

VALUE CHAIN ASSESSMENT REPORT - LAO NGAM

Assessment of value chains to support Sustainable Livelihoods for the Poor through Inclusive Economic Development Lao Ngam District, Saravane Province



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A. Livelihoods Assessment

A1. Sources of livelihood

The consultant visited four target villages, selected on the recommendation of government counterparts and RLP team. The visited villages included Vangpuay, Dongbang, Kuangxi Noi and Khangongkhek-Nok, as the source of livelihood in each villages was slightly difference.

Vangpuay: The village consists of 160 households, with 9 considered as poor¹, 120 households are in the middle class and 31 considered as well off. There are three ethnic groups as Lao Loum, Soy and Lavene. The majority are Lao Loum. This village belong to Cohort I of the RLP project where 9 household received support from the project, 7 households received goats while 2 households received chickens. 71 participants attended the consultant meeting. The villagers' mains income is from agricultural production, with cash crops being cassava, sweet potatoes, peanut, fodder maize, banana and coffee.

Dongbang: The village consists of 103 households, 30 considered as poor, 31 households belonging to the middle class and 42 households considered as well off. There are three ethnic groups, Lao Loum, Ta Oy and Souy. This village belongs to Cohort I of the RLP project. 16 households received support from RLP project. 13 households received goats, while one household received pigs, one received chickens and one received mushroom growing activities support. 63 participants attended the consultant meeting. Dongbang is one of the model agricultural production villages with farmers growing diverse cash crops including cassava, peanut, sweet potatoes, pumpkin, pepper, long bean and vegetable.

Kuangxi-Noi: The village consists of 76 households, 10 considered as poor, with 46 households belonging to the middle class and 20 households considered as well off. There are two mains ethnic groups: Lao Loum, and Souy. This village belongs to Cohort II of the RLP project. 18 households received support from the project, 14 household received goats, and four households received chickens. Kuangxi-Noi is a village where community land was given as a concession to a rubber plantation. The 67 participants attended to the group discussion mentioned that most of them now owned less than one hectare of land, they recently have to rent neighbouring villages' land to grow cassava, with rent at 2 million Kip per hectare per season. The rubber company recently hire some labour from their village to works for harvesting rubber, but the villagers complain that the labour rate paid is only 25,000 Kip/day (approx. 3USD) lower than the rate that labour is hired in their neighbour villages. The company says rates are low for the plantation near their village as the rubber trees are still young, and so they could not to hire them at a higher price. Villagers mentioned that in 2015, the company that hired only 27 labourers, requiring only young workers. Many young people are still not able to work for the rubber company, and the older people have no opportunity to work for them.

The village is also involved in planting others crops such as peanut, fodder maize, papaya, and banana. However, this villages is far from the main road and access is difficult during the raining season resulting in traders offering lower than normal prices for their production.

Khangongkhek-Nok: The village consists of 63 households, 23 are considered as poor. The villagers are from two ethnic groups Lavene and Souy. This village belongs to Cohort II of the RLP project. 23 households received support, six household received goats, two households received pigs and 15 households received chicken. Most of the villagers rely on planting coffee² for their income. This village also started cultivating cassava two years ago. Khanyongkek-Nok are not able to grow peanuts, sweet potatoes or banana.

¹ Based on the Lao government "poor" definition

² Most of villagers planted Robusta, while Arabica has been introduced to the village few year ago.

B. Value Chain Assessment:

B1. Value Chains Identified

To be in line with the development strategy of local authorities, and to avoid a mismatch between the project-supported activities and the local government's development plan, the consultant met and interviewed key stakeholders at the Provincial, Districts and Village levels.

B1.1 Provincial Priorities

The Development strategy plan for 2025 and visioning for 2030 of Department of Agriculture and Forestry, the first priority for commercial crops is rice, setting the target of able to export 488,700 tons by 2025. With other crop targets as follows; coffee 40,100 tons, bananas 152,280 tons, peanuts 8,590 tons, fodder maize 53,568 tons, cassava 327,570 tons, soybean 3,387 tons, mung 662 tons, sugar cane 5,980 tons, sweet potatoes 60,370 tons and vegetable 59,400 tons.

B1.2 District Priorities

Lao Ngam District has developed the District Strategy Development Plan for 2013-2030. Commercial crops promoted include coffee, banana, peanuts, soybean, fodder maize, cassava and sweet potatoes.

During interviews, the consultant shared the value chain approach with local authorities and asked them to recommend which crops should be a priority. They appreciated the value chain approach, but did not recommend a priority crop within or beyond those listed above.

B1.3 Private Sectors/Traders

The consultant identified and interviewed two private value chain actors in Lao Ngam. The first one is the Lao Nyam Agricultural Products Trader Association, the second is the Agriculture Promotion and Development and Import-Export Company.

B1.3.1 Lao Nyam Agricultural Products Trader Association

The association established in 2010, consisted of 37 members, currently, there are 16 active members which trading agricultural products in Lao Ngam District. At present the association focus on 14 of agricultural products, these include cassava, coffee, peanuts, bananas, cardamom, sweet potatoes, pumpkin and so on.

Mains trading agricultural product of the Association in 2015

S / N	Products	Trade volume in 2015 (ton)	Market	Remark
1	Coffee	3,000	Vietnam	Border trade, Vietnam trader provide transportation
2	Peanuts	2,000	Thailand	Free on board ³ (FOB), Torkhek-Songmek, Lao-Thai border, at Lao side
3	Cassava	200,000	Thailand	Sell to Bio- Ethanol company
4	Banana	3,500	Thailand	FOB, Torkhek- Songmek, Lao-Thai border, at Lao side
5	Sweet potatoes	2,500	Thailand, Pakse, Vientiane	No fixed market
8	Pumpkin	1,000	Thailand, Pakse, Vientiane	No fixed market

Source: Lao Nyam Agricultural Products Trader Association

³ FOB is the price that is paid on the Lao side of the border. Thai trader then responsible to pay import taxes etc.

The members of association have divided themselves, so that they trade with farmers in different geographical locations within the district, based on their preference as well as the previous trading network of their members. Members of the association have been providing advance input supply in the terms of credit to farmers, with repayments made by deducting the credit from the sale price.

Note: This association provides a potentially powerful platform for value chain development activities and the project would be well advised to support the development of the association as a whole. Many members are small scale (kip 50,000,000 capital (6,200USD)) and collect products directly from producers using small Hyundai trucks. The fact that they are already providing some input supply to producers is a positive and suggests that moves towards greater trader engagement in the production process may be possible. It is also worth noting, however, that traders have limited capital and will therefore face problems in providing production inputs at scale. It was found the association currently has limited functionality, but there are a number of ways in which they could be strengthened to assist the development of the value chains in which they operate. At present each trader appears to have a local monopoly over commodity trade in particular geographic areas which weakens farmers' ability to negotiate on price. Margins along the chain obtained by different actors will need to be explored, which will require an in-depth value chain study at the beginning of any future intervention. .

Note that peanut sales are made at the Lao-Thailand border crossing with Thai traders who then bulk up supply before sending truck loads to the main Thai markets. This approach will be depressing the price that Lao traders will be able to attain. A more in-depth value chain study will need to explore the nature of these Thai traders and identify opportunities for Lao traders to trade directly to the main Thai markets.

B1.3.2 Agriculture Promotion, Development, and Import-Export Company

Currently, the main business of this company is trading with coffee producers. In 2015, this company collected around 1,000 tons coffee from Nongtom, Phokhem, Daxia, Ban Dong, Houayseng, Phakkout Villages, selling it to the Dao Heuang coffee factory in Bajang District (neighbor District to Lao Ngam in Champassak Province).

This company has also become a buying agent for a Thai cassava business. The buying agent has settled in Ban Oun Village, Lao Ngam District and is one of the main cassava buyers in the district. In 2015 the cassava volume purchased by the company had reached 200,000 tons.

B1.3 Current situation at Villages

To assess the current situation of commercial crop productivity in the villages, the consultant visited to 4 villages, two villages belonging to the current RLP project Cohort 1 and two villages belonging to Cohort 2.

The interview process was conducted in the form of focus group discussions, with participants from each villages ranging from 27 to 71 people (details in lists of participants from villages in attached file).

Cash crops that villagers are currently growing are:

Cassava: Cassava has seen strong growth in Lao Ngam District in the last 3 years and is currently the top cash crop, recognized as the most profitable and easy-to-grow option by villagers. Official data shows that in the cropping season of 2015-2016, there was a total of 8,012 ha of cassava grown in Lao Ngam District. DAFO staff mentioned that the actual cassava growing area could be up to double this figure. There is no available official data for the growing of cassava in 2016-17. However, Lao Ngam District DAFO expected that the total area for growing cassava in this period could be up to 20,000 ha, with most villages and households involved in cassava growing.



Peanut: Peanuts is one of the prioritized economic cash crops promoted by the local authorities. Farmers in Lao Ngam District have grown peanuts for many years. Currently the cultivated area is slightly reduced due to competition from cassava.



DAFO statistics show that the areas of peanut cultivation in 2013-14 was 6,720 ha, while 2014-2015 was 5,694 ha and in 2015-2016 it was 6,497 ha.

During focus group discussions (FGDs), farmers reported that there are some areas in Lao Ngam District where peanuts are not able to grow. This is because there are lots of small ants under the ground. The ant will eat the young nuts and preventing the plants from producing a harvestable crop. The areas that are reported to be unable to grow peanuts are Khangongkhek-Nok, Khangongkhek-Nai, Louangsen, Laonong, Ban Pouak, and Ban Daxia.

Sweet potatoes: Similar to peanuts, local authorities have encouraged farmers to grow sweet potatoes for many years. During the FGDs, farmers reported that growing sweet potatoes brought the highest profits to the growers in early of years of the 2000s, after which profits steady reduced due to oversupply. Sweet potato is the only cash crop that has no guaranteed market, its price showed big fluctuations from 500 Kip/Kg to 2,500 Kip/Kg (0.06USD/kg to 0.3USD/kg).

Statistic from DAFO showed 592 ha of sweet potato cultivation in 2013-14, while in 2014-2015 it was 472 ha and 2015-2016 it was 453.8 ha.

Banana: Banana has been a traditional cash crop for Lao Ngam District for decades, most of the villages along the main road are involved in growing bananas, and bananas truly brought many economic benefits to farmers. Farmers reported that bananas could be harvest one year after growing, and then they could continue to harvest them from the same plants for up to 5 years more.

However, in recent years, the bananas in Lao Ngam Districts have been infected with a disease which has spread to almost everywhere in Lao Ngam. The infected banana trees would turn to yellow and die off.

After the banana plants died, many farmers tried to re-establish their banana crops by cleaning the land, and buying new banana seeds from others areas, but most of them could not survive. Statistics from DAFO showed that, there were 5,190 ha of ready-to-harvest bananas in farms in 2014-2015, whereas only 1,990 ha in 2015-16.

Coffee: Coffee is the first priority crop recommended by Provincial and District Authorities. Coffee was introduced to Lao Ngam as well as the Bolaven plateau⁴ a long time ago. This is because coffee is considered as long-term investment for farmers. Meanwhile the actual economic benefits are comparatively lower than for other cash crops. There are very few new coffee plantation areas in recent years. The total coffee plantation both Robusta and Arabica in 2014 was 16,081 ha and in 2015 it was 16,106 ha.

Details of the opportunities challenge and risks of the above crops may be found in annex, table 1.

B2. Value Chains definition, Principles and selection rationale

Value Chain Definition

A value chain is a system of people, organisations and activities needed to create processes and deliver a product or service from input supplier to customer. Actors in the chains include primary input suppliers, producers, processors, packers, traders, distributors and service providers. They transform natural resources, raw materials and components into a finished product that is delivered to the end consumer.⁵

Value Chain Development Principles

Before moving on, several concepts and principles related to facilitation role in Value Chain Development (VCD) need to be addressed, specifically:

- **Seeking maximum chain actor participation and ownership**

A value chain comprises various components and actors, involving all key value chain and market actors in all steps of the value chain development process (from strategy setting through implementation to assessing change). This is not only to achieve a sustainable impact but also to empower those actors to continue the change process beyond project facilitation. Amongst the various value chain actors, active participation from women should be encouraged.

- **Driven by potential for growth**

The value chain, in which smallholder farmers and micro, small and medium enterprises (MSMEs), and their institutions are often operating should offer the potential for economic growth. This potential growth can be expressed in various ways, such as an under-supply of raw materials, import substitution, existence of niche markets, projections of growth in demand (from natural population or income growth), etc. The value chain selection and development strategy aims to address these gaps.

- **Sustainable (market-based) solutions**

A sustainable (market based) solution leads to the market and market-forces as starting point for addressing business constraints in a long-lasting manner. Sustainable solutions need to be embedded in the market dynamics. Providers of these solutions can be either public or private entities as non-profit initiatives. Service provision should be financed within the market system and should not rely on programme or project funding in the long term. Examples of such services included: stand-alone services (requiring a fee) provided by specialised institutions (for instance business registration offices); services provided as part of a business transaction (embedded or contractual services between primary actors of the chain), such as knowledge provided by seed sellers or business advice linked to traders. These services have the potential to repeat, scale-up and renew themselves beyond project's temporary facilitation.

- **Systemic market change**

The goal of the VCD work is to have meaningful and long-lasting impact on the lives and livelihoods of smallholder farmers and MSMEs, especially in rural areas. To achieve this goal requires facilitating systemic

⁴ Lao Ngam rises up to the Bolaven plateau in the south of the district where it borders with Paksong District, the area of Laos most well-known for coffee production.

⁵ Value Chain Facilitation For SNV Advisors

market change, which means that solutions to problems need to come from the market and its actors and need to be embedded in this market reality. The role of the project or other external organisations or programmes, is time-limited and foresees the active involvement of the market players from the very beginning. A conventional approach on the other hand, seeks to offer a solution to an identified problem without necessarily taking into account the long-term sustainability of this solution (which is often not embedded in the market system).

• **Creating a logic for change/theory of change**

A market development approach is oriented towards:

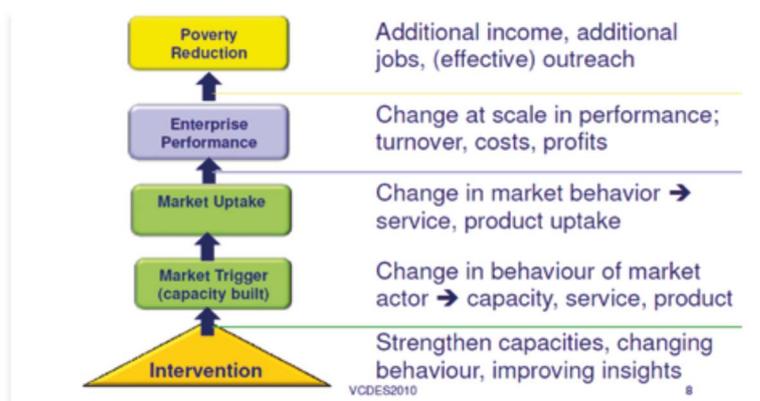
- Facilitating sustainable impact and inclusive growth interventions;
- Analysing value chains and market systems in order to understand the root causes that block their development;
- Identifying triggers to tackle such root causes and bring about change in the market system;
- Empowering chain actors to exercise and influence change;
- Changes that continues without external support or subsidy.

• **Project advisory role as facilitator of upgrading the value chain**

As facilitators, the project advisors empower and encourage chain actors to bring about change by themselves. The project does not tend to become part of the market system, but interacts with its key actors, in order to bring about change. In other words, as an advisor you should not become one of the market players, but act as an advisor/ facilitator to them. It should be note that project role does not need to be self-sustaining: the key is to promote improved cooperation and relationships amongst the market actors. This will result in sustainable, inclusive economic growth, which is capable of reducing poverty and *continuing* on its own once the temporary project funding is over. To do this, the project need to be flexible, adaptive and responsive to the changing needs of the market, employing “action learning” to modify facilitative interventions as needed.

• **Value chain development facilitation cycle**

To build a clear logic between the role as a facilitator and the impact on poverty reduction that a programme or project aims to bring about, it is important to construct an intervention logic to describe the result chain at each level in the market to ensure impact and sustainability. The diagram below presents the intervention logic and the changes (results) it should bring about in value chains according to a market development approach.



Source: Value Chain Facilitation for SNV Advisors

Value Chain Selection

The requirement in the ToR was to focus a review on non-livestock agriculture products (current World Education programming has a focus on livestock and so a broader understanding of other value chains was the purpose of this study). The consultant interviewed related keys stakeholders and found that there are several potential corps/production value chains to be developed. Based on above theories and finding during the assessment, two crop value chains were explored in more detail: peanut and cassava. (Details of the value chain pre-selection process and scoring is shown in annexed table 2).

Note: Peanuts are selected to be the value chain to focus upon by the new project. They are an important secondary crop in the area, widely cultivated by all households with land, trade relationships currently exist, prices are stable and demand for production from principle markets is high. There is potential to improve production processes and increase the crop value through development of a more consistent product. Peanuts are typically cultivated in small areas and have a high labour requirements, making the crop suitable for poorer households with limited land.

B3. Value Chain One: Peanut

B3.1 Description of Peanut

Peanut, also known as **groundnut** (*Arachis hypogaea*), is a crop of global importance. It is widely grown in the tropics and subtropics, being important to both smallholder and large commercial producers. It is classified as both a grain legume, and, because of its high oil content, an oil crop. World annual production is about 46 million tonnes per year. Peanut pods develop under the ground, which is very unusual among crop plants.



As a legume, peanut belongs to the botanical family Fabaceae (also known as Leguminosae, and commonly known as the bean or pea family). Like most other legumes, peanuts harbour symbiotic nitrogen-fixing bacteria in root nodules. This capacity to fix nitrogen means peanuts require less nitrogen-containing fertilizer and improve soil fertility, making them valuable in crop rotations.

Peanuts are similar in taste and nutritional profile to tree nuts such as walnuts and almonds, and are often served in similar ways in Western cuisines. The botanical definition of a "nut" is a fruit whose ovary wall becomes very hard at maturity. Using this criterion, the peanut is not a nut, but rather a legume. However, for culinary purposes and in common English language usage, peanuts are usually referred to as nuts⁶

Note: Peanuts are the principle ingredient in a number of products designed to reduce malnutrition in children. As such they are a highly nutritious food with good quantities of oil and protein, foods typically lacking in many Lao diets and contributing to the high levels of infant malnutrition.

B3.2 Current Situation of Peanut in Lao Ngam District.

Peanut is one of the cash crops promoted by local authorities, and the farmers in Lao Ngam have experience with peanuts as a cash crop for decades. Based on the assessment, peanut could be grown throughout Lao Ngam District, except some villages as Khangongkhek-Nok, Khangongkhek-Nai, Louangsen, Laonong, Ban Pouak, and Ban Daxia due to ants under the ground will eat the young nut and lead to low yield. It is understood that the soil type in other locations deters the spread of these ants and so the risk is lower elsewhere.

The growing season for peanuts in Lao Ngam is July to September. Peanuts are a high priority crop for the District Industry and Commerce Department.

⁶ Source: <https://en.wikipedia.org/wiki/Peanut>

Peanut plantation in Lao Ngam District

Description	Unit	Actual 2013-14	2014-15		Estimated 2015-16
			Plan	Actual	
Plantation plan	Hectare	7,000	7,300	7,300	7,300
Actual plantation Areas	Hectare	6,720	5,694	5,694	6,497
Harvest Areas	Hectare	6,652	5,694	5,637.6	6,497
Production	Ton	11,975	11,388	10,711.4	12,994
Production Yield	T/Ha	1.8	2.0	1.9	2.0

Source: Lao Ngam Agriculture and Forestry Office

Opportunities

Peanut has been grown for many years in Lao Ngam and most farmers have experience in their cultivation. Growing peanut does not need large areas of land to cultivate compared to other crops such as cassava, coffee, bananas, so poor farmers households who normally own small piece of land could benefit from growing peanut. Due to peanut capacity to fix nitrogen, peanuts require less nitrogen-containing fertilizer and improve soil fertility, making them valuable in crop rotations, this is another reasons the local government encourages farmers to grow peanut.

Based on field work undertaken and results of other value chain assessments⁷ of peanut in Lao Ngam the following are opportunities to improve farmer incomes from peanut production.

Price: The average import price of Lao peanuts in Thailand was Baht 27/kg as compared to peanuts from China (Baht 50/kg), Vietnam (Baht 33/kg), Myanmar (Baht 50/kg). Low prices paid for Lao peanuts is a result of them being of mixed varieties and grades, and poor post-harvest treatment. There is considerable potential to increase the market value of Lao peanut production through improving these factors. If all traders promoted the use of a standard variety of peanut and volumes were able to be secured then additional price margins are likely to be gained from their Thai buyers. This would need to be confirmed during a detailed value chain study. The project should require that traders pass on a portion of this additional value to farmers.

Varieties: Peanuts grown in Lao Ngam are of mixed varieties with no use of standard seed. Seed is simply retained from the previous year's harvest. There are a number of high quality peanut varieties available from Koen Kaen in Thailand that could be field tested in Lao Ngam. Any program to introduce standard varieties should be led by the traders based on their market assessment. The project could provide small volumes of

Problems with Lao Ngam Peanut production: A Thai trader perspective.

The other problems that it is worth to mention are: (1) farmers have been using mixed variety seeds which have different maturity periods so by the time they harvest peanut some of the peanut has not reach maturity period; (2) farmers do not have post-harvest technology and facilities at their places to keep dry peanut in good quality; (3) farmers do not have information on market requirements on individual variety and quality; (4) although farmers may work as a group, they sell their products individually. There is no central organisation or any producer cooperative which could support them technically or financially;
SNRM-PEP, Oct 2014

⁷ Banana, Sweet Potato and Peanut Value Chain Development in Champasak, Salavanh, and Savannakhet Provinces. Prepared by the Ministry of Agriculture and Forestry for the Asian Development Bank. SNRM-PEP, October 2014.

seed for farmers to test on trial basis but this would be best done through the traders themselves rather than directly to farmers.

Cultivation: Plant spacing is reported as wider than optimal and is often not done in rows making weeding both more necessary and time consuming. Using simple direct seeding tools can reduce labour requirements and standardize plant spacing.

Labour: Labour requirements for peanut production are high, associated with both weeding and harvest. Mechanical tools to reduce such are reportedly available in Thailand and could be introduced on a trial basis by the project in target villages to test their viability in increasing profits for poorer households.

Disadvantage

Growing peanut is a laborious works compare to others cash crops, in particular, weeding and harvesting. Due to the fertile soil in Lao Ngam, there are many weeds that need to be controlled. Weeding a primarily a women's role and therefore promoting this product can have gender/workload implications. Another constraints that peanuts are quite sensitive to climate change, in particular, during the flowering time. If there is not proper rainfall during this time the production yield will be affected. Peanuts must be harvested within two weeks' of them being ready, if this short period is missed, the nut will germinate and yield will be affected.

Market

Based on interviewed with peanut traders, peanut has a huge market demand, with current productions far below demand. The main market is export is to Thailand, with some traders selling directly to Pakse and Vientiane. The **Lao Nyam Agricultural Products Trader Association** reported that, in 2015, their members' dry peanut trade volume was 2,000 tons; the price offered to farmers was 12,000 Kip to 13,000 Kip per Kg of nuts (husked/milled) (approx. 1.5USD/kg) with the conditions of moisture being less than 14%. The harvested peanut must be sun-dried to reduce the moisture content. Farmers can mill their well dried peanut at villages which have milling facilities or can have them milled free of charge by traders at their warehouses.

Investment and Return

The main costs of peanut production are the seeds, weed control and harvesting. The cost of seed is constant, meanwhile weed control and harvesting costs will vary by location.

Income from peanut is based only on selling the peanut (nut) itself. Currently farmers not make use of waste from the production process, such as using the bushes and shell to make compost or animal feeds.

Estimate Investment and Return calculation of peanut plantation for 900 m2 (difficult to get information from HHs in Ha as it is less usual to do such large areas as high labour needs and short time frame for harvest.).

Description	Unit	# of Unit	Unit Cost	Amount
Investment				
land preparation	person	5	35,000	175,000
seed	Kg	10	18,000	180,000
planting	person	2	35,000	70,000
weed control	person	21	35,000	735,000
harvesting	person	4	35,000	140,000
transportation				20,000

Sub-total				1,145,000
Income				
Average yield (dried)	Kg	166	9,000 ⁸	1,494,000
Sub-total				1,494,000
Net Income				349,000

Source: interviewed and summarized by consultant

B3.2 Proposed activities

Activities proposed are based on an initial assessment only. A more in-depth assessment is required to finalise and design activities to be undertaken. A participatory value chain assessment with traders participating in the study is recommended as an initial process, early in the project.

- Multi-stakeholder workshop

The Value Chain Approach is a new approach to some stakeholders, in particular local government. The project need to clearly communicate this approach to key stakeholders to obtain their buy-in and ownership. In the conventional approach, project activities focus on farmers while in the value chain approach, support is focussed on the more wealthy private sector which then works with farmers. It is important that this approach is accepted by key government stakeholders at the outset of the project.

- Invite the private sector to be involved

In the value chain approach, the key actors driving the project is the private sector. The project needs to identify high private sector actors with high commitment to participate in the project. It is likely that such players can be identified from within a) the Lao Ngam Agricultural Products Trader Association, Agriculture Promotion, b) Development and Import-Export Company and c) other interested traders who are trading agricultural products in Lao Ngam.

After the selection of private sector players with whom to partner, the project needs to undertake a needs assessment to identify their assistance needs and, with them, undertake a participatory market chain assessment for the peanut sector. This should include developing both an understanding key market demands in Thailand as well as the resources that can be drawn upon to improve production at farm levels. The project should also consider support to the private sector in enhancing business management, recordkeeping, marketing, working with farmers, access to finance, strengthening capacities of their association, and study visits.

- Establish producer groups

Farmer group selection should be undertaken by the private sector actors that are selected to work with the project. This private sector actors, rather than the project or government, need to decide in which villages they wish to work in based on their networks and buying history (noting that the project aims to develop the broader economies in villages where poor households are currently supported with Micro-enterprises – therefore, private sector actor identification would need to include those working in the same area). The role of the project is then to support the private sector in the establishment of farmer groups in these villages that will coordinate production and make production improvements (e.g. use of single variety of peanut, improved production methods). Good cooperation between farmers and traders is the key to achieve final goals of improved incomes for poorer farmers.

⁸ Unhusked price at farm gate or if bring to traders

Farmers are currently operating as individuals and do not coordinate their actions. This needs to change if sufficient volumes of quality produce is to be available to be sold in bulk to buyers at higher prices. Producer groups will serve as the platform through which traders and the project can work with farmers in the community and ensure consistent, quality production. Producer group management committees will be need to be formed that will have day to day responsibility for group operation and coordination with the trader. Building the capacity of producer groups takes time and requires all stakeholders to contribute to the process.

Note: The ADB supported SNRM-PEP project has promoted peanut value chain development in Khanthachan and Thapho villages in Xaiphouthong district, Savannakhet and it would be worthwhile for World Education to review the experience from there, in particular related to the introduction of new, typically larger, Thai peanut varieties.

Enable Extension support.

Farmers have received no extension advice on the cultivation of peanut. Other studies report that planting density is too low (low number of plants per unit area) and by not planting in rows the weeding tasks are harder and more time consuming. Opportunities to improve production through the use of a consistent variety of peanut exist, currently production is of mixed varieties. Enabling access to extension services is key to supporting individual farmers' work as a member of the group. Farmers need to understand that approaches promoted by the project produce tangible positive results. As such, supporting the trial of new varieties and improved cultivation methods by small numbers of farmers, first to

demonstrate the improvements that can be achieved is required. This could also include the use of inter-cropping of peanut with other crops. Two or three lead farmers in each group would be supported to trial new approaches and peanut varieties and then to work as extension agents within their community to support other farmers adopt these approaches. The development of close linkages between these agents and traders is important as the extension agents' work is in support of trader goals for improved quality and volumes of production. As such it should be the traders rather than the project that supply improved seeds for trial by these farmers and it should be clear that this free distribution is for trial purposes only, with future seed having to be paid for by farmers.

Note: There are a range of high quality peanut varieties being cultivated in Thailand that could be trialed in Lao Ngam. Information, posters and seed are available through the Khon Kean Field Crops Research Center (KKFCRC) under the Department of Agriculture (DOA) in Thailand.

The project should also support traders to introduce appropriate agricultural machinery to address labour demands of production especially direct seeding, weeding and harvesting. The project should establish a fund to support these trials with machines being provided to farmers for trial use initially. Later adoption would require farmers to purchase this machinery.

Besides extension services, increasing farmer awareness of commercial production will be crucial. Farmers need to understand that both product quality and quantity are very important. Farmers should be clearly informed that, if they do not produce a sufficient quantity of products, they will be offered a lower price, meanwhile if they do not ensure product quality is high then they will also get a lower price or be unable to sell their product at all. Farmers also need to be supported to understand the

The Thai Market:

"Simummuang and Talad Thai are the two major wholesale markets in Thailand for peanut from various parts of Thailand and internationally. Peanut buyers and traders would start buying fresh peanut from traders who collected locally produced peanut first. After that they would buy peanut from Myanmar. After peanut from Myanmar exhausted, they would buy peanut from Laos. Most of the issues raised on peanut from Laos were related to quality and post-harvest treatments. Peanut from Laos normally come in mixed grade and variety which make it difficult to use. Fresh peanut from Laos is sold at the prices lower than those from Thailand or Myanmar."
SNRM-PEP, Oct 2014.

investment made in production and the returns they obtained, to help them assess the impacts of the changes made to production.

- **Facilitate access to finance**

For farmers' self-help purposes, it is proposed that access to basic financial services should be integrated into project activities. It is worth noting however that access to credit for peanut production is not seen as likely to be required given the small scale of household production that is taking place.

It is proposed that the project facilitate access to basic financial services through village banking and the mobilization of savings from producer group members. These activities could be integrated with GIZ's financial literacy program. Currently this program supports 25 villages in Lao Ngam District. Any villages targeted by the new project that are not in this group of 25 should be supported to establish village banks connected to the GIZ program or the Vanmai Savings and Credit Union.

Note: Management of village banks can rapidly become quite complex requiring long term specialist assistance and capacity building support. The project should only encourage the establishment of village banks or funds where that specialist assistance is able to be provided by GIZ or an SCU. This activity should not detract from the main purpose of the production groups, to enhance quality and quantity of village peanut production.

It is also worth noting that traders interviewed expressed a need for additional working capital. The project could assist such traders develop business plans and access finance from financial institutions (support develop business plan, support them to talk to banks to take loans, consider accessing small business enterprise loan (low interest) from Department of Industry and Commerce/MAF). This would need to be explored during implementation, but the relatively small size of many traders operating as peanut buyers is one factor limiting the growth and development of the sector.

Note: It might be worthwhile for the project to establish a Peanut VC development fund that could be used to cover direct input costs for the activities such as seed, equipment provided for demonstration purposes etc. The project could also consider providing access to credit from this fund to peanut traders when such funds are then on-loan to farmers on a contract farming type basis to provide key inputs such as standard seed.

- **Value addition**

At present there is no value adding to the crop, farmers simply sell dried peanuts to traders. There may be opportunities to process their peanuts to finished products for sale to markets – such products could be snacks, sweets etc. Support to such an activity could be provided by the project but this opportunity would need to be researched first to confirm its viability.

- **Gender dimensions**

During the women group discussions, women reported that both men and women participate in agriculture production activities; normally, women will do the less physically hard (in terms of strength/lifting) such as weeding; planting; harvesting, while men will do more heavy work, such as fencing, plowing land etc.,

The following activities are recommended:

Gender awareness rising and women leadership

Addressing gender issues in the value chain might need not specific activities, but instead should be integrated with other activities in the development of the peanut value chain. Ensuring that women are engaged in these process and encouraging women to speak out and participate in trainings and workshops should all be encouraged.

Beyond awareness rising and technical trainings, it is recommended to include active women into producer groups' committees so that they play an active role in the management of producer group activities associated with the peanut value chain.

Access to knowledge

During the extension techniques and other trainings, women's participation must be emphasized. Women's access to such basic knowledge will empower them in terms of skills and cropping techniques, and empower women to be speak out about their ideas and requests what their need. Given the significant role that women play in peanut production and sale, it is essential that women are involved in the activities supported by producer groups.

B4. Value Chain Two: Cassava

B4.1 .Description of Cassava

Manihot esculenta (commonly called cassava) is a woody shrub native to South America. It is extensively cultivated as an annual crop in tropical and subtropical regions for its edible starchy tuberous root, a major source of carbohydrates. Cassava, when dried to a powdery (or pearly) extract, is called tapioca.

Cassava is the third largest source of food carbohydrates in the tropics, after rice and maize. Cassava is a major staple food in the developing world, providing a basic diet for over half a billion people. It is one of the most drought-tolerant crops, capable of growing on marginal soils.

Cassava is classified as either sweet or bitter. Like other roots and tubers, both bitter and sweet varieties of cassava contain anti nutritional factors and toxins, with the bitter varieties containing much larger amounts. They must be properly prepared before consumption. Farmers often prefer the bitter varieties because they deter pests, animals, and thieves.⁹



B. 4.2. Current Situation of Cassava Production in Lao Ngam District

Cassava is the dominant commercial crop being cultivated in Lao Ngam with cassava fields being seen everywhere. One DAFO senior staff estimated that the actual cassava plantation areas this year might be up to 20,000 ha, this figure being 1.3 times higher than the official data of 2015.

Opportunities

Due to the current large scale of cassava plantation, the potential numbers of households involved with any project support to the sector would be large. Cassava is a climate resilient crop with the risks from unpredictable rainfall being limited. Cassava is considered as very competitive in terms of investment returns and this allows farmers to generate considerable income. This has led to large areas of cassava cultivation in Lao Ngam. However, the cassava market is also very competitive. Cassava represents an opportunity for the project to work with the private sector to engage with farmers to ensure harvested cassava supply (currently five collection centres are competing to buy the harvested cassava. So a contract farming approach would help tie farmers and collectors together – gives incentive for buyers to support farmers).

Disadvantage

Based on cassava plantation experiences in neighbouring countries, cassava will give a good yield for the first and second years of plantation, but the yield will decrease after the third year as the land fertility is reduced. In this scenario, soil improvement will be needed, leading to higher costs of production and lowering the returns on investment. Similar processes have been seen in the maize sector in northern Laos.

In addition, the potential risks of disease outbreaks after the third year are also very high, due to farmers' lack of experience and expertise. If an outbreak occurs then disease control will be challenging and farmers will be exposed to relatively high risks.

Market

⁹ <https://en.wikipedia.org/wiki/Cassava#Farming>

There is high market demand for cassava. Currently there are five main cassava collection centres located in Lao Ngam District. The consultant visited two buyers, whose cassava purchased volume in 2016 is around 350,000 tons. All of the purchased cassava was exported to Thailand, where around 70% is sold to an ethanol factory and 30% re-exported to China.

The cassava price offered at the collection centre was 950-1,200 Kip/Kg for dry-chip (0.15USD/kg), and 350 Kip- 450 Kip/Kg for fresh root (0.05USD/kg). The actual price paid is based on the percentage on starch content and moisture content (in case selling in dry-chip) of the cassava.

Production cost

The mains costs of cassava plantation are land preparation, harvesting and transplantation. The calculation assumption here is based on selling fresh cassava roots, with the land preparation costs including land clearance, ploughing and ditching.

However, many smallholders do not plough the land or build ditches but instead just direct plant the cassava into the ground after clearing vegetation. In this scenario, the cost of production will be different from that calculation shown below.

Cost of cassava plantation for the first year, 10,000 m²

Estimated expenditure (LAK)				
Items	Unit	Cost/Unit	Amount	Total
Land preparation	LAK/ha	3,500,000	1	3,500,000
Ditch preparation	LAK/ha	1,500,000	1	1,500,000
Transplanting	LAK/ha	350,000	1	350,000
Weeding	LAK/ha	600,000	1	600,000
Harvesting and collecting	LAK/ha	70,000	25	1,750,000
Transportation from garden to factory	LAK/T	70,000	25	1,750,000
Grand total				9,450,000
Estimated income (LAK)				
Expected fresh cassava roots	T	400,000	25	10,000,000
Profit or loss (LAK)				550,000

Source: data summarized by consultant.

Cost of cassava plantation for Second year

Estimated expenditure (LAK)				
Items	Unit	Cost/Unit	Amount	Total
Land preparation	LAK/ha			1,160,000
Ditch preparation	LAK/ha	1,500,000	1	1,500,000

Transplanting	LAK/ha	350,000	1	350,000
Weeding	LAK/ha	600,000	1	600,000
Harvesting and collecting	LAK/ha	70,000	23	1,610,000
Transportation from garden to factory	LAK/T	70,000	23	1,610,000
Grand total				6,830,000
Estimated income (LAK)				
Expected fresh cassava roots	T	400,000	23	9,200,000
Profit or loss (LAK)				2,370,000

Source: data summarized by consultant.

B4.3 Proposed activities

The consultant recommends that the project work with the peanut chain rather than Cassava for the following reasons:

- Cassava profitability and popularity is likely to decline as soil fertility reduces and it is thus less sustainable.
- Cassava cultivation often requires larger cultivated areas to generate significant income and is thus less appropriate for poorer households.
- Cassava is at risk of a disease outbreak that could have very significant impacts on farmers.

C. Gender Assessment

C1. Description of methods used to gather information.

The information obtained was through participatory discussions with groups of women. The consultant visited four women groups in different villages and a total of 112¹⁰ women participated in the discussions. The general group discussion for primary information on the different value chains was carried out during the first session with a women only second session held after the men had left the group.

After introducing the objectives of the visit, the consultant tried to obtain information by encouraging participating women to tell their stories, included their daily life, productions, family decisions making and their ideas of improving their current conditions.

C2. Gender Issues

Through the discussions, women reported that they suffered from difficulties in their life. However, when the consultant asked for more details about what are those issues were and what were the causes of these difficulties, they not able to detail any specific issues or reasons. The information raised in the discussion were general comments about issues faced in the communities, such as having low income,



¹⁰ B. Dongbang 25, B. Vangpeur 32, B. Khayongkhek Nok 15 and B. Kuangxi Noi 40.

owning less land, having less money to invest and having to struggle in their daily life. Based on the consultant observation, a key issue that the women face in relation to participating in value chains or livelihoods related to the low level of literacy, less access to community land, and traditional cultural gender norms.

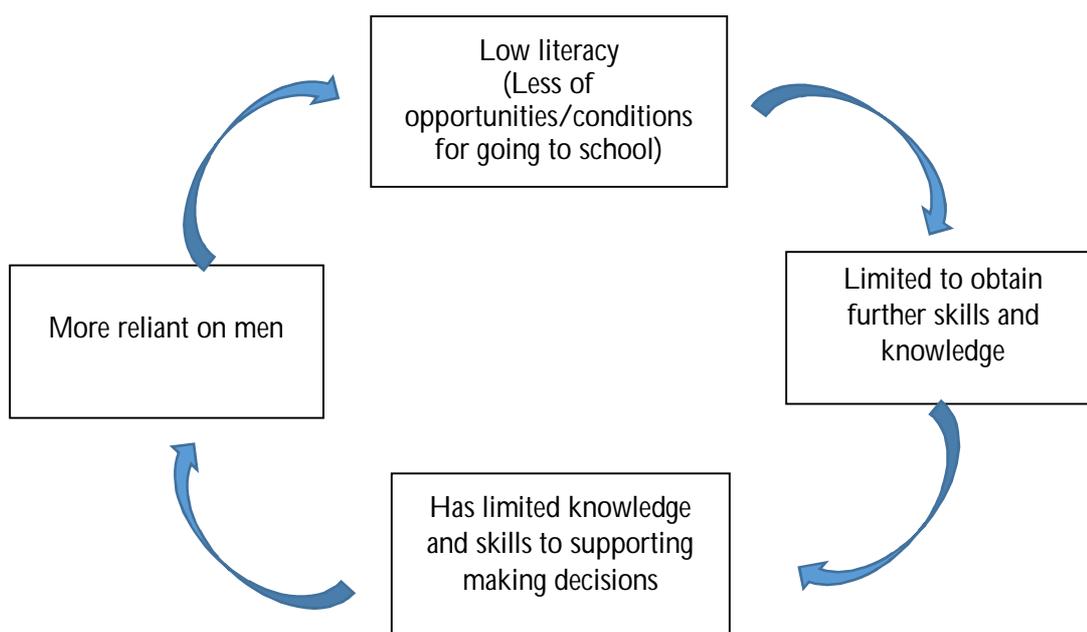
- **Low literacy**

Low literacy is a common issue amongst Lao farmers, and in particular, amongst women in remote areas. Within the 112 women that participated in the discussions, only three women reported that they had graduated from high school, while three graduated from Secondary school. However, these educated women said their business was to run grocery store at the village, and they did not working on agriculture production (if they had land for agriculture they just someone to do the work instead of doing it by themselves).

Literacy level of interviewed women groups

Name of village	Dongbang	Vangpeur	Khayongkhek Nok	Kuangxi Noi
Total women attending the discussion	25	32	14	40
Graduate High school	0	3	0	0
Graduate Secondary School	0	3	0	3
Graduate Primary School	2	6	1	4
Not graduate primary school but have a level to basically reading	5	12	6	4
Illiteracy	18	8	7	29

The vicious circle of low literacy limited women's ability to obtain further knowledge and skills to support them in making decisions and makes it harder for to become leaders of the community.



The vicious circle low literacy of women

- **Traditional gender norms**

Traditionally, women are considered to be physically weaker than men. Men in the household do what is considered to be more physically or heavy work, and women agriculture work that requires less physical strength as well as doing other household work such as look after children, cooking, cleaning the house, fetching water, preparing fire wood and so on. As this kinds of work are daily works, this lead to women working non-stop, and long hours. In contrast, men's works normally finishes in a shorter time period each day, and men have more time to relax.

In addition, traditionally as it is considered the role of women to carry out work that supports men then they do need not to go to school or have higher education. This is because after they are married they just need to look after the family. Going to school is considered a waste of time because their man will teach them what they should do.

The Lao government tried to raise awareness on this issue for long time, in particular, through the Lao Women's Union. This situation has improved and is reflected in the younger generation with more young girls going to school, men being encouraged to help their wife to take care of children and participate in cooking, and asking women their opinions before making family decisions. However, there still have a long way to go, especially, in the remote areas.

- **Family Planning**

The Lao governments and many projects has been working on family planning for decades. However, there are still many families in remote areas that have many children, whose young mothers married at a young age and give birth to their children with only one to two years between each pregnancy. The mother has to struggle to take care of the children, providing their food, clothes, and school fees. It is mean they have to spend more time to take care children while they also having to works hard in the field to earn money. This situation leads to many women having a difficult life.



- **Less community common land/forest.**

Many interviewed women, in particular elder women, mentioned that their life is becoming difficult because nowadays, the forest where they used to collect forest products such as bamboo shoots, mushrooms and wild vegetables has gone. They said that previously they could collect these non-timber products to supplement food or to sell to traders. Now these forests are privately owned.¹¹ Nowadays, they have no income from the forest, while they have to buy everything for their family food. This lead to them have life difficulties.

C3. Gender Roles:

C3.1 Decision making

¹¹ Women in Kuangxi Noi Village mentioned that most their forest was a concession for plantations of rubber trees.

Spending decision: The interviewed women groups entirely reported that decisions for all small daily spending are made by women, such as when to buy foods, cloths for children, giving pocket money to children, paying the electricity fee, first aid medicine, selling small animals and so on. Meanwhile, some cost considered as big amounts, such as buying a hand tractor, motorbike, building a house, selling a cow, or borrowing money are usually decide by both husband and wife.

Productive decision: most of the interviewed women reported that when they decide to grow new crop, or expand growing areas, husband and wife would discuss and make decision together. However, there also some women who said that their husband will make the decision, giving the reason that normally the husband has more opportunities to go around the District and visit to others villages, so, he has much information about others new crops. After the choice of crops has been made, the daily work planning for crop production is mostly decided by women, including when should plant, when to do weed management and when they should harvest. A concern therefore is the gap in skills and knowledge for growing of new crops/varieties where there is a difference in the decision making of which crop to grow and the decisions of daily management of that crop, if it accepted that the women are less well informed.

Household decision: For family decisions, such as deciding which school the children should attend (in case they should have education beyond that of the school in the village, and need to go to a different location for a higher level of education), taking family members to Souk Sa La (Cluster-level health centre) or hospital and so on normally follow discussion and a decision by both the wife and husband.

C3.2. HH economics

Most of the interviewed women mentioned that they have been involved in the household economy. Over 90% of the interviewed women mentioned that they are the person who keeps the family's cash, and control over daily expenditure. The family owned land's Land title are in the name of both husband and wife.

C3.3 Workloads

As mentioned above, women's work is difference to that of men for daily works, but similar to men for production activities. Daily work such as prepare foods, looking after children, feeding livestock (which is considered a more physically light work) is normally are carry out by women, while more heavy works such as preparing fire wood, building farmer shelters, and constructing fences are men's works. Attending village's meeting are normally men's role, not that of women.

For production activities in the field, growing cassava for instance, men and women jointly contribute. However, some work is divided based on the physical nature of the works, with some work such as planting, weeds control which are done mainly by women, and some work considered as 'heavy' such as ploughing land, fencing, carrying heavy objects are done by men. The table below demonstrates very clearly how much more work is undertaken by women as compared to men.

Summarized works do by women and men

Description	Women works	Men works
Daily works		
Prepare foods	xxx ¹²	x
Cooking	xxx	
Cloths cleaning	xxx	
Washing dish	xxx	
Feeding household livestock	xxx	x
Looking after children	xx	x
Prepare fire woods	x	xxx
Production work (in the case of Cassava)		
Preparing stamps	x	xx

¹² Xxx = high intensive, x = low intensive

Cutting stamps	XX	X
Land clearance	X	XXX
Land preparation	X	XXX
Planting	XX	X
Weeding	XXX	XXX
Harvesting	XXX	XXX
Chip	XX	X
Drying	XX	X
Selling	XXX	X

C3.4 Mutual Assistance

Lao Women's Union is mandated to protect women and their standing in the community with activities including gender awareness, protecting women from domestic violence, and consolidate solidarity among women. During the visit, the consultant learned that the four visited villages had an existing Lao women's union organization. However, the members mentioned that they have no idea about the role of this organisation, except they paid their member fee and were occasionally requested to provide a service (prepare food, serve water etc.) during a village meeting or important events, there are not any others collective activities. The members mentioned that they did not realized that the organization also has the role to protect them from domestic violence.

There has not been any collective activities through women groups of any form in these villages in the past, except in Vangpeur Villages where World Education Lao previously facilitated the establishment of a Rice Bank during the early 2000s. However, the rice bank discontinued its function shortly after the project ended.

The consultant tried to get ideas from the women about how they could help themselves with the external support from the project. The only thing they suggested was to simply offer direct in-kind and financial subsidy to individuals. Despite the consultant emphasizing several times that the possible support could be only some initial facilities and technical. However, they had no ideas on this.

To further explain the concept of possible support of the project, the consultant suggested the idea of organizing groups which consist of some women members. The group could perform a certain economic activities, earning from activities could be divide to members in the form of dividend. The business activities could be rising chicken, mushroom growing, fish ponds, or running a small rice mill. The women responded that they could not imagine the subsistence of such business, as they have very low literacy and so this limited the people that they could imagine to be the leader of the group. Normally the leaders are the elders in the group, but almost of these people are illiteracy. There are some in the community that could read write, but they less trusted in the community. In the other words, women felt that they alone may not able to run the business independently without the involvement of men.

C4. Conclusion on Gender intervention

The current situation of gender issue of the visited villages is considered as typical of villages in Laos (with the exclusion of some more remote ethnic groups). In most cases, women spend much more time in daily work when compared to that of the men, with duties such as preparing food, cooking, and looking after children. However, for economic production activities women and men both make a contribution. These tasks are divided based on the nature of perceived physical differences of men and women. In most cases, women participate in decision making in their family. Women have space to control the daily family economy, where cash is held by women, and women make basic daily expenditure decisions alone. Larger expenditures and decisions are typically made by men and women together.

Based on the interviews and recommendations of District and Provincial Lao Women Union the consultant recommends:

- Economic Activities: Due to the low literacy and current capacities, supporting women groups to establish economic base groups or running a groups business is not recommended Such activities

may run well during the project period, but will likely face extreme challenge after the project. Meanwhile, there is nominally a Lao Women's Union representation in each village. The discussions demonstrate that there are gender issues including high workloads, low literacy, limited family planning, exclusion from community meetings/discussion, and lack of knowledge and skills due to exposure/opportunities to move outside of the village. Working with groups of women which focus on these areas would benefit their engagement in economic activities at the household level.

- Gender awareness raising: the project needs to insert gender awareness activities into the value chain development process. General gender awareness should be conducted with both men and women to ensure that men allow women the space to participate equally in meetings and trainings etc. Similarly, the issue of husband not properly respecting their wife's ideas or not helping their wife look after children could be improved through awareness raising with the men. During the project it is recommended to consider delegating awareness raising tasks to the Lao Women Union.

D. NPA Assessment

D1. NPA's registered in Salavane and activities undertaken.

The consultant met with Department of Home Affairs to gather information about the situation of Non Profit Associations (NPA) in Salavan Province. There are three associations registered in Salavan, while two associations are economic¹³ based and one association is development-based association. The Association for Community Development (ACD) was established in 2013 as Nationally Registered Non Profit Association. Mrs. Bualaphet Chounthavong, the Director of ACD (formally with Village Focus International) explained that the organisation separated from Village Focus International in 2008 and registered as NPA in 2013. Within the association there are four staff with background and experiences in agriculture.

Currently, ACD has a total 12 staff, implementing three main projects: Improve Education Quality program; Child Right Protection project; Nutrition Project.

- Improve Education Quality program: This program implemented intermittently since 1994, the program funded by Japanese's association. The program is being implemented in Lao Ngam, Salavan and Taoy Districts, Salavan Province. Main activities are constructing schools, improving teaching quality, and provide school feeding.
- Child Right Protection project: the program is funded by a Germany NGO, the main activities are awareness raising to parents on rights of pre-school children, and protecting child rights.
- Nutrition Project: the project funded by the Bread for the world of Germany, with a project duration of 2013-2016. Main activities are providing knowledge on nutrition, cooking techniques, training to the Districts Public Health Office staff, promoting household vegetable gardens, promoting poultry raising, sustainable use of villages' own (common) forest, income generation activities (bamboo weaving), deep well and toilet construction.

D2. Nationally registered NPA's and potential roles

ACD is a nationally registered. The association has experienced staff, in particular the director has more than 20-years of experience working in the development sector. She showed a high interest in any future cooperation.

The potential role for the association are activities where there is community development work with the farmers, such as supporting training on group management for farmers.

¹³ 1. Rice Mills Association, 2. Salavan Restaurants and Hotel Association.

Their skills are also in education and so could be engaged to facilitate adult education activities. Other development skills are in child rights, nutrition, livelihoods and water and sanitation, and so could compliment value chain activities with actions that address community mobilization/training, nutrition, child rights and health (such as nutrition trainings, child rights trainings, community grants to address WaSH needs).

Current there is a challenge for INGOs to work with NPA. MoFA are reluctant for grants to be given them, as NPAs are registered under MoHA where as INGO projects and funding are reported via MoFA and MoU submissions stating partnerships with NPAs are unlikely to progress. A more acceptable way to work with an NPA could be via sub-contracting activity work, rather than grants.

Finally, anecdotal information indicated that ACD have had issues with the provincial/ district government which has made it challenging for other NGOs to partner with them. Therefore, work with this NPA should take the above into consideration.

D3. Observation on engaging with NPA's in the delivery of the program?

During the interviewed, the consultant observed that, the Association has been established for a while and a nice office, but there is no association name plate outside the office, we could not find the association organization structure nor any brochure inside the office, the consultant asked about this, one senior staff mentioned that they not yet prepare. It therefore appears that they are having a lower profile as an 'NPA' and working more like a sub-contractor or consultancy firm (opposed to lacking experience/structure).

The consultant share the concept of the coming project and potential of cooperation, the Association appreciated and warmly welcome further discussion about future cooperation. Further exploration of this potential and undertaking robust due diligence is strongly recommended.

Annexes

Annex 1. Working Schedule

Days	Date	Location	Activities
1	16/05/2016	VTE	Disuses Chris and Adam on the Assessment
			Develop schedule and guideline for interview
2	17/05/2016	VTE	Develop schedule and guideline for interview
			Traveling KMN-Lao Nyam, Traveling VTE-KMN
3	19/05/2016	Lao Nyam	Briefing with RLP team in Lao Nyam
		Lao Nyam	Meet with District Agriculture and Forestry Office
		Lao Nyam	Meet with District Industry and Commerce Office
		Lao Nyam	Discusses with LSP team to agree on Villages to be visits
4	20/05/2016	Lao Nyam	Visit to Vangpuay Village FGD – village group to review value chains FGD – women to review gender
5	21/05/2016	Lao Nyam	Visit to Lao Ngam Agricultural Product Traders Association
		Ba jiang	Visit to Cassava buyer
6	23/05/2016	Lao Nyam	Visit to Dongbang Village FGD – village group to review value chains FGD – women to review gender
7	24/05/2016	Lao Nyam	Visit to Khayongkhek Nok Village FGD – village group to review value chains FGD – women to review gender
8	25/05/2016	Lao Nyam	Visit to Kuangxi Noi Village FGD – village group to review value chains
9	26/05/2016	Salavan	Meet with Department of Agriculture and Forestry Meet with Department of Industry and Commerce
			Meet with Provincial Lao Women Union
10	27/05/2016	Salavan	Meet with Ta Oy District's Agriculture and Forestry Office
11	30/05/2016	Salavan	Meet with Department of Planning and Investment
		Salavan	Meet with Department of Home Affair
		Lao Ngam	Meet with Association for Community Development
12	31/05/2016	Lao Ngam	Visited to Agriculture Development and Export-Import Company
		Lao Ngam	Meeting with Vanma, GIZ (re finance literacy)

Annex 2. List of persons met and contact details.

S/N	Name	Organisation	Position	Contact No
1	Mr. Khammouane Sisanphet	World Education, RLP	Deputy Program Manager	
2	Mr. Keosavai Phommalasy	World Education, RLP	Operation Manager	
3	Ms. Siphay Sombaddi	World Education, RLP	Senior Facilitator	
4	Mr. Bounchanh Manyseng	World Education, RLP	Senior Facilitator	
5	Mr. Soukthavy Chanthavila	Meeting with Vanma, GIZ	Manager	
6	Mr. Inkeo Chanthala	District Industry and Commerce Office	Head of Office	
7	Mr. Buaphan Naphaivan	District Agriculture and Forestry Office	Deputy Head of Office	
8	Mr. Phaivanh	District Agriculture and Forestry Office	RLP coordinator	
9	Mr. Kongngern	District Social welfare Office	RLP coordinator	
10	Ms. Bounthan Phou' Onsa	District Lao Women Union	Chairman	
11	Mr. TyPe Silavy	Lao Ngam Agricultural Product Traders Association	Co-chairman	
12	Mr. Phonsack	Agriculture Development and Export-Import Company	Business Owner	
13	Mr.r Keoudone	Asian Economy Company	Manager	
14	Mr. Anousack Champakham	Department of Agriculture and Forestry	Director General	
15	Mr. Khamphai Khamphila	Department of Agriculture and Forestry	Head of Planning Section	
16	Mr. Bounsou	Department of Industry and Commerce	Director General	
17	Mr. Buakhai Nithavong	Ta Oy District Agriculture and Forestry Office	Head of Office	
18	Mr. Vilai Phimmavong	Department of Home Affair	Director General	
19	Mr. Khamkian Souvannalath	Department of Home Affair	Head of State Affair Section	
20	Ms. Duangmala Sisamouk	Provincial Lao Women Union	Vice Chairman	
21	Ms. Bualaphet Chounthavong	Association for Community Development	Director	
22	Mr. Vilason Thongmanyvong	Association for Community Development	Project Coordinator	
23	Mr. Bounthanome	Villages Cluster No. 3	Head of Villages Cluster	
24	Mr. Phetsamone	Villages Cluster No. 5	Head of Villages Cluster	

Annex 3. Table 1: Value Chains SWOT analysis

Crop	Strengthening	Opportunities	Weakness	Challenges
Cassava	<ul style="list-style-type: none"> - Simple extension technique - Climate resilience - Comparatively low production cost - Stable price - Comparatively high return on investment (profits) 	<ul style="list-style-type: none"> - Most of villages in Lao Ngam involved, including poor households - Huge market demand - linking actors in the value chain - Existing private sector/traders 	<ul style="list-style-type: none"> - Not in the government prioritized promotion crops - Used comparatively large area to grow 	<ul style="list-style-type: none"> - Disease break out after some years - Soil improvement - Huge numbers of farmers involved, challenging for the project to works with such big value chain
Peanuts	<ul style="list-style-type: none"> - Self-soil improvement crop - Stable price - Up to now not yet found natural disease breakout - Local farmers experiences with growing techniques 	<ul style="list-style-type: none"> - Top government priority crop - Used comparatively less land area for grow (poor HHs involve) - Huge market demand - Existing private sector/traders - Possible of application of agricultural machinery (harvest machine) - High potential for poor households to involve 	<ul style="list-style-type: none"> - some area not able to grow ¹⁴ - sensitive to climate change - labour intensive/ High production cost - 	<ul style="list-style-type: none"> - Compete with others comparatively high profits crops (convince farmers to grow) - Wariness rising for commercialize production to farmers (Quality and quantity control)
Sweet potatoes	<ul style="list-style-type: none"> - "High risks, high return" - Up to now not yet found natural disease breakout - Seed: self-supply available - 	<ul style="list-style-type: none"> - Easy to grow - High profits if harvest earlier of the harvest season. - High potential for poor households to involve 	<ul style="list-style-type: none"> - No fixed market - labour intensive/ High production cost - big loss if not able to harvest within a certain period during the harvest season (insects will damage the roots) 	<ul style="list-style-type: none"> - Price big fluctuation

¹⁴ Khangongkhek, Louangsena, Laonong, Ban Pouak, and Ban Daxia villages not able to grow due to insects

<p>Bananas</p>	<ul style="list-style-type: none"> - Price stable - Could be harvest along the years (stable income) - - 	<ul style="list-style-type: none"> - Local government prioritized crop - Local farmers experiences of growing bananas - High market demand 	<ul style="list-style-type: none"> - Serious disease breakout throughout Lao Ngam - Transportation cost very high if far away from the main road - 	<ul style="list-style-type: none"> - PAFO and DAFO not yet have any solution the cope with the outbreak disease for years - a totally new technique must apply and at least a succes demonstration plot must be established to convinced farmers to grow
<p>Coffee</p>	<ul style="list-style-type: none"> - There are coffee plantation available - 	<ul style="list-style-type: none"> - Top local government prioritized crop - Existing coffee growers experiences in coffee plantation - 	<ul style="list-style-type: none"> - Long-terms investment - Labour sensitive/comparatively high cost of productions and low in investment return - Price not stable - Planting areas limited by nature geography (only the upper land can grow coffee) - Poor household has difficult to involved in. 	<ul style="list-style-type: none"> - Most local farmers grow Robusta, while the trends of market demand preferred to Arabica - Sensitive to climate change - Thai government charge 100% of import tax (coffee is one of Thai's protected production list) - Most existing coffee plants are reaching to its mature age

Source: consultant summarized

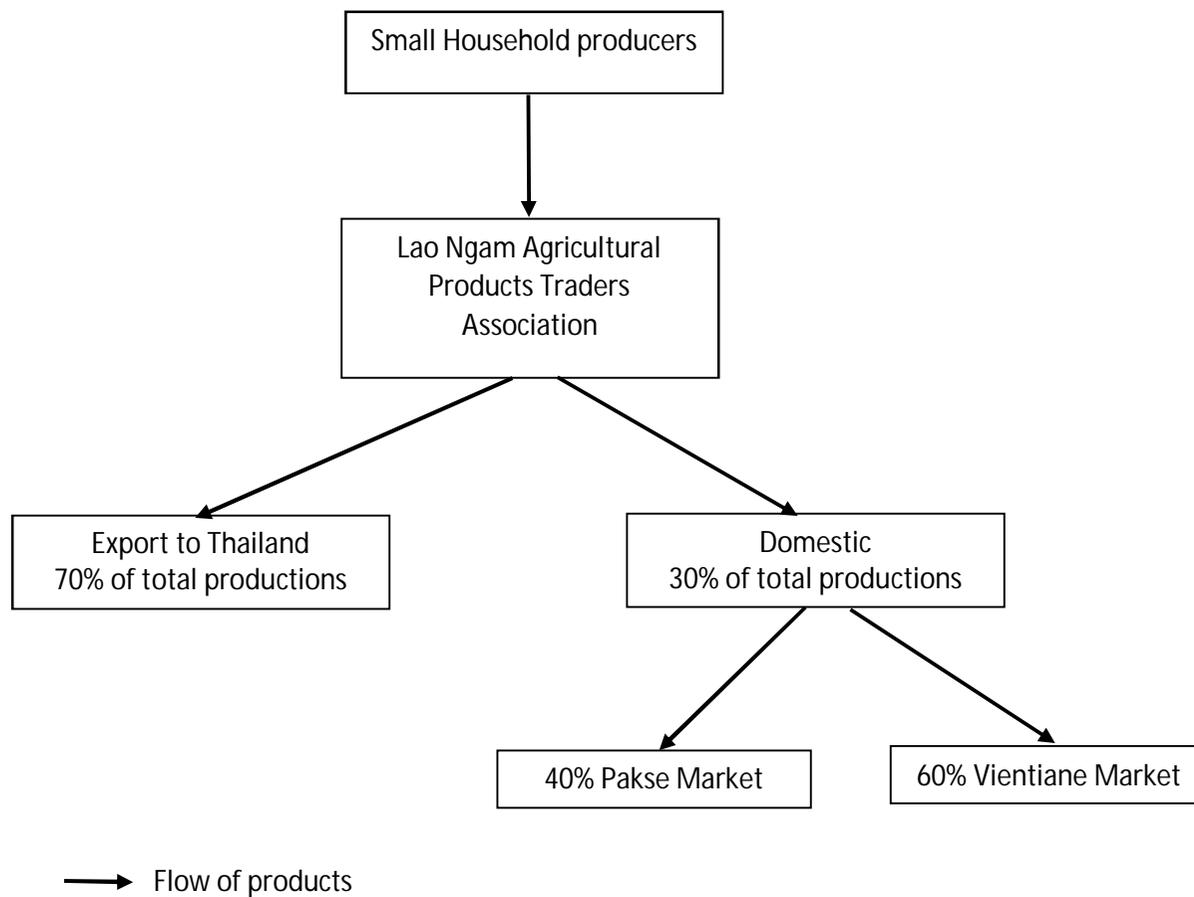
Annex 4. Table 2: Value Chain Scoring matrix

Crops/Value Chains	Weight Number	Cassava		Peanuts		Sweet potatoes		Bananas		Coffee	
		Rating	score	Rating	score	Rating	score	Rating	score	Rating	score
Competitiveness											
Government prioritized	3	1	3	4	12	2	6	4	12	5	15
Unmet market demand	3	3	9	3	9	1	3	3	9	2	6
Growth potential of the value chain	2	3	6	3	6	2	4	3	6	1	2
Comparative advantage	3	4	12	3	9	2	6	1	3	2	6
Impact											
Potential number of targeted poor beneficiaries (including women)	3	4	12	4	12	4	12	2	6	2	6
Potential to increase income of targeted poor (inclusive growth)	2	3	6	3	6	2	4	3	6	2	4
Social and Environmental											
Gender	1	2	2	2	2	2	2	2	2	2	2
Climate and soil	1	1	1	2	2	2	2	2	2	1	1
total		51		58		39		46		42	

Note for Rating: 1=Poor, 2=Fair, 3=Good, 4=Very Good, 5=Excellent

Source: scoring by consultant's preference

Annex 5: Peanut Value Chain Actors Constellation Map



Annex 6: Cassava Value Chain Actors Constellation Map

