PROMOTING RICE VALUE ADDITION THROUGH 
INCLUSIVE BUSINESS MODEL

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Presentation Outline

1. Value creation in rice sector in Thailand
2. Revamping business model for farmer organization
3. Inclusive business model in agricultural trade
4. Action research through collaborative platform
5. Key lessons learnt from case studies:
   - Banlad Cooperative
   - Tung-Thong Yanyuen Community Enterprise
### Domestic Rice Prices in Selected Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Historical monthly price trend</th>
<th>Latest available:</th>
<th>Source: Rice Market Monitor, FAO, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh: Dhaka (coarse)</td>
<td></td>
<td>Sep-17 0.59</td>
<td></td>
</tr>
<tr>
<td>Cambodia: Phnom Penh (mix)</td>
<td></td>
<td>Sep-17 0.42</td>
<td></td>
</tr>
<tr>
<td>China: 50 City Avg. (japonica second quality)</td>
<td></td>
<td>Sep-17 0.97</td>
<td></td>
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<tr>
<td>India: Delhi</td>
<td></td>
<td>Sep-17 0.49</td>
<td></td>
</tr>
<tr>
<td>Indonesia: Ntl. Avg. (medium quality)</td>
<td></td>
<td>Sep-17 0.80</td>
<td></td>
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<tr>
<td>Republic of Korea: Ntl. Avg.</td>
<td></td>
<td>Sep-17 1.72</td>
<td></td>
</tr>
<tr>
<td>Mongolia: Ulaanbaatar</td>
<td></td>
<td>Aug-17 1.08</td>
<td></td>
</tr>
<tr>
<td>Myanmar: Yangon (Emata, Manawthukha FQ)</td>
<td></td>
<td>Sep-17 0.34</td>
<td></td>
</tr>
<tr>
<td>Occupied Palestinian Territory: West Bank (short grain)</td>
<td></td>
<td>Aug-17 2.02</td>
<td></td>
</tr>
<tr>
<td>Pakistan: Karachi (irri)</td>
<td></td>
<td>Sep-17 0.43</td>
<td></td>
</tr>
<tr>
<td>Philippines: Ntl. Avg. (well-milled)</td>
<td></td>
<td>Sep-17 0.82</td>
<td></td>
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<tr>
<td>Saudi Arabia: Ntl. Avg. (Basmati, white Indian)</td>
<td></td>
<td>Aug-17 2.13</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka: Colombo (white)</td>
<td></td>
<td>Sep-17 0.54</td>
<td></td>
</tr>
<tr>
<td>Thailand: Bangkok (5% broken)</td>
<td></td>
<td>Sep-17 0.36</td>
<td></td>
</tr>
</tbody>
</table>
Revamping business model for farmer organization

..towards competition-oriented approach and chain-wide management system

..towards more collaboration with partners for value creation and market access

Source: Modified from Stan Shi’s referred by Somporn Isvilanonda, 2017
Inclusive business model in agricultural trade

Financial return and social impact of IB, SE, and CSR

- Mainstream commercial company
  (trade-off between financial return and social impact)
- Inclusive Business
  (impact diverges from return and vice versa)
- Social Enterprises

Financial rate of return vs systemic social impact (scale, relevance, and depth) for the poor and low income people.

Source: Investment Experts’ Group, APEC, 2015

Inclusive Business Ecosystem

Action research method through collaborative platform

1. Determination of target group

2. Value Chain Analysis to identify business opportunities

3. Determine business ideas
   - Objectives
   - Business Goals

4. Strategic approaches to increase value added

5. Set target markets and strategies

6. Design the value chain
   - Activities
   - Stakeholder
   - Integrated systems

7. Making business plan/financing benefit distribution

8. Business operation under value chain with new relationship among stakeholders

9. Evaluate and feedback

Value Chain Development

Source: Patrawart (2007)

Tung Thong Yungyuen
Organic Community Enterprise, Suphanburi province

Banlad Agricultural Cooperative, Phetchaburi province
Case study: Banlad Cooperative
Case study: Tung-Thong Yanyuen Community Enterprise
1. Coordination mechanism is needed to connect related stakeholders and create trust for partnership among parties from upstream to downstream of rice value chains as well as public actor supporting along the chain.

2. A key recommendation is to develop a central unit or platform for sharing knowledge and information, as well as sharing resources and budget from various parties with particular specializations. The Platform should place emphasis on following tasks

   1) providing three dimensions of learning for smallholder farmers to upgrade their capabilities in all aspects
   2) facilitate value chain development process
   3) connecting and encouraging trust and collaboration among multi-stakeholders in order to realize the same goals.
Key findings and implications from case studies

3. In addition to the platform creation, policy issues could be derived from case studies in order to mitigate existing constraints as follow:

(1) Smallholder farmers often lack of experience in modern agri-business, entrepreneurial mindset, and managerial skills. To facilitate adoption of IBM, these internal characteristics of participants need to be upgraded in order to prepare them for business development, value creation, and upgrading process.

(2) Farmer organizations normally use conventional channel to distribute and marketize their commodity and products. This is based on traditional perception of farmer organization to separate trading function from production activities,

(3) Also, farmer organization may have to invest in trade and logistics infrastructures (e.g. silo, dry field), as well as capital to finance their purchasing/ bargaining power and distribution costs.

(4) Regional branding needs a strong effort from farmer-members to produce based on the same quality and standards with consistent and timely delivery.
Thank you and Q&A