



The conditions of success or failure of farmers' groups

Xam Nuea District, Houa Phan Province

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Introduction

- ◆ This report is the result of a study conducted in Xam Nuea district of Huaphan Province, where the Shifting Cultivation Stabilization Pilot Project was implemented by the Asian Development Bank (ADB) and United Nations Office on Drugs and Crime (UNODC) between 1999 and 2006.
- ◆ HouaPhan is the one of poorest province in Lao PDR. Project supported farmers' groups and Village Revolving Funds for agriculture and income generation to reduce poverty, eradicate opium cultivation and stabilize shifting cultivation.

Objectives

- ◆ To learn from both achievements and mistakes of project support to farmers' groups.
- ◆ To understand the social networks that allow farmers' groups to survive after the end of the project.

Method

The study was implemented over a six months period from November 2007 to April 2008 and took place in five target villages in Xam Neua district

- ◆ Literature review
- ◆ Interview of key stakeholders
- ◆ Field surveys of group members and leaders.
 - Data were collected through interviews, focus group, direct observations and a semi-structured survey. Interviews were carried out in the respondent's house as this also provided a chance to observe living conditions.
- ◆ Data collection and analysis

Selection of case study sites

Site selection based on the Shifting Cultivation Stabilization Pilot Project in Xam Nuea district Houaphan province.



Criteria for selection: Successful/non-successful groups, accessible/remote villages, with intensive training/less training activities, and ethnicity

1. Ban Ham Tai, Lao Loum - The Revolving Fund and the Weaving Group were sustained after the end of the project and were better managed than other village.
2. Ban Houaykhong, Khamu – fact many the problem in the Goat Raising Group.
3. Ban Nahouay, Lao Loum -Many different groups, with only a few members each. The members and group leader worked individually.



4. Ban Phonxay, multi- ethnic with Khamu, Lao Loum and Hmong - The member and group leader faced many communication problems that hindered the groups' activities.
5. Ban Korhai, Hmong - The village was confronted with an unpredictable event - a fire burn the whole village – that put an end to the groups.



Why Ban Ham Tai groups succeeded?

- ◆ Total fund was more than 50 million Kip increasing from the beginning of established the Revolving Fund 20 million Kip.
- ◆ The group leaders **strict & fair** management and members attended to save money and return money back.
- ◆ The Credit group supported the Weaving Group: an activity well known and already practiced in the village – relied on **local knowledge**. Active head of Weaving Unit's role who's find the markets, provided silk or cotton and collected member's products through the markets.
- ◆ While the project is finished they still go on well by themselves. Because the group leaders attended and informs (credit and saving account). So that, the number trust them.

Why Ban Korhai groups failed?

- ◆ The group leader did not report about credit and savings account, did not inform all member regularly – **no transparency**.
- ◆ The group leader election is informal, the authorities selected by themselves - **cooptation**. So several farmers are not happy and unconfident with them
- ◆ Some member who borrowed money from the credit group did not return the money back, including members of the group committee – **no sanction**.
- ◆ Several members did not know exactly what were they responsible for, how they can contribute to the group? (should do more than saving regularly) – **no commitment**

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Key finding

- ◆ Setting up a group based on existing activities in the village has better chances to succeed.
- ◆ The group leader should be an individual interested in the group activities and who has knowledge. Leader elected, accepted and respected by the members.
- ◆ The leadership is the main factor (after access to credit) that encourage members to join the group



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Key finding...

- ◆ Wealth and status of individuals in the community are the main factors to access to credit.
- ◆ Poor households hesitate to get credit as they fear they may not be able to reimburse.
- ◆ Good communication between group leaders and members is a key factor to success.
- ◆ The status of the leaders in the community impacts on the group management (power, many connections in social network)

Perception from group members

- ◆ The Revolving Fund provides credit to member to invest in income generation activities but members often spent the money in wrong ways including buying household equipments and other non-productive facilities.
- ◆ The member's commitment to group management is quite low. Several members do not know exactly what they are responsible for, how they can contribute to the group activities?
- ◆ The credit is the main incentive for people to join a group as member. The members are active as far as they can get credit without considering which activities do best fit their needs and are suitable for them.

Perception from group leaders

- ◆ The group leader election is informal, so several farmers are not happy and unconfident with them.
- ◆ Normally, the group leader are more educated, more experienced and more powerful in the community, but sometimes they cannot work closely with members because they do not have time and have many other responsibilities, e.g. teacher, village headmen.
- ◆ The report on group activities (especially credit and savings) should inform all members regularly, as a basis for transparent management, if not suspicion can rise rapidly.

Implications

- ◆ Conflict management mechanisms should be developed at the district or Kumban level (by the LWU or other independent agency) to avoid small conflicts to degenerate into big one that created lasting tensions within the village communities .
- ◆ In most case the problem is not technical but social.
- ◆ The capacity of the leaders, be it at village, Kumban or district level, to sanction faults rapidly is essential to avoid the spread of bad behaviors that jeopardize any efforts of other group members.

Thank you for your
attention!

