Agricultural Cooperative Development and Policy Support in Rural Areas Laos

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I. Cooperatives Development

- Laos' cooperatives development is in early stages, there is limited research and data available,
- ACs can offer important services farmers and entrepreneurs by information, capacity building, and agricultural techniques, access to markets and access to financial services,
- Also they have no specific regulatory body (ACs law),
- Non suitable AC model in the country,
- Contribute to Poverty reduction and Rural Development in the country.

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FGs and Coops development

1975-1985 An initial stage of FPG and AC establishment 1978 1,356 ACs 1985 > 4,000 ACs 1986-2010 FPG development under the New Economic Mechanism (NEM) in 1986 1988 > 4,000 ACs and then collapsed due to management failure 2010 The 1st Decree on Cooperatives was proclaimed (No.136/PM) 2011- Re-establishment of FPG and AC present 2014 Agreement on Cooperatives (No. 2983/MAF) Agreement on Establishment of Agricultural Production Groups (No.2984/MAF) 2017 4,339 farmer groups and 582 agricultural production groups and 22 cooperatives 2020 The revision of Decree has reached the final drafted		1 ds and coops development
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Agreements on FGs and Coops







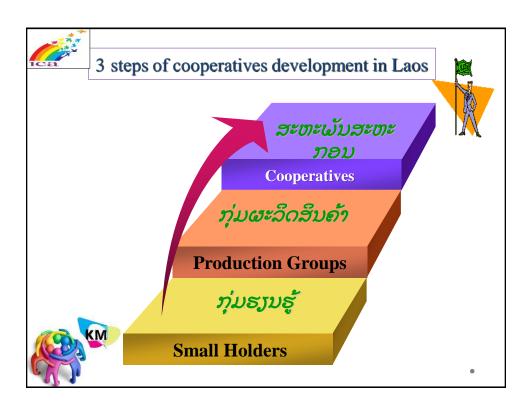
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DRDC's Mandate

- Manage and promote Agricultural Cooperatives
- Develop and improve relevant FGs-ACs legal frameworks
- Organize and strengthen FGs and Coops
- Capacity building of both central and local staffs on ACs
- Guidance farmers Access to credit and market
- To coordinate with partners inside and outside country
- Develop a mechanism management system of FGs and ACs

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Successful Achievements (2017)

- Total FGs approximately 4,339 with plantation about 1,864 groups and livestock 1,776 groups and 699 saving groups with total members about nearly 70,000 prs,
- Areas 16,589ha, Share capital 18,000,000,000LAK (2.2MUS\$)
- Successful achievement cooperatives as: CPC, Chay coffee, etc...



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October, 2017 FGs and ACs fallows agreements

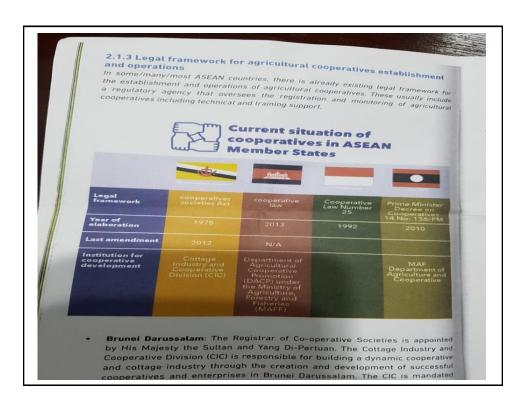
No.	Province	Total FGs	No.2984	Stron	Mediu m	Weak	Coops 2983/136	Associa	Remark
1	Xiengkhoang	275	57	104	60	54	7	6	MF
2	Sayabouly	534	33	31	400	70	1	0	
3	Huaphanh	117	54	5	50	8	0	0	
4	Oudomxay	158	26	49	51	32	0	0	
5	Vientiane	147	16	19	52	60	0	0	
6	Luangphabang	545	42	7	33	2	0	0	
7	Vientiane cap	44	15	3	12	14	2	0	AC
8	Sekong	89	89	52	37	0	0	0	
9	Champasak	186	0	66	89	17	8	0	AC
10	Luangnamtha	245	50	17	20	13	1	0	
11	Bokeo	81	81	2	2	77	0	0	
12	Phongsaly	253	10	3	5	2	0	0	
13	Bolikhamxay	80	37	2	3	32	0	0	
14	Saysomboun	13	7	4	3	0	0	0	
15	Savanhnakhet	162	13	26	106	30	0	0	
16	Salavanh	99	3	9	57	30	0	0	
17	Attapeu	237	1	1	0	0	0	0	
18	Khammouan	1,074	48	150	800	76	3	0	MF
	<u>ລວມ</u>	4,339	<u>582</u>	<u>550</u>	1,780	<u>517</u>	<u>22</u>	<u>6</u>	

III. Constraints and next plan

Constrain

- Non suitable AC model in the country
- Most of FGs and ACs members are smallholder farmers
- Difficult access to markets due to lack of market channel
- · Difficult access to low interest credits or funds
- Costly of logistics and production input
- No the Government Committee to Support Cooperative
- Non AC law and suitable legal framework for AC-FGs
- Do not have suitable policy support as: promotion fund, tax exemption etc..
- Not International Coops member (ICA, ACO,...)

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Some cooperative management in selected countries

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

IV. Conclusion

- Training program needed for enhancing the understanding of cooperatives with both farmers and officers.
- The path for agricultural cooperative development depends on the policy of government, Legal frameworks, law.
- Most Laos farmers are small holders with low level of commercialization and understanding about cooperatives.
- Difficulty in access to market (Non collectives buy and sale)
- Difficulty in access to fund.
- Low ability of competition.
- Costly of logistics and production input.
- Non Government Committee to Support Cooperative.

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V. Recommendation for Laos

- 1. It is essential to establish a legal framework including cooperative law and other relevant legal documents on cooperative development,
- 2. Establishing and operating national and local cooperative (Federation),
- 3. Innovating and promoting the benefits of cooperatives through communication and mass media to raise the awareness of people,
- 4. Improving the capacity of human resources,
- 5. Ppromoting and enhancing the capacity of foreign affairs and integration of the cooperative alliance system

Policies and measures can be considered in practice

- 1) Training of human resources
- 2) Trade promotion and market expansion
- 3) Application of new science, engineering and technology
- 4) Aaccess to capital and funds to support the development of cooperatives
- 5) Establishment of cooperatives and unions of cooperatives
- 6) Preferential fees for cooperative or cooperative union registration
- 7) Investment in infrastructure development
- 8) Allocation or lease of land to serve the activities of cooperatives
- 9) Preferential credit
- 10) Capital and breeds upon difficulties caused by natural disasters and epidemics
- 11)Fiscal fund subsidies
- 12)Tax, insurance and other policy tools

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Thank you for your attention

