

IMPACT SHEET: BioTrade VN

Scaling Up Biotrade Initiatives Within Phyto-Pharmaceutical Sector in Vietnam



Upscaling the sustainable Ethical Biotrade (EBT) business model to the Natural Ingredient (NI) sector and making Vietnam an internationally recognised supplier of NI to phyto-pharmaceutical, cosmetic and food supplement industries.



CHALLENGE

Ethical BioTrade (EBT) is a newly-emerged issue in Vietnam, therefore the awareness of local people and consumers on EBT concepts, principles and standards are low while the market system of the sector remains weak in all core, rule and supporting functions. Secondly, the limited capacity of SMEs to develop and implement EBT business strategies, plans and production scale is another challenge. Although some SMEs have been aware of and have even seen potential of EBT as a competitive advantage in the market. Most of them have limited capacity to further analyse opportunities that prevent them to step out of their comfort zones to develop new strategies for transforming their business models.

PROJECT BACKGROUND

Biodiversity is the natural capital base for a sustainable economy. The conservation of biodiversity and the sustainable use and trade of biodiversity-derived products and services can provide countries valuable opportunities for economic development and improvement of livelihoods. To capture this opportunity, in 1996 UNCTAD launched the BioTrade Initiative to support the objectives of the Convention on Biological Diversity. Since then, the Initiative has developed a unique portfolio of global, regional and country programmes as well as a network of partners and practitioners working in over 65 countries. BioTrade refers to those activities of collection, production, transformation, and commercialization of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability known as the BioTrade Principles and Criteria.

In this context, the BioTrade VN Project was designed aiming to promote BioTrade Initiative in Vietnam. The Project - implemented by Helvetas Vietnam - does not limit on any geographical province but anywhere where the natural ingredients are being sourced.

PROJECT OBJECTIVES

The overall objective of this Project is to upscale the sustainable Ethical BioTrade (EBT) business model in the Natural Ingredient (NI) sector of Vietnam, thereby contributing to Vietnam becoming an internationally recognised supplier of NI to phyto-pharmaceutical, cosmetic and food supplement industries.

The Project has four specific objectives:

- To support selected Vietnamese enterprises to build up environmentally friendly production capacity complying with EBT standards,

- To stimulate demand for EBT products through promotion of EBT concept, principles, and products among Vietnamese consumer community,
- To develop sustainable linkage between smallholder farmers and the selected companies, and
- To improve policy and regulatory framework to enable the EBT value chains performance.

TARGET GROUPS

- **Farmers/collectors/producers** and other actors along Ethical BioTrade value chains are main beneficiaries;
- **SMEs** who are sourcing natural ingredients as raw materials for their agri-production;
- **Relevant central and local government agencies**;
- **Others** (supporting service providers, civil society organizations – sector associations, local NGOs).

PROJECT ACTIVITIES

Vietnam phyto-pharmaceutical enterprises strengthened to supply national and international markets with EBT products

Overall, project results are progressive toward the targets committed. The Project established partnerships with 31 SMEs and at the end of its duration, 65% of them (20) are standard-certified and can be considered fully EBT compliant. It is noticeable that at the end of the Project, at least 10 companies have been able to expand their business sustainably to international high-end market. Within 4.5 years of project's implementation, 57 value chains have applied EBT compliant production practices (Organic, GACP-WHO and other standards) comparing to the project target of 32. Although it is still far to be considered a significant amount in the market, the 57 EBT compliant value chains established has formed a basis for the EBT sector development.

National and international consumers demand for BioTrade product from Vietnam stimulated

A number of communication campaigns have been conducted to increase the awareness of the target community on EBT values, access, and availability of EBT related products. 10 million consumers have been targeted to stimulate the market demand for BioTrade products, and thereby encouraging SMEs to invest in sourcing of EBT compliant natural ingredients. Multiple campaigns were conducted using different communication channels e.g. TV, fanpage and digital platforms, mainstreaming different topics focused on EBT

concept and values. Total views of more than 37.6 million were accumulated over 4.5 years of project implementation. Awareness and sensitization campaigns around the BioTrade concept aim to build interest, knowledge and attitude among consumers. Among various factors, the frequency and quality of the communication/message are key determinants to make “BioTrade communication” effective and to positively influence consumers’ behaviour and habits.

Smallholder farmers and collectors supported to increase livelihoods through EBT

Through certification of the supply of fresh/raw materials, total volume of EBT compliant products reached 9,400 tonnes valued at EU 27.1 millions in 2020, which is a 230% and 268% increase comparing to the baseline year of 2017 respectively. All EBT certified materials are connected directly with SMEs for further processing and either distributed in domestic market or export. This forms a sustainable value chain in which chain actors are interdependent by sharing responsibilities and benefit. Meanwhile, 9,221 farmers were informed and trained on sustainable collection/harvesting of ecological production of medical and aromatic plants.

An enabling policy and regulatory framework for BioTrade initiatives lobbied for sustainable growth of the phyto-pharmaceutical sector in Vietnam

At provincial level, within Year 3, five action plans to develop medicinal ingredient sector submitted to Lao Cai Provincial People’s Committee were approved. In addition, a development plan for medicinal herbal plantation in Nghe A submitted to provincial authorities and another action plan to develop an organic-oriented agriculture sector in Ha Quang district, Cao Bang province were approved by the district authorities. In Year 4 & 5, a comprehensive research on medicinal plants from Cao Bang province was conducted and submitted to include into the provincial sector development plan for next 10 years.

At country level, besides the strategic partnership with Vietnam Organic Agriculture Association (VOAA), a MOU for cooperating on national trade promotion programmes has been signed with Vietnam Trade Promotion Agency (Vietrade), which will be the initial step for the EBT sector to access other favourable trade policies in the near future.

PROJECT ACHIEVEMENTS

- **31 SMEs** trained on compliance to GACP-WHO, access and benefit sharing (ABS) and EBT standards
- **57 value chains** have applied EBT compliant production practices
- **10,036 tonnes** of CO₂ emission and **760 tonnes** of raw material loss were reduced annually

- **65% of SMEs** in partnership with the project source natural ingredients that are fully EBT compliant
- **18 SMEs** joined communication platform, sharing information of BioTrade ingredient resource and products
- **9,221 farmers** sensitised and trained on sustainable collection/harvesting of ecological production of medical and aromatic plants
- **230% increase** of EBT product supply annually from 2017
- **7,002 farmers** adopted natural ingredients production
- **7 petitions** on sustainable sourcing of Medicinal Plants are submitted to government bodies by 2018

LESSONS LEARNED

Although the project has achieved its objectives and expected results by the end, since EBT is a newly-emerged sector, the market system remains weak in all core, rule and supporting functions. Some key challenges/limitations that may hinder the sustainable development of the EBT sector include:

1. **Low trust among market actors on EBT products:** Although consumers’ awareness for ethical and bio-diversity consumption has increased, the trust of consumers on the real value, and of producers and traders on the market potential of EBT products remain limited; It takes time to achieve changes at attitude and practice level.
2. **The limited capacity of SMEs** to develop and implement EBT business strategies and plans. Although some SMEs have been aware of and even seen potential of EBT as a competitive advantage in the market, most of them have limited capacity to develop new strategies for transforming their business models.
3. **Lack of reliable market information and accredited market places specialized on EBT products** to facilitate trading and retailing. Almost all existing (domestic) market platforms are for general products or commodities while there is no formal and accredited/reputable ones for development value products in general, and ethical and biodiversity conservation in particular. This is an obstacle to facilitate trading and communication of EBT values.
4. **Changes in business context due to certain impacts of the Covid19 in 2020** could create both challenges and opportunities for the EBT sector. The economic slowdown in every industries but EBT production could possibly appear as a choice or solution for a more sustainable development in the future.



Mr Tuan Nguyen Dinh
Project Manager,
Helvetas Vietnam

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Biodiversity is the most beautiful hidden treasure we are gifted from mother Nature. Please enjoy but protect, develop and maintain this beauty for our future generations.

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Lessons Learned

1. Create sustainable linkages between actors along the value chain.
2. Identify who are key players in the value chain (in this case they are SMEs) and intervene to make changes.
3. Project interventions should consider the context of whole market system and the possible changes outside the value chains themselves.

Long-term project sustainability

Over 4.5 years of implementation, it is clear that the Project has brought many positive impacts to the EBT system, definitely in those components of value chains development following EBT standards when the number of companies and value chains included increased progressively over years.

For the market demand, it is difficult to measure the project outcomes at this moment but the awareness of local consumer are observed to increase positively over numerous of effective communication campaigns. The Project's sustainability is likely to be assured with a higher level of commitment and development from SMEs, business support organizations as well as the better policy supports from local government.

Project contributions to Climate Change Mitigation and SDGs

The Project contributed to Climate Change Mitigation via scaling up Ethical BioTrade production and promoting sustainable and certified farming practices in Vietnam. As a result, 10,036 tonnes of CO₂ emission and 760 tonnes of raw material loss were reduced annually because of EBT participation were achieved.

SDG 1: Income of farmers and other actors in value chains has been improved through application of sustainable farming practices, as a result of the Project's intervention. Increased value of organic or other certified products became higher than conventional commodities. This contributed to poverty reduction.

SDG 3: The Project has promoted Ethical BioTrade concepts, principles and products, particularly encouraging smart consumption, responsible economic and sustainable development.

SDG 5: In most of the working provinces, women are the one who take care of the works on farm, particularly are collecting and processing of NIs. The project had supported to build up capacity for them via training courses on various relevant expertise.

Impacts at a Glance

Economic Impact	<ul style="list-style-type: none"> • 27.12 million EUR total revenue generated by project partner SMEs in 2020 • 268% increase in revenue for natural ingredients between 2016-2020 • 20 SMEs have been certified with Organic, GACP or private standards. 10 SMEs have exported products to international high-end market • 54 value chains have been strengthened via trainings and standard certifications. • 10 million local consumers received information on BioTrade concepts, principles and products
Environmental Impact	<ul style="list-style-type: none"> • 760 tonnes reduction of materials loss via applying EBT compliant • 23 value chains have been certified organic, thus chemical-free
Social Impact	<ul style="list-style-type: none"> • The Project worked with 7,732 households and most them generated more income via participation of EBT products
Climate Benefits	<ul style="list-style-type: none"> • 10,036 tonnes reduction of CO₂ emission
Target Group Engagement	<ul style="list-style-type: none"> • 31 SMEs trained on compliance to GACP-WHO, access and benefit sharing (ABS) and EBT standards • 57 value chains have applied EBT compliant production practices • 271 outreach activities conducted
Policy Development	<ul style="list-style-type: none"> • 7 petitions on sustainable sourcing of Medicinal Plants are submitted to government bodies by 2018 • 5 district and provincial medical plants master plans approved by 2018 • Engagement in provincial policies on production of agriculture and medicinal plants and central policies on standard certification.
Europe-Asia Cooperation	<ul style="list-style-type: none"> • 4 international trade fair participations organised for EBT SMEs • B2B match-makings, participation of international organic trade fairs and workshops (Biofach) • Knowledge on EU import regulations and Organic standard certifications exchanged via workshops



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PARTNERS



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CRED
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Vietnam Organic Agriculture Association
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Union for Ethical BioTrade -
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