

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.

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-present	Re-establishment of FPG and AC
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

Agreements on FGs and Coops



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



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...



October, 2017 FGs and ACs fallows agreements

No.	Province	Total FGs	No.2984	Strong	Medium	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	Savanhnakheth	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
	รวม	4,339	582	550	1,780	517	22	6	

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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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2.1.3 Legal framework for agricultural cooperatives establishment and operations

In some/many/most ASEAN countries, there is already existing legal framework for the establishment and operations of agricultural cooperatives. These usually include a regulatory agency that oversees the registration and monitoring of agricultural cooperatives including technical and training support.



Current situation of cooperatives in ASEAN Member States

	 Brunei Darussalam	 Indonesia	 Malaysia	 Philippines
Legal framework	cooperatives societies Act	cooperative law	Cooperative Law Number 25	Prime Minister Decree on Cooperatives 14 No: 136/PM
Year of elaboration	1975	2013	1992	2010
Last amendment	2012	N/A		
Institution for cooperative development	Cottage Industry and Cooperative Division (CIC)	Department of Agricultural Cooperative Promotion (DACP) under the Ministry of Agriculture, Forestry and Fisheries (MAFF)		MAF Department of Agriculture and Cooperative

- **Brunei Darussalam:** The Registrar of Co-operative Societies is appointed by His Majesty the Sultan and Yang Di-Pertuan. The Cottage Industry and Cooperative Division (CIC) is responsible for building a dynamic cooperative and cottage industry through the creation and development of successful cooperatives and enterprises in Brunei Darussalam. The CIC is mandated

Some cooperative management in selected countries

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

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. Promoting and enhancing the capacity of foreign affairs and integration of the cooperative alliance system

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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) Access 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

