



## Lao Farmers Network

### At the Crossroads: Assessment and Strategy Elements for the Future

Dr. Rita Gebert  
Vientiane and Berlin  
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## Foreword

Since its creation in 2014, the Lao Farmer Network has played an important role in raising the voice of small farmers, strengthening member organisations and piloting services that help improve production and incomes of small producers in the agriculture sector.

The expansion of the network, which now consists of 59 organisations, means that LFN has reached a crossroads. Important decisions need to be taken about the direction to take in the next few years. The LFN Committee needs to consider *what* services are needed by the growing number of members, and *how* the network should be structured and funded in order to deliver those services.

To help the LFN Committee make these important decisions, the Lao Upland Rural Advisory Service (LURAS) contracted Dr. Rita Gebert to undertake a review of current strengths and weaknesses and suggest options for the future development of the network.

This report describes the results of that review. The views expressed in the following pages are those of the consultant and do not necessarily reflect the views of LURAS or DTEAP. It is important to note that Dr. Gebert's trip to Laos was cut short by the Covid-19 pandemic and, consequently, she did not have an opportunity to present her findings to the LFN Committee or Secretariat and thereby solicit their feedback. Nevertheless, LURAS is grateful for this frank assessment which has helped stimulate discussion, even if there are disagreements with some of the findings.

This is one step in a long journey, and both LURAS and DTCP recognize that farmers themselves are the one who will decide which direction to take. We remain committed to supporting this important process.

Andrew Bartlett  
Team Leader and Policy Adviser  
Lao Upland Rural Advisory Service

## Acknowledgements and Acronyms

I wish to acknowledge with deep thanks the Lao Uplands Rural Advisory Services (LURAS) project team, especially Mr. Andrew Bartlett and Ms. Rakounna Sisaleumsak for the assistance provided to this mission, not the least for their support in facilitating my rapid, “Covid-19 departure” from Laos. 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).

Major thanks also to Mr. Phouttasinh Phimmachanh and his team at CLICK for arranging meetings for me with LFN member Farmer Organisations and providing data. Many thanks also to Mr. Souvanthong Namvong of DTEAP for his guidance for this mission. I would also like to thank the FO leaders, including the LFN Executive Committee, who spent time in discussion with me. I have learned much through all of these discussions and feedback provided on earlier versions of this report, but any errors in it are my responsibility!

AFA	Asian Farmers Association for Sustainable Rural Development
AFOSP	ASEAN Farmers Organisations Support Programme
ALiSEA	Agro-Ecology Learning Alliance in Southeast Asia
AsiaDHRRA	Asia Development of Human Resources in Rural Asia
CDAIS	Capacity Development for Agricultural Innovation Systems
CIMMYT	International Maize and Wheat Improvement Center (English translation)
CIRAD	French Agricultural Research Centre for International Development (English translation)
CLICK	Coalition for Lao Information, Communication and Knowledge
CSO	Civil Society Organisation
DGRV	German Cooperative and Raiffeisen Confederation (English translation)
DTEAP	Department of Technical Extension and Agro-Processing
FO	Farmers’ Organisation
IFAD	International Fund for Agricultural Development
LAK	Laotian Kip
LFN	Lao Farmers Network
LURAS	Lao Upland Rural Advisory Service
MAF	Ministry for Agriculture and Forestry
MTCP 2	Medium Term Cooperation Programme, Phase 2
PAFO	Provincial Agriculture and Forestry Office
SAEDA	Sustainable Agriculture & Environment Development Association
SDC	Swiss Agency for Development and Cooperation
SSWG- FAB	Sub-Sector Working Group – Farmers and Agri-Business
SWG-ARD	Sub-Working Group – Agriculture and Rural Development
SWOT	Strengths, Weaknesses, Opportunities and Threats

## Table of Contents

<b>1</b>	<b>Introduction: A Mission During the Time of Covid-19</b>	<b>1</b>
	Mission Methodology and Activities	
<b>2</b>	<b>LFN's Beginnings to the Present</b>	<b>2</b>
	Genesis and Major Developments	
	Major Stakeholders: A Brief Analysis	
	Budget Sources	
	Major Activities	
	Structure and Governance	
	How Representative is LFN?	
<b>3</b>	<b>Strengths and Weaknesses, Lessons Learned</b>	<b>8</b>
	Overview of Strengths	
	Overview of Weaknesses	
	Lessons Learned based on Strengths and Weaknesses	
	Conclusions from Lessons	
	Another Look at the LFN Objectives	
<b>4</b>	<b>Looking to the Future: An Overview of Opportunities and Threats (With a Reality Check)</b>	<b>11</b>
	Overview of Opportunities	
	Overview of Threats	
	Reality Check	
<b>5</b>	<b>Strategy Elements</b>	<b>13</b>
	General Directions	
	Three Scenarios: Elements and Implications	
	Market Services	
	Capacity Building	
	The Middle Path	
	Final Comments on Strategy Development for the LFN Crossroads	
<b>6</b>	<b>Selected References</b>	<b>18</b>

## Figures, Table, Box, Annex

Figure 1	LFN as it looks at present	6
Table 1	Where are member organisations located	7
Figure 2	A decentralised network with multiple hubs	12
Box 1	Devising strategy elements require questions for reflection	14
Annex 1	Possible contents for a strategic plan	19

## 1 Introduction: A Mission During the Time of Covid-19

This mission was commissioned by the Lao Upland Rural Advisory Service Project (LURAS) on behalf of the Lao Farmers Network (LFN) to conduct a forward-looking assessment and external strategic review with the following major objective:

*Contribute to an internal strategic planning process carried out by LFN itself, and work-planning undertaken by the LURAS management team.*

The review is to include:

- Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis;
- Stakeholder analysis;
- Scenario analysis.

The mission, conducted by Dr. Rita Gebert, was to have taken place in Laos from 11 – 28 March, but due to the Covid-19 pandemic, and the need to depart Laos before the Government of Thailand's stricter transit regulations came into effect, the mission was cut short to 21 March. The rest of the work was conducted in Berlin. Laos itself was put in a state of lockdown from 30 March.

### Mission Methodology and Activities

The main methodology of the Mission was qualitative, primarily based on discussions with a selection of as many key stakeholders as possible during the shortened time in Laos. Quantitative data were also collected from LFN. Available reports and relevant project documents were studied (grey literature). LFN's internet and Facebook pages could also be viewed, including posted pictures and videos (latter also on YouTube).

During the time in Laos it was possible to meet and have discussions with a number of key stakeholders, including Mr. Souvanthong Namvong, Department of Technical Extension and Agro-Processing (DTEAP) who offered his guidance for the mission. Mr. Phetphouvong Somebandith of the Xieng Khouang Provincial Agriculture and Forestry Office (PAFO) was also met. Further interlocutors were met in Vientiane: the Sustainable Agriculture & Environment Development Association (SAEDA) Team in Vientiane; the German Cooperative and Raiffeisen Confederation (DGRV) representative in Vientiane and the Capacity Development for Agricultural Innovation Systems (CDAIS) project team leader. It goes without saying that there were several discussions with the LURAS Management Team, Mr. Andrew Bartlett, Ms. Rakounna Sisaleumsak (Vientiane) and Mr. Khamkone Nantheapa (Phonsavanh). Discussions were also held with Mr. Kaspar Grossenbacher, Country Director of Helvetas Laos.

Six LFN Executive Committee members and one of the LFN Youth Committee were met during their quarterly meeting moderated by the LFN Secretariat which is managed by the social enterprise known as Coalition for Lao Information, Communication and Knowledge (CLICK). Separate discussions were held with the LFN Secretariat headed by Mr. Phouthasinh Phimmachanh who heads CLICK. Unfortunately, the planned meeting with an LFN-collaborating company could not be held.

Opportunities were made to travel to Vientiane and Xieng Khouang provinces to have discussions with the leadership of LFN Member Organisations;

- Ban Jaeng (Vientiane Province);
- Ban Thongmang (Vientiane Capital);

- Phonsavanh Organic Vegetable Cooperative (Xieng Khouang Province);
- Ban Pieng (Xieng Khouang Province);
- FASAP group (Xieng Khouang Province);
- Ban Hoi Cooperative (Xieng Khouang Province);
- Ban Phathang (Vientiane Province);
- Ban Na Phadaeng (Vientiane Province).

An opportunity was also provided to have a discussion with the head of the Xieng Khouang Farmers Organisation Network in Phonsavanh. This newly established network receives support from SAEDA; although it is not part of the LFN, there is some overlap between the Xieng Khouang Network Farmers Organisations (FOs) and LFN member FOs.<sup>1</sup>

The consultant's presentation of preliminary results could not be held as planned because of the mission's Covid-19 caused interruption.

## **2 LFN's Beginnings to the Present**

### **Genesis and Major Developments**

Discussions about having a Farmers Network started with Farmers Conferences (or Forums) held under the aegis of the Sub-Sector Working Group – Farmers and Agri-Business (SSWG-FAB) and supported by the Lao Extension for Agriculture Project (LEAP). These conferences took place from 2012 to 2014 with the participation of at least 30 representatives of hundreds of farmers each time. One conference took place in the North (Luang Namtha). Each conference produced priority statements and LFN was born in 2014.

LFN began life with 17 FOs from 10 provinces. It initially had, a five-member management committee which has increased to a seven-member executive committee with two women members. LFN had initially included an Advisory Committee but this committee was disbanded.<sup>2</sup> LFN was, and remains, an informal body without official registration under any Government regulations.

The LFN's objectives set from the beginning were to share information, experiences and support members on:

1. Improved access to credit;
2. Improved marketing of products;
3. Access to information;
4. Sharing of resources between farmers;
5. Access to external support;
6. Farmer to farmer knowledge exchanges.

LFN seems not to have had a Mission, Vision or Overriding Goal.

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<sup>1</sup> The Head of the Xieng Khouang Farmers Organisation Network is also head of the Phonsavanh Organic Vegetable Cooperative, plus she is a member of LFN's Executive Committee (three years).

<sup>2</sup> DTEAP, however, continues to hold an advisory function for LFN.

LFN required the assistance of a permanent Secretariat from early on. This Secretariat function is provided by CLICK with several part time and one full time staff. The Secretariat took over the functions that were ascribed initially to the Advisory Committee plus many additional ones. As an informal network, LFN is not a juristic person and cannot hold a bank account – LFN accounts are held and operated on LFN’s behalf by CLICK. The Secretariat itself is wholly project-funded. The Secretariat manages and conducts a wide range of activities: it calls and arranges meetings, training, exchanges, study tours and visits, does LFN accounting, liaises and networks with various partners/stakeholders and does both “recruiting” and monitoring of FOs. The Secretariat worked on LFN’s behalf to gain membership to a regional network: the Asian Farmers Association for Sustainable Rural Development (AFA).

LFN membership has grown dramatically, especially from 2018 to 2020. From an initial 17 FOs in 2014, it grew to 28 FOs by 2018 and to 59 FOs as of the latest Committee meeting in March 2020. The mechanism(s) by which the FO membership has increased is not entirely clear – some have been introduced to LFN by PAFOs and/or projects. Two major developments stand out in the six years of LFN’s existence. One is LFN’s participation in national policy dialogue meetings, despite it not being a “formal” farmer organisation. The second was joining the AFA network and gaining significant funding from the Medium Term Cooperation Programme, Phase 2 (MTCP 2).

### **Major Stakeholders: A Brief Analysis**

LFN has developed an impressive list of stakeholders and/or partners. They fall into three main categories: Civil society (farmers and their organisations), Public (government and international organisations) and Private (companies). In brief, the major stakeholders that have accompanied LFN for all or part of the past six years include:

- Ministry of Agriculture and Forestry (MAF): DTEAP, to a lesser extent selected PAFOs;
- Sector and Sub-Sector Working Groups under MAF: SWG-Agriculture and Rural Development, SSWG-FAB;
- FOs – Production Groups and Cooperatives and their members;
- LURAS, Helvetas;
- AFA;
- International Fund for Agricultural Development (IFAD);
- International Maize and Wheat Improvement Center (CIMMYT)
- French Agricultural Research Centre for International Development (CIRAD) with the CDAIS project;
- DGRV;
- Agro-Ecology Learning Alliance in South East Asia (ALiSEA);
- Market Actors, especially Meung Lao and Phon Ngeun Companies.

In terms of a stakeholders and the three major categories mentioned above, all have a major interest in LFN. Farmers and their organisations, whether production groups or cooperatives, certainly have the highest interest in LFN as they stand to potentially benefit from its role as a services network. MAF’s Agriculture Development Strategy to 2025, emphasises the promotion of both production groups and agricultural cooperatives. Groups are cited as a major reason for agricultural development successes in the past and are to be strongly promoted in the future. International development partners and their projects and

programmes align closely with government priorities and programmes and thus also provide support for LFN as a service network for FOs. Market actors also take interest in LFN. Through cooperation with the Secretariat they can more easily find the FOs that produce what they are looking to buy, and can more easily establish contractual relations with them.

### **Budget Sources**

LURAS has been one of LFN's main sources of budget support – LURAS initially provided funds on a grant basis for the Secretariat's operations and various activities. LURAS now provides funds to LFN on a proposal basis, but also for a one year's budget for policy-related activities; totally it has provided around USD 190,000. Major budget support comes from AFA via MTCP 2/ASEAN Farmers Organisation Support Programme (AFOSP) which has provided some USD 750,000 for four project components and the Secretariat.<sup>3</sup> MTCP 2 ended in December 2019 (originally to end December 2018), but has an extension without additional budget until 12/2020. MTCP 2 is a regional initiative with European Union, Swiss Development Cooperation and IFAD funding, while AFOSP represents an additional EU grant (through an agreement with IFAD) to MTCP 2 for ASEAN FOs.<sup>4</sup> Overall, LFN with its Secretariat has received about USD 1.3 million from all sources up until February 2020. Aside from MTCP2/AFOSP and LURAS, Oxfam provided 35,000, AsiaDHRRA 21,000, CIMMYT 19,000, DGRV 15,000 and CIRAD/CDAIS 4,800.<sup>5</sup> LFN aims to collect FO membership fees at the annual meetings (plus LAK 200,000 as an initial membership fee for a new group), but they represent a tiny portion of LFN's current overhead costs.

LFN anticipates further major budget support from another regional project managed by AFA via the same MTCP funders. This will only be confirmed after special supervision, monitoring and auditing missions of LFN have taken place later this year. The possible starting date is January 2021.

### **Major Activities**

LFN, through its Secretariat, has conducted, or participated in, many activities over the past six years. The list below does not claim to be complete. Ongoing activities include:

- Arranging and conducting annual general meetings of the membership;
- LFN Executive Committee meetings conducted on a quarterly basis;
- Maintaining good relations with relevant Government Organisations and participating in relevant SSWG meetings;
- Networking with other organisations, including AFA, DGRV, CIRAD, CIMMYT, Asia-DHRRA, ALiSEA and the private sector;
- Various LFN management and administrative activities, including reviewing and updating LFN governance regulations;

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<sup>3</sup> AFA has also provided special funding (amount not known) under the Global Agriculture and Food Security Programme/Agriculture and Food Nutrition project in two villages of Nonghaet District, Xieng Khouang.

<sup>4</sup> IFAD 2017, Asia-Pacific Farmers' Forum: IFAD's Medium-term Cooperation Programme with Farmers' Organizations, Phase Two, pp. 5-6.

<sup>5</sup> DGRV has provided funds for two junior field staff to assist with cooperatives. CIRAD has provided minor funds to support an annual general meeting via CDAIS. CIMMYT has provided funds for Fall Army Worm study/action research. All budget information provided by LFN.

- Maintain Facebook page;
- Participation in national policy dialogues (ex. on Agricultural Cooperatives);
- Create media, such as videos (over 30 short videos produced to date) and posters for both FOs and a wider audience;

Special, or less regular, activities have included:

- Conducting and hosting ASEAN study tours (coffee visit to Paksong);
- Training mainly for FO Committee members (ex., Business Planning);
- Facilitating marketing linkages for a limited number of groups, companies and products (cabbages, spring onions, jasmine rice and khao kai noi (another type of rice));
- Conduct “Market Fair” to introduce members and companies to each other;
- Provision of 100% or 70% grants to a limited number of groups;
- Trialing a number of economic activities (ex. soap-making), or support activities for FOs;
- Provision of credit facility (inclusion fund) from LFN at 4% (three FOs have received credit);
- Gaining project funds from MTCP 2/AFOSP via AFA. Hosted MTCP 2 meeting – 2018;
- Apply for IFAD funds to subsidise market-related infrastructure (mill and cold storage) that two companies will use, but to be in LFN’s name;
- Commission studies of benefit to member FOs (notably on taxes and Fall Army Worm);
- Create farmer expert data base.

### **Structure and Governance**

As mentioned above LFN is an informal, member-based network. It hasn’t registered under any of the available categories in the Government of Laos system, such as a production group, agricultural or other cooperative or association (latter registration would come under Ministry of Home Affairs).

The LFN has a central Secretariat which plays a dominant role in managing the network and determining its direction. It appears that even the Executive Committee is rather in the background compared to the Secretariat. This was evident at the Executive Committee meeting held in March 2020. Although most of the Committee members have served two terms (six years in total), they appeared to accept a passive role vis-à-vis the Secretariat staff. Agenda items and related reports, including budget, seem not to have been provided in advance for the Committee’s perusal and comment. As far as could be determined, Youth and Women’s Committees are not involved in network decision-making.

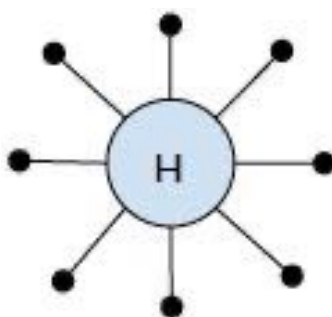
The LFN is typical of a “hub and spokes” type of network (see Figure 1 below).<sup>6</sup> The Hub is represented by the Secretariat and the Committee. This Hub acts as a network “manager.” Member FOs, with exceptions, generally have few regular linkages with each other independently of the Hub. It arranges events where FO representatives would have an opportunity to meet with each other. There are some exceptions to this rule, but they are rather few.

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<sup>6</sup> This terminology comes from a MAVA report from 2018 entitled *What is a CSO network and how to rate performance?* Brussels. Accessed at [mava-foundation.org/wp-content/uploads/2018/12/181207-WHAT-IS-A-NETWORK-MAVA-Network-Study-Brussels-6-July-2018-MEP.pdf](http://mava-foundation.org/wp-content/uploads/2018/12/181207-WHAT-IS-A-NETWORK-MAVA-Network-Study-Brussels-6-July-2018-MEP.pdf) Both Figures 1 and 2 have been taken from this report.

In fact, LFN represents something of a hybrid between a Civil Society Organisation (CSO) and a network. Normally, a network is comprised of “equal” and independent organisations who decide together that networking for various purposes will benefit all who decide to join the network. This intra-network agreement among members would be periodically reviewed. LFN has a centralised governance structure with the Hub determining how the network operates and what it spends money on. With this type of governance structure, it may be more accurate to see LFN as a “network organisation.” It has a centrally determined structure, rules and regulations. Under normal circumstances, such a *de facto* formal structure should be registered as a CSO. Moreover, it would have a full time Secretariat. LFN’s Secretariat is also a hybrid in that CLICK’s staff responsible for LFN matters are also doing other work. Again, under “normal” circumstances, there would be a Secretariat solely dedicated to the network.

Figure 1: LFN as it looks at present



This type of “hub and spokes” structure is risky, in that it creates spoke dependence on the Hub – most groups remain passive vis-à-vis the Hub, waiting to see what it will “give” them. As mentioned, the Hub has become a centralised decision-maker for the spokes, meaning that there is a lack of “checks and balances” within the network. FO approval of Hub decisions may happen at annual meetings, but this is more of a rubber stamp of what the Hub has already decided. Additionally, the risk is that the Hub alone tends toward being seen as the equivalent of “the network.” A MAVA report (2018: 1) on networks makes just this point: *Quite often, the term network is (erroneously) used to indicate just the network’s hub or secretariat, or a hierarchical membership organisation. This may be an indication of . . . an administrative centre that then proceeds to position itself, and act, as ‘the network’.*

The Secretariat represents the LFN to the outside world although it may be accompanied by selected FO leaders. It is often the voice of the LFN outside of Laos (this is also a language issue). With few exceptions such as the highly successful Thongmang Vegetable Group (which receives visitors as senior as the Director-General of FAO), member FOs have a low profile and their members in turn may know rather little, if anything, of the LFN. The majority of FOs will not have a clear enough picture of other FOs in the network, nor will they know what the Hub is actually busy with.

Table 1: Where are member organisations located?

Region	Province and Capital Territory	Number of FOs per Province
Northern Region		
1.	Phongsaly	1
2.	Huaphan	6
3.	Oudomxay	4
4.	Sayaboury	3
Central Region		
5.	Xieng Khouang	8
6.	Vientiane Capital	3
7.	Vientiane Province	8
8.	Bolikamxay	5
Southern Region		
9.	Savannakhet	2
10.	Salavane	8
11.	Sekong	3
12.	Champasack	5
13.	Attapeu	3
<b>TOTAL</b>	13 (12 + Capital Territory)	<b>59</b>

### How Representative is LFN?

Although the number of LFN members has grown rapidly since 2018, it is by no means geographically representative of Lao farmers: several provinces have no member FOs at all.<sup>7</sup> The largest province in the country, Savannakhet, has only two groups, one of which is new. The northern region is particularly under-represented in that three provinces have no groups, while Phongsaly has only one group. Moreover, although the total farmers in member FOs are around 4,500 (some groups listed with unknown numbers), about 40% of individual farmers are in only three cooperatives in one district (Paksong) of Champasack. Thus, LFN has only 60% of its members across 11 provinces and the Capital Territory. The implication of this is that it is still difficult for LFN to represent farmers well. It is also unknown, for example, to what extent the member FOs from the different provinces are representative of the farming systems in the particular provinces.

Another issue regarding “representativeness” is that just because there is an FO in a particular village, does not mean that the FO itself is representative of the farmers in that village. It turns out there is a broad spectrum, whereby FO farmer household members may include all village households, or it may include just a small percentage of them. Ethnic groups beyond the Lao-Tai seem not to be well-represented in the LFN. There is little information available on whether poor(er) farming families are included in the LFN and to what extent they benefit from membership. Positively, however, LFN keeps close track of female and youth FO members.

<sup>7</sup> Provinces without members so far are: Luang Namtha, Bokeo and Luang Phrabang in the North and Xaisamboune and Khammouane in the Central Region.

The number of well-functioning FOs is not well-monitored at this stage. Clearly, the LFN Secretariat does not have the resources to continuously update information on so many member FOs. A couple of newly accepted FOs (production groups) visited by the mission are still groups in name only (the members all plant cabbage, but they don't do anything else that would identify them as a group).

### **3 Strengths and Weaknesses, Lessons Learned**

#### **Overview of Strengths**

The LFN has a number of significant strengths developed since its establishment. Among them is the high level of trust between the LFN Executive Committee and CLICK, and the consistent support provided by the Secretariat for LFN as a whole. Additional significant strengths relate to the leveraged recognition for the LFN despite its informal status. These relate to its participation in national level policy dialogues, especially on agricultural cooperatives, some policy advocacy and the benefits brought for LFN from its regional recognition (funding from AFOSP/MTCP 2). In recent years, LFN has shown increasing ability to manage and account for project funds. Importantly, it has also developed increased ability to network with other organisations, whether they be in the public or private domains. This has undoubtedly been assisted by LFN's commitment to visibility on social media (Facebook) and through videos highlighting farmer issues (the latest being on the effects of Covid-19 on vegetable prices).

LFN has not forgotten the rural youth in its member FOs, has involved them in a youth committee and introduced some economic activities for them to trial. Women have also been encouraged to be involved in both FOs and the Executive Committee. A five-member women's committee has also been established (although the purpose isn't quite clear yet). The LFN has been responsive to some FO needs via training, although the LFN beneficiary list indicates that the number of participants per time<sup>8</sup> has remained low and generally confined to the FO leadership. The Secretariat has created a farmer expert directory with profiles that could be a good resource for member FOs and others. Last, but by no means least, the LFN has improved FO - market linkages for selected groups and products. Through its well-attended "market fair" held in January 2019 many FO members could get a better idea of the market landscape with its spectrum of companies big and small, and having different product interests.

#### **Overview of Weaknesses**

Although original intentions remain unknown, the LFN has become centralised over the years as shown in Figure 1 above with a "hub and spokes" operational modality. As mentioned, the LFN Committee itself is rather passive, allowing the Secretariat to do the work and be a *de facto* decision maker on its behalf. Moreover, with few exceptions (such as Thongmang and the Coffee Cooperatives), the LFN Hub unwittingly "keeps" farmers in a passive role – the FOs wait for companies to come to them while the Secretariat negotiates the conditions. In this regard, the neutrality of the LFN hub may be called into question, as it has shown bias of late

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<sup>8</sup> Excepting the large-scale events such as the Annual General Meetings.

towards only two companies and has been requesting FOs to produce more for those companies. An additional point here is that CLICK itself was not established to support agri-business, credit, farming systems development or group facilitation: therefore, it may not yet have adequate (specialised) resources to support a growing network, not the least because the LFN Secretariat as part of CLICK comprises mostly part time staff. The separation between CLICK and the Secretariat requires greater clarity.

As mentioned, there are also no data available to prove inclusiveness of FO membership such as representation of different ethnic groups and/or poorer farmers. Indeed, FO member expansion has occurred partly according to development partner requests (such as IFAD in several southern provinces and Sayaboury), meaning no systematic expansion; the rapid expansion of 2018 – 2020 also means that the LFN has little chance to follow up on the strengths and weaknesses of so many groups at once. The assumed process of buy-in of the groups in the LFN is not so clear. Of late, there appears to be a trend towards encouraging membership of farmer groups who can provide specific products by favoured companies. This is potentially risky as it may lead to more groups that exist in name only.

Elite capture in the LFN is not well under control. FO leaders are beneficiaries of both training and funds (grants or partial grants). This may be justified if leaders ensure a spread effect to their group members, but this would have to be monitored. Finally, there is too little clarity on how (and how many) farmer households can benefit from their FO's membership in LFN. The LFN does not seem to have indicators it can use for internal network monitoring (only for individual groups). LFN's support for economic activities presents a mixed picture: some have turned out very well and others not. In both cases, careful analyses of the factors for success or failure should always be done.

### **Lessons Learned based on Strengths and Weaknesses**

- To date, the recognition for LFN both nationally and regionally, and its acceptance from other organisations, has been more important than “formalisation.” Being an unregistered network has not posed a hindrance to LFN gaining development partner funds on a steady basis;
- The LFN Secretariat's active participation in policy dialogues has helped to keep farmers' concerns on selected topics in the limelight;
- It is important to harness rural youth's energy to help bring innovation to agricultural and rural development;
- Market linkages that help create choice for farmers are crucial – ex., those that could come out of the market fair held with many farmers and companies in 2019;
- Encouraging small farmers to maintain crop/livelihood diversity is crucial for families to avoid losses in case of price busts (such as the recent case of cabbage from 2019 to 2020);
- Continuity for an informal network like LFN may be provided through an engaged Secretariat (has risks as well, however, related to a “hub and spokes” type of network);
- Funding from different sources provides the network with greater security and higher potential for sustainability, but internal sources will also have to be drawn on in future.
- If farmers' analytical and/or negotiating skills are not increased vis-à-vis market actors, it does not lead to either improved bargaining power or empowerment;

- Potential favouritism vis-à-vis market actors may lead to potential loss of face and loss of trust (member FOs may lose trust in a Hub that is viewed as biased);
- An overly centralised structure detracts from inter-member networking;
- The tendency towards “Ease of Doing Business” (i.e., working with non-remote, successful FOs) may exacerbate wealth gaps within and between members;
- Doing too much on behalf of the Committee makes it passive as well – the Committee is becoming too content to receive everything served on a platter by the Secretariat;
- The Secretariat itself does not have experts to do business and credit assessments – fund losses are possible and have already happened in the past;
- Rapid expansion may lead to network weaknesses, with little support provided to FOs needing more assistance to become well-established;
- If mistakes and/or unsuccessful activities are not reviewed and analysed, the probability of repeating mistakes becomes higher.<sup>9</sup>

### **Conclusions from Lessons**

The mix of positive and negative lessons shows that LFN is at a crossroads, but recent experience shows it is heading towards an economic services, especially market linkage, path. Having gained funds from the MTCP 2/AFOSP project has certainly pulled LFN quite strongly into prioritising the economic services/marketing more than might have otherwise been the case (considering also CLICK’s area of expertise). The mix of lessons also shows that LFN did not have a core strategy to pursue its objectives; it has partly followed funding sources without strongly maintaining its own direction and strategy. LFN has yet to develop a Vision, Mission and Overriding Goal. Without these crucial organisational elements, LFN has not been prioritising activities to keep in line with Vision/Mission statements. The emphasis given to economic services/marketing and less to group strengthening and knowledge exchange/management has not been done with careful analysis of the implications of taking this path. The implications of taking this path include LFN’s focus on fewer, likely to be commercially successful, groups requiring product clustering in response to company/market demands.

### **Another Look at the LFN Objectives**

Since LFN is at a crossroads, it is useful to reiterate the six LFN Objectives not only for purposes of validation, but also to ask to what extent LFN can accomplish them. Notable by its absence is an objective on policy dialogue and/or advocacy. Also notably absent is an objective on strengthening the network itself.

The objectives have in common to share information, experiences and support members on:

1. Improved access to credit:

LFN itself has provided credit to three groups, but hasn’t generally improved access (one of the groups is in arrears). At issue here is the “how” in improving access to credit; it is hard to imagine that LFN was foreseen as a direct credit provider.

2. Improved marketing of products:

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<sup>9</sup> For example, if the youth members of Ban Hoi tried kimchee but the activity failed, what are all the reasons for this? If local, cool storage houses didn’t work well, what are the causes? If market stalls didn’t attract enough customers, do we know the reasons why?

LFN is working on this, but too early to know whether there is sustained improvement and how broad-based it might be. There have been some failed economic services activities.

**3. Access to information:**

LFN provides members information via LFN's Annual General Meetings and some media; FO leaders receive more information, but do they share it with their members?

**4. Sharing of resources between farmers:**

This doesn't seem to be happening with LFN encouragement. (Not so clear as to which resources farmers might share.)

**5. Access to external support:**

Yes, via development partner projects, but how many FO members really access and benefit is not yet clear.

**6. Farmer to farmer knowledge exchanges:**

This has happened, but to a lesser extent than might have been anticipated initially. (Ex. "Exchange" is listed twice as an activity under LFN's 2019 List of Beneficiaries but with rather few persons involved.)

Of the six objectives, number two on improved marketing of products has received the most attention by LFN with a mix of successes and failures. When LFN conducts its strategic planning later this year, it will have to carefully review these objectives with the purpose of validating them, changing them as required and devising related activities and indicators. At issue is that the LFN has not been reviewing progress towards achieving its objectives (it would have helped to have them specified with a few easily measurable indicators).

## **4 Looking to the Future: An Overview of Opportunities and Threats (With a Reality Check)**

### **Overview of Opportunities**

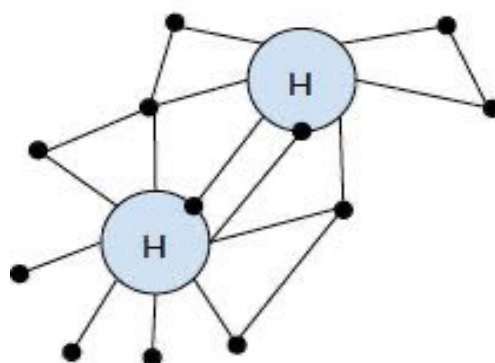
- Inputs for policy dialogues based on members' priorities (broader-based than at present);
- Continue to leverage projects' funding and/or advisory support to provide improved services for members;
- Networking with other organisations and projects (also to synergise inputs when working in same geographical areas);<sup>10</sup>
- Building up and/or improving farmer expert directory/data base so that member FOs can use it for themselves;
- Using the network to encourage farmer-to-farmer exchanges, support and learning;
- Strengthening "sub-networks" of FOs that either have commonalities or are simply in a position to help each other;
- Related to "sub-networks," look into having "Provincial Focal Persons" who could guide, lead or simply bring together the FOs in that province and liaise with the Executive Committee/Secretariat;

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<sup>10</sup> There are a number of projects that overlap with LFN member FOs, some with similar objectives. Care should be taken not to cause confusion for FOs by having uncoordinated work with the same groups by LFN and projects. An example is the Creating Linkages for Expanded Agricultural Networks (CLEAN) project which the mission discovered is also present in the "cabbage villages" in Vientiane Province.

- Updated or additional ways for the LFN to earn funds (different types of membership fees?);
- Using different mechanisms to strengthen LFN Committees: Executive, Youth and Women (latter two have seven and five members respectively, but don't seem to have activities);
- Recruiting necessary expertise (ex. marketing, credit, training of trainers) to assist Secretariat (temporary, could also be farmers);
- Potential to consider a different network structure with stronger “sub-networks” as shown in Figure 2 below.

Figure 2: A decentralised network with multiple hubs



### Overview of Threats

- Too much emphasis on too few commercial products wanted by too few companies;
- Risk of creating new monopsonies;
- Potential market crashes for particular crops promoted by LFN (cabbage price already crashed from 2019 to 2020);
- Without adequate business/risk/agronomic analyses, potential for failed activities leading to reputational issues for LFN;
- Providing credit without expertise (and without a permit) can lead to greater risks for the network, including fund losses.
- Continued elite capture creates “boredom” and/or withdrawal of active participation by too many groups or group members;
- Rapid expansion resulting in too many groups to support and/or monitor (expansion beyond resources available – especially if hub and spokes model maintained);
- Demonising local traders or middlemen who actually play a useful role in marketing certain products;
- Market focus for LFN leaves behind much-needed knowledge focus for different groups;
- Trying to create long, “artificial” value chains when a shorter one could be more efficient and beneficial; long ones could cause unnecessary costs for the FO (ex. Hongsa cabbage group – why send cabbages to a company in Vientiane if there is local demand, when Thailand is on the doorstep, when Luang Phrabang not so distant?)

## Reality Check

This is a short summary, not aiming to be complete, of some of the realities that continue to be part of the agri-business and socio-economic landscape of Laos. On the marketing front, it is no secret that crop prices in Laos have experienced boom and bust cycles over many years – LFN is no better than anyone else at predicting when a crash might occur. Additionally, who could have predicted the effects of Covid-19 on global markets and businesses? In times of closed borders and disrupted delivery chains, however, small farmers who still practice diversified farming systems will have greater food security than others!

Value chains are easily “broken” in Laos, with either companies or farmers not honouring terms of contracts, not always for a good reason. At the same time, contracts in turn are not backed adequately by law. To make matters more complicated, contracts are often signed only by the head of the FO; general members may feel “pushed” into the contract without real buy-in. Farmer choice is, however, curtailed when monopsonies are supported by district authorities and some DAFOs – this doesn’t allow for competition and fair deals for farmers. In this same context, remoter villages may end up with no market at all or are faced with higher overheads (transportation costs) to market crops and they cannot compete with well-connected villages.

There is still much overlap between political and economic leadership in the rural areas. Thus, many of the FOs have current, or past, village authorities as FO leaders or advisors. Depending on how the leaders are “inclined,” benefits may not spread to “normal” members. Moreover, this overlap in leadership may also prevent transparency and checks and balances within the group. Such groups may easily fall apart, as the only choice the members have is to become inactive, effectively leaving the group. Additionally, too many production groups have been established at behest of projects – group members do nothing as a group besides growing the same crop. This represents a major weakness, as it seems the districts are dotted by many production groups when a number of them are there in name only.

Much emphasis is currently given to business planning, but plans rarely include adequate risk assessments (pests, disease, price fluctuations, weather-related disasters), nor does it consider that farmers selling products under monopsony conditions have no marketing choices (including inputs which are provided by the same company or trader). At the end of the day, farmers still face exposure to risks of all sorts. They reasonably try to diversify their livelihoods, including their production base and marketing channels.

## 5 Strategy Elements

### General Directions

If we look at the past to see the future, we can see that LFN has been moulding itself to MTCP 2/AFOSP, its major funder. The components of this regional project are as follows:

Component 1 Strengthening farmers’ organizations and their networks;

Component 2 Supporting participation of farmers’ organizations in policy processes;

Component 3 Farmers’ organization services and involvement in agricultural development programmes (3.1 is *Development of Services for Value Chains*);

#### Component 4 Programme Management and Coordination.

The MTCP 2 follow-on project, targeted to start by January 2021, is called the Asia-Pacific Farmers Programme: Strengthening FOs for policy engagement and improved economic services to small-scale farmers (APFP). It has three components:

Component 1 FO Service Development (almost exclusive focus on business and agri-business partnerships);

Component 2 Policy Engagement;

Component 3 Programme Management and Coordination.

Since LFN looks forward to collaboration with AFA on the new APFP, it will surely have to emphasise the components mentioned above.

#### Box 1: Devising Strategy Elements Require Questions for Reflection

If the LFN shall undertake a strategic planning exercise, then there should also be a pause for reflection before such an exercise takes place. Some questions for that purpose are posed here.

Question: Is LFN now firmly on the path to an almost exclusive focus on marketing and agri-business?

Question: If the path is already fixed, does this not determine FO membership, including acceptance of new members (i.e., only those who can join market clusters?)

Question: How can LFN avoid compromising its representative function if it works closely with a few companies?

Question: How can LFN promote trust and transparency within FOs so that marketing-oriented groups don't fall apart? (such cases exist already)

Question: To what extent can a Secretariat comprised of mostly part time staff adequately support an ever-growing network with its current, centralised structure? Is CLICK up to the task with its current set up?

Question: Should the LFN opt for a formal structure, such as that of a CSO, in the long term?

### Three Scenarios: Elements and Implications

In this chapter, three scenarios are presented for comparison. The first two present two ends of a spectrum relevant for LFN. In other words, the two ends of the spectrum represent at the one end economic, largely marketing, services. The other end encompasses a capacity building approach including information and knowledge exchange. The third scenario provides the "middle path." It does not exclude either marketing or capacity development.

These scenarios don't address the issue of LFN's own structure and governance; its organisational development. LFN continuing with its "hub and spokes" network as at present is risky. If the "hub" itself is not equipped with adequate resources to provide services to so many "spokes" there is a distinct possibility of the network collapsing, or becoming even more centralised. There should be greater thought given to gradual decentralisation, through

trained and supported provincial focal persons for example, and for the long term, greater formalisation of the LFN.

### **Market Services Scenario**

#### Elements:

- Establish linkages with various, favoured companies and facilitate their linkages with selected FO clusters;
- Follow these companies' demand for products;
- "Encourage" companies to give fair prices to FOs (perhaps a little higher than "going" rate);
- Support the companies with extension (paid for by company) and needed infrastructure (latter subsidised via project(s));
- Product clustering of FOs, especially with good transport and/or closer to companies;
- Either exclude FOs that don't conform to a product cluster, or try to create unnaturally long transport links to a single company;
- Encourage FOs to produce what company wants in larger quantities;
- Policy dialogue inputs related to marketing;
- Capacity building related to ease of marketing (ex. on group sales of produce, timely delivery of produce, some business planning).

#### Implications:

- Marketing of certain products from selected FOs likely easier, steadier, with fairer prices (under right conditions);
- Companies gain foothold, begin to have influence over LFN;
- Product monopsonies may be unintentionally supported;
- "Business planning" hardly needed if group members simply sell all the product to one company (perhaps via FO leaders);
- Capacity building for FO leaders who liaise between companies and group members suffices;
- Checks and balances within groups unnecessary as long as flow of products and money is working properly;
- Overlap between village authorities and FO leaders suitable for this model, as farmers more likely to sell their products to one company if leaders make request;
- Farmers and their groups remain passive, as the market is "brought" to their doorstep; dependency maintained!
- FOs requiring more support (technical, finding other potential markets, adding value, etc.) unlikely to receive it if the support they need lies outside the product spectrum required by companies;
- Concerns of farmers on issues besides agri-business may get lost (ex. secure land tenure and titles, interference from concessions, access to commons for grazing, etc.);
- Risk if LFN arranges credit for a product that suddenly suffers a price crash (also risky if the credit is used for another purpose than intended).

### **Capacity Building Scenario**

#### Elements:

- Exchanges among farmers with similar interests for mutual learning;

- Careful documentation of farmers' lessons learned for further sharing;
- Repeated training and exchanges on farmer negotiation skills vis-à-vis companies and other outsiders;
- Repeated training and exchanges on group management, solidarity, transparency and trust;
- Focusing on strengthening groups to become sustainable (group prioritised above product);
- Action research conducted with active participation of farmers on topics they are most interested in;
- Farmers (as a group) decide what to plant and/or raise and how (including to whom) they want to sell it;
- Focus on sub-networks for farmer experts who can support others in the sub-network;

#### Implications:

- FOs', and their members', empowerment is the main goal;
- Broad-based empowerment approaches have to be consistent throughout all programmes and activities;
- More in-depth knowledge about member FOs required;
- Farmers' learning and decision-making as a dynamic process;
- Various, best if decentralised, training/facilitation teams to cover groups regularly (mentoring approach rather than one-off training);
- Groups and their management, solidarity, transparency and trust will need emphasis. Of necessity a longer, more intense process;
- Mechanisms need to be developed for regular dialogue among FOs and with LFN Committees (also Youth and Women's);
- Farmers given a channel (perhaps similar to Parliamentary Hotline) to raise concerns to the LFN that will then be included in policy dialogues;
- Acceptance of different marketing/sales modalities;
- Some farmer experts may need to have training of trainer approaches to help with farmer-to-farmer extension: Updating and/or redoing expert directories required to make them user friendly?
- Farmers (women, different ethnicities, youth) treated as equals of others in society.

#### **“Middle Path” Scenario**

Knowledge Exchange and Management (Capacity Building) versus Market Linkages and Value Chains (Agri-Business) are not, in fact, diametrically opposed to each other. The choice of focus, however, leads to different strategies and approaches as listed in the implications of the previous two scenarios. Therefore, there is some overlap from the two scenarios outlined above with the elements and implications of the “middle of the road” scenario.

#### Elements

- Commercialised farming is seen as one part of a smallholder farming system;
- There is an accepted spectrum of commercial to subsistence farming depending on the conditions present in the particular areas;
- Marketing with fair prices to the producers (based in the first instance on covering production costs);

- Acceptance of a diverse marketing landscape depending on village locations and conditions;
- There are multiple means by which knowledge and information reach farming households – there are no blueprint approaches;
- Crucial information from FOs reaches government implementers and policy makers through policy advocacy;
- Strengthened FOs, including on negotiating contracts that will benefit a large majority of members;
- Flexibility of smallholders and their FOs to act on new and/or changing conditions (ex. agronomic, climate, economic);
- Wise use of credit (including ability to calculate credit in overall risk assessments and production costs);

### Implications

- Given the diversity of agro-economic conditions in Laos, there should be decentralised support for FOs through strengthened sub-networks of FOs;
- FOs should be able to call on experts from different sources, as per need; the LFN can assist with this with resource persons and teams;
- Information access by farmers via different means—LFN is a facilitator rather than purveyor of information;
- Credit is not a “silver bullet” that will increase farmers’ willingness to engage more with commercial agriculture (may have opposite effect with increased debts);
- Marketing yes, monopsonies no: farmers/FOs should have some choice in who they sell their products to (sometimes a local trader may be a good choice for some);
- Avoid single product approaches: in other words, focus on a wider range of products and a wider number of companies and/or traders (checks and balances);
- Capacity building required for farmers to better deal with the market landscape, and for innovative approaches vis-à-vis production and marketing;
- Farmers/FOs supported to undertake basic activities to allow them more choice as to when they will sell their products – (ex.: drying, storage).
- Support for broader FO leadership to help ensure transparency and trust in groups, along with more representative positioning of groups vis-à-vis “outsiders.”

### **Final Comments on Strategy Development for the LFN Crossroads**

If LFN were to place a greater focus on capacity building it will mean fewer short term gains, but longer term and more sustainable results. An overriding focus on economic services, especially market linkages, may bring the opposite results because underlying issues related to farmer abilities to be actors rather than “reactors” have not been addressed.

LFN does not have a Vision, Mission or overriding Goal: it urgently requires these to determine its overall strategy and strategic plan. LFN, with the Secretariat’s assistance, needs to develop a capacity building plan beyond the general Planning Directions that were presented to the LFN Committee in March 2020. Moreover, the Youth and Women’s Committee should be much more involved with the Executive Committee to broaden the leadership base and create more of a dynamic coalition between “elders,” youth and women that can lead both to greater innovation and to more inclusive decision-making.

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## **Annex 1: Possible Contents for a Strategic Plan**

### **1. Introduction**

Objectives of the strategic planning process

### **2. Organisational Profile**

Brief History

Vision

Mission

Overriding Goal

Organisational Arrangements (including Structure/Governance)

Current approach

Current challenges

### **3. Context**

Environment

Resources (funds, staff, resource persons)

Stakeholders

External Opportunities and Threats

### **4. Plan**

Objectives (be clear about time frame)

Key indicators (high importance)

Member groups (now and by end of planning period)

Geographical focal areas

Strategic approach

Programmes / activities