

Value chain approach for enhanced agribusiness competitiveness

Businesses constantly face new challenges from demanding markets. A value chain (VC) approach is one strategy to cope. A VC is an alliance of enterprises collaborating vertically to strengthen market competitiveness. At each link in the VC, value must be added in terms of quality, system efficiency, service, and product differentiation. A VC approach can increase efficiency and control costs, reduce risks, and respond to consumer demand.

The APO organized a seminar on Building Value Chains in Agribusiness, in Bogor, Indonesia, 23–27 May 2010. Twenty-two participants from 11 member countries, along with five overseas and local resource persons, attended. In group discussions they identified issues in developing agribusiness VCs in the Asia-Pacific and formulated recommendations to overcome difficulties. Indonesia's expertise in this area was clearly demonstrated in site visits to three facilities.



Workers plant chrysanthemums at PT Mandiri Jaya Flora in Desa Munjul near Bogor, Indonesia, 26 May 2010. APO/Muhammad Saeed

PT Saung Mirwan, established in 1984 near Bogor, grows vegetables and flowers, acts as a vendor, and supplies central distribution systems of supermarkets with 18 flower varieties and more than 40 fresh vegetables. Its own production is supplemented with items from 50 other growers, 40 of which are small-scale operations. Participants agreed with Director Tatang Hadinata, PT Saung Mirwan, when he advised that successful integration of small producers into VCs depended on “mutually beneficial, fair, transparent partnerships between the VC actors.”

MJ Flora has a 6-ha garden located 600–700 m above sea level in West Java. It grows ornamental plants for landscaping and interiors, mainly under plastic and shade structures. Cocofiber dust is used as a growth medium, allowing for export to countries where imported plants containing soil are prohibited. While speaking on VCs for ornamentals in Indonesia, Dr. Benny Tjia, Technical Adviser of MJ Flora, stated: “The most pressing problem preventing the rapid development of the ornamental industry in terms of value chains is the lack of knowledgeable manpower to run operations with the needed discipline.”

Warso Farm, located in Cihideung village, a popular Bogor ecotourism destination, spreads over 15 ha containing 800 durian trees of several species. This farm has become a center for durian R&D for regional and international organizations and offers visitors samples of durian in many forms.

Resource person Grant Vinning, Marketing Adviser, Government of Solomon Islands Agricultural Livelihoods Program, commented, “I have been a resource speaker at a number of APO seminars. The Bogor Value Chain Seminar was one of the best. I saw a greater willingness to talk about ‘lessons learned from problems faced,’ which is surely at the heart of any genuine exchange and learning experience.” 