



INTERIM REPORT



Agricultural Cooperatives Development in Rural Areas and Policy Support in Lao PDR The Case Study of Southern Region

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Team Members

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Chapter 1: Introduction

- The **role of agriculture** in the transformation of Lao economy.
(Onphanhdala 2009, 2010; Onphanhdala & Keola, 2009; Onphanhdala & Suruga, 2011, 2014; Onphanhdala & Vixathep, 2013; Onphanhdala et al. 2014a, 2014b, 2014c, 2016; Onphanhdala & Manolom, 2019; **Onphanhdala & Philavong, 2020**)
- An attempt to **rebuild agricultural cooperatives** by the GOL.
(Bourdet, 1995; Ducourtiex et al., 2005; GOL, 2010, 2014a, 2014b; Castela & Bouahom, 2013; Rasabandith, 2019)
- Agricultural production in the **southern part** of Laos.
(Onphanhdala, 2020; Onphanhdala, forthcoming)

Chapter 1: Research objectives and scopes (cont.)

- To assess the **current situation, challenges of agricultural cooperative** development.
- To identify the agricultural cooperative **necessity support** from the government.
- To **recommend policy makers** on further improvement of relevant policies in order to support an operation of agricultural cooperative based on this research result.

Champasak and Sekong provinces during April to December 2020

Chapter 2: Literature reviews

Table 1: Brief summary of overall cooperative management in selected countries

	Germany	Japan	China	Vietnam
First promulgated law	1889 (Cooperative Law)	1943 (Agricultural Organization Law)	2006 (Law of the P. R. China on Specialized Farmers Cooperatives)	2012 (Cooperative Law)
Amended version	2006 (Cooperative Law)	1947 (Agricultural Cooperative Law)		
Minimum member	3	15 (farmers to establish an agricultural cooperative)	5 (farmers to establish an agricultural cooperative) 151 (in present)	7 (members to establish a cooperative) 4 (cooperatives to establish cooperative union)

A Policy Change in Local Farmer Production Group (FPG) and Agricultural Cooperative (AC)

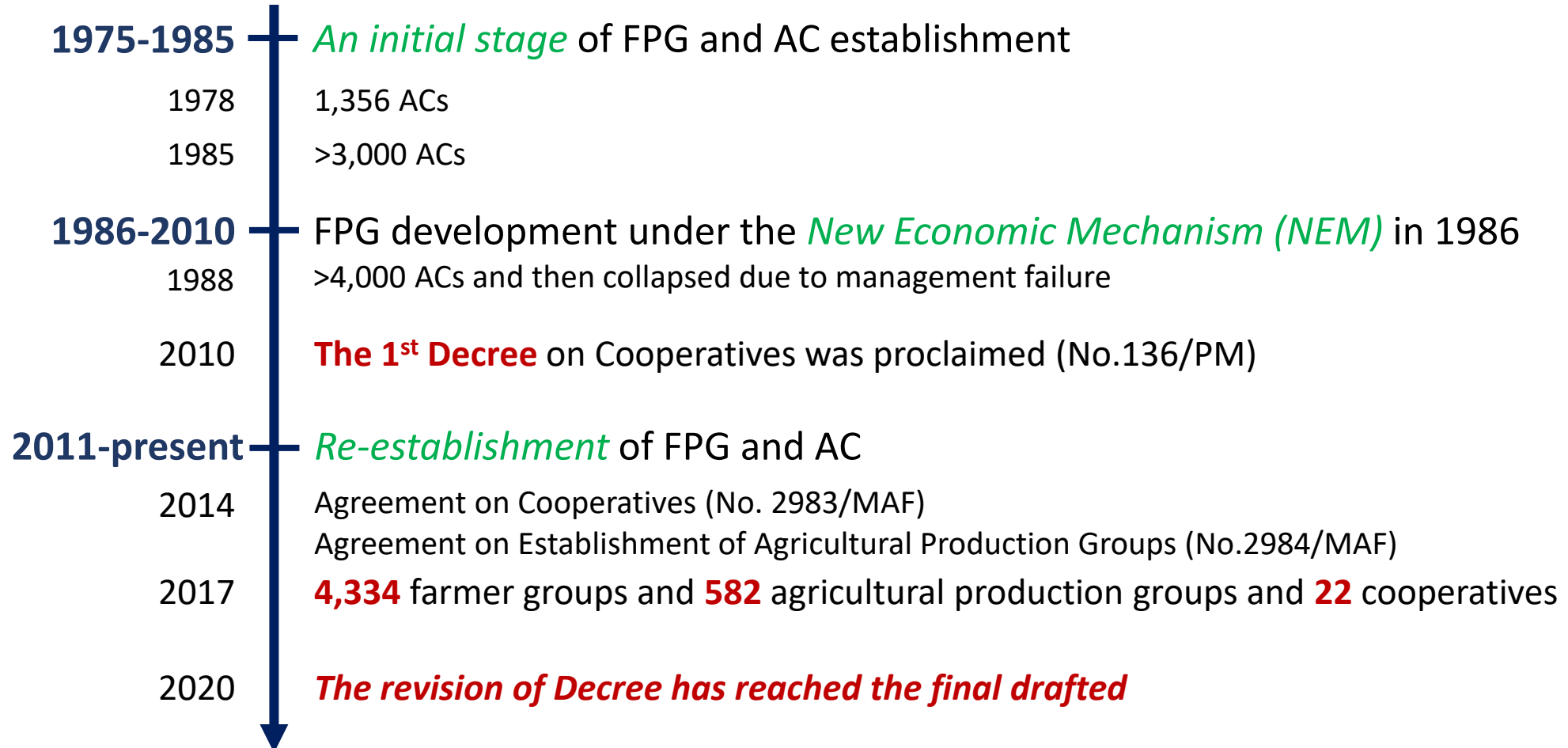


Table 2: A comparison between the agricultural production group and the agricultural cooperative of Lao PDR

	Agricultural Production Groups (APGs)	Agricultural Cooperatives (ACs)
Legislations	Agreement on the Establishment of Agricultural Production Groups, No.2984/MAF, 25/09/2014	<ul style="list-style-type: none"> – Decree on Cooperative, No.136/PM, 05/03/2010 – Agreement on Agricultural Cooperatives, No.2983/MAF, 25/09/2014
Organizations	Farmers gather as a group	As state enterprises and regional integrations
Scope	Within the village	Between the villages
Memberships	Same type of production	Mixture between planting, livestock, fishery, services, and etc.
Activities	<ul style="list-style-type: none"> – Managing by internal committee – Not hiring external managers or staffs – Buying inputs, selling outputs together 	<ul style="list-style-type: none"> – Running as business operations – Hiring external management staffs – Varying market-oriented – ACs will sell members' products
Establishment	<ul style="list-style-type: none"> – Approved by DAFO 	<ul style="list-style-type: none"> – Approved by DAFO
Minimum members	<ul style="list-style-type: none"> – At least 3 members for initial group establishment as committee – At least 7 members 	<ul style="list-style-type: none"> – At least 3 members for initial group establishment as committee – At least 7 members
Duration	<p>3 years</p> <p>- required for extension must propose before expiration at least 3 months</p>	<p>3 years</p> <p>- required for extension must propose before expiration at least 3 months</p>

Chapter 3: Research Methodology

- Qualitative analysis results from *KIIs, FPGs and Private sector*
- Field surveys conducted in **Champasak and Sekong** in June 2020

	Key Players	
1	Champasak Provincial Administration (Head)	1
2	Champasak Provincial Department of Agriculture and Forest (PAFO)	1
3	Paksong District Administration	1
4	Paksong District Agriculture and Forest Office (DAFO)	1
5	Cooperative Promotion Unit (Paksong)	1
6	Sekong Provincial Administration (Deputy Head)	1
7	Thateng District Agriculture and Forest Office (DAFO)	1
8	Agricultural Cooperative Representatives / Farmers Production Groups / Farmers	15
9	Private Sector	4
	Total	26

Chapter 3: Research Methodology (cont.)

2020	4-5	6	7-9	10-12
Research preparation (Desk work basis)				
Data collection (FDG and KII)				
Analytical works Dissemination Workshop				
Report writing and publication				

- A kick-off meeting was held on 22 May 2020, which discussed on research preparation, research design, budget breakdown, and etc.
- The second meeting was held on 24 August 2020, which discussed on field survey results, analytical works and interim report preparation.

Chapter 4: Results and Discussions

I. Current Situation (1)

Table 5: Components of group establishment		
	Agricultural Production Groups (APGs)	Agricultural Cooperatives (ACs)
Meeting	<ul style="list-style-type: none"> - Annual general meeting - Extraordinary meetings 	<ul style="list-style-type: none"> - Annual general meeting - Extraordinary meetings
Management committee	<ul style="list-style-type: none"> - Chairperson - Deputy chairpersons - Committees <p>(total must consist of 3 to 7 persons as odd number)</p>	<ul style="list-style-type: none"> - Chairperson - Deputy chairpersons - Committees <p>(total must consist of 3 to 9 persons as odd number)</p>
Monitoring committee	<ul style="list-style-type: none"> - Chairperson - Deputy chairpersons - Committees <p>(total must consist of 3 to 5 persons)</p>	More than three members, one of them should have accounting skill
Manager	No	Can recruit from external
Accountant	No	Can recruit from external
Technical staff	No	Yes
Member	Yes	Yes

Chapter 4: Results and Discussions (cont.)

I. Current Situation (2)

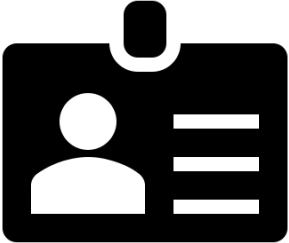
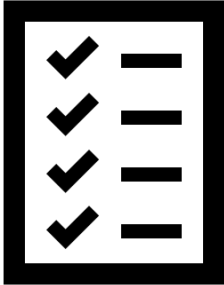
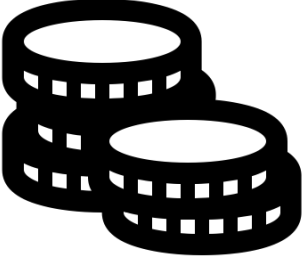
Table 7: A summary of agricultural production groups and the agricultural cooperatives*

	Total in Laos	Champasak	Sekong
No. of Agricultural Cooperatives (ACs)	23	7	0
No. of Agricultural Production Groups (APGs)	2,707	276	215
No. of Plantation Groups	1,214	230	145
No. of Livestock Groups	1,275	35	56
No. of Fishery Groups	144	2	10
No. of Processing Groups	47	8	4
No. of Service Groups	27	1	0
No. of APG members	49,394	5,180	2,958
No. of villages covering	1,683	n/a	114

Remarks: *Data as of January 2017 reported by the Department of Agriculture Extension and Cooperatives (DAEC), Ministry of Agriculture and Forestry

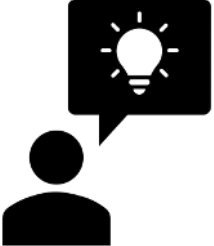

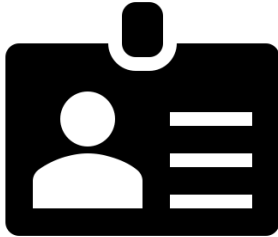

Chapter 4: Results and Discussions (cont.)

II. Challenges

Challenges of cooperative development		
Membership benefits	Procedure obstacles	Credit access
		

Chapter 4: Results and Discussions (cont.)

III. Necessary support from the government

Necessary support from the government			
Education & knowledge	Regulation reform	Membership & non-membership	Evaluation criterion
			

Chapter 5: Conclusion and recommendations

- The ongoing policy reforms relating to renew the Prime Minister Degree on agricultural cooperative.
- To provide **financial capital** as an incentive for members should be justified.
- It is important to build a **strong leadership and educated committee** members of groups.
- **Linking all hierarchical levels** such as village, district and province (access to information, inclusiveness, and etc.).
- To **set an evaluation criterion** into a revised agreement and decree concerning agricultural cooperatives (Tier 1, Tier 2 & Tier 3).
- An **effective assistant** from the Lao government is important.