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REPORT ON THE AQUACULTURE INTERNATIONAL TECHNICAL AND GOVERNANCE EXPOSURE TRIP TO VIETNAM, MAY 3-9, 2009

JUNE 2009

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CAMBODIA MSME 2/BEE PROJECT

**REPORT ON THE AQUACULTURE INTERNATIONAL TECHNICAL AND GOVERNANCE
EXPOSURE TRIP TO VIETNAM, MAY 3-9, 2009**

TASK ORDER NO. 04

**Program Title: Strengthening Micro, Small and Medium Enterprises in
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Introduction

The U.S. Agency for International Development is supporting the Cambodia MSME Project to bolster economic growth in some of Cambodia's poorest provinces. The twelve target provinces are: Kratie, Kampong Cham, Kandal, Kampong Speu, Svay Rieng, Prey Veng, Takeo, Kampot, Kampong Thom, Siem Reap, Battambang and Pursat. These provinces are predominantly rural, and agriculture and related activities lie at the core of provincial economic life.

To achieve maximum impact within the four-year project time frame, Cambodia MSME has chosen to focus on a limited number of value chains, offering the highest potential for economic growth, revenue generation, job creation and increased opportunities for women and other underserved groups.

From 2009—2012, the project will focus on five value chains – aquaculture, swine, brick and clay tile, water and biodiversity – and will work to facilitate services, inputs and other areas of support needed to address key constraints and opportunities in these sectors. Cambodia MSME employs a value chain approach to identify sustainable private sector solutions to the problems faced by entrepreneurs.

Rationale

The aquaculture value chain consists of fingerling producers, fish raisers, traders and consumers. Members of the value chain work together to provide local consumers with quality products. The Cambodia MSME project assists firms in building relationships, understanding market requirements, and producing quality products.

Aquaculture is beginning to play an important role in this context, by providing both a good source of income as well as greater nutritional value. The sector is now moving from subsistence production to a growing business. As industry techniques improve, markets for aquaculture products will also grow in the provinces and in Phnom Penh.

Experience demonstrates that most Cambodian value chains, with which we engage, are operating sub-optimally due to a dearth of existing relationships between value chain participants. Moreover, there are few mechanisms to define and improve these relationships in a meaningful way. For example, producers have few options for marketing their products and are usually ill-informed of the available methods to sell them more competitively. Input suppliers generally are not taking a market development approach, which includes business outreach to increase the number of customers and better meet their requirements. Although the promotion of relationships between value chain participants appears simple, in post-conflict Cambodia, one observes considerable fragmentation in value chains and considerable apprehension about making initial contacts with other persons. Experience also shows that once this initial apprehension is overcome, business and personal relationships strengthen quickly and business transactions follow shortly thereafter.

Experience with Cambodian MSMEs who have participated in cross-national exposure trips during the past years demonstrate that trust and conversation barriers quickly dissolve once participants have a common objective, such as learning a new skill, observing a new process, or discussing a common problem.

II. Trip Objectives

The overall objectives of the exposure trip to Vietnam are: (1) to encourage more business transactions, investment and contractual relationships between value chain actors from Cambodia and Vietnam, (2) share best practices in the Aquaculture industry, (3) encourage international trade, (4) encourage farm-level investments and improve the understanding toward business associations and inter-firm advocacy for the industry and, lastly, (5) understand how government services can support small and medium agro-enterprises, especially in the Aquaculture industry. International exposure trips are an experiential way to promote improved relationships, introduce unfamiliar value chain participants to one another, and expand the potential for improved and expanded businesses. Expected benefits for MSME participants were:

- To observe new Aquaculture technologies for improvements in production practices;
- To observe Aquaculture processing and fish feed processing techniques;
- To better understand the role of Aquaculture Value Chain Actors in a more developed market;
- To understand cooperative work or business association promotion, capacity building and operations in a more sustainable manner;
- To understand the role and regulation of Vietnamese government agencies in supporting the Aquaculture Sector, and
- To learn about and observe the work of business associations in Vietnam.



Technique on how to catch Pangasius Brood stock for hormone injection

Participants

There are 23 total proposed participants, including: 10 Aquaculture value chain actors, 10 Fisheries Administration Officers (FiA) from the Ministry of Agriculture, Forestry and Fisheries, and 3 from the DAI/Cambodia MSME project.

Name	Occupation	Province
Sun Boreth	MSME Team Leader	Phnom Penh
Proum Kimhor	MSME Aquaculture VC Coordinator	Phnom Penh
Kim San	MSME Legal Advisor	Phnom Penh
Ken Heng	Fingerling Producer	Kampong Speu
Lim Chan	Fingerling Producer	Kratie
Mam Saran	Fingerling Producer	Kampot
Khol Bol	Fingerling Producer	Takeo
Khoun Va	Aquaculture Producer	Kampong Cham
Ang Chamroeun	Aquaculture Producer	Prey Veng
Chhuon Chhun	Aquaculture Producer	Prey Veng
Che Tol	Aquaculture Producer	Prey Veng
Tuon Sophat	Aquaculture Producer	Takeo
Hel Oeun	Aquaculture Producer	Takeo
Sam Sathya	Legal Division, FiA	Phnom Penh
Vibol Sopheap	Legal Division, FiA	Phnom Penh
Pol Mimosa	Aquaculture Division, FiA	Phnom Penh
Ros Kunthy	Aquaculture Division, FiA	Phnom Penh
Kong Puthearith	FiA Cantonment	Kampong Cham
Aun Sinath	FiA Cantonment	Prey Veng
Klang Vanthol	FiA Cantonment	Kandal
Ou Sophan	FiA Cantonment	Takeo
King Sophany	FiA Cantonment	Kampot
Heng Piseth	FiA Cantonment	Battambang

III. Activity

The team visited a wide range of aquaculture activities around Ho Chi Minh City and its provinces. A Vietnamese aquaculture expert working for the Vietnamese National Aquaculture Research Institute served as the study tour guide for the entire trip. Activities visited include:

May 4/Day 1 - Visit to tilapia farms on the Mekong River in Tieng Giang province

The area along the Mekong River, in Tieng Giang province, has become a major tilapia production center since 2001, when the Vietnamese Government encouraged farmers to increase fish production for the export market. Currently, there are an estimated number of 1000 fish farmers in the area, with an annual production of 150,000 tons for both domestic and export markets. To ensure quality standards and environmental integrity, relevant Vietnamese authorities – the Ministry of Environment, Ministry of Agriculture and Rural Development and

Ministry of Health – have institutionalized an inspection regimen to support fish farming and maintain a healthy environment in the Mekong. It is also reported that the Vietnamese government provide tax incentives for fish producers.



Participants visit Tilapia Pen culture on the Mekong River in Tieng Giang province

The team was able to meet with fish producers to look at various aspects of their business, including: fish farm/water management, feeding control and production techniques. On the same day the team visited the National Breeding Center for Southern Freshwater Aquaculture (NBC2), a government research station, in order to learn about fish breeding techniques and fingerling stations.

May 5/Day 2 - Visit to Co Lich Experimental Station for Aquaculture in Tien Giang Province

The group spent the morning visiting the Co Lich Experimental Aquaculture Station, in order to observe the mass production of fry and fingerlings of freshwater catfish (*Pangasius hypophthalmus*) and other freshwater species.

The afternoon was spent at an aquaculture shop in Can Tho City, an economic hub in the Mekong Delta region, where the participants were able to view and purchase various materials.

May 6/Day 3 – Visit to the Bac Lieu Experimental Station for Aquaculture (BLESA)

The group's morning was spent in two locations: the experimental station that belongs to the Research Institute for Aquaculture No. 2 (RIA-2) in Nha Mat ward, Bac Lieu town in Bac Lieu province and a private sector shrimp farm nearby. In the afternoon, the team was able to visit a private sector brine shrimp (*Artemia*) farm.

May 7/Day 4 - Visit to the National Breeding Center for Southern Freshwater Aquaculture

A feed mill station was visited on the morning of May 7, once again at the government research station, NBC2, in Tien Giang province.

May 8/Day 5 - Visit with policy makers, researchers at RIA-2 and the VietFish Community and to various markets in Ho Chi Minh City

The team was able to visit a number of different stakeholders on its last full day in Vietnam. Through the visit with relevant officials and policy makers, the group was able to learn about the history of government support to the aquaculture sector.

It was learned that the government's first line of action was the consolidation of two important ministries: the Ministry of Fisheries and the Ministry of Agriculture and Rural Development.

After this restructuring the Vietnamese Government was able to decentralize its powers and responsibilities to technical line departments and offices. The authorities were then able to issue



Discussion meeting with Deputy Minister of Agriculture and Deputy Director of RIA2

“resolutions” to address issues and emphasis productivity and exportation. At the same time, the drafting of the Fishery Law occurred and it was promulgated in 2008. This policy shift from a planned economy to a private sector approach saw the creation of the Fish Society of Vietnam. The Society is tasked with the responsibility to promote the fisheries industry in becoming a viable and integral part of the national GDP.

The second priority was to provide incentive for private investors to directly engage with export companies. This process enables the two players to determine market requirements and plans.

The Government also facilitated linkages between producers, processors and export companies through public-private sector dialogues. During these dialogues, issues are classified and tasks are assigned to ensure that problems are solved within the given and agreed timeframe. Solutions to problems are raised, monitored and solved by relevant entities.

In addition to visiting policy makers and associations that support the industry, the group was also able to observe the research and development conducted at the Southern Monitoring Center for Aquaculture Environment and Epidemic, also a part of the RIA2 group. The research institute is also now conducting applied research on processing and post-harvest technologies, so its work suits the needs and requirements of the market.

The afternoon was then spent at various markets around Ho Chi Minh City, in order to observe the state of the wet markets in the capital city.

IV. Observations/lessons learned

The success of the Vietnamese aquaculture industry stems from a number of aspects:

1. Political will and policy changes have occurred through the deregulation of the fish sector, providing good opportunities and incentives for farmers to increase export production. Also, the government of Vietnam decided to consolidate its organizational structure; i.e. making the Ministry of Fisheries into a department, rather than a stand-alone entity.
2. Private-public sector dialogue has been conducted in the truest sense of the term. The government facilitates forums by gathering key partners – producers, processors and exporters – and linking them to one another, rather than completely dictating what is to

be done. This government practice is effective in reducing red tape and encouraging participation with value chain actors.

3. Research is applied and practical and supports links to the market.
4. Producers receive a number of incentives and favorable tax policies.
5. Deregulation has ensured that competition is possible, making production technologies and feed supplies more affordable.
6. There is a department focusing on quality assurance, which guarantees the quantity / quality for the export market.
7. The Vietnamese Government practices good governance.
8. Processing facilities in Vietnam are abundant, spurring improved practices and products and competitive prices.

Trip Agenda

SCHEDULE OF AQUACULTURE STUDY TOUR TO VIETNAM FOR CAMBODIAN PARTICIPANTS: 3-9 May 2009 (23 participants)		
Time	Activities	Responsibilities
3-May-2009		
14.45-16.00 PM	Collect all Cambodian participants from Tan Son Nhat Airport and transport to Victory hotel	Ria2 staff
	Stay overnight in Victory hotel in Ho Chi Minh City (HCMC)	Victory hotel
4-May-2009		
7.00-9.00 AM	Leave hotel for Tien Giang Province	Ria2 staff
9.00-11.30 AM	Visit tilapia farms (Mr. Hien 0919 782 949 in Thoi Son bank)	RIA2 staff and officer of DARD in Tien Giang
11.30-13.00 PM	Have lunch at restaurant in Thoi Son Bank (Ms Be Tam 0909 281 937)	Restaurant in Thoi Son -Tien Giang
14.30-16.30 PM	Visit the National Breeding Center for Southern Freshwater Aquaculture (NBC2) in Tien Giang	Ria2 staff
16.30-17.30 PM	Go to Song Tra Hotel in Dong Thap Province, 178 Nguyen Hue street, Ward 2, Cao Lanh City, Dong Thap province. Tel: 067 3852624. Overnight in Dong Thap Province	Ria2 staff
5-May-2009		
8.00-12.00 AM	Leave hotel for Co Lich Experimental Station for Aquaculture in Tien Giang Province to observe: mass production of fry, fingerlings (<i>Pangasius hypophthalmus</i> and other fresh water fishes) and other private sector <i>Pangasius hypophthalmus</i> farms	RIA2 staff and officer of DARD in Tien Giang

12.00-13.30 PM	Leave Co Lich Experimental Station for Aquaculture for Hoa Cau Restaurant, International Hotel, Can Tho City	
13.30-14.15 PM	Lunch at Hoa Cau Restaurant	International Hotel 20 Hai Ba Trung Street, District Ninh Kieu, Can Tho City, Can Tho Province
14.15-15.30 PM	Go to Aquaculture shop in Can Tho City	Ria2 staff
15.30 -18.00 PM	Leave Can Tho for Bac Lieu Hotel	Ria2 staff
	4-6 Hoang Van Thu Street, Ward 3. BacLieu Town. Bac Lieu Province. Tel: 0781-3822437	
19.00 PM	Stay overnight in Bac Lieu Hotel	
6-May-2009		
8.00-9.00AM	Leave hotel for Bac Lieu fish station	
9.00-10.00 AM	Visit Bac Lieu Experimental station for Aquaculture (Dr. Tuan 0989 575 087)	Ria2 staff and officer of DARD in Bac Lieu
10.00-11.30 AM	Visit shrimp farms (private sector)	Ria2 staff and officer of DARD in Bac Lieu
11.30 -13.30 PM	Lunch in Bac Lieu hotel	Bac Lieu hotel
13.30-16.00 PM	Visit brine shrimp (<i>Artemia</i>) farms (private sector)	Ria2 staff and officer of DARD in Bac Lieu
16.00-17.00 PM	Stay overnight at Ngoc Suong Hotel	Ria2 staff
	Km 2127, hightway1A, An Hiep, Chau Thanh, Soc Trang, Tel: 079-3613108	
7-May-2009		
8.00 -11.00AM	Visit feed-mill station at National Breeding Center for Southern Freshwater Aquaculture	Ria2 Staff

11.30 AM-13.30PM	Have lunch in Que Huong Restaurant in Trung Luong - Tien Giang Province	Que Huong Restaurant
13.30-18.00 PM	Return to HCMC	Ria2 staff
	Overnight in hotel in HCMC	
8-May-2009		
8.00-10.00 AM	Leave hotel for Government Agency that support Aquaculture business and policy and VietFish Community.	Ria2 staff
10.00-11.30	Visit the lab on Analysis and Medicine for curing fish disease	Southern Monitoring Center for Aquaculture Environment and Epidemic (MCE) - RIA2
11.30-12.15	Visit Processing and Post-harvest technologies for fishery products in Ria2	Ria2
12.30 -14.00 PM	To have lunch in Hotel	
14.00 -17.00 PM	To visit markets in HCMC	Ria2 staff
20.30-24.00 PM	To visit Binh Dien whole sale fish market in HCMC	Ria2 staff
	Overnight in Hotel in HCMC	
9-May-2009		
9.30 AM	To leave hotel for Tan Son Nhat airport VN817 12.25-13.15 PM	Ria2 staff