



Lao People's Democratic Republic

Peace, Independence, Democracy, Unity, Prosperity

Ministry of Agriculture and Forestry

No:2984./MAF

Vientiane capital, Date: 25 Sept 2014

**Agreement of the Minister
Regarding the Establishment of Agriculture Production Groups**

- In reference to the Prime Minister's Decree No. 262/ນຍ, 28 June 2012 regarding implementation and progress of the Ministry of Agriculture and Forestry;
- In reference to the Prime Minister's Order No. 19/ນຍ, 05 Sept. 2013 regarding improvement and creation of enterprises in the new phase;
- In reference to the Proposal No. 1954/ກສກສ, 16 June 2014 of the Department of Agriculture Extension and Cooperatives.

The Minister of Agriculture and Forestry issues the following Agreement:

Part 1

General Terms

Article 1 Objective

This agreement stipulates the principles, regulations and conditions concerning the establishment and progress of agriculture production groups in order to promote and strengthen production by small-scale farmers while at the same time preparing them to be members of agriculture cooperatives, raising incomes and improving livelihoods, with the aim to eliminate poverty as part of economic and social development.

Article 2 Agriculture Production Groups

Agriculture Production Groups consist of small-scale farmers who have passed approval by the group and are determined to join together to mutually assist society in planning for production, securing financial resources, purchasing means for production and processing and guaranteeing social services for members and their families.

Article 3 Definitions

Vocabulary used in this agreement is defined as follows:

1. **Groups** refers to the voluntary joining together of farmers in order to create activities together in the areas of growing crops, raising livestock, raising fish, processing and management of agriculture;
2. **Growing groups** refers to the joining together of farmers in activities for growing crops as a primary profession, for example growing rice, growing vegetables, growing annual – perennial crops, growing commercial trees, growing fruit trees, collecting NTFPs and various other commercial plants;
3. **Livestock groups** refers to the joining together of farmers in activities for raising livestock as a primary profession, for example raising poultry, groups raising cattle – buffalo, groups raising sheep – goats, groups raising aquatic animals and groups raising other commercial animal species;
4. **Fish groups** refers to groups raising, rearing and catching fish as a primary occupation or fishers as stipulated in the Fishing Law No. 03/ស៊ឃឌ, 9 July 2009;
5. **Processing groups** refers to groups that processes agriculture and forestry products;
6. **Management groups** refers to groups that manage means of production and buy and sell products;
7. **Knowledge groups** refers to the joining together of farmers who carry out production through the same activities in order to exchange experiences and knowledge about production techniques;
8. **Agriculture** refers to growing crops, raising livestock and fishing;
9. **Farmers** refers to persons carrying out agriculture as a profession, for example: growing crops, raising livestock and fishing;
10. **Group management committees** refers to administrative bodies that act as representatives of the members that are elected by the membership to manage the group according to the stipulations determined by the group's rules and regulations;
11. **Members' duties** refers to the duties and responsibilities that the members must carry out according to the rules and regulations of the group and as assigned by the management committee;
12. **Goods** refers to production from growing crops, raising livestock and fishing that are exchanged or bought and sold on the market;
13. **Markets** refers to places for connecting or meeting between buyers and seller in order to exchange or buy and sell goods.

Article 4 Principles and Conditions for Establishment and Progress of Groups

Establishment and progress of groups must be according to the principles:

1. Voluntary;
2. Administered democratically;
3. For the common interest;
4. Transparent and accountable;
5. Approved for establishment according to this agreement.

Article 5 Benefits of the Groups to the Government

The government promotes the development of groups according to the principle of actual implementation to bring about benefits and efficiency in order to create conditions favorable opportunities for production and management in the area of agriculture for members and their families as follows:

1. Promoting techniques and information;
2. Promoting access to funding and markets;
3. Reducing or making exceptions for taxes for agricultural inputs and export of products according to the tax law;
4. Creating favorable conditions for basic infrastructure in order to reduce production costs.

Article 6 Scope of Use

This agreement is to be used for individuals, enterprises and establishments concerned with agriculture production groups in Lao PDR.

Part 2

Types, Conditions and Permission to Establish Groups

Article 7 Types of Groups

Agriculture production groups in Lao PDR consist of:

1. Growing groups;
2. Livestock groups;
3. Fish groups;
4. Processing groups;
5. Management groups.

Article 8 Conditions for Establishment

Farmers who want to form groups according to Article 7 of this agreement must have the following conditions:

1. Consist of at least seven persons carrying out the same activity as a group in order to help each other in agriculture production and management;
2. Have a management committee consisting of at least three persons.

Article 9 Steps for Applying for Permission and Examination of Establishing a Group

Once the committee has held a meeting in order to approve the rules and regulations if there is the intention to form a group documents must be submitted as outlined in Article 10 of this agreement to the Agriculture and Forestry Office, Agriculture and Cooperatives Extension Unit to examine.

Once the documents requesting establishment of the group have been received the Agriculture and Cooperatives Unit must coordinate with the concerned parties of the District

Agriculture and Forestry Office to examine and reply within fifteen days according each case as follows:

1. If the proposal is complete and correct according to the conditions the District Agriculture and Forestry Office must propose it to the Head of the District where the group is to be established for approval
2. If the proposal is not complete and correct according to the conditions the District Agriculture and Forestry Office must reply in writing as well as explain the reasons for not approving the proposal.

Approval for establishment of the group is for three years. If the group intends to continue activities that have been approved they must make a submission to the District Agriculture and Forestry Office to examine three months before approval runs out.

Article 10 Documents Required when Requesting Establishing a Group

1. Request form;
2. List of names of the committee members and members of the group;
3. Outline of establishment of the group;
4. Rules and regulations of the group;
5. Sources of funds for the group;
6. Activity plan for the group.

Article 11 Rules and Regulations for the Group

1. Name of the group;
2. Objective of the group;
3. Location of the group's office;
4. Source of funding and method of funding;
5. Administration, accounting and financial administration;
6. Qualifications of the members, acceptance of members, rights, obligations and duties of the members of the group;
7. Meetings of the members;
8. Elections, implementation of positions, results of positions and duties of the management committee of the group;
9. Election of the monitoring committee.
10. Improvement, changes and additions to the rules and regulations of the group.

Part 3

Outline of Establishment, Meetings and Application for Membership in the Group

Article 12 Components of the Outline of Establishment the Group

1. Group meeting;
2. Management committee for the group;
3. Monitoring committee for the group;

4. Membership of the group.

Article 13 Meetings of the Group

Meetings of the group consist of general and extraordinary meetings.

General meetings should be held at least once a year. Extraordinary meetings can be held whenever according to the request of the management committee and may concern all issues that need to be examined.

Article 14 Management Committee for the Group

The management committee for the group consists of a chairperson, deputy chairpersons and committee members. The number of committee members must be appropriate to the number of members but should not be less than three persons and more than seven persons. There should be an odd number of members, elected from the members of the group only.

The management group for the committee administers everything concerning the group and represents the group when contacting persons from the outside, with each person sharing responsibilities.

The management committee for the group is elected for three years.

Article 15 Scope of Rights and Duties of the Management Committee for the Group

The management committee for the group has the following rights and duties:

1. Planning for production according to the seasons;
2. Obtaining means for production and administering them for the members;
3. Following up and encouraging production, maintenance, processing and marketing;
4. Protecting the rights and benefits of the members;
5. Calling for general annual meetings and extraordinary meetings as required in order to follow-up, monitor, summarize and report on the progress of the group;
6. Implementing other rights and duties as stipulated in the regulations and laws.

Article 16 Monitoring Committee for the Group

The monitoring committee for the group consists of a chairperson, deputy chairpersons and a number of committee members elected at a meeting of the group.

The number of members of the monitoring committee for the group should not be less than three persons and not more than five persons.

Article 17 Rights and Duties of the Monitoring Committee for the Group

The monitoring committee for the group has the following rights and duties:

1. Monitoring the implementation of the work of the management committee regarding the use of funds and various assets according to the rules, regulations and resolutions from meeting of the members of the group;
2. Monitoring the quality and condition of the members' production according to the regulations and laws;
3. Attending meetings of the management committee and members of the group;
4. Reporting on the results of monitoring to the management committee and at meetings of the members of the group;
5. Demanding that those concerned in the group to submit documents and information as required in order to be used for monitoring as well as protecting the confidentiality of the information;
6. Calling for extraordinary meetings in cases where there are transgressions of the regulations or resolutions from meetings of the members of the group or issues that are proposed to be solved but haven't been solved yet or have been solved already but not effectively or when the management committee hasn't called meetings as stipulated in the regulations of the group;
7. Implementing other rights and duties as stipulated in the regulations and laws concerned.

Article 18 Responsibilities for Losses

The management committee and monitoring committee are responsible for all losses resulting from their actions in cases where they exceed the scope of their rights, duties that they have been newly assigned or corruption for their own benefit or that of the committee, according to the regulations and laws.

Article 19 Members of the Group

Members of the group are individuals who are legal entities, have family papers and carry out their livelihoods in the locality where the group carries out its activities and volunteer to be members in accordance with the rules and regulations of the group.

Each member of the group must have at least one share but not more than 20% of the total shares and act according to principles. Each member has one vote.

Membership end when a member dies, is mentally incapacitated, decides to leave, seriously transgresses the rules and regulations of the group and doesn't return his or her shares according to the conditions stipulated in the regulations of the group.

Article 20 Rights and Duties of the Members of the Group

Members of the group have the following rights and duties:

1. Adhering to and implementing the way of the party, policies, regulations and laws of the government in the area of agriculture, the rules and regulations of the group and the leadership of the management committee of the group;
2. Maintaining harmony with other members of the group;

3. Carrying out production, adhering closely to new scientific techniques;
4. Attending training to raise their level of knowledge about cropping, raising livestock and processing a step at a time;
5. Electing and standing for election as committee members or monitoring committee members for the group, as well as attending meetings, voting, making proposals and contributing opinions to the group;
6. Proposing holding general meetings according to stipulations of the regulations of the group;
7. Carrying out legal action in court regarding the actions of management committee members who exceed their rights and bring about losses to the group they are members of for their own benefit;
8. Proposing the auditing of assets and financial records of the group in cases where it is seen to be necessary as stipulated in the rules and regulations of the group;
9. Ceasing to be members of the group through inspection of return of shares or other benefits according to the rules and regulations of the group;
10. Implementing other rights and duties as stipulated in the regulations and laws and rules of the group.

Part 4

Rights, Duties and Sources of Income of the Group

Article 21 Rights of the Group

The group has the following principle rights:

1. Carrying out production and management of agriculture or goals of the group that are beneficial to the group and its members;
2. Coordinating with concerned parties and holding meetings in order to consult according to the plans of the group;
3. Taking advantage of technical assistance for concerned parties of the government and private sector;
4. Proposing policies from the government and domestic private sector or other countries;
5. Borrowing money from the bank or other financial institutions in order to use for activities for agricultural production;
6. Determining rates of shares, number of shares and creating social assistance for members, families and society as well as protecting rightful benefits of members;
7. Attending exhibitions and sales of products that the group produces;
8. Other rights determined by concerned regulations and laws.

Article 22 Duties of the Group

The group has the following principle duties:

1. Carrying out activities according to the policies, regulations and laws of the government and the rules of the group;

2. Improving the group so that it develops and becomes stronger continuously;
3. Providing technical assistance to members;
4. Reporting annually to the District Agriculture and Forestry Office and local authorities;
5. In cases where there are changes to the management committee of the group reporting them in writing within ten government working days to the District Agriculture and Forestry Office where the group is located;
6. In cases where a loan or assistance from another country is received reporting this to the National Bank of Lao PDR according to the law;
7. Carrying out accounting, obligations and other duties according to the laws concerned and rules of the group.

Article 23 Sources of Income for the Group

The group receives income from the following sources:

1. Membership fees;
2. Contributions from members;
3. Interest from money deposited by the group;
4. Income or results from carrying out activities of the group that are monetary;
5. Assistance from individuals or various parties within and outside the country;
6. Loans.

Part 5

Combining, Dividing and Dissolving Groups

Article 24 Combining, Dividing Groups

Two or more groups that want to join together may do so but must pass a resolution at meetings of the members for both groups and be acknowledged by the District Agriculture and Forestry Office where the groups are located.

A group that wishes to divide into two groups or more may do so but must pass a resolution at a meeting of the members for the group and be acknowledged by the District Agriculture and Forestry Office where the group is located.

Article 25 Dissolving a Group

A group may be dissolved due to one of the following reasons:

1. A resolution to dissolve the group at a meeting of the members;
2. Bankruptcy;
3. Decision of the court;
4. It has completed activities or dissolved due to a reason stipulated in the rules and regulations of the group;
5. The District Agriculture and Forestry Office has decided to dissolve the group because it is not making progress.

Part 6

Administration and Monitoring of the Group

Article 26 Administration

The Ministry of Agriculture and Forestry administers the groups centrally and by consensus over the whole country by assigning responsibilities to the following agencies:

1. At the **Central Level** the Departments of Agricultural Extension and Cooperatives;
2. At the **Provincial Level** the Sections for Agricultural Extension and Cooperatives;
3. At the **District Level** the Agricultural Extension and Cooperatives Units;
4. At the **Village Level** the Village Agriculture and Forestry Units.

Article 27 Rights and Duties of the Departments of Agricultural Extension and Cooperatives

In administering the groups the Departments of Agricultural Extension and Cooperatives have the following rights and duties:

1. Acting as secretary to the Ministry of Agriculture and Forestry for extension, development and administration centrally and by consensus throughout the county;
2. Researching and replicating policies, regulations and laws regarding extension, development and administration and proposing them to the Ministry of Agriculture and Forestry to examine and approve;
3. Advertising, disseminating, researching and training on regulations and laws regarding groups;
4. Concentrating on building up and raising the level of individuals who are responsible for extension and administration of groups regarding political thought, quality, morality and specialties;
5. Providing training on management, administration and implementation to groups;
6. Coordinating with various departments and concerned agencies of the government and those providing activities and social administrations in order to encourage extension and development of groups;
7. Following up, motivating and recommending the establishment and implementation of extension, management and assistance in monitoring provincial and district groups throughout the whole country;
8. Implementing other rights and duties as stipulated in regulations and laws.

Article 28 Rights and Duties of the Sections for Agricultural Extension and Cooperatives

In administering the groups the Sections for Agricultural Extension and Cooperatives have the following rights and duties:

1. Acting as secretary to the Departments of Agriculture and Cooperatives at the Agriculture and Forestry Offices in the provinces and prefectures and concerned agencies for motivating extension, management and monitoring of groups;
2. Replicating, advertising, disseminating, researching and training on regulations and laws concerning extension, management and monitoring groups in provinces and prefectures throughout the country;
3. Concentrating on building up and raising the level of individuals who are responsible for extension, management and monitoring of groups regarding political thought, quality, morality and specialties;
4. Providing training on management, administration and implementation to groups;
5. Coordinating with various sections and concerned agencies of the government and those providing activities and social administrations in order to encourage extension and development of groups in the provinces;
6. Following up, motivating and recommending the establishment and implementation of extension, management and assistance in monitoring groups in the districts;
7. Implementing other rights and duties as stipulated in regulations and laws.

Article 29 Rights and Duties of the Agricultural Extension and Cooperatives Units

In administering the groups the Agricultural Extension and Cooperatives Units have the following rights and duties:

1. Motivating, extending, administering and assisting the monitoring of groups in the district;
2. Replicating, advertising, disseminating, researching and training on extension, management and monitoring of groups in districts throughout the country;
3. Concentrating on building up and raising the level of individuals who are responsible for extension, management and monitoring of groups regarding political thought, quality, morality and specialties;
4. Providing training on production, processing, generation of additional income and marketing to groups;
5. Coordinating with various sections and concerned agencies of the government and those providing activities and social administrations in order to encourage extension and development of groups in the districts;
6. Following up, motivating and recommending the establishment and implementation of extension, management and assistance in monitoring groups in the district throughout the country regularly;
7. Examining and approving proposals for establishing groups and issuing documents approving the implementation of activities of groups including Articles 9 and 25 of this agreement;
8. Implementing other rights and duties as stipulated in regulations and laws.

Article 30 Rights and Duties of the Village Agriculture and Forestry Units

In administering the groups the Village Agriculture and Forestry Units have the following rights and duties:

1. Advertising, disseminating, research and training on regulations and laws concerning the work of cooperatives to citizens in their villages for them to know and participate in implementation;
2. Motivating, following up and monitoring the progress of groups in their villages in order that they progress correctly according to the concerned regulations and laws;
3. Monitoring in cases of extension that are urgent and not included in the plans.

Article 32 Contents of Monitoring

Monitoring of groups must be carried out according to the following contents:

1. Monitoring of adherence to regulations and resolutions of meetings of the members by the management committee, monitoring committee.
2. Monitoring of progress of work on finances, accounting, and use of funds and various assets of the group as well as participation of the members.

Article 33 Solving Conflicts

Conflicts that occur within the group, principally conflicts between members, members and the administration and management of the group or with other parties, can be solved in the following ways:

1. Through compromise;
2. By administration by the Agriculture and Forestry Section in cooperation with the sections involved;
3. By the Committee for Solving Economic Conflicts;
4. By taking the case to the People's Court.

Part 7

Policies Regarding Persons who bring about Results and Remedial Measures for Persons who Transgress the Rules

Article 34 Policies Regarding Persons who bring about Results

Individuals, enterprises or administrations who have outstanding results in motivation, extension, administration and monitoring of the process of making agricultural production and management develop are to receive praise and other benefits in accordance with policies as appropriate.

Article 35 Remedial Measures for Persons who Transgress the Rules

Individuals, enterprises and administrations that transgress this agreement are to be investigated and undergo training, warned, disciplined, fined and punished according to severity of the case as stipulated in the regulations and laws.

Part 8

Final Provisions

Article 36 Implementation

The Department of Agriculture and Cooperatives is assigned to coordinate with parties concerned to replicate this agreement in the form of recommendations and detailed handbooks in order to bring about effective implementation.

Groups that have been established and have already progressed are to submit documents proposing to establish a group to the District Agriculture and Forestry Office as stipulated in Articles 9 and 10 of this document.

Article 37 Validity

This agreement is valid from the day it is signed. Any other legal documents of the Ministry of Agriculture and Forestry in conflict with this agreement are invalid.

Minister of Agriculture and Forestry