

Upland crop profitability and farming contract attribute preferences for marketing in the Vietnamese Mekong Delta

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Introduction

Farmers in the Vietnamese Mekong Delta (VMD) are vulnerable to climate change and are impacted by a range of agribusiness transformations such as crop switching and emerging markets.

Contract farming is one mechanism that can be used to assist farmers and buyer companies to achieve mutually beneficial outcomes and reduce this vulnerability.

Aims

- Compare farmer and company preferences for farming contracts, and determine the differences between the drivers and constraints for each stakeholder type;
- Develop recommendations to encourage wider agribusiness engagement in farming contracts and inform policy development.



Methodology

- Agribusiness key informant interviews and farmer household surveys in Soc Trang and An Giang Provinces, February and March 2023.
- Quantitative data were analysed using latent class models to explore the heterogeneity preferences of farmers towards different contract attributes.
- Qualitative data was analysed to identify any patterns using thematic analysis (Kiger & Varpio 2020).

Results



Contract attributes	Farmers	Companies
Price premium	80% preferred	2/4 preferred
Seed provision	71% preferred	3/4 preferred
Fertiliser & pesticide provision	40% preferred	1/4 preferred
Credit provision	33% preferred 16% dislike	None provide credit. One assists in finding financial support for farmers
Variable quality with variable price	33% preferred 47% dislike	2/4 companies apply
Incentive for high quality	33% preferred 47% dislike	1/4 company apply
Minimum quality	47% dislike	4/4 companies apply
Sale location	49% dislike transporting crops to collection points, 31% willing to do this	2/4 buy at farm gate 1/4 buy at farm gate & cooperative 1/4 company buy at factory
Payment delay	56% dislike	4/4 make delayed payments

Implications

- Such information will help in the design of contracts which optimise benefits for both parties.
- This will also help improve vertical coordination in the supply chain of upland crops in the VMD in particular and in Vietnam in general.
- This is increasingly more necessary and important in the development of regions vulnerable to climate change such as the VMD.

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