDC is VND 25,588,425; the contribution of Cordaid is VND 1,687,400,000; contribution from provincial partners is VND 2,260,150,000 and Enterprises contribute VND 4,620,904,000).
- **50,000 ha spice used sustainably** (equivalent to 50% spice production land) linking with the protection of estimated **100,000 ha of forest** where spice tree distributed.

### Outcome 1:

**Market linkages between VC actors strengthened and supported by Spice Associations; volume and value of spice sales improved to increase the value of spice commodity.**

- **210 Farmer Production Groups** have been established and supported with the participation of **10,162 spice production households in four provinces.**
- **135 farmer groups** signed long-term contract with traders as regards to generally defined spice quality standards.
- **30 larger scale traders and processors** develop and implement marketing strategies that addressing the need of export market.
- Spice Associations established, consolidated and supported in Lao Cai, Ha Giang and Lang Son provinces.
- **03 provincial spice associations** have started to collect member fees to cover running cost; Key traders/processors had deposited to spice associations' funds to commit purchasing spice productions in proper time and avoid unhealthy competitions among members.
- **3,520 staffs trained** at all levels (provincial, district and commune, village), **50% of them are female staffs.**
- **700 turns of local project partners staffs at provincial and district** levels through 16 ToTs training courses at the provincial level on sustainable spice production, spice quality management, FIGs

	<p>management and Gender Mainstreaming.</p> <ul style="list-style-type: none"> <li>• <b>3,520 district and commune staffs</b> are trained through 88 ToTs training course on sustainable spice production, spice quality management, FIGs management and Gender Mainstreaming.</li> <li>• <b>12,000 farmers households</b> are trained through 840 farmer training courses on sustainable spice production, spice quality management, FIGs management.</li> </ul>
<p><b>Outcome 2:</b> <b>Spice production systems improved to ensure spice products meets international quality standards and towards environmental sustainability.</b></p>	<ul style="list-style-type: none"> <li>• <b>10,162 spice production households</b> participated in project applying sustainable spice production system and quality standards which set by spice traders/processors.</li> <li>• <b>A cardamom production mapping</b> was developed and <b>16,624 cardamom production households</b> are engaged in the sustainable cardamom in Lao Cai.</li> <li>• <b>Over 800 training and field coaching courses</b> were organized for FIGs.</li> </ul>
<p><b>Outcome 3:</b> <b>Enabling environment for spice improved:</b></p> <ul style="list-style-type: none"> <li>• Public-Private Dialogue participants capable of coordinating and planning.</li> <li>• Provincial authorities improve the business/legislative operating environment for spice production and trade.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>11 of Public Private Sector Dialogue events</b> organised and facilitated by SNV.</li> <li>• Master Plan for sustainable development of Cardamom production in period of time from 2015 to 2020 approved by People Committee of Mu Cang Chai district, Lao Cai province.</li> <li>• Master Plan for sustainable development of Star Anise production in period of time from 2015 to 2025 approved by People Committee of Lang Son province.</li> <li>• Master Plan for sustainable development of cinnamon production in period of time from 2015-2020 approved by People Committee of Lao Cai province.</li> <li>• <b>05 Regulations</b> of sustainable production and quality management for Cinnamon, Cardamom and Star Anise were approved and issued in Ha Giang, Lao Cai, Yen Bai and Lang Son provinces.</li> </ul>
<p><b>Outcome 4:</b> <b>Learning and knowledge events.</b></p>	<ul style="list-style-type: none"> <li>• <b>16 annual planning and review workshops</b> were organized in 04 provinces.</li> <li>• Develop 04 comprehensive training manuals on sustainable production of Cinnamon, Cardamom and Star Anise.</li> <li>• Study tour for cinnamon stakeholders to Quang Nam province.</li> <li>• <b>08 spice market linkage facilitation events</b> were organized in 04 provinces.</li> <li>• <b>02 organic cinnamon knowledge sharing workshops</b> were organized in Lao Cai and Yen Bai.</li> <li>• Develop guideline for organic certification process.</li> <li>• Support Yen Bai to organize the first Cinnamon Festival.</li> <li>• Support Yen Bai province to develop new livelihood on cinnamon handicraft production.</li> </ul>
<p><b>Outcome 5:</b> <b>Development of sustainable organic cinnamon supply chain in Lao Cai and Yen Bai.</b></p>	<ul style="list-style-type: none"> <li>• <b>400 cinnamon farmers</b> were trained on organic production practice and applied to their cinnamon plantation.</li> <li>• <b>400 of cinnamon production farmers</b> were supported to gain certification of sustainable production.</li> <li>• Support for two company closely cooperate with farmers to set up Internal Control System to monitor organic production.</li> <li>• Support Techvina factory and Vipagro company (a local spice company) to improve their operational condition to meet with cinnamon organic production and processing standards.</li> <li>• Develop marketing strategy and branding for organic cinnamon product.</li> </ul>



## Sustainability



**Market development:** Establishment and capacity building of the Spice Association has been strongly relevant to address loose connections between actors in the sector. Encouragement of private sector investment to develop the spice sector adds economic sustainability. Identification and development of markets outside of China that include value adding to raw products (which brings higher returns) will enhance economic sustainability of the action.



**Sustainable production:** Improved drying ovens and extension activities for spice has high potential for ensuring sustainability. AEC staff has been equipped with sufficient knowledge and skills to continue. QAP and CSCM have high potential for sustainability because both address the needs of spice growers and traders as well as having support from the government.

**Enabling Business Environment:** PPD and sector studies were highly appreciated by provincial authorities, spice entrepreneurs as well as representatives of spice growers who participated in the round tables and workshops.



**Capacity building** for local actors to ensure that they are in a good position to deliver good services after the project phase; local service agencies (AEC, communes, FU and WU) will continue to use their improved skills to support local level spice production.

**An enabling business environment** through increased awareness, knowledge and supporting policies will ensure cooperation between the public and private sectors who will continue to lead the development of the spice sector. This will also facilitate private sector investment which will be crucial for further development of the spice sector.

**Market strategy** in the final year an exit strategy will be included to ensure that the sectors are prepared for and have a plan for continuing development.

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