



**PROJECT «NETWORK FOR AGRICULTURE AND RURAL DEVELOPMENT
THINK-TANKS FOR COUNTRIES IN MEKONG-SUB-REGION (NARDT)»**



Regional research

Agricultural innovations review in Sub-Mekong region countries

Organic Agriculture Cooperative in Xiengkhuang, Laos

1. General information

Vegetable farming in Laos is characterized as small and scattered with no exception for vegetable farmers in Paek district, Xiengkhouang province. They highly stick to the conventional way of production. Chemical fertilizers and pesticides are commonly used in their production. Using chemicals often in production does not increase their household income significantly, but it is dangerous for consumers and growers.

Things changed when the SIDA launched a project to help vegetable farmers in the Paek district in 2009. The project attempted to transform local farmers' production from a conventional technique heavily reliant on the use of chemicals to organic production. The technical support of the SADA project includes organic vegetable production, marketing, and strengthening organization management. Since then, the organic vegetable production group was voluntarily established and Bouachan Heuangvilay was selected as the group leader. The objectives of the production group are to provide a variety of clean vegetables to the domestic market with reasonable prices and increase the bargaining power of farmers. In the early beginning of the establishment, there are only 25 farm households from five villages joining the group. Due to its continuous growth, the status of the organic vegetable production group was upgraded to an agricultural association and changed to organic agriculture cooperative in Paek district in 2014 and 2018, respectively. Presently, there are a total of 165 farm households from 18 villages being members of the organic agriculture cooperative. Half of its household members are doing commercialized production while the rest produces organic vegetables for their own consumption in the household.

The organic agriculture cooperative in Paek district is widely recognized by local authorities and the Lao farmer network. This cooperative is best known for strong organizational management, technical and financial support among members, and transparent financial management. The success of the organic agriculture cooperative in the Paek district is a meaningful lesson that other production groups and cooperatives can replicate. This success story to some extent contributes to the efforts of the government to strengthen cooperative management in Laos.

2. Model development

The organic agriculture cooperative in Paek district is best known for its strong organizational management. Before establishing the production group, vegetable-growing farmers did not have a certain market, their products could be sold at relatively low prices.

The presence of the production group and later the cooperative increases farmers' bargaining power, they can sell their vegetables at higher prices. The cooperative regularly has a meeting every three months. Members can share their experience in production and market. They will help each other when a member has a problem in production. The organic agriculture cooperative in Paek district encourages its young members to exchange experiences with cooperatives in Cambodia, Thailand, and Indonesia. Although the cooperative is mostly managed by elderly members, they are active to modernize its group management. The cooperative plans to send its members to learn how to use ICT in financial management.

The organic agriculture cooperative in Paek district has a savings fund that members can deposit and borrow money for their production. The saving fund receives a deposit of at least LAK 20,000 per month. Currently, there are 80 households accounted for around 50 percent of total household members depositing their money with the savings fund. The cumulative amount of savings is around LAK 43 million, almost this amount is loaned to the member of the cooperative with a monthly interest rate of 1 percent. Since it started lending money to its members in 2016, the cooperative never experiences a problem that borrowers could not pay back. A likely reason is that the cooperative carefully lends money to its members based on their payback capacity. Moreover, the cooperative monitors whether borrowers use the money for their production properly.

3. Opportunities and challenges

The organic agriculture cooperative in Paek district brings a great benefit to farmers. The household income of farmers increases significantly. Farmers can sell their organic vegetables with nearly two times of non-organic vegetables in the market. In addition, transforming from non-organic to organic production reduces the risk to farmers' health.

The savings fund of the cooperative can help farmers to overcome their financial constraints during the production season. When the production area of farmers is damaged by a natural disaster such as flood, drought, and disease, the cooperative has the policy to lend money without interest for 3 to 6 months.

However, this model has to cope with following challenges:

- Managing committee of the organic agriculture cooperative in Paek district consists of many elderly members who are not good at using ICT in management.

- Since the cooperative consists of many ethnicities with a large gap in knowledge and understating about the management of cooperative.
- The farming outputs of farmers are often damaged by natural disasters such as disease, flood, and drought.

4. Conclusion

The success of the organic agriculture cooperative in Paek district, Xiengkhuang Province is a good example of how farmers can benefit from the operation of the cooperative. The success of the organic agriculture cooperative in Paek district comes from the fact that the cooperative has good management and transparency. The leader of the cooperative is a factor influencing the success of the cooperative. Mrs. Bouachan Heuangvilay is a determined leader with full of skills in the management of cooperatives and saving funds. Although her age is over 65 years, she constantly encourages applying technology to improve the management of the cooperative.

Lessons and experiences learnt from the organic agriculture cooperative can be implemented in other cooperatives and production group. The organic agriculture cooperative was born when receiving support from SIDA. Thus, initial support from the government and non-government organization is important. The support here does not mean money only, it could be in the form of production technique, management, and marketing, etc.