

Approaches to Agribusiness Development for Small Farmers



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The Lao Uplands Rural Advisory Service (LURAS) is a program of the Swiss Agency for Development and Cooperation (SDC) and the Government of Laos, implemented by Helvetas in partnership with the Department of Technical Extension and Agro-Processing (DTEAP).

Acronyms and abbreviations

A4N	Agriculture for Nutrition
ACIAR	Australian Centre for International Agriculture Research
ACDI/VOCA	Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance
ADB	Asian Development Bank
AGREE	Agripreneurs for Green Rural Enterprises and Employment
AIF	Agro-enterprise Investment Facility
CLICK	Coalition for Lao Information Communication and Knowledge
CPC	Coffee Producers Cooperative
DAFO	District Agriculture and Forestry Office
DoPLA	Department of Policy and Legal Affairs
DTEAP	Department for Technical Extension and Agricultural Processing
EMRIP	Enhancing Milled Rice Production in Lao PDR
FAO	Food and Agriculture Organization of the United Nations
FG	Farmer Group
FGE	Farmer Group Enterprise
FO	Farmer Organization
GIZ	Gesellschaft für Internationale Zusammenarbeit
IFAD	International Fund for Agriculture Development
INGO	International Non-Governmental Organization
LEAP	Laos Extension for Agriculture Project
LFN	Lao Farmer Network
LURAS	Lao Upland Rural Advisory Service
MAF	Ministry of Agriculture and Forestry
ME	Microenterprise
MSME	Micro, Small and Medium Enterprise
NAFRI	National Agriculture and Forestry Research Centre
PAFO	Provincial Agriculture and Forestry Office
PCR	Project Completion Report
PICSA	Partnerships for Irrigation and Commercialisation of Smallholder Agriculture
SADU	Smallholder Agricultural-Market Development in the Uplands
SDC	Swiss Agency for Development and Cooperation
SME	Small and Medium Enterprise
SSFSNP	Strategic Support for Food Security and Nutrition Project
SSSJ	Seum Son Seun Jai
ToR	Terms of Reference
USD	United States Dollar
WFP	World Food Program

Executive Summary

A) Background

The Lao Upland Rural Advisory Service Phase II, Lao PDR (referred to hereafter as LURAS) is a four-year project (December 2017 to November 2021) funded by Swiss Agency for Development and Cooperation (SDC) and implemented by the international non-government organization Helvetas, in partnership with the Department of Technical Extension and Agro-Processing (DTEAP) within the Ministry of Agriculture and Forestry (MAF). The project aims to “support inclusive agricultural value chains, which improve upland farmers' food security, opportunities and income in a fair, healthy and sustainable manner.”

LURAS' past activities have focussed on the development of farmer organizations (FOs) to achieve this goal, but scaling up to meet the demands of commercial agriculture (such as capital for new technology) has proved challenging for FO's in some instances. As such, an independent review of the Phase II activities suggested that Phase III place a greater emphasis on nurturing farmer owned enterprises, compared to ordinary groups. The purpose of this research is then:

“To build on the findings of the Independent Review and provide further guidance to the Project Management Team on how the project can more effectively nurture farmer-owned enterprises.”

In consultation with LURAS and DTEAP, the research team developed the following specific questions to be addressed in this report.

1. Sustainability of existing farmer groups, cooperatives and microenterprises (ME)

- How does the sustainability of groups supported by LURAS compare to those supported by other agencies in Lao PDR?
- What are typical levels of grants and/or material support given to MEs by government and projects, and how has this affected the success, sustainability and self-reliance of the recipient businesses.

2. Inclusiveness of farmer groups and microenterprises

- To what extent are existing groups genuinely involved in collective action, or are some of them actually enterprises run by a single family with an associated list of suppliers (i.e. 'members')?
- What steps can be taken to avoid elite capture and social conflict if the project were to overtly support family-owned enterprises rather than a farmer group?

3. Appropriate support mechanisms for microenterprises

- Under what circumstances does it make sense to promote micro- enterprises rather than farmer groups and vice versa?
- In addition to providing training on business planning and facilitating links with buyers, what other forms of technical assistance could the project provide to support MEs?
- What role can DTEAP play to nurture rural agro-enterprises?

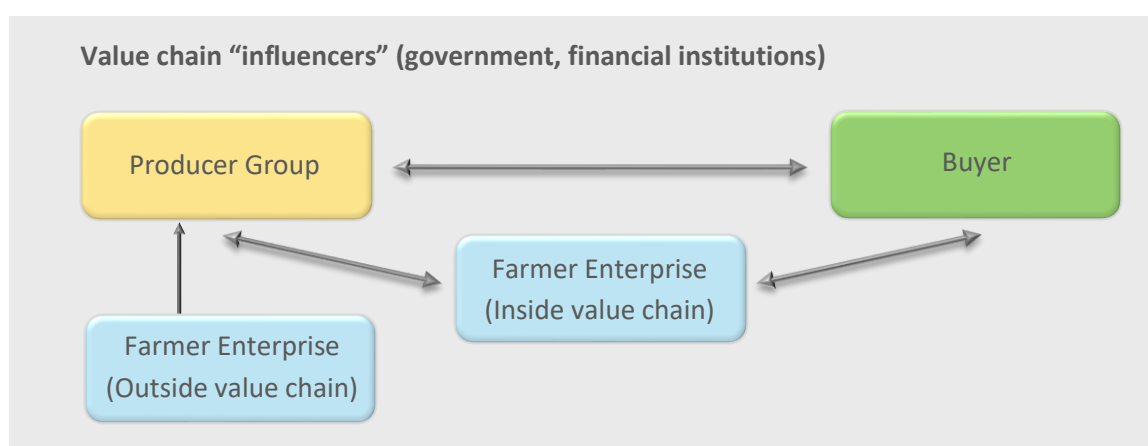
The research study was undertaken in September 2021, and included a detailed literature review and nine days of field visits (with a focus on Xieng Khouang) and interviews with government agencies,

farmer organizations and enterprises that are supported by LURAS, ACIDI/VOCA¹, the Lao Farmers Network (LFN) and the International Fund for Agriculture Development (IFAD).

B) Key findings

The most important findings of this study are:

- The literature on farmer owned enterprise in Lao PDR is limited, since most projects tend to promote farmer groups as both producers and collective traders in order to shorten the value chain. They do not directly support private sector actors materially (such as in the form of grants);
- Compared to farmer groups (FG) established large projects, the FG's established by LURAS have been sustained due to their long-term support and there is an emphasis on working together in a self-reliant and transparent manner rather than on registration;
- Existing farmer groups interviewed by this study do not believe that overt support to village enterprises would lead to social conflict or elite capture, since they recognize the “risks of doing business” and acknowledge that many of their members lack the capital or inclination to take these risks;
- The potential area of intervention for LURAS in order to nurture farmer enterprises is shown in the Figure below.



- The Figure shows that FG's may sell directly to the buyer or via an enterprise. Links between actors inside the value chain are two-way and should be mutually beneficial in order to add value to the produce at the local level. They should not just be ‘middlemen.’
- An enterprise outside the value chain adds value to the product but do not own the it. Examples are trucks, rice threshers or tractors, which depreciate in value and need to be operated on a full-time basis if they are to provide a return on investment.
- The potential area for intervention by LURAS includes ‘value chain influencers’, which could be government providing regulatory framework and policies, or banks providing loans to chain actors.
- Based on the literature and on the fieldwork, particular circumstances were identified under which it makes sense to prioritize a farmer group as distinct from an enterprise, as shown in the following Table.

¹ Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, which is funded by USAID.

When to prioritize a farmer group	When to prioritize a farmer enterprise
<ul style="list-style-type: none"> • When assets are fixed, such as a rice mill or tea drying area, which is simple to operate and can be easily monitored by group members; • When there is clear government support for marketing as a group e.g. One District One Product (ODOP); • When certification is required (e.g. organic) and internal control by the group is needed to meet certification requirements; • When there is a long-term commitment from a donor/project to support group capacity building in collective marketing (like LURAS); • When a commercial partner needs a large supplier (ie. more than can be provided by MEs) and is willing to co-invest with pre-financing, for example; • When the group has a record of strong leadership, ownership, willingness and solidarity among members e.g. Ban Phone; 	<ul style="list-style-type: none"> • When a group needs movable assets, such as a tractor, which are hard for a group to monitor and best operated and maintained by one person; • When transparency of fixed assets cannot be easily provided (e.g., sawmilling equipment, when it is hard for ordinary members to calculate returns from a log to sawn boards); • When the enterprise has the capital to invest in order to provide services to farmers, and the group as a whole does not; • When the machinery or equipment can be used to service more than one village; • When the volume of production is below a certain level and any processing can be handled by one or two households e.g., small scale production of coffee parchment; • When groups don't have an entrepreneurial spirit (wait for the buyer to come to them or reliant on government to find them a market); • When a rapid rise in market demand appears beyond the capacity of the existing farmer group to manage - the challenge of scaling up

- Before providing technical assistance to an existing or potential enterprise, the existing farmer group needs to be consulted using participatory processes to ascertain if it is in their best interests (ie mutually beneficial) to add value to the product as a group or via a village ME.
- Forms of appropriate technical support to microenterprises might include: peer to peer learning opportunities along the value chain, analysis of purchase options with financial providers such as banks or leasing companies, co-funding of the business plan, business networking to share knowledge, developing and testing fair contract farming models that that spread the risk equitably between the three parties (producers, village enterprises and companies)
- To scale up rural agro-processing throughout the country, DTEAP needs to firstly to review the legal and policy framework to better coordinate with other government agencies; secondly, to address the lack of knowledge and capacity (and sometimes 'old' thinking) at provincial (PAFO) and district (DAFO) levels; thirdly to continue testing innovative ideas that promote agro-processing in conjunction with LURAS, including new financial options are needed that that reflect the high risk taken by agricultural entrepreneurs compared to other business activities and finally to continue to promote exchange and learning between farmer groups, cooperatives and rural enterprises.
- DTEAP also needs to reconsider whether ordinary farmer groups really need to be registered at the beginning of a particular project, since this is a time-consuming and expensive process which is often not sustained.

C) Key suggestions to nurture farmer owned enterprises.

The following items represent the most important actions that the LURAS team can take to better nurture farmer-owned enterprises, in accordance with the purpose of this study.

1. Build on what you have already done well.

Particular actions are:

- Continue to nurture producers and producer groups as critical chain actors whether there are additional enterprises established or not;
- Prioritize green extension, including partnerships with socially responsible companies that considers the health of farmers and the environment in their activities;
- Promote transparency at all levels: successful farmer groups credit it for their sustainability, conflict and companies would prefer more of it from government.
- Work with village youth to identify potential entrepreneurial farmers who would be interested in starting a farmer enterprise, as the AGREE scheme has already done;
- Support multi-stakeholder dialogue with 'value chain influencers' to identify constraints to farmer owned enterprise, and policy areas which could be improved to better nurture such enterprise.

2. Don't apply a blueprint solution to enterprise development

Just as LURAS does not apply a blueprint for the structure of farmer groups (by allowing them time to develop the structure that suits them), so there is no blueprint for a farmer owned enterprise. There is a complexity of value chains and the circumstances in which a ME might be successful, including the capital available, the type of assets required (fixed or movable), the leadership of the producer group and its ability (capacity) to scale up commercial operations as shown in the Table above.

3. Provide appropriate support for rural ME's to foster their sustainability

Appropriate support might include:

- Promote a contract farming model with clear standards for product quality and payment conditions that spreads the risk equitably between all parties;
- Provide training, exchange visits, links to finance providers to village enterprises (both within the chain or as 'value chain supporters') before developing a ME business plan;
- Consider to co-fund the ME business plan, with such co-funding to be either partly or totally returned to the producer groups in the form of extension and training or service discounts to members;
- Work with DTEAP to promote policies which recognise the risk for rural investors in agriculture (due to variable prices, climate change, the cost of extension) compared to other forms of business.

4. Review the institutional support that government gives to cooperatives and small business

Despite government targets to promote commercial agriculture, there remain constraints which LURAS can assist DTEAP to address. These include:

- Under Decree 606, there appears to be few benefits for cooperatives compared to ordinary farmer groups, which will stifle the development of this sector;
- The risks for micro and small-scale entrepreneurs who invest in agriculture appear undervalued by government. Incentives for investment in agro-processing (such as capital at a reasonable interest rate and tax breaks) appear difficult to access for such enterprises.

1. Introduction

1.1 Background to the research

The Lao Upland Rural Advisory Service Phase II, Lao PDR (referred to hereafter as LURAS) is a four-year project (December 2017 to November 2021) funded by Swiss Agency for Development and Cooperation (SDC) and implemented by the international non-government organization Helvetas, in partnership with the Department of Technical Extension and Agro-Processing (DTEAP) within the Ministry of Agriculture and Forestry (MAF).

The development goal of LURAS is:

“A demand-driven pluralistic extension system, which involves various service providers including self-reliant farmer organizations, has been established to support inclusive agricultural value chains, which improve upland farmers' food security, opportunities and income in a fair, healthy and sustainable manner.”

Past activities under Outcome 2 of LURAS, “Market systems in rural areas are fair and profitable” have included building the capacity of farmer groups to add value to their local products by introducing processing and storage capabilities. In December 2020, an Independent Review of Phase II (Ling and Bounphasouk, 2020) made the following observation:

“While the commitment to forming farmer groups at village level has been admirable, some of these groups lack entrepreneurial focus and/or represent an extension of the existing village administration. While there may be local entrepreneurs who may have ideas for more appropriate technologies, they have not been given an opportunity.”

Given this finding, the consultants recommended to *Nurture farmer-owned or farmer group enterprises as an alternative to traditional groups, using a process similar to AGREE*². This statement is reflected in the purpose of this study, which is stated in the Terms of Reference (TOR – see Annex 1) as:

“To build on the findings of the Independent Review and provide further guidance to the Project Management Team on how the project can more effectively nurture farmer-owned enterprises.”

For the purpose of this study, the terms farmer owned or family-owned enterprises are considered to be a form of microenterprise³, rather than a small or medium enterprise (SME).

1.2 Research Questions

Following consultation with DTEAP, the research team took a broader approach in this study than had been initially defined in the TOR. In particular, research questions were added to firstly examine the sustainability of groups and cooperatives in different contexts, including those outside the LURAS-supported villages in Xieng Khouang and secondly on ways to enhance the role of DTEAP in rural

² The Agripreneurs for Green Rural Enterprises and Employment scheme, which was considered one of the more successful activities of the project by the Independent Review team due to its ability to seek out and foster young entrepreneurs, including women.

³ These three terms are used interchangeably in this report, as they are in the research questions which follow.

enterprise development. The seven research questions may be grouped into three categories as follows:

Sustainability of existing farmer groups, cooperatives and microenterprises (ME)

- How does the sustainability of groups supported by LURAS compare to those supported by other agencies in Lao PDR?
- What are typical levels of grants and/or material support given to MEs by government and projects, and how has this affected the success, sustainability and self-reliance of the recipient businesses.

Inclusiveness of farmer groups and microenterprises

- To what extent are existing groups genuinely involved in collective action, or are some of them actually enterprises run by a single family with an associated list of suppliers (i.e. 'members')?
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Appropriate support mechanisms for microenterprises

- Under what circumstances does it make sense to promote micro- enterprises rather than farmer groups and vice versa?
- In addition to providing training on business planning and facilitating links with buyers, what other forms of technical assistance could the project provide to support MEs?
- What role can DTEAP play to nurture rural agro-enterprises?

1.3 Structure of this report

This report is structured as follows. Section 2 presents the Desk Review with a focus on northern Laos, as required in the TOR. Section 3 presents the methodology used by the study team. Section 4 presents the findings based on the data collected by the team and its analysis, so as to address the seven research questions. The conclusions (Section 5) present the findings of the study in relation to the study objective (to nurture farmer owned enterprises). The Annexes include the TOR, the literature cited, the fieldwork schedule and the list of key informants.

2 Literature Review

2.1 Farmer organizations and microenterprises in the Lao context

The development of farmers organizations to drive the commercialization of agriculture began in the mid 2000's in response to government policies that opened the economy to investors. Folkard et al. (2011) classified Lao farmer organizations (FO) by functions (as opposed to structure) into three categories, being:

1. informal farmer production groups, which are often formed only for training purposes and often end when the project ends;
2. formalized farmer cooperatives and associations, which are actively adding value to their produce and trading collectively;
3. value chain/private sector driven groups which often provide inputs and extension to producers in return for buying their produce.

The legal framework for groups and cooperatives in Lao PDR is given in the Decree on Groups and Cooperatives No. 606/GOL, 26th November, 2020, under the responsibility of the Ministry of Agriculture and Forestry (which replaces the previous Decree No. 136, 5th March 2010). While both groups and cooperatives are expected to provide benefits to their members in the form of savings and credit, farm supplies, collective marketing and agricultural extension, cooperatives are intended to have a clearer commercial marketing function than groups, which allows them issue shares and to more readily access capital from financial institutions. This means they are registered by the Ministry of Industry and Commerce. In the Lao context it is important to distinguish between ‘old’ and ‘new’ cooperatives - forced collectivisation by the new regime in the early 1980’s, in which farmers were forced to provide a portion of their harvest to government officials, has not been forgotten by older farmers, and remains a constraint to ‘new’ cooperative development in Laos (Ling et al, 2018).

The World Bank defines MEs as having under five employees, a definition that includes household enterprises with no employees (World Bank, 2018). There is an expectation that farmer groups and cooperatives will create social as well as economic capital to a greater extent than enterprises, which are profit oriented (Castella and Bouahom, 2014). Their activities are governed by the Enterprise Law, which is also administered by the Ministry of Industry and Commerce.

The most recent draft of the ninth National Socio-economic Development Plan 2021-2025 (GoL, 2021) recognises the importance of farmer groups, cooperatives and MEs to the future economy. To improve the efficiency of agricultural production, the plan requires “production groups or the new cooperative production model, using modern technology (Smart Farming).” It also recognises that “Micro, Small and Medium Enterprises (MSMEs) play an important role in job creation and economic development” and outlines the areas which need to be improved if they are to operate competitively.

2.2 The sustainability of farmer groups and cooperatives

The FAO (1994) identified four universal requirements for group sustainability. Firstly, the group should not be too large, so that all members have the chance to contribute their energy and ideas to its development. Secondly, group members should be socially and economically homogeneous, which enhances mutual trust and willingness to accept joint liability for their activities. Thirdly, the group should be formed around income-generating activities, to produce assets which build self-reliance. Finally, groups should be voluntary and democratic, with members deciding who can join, who will lead, what rules to follow, and what activities to undertake.

In Lao PDR, Folkard et al. (2011) and Castella and Bouahom (2014) have undertaken reviews of 19 and 25 local FOs respectively. The following enabling factors for sustaining those engaged in commercial trading were identified by Folkard et al.:

- *Pre-conditions*, or a willingness and capacity among members to respond to market demands;
- *Clear goals and functions* that meet the needs of farmers;
- *Good Leadership* particularly to resolve conflict;
- *Payment for services* within the group in return for the efforts of management;
- *Group funds* that are available to members as personal loans mobilized by internal savings;
- *Group investment shares* to increase capital and speed growth;
- *Regular meetings* to learn from each other and build trust and confidence;
- *Transparency* particularly in relation to financial matters.

Castella and Bouahom noted the relationship between the length of project support and sustainability.

“All farmer groups that sustained activities beyond their initial project went through a long, adaptive process involving trust building and collective learning. Supporting such a bottom-up process requires continuous training, helpful leaders, political will, and the active participation of a large range of stakeholder groups intervening at multiple scales.”

Unlike LURAS, which is entering its third phase of support to its target FOs, large multi-lateral projects usually have a limited timeframe in which to strengthen hundreds of farmer groups before they are handed over to government upon project completion. A typical example comes from IFAD’s Seum Son Seun Jai (SSSJ) final evaluation report, which highlighted the risk of loss of operational capacity. (p. 28):

“The SSSJ provided support of operating costs to the participating PAFOs and DAFOs and this is going to end after the programme completion. In all the DAFOs visited during this PCR [Project Completion Report] exercise, the average annual operation cost was around USD 3,000 – 3,500 and the SSSJ support constituted a very substantial part of their annual operational budgets, which allowed them for regular field visits and technical service delivery. The declining operational budget after SSSJ will likely put the gains in organizational performance at risk and compromise the continuity of technical extension services. This is considered as the major sustainability issue for SSSJ, and for the government technical support system at field level.”

Sustainability is also challenged when small, cohesive groups attempt to scale up their operations in order to meet market demand, since they have to manage a trade-off between internal cohesion (membership, leadership, etc.) and openness to the outside world. Such groups often begin around the village authorities, but:

“while well adapted to administrative tasks, these key decision makers may not be business-minded people and may not succeed in linking the community they know well to other village communities (horizontal integration) and to other groups of stakeholders (vertical integration) (Castella and Bouahom, 2014 p. 195).”

Another factor for FO sustainability, highlighted by both authors (and LURAS, 2018), is the importance of an enabling policy framework, and in the particular the elimination of market distortions such as monopsonies and land concessions that unfairly benefit large businesses. To transition to commercial agriculture, Castella and Bouahom (2014) recommend that the Lao government nurture the ‘intermediary level’ of the economy, which includes cooperatives as a means to empower farmers and give a voice to the rural population. This ‘intermediary level’, which also includes small and medium agro-enterprises, traders and farmer associations, has been referred to as the ‘missing middle’ by Delnoye (2020). Delnoye observes that developing countries throughout the world are “typically dominated by a large number of microenterprises and a handful of large firms, but have far fewer small and medium enterprises.” This problem, which is largely attributable to a lack of business finance, results in a shortage of agro-processing facilities which could generate income and employment in vulnerable rural areas.

Finally, the relationship between sustainability and self-reliance in Lao PDR is explored by DAEC (2015). Farmer groups may be classified as dependent when outsiders (such as government, NGO’s) take responsibility for their creation, for appointing committee members, for funding, for monitoring etc., while in self-reliant groups the members themselves take on these roles. The DAEC paper developed

12 indicators that can be used to assess whether a farmer organization is likely to be sustainable or not, including two related to elite capture, which is addressed in the following section.

- *Members understand and agree to the conditions of any contracts signed on their behalf, and are paid according to these agreements*
- *Transparent and democratic procedures are applied, including general meetings, elections of group leaders, and financial reporting*

The 12 indicators from the DAEC paper are listed in Annex 3.

2.3 Inclusiveness of farmer groups, social conflict and elite capture

Social conflict and elite capture in farmer organizations doing business may be perceived differently by different cultures based upon historical influences. Cooperatives, which originated in Europe during the Industrial Revolution, are based upon democratic decision-making in a transparent organizational structure (Castella and Bouahom, 2014). By contrast, farming societies in South-east Asia “were vertically organized through reciprocal patron-client relationships” in which patrons offered protection to their clients, who in turn owed labour or service to their patrons (Kaur, 2004). In China, Lu et al. (2010) presented how ‘guanxi’ (a Chinese term that encompasses personal trust and a strong relationship with someone) was able to effectively reduce transaction costs for vegetable growers, which facilitates their participation in emerging markets.

In the Lao context, the importance of the clan-based kinship system in relation to investing in economic activities within the Hmong community has been well documented in the literature (see Lee, 2005, Ethnomed, 2007). Baird and Vue (2015) refer to the patrilocality of the Hmong social structure, with “families that are patrilineally related tending to setup homes within close proximity to one another, thus forming localized patrilineage relations.” It is therefore quite logical that in Xieng Khouang they would form family enterprises, as distinct from the Lao Loum, Tai or Phouan, which have a matrilocal structure and tend to build upon traditional labour exchange and Buddhist practices within the village to organize themselves in groups of non-related individuals for collective action (Chamdamong, 1987; Kramol et al., 2020).

Different social and political structures might have implications for contract farming arrangements. While written contracts are considered to be best practice (FAO, 2012), a study comparing Hmong and American culture (Campbell, 2003) found that:

“In the Hmong culture, verbal contracts, with at least two witnesses, have more authority than written contracts. This is the exact opposite of American business tradition and law. Therefore, in order to effectively conduct business with the Hmong, Americans will have to be wary what they agree to verbally because the Hmong will consider this to be a binding contract. Conversely, Americans will have to get their contracts both in written form (for legal purposes) and verbal form, with witnesses, in order to ensure compliance.”

Stuart-Fox (2006) writes that “political patronage is deeply engrained in the political culture of the Lao PDR, and in particular in its political institutions and their functioning.” This has influences down to the village level and can lead to elite capture, in which local officials get to benefit more than ordinary villagers from a project intervention or contract farming opportunity, including acting as profit-taking middlemen (LURAS, 2018). Out of 19 farmer organizations examined by Folkard et al. (2011), eleven were managed by the village committee. While the overlap between the administrative power structure of the village and the management structure of the group “can potentially favour good

vertical integration of the group with other administrative bodies and powerful decision makers, it can also lead to some form of elite capture (Castella and Bouahom, 2014). Farmer owned enterprises are not necessarily a better alternative, since the rent seeking costs that are required in order to build close relationships with village heads and district officials to be successful are eventually passed on in lower prices to farmers (Gebert, 2010).

2.4 Grants or material support given to microenterprises in Lao PDR

It is difficult to find examples of projects in Lao PDR that have supported the development of microenterprises (as distinct from SMEs). As both Folkard (2011) and Castella et al. (2014) have indicated, most agriculture project promote farmer groups as both producers and collective traders. They may engage with other private sector actors in order to improve the value chain in favour of smallholders, but any support is not usually material (such as grants): instead, indirect support is provided in the form of activities such as invitations to multi-stakeholder dialogue meetings, trainings to farmers to meet market requirements or research studies on taxes and other constraints to doing business. Apart from LURAS, examples of projects that have supported private sector engagement include:

- Smallholder Agricultural-Market Development in the Uplands (SADU), which pioneered the delivery of extension services by private actors (SADU, 2012);
- SNV, which supported the development of a bamboo traders association in Sangthong to purchase and market bamboo products at the village level (Phommasane et al., 2007);
- GRET, which supported the development of bamboo strategies in Houaphan between 2010 and 2020, including dialogue meetings to consider barriers to investment such as reforming the annual quota system (Ling, 2021);
- ACIAR's VALTIP projects, which provided technical support to wood processors in order to add value to their products, including village-based processors in Luang Prabang (Ling et al., 2018);
- The Enhancing Milled Rice Production in Lao PDR (EMRIP) project, implemented by Helvetas and SNV, which worked directly with large rice millers to enable them (rather than a project) to provide extension and credit to farmer groups. Some grants were provided to millers to improve their milling facilities (Folkard and Phetmany, 2014)

Table 1 presents some projects in northern Lao PDR that that did provide grants to microenterprises, including several now active in Xieng Khouang.

Table 1: Past and present projects in northern Lao PDR that have provided grants to microenterprises

Name and date of Project	Area of Operations	Grants and or material support to microenterprise development
Vredeseilanden (VECO) 2007-2010	Bokeo	Fostered the development of farmer group enterprises (FGE's), in which members invested their own capital to provide input and extension services (operating costs) to producers and in return received a subsidy (up to 50% with a maximum of \$5,000) for capital investments such as improved post-harvest processing and storage (Ling, 2009).
Strategic Support for Food Security and Nutrition Project (SSFSNP) ⁴ 2016-2022 (IFAD, WFP, GIZ)	Kham, Nong Het	Co-financing up to 49% of investments (\$20-50,000) that add value to raw material, leading to increased income and job opportunities among rural households. Up to 30% of a grant can be used for capacity building purposes. (IFAD, 2016).
USAID Laos Microenterprise 2019-2023 (ACDI/VOCA)	All districts in Xieng Khouang	There are two types of enterprise grants for the capital cost of machinery and equipment, but not operating costs (to be matched 50:50), being <\$5,000 to individuals or groups or >\$5,000 to agriculture companies (ACDI/VOCA 2021; Mr Sengphan, pers. comm. 24/9/21).
Partnerships for Irrigation and Commercialisation of Smallholder Agriculture (PICSA) 2019-2025 (IFAD, ADB)	Phaxay, Kham, Khoun, Phek	The Agro-Enterprise Investment Facility (AIF) aims to strengthen commercial actors in relevant value chains with subsidies and grants (up to \$50,000), that support smallholders (IFAD, 2019). The AIF is currently in the preparation phase, having been delayed due to COVID19.

2.5 Present constraints faced by microenterprise in the agriculture sector in Laos

The greatest constraint faced by SMEs in Laos is reported to be 'Access to Finance', which is attributed by the World Bank (2018) to a lack of proper business and financial planning and management, low financial literacy, a limited variety of financial services (especially in rural areas), and high interest rates. The shortage of capital is despite the existence of SME finance facilities, such as those described in the Vientiane Times (2020), in which 100 billion kip was provided to four commercial banks at a rate of 3%/annum in four priority areas which included agricultural product processing and crop planting/animal raising.

Business in general remains highly regulated, which increases costs and reduces the prices paid to farmers. Taxes and fees paid are often unclear, uneven and discretionary (LURAS, 2020). Insisienmay et al. (2021), in a study on how Laos can maximise the benefits of the Lao China Railway, highlighted 'easing the business environment' and 'facilitating credit access' as necessary to attract the SME investment in agro-processing industries for export.

⁴ Note: Also known as the Agriculture for Nutrition Project (A4N).

In the plantation forestry sector, Smith (2021) describes the manner in which smallholders, traders, transporters and micro-millers are disadvantaged by the difficulty in meeting legality and transaction costs which are imposed by government. The high rates of informality suggest that many enterprises perceive the benefits of compliance with business formalities, social contributions and taxation are outweighed by the costs. This excludes them from premium markets which require legally certified timber.

2.6 Circumstances under which it makes sense to promote microenterprises instead of farmer groups

The literature highlights many variables to consider when deciding to promote microenterprises or farmer groups. Farmer bargaining power for example, can be enhanced by collective selling as a farmer group (see Castella and Bouahom, 2014), although Gebert (2010) points out that other enabling factors, such as secure tenure, fair contracts and market information are also needed. She observes:

“With few exceptions, the formation of farmer-based groups in Laos has not led to farmers being able to exert more bargaining power in transactions that most affect their livelihoods.”

As the economy develops however, there is likely a point at which the cost of participating in a marketing group is not worth the benefits, and supporting a microenterprise may be a better option. SADU (2012) and VECO (see Ling, 2009) initiated activities in the maize value chain when it was realized that farmers would benefit if there were local entrepreneurs willing to bulk and store the harvested maize until it can be picked up by the trader. Farmers were willing to pay a fee to this enterprise in return for the security of receiving immediate payment and eliminating the risk of their produce being downgraded due to improper storage (such as rodent damage). Other examples are:

- When labour -saving technologies such as tractors are needed to retain young people in the rural sector and allow existing farmers time to earn off- farm income (DoPLA, 2019);
- In situations when the visibility of benefits cannot be easily provided to group members due to the variable returns from the raw product. Supplying sawmilling equipment under group management was unsuccessful, since it is hard for ordinary members to calculate returns from a log to sawn boards or furniture (Ling, 2018);
- When groups and cooperatives require time-consuming administrative and financial procedures (Tinsley, 2018), which might occur due to the tension between internal cohesion and openness that was described in Section 2.3.

Wilson (2021), in a review of the Lao tea sector, notes that many projects ignore potential providers of supporting services such as nurseries, when in fact these tasks may be better done by the private sector.

“Where agri-entrepreneurs, companies or public bodies can provide inputs, services or advice at a reasonable cost and quality, it will often make more sense to link them with farmers rather than asking farmers to collectively create and manage vertically integrated tea companies performing all steps along the value chain.”

3 Methods

Following the desk review, fieldwork was undertaken by the research team close to Vientiane (one day) and Xieng Khouang (eight days) in September 2021, and included semi-structured interviews with government agencies, farmer organizations and enterprises that are supported by LURAS, ACDI/VOCA, the Lao Farmers Network (LFN) and IFAD (Figure 1). The lead researcher, Stuart Ling, was also able to use his experience in this study from a mid-term review of LURAS undertaken in November, 2020, which visited 11 farmer groups supported by LURAS in Xieng Khouang and Houaphan.



Figure 1: Interviewing the committee of the Phek Vegetable Cooperative.

In total there were 85 stakeholders consulted, with 35 women (Table 2). Discussions with Lao stakeholders took place in Lao language.

Table 2: Stakeholders involved in undertaking this research study

Informant Type	Details	No. consulted (women)
Government	DTEAP, PAFO Xieng Khouang, Bokeo, Luang Prabang DAFO Phek, Khoune, Phoukout, Kham	16 (3)
Farmer Groups and cooperatives	Vientiane Municipality (1), Vientiane Province (2), Xieng Khouang (7), Bokeo (1)	52(27)
LURAS Team	Team Leader and Xieng Khouang Team	7(2)
Other projects and civil society	ACDI/VOCA, LFN, IFAD, SSSJ	7(2)
Companies and entrepreneurs	Meuang Xiang coffee, Maize entrepreneurs in Phoukout, Sayfa Chicken Farm	5(1)
	TOTAL	87(35)

At the end of the fieldwork, a presentation of the key findings was made to the LURAS team in Xieng Khouang in order to gather their feedback for inclusion in this report.

A detailed timeline of the research is given in Annex 4. A list of stakeholders interviewed in given in Annex 5.

4 Findings

4.1 Sustainability of farmer groups supported by LURAS compared to other agencies

LURAS has divided the farmer groups it supports into three categories as follows:

- Informal as part of the farmer to farmer learning network (71 groups)
- Informal and actively accessing markets, although not yet registered (10 groups)
- Formal and having received registration with the district (2 groups)

The high numbers of informal groups reflect the cautious approach that LURAS takes towards group formation, which contrasts with some larger multi-lateral projects in Xieng Khouang which require groups to be formally established and registered as a prerequisite for providing subsidised inputs. This administrative process takes up valuable time and resources which could have been directed towards group development. (Table 3).

Table 3: A comparison between the LURAS approach to group formation and registration compared to some other large projects in Xieng Khouang

LURAS	Large projects in Xieng Khouang
<ul style="list-style-type: none"> • Begins with exchange visits and training for learning and experience for interested farmers • Facilitates action research to build technical capacity using hands on approaches • Allows groups to evolve for several years before they develop a business plan and choose leadership (trust) • Only when they have demonstrated their sustainability, are groups formally registered with the district 	<ul style="list-style-type: none"> • Groups are formed in order to receive training and inputs and registered with the district governor. In Kham, there is one project with 60 groups in 32 villages. • In some cases, those on the group committee are unaware that they had even been nominated. • They specify a minimum number of people that must be in the group whether they are interested or not • DAFO officials interviewed admitted that these groups are “unlikely to be sustained.”

Were such large projects to be only establishing groups for training and learning purposes, it wouldn't be such a problem if they weren't sustained. But often they are providing expensive machinery or equipment to the groups. In Thoulakhom district, Vientiane Province, a large project provided 20 new Kubota tractors worth 720,000 THB to 20 farmer groups (Figure 2), but reportedly 19/20 have already been taken over by private individuals because the groups were not interested to come up with the 50% co-funding that was required (Mr Khammoune, Head of Lao Farmer's Network and Head of the Ban Cheng Rice Cooperative, 8/9/21)⁵. Ironically, farmers in Ban Cheng had to form a completely new

⁵ According to the LACP website reporting on the tractor handover, this figure should only be 20%.

<https://www.lacp-maf.org/handover-ceremony-20-tractors-to-the-farmer-group-of-the-lacp-in-thulakhom-district-vientiane-province/>

group of 50 people to qualify to receive a tractor, even though there was a well-established cooperative already in the community.

For the FO's interviewed in this study, transparency is considered to be the most important factor for group sustainability.

“Transparency is a key factor of our success. We have a monthly meeting, timed to the days we sell at the market, in which we gather the needs of our members and resolve any issues that arise.”

Ms Bouachan, Head of the Phek Cooperative, 18/9/2021

Good leadership is important to ensure financial matters are well recorded and benefits are distributed fairly. The 35-member Ban Phone tea group recorded labour hours worked daily so that profits are divided amongst each member in proportion to the time they spend working. Ban Phone is a good example of a group that meets all four principles for a sustainable group as presented in Section 2.2 of the literature review (not too large, socially homogenous, income generating and democratic).



Figure 2: A handover ceremony for Kubota tractors in Thoulakhom by a large multilateral project⁴

The four cooperatives visited during this mission (Thongmang, Cheng, Hoi and Phek) were considered sustainable, despite their lack of access to affordable credit. Normal bank interest rates are around 12%, which all respondents considered too high for an agriculture investment. In Thongmang, Director Ms Khammone claimed that while she was promised a low interest SME loan by senior officials who came to visit (the Vientiane Times 2020 claims SME rates could be as low as three percent), her application was rejected. To further challenge the cooperative's profitability, Thongmang now needs to comply with Article 42 of Decree 606, which requires cooperatives to maintain accurate and complete accounts as defined in the Law on Accounting.

“We have been asked by the Municipality Trade Office to computerise our financial records and pay income tax by December, 2021, or face a 10 million kip fine. We would need to have some training in this area and employ a specialist person. How can we afford to do this?”

Ms Khammone, Director of Thongmang Cooperative, 8/9/2021

This finding, in which cooperatives have to meet a higher standard of accountability than farmer groups even though they are unable to access affordable credit to invest in agricultural production, led the research team to question whether or not a farmer group should make the transition to a cooperative, despite government targets to do so (GoL, 2021)⁶. Decree 606 does not appear to give

⁶ Under the Ninth National Socio-economic Development Plan, Target 5 calls for the establishment of 4,420 production groups, 250 qualified production cooperatives and 10 model cooperatives (GoL, 2021).

specific benefits to cooperatives over farmer groups, with both receiving the same opportunities under Article 49 (on the Promotion of Groups and Cooperatives).

4.2 Success, sustainability and self-reliance of farmer owned enterprises that have received government and donor support

Of the enterprises listed in Table 1, only those established by VECO and SSFSNP (also known as Agriculture for Nutrition or A4N) have been around sufficiently long enough to review their success, sustainability and self-reliance. The other two projects, ACDI/VOCA and PICSA, were preparing to release co-funding to approved enterprises, but had not yet done so at the time of this report.

The 23 Farmer Group Enterprises (FGE) nurtured by VECO between 2007 and 2010 were mostly in the maize sector, and maize has now been totally replaced by Chinese managed banana, fruit tree and vegetable farms which rent land from local farmers for about 5,000 THB/rai/year (about \$900/hectare). A summary of the status of these FGE's at 2021 is given in Table 4, while a full list is given in Annex 6.

Table 4: Summary of status of 23 FGE's in Bokeo originally established by VECO

Existing status at 2021	Number
Retaining an FGE or coop structure	5
Operating as individual enterprises	5
Disbanded	11
Status uncertain	2
TOTAL	23

Source: Ms Viphone Thammavong, PAFO Bokeo.

Table 4 shows that about half the enterprises had dissolved, since farmers no longer needed to have contract farming arrangements when the return from land rental was much higher than from maize and employment opportunities were plentiful, while others were replaced by individual enterprises that provided services to Chinese investors. The five FGE's still in existence include a natural fertilizer enterprise with ODOP status, a tea cooperative in Meung district and one in the process of being registered as a rubber cooperative.

Since 2016, IFAD's A4N project has supported at least five officially registered businesses producing chickens, dried cardamom, honey, bamboo and coffee in its target provinces (Oudomxay, Xieng Khouang, Phongsaly and Houaphan) since 2016. According to the IFAD Agribusiness Advisor Mr Santisouk, A4N (and the recently launched PICSA) have taken the lessons learned from previous IFAD projects such as Soum Son Seun Jai (SSSJ), which found that relying solely upon government to deliver extension services upon project completion was unlikely to be sustainable (Section 2.2). Therefore, the business plan for an approved A4N project must have a training/extension component and a contract farming agreement with producer groups.

The research team visited the A4N supported Sayfa chicken company in Kham district, which received 280 million kip for buildings, hatching ovens and the provision of farmer training in chicken raising including vaccination (the 49% mentioned in Table 1). The company uses a 2+3 contract farming

model⁷ to sell 14-day old yellow chickens to its farmer groups and purchases them back after only 60 days. The manager of the farm, Mr Sombath, is confident in the future of the business, because there is a shortage of chickens for the Xieng Khouang market. He sees the possibility for somebody to establish a service enterprise to deliver the chickens to Sayfa, which would be preferred over the present situation in which the company has to pick up the chickens from each individual farmer.



Figure 3: Breeding facility for the Sayfa chicken farm in Kham district

The ACDI/VOCA project expects to give about 200 co-funding grants to local enterprises before it is completed in 2023. ACDI/VOCA does not require its recipients to repay the grant in the form of services to producer groups, since grants are only provided to enterprises that are offering services to farmers and because monitoring such an arrangement would be complicated. To ensure that their enterprise will be viable, applicants would have to demonstrate in their business plans that they have a sufficient number of producers to pay off the costs of their machinery/equipment.

Notably, all four projects are quite similar in terms of their enterprise development process (business planning, capacity building, co-funding and a commitment to nurture producer groups), which suggests that the model is close to best practice in terms of success, sustainability and self-reliance. Success might be best measured in terms of the satisfaction of farmers with their services, but this was not able to be assessed in this study. As demonstrated by the VECO example and many others in Lao PDR, sustainability is (and will be) challenged by foreign investment which may out-compete or otherwise disincentivise Lao farmers.

4.3 Inclusiveness of existing farmer groups and how social conflict and elite capture might be avoided were microenterprises to be supported

As noted in Section 4.1, most of the 83 groups currently supported by LURAS are part of a learning network rather than collectively marketing their produce. Of the 13 tea and coffee groups that are

⁷ A term used to describe the situation in which a farmer provides land and labour (two things), while the buyer provides inputs, extension and a market (three things).

marketing their produce, only three were considered by the LURAS team (on 13/9/2021) to be family enterprises as follows:

- Ban Saphanxay cattle raising (Kham), where the group consists of five relatives (four brothers and a brother-in-law);
- Ban Tan Neua coffee (Khoune), where there are only two members processing coffee (Mr Kor Xiong and Mr Tongkua Xiong);
- Ban Phoung coffee (Khoune) where the group has reportedly dissolved along clan lines.

The patrilineal social structure of the Hmong described in Section 2.3 may have contributed to the family enterprise nature of these three groups.

When farmer groups were asked during this research whether overt support to enterprises would lead to social conflict, they were unanimous that this would not be the case. For example, the Ban Hoi cooperative needed a large tractor to plough their vegetable gardens because small tractors were “no longer cost-effective”. They were open to either cooperative or microenterprise ownership, although they conceded that it would not be possible for all group members to pay a 50% co-funding contribution were it to be required. In Ban Oum, the group committee also predicted that not all members would be interested in investing financially in coffee processing equipment, even if subsidized funding⁸ was offered.



Figure 4: In Tan Neua, there are now only two brothers who process red cherries

Farmers “recognize the risks of doing business”, and would not be concerned if only willing investors were subsidised – rather they were concerned about how their own farming system can become more profitable.

In Ban Oum and Ban Tan Neua, a shortage of labour is also a constraint in terms of being able to give time to contribute to value adding as a group. Farmers have diversified livelihoods and observed that it is not possible to give full attention to all of them – there will be some farmers willing to invest their time in collective coffee processing, while others will prefer to sell red cherries and focus on something else, such as cattle raising. It was observed that many Phouan families, including that of the head of the Oum group Mr Linthong, have no children living at home in the village to provide farm labour. This is consistent with other studies that have highlighted the aging rural workforce in Lao PDR (DoPLA, 2019).

⁸ The Ban Oum coffee group in Khoun has submitted a proposal to ACIDI/VOCA for a coffee processing centre.

One of the architects of the AGREE scheme, Ms Philly Vongpraseuth, was also optimistic that social conflict could be avoided “provided the process of selecting enterprises is transparent and clear” (7/9/2021). Like AGREE, the ACDI/VOCA selection process for selecting applicants to receive co-funding support was considered to be transparent “because everyone has a chance to apply, should they wish to do so” (DAFO Phoukout, 18/9/2021). The criteria for a successful application are also well defined (it must, for example, demonstrate a link between the enterprise and producer benefits) and the selection of successful applicants is done via a committee. By contrast, some large projects end up compromising on transparency due to the rush to scale up groups and enterprises in an attempt to meet targets without sufficient time for consultation (Table 3).

The only area identified which could create social conflict was if a monopsony was granted to a particular enterprise, thereby leaving farmers with only one selling option. In Phoukout, where ACDI/VOCA is supporting the establishment of maize related enterprises, the DAFO counterpart stated that business plans must assume that there are other registered traders permitted to access the village in order to provide competition. Fortunately, legal reform has meant that concessions and monopsonies are less common now than they were ten years ago when Gebert (2010) undertook her study on bargaining power.

Similar to the findings for social conflict, elite capture at village level by an enterprise was not regarded as a particular issue by farmer group members interviewed during the focus group discussions⁹. It seemed to be accepted that it was more likely that those in the village with money or political connections (the existing elite) could afford to take the “risk of doing business.” In any case, it was suggested that elite capture could be mitigated by ensuring that the supported enterprises demonstrate a service to farmers as part of their business model.

“Most members of farmer groups do not have the means to access the market, and in any case most of us are not good at marketing. As such LURAS should help small enterprises. But the condition should be that they are supporting the producer groups.”

Mr Khammoune, Head of LFN, 8/9/2021

The most prominent example of elite capture observed during this study was the Thoulakhom tractors of Table 3, almost all of which had been captured by individual farmers because the artificially created group members were unwilling to make their contribution.

4.4 Appropriate circumstances for promoting microenterprises over farmer groups and vice-versa

4.4.1 The agricultural value chain at village level

Figure 5 presents a basic (simplistic) value chain in order to reflect upon the potential area of intervention for LURAS as a facilitator for “demand driven pluralistic extension involving various service providers” in accordance with its goal.

Taking coffee as an example, the producer group may add value to and sell their produce directly to the buyer, as now occurs with parchment coffee sales to Meuang Xiang (in the case of Ban Phieng in Khoune) or green beans to Comma Coffee (such as Ban Tan Tai). Alternatively, and perhaps due to a shortage of labour, market knowledge or specialized equipment, farmers may decide it is easier to sell

⁹ This study did not have the time to interview a wide cross-section of farmers in this issue.

red cherry to an intermediate processor or enterprise at village level, which then sells the value-added product to the buyer. (as in Ban Tan Neua).

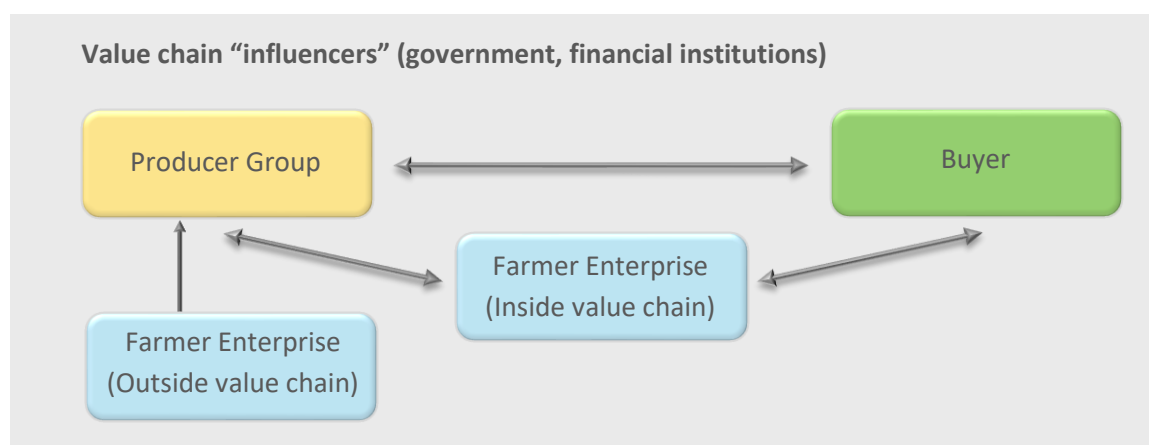


Figure 5: The basic value chain indicating the potential area of intervention for LURAS to develop farmer enterprise

Since this study suggests that few ordinary members of a group appear capable of investing in value adding machinery or equipment, then there may be an overlap between membership of the producer group and ownership of the farmer enterprise as the level of value adding increases. For example, it is likely that instances will arise in which a person is both a member of the coffee producer group and will also process coffee as an enterprise owner.

“Our group made a plan with ACIDI/VOCA to develop coffee processing facilities, but I don’t expect that all 18 members will contribute. Some people are worried that coffee is unreliable because it is damaged by frost, as occurred in 2016. But it doesn’t matter because even if I am the only one, I will still invest in coffee processing.”

Mr Linthong, Head of Coffee group (and Village Head), Ban Oum, Khoun, 17/9/2021.

Figure 5 shows that the links between actors within the value chain are two-way and should be mutually beneficial. Under a standard contract farming agreement, producers may receive inputs and extension from the buyer and/or enterprise, in accordance with government’s existing 2+3 policies to develop commercial production. Even when a farmer group sells a semi or fully processed product in which they have invested themselves, the group still needs to build a close relationship and trust with its buyers (the *guanxi* defined in the literature review). But there also may be situations in which close relationships can turn into dependencies, and that having other commercial options (i.e., competition) might benefit farmers.

Another potential complication is that the ME may be acting as an agent for a larger company further up the value chain (for example to Meuang Xieng coffee), so we end up with multiple layers of beneficiaries for any project support: the supplier families, the farmer enterprises and the company that buys the semi-processed product. There also may be multiple value chains of the same product within the village, each of which satisfies a different cohort of farmers, which the basic model in Figure 5 fails to capture. It highlights the need to avoid a blueprint solution to the support of farmer-owned enterprises within the chain.

The area of intervention shown in Figure 5 builds on what LURAS is already doing. The difference is that the ‘service providers’ (in LURAS’ project goal) are now more broadly defined to include MEs

under circumstances in which there is a demonstrated benefit to farmers, particularly as they seek to expand their commercial farming operations at the same time as their household labour is declining - in other words, increase their productivity. Developing MEs within the chain may require LURAS to overcome some ideological criticisms that MEs are just ‘middlemen’ who are reducing the price paid to farmers, without recognising the role they play in facilitating local trade – supporting MEs from within the local community and who are trusted by local farmers may overcome such prejudice.

4.4.2 Value chain ‘supporters’ and ‘influencers’¹⁰

A potential enterprise could be also situated outside the value chain, as a ‘value chain supporter’, whose services add value to the product but do not own the product. These could be suppliers of goods (such as seeds or biofertilizer to organic farmers) or services (ploughing, cold storage or livestock vaccination). Services provided by such an enterprise could include producer groups in other villages in order to make the business viable. This is particularly true for machines such as trucks, rice threshers or tractors, which depreciate in value and need to be operated on a full-time basis if they are to provide a return on investment. Compared to those inside the value chain, an intervention with a value chain ‘supporter’ by LURAS is more straightforward, because there is little risk of benefit capture by a larger entity – in this sense, working with value chain supporters is akin to the support LURAS now gives to the AGREE scheme.

The potential area for intervention includes ‘value chain influencers’, which could be government providing regulatory framework and policies, or banks providing loans to chain actors. LURAS is already active in this area, particularly in relation to influencing government policy.

4.4.3 When should microenterprises be promoted over farmer groups, and vice versa?

While LURAS needs to engage both producer groups and enterprises to ensure the successful functioning of the value chain, this study has shown that there are circumstances when one entity may be favoured over another for trading purposes, as shown in Table 5 and detailed further below.

Table 5: Choosing between prioritizing farmer groups or microenterprises for trading purposes

When to prioritize a farmer group	When to prioritize a microenterprise
<ul style="list-style-type: none"> • When assets are fixed, such as a rice mill or tea drying area, which is simple to operate and can be easily monitored by group members; • When there is clear government support for marketing as a group e.g. One District One Product (ODOP); • When certification is required (e.g. organic) and internal control by the group is needed to meet certification requirements; • When there is a long-term commitment from a donor/project to support group 	<ul style="list-style-type: none"> • When a group needs movable assets, such as a tractor, which are hard for a group to monitor and best operated and maintained by one person; • When the visibility of fixed assets cannot be easily provided (e.g., sawmilling equipment, since it is hard for ordinary members to calculate returns from a log to sawn boards); • When the enterprise has the capital to invest in order to provide services to farmers, and the group as a whole does not;

¹⁰ The terms ‘value chain supporter’ and ‘value chain influencer’ are used by Roduner (2008).

<p>capacity building in collective marketing (like LURAS);</p> <ul style="list-style-type: none"> • When a commercial partner needs a large supplier (ie. more than can be provided by MEs) and is willing to co-invest with pre-financing, for example; • When the group has a record of strong leadership, ownership, willingness and solidarity among members e.g. Ban Phone; 	<ul style="list-style-type: none"> • When the machinery or equipment can be used to service more than one village; • When the volume of production is below a certain level and any processing can be handled by one or two households e.g., small scale production of coffee parchment; • When groups don't have an entrepreneurial spirit (wait for the buyer to come to them or reliant on government to find them a market); • When a rapid rise in market demand appears beyond the capacity of the existing farmer group to manage (the challenge of scaling up described by Castella and Bouahom, 2014);
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Table 5 distinguishes between fixed and movable assets. A farmer organization (group or cooperative) is more easily able to manage fixed assets (such as rice mills, drying facilities) rather than movable assets (such as tractors or rice threshers). When assets are fixed, they are usually able to be easily monitored by group members to ensure they are being properly used – when they are movable, members have to rely upon the record keeping (such as labour hours, fuel bills) of the plant operator. Further, if movable assets are damaged or there is an accident, it may be hard to ascertain the extent to which the operator or the group should be responsible. For this reason, most respondents agreed that movable assets are best managed by an enterprise. An exception to this rule is when the fixed asset requires a high degree of technical knowledge or where visibility of benefits is hard to demonstrate, such as the sawmilling equipment described in Section 2.6.

Farmer groups are favoured for products that require certification, such as organic vegetables or *khao kai noy* rice¹¹, since it is difficult for individual farmers to meet the certification costs and ensure product consistency. Large and socially responsible companies may require farmer groups as partners: the French Fair-Trade buyer Ethiquable, which is planning to buy tea from Bokeo, only buys from cooperatives with a strict one share per member rule. The availability of pre-financing, such as the Bolaven Plateau Coffee Producers Cooperative (CPC) receives in southern Laos, enables farmers to sell as a group because unlike the maize producers described in Section 2.6, they are able to get paid for their product straightaway and do not need to engage in side-selling to make ends meet.

Another circumstance that favours prioritizing farmer groups is evidence of strong and respected leadership. Well established organizations such as Ban Cheng (which is the only one that manages its tractor collectively of the original 20 in Thoulakhom) or relatively small, homogenous and transparent groups, such as Ban Phone, may be able to operate machinery collectively that would not be possible for weaker groups. It was interesting to observe the differences between two registered vegetable cooperatives of Phouan ethnicity that were only two kilometres apart in Khoune district: Ban Hoi has

¹¹ Rice which has received Geographic Indication certification, and which receives a premium of 1,000 kip/kg from local millers (Mr Khamkone, by email, 13/10/2021).

raised share capital and collects a management fee to fund its activities and serve its members with a revolving fund and membership of the LFN (Figure 6), while Ban Tham is reliant only on donor capital. Enterprises will be favoured as groups seek to mechanize, which requires capital that ordinary farmers are unlikely to be able to provide. The Thongmang cooperative wanted to have a refrigerated truck to deliver vegetables to Vientiane three times/week, while Ban Hoi wanted a cold storage shed to keep vegetables fresh until the traders from Vientiane arrived, but they noted that interest rates would be too high to make this investment as a group (see Section 4.1). An entrepreneur in Phoukout district, who will receive support from ACDI/VOCA, hinted young farmers are not interested in doing the hard physical labour of their parents, which is why he decided to buy a maize combine harvester and planting machine.

“I saw this type of machinery in Sayaboury where it has widespread use and I could see that it was the future here as well. Villagers are becoming less willing to undertake hard farm labour such as such as harvesting maize, which is hot and damages the hands.”

Mr Maikham, Ban Xiengdeth, 19.9/2021



Figure 6: The Ban Hoi cooperative, led by Mr. Somphone, is an active member of LFN

An enterprise also has a greater degree of flexibility to operate across village boundaries, since farmer groups (and some cooperatives) appear to only accept members from within their own village, who can be monitored under the authority of the village head. Expensive machinery, which depreciates every year, needs to be run on a full-time basis if it is to be profitable, and so it doesn't make sense for a single farmer group to operate it on only a limited basis.

In coffee producing villages with low levels of production such as Tan Neua and Oum, the return to labour is also low if the whole group gets involved in processing. In Tan Neua, only two members were needed to efficiently process the current coffee harvest (see Section 4.3), which amounted to only about one tonne of red cherries in 2020/21. The Meuang Xiang coffee company reported that it faces a similar issue in many villages, and is seeking to train and support farmers with “an entrepreneurial mindset” in its ‘low production’ villages to supply parchment coffee: in Toum village, Phaxay district, one farmer has received about \$1,000 of equipment and materials including a pulper, shade cloth and drying plastic, and will soon receive a moisture meter. ¹²

¹² “This is another example of a ‘group’ that is actually a ME with a small network of suppliers. LURAS has provided some support to this community (including a new drying shed, soon to be delivered) that will be managed by the farmer mentioned by MX who processes cherries bought from his neighbours.” (Andrew Bartlett, by email 11/10/21).

4.5 Forms of technical assistance LURAS could provide to support microenterprises

The ACDI/VOCA project and the AGREE scheme already provide positive examples of processes that support the development of MEs both inside and outside the value chain. It is logical for LURAS to build on the success of what has already been achieved, and continue to work with the existing value chains, including building relationships with socially responsible companies that are concerned about the health of the environment and farmers and in promoting a supportive policy environment. Thus, the focus of technical assistance may go beyond the ME to include the network of beneficiaries associated with an agribusiness endeavour – in other words, a more holistic approach to value chain development than the simple linear approach that the name implies.

If the project moves to Oudomxay, then it is likely that other chains will be developed, possibly with the intention of enhancing “the capacity of previously isolated communities to effectively and sustainably take advantage of the emerging opportunities afforded by the railway” (Laotian Times, 24/9/2021). This will be challenging, due to the lower elevations which preclude the development of the high value tea and coffee chains in which LURAS is experienced and the relatively higher level of well financed Chinese investors.

Before providing technical assistance to an existing or potential enterprise, the existing farmer group needs to be consulted to ascertain if it is in their best interests (ie mutually beneficial) to add value as a group or via a village ME. As Table 5 demonstrates, there are likely to be many instances in which a ME could provide better services to farmers than a group would be able to. Based on the personal experience of the research team, a possible pathway to involve the existing farmer group and secure their ownership of the process is shown in Box 1.

Box 1: Potential steps to engage with farmer groups to determine whether a group or a village ME can provide the best service to farmers

- Analyse the existing value chain together (men and women separately). Who are the chain actors? There may be several sub-chains – a village may sell to more than one buyer. Are the actors' independent entrepreneurs or brokers/agents for a company? Who are the value chain 'supporters' and 'influencers'? Graph prices based on seasonality, market trends, purchase conditions (see SADU, 2009);
- Undertake a SWOT analysis based on the data. For farmers, the most important consideration will likely be enhancing their productivity (a higher return per unit of product) – this could be achieved not just by getting better prices, but also by improving yields, increasing the proportion of Grade A, storing the product and selling at a different time of year, removing a monopsony, receiving inputs on credit, reducing labour inputs....
- Identify and justify the most practical ideas which can increase productivity in the medium to long term (3-5 years)? If it is anticipated that production will increase, the existing group needs to consider how they will be able to manage the increased workload! Are there ideas which increase productivity but increase inequality (perhaps because not all farmers have access to flat land for a maize planter), damage the environment (require dangerous chemicals) or increase the workload of women – these could be 'red lines', which LURAS is not prepared to cross.
- Once the best ideas are identified, the key question is "*Are these solutions best undertaken by the group, or by an enterprise?*" How do the farmer responses compare with the findings given in Table 5, which are based on the findings of this study. The response to this question will also depend upon the co-funding available: as this report demonstrates, farmer groups may happily accept a piece of processing equipment if it is to be provided for free to the group, but are likely to be unwilling to contribute their own funds. Are there differences between the responses of men and women that need to be negotiated?
- If it is agreed that an enterprise should be created, then the next question is to ask *What is needed to ensure that these enterprises are to be successful, sustainable and self-reliant?* Perhaps it is better to support an enterprise in a neighbouring village to scale up its operations in order to allow expensive machinery, which depreciates every year, to be operated on a full-time basis. The responses from the village can be considered with the other suggestions below.

The LURAS working paper entitled "Promoting farmer choice in the governance of value chains" (LURAS, 2018) remains relevant when considering criteria for providing technical support to MEs (or 'red lines' which should not be crossed, that include:

- Ensuring full transparency in the level of support provided to the enterprise to mitigate elite capture (Section 4.3). This includes only supporting those who have a high level of trust and respect within the community.

- Ensuring that the supported enterprise does not have a monopsony granted by government officials (with the exception of contract farming arrangements in which farmers agree to sell back to the enterprise in return for inputs/extension) (See Section 4.3).

Once selected, particular suggestions from those interviewed to support MEs include:

- Peer to peer learning opportunities such as exchange visits and short internships to similar ME's elsewhere, or to larger more professional businesses or along the value chain (a coffee enterprise selling parchment could visit the coffee roaster to quality issues) prior to developing a business plan;
- Analysis of purchase options with financial providers (banks, microfinance institutions, sales agents). Leasing may be a better alternative to outright purchase since machinery can be readily upgraded, but it appears that this option is only available for tractors <https://www.g-lao.com/>;
- Co-funding of the business plan, which may be either partly or totally returned to the farmer groups in the form of small service discounts to members or extension services;
- Business networking to share knowledge, marketing techniques and improve bargaining power, possibly via the local Chamber of Commerce;
- Developing fair contract farming models that that spreads the risk equitably between the three parties (producers, village enterprises and companies) in Figure 5. To prevent conflicts arising due to misunderstandings, the contract should include “guidelines regarding agreed quality of products, conditions regarding prices, payment and product delivery” (FAO, 2012).

Overall, Sections 4.4 and 4.5 have demonstrated that there are many challenges to forming MEs, just as there are challenges to forming groups. With so many variables about what might be successful, it is difficult in this document to provide a clear path for success and some MEs are unlikely to achieve their intended effect. However, this should not dissuade LURAS, which has a mandate to test and experiment with different approaches (see Section 4.6 below) and learn from them in order to improve the policy response.

4.6 The role of DTEAP to nurture rural agro-enterprises

DTEAP has only been established since 2017, when the MAF was reorganised under Decree 99 PM/2017. While its mandate does extend to entrepreneurs in agro-processing (No.3883/MAF, 29th August, 2017), in practice it has largely continued to focus on the mechanization of farmer groups as mandated under its previous entity as the Department of Agriculture Extension and Cooperatives or DAEC (No.1896/MAF, Aug 10, 2012). To scale up rural agro-processing, senior DTEAP officials identified four areas that needed to be addressed.

Firstly, the legal and policy framework related to enterprises needs to be reviewed, so that DTEAP is able to identify how best to coordinate its functions with other involved agencies in linking farmers to markets (the ‘value chain influencers’ in Figure 5), such as the Ministry of Trade and Commerce and the Ministry of Finance. During such a review, it might be reasonable to question the number of concerned stakeholders in order to ease the business environment for ME's and cooperatives: the Provincial Office of Home Affairs in Xieng Khouang for example, is reportedly needed to approve group and cooperative management committees, since it was the responsible agency for village administration (POIC, 13/9/2021). Indeed, the Ban Cheng cooperative committee considered that it was not yet possible to raise capital by seeking shareholders from outside the village “since the

legal framework for doing so is not yet clear.” Note that Decree 606 does not specifically mention the origin of group or cooperative members.

Secondly, DTEAP needs to address the lack of knowledge and capacity (and sometimes ‘old’ thinking) at provincial (PAFO) and district (DAFO) levels to reflect what should be their role as a modern agriculture extension service able to support and complement the private sector. LURAS could assist DTEAP to pilot models at the local level that can improve services for agribusiness and farmers – one example could be to have PAFO assist enterprise to provide clear contracts to producer groups as described in Section 4.5.

Thirdly, DTEAP wishes to continue testing innovative ideas that promote agro-processing in conjunction with LURAS. Given the difficulties that SMEs have in accessing finance, then new financial options are needed that reflect the high risk taken by agricultural entrepreneurs compared to other business activities. There are financial incentives for groups and cooperatives included in Articles 53 (Access to Finance) and 54 (Tax and Tariff Incentives) of Decree 606, but these have yet to be implemented in practice.

Finally, DTEAP needs to continue to promote exchange and learning between farmer groups, cooperatives and rural enterprises. The Lao Farmer Network, which is currently building a new office and farmers market adjacent to DTEAP in Vientiane, was recognised as an important partner in this regard.

Beyond the points above, the research team identified the following areas which could be addressed by DTEAP and other government agencies in order to more effectively support rural enterprises.

- Ask whether groups really need to be registered by development projects at the beginning of a project: The time-consuming and expensive process to register farmer groups at the outset of a project, which many acknowledge will never be sustained, needs to be recognised and reconsidered.
- Explore how cooperatives can operate across villages to scale up their operations in a cost-effective manner Three of the four cooperatives visited in this study appeared unwilling to scale up their operations (the exception being the Phek cooperative) which limits their ability to invest or share in specialised processing facilities, equipment and skills (such as accounting) that might increase the productivity of the cooperative? Further research is needed to understand this constraint: is it related to managing the tensions between exclusion and openness as mentioned in the literature review? Or is it due to the unclear legal framework, as claimed by Ban Cheng?

5. Suggestions for LURAS to nurture farmer-owned enterprises

The aim of this study was to provide further guidance to the Project Management Team on how LURAS can more effectively nurture farmer-owned enterprises. To achieve this goal, the research team has examined the literature and consulted with a wide range of stakeholders, including central, provincial and district officials, project and company representatives, and farmer cooperatives and groups in Xieng Khouang and close to Vientiane. The following items, which are detailed in the main text, represent the most important actions that the LURAS team can take to more effectively nurture farmer-owned enterprises.

1. Build on what you have already done well.

Particular actions in this regard are:

- Continue to nurture producers and producer groups because these will continue to be critical actors whether there are additional enterprises established or not;
- Prioritize green extension, including partnerships with socially responsible companies that considers the health of farmers and the environment in their activities;
- Promote transparency at all levels: successful farmer groups credit it for their sustainability, conflict and companies would prefer more of it from government.
- To promote agricultural products in which it is possible to add value at the village level, whether for ME's or farmer organizations;
- Work with village youth to identify potential entrepreneurial farmers who would be interested in starting a farmer enterprise, as the AGREE scheme has already done;
- Support multi-stakeholder dialogue with 'value chain influencers' to identify constraints to farmer owned enterprise, and policy areas which could be improved to better nurture such enterprise.

2. Don't apply a blueprint solution to enterprise development

This report has demonstrated the complexity of value chains and the circumstances in which a ME might be successful, that include the capital available, the type of assets required (fixed or movable), the leadership of the producer group and its ability to scale up commercial operations. A successful ME will require the trust of the local farmers, and so consultations with the existing farmer group are necessary to ensure that beginning an enterprise it is in their best interests and will be mutually beneficial.

Just as LURAS does not apply a blueprint for the structure of farmer groups (by allowing them time to develop the structure that suits them), so there is no blueprint for a farmer owned enterprise.

3. Provide appropriate support for rural micro-enterprises to foster their sustainability

Appropriate support would include:

- Promote a contract farming model that spreads the risk equitably between producers, village enterprises and companies. To prevent misunderstanding, contracts should agree on clear standards for product quality and payment conditions;
- Provide training, exchange visits, links to finance providers to village enterprises (both within the chain or as 'value chain supporters') before developing a business plan;
- Consider to co-fund the ME business plan, with such co-funding to be either partly or totally returned to the producer groups in the form of extension and training or service discounts to members;

- Work with DTEAP to promote policies which recognise the risk for rural investors in agriculture (due to variable prices, climate change, the cost of extension) compared to other forms of business.

4. Review the institutional support that government gives to cooperatives and small business

Despite government targets to promote commercial agriculture, there remain constraints which LURAS can assist DTEAP to address. These include:

- Under Decree 606, there appears to be few benefits for cooperatives compared to ordinary farmer groups;
- Taxes and fees paid are often unclear, uneven and discretionary;
- The risks for micro and small-scale entrepreneurs who invest in agriculture appear undervalued by government. Incentives for investment in agro-processing (such as capital at a reasonable interest rate and tax breaks) appear difficult to access for such enterprises.

Annexes

Annex 1: Terms of Reference

Study on Approaches to Agribusiness Development for Small Farmers

Background

The Lao Uplands Rural Advisory Service (LURAS) is a program of the Swiss Agency for Development and Cooperation (SDC) and the Government of Laos, implemented by Helvetas in partnership with the Department of Technical Extension and Agro-Processing (DTEAP).

The goal of LURAS as stated in the project document is *“the establishment of a demand driven pluralistic extension system, which involves various service providers including self-reliant farmer organizations to support inclusive agricultural value chains, which improve upland farmers’ food security, opportunities and income in a fair, healthy and sustainable manner”*.

Phase I of the project was implemented between 2014 and 2017. This was followed by phase II which started in December 2017 with a budget of 7.2 million Swiss Francs. The current phase will end in November 2021 and plans for a third phase are being prepared with an expected duration of 4 years. The most significant achievements of LURAS over the past 6 years have been the development and implementation of the Green Extension approach, the strengthening of the Lao Farmer Network, the creation of opportunities for ‘young agripreneurs’, the production of extension materials and the facilitation of policy dialogue on a range of issues relating to agribusiness.

In December 2020, an independent review of Phase II was carried out by two consultants. The lessons learned identified by the consultants included the following:

- *Farmer groups are unlikely to attract new members unless they have close links with entrepreneurs (local middlemen) that have the ambition and skills to actively seek out and negotiate with potential buyers, are willing to invest their own time and capital to add value to the product, conceptualize and initiate new business ideas, etc....such people need an incentive to perform these roles which is why they are often missing in project formed groups;*
- *The AGREE scheme has managed to seek out and foster young entrepreneurs who have the skills listed above, including women, which is why it has been widely regarded as the most successful activity of the project;*

These lessons led to the following recommendation being made by the consultants (#4) *Nurture farmer-owned or farmer group enterprises as an alternative to traditional groups, using a process similar to AGREE*

The explanation that accompanied this recommendation was as follows: *While the commitment to forming farmer groups at village level has been admirable, some of these groups lack entrepreneurial focus and/or represent an extension of the existing village administration. While there may be local entrepreneurs who may have ideas for more appropriate technologies, they have not been given an opportunity ... Phase III needs to correct this balance, by selecting and supporting local entrepreneurs as an alternative to groups. AGREE already provides a suitable model.*

Objectives

The purpose of this study is to build on the findings of the Independent Review and provide further guidance to the Project Management Team on how the project can more effectively nurture farmer-owned enterprises.

Based on experience in Northern Laos, and with reference to cases in the project area, the specific questions to be addressed are (additional questions added to the draft TOR are highlighted in blue text):

Sustainability of existing farmer groups, cooperatives and microenterprises (ME)

- How does the sustainability of groups supported by LURAS compare to those supported by other agencies in Lao PDR?
- What are typical levels of grants and/or material support given to MEs by government and projects, and how has this affected the success, sustainability and self-reliance of the recipient businesses.

Inclusiveness of farmer groups and microenterprises

- To what extent are existing groups genuinely involved in collective action, or are some of them actually enterprises run by a single family with an associated list of suppliers (i.e. 'members')?
- What steps can be taken to avoid elite capture and social conflict if the project were to overtly support family-owned enterprises rather than a farmer group?

Appropriate support mechanisms for micro enterprises

- Under what circumstances does it make sense to promote micro- enterprises rather than farmer groups and vice versa?
- In addition to providing training on business planning and facilitating links with buyers, what other forms of technical assistance could the project provide to support MEs?
- What role can DTEAP play to nurture rural agro-enterprises?

Methodology

The study will involve the following tasks:

- Desk study of relevant documentation, including reports of projects in Northern Laos that have supported farmer organizations and/or agricultural microenterprises
- Discussions with key informants including LURAS staff (Helvetas and DTEAP) and the Secretariat of LFN
- Field visit to Xieng Khuang to meet with representatives of both FOs and MEs.
- Preparation of a draft report, with feedback to be provided by the project management team
- Finalisation of report and preparation of a presentation to be made at a future meeting of the Sub-Sector Working Group on farmers and Agribusiness.

The total time allocated for the study is 20 days. The assigned tasks are expected to involve approximately one week of preparation in Vientiane, one week in the field and a further week for reporting.

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Annex 3: Indicators for Sustainable Farmer Organizations

Source: DAEC (2015)

To become sustainable, a Farmer Organization should be financially viable, efficiently managed, and provide members with useful services. By joining the organization, farmers should be able to do the following:

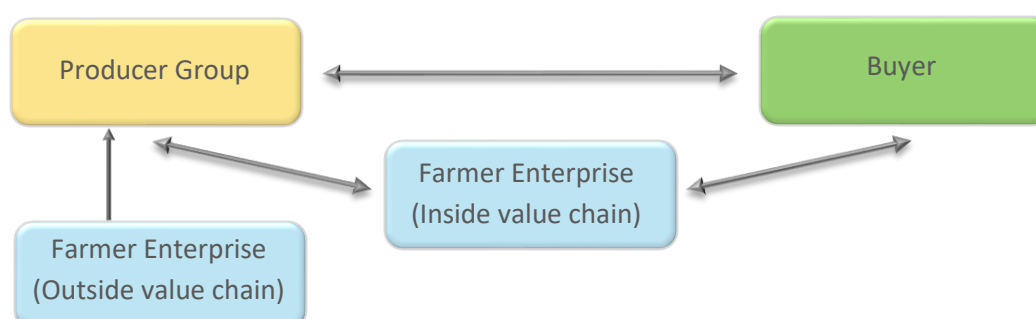
- maintain or improve the productive capacity of their farms,
- have a fair and profitable relationship with buyers,
- participate in decision-making and collective action

The following 12 indicators can be used to assess whether a Farmer Organization is likely to be sustainable or not:

Sustainable production	1. Farmers are actively involved in testing and adapting any new technologies 2. Production techniques are used which preserve or enhance agro-biodiversity, and which are not harmful to the local community
Sustainable marketing	3. Farmers are not dependent on selling a single commodity, or a single buyer for their produce 4. Members understand and agree to the conditions of any contracts signed on their behalf, and are paid accordingly
Sustainable Networks	5. Local authorities are consulting with farmer organizations as part of development planning 6. Different farmer organizations are exchanging information with each other
Sustainable Services	7. Members have access to services they need (eg. inputs, processing, certification, marketing etc) that are not readily available to non-members 8. The usefulness of services is sufficient that members are willing to invest their own time and resources into group activities, rather than being paid to participate
Sustainable Financing	9. Financial benefits of membership are sufficient to allow the group to collect fees that cover some operating costs 10. Debt of members and the group is kept at a manageable level
Sustainable Management	11. Transparent and democratic procedures are applied, including general meetings, elections of group leaders, and financial reporting 12. Membership is voluntary and open, and all members have equal votes regardless of their wealth, gender or ethnicity

Annex 4: Fieldwork schedule

Day	Date	Activity
Wednesday	8/09/2021	Vientiane field visit: Lao Farmer Network (Phouttasinh), Tongmang coop, Ban Jeng coop, Pungphao Chicken Group
Sunday	12/09/2021	Fly to Xieng Khouang, Arrive 14.00
Monday	13/09/2021	10.00 meeting with PAFO + Group assessment meeting with LURAS team, 15.00 POIC Xieng Khouang
Tuesday	14/09/2021	8.30 ISDI/VOCA project (Sophie Walker and Latsamy), 10.30 Meuang Xiang coffee, 13.30 DAFO M Kham (Mr Vienglakhone), 14.30 Sayfa Chicken Farm (Ban Tam Piu)
Wednesday	15/09/2021	8.30 DAFO M Khoun 10.00 Ban Hom coop vegetable 14.00 Ban Oum (LURAS), sleep in Khoun
Thursday	16/09/2021	8.30 Ban Tan Neua group (LURAS) - Phouan and Hmong subgroups
Friday	17/09/2021	8.30 DAFO M Phek, 9.30 Meuang Phek coop vegetable, 14.00 Ban Phone tea (LURAS)
Saturday	18/09/2021	8.30 DAFO Phoukout, 10.30 Mr Maikham (Ban Xiengdeth) 13.30 Ban Nam Chat (Mr. Bounmy maize)
Sunday	19/09/2021	Data Analysis and presentation preparation
Monday	20/09/2021	Presentation to LURAS team in Xieng Khouang and gather feedback
Tuesday	21/09/2021	Return to Vientiane by car -due to COVID19 there were no return flights



Annex 5: List of key informants

Government

Mr Somxay Sisanonh, Director, DTEAP, MAF
Mr Souvanthong Namvong, DTEAP, MAF (National Project Director for LURAS)
Mr Somsamone, Director of PAFO, Xieng Khouang
Mr Phetphovong, LURAS counterpart, PAFO, Xieng Khouang
Mr Kingsamone and Mr Phonexay, SME Section, POIC, Xieng Khouang
Mr Bounlert, Head of DAFO, Ms Sidavanh and Ms Soksouda, DAFO Phek, Xieng Khouang
Mr Phonesavanh, Head of DAFO and Mr Soulay, DAFO Khoun, Xieng Khouang
Mr Thongsavanh, Head of DAFO and Mr Vienglakhone, DAFO Kham, Xieng Khouang
Mr Phonephaneth, DAFO, Phoukout, Xieng Khouang
Ms Viphone Thammavong, Head of Rural Development and Cooperatives, PAFO Bokeo
Mr Sichanh, Forestry Section, PAFO, Luang Prabang (responsible for teak enterprises)

Farmer Groups and Farmers

Ban Thongmang Organic Vegetable Cooperative, Saythany, Vientiane Municipality (Ms Khammone, Head)
Ban Cheng Clean Rice Cooperative, Thoulakom, Vientiane Province (5 people, 0 women)
Ban Pounghao Chicken Group, Thoulakom, Vientiane Province (5 people, 4 women)
Ban Hom Cooperative, Khoun, Xieng Khouang (7 people, 2 women)
Ban Oum Coffee Group, Khoun, Xieng Khouang (7 people, 2 women)
Ban Tan Neua Coffee Group, Khoun, Xieng Khouang (3 people, 0 women)
Ban Tan Tai Coffee Group, Khoun, Xieng Khouang (1 person, 1 woman)
Meuang Phek Vegetable Cooperative, Xieng Khouang (2 people, 2 women)
Ban Phone Tea Group, Phek, Xieng Khouang (18 people, 15 women)
Mr Noylath, Past Farmer Group Enterprise Leader, Sidoneyeng village, Tonpheung, Bokeo

Companies and entrepreneurs

Mr Todd Sanders, Meuang Xieng Coffee, Phonesavanh
Mr Sombath, Farm Manager, Sayfa Chicken farm, Tham Piu, Kham District
Mr Maikhamb, Maize entrepreneur, Ban Xiangdeth, Phoukout
Mr Bounmy and Ms Thong, maize entrepreneurs, Ban Nam Chat, Phoukout

LURAS

Mr Andrew Bartlett, Team Leader
Mr Khamkone, Project Coordinator, Xieng Khouang
LURAS team Xiengkhouang (5 people, 2 women)

Civil Society and Projects

Mr Phouttasinh Phimmachanh, Director CLICK and Secretariat of LFN and team
Mr Khammoune, Director of Lao Farmer Network
Mr Santisouk, Agribusiness Advisor, A4N and PICS (supported by IFAD)
Ms Philly Vongpraseuth, Private Consultant to AGREE
Ms Sophie Walker and Mr Ratsamy, ACDI/VOCA Microenterprise Project, Xieng Khouang
Mr Rik Delnoye, International Team Leader of the Seum Son Seun Jai (SSSJ) project (now completed)

Annex 6: Status of Farmer Group Enterprises (FGE) in Bokeo in 2021

District	Village	Product	Status at 2021
Houayxay	Dan	corn	Converted to individual enterprise providing services to Chinese investors
	Nam Phuk	peanuts ODOP	Not functioning
	Nam Phuk	bio fertilizer	Continues as FGE producing ODOP biofertilizer
	Nam Phuk	corn seed	Not functioning
	Pakngao	corn	Continues as FGE for vegetables, rubber and NTFP's, is in the process of becoming a rubber coop
	Nam Nyon	pig food	Not functioning
	Nam Tin Neua	fish ODOP	Not functioning since a Chinese company given a concession on the fishing rights
	Phonethong	corn	Continuing buying rice, NTFP's (not sure if still an FGE or individual)
Tonpheung	Sidoneyeng	corn	Converted to individual enterprise supplying services to Chinese companies. Storage shed is now village office.
	Nakham	broomgrass ODOP	Not functioning
	Sidonekhoun	corn	Not functioning
	Mom	corn	Not functioning
	That	corn	Not functioning as FGE. Individual enterprises are supplying pigs to casino
	Luangsinchay	peanuts ODOP	Not functioning
	Koh sang	corn	Possibly converted to individual enterprise providing services to Chinese investors
Meung	Phadam	corn/peanuts/ biofertiliser/sesame	Not functioning
	Siangdao	rice seed/corn/ biofertiliser/peanuts	Uncertain
	Nam Meung	tea ODOP	Converted to Meung wild tea cooperative
	Nam Meung	biofertiliser	Not functioning
	Nam Meung	NTFP's	Not functioning
	Houanamkha	corn	Uncertain
	NamNyu	corn	Converted to individual enterprise with ploughing service
Paktha	Hatdonekeo	corn	Continuing as an FGE buying rice
	Konteun	corn	Continuing as an FGE buying Job's tears and rice

Source: Ms Viphone Thammavong, Head of Rural Development and Cooperatives Section, PAFO, Bokeo, Mr Noylath, previous head of Sidoneyeng FGE, Tonpheung