

Beyond production: Facilitating market access through farmers groups

Farmer groups should not be limited to encouraging production, but should be supported to facilitate farmer decision making about production, marketing, processing and arranging inputs. Groups with capacity to learn and adapt will strengthen the position of farmers in the market economy, reducing risk and enhancing sustainability.

Summary of recommendations:

- MAF should provide institutional and strategic support to shift the attention from production to facilitating market access.
- NAFES should strengthen the capacity of extension agents to facilitate and support farmer groups.
- NAFRI should invest in strengthening analytical skills for understanding how groups can contribute to raising incomes and reducing risk.
- Donors should provide resources for building capacity of government to support the management of farmer groups.

The Issue

As Lao farmers continue to make the transition to commercial agriculture, it is necessary to create an interface with the market that facilitates farmers' access to economic benefits. The key constraints that this interface must address are access to transport, technology and information. The government has identified farmer groups as a basic framework for increasing access. Measure 6 of the Ministry of Agriculture and Forestry's strategy focuses on "organizing production and establishing economic structures from the local/grassroots level". The Measure recommends support to strengthen production groups in pilot areas, formation of production cooperatives for marketing systems, processing services, communication, savings and credit.

There is currently a tendency to focus on the production elements of this strategy, but the other constraints of market access may be more urgent. Providing farmers with access to the tools for decision making (information, options, leverage in negotiation and adaptive capacity) can contribute to the short-term priority of raising household income and the longer-term objectives of reducing risk and maintaining social equity. With a new range of information, inputs and services available through the market, empowering groups to access, learn and adapt will lead to greater sustainability in the development of local economies.

Related reports

Keonakhone, N., Chiathong, V., and N. Badenoch. 2008. **Understanding Livestock Groups: Field report from Ban Saisamphanh, Namo, Oudomxay.** URDP/NAFRI Field Report, 0803.

Keonakhone, T., Chiathong, V., Badenoch, B. Phonnachit, P. and N. Chanthavong. 2009. **Livestock Groups: Lessons from Phonethong, Phonexay District, Luang Prabang Province.** URDP/NAFRI Field Report 0901.

Chanthavong, N., Xayleuxong, K., Chitpanya, S. and N. Badenoch. 2008. **Rubber Institutions in Ban Hat Nyao: Managing trees, markets and producers.** URDP/NAFRI Field Report 0903.

This policy brief is based on the research results of three studies conducted by the Northern Agriculture and Forestry Research Centre (NAFReC) socio-economic Unit. The researcher assessed structure, operations and socio-economic dynamics of three production groups in northern Laos:

1. Livestock Production Group of Ban Sysamphanh, Namo District, Oudomxay Province
2. Livestock Production Group of Ban Phangthong, Phonexay District, Luang Prabang Province
3. Ban Had Nyao Rubber Production Group, Namtha District, Luang Namtha Province

What was learned?

Examination of farmer group formation and operation produced five key lessons-learned relevant for government, donors and other organizations providing support to groups. The following lessons and recommendations are based on analysis of two livestock groups and one rubber group in northern Laos.

Farmer groups have a narrow focus, usually dominated by production objectives

Farmer groups often focus on activities to raise production or introduce a new technology. In addition, groups can support a wide range of activities that are important for farming livelihoods. For example, the marketing activities of the rubber group helped producers gain access to Chinese buyers. Similarly, the group has begun to provide services such as training, and in the future processing. Groups can provide a number of important services in addition to supporting production, which help address the key constraints to farmers' access to the market and necessary services.

Group membership is often focused on responsibilities such as labor input

Support to group formation tends to focus on creating a structure for the group and laying out the responsibilities of members. In practice, members are often unclear of their roles and responsibilities, and have very little perception of rights they might have within the group. In the livestock groups, farmers believed that their main role is in providing labor for the communal grasslands, but that they did not have the right to raise issues with the group leadership for consideration. In the rubber group, farmers have opportunity to contribute to many types of decisions including land use planning and price negotiations. In groups where both responsibilities and rights are clearly defined, farmer participation is more effective.

Communal labor can stress groups when distribution of benefits is uneven

Communal labor contributions are often a central part of farmer groups. This may be necessary to demonstrate a new technology or technique, but can also weaken farmers' interest in participating when benefits are unequally distributed among group members. In two cases studied, individual planting of fodder grass was more successful than the communal activity implemented by the group. Farmers' calculation of costs-and-benefits is the key to their decision making. A communal activity may be useful as a focused tool among poorer groups in a community to initiate an activity, if the costs-and-benefits are managed equitably. In the cases examined, communal labor was related to the persistence of social and economic differentiation among group members.



Groups are not designed to be problem-solving bodies

Groups are usually formed to help farmers make the transition to market-oriented production. Farmers do not consider the groups to be a place where problems are presented and solved together. Problems go un-solved, as the group has not been designed, nor has it evolved into a forum for collective decision making. There is also much uncertainty in the market, such as price fluctuations, as well as uncertainty from climate patterns, spread of disease and policy changes. Groups that are flexible and able to analyze changing economic and environmental conditions are able to adapt to uncertainty and new opportunities. For example, the Phonethong livestock group identified economic potential in producing grass seed, and was able to adapt to support the new activity. The ability to adapt means that groups are more sustainable in their support of farmers, because they become forum for problem solving and innovation.

Support to groups is overly focused on technical issues

There has been much success in setting up groups, but these groups often have difficulty in sustaining their operation. We observe that support to groups after creation is often limited to technical assistance concerning the specific technology. But groups need assistance in other areas of management and operation, such as keeping records,

facilitation, consultation and problem-solving. In one case study, the villagers had no experience with managing a group and had difficulty in keeping records and enforcing regulations. Villagers and district officers had difficulty in communicating because adequate time was not given to creating shared understanding and clear mechanisms for operation. Capacity to support the management of farmers groups is extremely limited at the district level.

General Recommendations

1. Farmer groups should be designed to address the true development constraints faced by farmers, including marketing, access to information and services, and negotiation with the private sector.
2. When establishing groups, both rights and responsibilities of members should be clearly defined in consultation with the members themselves.
3. The appropriateness of communal or individual activities should be considered closely before groups are initiated, based on understanding of the internal socio-economic situation.
4. The regulations and processes of a group should be designed to enable problem-solving and adaptation.
5. Support to groups should include not only technical inputs, but also assistance to the management of the group, including record keeping and facilitation.



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