

Lao's Organic Agriculture: 2012 Update



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tourism, clean production and export capacity in Lao People's Democratic Republic"

1. Introduction

This report is part of the project UN Inter Agency Cluster on Trade and Productive Capacity "Enhancing sustainable tourism, clean production and export capacity in Lao People's Democratic Republic". The United Nations Conference on Trade and Development (UNCTAD), one of the UN collaborating agencies in this project, saw a need to have current information on Lao organic agriculture and thus commissioned the Earth Net Foundation to update the information in the ITC's report "Organic Agriculture in Laos PDR: Overview and Development Options " done in January 2009.

The report is based on 4 input sources: (a) review of various reports and documents, (b) interview and discussion with key stakeholders visited from December 2011 – May 2012, (c) comments and suggestions collected from National Organic Agriculture Forum held on 23rd March 2012, in Vientiane, and (d) the consultant's personal observations based on experiences in organic agriculture in Southeast Asian countries.

New and updated reports and documents reviewed include:

- Khamxay Sipaseuth, Phonthip Sommany, Viengngeune Bouasipaseuth, and Andrew Wilson (2008), Organic Vegetable and Fruit Production in Lao PDR: A Pre-feasibility Study Report, Helvetas.
- Khamxay Sipaseuth, Viengngeune Bouasipaseuth, and Andrew Wilson (2008), Organic Vegetable and Fruit in Luang Prabang Province, Lao PDR : A Pre-feasibility Study , Helvetas.
- Ministry of Agriculture and Forestry (2010), Strategy for Agricultural Development 2011 to 2020, Ministry of Agriculture and Forestry, Lao Government, Vientiane.

Key stakeholders interviewed are:

- Mr Thou Bountarath, Lao Farmers Products
- Mr Bong Munsayaphom, Oxfam Solidarity Belgium
- Associate Professor Silinthone Sacklokham, Department of Rural Economics and Food Technology, Faculty of Agriculture, National University of Laos
- Mr Saythong Vilayvong, Researcher at Savannaket University
- Mr Thongdam Phongphichith, Sustainable Agriculture & Environment Development Association (SAEDA)
- Ms Innakhone Vorachan, Sustainable Agriculture & Environment Development Association (SAEDA)
- Mr Soukkavong Khotsimeuang, Deputy Director, Clean Agriculture Center
- Mr Thavisith Bounyasouk, Manager, Lao Certification Body
- Ms Julie Graham, Manager, Sustainable Silk Production Partnership Project
- Mr Boonleart Kromachan, Peak District Agriculture and Forestry Office
- Mr Franck Caussin, International Coordinator, UN Inter Agency Cluster on Trade and Productive Capacity
- Mr Thongsy Southavong, Vientiane Organic Vegetable Producer Group (Ban Kok Sy, Hadxayfong district)
- Mr Michel Saada, Director, Lao Coco company (Les Artisans Lao)
- Ms Pimpa, Ms Buachan, Ms Khamphew of Organic Agriculture Association

Peak District, Xieng Khouang

- Ms Bouavone, Manager, Lao Sericulture company
- Dr Phillip Schmidt, Manager, Mai Savanh Lao company
- Dr Francis Chagnaud, Manager, Agroforex company
- Various organic producers participating in the weekend market
- Various consumers purchasing organic food at the weekend market
- National Organic Agriculture Forum, 23 March 2012, Vientiane attended by 40 participants, from public sector, organic business, NGOs, academic and producer organizations.

2. Status of the Lao Organic Sector

Lao PDR is a landlocked country with an area of about 236,800 square kilometers and a population of 6.5 million (2012 estimate). Around 4% of the land is arable, of which 80% is cultivated with rice, mainly for the farmer's own family consumption. Around 70.4% of rice production is grown under lowland rain-fed conditions, 18.2% as upland rice and only 11.4 % in irrigated fields. After rice, other important field crops are maize and peanuts. Less than 0.5% of land is under perennial crops, of which coffee is the most important. Subsistence agriculture is the main feature of Lao countryside which provides employment to 80% of the country population. In terms of agricultural exports, coffee is the most important product, bringing more than USD 29 million in 2007.

Concerns about food safety, especially with fresh produce, have been on the rise since mid 2000s. Three surveys conducted by PROFIL in collaboration with the Plant Protection Centre in 2006 sampling 651 fresh vegetables sold in Vientiane markets found more than half of the samples contained pesticide residues of which 27% were above the safe level (Helvetas Lao, 2008).

2.1 Laos' Agriculture Policies

According to the eight national development priority programmes, the Lao government hopes to accelerate its national economic development with a goal of lifting its economic status from a least developed country by the year 2020 through a strategy of sustainable economic growth and people-centred equitable development. The objectives of the government for the agriculture sector, as detailed in the eight national development priority programs, include:

- Achieving food self-sufficiency;
- Increasing agricultural exports through diversification, commercialization and processing (cash crops, livestock, forest products);
- Stabilizing slash-and-burn agriculture by land allocation for upland farmers, terracing, and supporting alternative agricultural activities including agro-forestry and livestock;
- Irrigation development to increase rural incomes and stabilize food availability by expanding irrigated areas in both the wet and the dry seasons and improving operation and maintenance;
- Agriculture and forestry research: studies and surveys of agriculture, forest, land and water resources, rehabilitation of research stations, development of new technologies;
- Human resource development in agricultural related fields (upgrading technical skills, and vocational training)

In 2006, the Lao Government introduced an agriculture development strategy for the period 2006-2010 which contains four key objectives¹: food security, commodity production, eradication of shifting cultivation, and sustainable forest management.

1 Report of H.E. Sitaheng Rasphone, Minister of Ministry of Agriculture and Forestry to the Politburo and Party Central Committee on the implementation of VIII Party Congress' Resolution on Agro-Forestry Sector, July 2006

The policy of commodity production, involves increasing the supply of goods for both domestic and foreign markets. The Ministry of Agriculture and Forestry (MAF) then launched the promotion of clean agriculture, which includes 4 production systems: conventional traditional agriculture without chemical inputs, safe conventional chemical agriculture, good agricultural practices (GAP), pesticide free agriculture, and organic agriculture.

In 2011, the MAF revised its national Agricultural Development Strategy. The plan integrates the development of agriculture together with forestry, natural resources and rural areas and is based on a holistic concept of long-term, sustainable development, including economic, social and ecological dimensions. The Development Goals set for the year 2020 include (MAF 2010)

- Gradual introduction and increased application of modernized lowland market-oriented agricultural production, adapted to climate change and focused on smallholder farmers
- Conservation of upland ecosystems, ensuring food security and improving the livelihoods of rural communities

The MAF's strategy classifies organic farming as part of “new agriculture” a system of value-chain linkages from producers to consumers of high value and often very specialized products . It also recognizes the contribution of organic agriculture as “an alternative set of trading standards to mainstream commodity markets that can improve the environmental and social performance of agriculture. Certified organic agriculture is value-added agriculture accessible to resource poor farmers who have extensive local production knowledge and capacity for innovation. Based on recent studies, organic agriculture has been found to be pro-poor, contributing both directly and indirectly to achievement of the Millennium Development Goals (MDGs)” (MAF 2010).

MAF intends to promote organic agriculture in two main agro-ecological zones (MAF 2010):

- The Mekong corridor where few agro-chemicals have been applied due to low economic development, especially Mekong lowlands. Here specialized high-value commercial crops can be produced;
- The Bolovens Plateaux where already several organic coffees are produced. There a variety of temperate vegetables can be produced organically (and also applying integrated pest management) under contract for domestic markets and for export to neighbouring country markets.

2.2 The History of Organic Agriculture in Laos

Like in many other developing countries, the development of Laos organic agriculture has been promoted both by rural development NGOs and by private sector enterprises interested to gain access to premium markets. The Lao government has also been involved in the sector development since the early stage.

Almost all NGOs in Laos are foreign NGOs having offices and development projects in the country. These foreign NGOs introduced the concept of sustainable agriculture and organic farming to Laos since the late 1990s. Sustainable farming technologies and practices have been incorporated into various training activities of public

agencies like the DOA and later on the National Agriculture and Forestry Extension Services (NAFES) as well as NGOs own activities, reaching out to thousands of farmers throughout the country. As most of the NGO programmes at that time had no market linkage activities, almost all of the products from these farms were sold as conventional products with only a few being sold as natural products or pesticide-free products with slight premium prices.

It is not until late 2000s that organic farming with market linkage became an important agenda among the Lao agriculture authorities and NGOs as many international development institutions and donor agencies realized the potential opportunities for organic agriculture to assist in poverty eradication. Helvetas and the DOA launched a project for the Promotion of Organic Farming and Marketing in Lao PDR (PROFIL) in 2004, which was the starting point of organic agriculture in the country. Lao Farmers Products (LFP), a local fair trade cooperative company, was among the pioneers from private sector who attempted to develop organic rice and tea since the mid 2000s, but only its tea has been certified organic since 2006. Below are key milestones of Lao organic agricultural development.

Year 2004	<ul style="list-style-type: none"> PROFIL was initiated by Helvetas (Switzerland), working in collaboration with the Lao's Department of Agriculture (DoA)
Year 2005	<ul style="list-style-type: none"> PROFIL contracted the Earth Net Foundation (Thailand) to assist the organic agriculture development in Lao through series of capacity building activities including setting up internal control system, organic rice farming, establishing an organic certification body [30 Dec] Ministry of Agriculture and Forestry approved the organic agriculture standards
Year 2006	<ul style="list-style-type: none"> Lao Farmers Products received the first organic certification for its organic tea project [Dec] PROFIL initiated an organic farmers' market at the That Luang parking lot in Vientiane, started as a once a month event but now being held twice a week
Year 2008	<ul style="list-style-type: none"> First two organic coffee groups (i.e. Sinouk Coffee and Jhai Coffee Farmer Association) were certified Lao Certification Body (LCB) was approved by DoA LCB joined the Certification Alliance (an Asian-wide regional platform of organic certification bodies) [till 2009] International Trade Center (ITC) launched the project "Support to Trade promotion and Export Development in Lao PDR" focusing on supporting organic agriculture development in Lao PDR
Year 2009	<ul style="list-style-type: none"> LCB started offering organic inspection and certification services DoA established Standard and Accreditation Division
Year 2011	<ul style="list-style-type: none"> LCB was moved from CADC to the Standard and Accreditation Division UNCTAD launched technical support activities for organic agriculture under the UN Inter Agency Cluster on Trade and Productive Capacity "Enhancing sustainable tourism, clean production and export capacity in Lao People's Democratic Republic"

2.3 Organic Agriculture Production

As large parts of Lao agriculture are still under subsistence production, there probably exist "organic by default" farms in many areas around the country. Also, there are

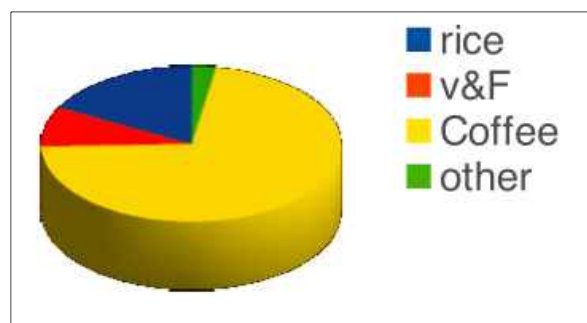
several wild products collected from forest and fallow lands which are consumed by local farmers and some of which are sold for cash income. If better organized, this wild produce could be certified and sold as organic.

Based on the information collected, there has been a continuous growth of certified organic agriculture in Lao PDR since 2008 although there were hiccups every year as some producers discontinued their organic certification (mainly due to a decline of their overseas market) while new producer groups joined in. Overall, the growth has been very positive as Lao's organic crop production has almost tripled over the last 4 years.

As Laos still has vast areas of uncultivated land, wild harvest of natural products could be an important source of organic produce for the country. PROFIL (2005) identified several wild products which have potential marketability, e.g. bamboo shoots, banana inflorescence, "Posa" (*Broussonetia papyrifera*), Cardamom (*Amomum* sp.), "Mak kha" (*Pahudia cochinchinensis*), and rattan. Even so, it was not until 2010 that the first wild-harvest products were certified in Laos by a local company for export. However since then, no new group has joined in. The table below shows the statistical information of certified organic farmland, number of certified farmers and wild-harvest areas since the year 2008.

Year	Organic Land (ha)	No. of Farmer	Wild Harvest (ha)
2008	1,803.53	795	n.a.
2009	5,243.85	1,832	n.a.
2010	6,005.78	1,333	16,786
2011	5,989.59	1,342	16,786

If we take a close look at Lao organic production, organic coffee stands out as the most important crop, accounting for almost three quarters (71.8%) of the certified organic lands. This is followed by rice (17.2%) and fruit & vegetables (7.2%).



It is interesting to note that the majority of the organic business operations in Lao are managed by foreigners, especially French nationals though some have Laotian family backgrounds but grow up overseas. Also, many of the organic productions and businesses operated by local Laotians were initiated and had financial support from foreigners or international organizations. Less than one fifth of Lao organic businesses were initiated by and are managed by local Lao citizens.

2.4 Organic Markets

Most of the certified organic products are exported to Europe, New Zealand, and countries within ASEAN. Most organic coffee is sold as raw material (e.g. green bean), with very little being exported as a finished product (e.g. roasted coffee). A few organic enterprises have been trying to export organic tea and mulberry tea but have

not been so successful due to quality problems.

The domestic organic market in Laos appears to be growing rapidly. Since December 2006 when the first organic farmers' market was organized by PROFIL at Wat That Luang in Vientiane city, the market has expanded significantly both in terms of the number of farmers participating, the range of products, market frequency, and sales volume. At the beginning, the market was organized once a month and later on became a weekly event. In November 2008, the average sales of the Saturday market were around 24.8 million kip with estimated of 2.5 tons of vegetables and rice sold (PROFIL 2008 – interview) and by May 2012, the Saturday market was reported to sell around 30 – 35 million kip (around USD 3,660 – 4,270) with 2 – 3 tons of organic products being sold (Southavong 2012 – interview). However, for the Wednesday markets sales were only one third of the Saturday market level. From an interview with Mr Thongsy Southavong (chairperson of the organic vegetable producer group who now manages the Vientiane weekend market), there are 220 producer members spread over 17 local village groups in 6 districts around Vientiane capital who are members of the group. Not all producers come to sell at the market, on average around 40% of them come.

Interviews with consumers coming to the Vientiane weekend market revealed that most are regular customers and they come only once a week (those who come on Saturday would not come again on Wednesday and vice versa). They spend around 10,000 – 20,000 kip (around USD 1.2 – 2.4) per stall. Most of them do not know about other organic shops (e.g. AgroAsie shop). Only half of them ask the seller about certification, and most came to know about the market through friends informing them.

Besides the organic weekend market in Vientiane, there are at least two other organic weekend markets organized, one in Xieng Khouang and another in Luang Prabang.

The Xieng Khouang market was organized by the Peak District Agriculture and Forestry Office with financial and technical support from a local NGO, the Sustainable Agriculture & Environment Development Association (SAEDA). Started in March 2011, this farmers' market is organized twice a week (Wednesday and Saturday) in front of the conventional fresh market and it is reported to sell around 1.6 tons of produce per month with total monthly sales of 10.5 million LAK (around USD 1,300) .

The weekend market in Luang Prabang is managed by the Provincial Agriculture and Forestry Extension Service and the Provincial Department of Agriculture and Forestry with financial support from the Swiss Development Cooperation (SDC) through the Agro-Biodiversity Initiative (TABI) project. Started in mid November 2011, the market is held once a week on Saturday mornings in front of the Provincial Agriculture and Forestry Department.

AgroAsie, the first shop dedicated to sell organic products in Laos was opened in Vientiane around the end of 2011. This is the only organic shop in the country. However, there are health shops and supermarkets that sell some organic products, such as rice, and vegetables.

Several coffee shops have been offering organic coffee. Joma Bakery Cafe is one among these shops where consumers can order a cup of organic coffee or purchase

freshly ground organic coffee to take home. No restaurant makes a formal claim of an organic menu but some restaurants in Luang Prabang do serve foods made from non-certified organic produce.



Weekend organic market in Vientiane



Farmer market in Xieng Khuang



Farmer market in Luang Prabang



AgroAsie Shop in Vientiane

2.5 Organic Products Sold in Domestic Markets

Based on market survey conducted in early 2012, there were over 100 kinds of products sold in the markets bearing a claim as organic. More than half of them were fresh produce like fruits and vegetables. The next big range was in organic coffee and mulberry tea products.

Product	Range	Leading brand	Certification
vegetables	50 – 60 kinds of vegetables with seasonal variation	Vientiane Organic Vegetable Group	Most have certification or are planning to do so
fruits	Less than 10 kinds	Vientiane Organic Vegetable Group	Most are produced on organic vegetable farms, no dedicated organic fruit orchards
rice	Less than 5	Sangthong Organic Rice Group, AgroAsie	All certified

grain	Only one (soy bean)	AgroAsie	Not certified
Coffee	Between 5 - 10	Lao Mountain, Joma, Sinouk	All certified
Tea	Less than 5	Lao Farmer Products	All certified
Mulberry tea	Between 5 - 10	Mulberry, Silk Tea	All certified
Herbal tea	Between 5 - 10	none	Not certified
Jam	Between 5 - 10	Lao Farmer Products	Not certified (*)
Wine	Only one (mulberry wine)	Mulberry	Not certified (*)
Cereals and corn flakes	Between 5 - 10	Imported products	All certified
Silk textile products	Between 10 - 20	Mulberry	Not certified (*)

(*) There are several products where only the raw materials have organic certifications but the processing operations are not certified. These processed products are therefore without proper organic certification but the operators put an organic seal on the products.

Below are some pictures of the organic products found in local markets in Lao PDR.



2.6 Standards & Regulations

Organic standards (covering crop production, wild harvest, processing and handling as well as labeling) were developed by PROFIL in 2004-05 based on the IFOAM Basic Standards and the organic standards of the Organic Agriculture Certification Thailand (ACT). The Standards were submitted to the Ministry of Agriculture and Forestry and were adopted as national organic standards in December 2005. The

MOAF approved the Lao Organic Standards No. 1666/MAF on 30 December 2005.

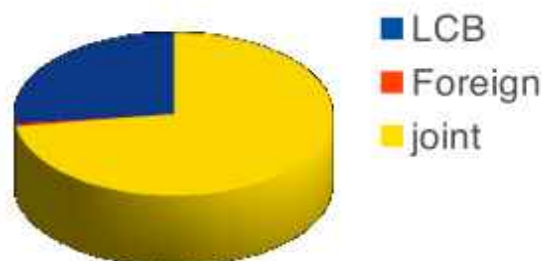
In 2006, when the MAF launched the clean agriculture programme, the DOA decided to restructure its Crop Multiplication Center and changed its name to Clean Agriculture Development Center (CADC). The CADC, formally approved by the MAF on 9 June 2008, is an implementation agency with 4 areas of work: information, technical development, inspection-certification, and food processing. Due to limited staff, the CADC has been active only in the fields of good agriculture practices (GAP) and organic agriculture

In the following years, PROFIL supported the establishment of the Lao Certification Body (LCB) with technical assistance from the Earth Net Foundation. In 2008 the DOA approved LCB as an organic certification body under its Clean Agriculture Development Center. The LCB has 2 distinct functions, one is to assist producer groups to set up an internal control system (a documented system where all producer members are verified of their compliance to organic standards by themselves) and another is to provide organic inspection and certification services. The rationale behind this multi-functioning is that given the development stage of Lao organic agriculture, there is a greater need to provide support to small-scale producer groups to set up an internal control system (ICS) than just to provide certification services.



In 2011, the LCB was moved to the Standard and Accreditation Division, DOA and its function to help small-scale producers setting up ICS was assigned to CADC. So, now LCB only focuses on organic inspection and certification activities. While CADC has currently 37 full-time staff and plans to recruit 30 more in the next few years, LCB has less than 5 full-time staff (Khotsimeuang 2012 –interview).

Though LCB has no international recognition for its inspection-certification works, it is widely accepted within the country as the government's certification body. Most of the organic operators in Lao (72.6%) have double certifications from LCB as well as foreign bodies. A quarter (26.9%) have only local certification from LCB and no foreign certification while very few (0.5%) only have foreign certification alone.



Currently, Laos has no national regulations on organic agriculture and trade. Producers and traders can voluntarily choose whether to have organic certification and which organic standards to apply. The authorities are interested to pursue multilateral recognition of its standards and certification system based on equivalency agreements with other Asian countries through a process initiated by the Global Organic Market Access (GOMA) project, an international collaboration between the Food and Agriculture Organization of the United Nations (FAO), the International Federation of Organic Agriculture Movements (IFOAM) and the United Nations Conference on Trade and Development (UNCTAD).

2.7 Education, Research, and Training on Organic Agriculture

The Faculty of Crop Sciences, of the National University of Laos, is now offering one elective subject on organic agriculture for its Bachelor's degree course. The subject includes lectures and practical training on organic fields within the university campus. No other university is known to offer such a course yet.

On the research side, general agricultural research is normally carried out by staff of NAFRI and university researchers. There are several research projects currently on highland agriculture but there appears to be no research specifically on organic agriculture. However, there are a couple research studies on organic farming by undergraduate students conducting research for their final year projects.

In terms of training, several NGOs claim to work on organic farming, among the active ones are:

- Helvetas Lao
- Oxfam Solidarity Belgium
- Sustainable Agriculture and Environment Development Association (SAEDA)

All these NGOs have their own project sites, mostly working in collaboration with national or local government agencies, to promote organic and sustainable agriculture in local areas. No generic training on organic agriculture is offered to interested persons or organizations as all trainings are tied to particular projects.

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