

# LESSON LEARNED & ACTION PLAN PROPOSAL

## Group 2

Core obligation and responsibility of cooperative unit feasibility study

“How to utilize existing production unit to improve agricultural cooperative”

- Make a comprehensive understanding acquired from the training course in Korea.
- Study the contingency of improving and efficiently re-establishing existing production unit to become cooperative in the future.
- Study the location and area of the production unit
- Study the challenge and problem of the production unit
- Action plan and goal accomplishing prospect

### Lesson Learned

#### I. General economic and agricultural situation of the Republic of Korea.

- From 1980, a market demand for agricultural products has increased significantly which resulted in better family financial condition and higher income from 1990s.
- Periodic government policy progression and alteration have taken place in order to correspond and support agricultural expansion.
- There were numerous limitations on agricultural role and structure, as well as its pros and cons assessment to determine a better future for the agricultural sector.

#### II. SMU Rural Development program's vital lesson and its practical application in Laos.

- In 1996, Korea had become OECD member and ranked the 10<sup>th</sup> place amongst the industrial nations. This significant step had led to the development of the economy and community village leadership, training programs were implemented to encourage individual's initiative in creating better agricultural foundation and leadership thinking.
- A range of Governmental support on building higher family income and

improving agricultural sector, donating industrial machineries and raise women's role in order to create and increase living standard of the people.

### III. Understanding agricultural cooperative of Korea

- Distinction, importance and cooperative work, agricultural cooperative development level and its business.
- The role of agricultural cooperative bank, structure and development process of the agriculture finance system and policy support on agricultural credit loan.
- Agricultural deposit prospects.
- Agricultural cooperative marketing.

### IV. Problem and Challenge

- Integration of agricultural cooperative.

### V. Cooperative market of agricultural product

- Successful transportation
- Guarantee and protection of agricultural products from packaging process to sales.

### VI. Producers and consumers

- Study case of peach cooperative "HETHSARAE", marketing method and basis of establishing cooperative.
- The initial establishment of cooperative was first implemented in 1975 in Nongbok region, however, it was a cooperative center of both people and agricultural products which afterwards resulted in structural failure due to leadership incompetency and lack of adequate administration and vigilance.
- Collaborations between several organizations/projects and the Government were carried out in 2008 which mainly concentrated on training government officials the skill of rice cultivation and commoditization. Targeted village and household were selected by the district office for the rice production plan.
- By 2010, further effort and attention have been put into supporting and training in more advanced rice cultivation technique, more importantly this has initiated a group of farmers to collaborate in a more collective fashion.

Unfortunately, the numbers were still small at that time.

- In 2011 a rice sales contract was made between the farmers and the rice husk factory in Nongbok District. The ongoing rice production project, which began back in 2012 currently has 27 members and is situated in Tueng village, Seybangfai district, Khammuan Province. Presently, this project is still in its legislative process with the aim of streamlining its entire practicality and application. All structural aspects are similar to that of Jaeng village, Telecommunication District in which the objective is to become the cooperative model in the southern part of Laos.

#### Structural Strength

- Convenient telecommunication system that has access to the farmer's production site.
- Reliable irrigation system
- Skilled and enthusiastic members whom are extremely keen about collective agricultural production, which thereafter will lead to cooperative.
- Sufficient and abundance production site suitable for crops cultivation
- Even though, the measures taken to improve the Law's strategic system or different regulations are still unclear for the farmers/cooperatives, however, the people want to achieve cooperative as soon as possible.
- Technical skill building at different level and human resource development are still weak.
- Unreliable product standard, low quality, lack adequate planning process and cooperative set up etc.
- Farmers are not entirely confident with the public sector. Cooperative unit itself and its administration system and sustainability such as mutual trust and their effort of ensuring and negotiating local/international export deals still set disadvantages on the producers.

#### Challenges

- A second unsuccessful outcome and failure might occur due to poor understanding of cooperative principle and incompetency of governmental officials and leaders.
- If farmers lack production experience and fails to identify accurate market tendency, this too can lead to failure.

- it will have devastating consequences as well if different organizations and related sectors fail to support the cooperative units mainly from bank credit loans.

Implementation	Activity	Term			Responsible Unit	Indicator	Expected outcome
		Short (1-6 months)	Mid (6-12 months)	Long (>12 months)			
Develop skill and strength for government officials and farmers	1. Training in forming groups and cooperatives from central level to district level in a form of TOT	✓	✓	✓	Department of Agriculture Extension and Cooperative	60 person/ 3 times/year(2014 ) within provincial level	Raise awareness about cooperatives to related officials. After training, 60 officials will have comprehensive understanding about cooperative management.
	2. Training in market penetration and making business plan		✓				
	3. Gather experience from local and international level		✓		Department of Agriculture and Provincial Forestry (Provincial Agriculture Extension and Cooperatives sector)	60 person/2 times/year (2014) within district level	Teach officials more knowledge and experience so as to have deeper consciousness of forming cooperatives.
	4. Post-training assessment and monitoring						
	① Training in management and group administration						
	② Participating in marketing and gender equality						To ensure cooperative management's transparency and legitimacy.
	③ Local and international field study						
	④ Specific skill training				District Office of Agriculture and Forestry	Every 3 months, 6 months and 1 year  70/ 3 times/year (2014)	People will be able to understand more about cooperative policy, which will enable them to increase their enthusiasm and self-initiatives to manage cooperatives in sales activity and production management to comply with the market demand.

						70/ 3 times/year (2014) 70/ 3 times/year (2014)	
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## Research Paper Summary Group 1

How to modify and make improvements to agricultural market system (Organic sticky rice and steam rice) through agricultural cooperative organization

Name list:

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### I. Background

As we already know that Laos still is a least developed country with agricultural production-based national economy, 85% of the population largely engages in agriculture as a way of living. Cooperative is a cohesive organization that is collectively established by member farmers with common aim to tackle problems, expand business and thereby improve farmer's living

condition in the area and reach mutual benefit as a whole for member cooperatives.

We know that for the past years cooperative that was formed in Lao P. D.R primarily in the area of provincial agriculture production, trading and others had taught us crucial lesson about its pros and cons. Unfortunately, in the end the first establishment did not reach a successful outcome, thus leaving us to wonder about its mismanagement and what went wrong in the process.

The summary of our research relative to this issue are as follows:

- The major cause of this failure was due to the lack of skill and competent human resource in different technical skill job and administration.
- Uncommitted and non-transparent administrators.
- Joining cooperative in the past was forced against people's will.
- Former cooperative share all agricultural land and farming equipment.
- Unplanned work.
- Unsystematic and unmonitored work.

All of these contributed to the collapse of the former cooperative establishment in the end. The outcome of this failure can be a vital lesson and experience for later generations, teach them to be more vigilant in forming cooperative in the future.

1. **Strength:** Presently Laos is considered to be a least developed country. The foundation for social economic development depends heavily upon agricultural sector, with over 85% of the population employ themselves in crops cultivation and trading livestock. This is our strength and a consequence of strong, well built and efficient public administration system from top to

bottom level led by leaders of thought, loyalty and hard working citizens.

2. **Problem:** Even though we have the advantage in sales production, but we still face with numerous challenges that require everyone's participation for better resolution.

① Unstable and limited market.

**3. Cause:**

① Farmers' have a scattered and non-centralized sales location (uncompetitive market).

② Limited capital and inaccessible road to markets.

③ Constant price fluctuation (low product quality).

④ No bargaining power

⑤ Poor access to market information that causes bad market planning

- II. Title:** How to modify and make improvements to agricultural market system (Organic sticky rice and steam rice) through agricultural cooperatives organization

**III. Purpose:**

① Increase income level for fellow members.

- I. Goal:** Raise living standard for members.



## Action Plan

NO	Task	Method	Administrator	Term	Expected outcome
01	Eco tourism and cultural promotion (Rice transplanting, rice field sightseeing and harvesting)	<ul style="list-style-type: none"> <li>- Practical fieldwork and training</li> <li>- Admission ticket can be exchanged for cooperative product</li> </ul>	Women Association in cooperative	45 days (consists of 3 periods: 15 days + 15 days + 15 days)	<ul style="list-style-type: none"> <li>■ <b>Cooperative:</b> <ul style="list-style-type: none"> <li>- Raise income for cooperative and product advertising opportunity</li> <li>- Lifting farmers' social status and role</li> </ul> </li> <li>■ <b>Customer:</b> <ul style="list-style-type: none"> <li>- Raise their awareness about agriculture and also receive quality products from producers</li> </ul> </li> </ul>
	Training in rice production skill	<ul style="list-style-type: none"> <li>- General open training</li> <li>- Training on demand</li> </ul>	Technical Department of cooperative	All year round	<ul style="list-style-type: none"> <li>■ <b>Cooperative:</b> <ul style="list-style-type: none"> <li>- Raise fund for cooperative</li> <li>- Technical skill exchange</li> <li>- Lifting cooperative role</li> </ul> </li> <li>■ <b>Customer:</b> <ul style="list-style-type: none"> <li>- Acquire useful lesson and experience from cooperatives</li> </ul> </li> </ul>
02	Post-harvest science	<ul style="list-style-type: none"> <li>- Product Storage and warehousing</li> <li>- Machines after harvesting (wet separators, seed winnowing, rice husk factory...)</li> <li>- Social service</li> </ul>	Cooperatives and relevant business unit	Periodically according to product demand	<ul style="list-style-type: none"> <li>■ <b>Cooperative:</b> <ul style="list-style-type: none"> <li>- Higher standard in both quality and quantity</li> <li>- Building customer trust</li> <li>- Raise more income for cooperatives</li> </ul> </li> <li>■ <b>Customer:</b> <ul style="list-style-type: none"> <li>- Receive better quality product</li> </ul> </li> </ul>

03	Adding product value	<ul style="list-style-type: none"> <li>- Labeling</li> <li>- Packaging</li> <li>- Finishing final product</li> </ul>	Administrative unit of cooperative and other related division	All year round	<ul style="list-style-type: none"> <li>■ <b>Cooperative:</b> <ul style="list-style-type: none"> <li>- Price increase</li> <li>- Member have higher income</li> <li>- More well-built and efficient cooperative</li> </ul> </li> <li>■ <b>Customer:</b> <ul style="list-style-type: none"> <li>- Product variety</li> </ul> </li> </ul>
04	Moving and transportation	<ul style="list-style-type: none"> <li>- Group transport</li> </ul>	Cooperative	Periodically according to product demand	<ul style="list-style-type: none"> <li>■ <b>Cooperative:</b> <ul style="list-style-type: none"> <li>- Reduce production cost</li> </ul> </li> <li>■ <b>Customer:</b> <ul style="list-style-type: none"> <li>- More convenient transport to customers</li> </ul> </li> </ul>

● Future Goal

I. When cooperatives become stronger, the market will also become saturated, hence they require assistance from different sectors such as:

- Government: The government ought to play an active role and initiate supports on market creation, finding low interest rate financial institution, reducing duties and controlling unnecessary agricultural product imports.
- Relevant International organization: Training in technical skill and cooperative ( cooperative service, marketing, product processing, post-harvest science and others)

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### Research Result Summary Group III

Topic: How to raise the value and increase the production capacity of rice (coffee or crops) with the aim of improving the farmer's income through cooperative agriculture.

#### I. General Overview

The rice production unit of Jeang's village, Business communication district, Vientiane province was established in September, 9 2009, it comprises of 19 households with production field of over 53 hectare. This particular group has been producing and supplying type 3 rice for the farmers both within the village and outside, its production capacity reached over 200 tons and had a rising sales volume, until after 2011 the public sector began to encourage every region to start self-supplying rice production, the policy had dramatically enlarged the rice production unit, which consequently made it difficult to sell the products. Only 10% of sales were made, the remaining portion was sold as personal consumption that had lower selling price.

#### II. Problem, Strength and Challenges

##### 1. Problem

- Low production capacity
- Low product quality
- Uncertain market
- Storage facility shortage
- Inadequate group management, for instance:
  - i. Appointed responsibilities were not properly enforced
  - ii. Undedicated and inefficient group management
- Unenforced regulations and group responsibilities

##### 2. Strength

- Hardworking culture

- Self-owned production field
- Proper and legitimate production group establishment
- Sufficient production labor
- Government support on production materials and others:
  - i. Small-size rice dryers
  - ii. Combine harvester
  - iii. Oief
  - iv. Tractor
  - v. Rice hull factory
  - vi. Small-scale financing

### 3. Challenges

- Farmers have a freedom of selection when it comes to choosing a seed production supplier
- Retail price is not balanced with the initial capital
- The seed used does not comply with the proven technique (use old seed)

### III. Objective and purpose

- Make a high quality seed to satisfy the farmers who produce and sell locally and in other province
- To raise the farmers income and living standard
- To develop and build up the group's management and service skill to become cooperative producers in the future

### IV. Solution

Rank	Problem	Cause	Solution	Responsible Unit
1	Low production capacity	<ul style="list-style-type: none"> <li>- Low production technology</li> <li>- Oi</li> <li>- The planted seed have not gone through proper inspection</li> <li>- Inadequate group management</li> </ul>	<ul style="list-style-type: none"> <li>- Training</li> <li>- Offer inductive production support (joint capital, bank loan, international organization)</li> <li>- Inspection agency to guarantee product quality</li> <li>- Training</li> </ul>	<ul style="list-style-type: none"> <li>- Supporting officers (district, province, international)</li> <li>- Production group and others</li> <li>- Farming group + Inspection group</li> <li>- Supporting officers (district, province, international)</li> </ul>
2	Low product quality	<ul style="list-style-type: none"> <li>- Poor growing</li> <li>- Seed impurity</li> <li>- No strict inspection procedure</li> <li>- Insufficient Irrigation supply unable to satisfy demand</li> </ul>	<ul style="list-style-type: none"> <li>- Check the growing process</li> <li>- Oisgjwo</li> <li>- Appoint an inspector</li> <li>- Improve Irrigation system</li> </ul>	<ul style="list-style-type: none"> <li>- District +group</li> <li>- Producers</li> <li>- Farming division</li> <li>- Irrigation division</li> </ul>
3	Uncertain market	<ul style="list-style-type: none"> <li>- No decent marketing plan</li> <li>- No imposed contracts between suppliers and buyers</li> <li>- No price assurance</li> </ul>	<ul style="list-style-type: none"> <li>- Execute good marketing plan</li> <li>- Make sales contract between two parties</li> <li>- Guarantee price</li> </ul>	<ul style="list-style-type: none"> <li>- Group's president</li> <li>- Member + buyer</li> <li>- Government</li> </ul>

4	Short-term sales	<ul style="list-style-type: none"> <li>- No available storage</li> <li>- Lack of post harvest techniques</li> </ul>	<ul style="list-style-type: none"> <li>- Build a storage</li> <li>- Training and provide some farming equipment</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Group + government + international</li> <li>- District + province + international</li> </ul>
5	Inadequate group management	<ul style="list-style-type: none"> <li>- Undedicated and inefficient group management</li> </ul>	<ul style="list-style-type: none"> <li>- Unfold a training conference</li> <li>- Closely monitor district officers and provincial officers</li> </ul>	<ul style="list-style-type: none"> <li>- Group + District</li> <li>- Provincial level officers and district level</li> </ul>
6	Unenforced regulations and group responsibilities	<ul style="list-style-type: none"> <li>- Appointed responsibilities were not properly enforced</li> </ul>	<ul style="list-style-type: none"> <li>- Create mutually understood commitment letter so that each person shall properly carry out their duties</li> </ul>	<ul style="list-style-type: none"> <li>- Group committee + District</li> </ul>

#### V. Recommendation and Proposal:

1. Propose to (KREI) international organization to offer assistance in technical training program and expenditure in establishing cooperative, details are as follows:

- Model and procedure in forming cooperative
- Sustainable cooperative management
- Create project model for other cooperative
- Build rice seed storage
- Provide rice drying field