# Understanding commercial relationships and contract farming in the maize sector in Houaphanh province, Lao PDR



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#### 1. Research background

Since the beginning of the project, several field trips have been organized to gather qualitative and quantitative information on the two project sites, as well as in other maize producing villages of Houaphanh. The following activities have been carried out so far:

#### Pakhom Noy and Na Khang (project villages):

- Fieldwork #1: Institutional mapping (Province, district, village]; general information about the study villages (historical profile, community wealth ranking); seasonal calendars
- Fieldwork #2: Farmer livelihood survey
- Fieldwork #3: Serious Games

#### Houaphou, Men and Natong (non-project villages):

- Fieldwork #4: Head of village interview, focus group discussion on the history of maize farming in the village; farmer livelihood survey.

Most of the information focuses on farmers and their communities. While these rounds of surveys and games already provide us with a fair amount of information on maize production and farmer livelihood strategies, much less information is available on how trade relationships are actually organized. More detailed information about how trade relations actually work (and who exactly is involved) could help us improve our thinking about how traders could help promote more sustainable practices.

The fieldwork carried out before the Covid 19 crisis led to the publication of a report (Vagneron et al., 2019). The main findings of this report are as follows:

- The two villages are very different in terms of maize production and trade. Na Khang depended a lot on maize, while the more isolated village of Pakhom Noy only marginally lived off of maize (farmers sold other farm products and non-timber forest products, but were also more subsistence-oriented).
- This difference translated in the fact that maize prices were both higher and less dispersed in Na Khang than in Pakhom Noy, suggesting a higher competition between traders in Na Khang pushing up and homogenizing prices.
- Trade relations were also quite different between the two villages as farmers in Na Khang mentioned longer and stronger relations with their trader. While in Na Khang 86% of the maize farmers had kept with the same trader over the past 5 years, in Pakhom Noy, 85% of the maize farmers had actually changed their trader over the same period. None of the maize farmers in Pakhom Noy described their relation as either strong or very strong (against 25% in Na Khang).
- Two-thirds of the farmers in our sample had no contract with a trader and 26% only had an oral agreement.
- Contracts sometimes involve the village head.
- Farmers in both villages received inputs from traders as well as cash credit. Credit payment is usually done through deductions on the price of maize while cash credit carried a monthly interest rate of 2-2.5%.
- 57% of the farmers are paid immediately after the maize is collected by the traders. All farmers are paid in cash in Vietnamese Dong.
- In Na Khang, traders dug feeder roads to reach the fields of 68% of the farmers (none of the farmers in Pakhom Noy mentioned this). In 2018-2019, the average length of the feeder roads was 3.8 km and their duration was 6 years.

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and farmer livelihood strategies, much less information is available on how trade relationships are actually organized. More detailed information about how trade relations actually work (and who exactly is involved) could help us improve our thinking about how traders could help promote more sustainable practices.

#### 2. Research objectives

The overall objective of this research action is to complement the field data collection and analysis work carried out prior to the Covid 19 crisis, in particular by focusing investigations on the following questions:

- The legal framework of trade relations: Previous surveys suggest that the area in which both villages are located (referred to by local stakeholders as the "free-trade zone") is subject to specific regulations that are aimed at making trade easier than in other districts that are located farther away from the border. However, the few traders interviewed complained about the many taxes they had to pay. This needs to be clarified
- Contract negotiation: Very little is known about how and by whom the contracts are negotiated. Even if written contracts seldom exist, traders do agree at least orally with the farmers and also very often with the village heads themselves. The details of this negotiation are still quite obscure. This needs to be clarified.
- Content of the contracts: Several topics should be explored in order to better understand what is covered by the contracts, in particular:
  - The feeder roads: The details of feeder road development are still quite obscure, although roads are a strategic tool for the traders to access the maize (and to control farmers), and a key driver of deforestation (Castella et al., 2021).
  - The indebtedness of farmers: some information should be obtained on the financial terms of the agreements and on the actual level of maize farmer indebtedness (related to input and cash credit as well as to feeder road construction).
  - Risk sharing between the farmers and the traders: the aim is to identify the type
    of risk to which maize farmers are exposed, whether these risks are covered by
    the contracts and how.

In addition, the field survey aims to understand the dynamics of the agricultural sector in Houaphanh province, in relation to the public policies implemented. In particular, the aim will be to determine the place of the maize sector in the overall agricultural development in this province.

# 3. Methodology

After a quick review of the scientific literature, available statistics and existing expert reports on the maize sector in Laos and Houaphanh province, a questionnaire was developed that encompasses the main research objectives.(see Annex

On the basis of this questionnaire, interviews were conducted in Houaphanh province during a field mission that took place from 4 to 10 April 2022. Government agencies of Houaphanh Province, namely the Provincial Agriculture and Forestry Office (PAFO) and the Provincial of Industry and Commerce Office (PICO) were first interviewed. Then, surveys were conducted in two districts, - Xieng Khor and Sop Bao - with government authorities (DAFO and DICO) as well as with farmers and traders in the two villages of Ban Na Khang and Ban Pakhom Noy located in these two districts respectively. The focus groups with farmers and traders involved about 15 participants in each village (cf. Photo 1).

Photo 1. Meeting with farmers in Ban Na Khang village



#### 4. Results

The results are presented as follows:

- The first part briefly traces the history of the development of the maize in Houaphanh and details how the main value-chain actors (farmers and traders) in the two villages and the local authorities see its future after the Covid 19 crisis. In this section, recent production and export statistics are presented, as well as an analysis of the obstacles and opportunities for the development of the maize sector in the two villages.
- The second part discusses the public policy measures that have been developed to support the maize sector. Based on data collected in the two target villages, we analyse the consequences of this public action on the development of cross-border maize trade between Houaphanh province and Vietnam.
- The third part focuses specifically on contracts: we analyse how contracts are set up, the different provisions contained in the contracts and how they are actually implemented. This analysis will lead us to draw lessons on the nature of the relations between the actors (trust, conflicts, etc.) and on the advantages or disadvantages of contract farming in the maize sector in Houaphanh.

#### 4.1. The future of the Maize in Houaphanh province

In Lao People's Democratic Republic, the agricultural transition has started in the 2000s, following economic opening and integration with the regional economies of Southeast Asia.

This transition has been largely supported by public action to promote cash-crop production (Hepp et al., 2019). In the Northern Laos, one of the objectives of public action was to eradicate opium production and to replace subsistence farming with cash-crops to generate income for farmers (Cole, 2022). Due to the high demand for animal feed in Vietnam, linked to the increase in Vietnamese meat consumption, these policies have led to the rapid development of maize in northern provinces (Kallio, 2019; Cole, 2022).

The agricultural sector in Houaphanh province has undergone profound changes in the 2000s, with a sharp increase in the area under maize cultivation, followed by a progressive decline. In 2008, according to PAFO, the estimated area of maize cultivated in Houaphanh was close to 33,000 ha, whereas since 2017 it has fluctuated around 10,000 ha (see Figure 1). In 2020, the area under maize cultivation was estimated at 10,900 ha. However, although it has declined sharply over the past 15 years, maize is still an important crop in Houaphanh, accounting for more than 20% of the agriculture area (Figure 2). Maize is still the main cash crop of the province. Five districts in Houaphanh province produce maize for commercial use: Xieng Khor, Et, Sopbao, Xam Neua, and Huamuang. PAFO estimates that around 85% of maize produced is exported to neighbouring countries, mainly to Vietnam.

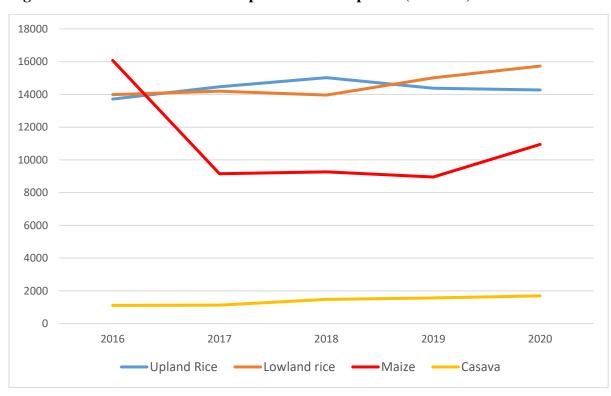


Figure 1. Evolution of the main crops area in Houaphanh (hectares)

Source: Five years socio-economic development plan, 2021-2025

Yet, this cycle of boom and bust in maize monoculture creates uncertainty about the future of maize in the province, as maize cultivation has been abandoned in several villages in favour of other cash crops considered more profitable and less risky by farmers (Rubiyanto and Hirota, 2018). In the whole province, cassava have expanded and large ruminant rearing has also increased (see Figures 1 and 3).

1%\_ 1% 3% 5% 28%

Maize

■ Coffee

vegetables

Tea

Figure 2: Crop distribution in Houaphanh province (% of agricultural area)

Source: Houaphanh PAFO, 2020

Cassava

Paddy Field

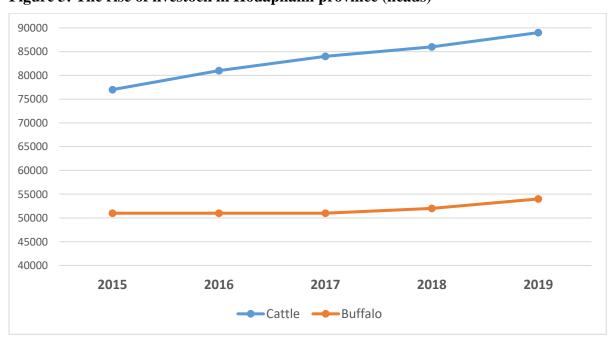


Figure 3: The rise of livestock in Houaphanh province (heads)

Upland rice

■ Fruit trees

Source: Houaphanh PAFO, 2020

While the maize cultivation had positive impacts on income generation and poverty reduction among rural households (Thanichanon *et al.*, 2018), it has also caused substantial social and environmental challenges like soil degradation (Fujisao et al., 2020) and contamination due to an overuse of chemical fertilizers and pesticides (Shattuck, 2021).

According to local authorities and maize value-chain's stakeholders interviewed, the problem that causes the area of maize production to decline each year is caused by the following reasons:

- Price volatility: the price is not stable and cannot be controlled by the government. Most companies, investors or traders set the price. Farmers are price-takers.
- Accelerated incidence of climatic and biological damage to crops (floods, droughts, and pests like wormy army, caterpillars, rats...): A total of 164 ha of maize production area in 4 districts (Sop Bao, Xieng Khor, Huamuang, Kan district) areas were damaged recently, and yields were affected (PAFO. 2021).
- Environmental issues: the expansion of maize production areas has led farmers to cut the forest without any authorization. Maize expansion is a major cause of deforestation. The Government of Lao PDR is fighting illegal deforestation.
- Decline in productivity: soils have rapidly lost their fertility, resulting in low yields and forcing farmers to increase the quantities of chemical fertilizers, whose prices are rising.
- Increasing price of imported inputs: the highest cost of chemical fertilizers is not reflected in the market price of maize, leading to profit losses or no profit at all and worsening farmers' debt.
- Maize development is no longer a public policy priority: due to environmental degradation, local authorities (PAFO) tend to promote crop diversity and ruminant farming rather than maize.
- Poor maize quality: according to traders, maize has low pH, high moisture content and small kernel size characteristics. These poor qualities could be due, on the one hand, to soil and climatic conditions (cold temperatures, poor soil quality, etc.) that are not really suitable for growing maize in Houaphanh and, on the other hand, to the inadequate qualifications of farmers (insufficient skills in seed selection, production techniques, etc.).
- Loss of market share in the Vietnamese market: the competition from other countries such as India in increasing.
- Informality of contracts: farmers have difficulty entering into formal and fair contracts with buyers, causing plenty of conflicts. Government agencies do not regulate some contracts which remain informal.
- Violation and non-compliance of the agreement between the farmers and the traders: farmers do not believe the traders and do not want to continue to grow maize.

While the situation in the two target villages is consistent with this general picture, some slight differences are noted in the dynamics of maize development between the two villages.

Farmers in Na Khang village started planting maize in 1995 with the support of Vietnamese traders in the beginning. Due to the difficulties listed above, maize cultivation is decreasing year by year. Input prices and decreasing soil fertility are mentioned as the main problems leading farmers away from maize.

The maize has been produced for years without soil improvement and overuse of chemical products that have caused soil degradation and lower productivity. A maize producer reported that in 2020 he used 100 kg of fertilizer on his maize plot and he got about five tons of maize. In 2021, he had to apply 120 kg of fertilizer in order to get the same quantity. In the same time, the price of chemical fertilisers increased sharply. In 2021, it reached 700,000 VND/50kg compared to 500,000 VND/50kg the previous year, while the market price of maize did not

increase enough (3500-3600 VND/kg on average in 2021 compared to 2700-3000 VND/kg the previous year) to compensate for the fertiliser's extra costs and additional use. Farmers have to apply also more herbicide to facilitate the production, which increase the production costs. Moreover, maize producers faced natural disasters such as drought, rats and insect infection, which destroyed about 40 per cent of the maize crops in 2021. Therefore, about 35 per cents of the producers face food insecurity.

Yet, despite these obstacles, maize remains the main crop in Na Khang village, which is located on the Vietnamese border (Figure 2). All the 185 families grow maize in 2021. Families considers maize cultivation as the main source of income in this village. In 2022, six Vietnamese traders invest and collect the maize in this village. The maize is almost totally sold to them, and then exported to Vietnam.



Photo 2. Laos-Vietnam border at Ban Na Khang village

Photo: Stéphane Guéneau, 2022

The reasons why maize has not been completely abandoned by farmers are, on the one hand, the difficulties in developing alternative crops. Few crops seem to be suitable for the soil and climatic context of the village, not to mention the lack of experience of farmers in growing crops other than rice and maize. Farmers tried to grow fruits (plums and mangoes) because a fruit-processing factory has been established near the country border that could absorb and collect all those fruits. Unfortunately, the quality of the fruit harvested in Na Khang was poor and the farmers were unable to sell it. The other diversification option is to grow fodder grass instead of maize in order to feed the animals, especially cattle and goats. Big ruminant farming is increasing in Na Khang village.

In the other hand, farmers in Na Khang continue to grow maize because of the special relationship they have with the traders. Each trader is responsible for a specific number of farmers with whom they have had close and trustful ties for many years. These relationships, which go beyond simple business relationships, are associated with the notion of patronage and paternalism described recently by Robert Cole: "Traders took on quasi-'developmental' roles amid the limited reach of state policies or, rather, the practical limits to which policy objectives

could be achieved with scarce resources and lack of access to isolated communities. In the process, the traders built local infrastructure, provided informal agricultural extension, and brought new commercial opportunities to farmers." (Cole, 2022)

In the village of Pakhom Noy, maize cultivation started in 1998 without the support of traders. The village is less dependent on maize than Nakhang village. Economic activities are more diversified and the village is more isolated. The maize production boomed in 2006-2010, and since then, it fluctuates. The instability of market prices and the increase in input costs are the main factors explaining the fluctuation in the volumes of maize produced each year (see Table below). In 2021, the total area of maize production was about 30 ha. 84 families grow maize but about 70% of them grow for domestic use, and only about 30% for sale. Before 2021, selling prices were considered too low by producers. Prices have increased in 2021, but they do not compensate for the increasing cost of chemical inputs.

The quality of the maize does not meet market requirements, as the village is located in a wetland area which affects the quality of the maize. In addition, there is not enough space for commercial maize production in the village. Therefore, the families who grow maize for market have to rent land outside the village, in order to access more fertile land and to improve the quality of the maize. In Pakhom Noy, farmers are not very dependent on external input supplies. Consequently, contract farming does not exist in this village.

Maize is not the main source of income for the village, which is derived from the sale of ruminants (buffaloes and cows). This lucrative activity is growing rapidly. In addition, producers have partially replaced maize by arrowroots and six households started to grow tropical fruits in 2018, especially passion fruits and plums. They aim to export the fruits to Vietnam, but they have not harvested these fruits yet. The profits from the sale of arrowroot are less than those from the sale of maize, but this crop requires fewer chemical inputs, so the balance of this change of crop is rather positive. However, farmers report that raising ruminants and growing arrowroot is also problematic. In some years, there are no buyers for arrowroot production, and they do not have enough experience as livestock farmers, especially in veterinary treatment, which causes losses of income due to disease. However, the Annual Report 2021 of Pakhom Noy village reported that, currently, the direction of the village organization's plan is to focus on animal husbandry and expand grassland. In addition, many farmers are developing off-farm activities, setting up shops, and trading in services.

Table 1. Maize production area and annual selling price in Pakhom Noy village

|                       |         | 2018  | 2019  | 2020  | 2021  |
|-----------------------|---------|-------|-------|-------|-------|
| Maize production area | (ha)    | 6     | 30    | 50    | 25    |
| Selling price         | Minimum | 1,800 | 1,800 | 1,800 | 2,500 |
| (VND/Kg)              | Maximum | 2,500 | 2,500 | 2,500 | 3,000 |

Source: authors

- 4.2. Supporting the maize sector in Houaphanh province: public policy framework and instruments
- 4.2.1. Understanding the overall goals and strategy plans of the province regarding agricultural production

Cross-border trade is regulated by a series of general policies guiding the agricultural sector in Houaphanh province. The main policy documents are presented in the following sections.

#### a. Five years industrial and commercial development plan 2021-2025

PICO of Houaphanh Province has based its plan on the Guidelines on the Implementation of certain articles of the border trade agreement between the Government of the Lao PDR and the Government of Vietnam, No. 0280 / MIC, enacted on 27 February 2017 and the minutes of the 12th Meeting on Border Trade Development Cooperation between the Ministry of Industry and Commerce of the Lao PDR and Vietnam, held on 11 April 2022. The Plan includes specific targets related to agriculture and forestry sectors:

- Promote and develop small and medium enterprises (SME), in line with technological change: promote the marketing, support the access to finance and the financial management, increase the production techniques to improve the quality of goods and services, and enhance the ability to compete with domestic and foreign entrepreneurs.
- Develop a program to organize trade fairs in the province and elsewhere, along with the development of local products and services that have the potential to be a commodity as one district one product (ODOP), to obtain a product that aim to increase value added based on the use of agricultural potential, local handicrafts and the local wisdom of the province to contribute to the socio-economic development.
- Encourage and attract more domestic and foreign investment, facilitate the modernization by using science and technology.
- Manage the market conditions within the province, the stability of prices of goods and the adjustment of supply and demand within the province market in order to protect consumers and to improve the living standards of the people.
- Open and expand foreign trade, focusing on the development of strong cross-border trade of the northern provinces with Vietnam provinces adjacent to the province of Houaphanh; develop cooperation in the production and processing infrastructure. Set a boundary economic cooperation zone, including language-free shops and industrial estates; accept the industrial transfers of some of the cooperating countries.

According to PICO, one of the goals of this plan is to increase the proportion of exports to Vietnam from 2021-2025 to at least 7% per year and to other ASEAN countries to at least 1% per year.

PICO Houaphanh is responsible for the implementation of the plan. <u>The last report of the 5 years (2016 to 2020) implementation period of the Plan mentions the following activities:</u>

1. Internal trade: monitoring of the prices of goods of the province market to ensure stability in the price of consumer goods and food supplies to meet the needs of the people. At present, there are 27 markets in the whole province, including 4 main markets and one night market.

- 2. Promotion of small and medium enterprises (SMEs): promoting the province's export potential to be able to compete in both domestic and foreign markets, focusing on handicrafts (local and international exhibitions to expand the market) maize, sorghum, soybeans, and non-timber forest products.
- 3. Trade promotion: favouring bilateral and multilateral economic and trade cooperation to strengthen relations with neighbouring countries such as Vietnam (Thanh Hoa, Son La), China and Thailand, for example, cooperation in technical activity, trade information, funding for training, study tours and trade fairs on a regular basis.
- 4. Import and export facilitation: implementing the legislation related to trade facilitation, through issuing the certifications of origin which are required to cross the border. In Houaphanh province there is regular trade activity along the border of Vietnam (exchange of goods with Son La, Thanh Hoa and Nghe An provinces in Vietnam). However, during the outbreak of Covid 19 disease, border checkpoints were closed and only 11 certificates of origin were signed under the Lao-Vietnam border trade agreement (mainly for agricultural products).
- 5. Enterprise registration and management: in the year 2021, it was allowed to register and change the registration of all 292 units, with a registration value of 375,407,648,130 kip (see table 2).

Table 2. Number of registered units and registered investment costs.

| Sector       | Number of units | Registered capital (LAK) |
|--------------|-----------------|--------------------------|
| Agriculture  | 20              | 44.687.660.000           |
| Industry     | 33              | 97.613.400.000           |
| Commercial   | 155             | 51.177.999.000           |
| Service      | 69              | 35.926.757.090           |
| Construction | 15              | 146.001.832.040          |

Source: PICO, 2021

This plan shows that the PICO seeks to facilitate trade between Houaphanh province and ASEAN countries, particularly cross-border trade with Vietnam. A number of instruments have been implemented, from facilitating investments, supporting SMEs or controlling prices. However, maize trade does not seem to be a priority, as public action is rather focused on a variety of products. Managing trading conditions is an element of the plan, but monitoring contract farming is not mentioned as a central element in the plan.

#### b. Five-Year Agriculture and Forestry Development Plan

The plans 2016-2020 and 2021-2025 are implemented by the PAFO of Houaphanh Province, following the policy guidelines and strategic plans of the Ministry of Agriculture and Forestry (MAF). The plans include 3 pillars: agriculture, forestry and rural development and poverty eradication. According to the evaluations carried out after the implementation of the previous plan, the rural poverty rate is still high in Houaphanh. The Agriculture pillar includes a Food

security program and a Commodity production action plan. Regarding food security, the main policy instruments aim at supporting productivity in paddy fields, using new techniques such as the use improved varieties (N97) and System of Rice Intensification (SRI). The commodity production action plan defines the priority products according province's agriculture potential and the knowledge of farmers in each area. It also focuses on the establishment of production groups, along with the promotion of investment.

The report of the five years agriculture and forestry implement and development plan (2016-2020) pointed out the following positive findings:

- Agricultural production for food security is growing steadily, it can guarantee food, solve livelihood, have basic rice, have some spare parts and sell them as commodities.
- Commodity production is beginning to emerge in the districts, such as chicken farms, cattle raising, and various crops to meet the basic needs of the domestic market and some exporters can generate income for a considerable number of farmers.
- Agricultural infrastructure has been built, improved, and maintained to provide water for farmers' production throughout the production area, especially the area of continuous expansion, can reduce the shifting cultivation of ethnic people to some extent.
- Increased assistance from countries and development partners to develop agriculture and forestry is a major contribution to development as well as the implementation of 8<sup>th</sup> Plan shows the belief in the policy of the Party and the state of the foreign affairs in the pursuit of foreign aid to improve the living standards and alleviate the poverty of people of all ethnic groups.
- Comprehensive rural development and poverty alleviation activity can be achieved at the expected level, such as the development of development villages, the transformation of large villages into small city, the construction of infrastructure for development groups, village development funds, the Lao-Vietnam 3 Focus Fund and the Senior Fund.

However, the report of the five years agriculture and forestry implement and development plan (2016-2020) also highlighted several negative elements:

- Commodity production is not yet a dynamic and widespread process, there are still traditional concepts, living in nature, scattered, producing enough to eat, still do not understand and see the importance of creating a production group.
- The survey on agricultural productivity and the collection of statistics on agricultural output for export at various checkpoints are not yet complete and clear.
- The training of specialized staff to guide farmers is not enough to meet the demand.
- Agricultural and forestry technical service stations are not yet strong enough to provide plant and animal varieties and provide technical services to farmers according to their roles.
- The establishment of development villages and development families has not yet reached the expected level.
- The establishment of agricultural production groups has not yet reached the expected level, is not yet strong and is not fully operational.
- There is no fixed market, most of it is directly related to foreign markets, where producers do not have access to information, cannot negotiate prices; producers get low prices, which causes them to lose faith.
- The use of herbicides, pesticides, and chemical fertilizers has a direct impact on environmental protection and is a major cause of land degradation.

 Climate change and threats from natural disasters such as floods, droughts, pest outbreaks, livestock disease outbreaks, landslides, etc, lead to high risks to farmers' agricultural production.

The Five-Year Agriculture, Forestry and Rural Development Plan (2021-2025) is based on a holistic vision in order to "Ensure food security, promote the production of agricultural products that have the potential, advantage, cleanliness, environmental protection and sustainability, contribute to comprehensive rural development, build the economic base of Houaphanh province in the direction of industrialization and modernization.". In the coming years, the plan aims at adapting agricultural production to the potential conditions of the natural resources, balancing agricultural growth with sustainability by enhancing the potential of the province on production and export of green, clean, safe and environmentally friendly products.

In this vision, the maize sector is considered problematic, given the environmental impacts it generates. According on the report of the 2016-2020 plan, maize production tends to decrease, which is in line with the policy objective to stop slash and burn farming and replace maize by other crops that are environmentally friendly and sustainable.

#### 4.2.2. Legal framework of maize border trade relations

#### a. Investment plans

In Houaphanh province, cross-border trade relations are governed by two types of investment plans:

- the *general investment area* is defined by the local authorities as the production area where farmers and traders carry out their commercial activities independently or without contracting. This means that farmers pay their inputs with cash and freely sell their products to any trader they want (depending one who offers the highest price) after harvest. For instance, in Sop Bao district, the *general investment area* is located in the lowland area. It includes 32 villages, where farmers cultivate crops mainly to serve the family, without contracts with traders. In this area, only rice is produced for export within the province and outside the province;
- the *specific investment areas* (sometimes called free-trade zones in a rather strange way) are defined as zones regulated by a contract between each investor and the farmers and recognized by local authorities. For example, in Sop Bao district, 35 villages located in the highlands are included in the *specific investment area*. Companies or traders who have not entered into a contract are not allowed to purchase in this specific area. Each investor has a delimited part of the specific investment area where he provides inputs, builds roads and disseminates the production techniques for farmers, in order to increase the productivity of maize. Investors are also traders. They collect maize and organize the transportation to Vietnam. They cannot collect maize outside their contracted area, while farmers cannot sell their maize to other traders who did not sign a contract with them.

Three main government agencies involved in these contracts for the province are the provincial Agriculture and Forestry Office (PAFO), the Provincial of Industry and Commerce Office (PICO), and the Provincial of Finance Office (POF). Each of them has a specific role in the governance of investments (see Figure 2 and 3). The PAFO issues a certificate of agricultural production (see annex 1), while the PICO issues certificates of origin for export (see annex 2) and the financial administration collects taxes.

According to Planning and International Cooperation unit under the umbrella of PAFO, the process of attracting investment from local and foreign business is divided into two main patterns:

Pattern #1: the investors / traders do not yet have information on the area to invest. In this case the process is as follows (see figure 1):

- After the company/investor/trader has received the enterprise registration certificate from the PICO (see annex 3), the tax fee has to be paid to POF and then the investor can contact the PAFO:
- PAFO will then require companies/investors/traders to coordinate with districts and target villages to survey the potential areas in such production areas.
- Upon completion of the survey, the company must prepare or write an economic and technical report of the project to be invested using the form from PAFO (see annex 4).

3. Issue registration certificate for the company 7. License to do **POF PAFO PICO** business/project Company/traders 1. Enrollment of enterprise registration certificate 4. Request letter to the district for conduct a joint survey in the target district 6. Write an Village authority **DAFO** economicorganization 5. Coordinate technical analysis with the report to PAFO target village

Figure 4. The provincial investment pattern 1

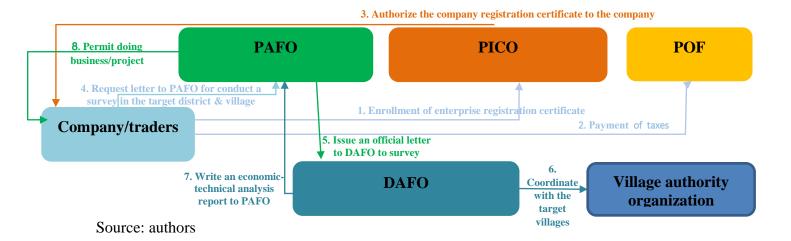
Source: authors

Pattern #2: theinvestors/traders have more information on the area to invest. In this case the process is as follows (see figure 2):

- After the company/investor/trader has received the enterprise registration certificate from the PICO, the tax fee has to be paid to POF and then the company can coordinate with PAFO;
- Investors/traders liaise directly with target districts and villages to conduct surveys and collect data from the target areas of the project without going to PAFO.
- After that, an official letter is sent to the PAFO to obtain the license to the implement the project. An economic-technical analysis is attached in annex.
- The PAFO then liaise with District office of Agriculture and Forestry (DAFO). After receiving the official letter and an economic-technical analysis from DAFO, the PAFO coordinated with the relevant unit within the office to comment on and consider the project.

- After the inspection and consideration by the relevant unit under PAFO, the Planning and Cooperation unit of PAFO prepare the official letter that allow the investor to conduct the project.

Figure 5. The provincial investment pattern 2



According to the Head of Enterprise Registration unit under PICO, the documents for enterprise registration in Houaphanh Province are based on the agreement of the Ministry of Industry and Commerce, No. 0023/IC.MIC, issued on 9 January 2019. There are two registration forms: the concession form which focus on large areas, and must be approved by the Ministry in coordination with the province and handed over to the province to monitor and inspect; the form for smaller investment which is approved only by provincial authorities.

Regarding the investment in maize production in Houaphanh province, the PICO has the main authority to issue the registration of the companies and to issue the Certificate of origin of goods. The collection of fees is based on the Decree of the President of the Lao PDR, No. 002 / PLPDR, issued on 17 June 2021 (Fees and Service Charges, Part IV Fees and Services in the Economic Sector; Section 3: Industry and Commerce, Article 19: Fees).

The fees for issuing enterprise registration certificate is collected according to the size of the registered capital (cf. Table 2). The Deputy Head of PICO reported that if the registered capital is less than 500 million kips, the District office of Industry and Commerce can issue company registration certificates to investors. The Provincial Finance Office (POF) collect the tax fees based on the Decree of the President of the Lao PDR (Decree No. 002 / PLPDR, issued on 17 June 2021 on Fees and Service Charges, Part IV Economic Fees and Services, Section 2: Finance, Article 16 Fees)

According to the report of the Department of Agriculture and Forestry of Houaphanh Province, 49 foreign companies have invested in the province 2020, including 7 companies from Vietnam. Vietnamese companies focused on agriculture, animal husbandry, forestry, and irrigation. Only 3 companies have invested in the target area were data have been collected: Lao Mak Kao Export-Import Company Limited (Lao investor located in Sop Bao, Xam Neua, Viengxay, Huamuang, Hiem, and Som Tai district, promoting planting and purchasing gac fruits, called *Mak Kao* in lao language; Natural tea conservation and promotion company limited, which is a Chinese company working in Xam Neua, Sam Tai, Kuan, and Xieng Khor

districts, in order to promote tea cultivation; Chan Van Son Company, a Vietnamese investor which promotes and develops agriculture for export in Xieng Khor district (maize, soybean, sesame, and ginger).

Table 3. Fees for issuing enterprise registration certificate in Houaphanh province, 2020

| No | Amount of registered capital           | Unit | Rates (LAK) |
|----|--|------|-------------|
| 1  | From 1.000.000 to 10.000.000           | time | 20.000      |
| 2  | More than 10.000.000 to 20.000.000     | time | 50.000      |
| 3  | More than 20.000.000 to 50.000.000     | time | 100.000     |
| 4  | More than 50.000.000 to 100.000.000    | time | 300.000     |
| 5  | More than 100.000.000 to 400.000.000   | time | 500.000     |
| 6  | More than 400.000.000 to 1 billion kip | time | 1.000.000   |
| 7  | More than 1 billion to 10 billion kip  | time | 2.600.000   |
| 8  | More than 10billion to 20 billion kip  | time | 4.000.000   |
| 9  | More than 20 billion kip               | time | 6.000.000   |

Source: PICO, 2021

#### b. Export control

The government is involved in export control through the issue of Certifications of origin of goods and the collection of exportation taxes based on the Decree of the President of the Lao PDR, No. 002 / PLPDR, issued on 17 June 2021 on Fees and Service Charges, Part IV Fees and Fees for Economic Areas. The value of the tax is relative to the value of the exported goods (see table 4 below).

Table 4. Export tax value

| No | Export value               | Annual tax collected (LAK) |
|----|----------------------------|----------------------------|
| 1  | below 10.000 US\$          | 40.000                     |
| 2  | from 10.001 to 30.000 US\$ | 60.000                     |
| 3  | from 30.001 to 60.000 US\$ | 80.000                     |
| 4  | More than 60.000 US\$      | 100.000                    |

Source: PICO, 2021

One of the Vietnamese traders interviewed mentioned that the Provincial office of finance collect a one-off payment corresponding to a certain volume exported. For example, for 300 tonnes of maize exported, he paid 10,000,000 kips. He also reported that every time he crosses the Lao-Vietnamese border to export maize he has to pay additional taxes to the industry and trade authorities. For example, each time a 20-ton shipment of maize crosses the border he has to pay 100,000 kips. In addition, he also has to pay a 50,000 kips border tax to the agriculture and forestry authorities.

#### c. Regulation of the use of agrochemical products

Another important regulation of maize deals with the use of agrochemicals. In 2020, the PAFO promoted and advertised the control of the use of chemicals and pesticides and the risk of the use of chemicals in agricultural activities 4 times in 4 districts (Huamuang, Sopbao, Xieng Khor, and Et district), including 14 villages. Based on two orders of the province on strengthening the management, inspection of fertilizers, plant seeds, herbicides, and other pesticides in Houaphanh Province No. 08/P.HP, issued on November 2014 (Annex 5) and No. 158/P.HP issued on December 2019 (Annex 6), Sop Bao district authorities have issued a notice to the head of all villages in Sop Bao District in order to prohibit the use of all kinds of herbicides and certain pesticides (Notice No. 190/DAFO, dated 27 May 2020, see annex 7).

# 4.3. Understanding the role of contract farming in the maize value-chain in Houaphanh province

#### 4.3.1. The institutionalization of contract farming in Houaphanh

In Houaphanh province, in most of the cases, farmers are working for years with the same trader. A relationship of trust, even friendship, has been established with the trader, who often lives in the same village or a neighbouring village and is part of the community. Most of the contracts between farmers and investors are informal, in the form of oral commitments, without written records. At best, contracts are officialised at the village level.

For instance, in Pakhom Noy village (Sop Bao district), from 2003 to 2012 a Vietnamese trader who lived in the neighbouring village of Pakhom Nyae, came regularly to encourage and support farmers to grow maize for commercial purpose. Joint contracts were signed between the trader and village-level organization. During this period, the trader helped farmers to build roads to access local production areas, without asking any fees to the farmers for such investment. In addition, the trader also provided loans to farmers to improve their livelihoods in times of money shortage, such as expenses for children to go to school or medical expenses.

However, this relationship of exclusive trust with the Vietnamese trader came to an end in 2012, when the trader did not renew his contract. From 2012 to 2017, the villagers renewed their contracts with other local traders using a similar form of agreement, signed by the village organization. Then, between 2017 to 2021, farmers sold maize and other commodities to two local traders using only oral contracts.

In Ban Na Khang village, which is a village with a long history of maize production, farmers generally deal with traders without making formal contracts, just holding each other's hands or making verbal promises. In 2001, two Vietnamese traders came to encourage farmers to grow maize for sale. At that time, a road was built to access farmers' production areas with a five-year contract to pay for the road. The cost was 18 million VND/1 km. Farmers had to pay for building this road. Since then, other feeder roads have been built. At present, there are 4 main feeder roads made by Vietnamese traders in the village: the first one is about 4 km long, and the others are about 12 km, 8 km and 15 km long. These routes belong to 5 traders. If a trader repairs a road in his production area, other traders cannot enter the area to collect maize.

Most farmers on Ban Na Khang village choose to have long term relationships with the same trader. Generally, they sell their maize to traders with whom they have done business in the past and have known for a long time. The most important criterion for choosing a trading partner is the ability of the trader to make a deal quickly after the harvest. In 2021 there were 5 Vietnamese traders who had business relationships with farmers in Ban Na Khang.

Over the years, conflicts between traders and farmers have emerged and some farmers have lost confidence in local and foreign traders. According to local authorities, this is one reason why the area of maize has decreased year by year. Therefore, in 2018, the government of Houaphanh started to be involved in contract farming, due to recurrent conflicts between the parties in various places of the province.

Since then, the government has supported the signature of writing contracts between the farmers and the traders at the village level. The local authorities also have paid attention to the content of the contract. At the district level, the relevant authorities have prepared generic contracts they can officially certify after they have been signed by the representant of the farmers and the investors. They also started to follow up the implementation of the contracts, in order to prevent and avoid conflict between the parties.

According to the report of the Deputy Director of the DICO, at present, there are 6 investors in Sop Bao district which support maize cultivation through official contracts. Five of them are Vietnamese and one is Lao. These six investors have signed contracts with village organizations that have been certified by DAFO and DICO. In Xieng Khor district, DICO, mentioned the registration of two investors which own 14 business units. According to DAFO 70-80% of the investors have already signed official contracts.

#### 4.3.2. Role of local authorities on setting up and implementing contract farming

The contracts mention the roles and responsibilities of local authorities as details below:

- Head of village is responsible for planning, especially regarding the farmers' needs in terms of inputs and cash. Then he informs the investor about these needs in order to facilitate the investor being able to provide them. Meanwhile, the head of the village also informs district authorities so that they are able to monitor the contracts. Moreover, monitoring the maize yield and the honest of producers are also responsible by the head of the village.
- District authorities: especially DAFO and DICO will monitor the implementation
  of the contract and protect both producers and investor in order to prevent the
  conflict between them. Moreover, district authorities are also responsible for
  investment and maize export documentation such as business registration
  documents, collecting permission documents, origin of products certificate and so
  on.
  - O DICO supports the negotiation between maize producers and collectors and acts as a witness when the contract is signed. If there are any conflicts during the contract preparation and implementation, DICO is involved in the resolution of those conflicts. For instance, in 2021, a conflict happened in Xieng Khor district. Some farmers contracted with a trader before maize planting but they sold the maize to other collectors who offered a bit higher

price compared to the price offered by contracted traders. No penalties were applied for non-compliance with the contract as there is no sanction system in the contract. Generally, when parties fail to comply with an agreement, both DICO and DAFO warn them and remind them of their contractual obligations. As regards with the conflict mentioned above, maize producers were ordered to be honest and to respect the contract and their word, mentioning that the farmers would be fined if the problem happens again.

O DAFO plays also a role on the contract farming in order to ensure the fairness of the contract. During the contract negotiation, DAFO facilitates the contract developing process. DAFO is involved in this process to control, monitor and solve problems in case they happen. In the same way as the DICO, DAFO acts as a witness at the signing of the contract and intervenes in conflicts between the parties, but does not apply sanctions to parties who do not respect the contract.

However, according to the farmers and traders of the targeted villages, if DAFO plays a direct role on technical provision and agricultural extension in general, maize production in upland areas which are close to Lao-Vietnam border could not access to those services as much as they need, especially technical service and credit provision. The distance between the city where agricultural extension section is located and the production area is too far. For these reasons, technical assistance on maize production in this area rely more on Vietnamese traders. The traders supply all the needs of producers such as agricultural production inputs, advance expenses or credits, housing materials and so on. These services have been offered since the maize has been producing in these areas.

#### 4.3.3. Main instruments of the contracts

In general, the contract used within Houaphanh province is a "2 + 3 contact", which involves two commitments of the farmers in exchange of three commitments of the traders/investors. Farmers have to provide labour and productive land to produce maize and investors/traders have to provide capital, inputs (seeds, fertilizers), and markets for the maize produced. The main responsibility of the investor is to provide the inputs, to advance cash without interest rate in accordance to the producers need, and to collect all the maize yield that was produced in his investment area. Moreover, the investor should build the road to access to the maize production area, facilitating maize transportation after harvesting. The investor supports the total cost of the feeder roads building.

On the other hand, the contractual obligations of the producers are to sell all the maize produced exclusively to the trader. Credits granted by the investor to the farmer are deducted from the purchase value of the maize. After the harvest, farmers must also pay back for the cost of inputs provided by the investors. If the maize is sold to other traders which have not signed the contract, the producers should pay double the price of the inputs to the investor, and they have also to pay back the cost of building the feeder roads. Generally, the duration of the contracts is 5 years.

The price of inputs such as maize seeds, chemical fertilizers, pesticides and herbicides provided by the investor depends on the market price and the quality of each input brand while the price of the maize harvested depends on the negotiation between the trader and the farmers in each village.

#### a. Contract farming for maize production in Sopbao district

The contracts are signed by the head of the village as the representative of the maize producers. The form of the contract used is a generic contract. In other word, every village uses the same contractual structure that includes 11 articles (see Annex 8). An example of the content of a contract between a village chief and a trader is given below.

The first article indicates the names of the contractors, namely the village chief who represents the farmers and the investor.

The second article deals with the planning of the investment and specifies the obligations of each party in this regard:

- The village authority responsible for:
  - Maize production planification, using his authority to push as most as possible the farmers to be involved in the maize production.
  - o Planning the farmers' input needs (seeds, fertilizers, pesticides and materials), every year, with the support of DAFO.
  - Monitoring the producers in order to avoid the maize being sold to other traders who have not signed the contract.
  - o Recording the weight of the maize collected by the producers.
  - o Indicating the surface of the maize production and estimating the yield.
- The Investor is responsible for:
  - o Building the road to access to the production area.
  - o Providing the seeds, pesticides, fertilizers according to the needs of farmers.
  - o If farmers need materials for their housing or a cash advance, the entrepreneur lends them money at zero interest.
  - o Buying all the maize production at market price and on time, i.e. after the harvest, when farmers want to sell their production.

Article 3 deals with the inputs (seeds, pesticides and fertilizers).

- The investor is allowed to import only inputs in accordance with the regulations in force. The import is subject to the permission of the district authorities and the tax must be paid.
- Ensuring the quality of maize seed, under the control of DAFO. In case of nongermination, producers should inform the concerned DAFO authorities to check the quality of the seed. If the seed is found to be defective, producers should not reimburse the investor.

Article 4 deals with the price of inputs (seeds, pesticides and fertilizers)

- Maize seeds variety must be Hybrid *Maize* HAPL-9955. The price of the maize seeds is 85,000 kip/kg
- The total of maize seed in 2021 is 400 kg
- The price of pesticides and fertilizers is based on market price.

Article 5 addresses maize collection and maize prices

- The village authority must inform the trader about the date of the harvest time.
- The maize price is based on the market price, with a minimum price of 1,100 kip/kg and a maximum price of 1,400 kip/kg.

#### Article 6 deals with payment conditions

- The trader must pay the farmers according to the weight records at the chief of village's house (he pays all the maize cost of each producer)

- The producers, through the village authority, must pay the inputs cost and materials and pay back cash advance (in case farmers have borrowed money) after their maize production has been sold to traders at the market price.

#### Article 7 sets out the prohibitions

- Prohibition to provide low quality maize seeds to producers. The investor must inform DAFO to check the quality of maize seeds before giving them to the producers. In case the investor doesn't follow this rule, he will be fined.
- If the trader cannot collect the maize after just after the harvesting time, he would be fined.
- In case the investor is non-compliant with the contract, the penalty is as follows: the farmers would not pay any inputs cost to him and producers can sell their maize to others traders as well.
- Prohibition to sell the maize to other traders who are not allowed by the investor who have signed this contract. If infracted, the farmer would be fined. The amount of the fine to be paid to investor is the double of inputs cost plus the road cost.
- Prohibition to import and use herbicides. If infracted, the farmer will be fined regarding the existing rules on herbicide ban.

#### Article 8: about governance

- The government authorities will supervise the contract at the macro level. They will monitor both contracted parties as regards with the implementation of the contract in order to protect the benefit of both sides.
- Government authorities are responsible to collect and approve investment documents.
- Before exporting the maize, the trader should inform the district related authorities in order to check the exportation. Government authorities will check the documents, including those related to tax payment. If infracted, the trader will be punished according to existing rules.

#### Article 9: policies and facilitation support

- District related authorities should facilitate the access to the relevant documentation and disseminate the rules that are imposed on investors
- The village authority represents the maize producers and act as an intermediary in order to ensure fairness.
- The trader should support the district authority and village authority as below:
  - Support the district while organizing meeting in the district based on his own capacity
  - o Pay for the labour fee of the person who helped the trader to weigh and registered the quantities of maize to be sold
  - Support the overall development of the village based on his resources and capacity.

#### Article 10: other requirements

- Traders who have not signed the contract with the farmers are not allowed to collect maize. In case they do it, they will be fined.
- This contract is based on the agreement of both producers and trader. It would be modified only if they both agree to change it. One party alone is not allowed to change any article of the contract.
- This contract is uses only for maize production investment and could be used only 5 years starting from 2021 to 2026.

#### Article 11: formalization

- This contract is based on the agreement between the producers and the investor, involving related district authorities and village authority. It is made out in four original copies, each of them having the same contents and value. One copy is kept by the village authority, one copy is kept by the investor. The two other copies are kept by local authorities, one by DAFO, and one by DICO..

The contract becomes official after it is signed.

#### b. Contract farming of maize production in Xieng Khor district

The contract in Xieng Khor district is slightly different to the one used in Sopbao district. It is generally a five years contract, but it includes only eight articles. However, the main body of the contract is similar, especially regarding the selling price of maize which is flexible and based on the market price during collecting time. Road and inputs supplying remain under the responsibilities of the investors. The fine for each contract's partner is mentioned in case they do not respect the contract.

Regarding the details of the contract, the roles and responsibilities of the district authorities and village's head are similar of those mentioned in Sopbao district's contracts. The main roles of the local authorities are to monitor the implementation of the contract, to solve the conflicts in case contracts' partner do not respect the contracts, and to ensure the fairness of the contract. Local authorities also pay a role on providing the required documentation such as business registration documents, origin of product certification, taxability and exportation documents.

#### 4.3.4. Challenges in implementing the contracts

The intervention of public authorities in contract's formalisation and monitoring is very recent, as the maize stakeholders interviewed mentioned that until the end of the 2010s, contracts were mainly oral contracts between the farmer and the trader. The field survey shows that the contracts aim to resolve several types of conflicts that were increasingly common as investment in the maize sector became less and less attractive. According to the villagers and interviewed, the most frequent subjects of dispute are the following:

- Traders keep maize prices as low as possible. In particular some farmers think that traders lie about the selling price of maize, in particular by pretending that the Vietnamese market price is low. This is one of the reasons why some farmers do not respect the contract by selling to other traders who offer a better price.
- Traders does not come to buy on the date agreed in the contract. Purchases are made when the market price is very low.
- Traders provide either seeds, fertilizers, pesticides, herbicides to the farmer without clearly informing the farmers of the price of these inputs. The cost of inputs, which is deducted from the selling price of maize after the harvest, is sometimes sharply increased compared to previous years, while the market price of maize remains low, causing the farmer to lose a large part of his profits.
- Some traders want to sell their maize in Vietnam before paying the Lao farmers, and sometimes they do not come back to pay them.

Traders also report tensions with villagers when:

- Farmers collect maize before it is mature, which implies high moisture content and poor quality of the commodity.
- Farmers sell to traders who are the highest bidders and do not respect the contract.

The intervention of local authorities and the formalisation of contracts is mainly aimed at avoiding these conflicts. However, the results of our survey show that some tensions and difficulties remain, in particular regarding the following issues.

#### a. Contracts enforcement issues.

Even if have been officially endorsed by local authorities, some producers sold the maize to other traders, and some investors did not collect maize on time. The local authorities consider that these cases of non-respect of the terms of the contracts are rather due to a lack of understanding than to dishonesty. This is why the sanctions have so far not been applied.

In general, the solution to the above disputes is to call the traders or farmers to warn them of the breach of contract and to warn them that if a breach of the contract occurs again, they will be sanctioned accordingly on the basis of the agreement they signed.

#### b. Unfairness of contracts.

The formal contracts contain provisions to rebalance the relationship between traders and producers to some extent, as the cost of building and maintaining the roads is now supposed to be borne by the investors. However, it remains to be seen whether this measure is actually applied, as until now traders have reduced the price paid to producers by a certain percentage in order for them to contribute to the construction or restoration of roads. In addition, farmers complain about rising input costs, especially since the Covid 19 crisis impacted the price of chemical inputs, while the market price indicated in the contracts does not compensate for this increase.

For their part, traders indicate that the contracts are not fair because they do not take into account the many taxes they have to pay which greatly reduce their margins (taxes on the transport of goods, export taxes, taxes on inputs).

#### c. Risks of indebtedness.

Access to credit in the agriculture and forestry sector remain limited and complicated for small farmers in Houaphanh, as it requires various certificates from the public authorities to apply for credit in two authorised banks. Most maize producers prefer to borrow money from Vietnamese investors, as in this case the credit is not subject to complicated procedures.

In Ban Na Khang village, most farmers borrowed money from Vietnamese traders at an interest rate of 24% per year. They borrowed cash or material to build their houses or to buy motorcycles or other goods. But then they face declining maize crop yields, crop losses due to pests and climate changes (drought), persistently low maize purchase prices and rising input prices, so that then they faced cannot pay back. This is a problem that makes 80 percent of farmers in debt to traders in the village. Some of them are indebted for more than seven years. There is no provision in the contracts certified by the local authorities to find shared solutions for clearing the current farmers' debt. The contracts indicate that the loans granted by the traders to the farmers must be at zero interest, which seems rather illusory. It is unlikely that if this provision is actually enforced, traders will not lend money to farmers and farmers will not have access to credit.

In Pakhom Noy village, the situation is different. Farmers have already borrowed small amounts from investors, but since they could not repay the first instalment traders refused to sell them inputs without committing new loans. In this village, if farmers do not have enough money, their livelihoods will be taken care of by an association (Chum Chuong Association)

which includes a total of 8 families. Each family contributes about 200,000 dong per year to the association so that the funds collected can be used as credit for investment projects.

#### d. Lack of negotiation empowerment of farmers.

Producers are price-takers. They cannot negotiate the maize price. They are totally dependent from the traders regarding access to inputs, credit, markets, and even production areas. The contracts ratify these asymmetrical power relationships between the farmers and the traders. The contracts do not make it possible to reverse this position of domination of the traders on the farmers.

#### 5. Conclusion

This report completes the information collected during the first field research in Houaphanh province, published in 2019 in the first report "Understanding the maize sector in Houaphanh Province, Lao PDR".

The overall objective of the present report is to gather lacking data on the legal framework of trade relations in the targeted area and to improve the understanding of contract-farming as a central regulatory mechanism for maize sector trade relations in the province.

Maize has had its moment of glory and it seems that the authorities are gradually losing interest in this cash crop and adopting a more diversified approach including ruminant breeding, handicrafts based on non-timber forest products, and other agricultural products with promising outlets such as cassava. Action plans at provincial and district levels tried to cover a broad range of rural domains, including food security, commercial crop production and rural poverty alleviation, but do not specifically target maize extension and support, even if maize still remain the main cash crop of the province.

This trend towards the relative abandonment of maize by public authorities is also the result of the environmental impacts caused by the development of this cash-crop, such as soil degradation, deforestation and pollution by agrochemicals. For these reasons, villages which are not totally dependent on maize, such as Ban Pakhom Noy village, have decided to focus more on animal husbandry and off-farm activities.

Yet, farmers in other villages still remain highly dependent on the maize trade and have few other agricultural development options. Their dependence to maize goes beyond the income they can generate through maize production, as maize trade often affects the entire development of the village, as is the case in Ban Na Khang. Farmers are indeed highly dependent on traders for access to inputs, credit, the market, production areas and even some imported goods like materials for building the houses. With the decline of maize revenues, but also the sharp increase in the price of inputs, conflicts between traders and farmers have increased.

The local authorities have recently introduced some policy instruments to govern contract farming in order to regulate these conflicts and to create better business relationships. Generic contract farming forms have been issued, and the process of investment in the maize sector has been improved and standardized. The contracts of maize production of Sopbao and Xieng Khor districts are similar in terms of content, including provisions on credits and inputs supplying, road construction, market prices of maize, collecting time and fines in case of noncompliance.

However, many farmers and traders continue to negotiate very informal contracts because local authorities do not have the resources to monitor all transactions. Conflicts still exist, despite the implementation of official contracts. Sanctions have not yet been applied to offenders, who

have not yet fully assimilated the new contract rules. Local authorities have not clearly addressed the issues of contract unfairness and dependence of farmers on investors, which often lead to high levels of debt, as is the case in Ban Na Khang.

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hern\_Laos\_After\_Road\_Construction\_Case\_Study\_in\_Sone\_District\_Houaphan\_Province/links/5 d11bb7992851cf44049472d/Historical-of-Agriculture-Transition-and-livelihood-change-in-Northern-Laos-After-Road-Construction-Case-Study-in-Sone-District-Houaphan-Province.pdf. Access on 12 Sept 2022

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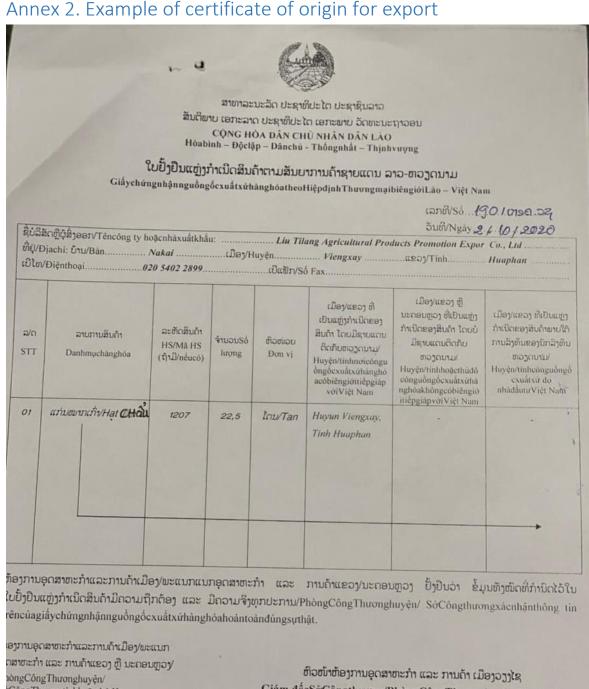
# Annex 1. Certificate of agricultural production



# ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ

|   | ສັນຕິພາບ ເອກະລາ   | າດ ປະຊາທິປະໄ  | ຕ ເອກະພາບ  | ວັດທະນະຖາວອນ   |  |
|---|---|---|--|--|--|
|   | ະບົາ<br>າະສິກຳ ແລະ ປ່າໄມ້<br>318008   |   |  | ເລກຍ໌<br>ສືບເບົາ,ວັນທີ   | ก๊/ ตภปม<br>// 2021.   |
|   | 9   | ບຢັ້ງຢືນຜົນຜ  | <sub>ປະ</sub> ລິດກະສິກໍ  | 1  |  |
| ດ້ວຍກາ ອີງຕາມ ອີງຕາມ ຄອງດ້າ ດ່ານຜ່າ ອີງຕາມ ແຂວງ ຈາກເມືອ | ຂໍ້ຕົກລົງຂອງກະຊວງກະສິກຳ ແ<br>ນຈັດຕັ້ງ ແລະ ເຄື່ອນໄຫວຂອງເ<br>ມ ກົດໝາຍວ່າດ້ວຍການກັກກັນ<br>ແຈ້ງການຂອງຂະແໜງປຸກຝັງ ເ<br>ນວິຊາການກັກກັນພືດ ແລະ ເສ່<br>ນຊາຍແດນ.<br>ທະບຽນທຸລະກິດເລກ<br>ອງສືບເບົາ ແຂວງຫົວພັນ.<br>ອຸງສົບເບົາ ແຂວງຫົວພັນ. | ກ້ອງການກະສິກໍ<br>ພືດ ສະບັບເລກ<br>ສະບັບເລກທີ 0<br>ຍຄ່າທຳນຽມ, ກ | ຳ ແລະ ປ່າໄມ້<br>ທີ 06 / ສພຊ<br>161 ກປຂ ລື<br>ການບໍລິການ ຜໍ<br>ອາຍຸ<br>ງວັນທີ | ປະຈຳເມືອງ. , ລິງວັນທີ່ 09 ທັນວ<br>ງວັນທີ 24 ຕຸລາ 201<br>ສີນຜະລິດກະສິກຳ ພືດທົ່<br>ປີ, ຢູ່ບ້ານ | າ 2019 .<br>4 ວ່າດ້ວຍການຄຸ້ມ<br>ກີນຳເຂົ້າ - ສິ່ງອອກ<br>ເມືອງ<br>ອຳຜີນຜະລິດກະສິກຳ |
| ຫວພນ ເ  | ລາຍລະອຽດດັ່ງນີ້:<br>「ລາຍການ   | ຫົວໜ່ວຍ   | จำนอน  | ຈຳນວນຖ້ຽວລິດ   | ໝາຍເຫດ   |
| 1   |   |   |  |  |  |
| 2   |   |   |  |  |  |
| ອື່ນໆ<br>+ ໃບຢັ້<br>ມີຜົນ<br><u>ໝາຍແ</u>                | ປີ ນສະບັບນີ້ນຳໃຊ້ໄດ້ສະເພາະຜີ<br>ທ່າ.<br>ທ່ຽືນສະບບັບນີ້ສາມາດນຳໃຊ້ໄດ້<br>ມສັກສິດນັບແຕ່ມື້ລົງລາຍເຊັ່ນເປັ<br>ທດ: ໃຫ້ນັກທຸລະກິດເມື່ອປະກອ<br>ແຂວງ ຫົວພັນ.<br>ສາການແທນຫົວໜ້າຫ້ອງການກ   | ນັບແຕ່ວັນທີ<br>ນຕົ້ນໄປ.<br>ບເອກະສານ ສຸເ                       | / 2<br><sub>เรีย</sub> มาไมลาภย  | 021 ເຖິງວັນທີ/<br>ຂະແໜງປູກຝັງພະແນກ:  | ′/ 2021 ແລະ  |
|   |   |   |  |  |  |

## Annex 2. Example of certificate of origin for export



Công Thương tỉnh hoặc thủ đô:

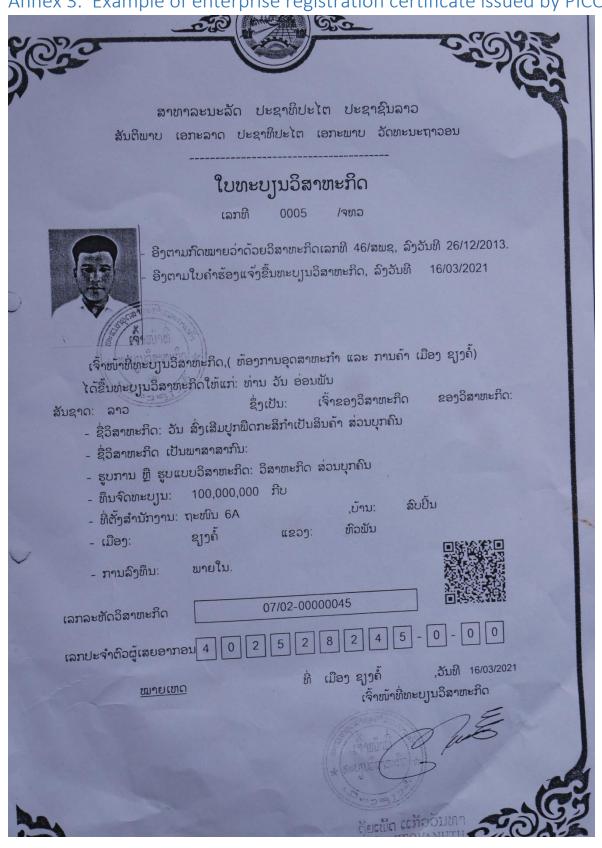
ອງການອຸດສາຫະກຳ ແລະ ການຄຳ ເມືອງວຽງໄຊ

tn/Điệnthoại:......064-315010.....

เป็กVSố Fax: ......064-315010......

Giám đốcSởCôngthương/PhòngCôngThươnghuyện Viengxay

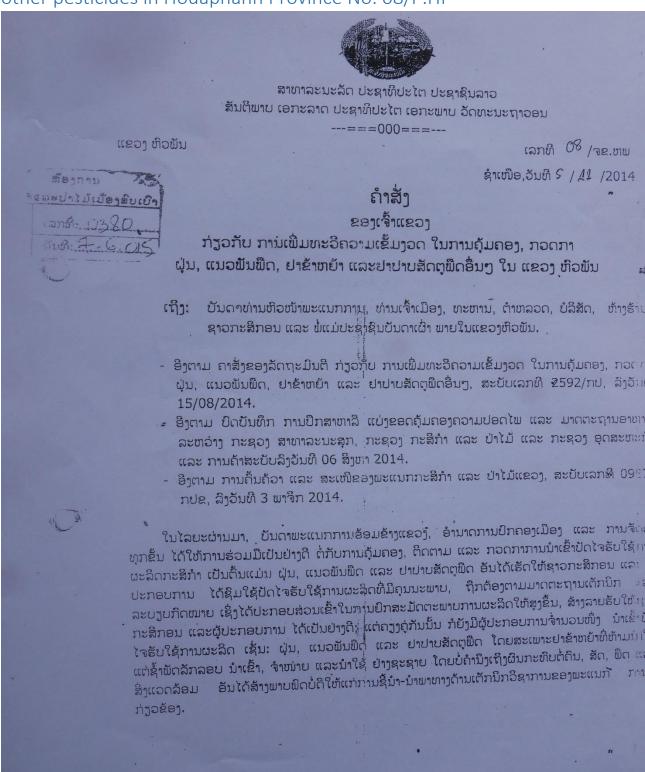
Annex 3. Example of enterprise registration certificate issued by PICO



Annex 4. Economic and technical analysis form issued by PAFO

|                       | ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ                 |
|-----------------------|---|
|                       | ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ. |
| ບໍລິສັດ               |   |
| ໂທ:                   |   |
| ແຟັກ:                 |   |
|                       | ບົດວິພາກ  |
|                       | ເສດຖະກິດ - ເຕັກນິກ                                |
|                       | ໂຄງການ/ກິດຈະການ                                   |
|                       | นากที I   |
|                       | ບົດສະເໜີໂຄງການ                                    |
|                       |   |
| 1. ຊື່ແຜນງານ:         |   |
| 2. ຊື່ໂຄງການ/ກິດຈະກ   | าม:   |
| 3. ເຈົ້າຂອງໂຄງການ/ກິ  | กละทาบ:   |
| 4. ທີ່ຕັ້ງໂຄງການ/ກິດຈ |   |
|                       | ບ້ານ <u>,</u> ເມືອງ <u>, ແຂວງ</u>                 |
| > ເນື້ອທີ່:           | ຄູ (ຕັ້ນຕົ້ນປີ)                                   |
|                       | ງການ/ກິດຈະການກຳນືດ: ປີ ( ເລິ້ມຕົ້ນປີ )            |
| 6. ສະພາບຄວາມເປັນມ     | ມາ, ບັນຫາ ແລະ ທ່າແຮງ:                             |
|                       |   |
| 7. ບ່ອນອີງ ແລະ ເຫດເ   | ຜົນ ໃນການສ້າງຕັ້ງໂຄງການ/ກິດຈະການ:                 |
|                       |   |

Annex 5. The order of the province on strengthening the management, inspection of fertilizers, plant seeds, herbicides, and other pesticides in Houaphanh Province No. 08/P.HP



Annex 6. The orders of the province on strengthening the management, inspection of fertilizers, plant seeds, herbicides, and other pesticides in Houaphanh Province No. 158/P.HP.



ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

ແຂວງ ຫົວພັນ

ເລກທ<u>ີ 15 ຽ</u> /ຈຂ.ຫພ ຫົວພັນ,ວັນທ<u>ີ 1 ຽ</u> ທັນວາ 2019



ກ່ຽວກັບ ການເພີ່ມທະວີຄວາມເຂັ້ມງວດ ໃນການຄຸ້ມຄອງ, ກວດກາ ຝຸ່ນ, ແນວພັນພືດ, ຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພືດອື່ນໆ ໃນ ແຂວງຫົວພັນ ເຖິງ: ບັນດາທ່ານຫົວໜ້າພະແນກການ, ທ່ານເຈົ້າເມືອງ, ທະຫານ, ຕຳຫລວດ, ບໍລິສັດ, ຫ້າງຮ້ານ ແລະ ພໍ່ແມ່ປະຊາຊົນບັນດາເຜົ່າ ພາຍໃນແຂວງຫົວພັນ.

- ອີງຕາມ ກິດໝາຍວ່າດ້ວຍການປົກຄອງທ້ອງຖິ່ນແຫ່ງ ສປປ ລາວ ສະບັບເລກທີ່ 68/ສພຊ, ລົງວັນທີ່ 14 ທັນວາ 2015

- ອີງຕາມ ກິດໝາຍການປ້ອງກັນ ແລະ ການກັກກັນຟຶດ (ສະບັບປັບປຸງ), ສະບັບເລກທີ 13/ສພຊ, ລົງວັນທີ່ 15 ພະຈິກ 2016.

- ອີງຕາມ ດຳລັດວ່າດ້ວຍການຄຸ້ມຄອງຢາປາບລັດຕຸຟຶດ, ສະບັບເລກທີ 258/ລບ, ລົງວັນທີ 24 ສິງຫາ 2017.

- ອີງຕາມ ຂໍ້ຕຶກລົງຂອງລັດຖະມົນຕີກະຊວງກະສິກຳ ແລະ ປ່າໄມ້, ວ່າດ້ວຍການຄຸ້ມຄອງ ແລະ ນຳໃຊ້ແນວພັນ ພືດ, ສະບັບເລກທີ 3919/ກປ, ລົງວັນທີ 12/12/2012.

- ອີງຕາມ ຄຳສະເໜີຂອງພະແນກກະສິກຳ ແລະ ປ່າໄມ້ແຂວງ ຫົວພັນ, ສະຸບັບເລກທີ <u>327 5</u>/ກປຂ, ລິງວັນ ທີ <u>12</u> ທັນວາ 2019.

ໃນໄລຍະຜ່ານມາ, ບັນດາພະແນກການອ້ອມຂ້າງແຂວງ, ອຳນາດການປົກຄອງເມືອງ ແລະ ການຈັດຕັ້ງທຸກຂຶ້ນ ໄດ້ໃຫ້ການຮ່ວມມືເປັນຢ່າງດີ ຕໍ່ກັບການຄຸ້ມຄອງ, ຕິດຕາມ ແລະ ກວດກາການນຳເຂົ້າປັດໄຈຮັບໃຊ້ການຜະລິດກະສື ກຳ ເປັນຕົ້ນແມ່ນ ຝຸ່ນ, ແນວພັນພືດ ແລະ ຢາປາບສັດຕຸພືດ ອັນໄດ້ເຮັດໃຫ້ຊາວກະສິກອນ ແລະ ຜຸ້ປະກອບການ ໄດ້ ຊົມໃຊ້ປັດໄຈຮັບໃຊ້ການຜະລິດທີ່ມີຄຸນນະພາບ, ຖືກຕ້ອງຕາມມາດຕະຖານເຕັກນິກ ແລະ ລະບຽບກົດໝາຍ ເຊິ່ງໄດ້ ປະກອບສ່ວນເຂົ້າໃນການຍົກສະມັດຕະພາບການຜະລິດໃຫ້ສຸງຂຶ້ນ, ສ້າງລາຍຮັບໃຫ້ຊາວກະສິກອນ ແລະ ຜຸ້ປະກອບ ປະກອບສ່ວນເຂົ້າໃນການຍົກສະມັດຕະພາບການຜະລິດໃຫ້ສຸງຂຶ້ນ, ສ້າງລາຍຮັບໃຫ້ຊາວກະສິກອນ ແລະ ຜຸ້ປະກອບ ການ ໄດ້ເປັນຢ່າງດີ; ແຕ່ຄຽງຄຸ້ກັນນັ້ນ ກໍຍັງມີຜູ້ປະກອບການຈຳນວນໜຶ່ງ ນຳເຂົ້າປັດໂຈຮັບໃຊ້ການຜະລິດ ເຊັ່ນ: ຜຸ້ນ ພຸນ ແລວພັນພືດ, ຢາປາບສັດຕຸພືດ ແລະ ຢາຂ້າຫຍ້າທີ່ຫ້າມນຳໃຊ້ ແຕ່ຊ້ຳພັດລັກລອບນຳເຂົ້າມາຈຳໜ່າຍ ແລະ ນຳໃຊ້ ຍຳງ ຊະຊາຍ ໂດຍບໍ່ຄ້ານຶ່ງເຖິງຜົນກະທົບຕໍ່ຄົນ, ສັດ, ພືດ ແລະ ສິ່ງແວດລ້ອມ ອັນໄດ້ສ້າງພາບພົດບໍ່ດີໃຫ້ແກ່ການຊື້ນຳ ນຳພາທາງດ້ານເຕັກນິກວິຊາການຂອງພະແນກການທີ່ກ່ຽວຂ້ອງ.

# ເຈົ້າແຂວງຫົວພັນ ອອກຄຳສັ່ງ

 ໃຫ້ ພະແນກກະສິກຳ ແລະ ປ່າໄມ້ ແຂວງຫົວພັນ ຊີ້ນຳຂະແໜງປຸກຝັງ, ຫ້ອງການກະສິກຳ ແລະ ປ່າໄມ້ເມືອງ ບັນດາດ່ານ ທີ່ມີຊາຍແດນຕິດກັບແຂວງຫົວພັນ, ໃນການຄຸ້ມຄອງກວດກາການນຳເຂົ້າຝຸ່ນ, ແນວພັນພືດ, ຢາ Annex 7. Notice to the head of chiefs of all villages in Sop Bao District, Subject: Prohibition of the use of all kinds of herbicides and certain pesticides



#### ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

ເມືອງສຶບເບົາ. ຫ້ອງການກະສິກຳ ແລະ ປ່າໄມ້.

ເລກທີ ໄ.ໆົໄ./ ຫກປມ. ສິບເບົາ,ວັນທີ່.≲....ີ.ພືດສະພາ 2020.

#### แจ้ๆภาม

ເຖິງ: ນາຍບ້ານທຸກໆບ້ານທີ່ວເມືອງສືບເບົາ. ເລື່ອງ: ຫ້າມນຳໃຊ້ຢ<sup>່</sup>າຂ້າຫຍ້າທຸກຊະນິດ ແລະ ຢາປາບສັດຕຸຟືດບາງຊະນິດ.

- ອີງຕາມ ຄຳສັ່ງແນະນຳຂອງທ່ານເຈົ້າແຂວງສະບັບເລກທີ 158/ຈຂຫພ ລີງວັນທີ 18 ທັນວາ 2019, ກ່ຽວກັບ ການເພີ່ມທະວີຄວາມເຂັ້ມງວດໃນການຄຸ້ມຄອງ, ກວດກາຝຸ່ນ, ຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພືດອື່ນໆໃນທົ່ວ ແຂວງຫົວພັນ.
- ອີງຕາມ ການນຳໃຊ້ຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕູພືດສະຊາຍທີ່ພາໃຫ້ມີຜົນກະທົບຕໍ່ຄົນ, ສັດ ແລະ ສິ່ງແວດລ້ອມ.
- ອີງຕາມ ການຕົກລົງເຫັນດີເປັນເອກະພາບຂອງຫົວໜ້າ, ຄະນະຫ້ອງການກະສິກຳ ແລະ ປ່າໄມ້ເມືອງສິບເບົາໃນ ຄັ້ງວັນທີ 25 ພຶດສະພາ 2020.

ເພື່ອສະກັດກັ້ນຜົນຮ້າຍຂອງຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພືດທີ່ເຮົານຳໃຊ້ແລ້ວ, ມັນຈະໄຫຼ່ຊື່ມລົງໃນດິນ ແລະ ໄຫຼ່ຊື່ມລົງສູ່ແຫຼ່ງນ້ຳເຮັດໃຫ້ຄົນ, ສັດນ້ຳ, ສັດບົກ ແລະ ດິນໄດ້ຮັບຜົນກະທົບຈາກສານຜິດຕົກຄ້າງ.ໃນດິນ, ນ້ຳ, ອາກາດ ຄົນທີ່ໄດ້ຮັບສານຜິດຈະພາໃຫ້ເກີດຕຸ່ມຕາມຜິວໜັງ ແລະ ແຜ່ລາມໄປທົ່ວຮ່າງກາຍພ້ອມທັງສະແດງ ອາການດັ່ງນີ້: ວິນຫົວ, ເຈັບຫົວ, ຕາລາຍ, ນ້ຳຕາໄຫຼ່ອອກມາ, ປວດຮາກ, ເຫື່ອອອກຫຼາຍຜິດປົກກະຕິ, ເຈັບເອົກ, ເຈັບທ້ອງ ແລະ ມີຄວາມສ່ຽງສູງຕໍ່ການເສຍຊີວິດ, ສັດທີ່ໄດ້ຮັບສານຜິດຈາກຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພືດ ຕ່າງໆ ຈະພາໃຫ້ສັດມີອາການຄື: ສັດກີນຫຍ້າທີ່ປົ່ງຂື້ນໃໝ່ຈະພີອາການເປັນຕຸ່ມເປື່ອຍໃສ່ຜົ້ງປາກ, ຖອກທ້ອງ ແລະ ອື່ນໆ. ກຼຳສັດກີນຫຍ້າໃນບໍລິເວນທີ່ເຮົາສີດຢາຂ້າຫຍ້າໃໝ່ໆສັດອາດຈະຕາຍທັນທີ.

ຫ້ອງການກະສິກຳ ແລະ ປ່າໄມ້ເມື່ອງສິບເບົາຈີ່ງອອກແຈ້ງການມາຍັງນາຍບ້ານທຸກໆບ້ານທົ່ວເມືອງສິບເບົາ ເພື່ອຈັດຕັ້ງປະຕິບັດດັ່ງນີ້:

- 1. ມອບໃຫ້ອຳນາດການປົກຄອງບ້ານ, ກະສິກຳບ້ານທຸກໆບ້ານ ຕິດຕາມເບິ່ງຜູ້ລັກລອບນຳເອົາຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພືດມາຂາຍຢູ່ພາຍໃນບ້ານຂອງຕົນ ແລະ ບ້ານອ້ອມຂ້າງເປັນຕົ້ນແມ່ນຢາຂ້າຫຍ້ຳ ແລະ ຢາປາບ ສັດຕູພືດມານຳໃຊ້ໂດຍບໍ່ໄດ້ຮັບອະນຸຍາດຈາກຫ້ອງການກະສິກຳເມືອງ ຫຼື ພາກສ່ວນທີ່ກ່ຽວຂ້ອງ.
- ໃນກໍລະນີພົບເຫັນພໍ່ຄ້ານຳເອົາຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພົດມາຂາຍແມ່ນໃຫ້ບ້ານລາຍງານຫາຫ້ອງການ ກະສິກຳ ແລະ ປ່າໄມ້ເມືອງສີບເບົາດ່ວນ ຫຼື ມອບໃຫ້ບ້ານຈັດຕັ້ງປະຕິບັດ.
  - ຄັ້ງທີ1: ໃຫ້ຍຶດຂອງກາງພ້ອມທັງຢັບໃໝ 2,000,000 ກີບ ແລະ ສຶກສາອົບຮົມ, ສ້າງບົດບັນທຶກ ກັບຜູ້ກ່ຽວ.
  - ຄ້າທີ2: ໃຫ້ຢຶດຂອງກາງປັບໃໝຄຸນ 2 ເທົ່າຂອງຄັ້ງທີ1.
  - <u>ຕ້າທີ3:</u> ໃຫ້ຢຶດຂອງກາງຈະຖືກປັບໃໝ ຄຸນ3ເທົ່າຂອງຄັ້ງທີ 1 ພ້ອມທັງປະຕິບັດຕາມ ລະບຽບກົດໝາຍ.
- ໃນກໍລະນີພົບເຫັນປະຊາຊົນພາຍໃນບ້ານຂອງຕົນຫາກນຳເອົາຢາຂ້າຫຍ້າ ແລະ ຢາປາບສັດຕຸພືດມາ
   ຂາຍ ຫຼື ເອົາມານຳໃຊ້ຕ້ອງປະຕິບັດດັ່ງນີ້:

# Annex 8. Example of contract farming certified by the DAFO and DiCO in Sob Bao District

Lao Inder



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

ເມືອງສົບເບົາ ข้าม มา

ເລກທີ. 48.../ນ ສົບເບົາ,ວັນທີ 10 ສິງຫາ 202

#### ສັນຍາ

ວ່າດ້ວຍການປ່ອຍແນວພັນສາລີ ແລະ ເກັບຊື້ຜົນຜະລິດ (ສາລີ )

#### ລະຫວ່າງ

ອຳນາດການປົກຄອງບ້ານ ນາ ກັບ ທ້າວ ຊາ ຈະເລີນມົວ ຫົວໜ່ວຍທຸລະກິດ ພາຍໃນ.

- ອີງຕາມ ກິດໝາຍວ່າດ້ວຍການສິ່ງເສີມການລົງທຶນ ສະບັບເລກທີ 02/ສພຊ, ລົງວັນທີ 08 ກໍລະກົດ 2009
- ອີງຕາມ ກອງປະຊຸມຄົ້ນຄວ້າປຶກສາຫາລື ລະຫວ່າງຂະແໜງການທີ່ກ່ຽວຂ້ອງຂັ້ນເມືອງ, ອຳນາດການປົກເ ບ້ານ ນາ ແລະ ທ້າວ ຊາຈະເລີນມົວ ຄັ້ງວັນທີ 10/08/2021.

ເພື່ອເຮັດໃຫ້ວຽກງານສິ່ງເສີມການຜະລິດເປັນສີນຄ້າໃຫ້ມີການຂະຫຍາຍຕົວ, ການຄຸ້ມຄອງຜູ້ຜະລິດ ແລະ ຫົວ ໜ່ວຍທຸລະກິດໃຫເຄື່ອນໄຫວຖືກຕ້ອງຕາມລະບຽບກົດໝາຍ.

ທັງສອງຝ່າຍໄດ້ພ້ອມກັນຕົກລົງເຫັນດີເປັນເອກະພາບ ສ້າງສັນຍາ ການປ່ອຍແນວພັນສາລີ ແລະ ເກັບຊື່ຜົນຜະ ກະສິກຳ (ສາລີ) ຮ່ວມກັນດັ່ງນີ້:

#### มากตา 1 อ่าก้อยคู่สัมยา

- 1) ອຳນາດການປົກຄອງບ້ານ ນາ ເມືອງສີບເບົາ ແຂວງຫົວພັນ ຕໍ່ໄປເອີ້ນວ່າ ຝ່າຍ ກ ຕາງໜ້າຜູ້ຜະລິດ ຫຼື ຕາງໜ້າບ ຊິນ ບ້ານ ນາ.
- 2) ຫົວໜ່ວຍທຸລະກິດ ທ້າວ ຊາ ຈະເລີນມົວ ຕໍ່ໄປເອີ້ນວ່າຝ່າຍ ຂ ເປັນຜູ້ລົງທຶນປ່ອຍແນວພັນສາລີ ແລະ ເກັບຊື້ພີ ລິດກະສິກຳ (ສາລີ) ນຳປະຊາຊົນ.

# ມາດຕາ 2 ວ່າດ້ວຍການລົງທຶນ ແລະ ການຈັດຕັ້ງປະຕິບັດ.

ໄລຍະເວລາການລົງທຶນ ປຸກສາລີ ແລະ ເກັບຊື້ຜົນຜະລິດ ຕາມການຕຶກລົງຂອງຄູ່ສັນຍາແມ່ນ 06 ປີ ນັບແຕ່ປີ 2021ເຖີງ ປີ 2026 ແລະ ທັງສອງ ຝ່າຍມີສິດ ແລະ ໜ້າທີ່ດັ່ງນີ້ :

- 1) ຝ່າຍ ກ (ບ້ານ ນາ ) ມີໜ້າທີ່ດັ່ງນີ້:
  - ຂື້ນແຜນການຜະລິດແຕ່ລະປີຕ້ອງໄດ້ຜ່ານຫ້ອງການກະສິກຳ ແລະ ປ່ານໄມ້, ແຜນຄວາມຕ້ອງການແນວພັນ ປາບສັດຕູຝຶດ, ປະເພດປຸຍ ຫຼື ວັດຖຸອຸປະກອນຕ່າງໆ ທີ່ປະຊາຊີນຕ້ອງການ ແລະ ມີໜ້າທີ່ຊຸກຍຸ້ປະຊາຊີນຜ ສີນຄ້າກະສິກຳ( ສາລີ ) ໃຫ້ໄດ້ຈຳນວນຫຼາຍ.

# Annex 9. Example of contract farming certified by DAFO and DICO in Xieng Khor District



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ. किकिकिकि धिकिकिकिक

ເມືອງຊຽງຄໍ້ ກຸ່ມບ້ານສິບມອນ ບ້ານ ນາເຣື້ອ

ເລກທີ 01 ນ/ບ ວັນທີ 9/ 04 /2019

## ສັນຍາການປູກພືດເປັນສິນຄ້າ

(ປະເພດ: ປຸກສາລີ)

ອິງຕາມ: ມະຕິກອງປະຊຸມໃຫຍຄັ້ງທີ່ 10 ແລະ ແຜນພັດທະນາເສດຖະກິດ-ສັງຄົມ V ປີ,ຄັ້ງທີ່ VIIIຂອງເມືອງຊຽງຄໍ້.

ອິງຕາມ ມະຕິຕິກລິງເປັນເອກະພາບຂອງກອງປະຊຸມເສດຖະກິດຂັ້ນເມືອງ ຄັ້ງວັນທີ່ 21/04/2016.

## ສັນຍາສະບັບນີ້ສ້າງຂຶ້ນລະຫ່ວາງ:

ຄະນະພັກອຳນາດການປົກຄອງບ້ານ ນາເຮື້ອ ເມືອງ ຊຽງຄໍ້ ແຂວງ ຫົວພັນ, ໂທລະສັບ : 030 485 972 2

ທ້າວ ຮ້ວງວັນໄປ້ ເຊິ່ງແມ່ນນັກທຸລະກິດຫວຽດນາມ, ບໍລິສັດເຈິນວັນເຊິນ ສິ່ງເສີມ ແລະ ພັດະນາກະສິກຳຜະລິດເປັນ ສິນຄ້າເພື່ອສິ່ງອອກ ຈຳກັດຜູ້ດຽວ, ທະບຽນເລກທີ: 0343/ຈທວ ສຳນັກງານຕັ້ງຢູ່ ບ້ານຊຽງຄໍ້ ເມືອງ ຊຽງຄໍ້ ແຂວງຫົວພັນ, ໂທລະສັບ: 020 974 392 38

♦ ທັງສອງຝ່າຍໄດ້ຕົກລິງເຫັນດີເປັນເອກະພາບສ້າງສັນຍາການປຸກ ແລະ ຊື້-ຂາຍຜົນຜະລິດມີດັ່ງນີ້:

ມາດຕາ 01: ວ່າດ້ວຍເນື້ອໃນລວມຂອງໂຄງການ.

1. ຊື່, ທີ່ຕັ້ງ ແລະ ກິດຈະກຳຂອງໂຄງການ:

> ໂຄງການປຸກ ສາລີເປັນສິນຄ້າ, ມີເນື້ອທີ່ 30 ຮຕ, ຢູ່ບ້ານ ນາເຮື້ອ ເມືອງ ຊຽງຄໍ້ ແຂວງ ຫົວພັນ, ປະກອບມີ 55 ຄອບຄິວ.

(ມີປັນຊີຄອບຄົວການປຸກແຕ່ລະປະເພດຕິດຂັດຊ້ອນທ້າຍ)

2. ແຫຼ່ງທຶນ: ທຶນຂອງນັກທຸລະກິດເອງ 100%.

3. ຮູບແບບການລົງທຶນ: ປະຕິບັດແບບ 2+3 ຄື: - ຝາຍປະຊາຊົນ: ມີດິນ, ມີແຮງງານ. ຝ່າຍນັກທຸລະກິດມີທຶນ, ດ້ານເຕັກນິກນ ແລະ ຕະຫລາດ.

ມັດຕາ 02: ການມອບພັນທະຕ່າງໆ ແລະ ການພັດທະນາບ້ານ.

1. ປະກອບສ່ວນເສຍພັນທະອາກອນຕາມກິດຫມາຍວ່າດວ້ຍສ່ວຍສາອາກອນ ແລະ ກິດຫມາຍວ່າດ້ວຍອາກອນມູນຄ່າເພີ່ມທີ່ ປະກາດໃຊ້ຕາມແຕ່ລະໄລຍະ ຊຶ່ງພື້ນຖານການຄິດໄລ່ແມ່ນການເຄື່ອນໄຫວດ້ານລາຍຮັບ ແລະ ລາຍຈ່າຍຕົວຈິງຂອງບໍລິສັດ, ຂອງນັກທຸລະກິດໃນແຕ່ລະປີ.

#### Annex 10. Questionnaire used during the field survey

# Project SMCN/2014/049 Improving maize-based farming systems on sloping lands in Vietnam and Laos PDR.

Field mission in Huaphan to understand how Maize trade relations work and who exactly is involved)

#### Questions:

The regulation/legal framework and strategy regarding Maize value-chain development

- 1. What are the priorities for maize value chain development at the provincial and district levels?
- 2. What are the problems and obstacle to develop maize value chain?
- 3. What are government agencies doing to support the maize sector? What public policies are being implemented?
- 4. What are the alternatives to Maize cultivation?
- 5. What is the strategy and vision of local authorities for agriculture development in the future? What public policies are implemented to diversify the agriculture?
- 6. How is maize cross-border trade coordinated and regulated?
- 7. Who is in charge of what (PAFO, DOIC...).
- 8. Do they define a minimum price? How do they define it?
- 9. The area in which both villages are located in a "free-trade zone", subject to specific regulations that are aimed at making trade easier. That means that the traders don't pay taxes at all? Why implementing free-trade zone? Can you specify what are the difference between free-trade zone and contracted zone?
- 10. Does the public policies and actions implemented by the government help smallholder maize farmers? Can you show some results / evidences/ indicators of outcomes?
- 11. How could the public action be improved to the benefit of the farmers?

#### 12. How are contracts and chemicals regulated in Houaphanh province?

#### History of commercial farming in the 2 villages

- 1. How did maize production start in the two villages? Who initiated it?
- 2. What was the role of the different stakeholders in the process (traders, village head, DAFO)?
- 3. How did maize trade evolve over time? What happens when maize prices decrease or increase?

#### Na Khang village (farmers, traders and local authorities):

- The agriculture situation:
- 1. Do the farmers switch to other crops due to issues related to land degradation? Which crops?
- 2. Where and to whom do they sell? What are their business relationships?
- 3. Is the income higher than the income obtained from selling maize?

#### - The contract negociation:

- 1. Who negotiates the contracts? The trader with the chief of village or the trader directly with the farmer or is there an intermediary (PAFO or DAFO)?
- 2. If so, what is the role of the intermediary?
- 3. Are they informal? Or is there a legal framework (a law) to regulate the contracts?
- 4. Does the PAFO/DAFO offer guarantees to the farmers (through a legal dimension) so that the traders do not take advantage of the weak position of the farmers?

#### The contract content

#### i. The feeder roads:

- 1. when were they build for the first time?
- 2. Can we have an estimation of the total length of feeder roads?
- 3. How long do they last?
- 4. how much do they cost?
- 5. How are they reimbursed?

#### ii. Indebtedness:

- 1. How much money do farmers borrow when they contract with a trader?
- 2. What expenses does this money cover (inputs: seeds? fertilizers? road construction? Other expenses?)
- 3. Does the income from the sale of maize cover these expenses?
- 4. What is the evolution of the selling prices and the quantities produced (are they increasing or decreasing, a lot? An order of magnitude?)

#### iii. Risk/vulnerability:

- 1. Any brutal price decline?
- 2. Any pests leading to crop failure? Any impact on harvest due to climate change (drought, floods, heavy rain...)? Is it common? Increasing?
- 3. If there is any lost in the production the farmer has to reimburse all the credits for inputs (fertilizers, seeds) or just a part of the credit? or the farmer has a delay to reimburse?

#### iv. Conflicts:

- 1. Has the relationship with the traders changed? In what way?
- 2. Are the contracts clear? Are they respected?
- 3. Are there frequent conflicts or disagreements with traders? What is the reason for this?

#### **Pakhom Noy village**

#### v. Maize cultivation

- 1. How many farmers / Households are cultivation Maize in 2022?
- 2. why farmers in this village depend less on maize and more on cattle rearing or NTFP collection?
- 3. Does this the result from a specific strategy (that should be elicited and explained) or do households depend less on maize because of a mix of constraints (little land, isolation) and opportunities (NTFPs) and tradition (cattle rearing)?
  - vi. **Diversification:** In 2018, farmers started diversifying their crops (plum, passion fruit, pomelo).
- 1. How and why did they decide to grow fruit?
- 2. Who advised them? Does it work?
- 3. Did they already have buyers? Who, where?
- 4. Is the income greater than the income from selling maize?