

LACP Quality Mark

“Accelerating production and value chain of high quality glutinous rice for rural development and export.”



Vision

The quality mark system is envisioned to encourage farmers, rice millers and exporters to produce good quality rice based on **Good Agricultural Practices** (GAP), **Good Manufacturing Practices** (GMP), and **Hazard Analysis and Critical Control Point** (HACCP) standards.

Backgrounder

- Rice is a major crop in Lao PDR covering 80% of total agricultural area
- Bulk of rice produced is consumed domestically; in 2019 Lao PDR exported 35K tons to Asia and EU
- Lao rice is unbranded and is not price competitive
- Lao rice is produced in an environment-friendly practices and is free from chemical residues
- Establishing a brand for Lao PDR's rice with clear product quality goals will establish the reputation of Lao PDR rice in the international market



Scenarios and Targets

- Improving the competitiveness of Lao rice exports complements the visions of MAF
- In 2019, rice yield in Lao PDR has increased to **4.2 tons/ha** versus the 2 preceding years due to use of certified seeds, increased use of **inputs, mechanization** and improvement of irrigation infrastructure
- The goal to increase rice production and identify market segment to focus on are key elements in the rice export strategy and **Quality Mark** for Lao PDR rice.

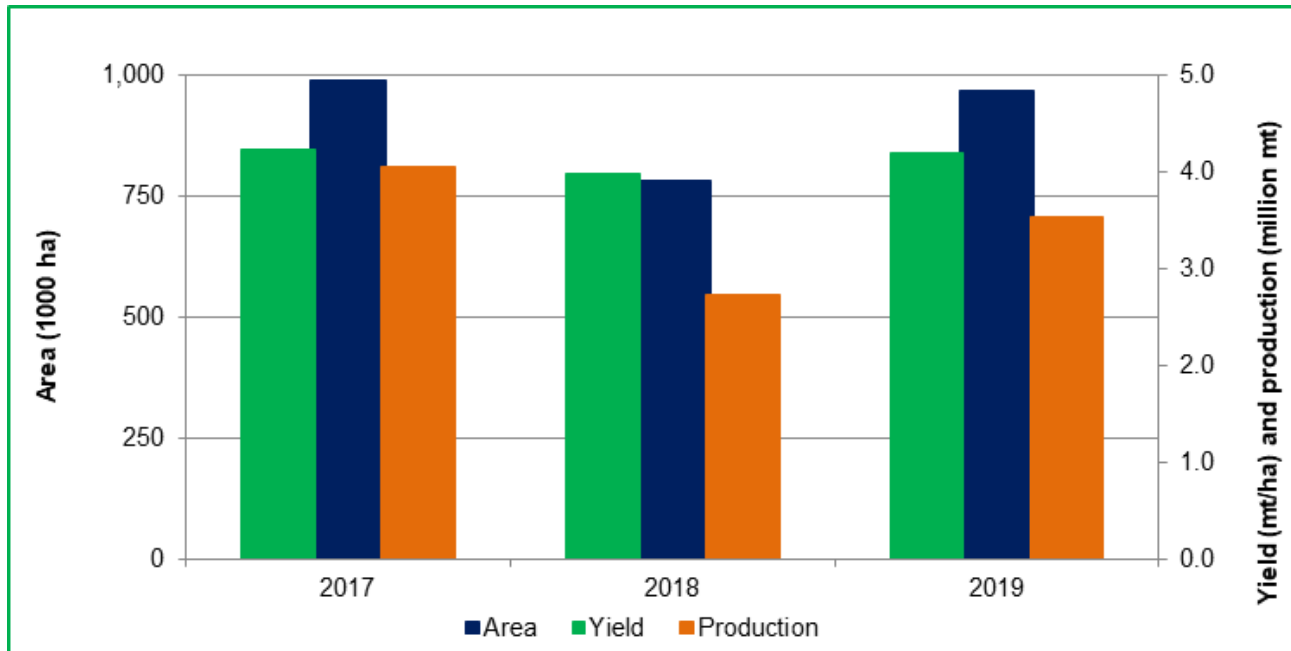


Figure 1. Rice area, yield and production, 2017-2019.

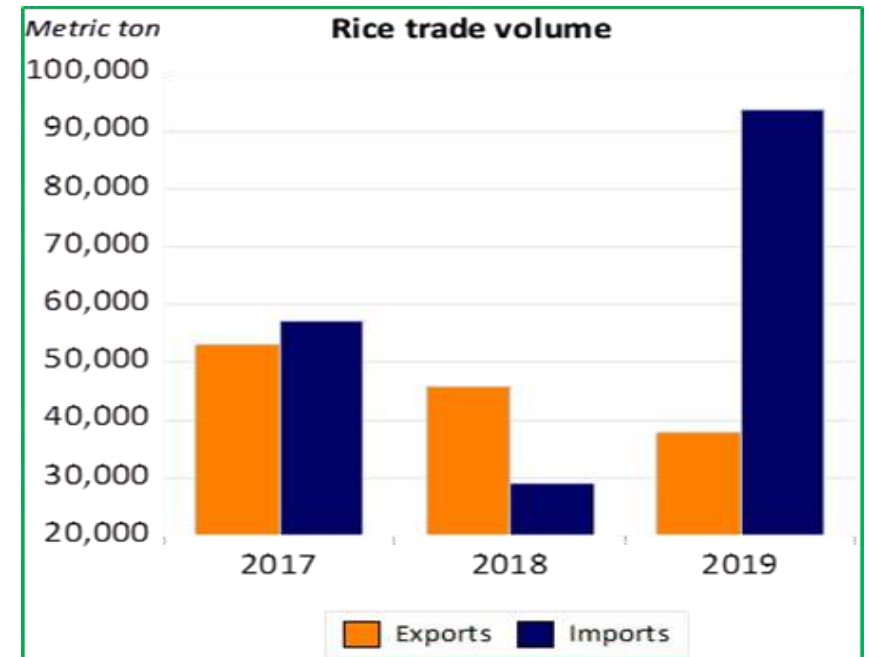


Figure 2. Total volume of rice exports and imports of Lao PDR, 2017-2019.

Challenges and Opportunities

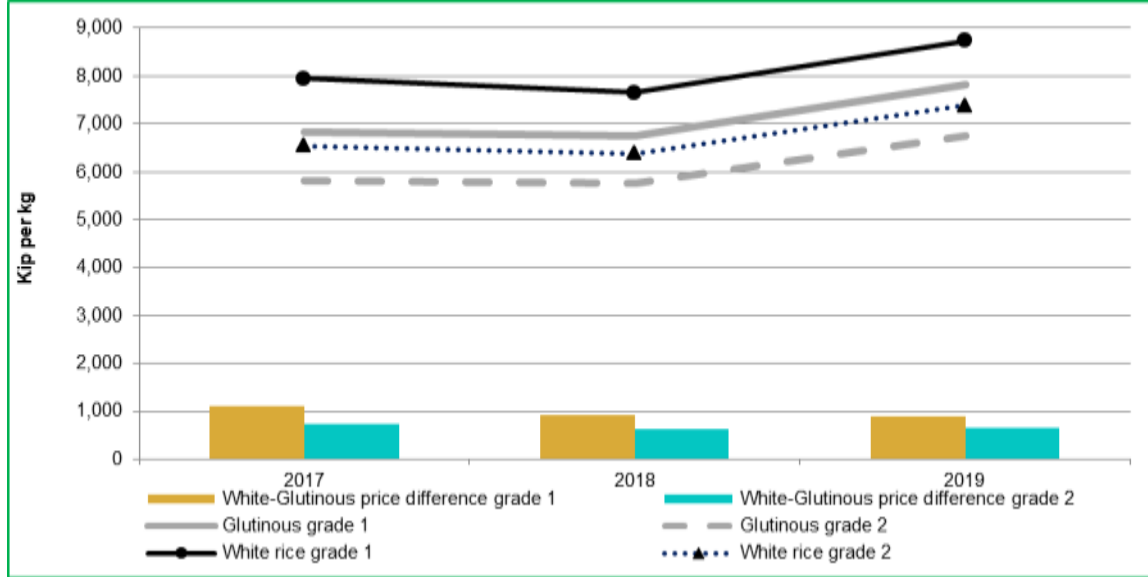


Figure 3. Retail prices of glutinous and white rice by grade in Lao PDR.

- It is crucial to reduce known barriers to price competitiveness such as those associated with production and processing.
- Lao PDR should also ensure compliance with the requirements of target markets in terms of high quality rice

- Glutinous rice in Lao is cheaper as compared to white rice
- The price of Lao glutinous rice is not competitive with the price in the international market.

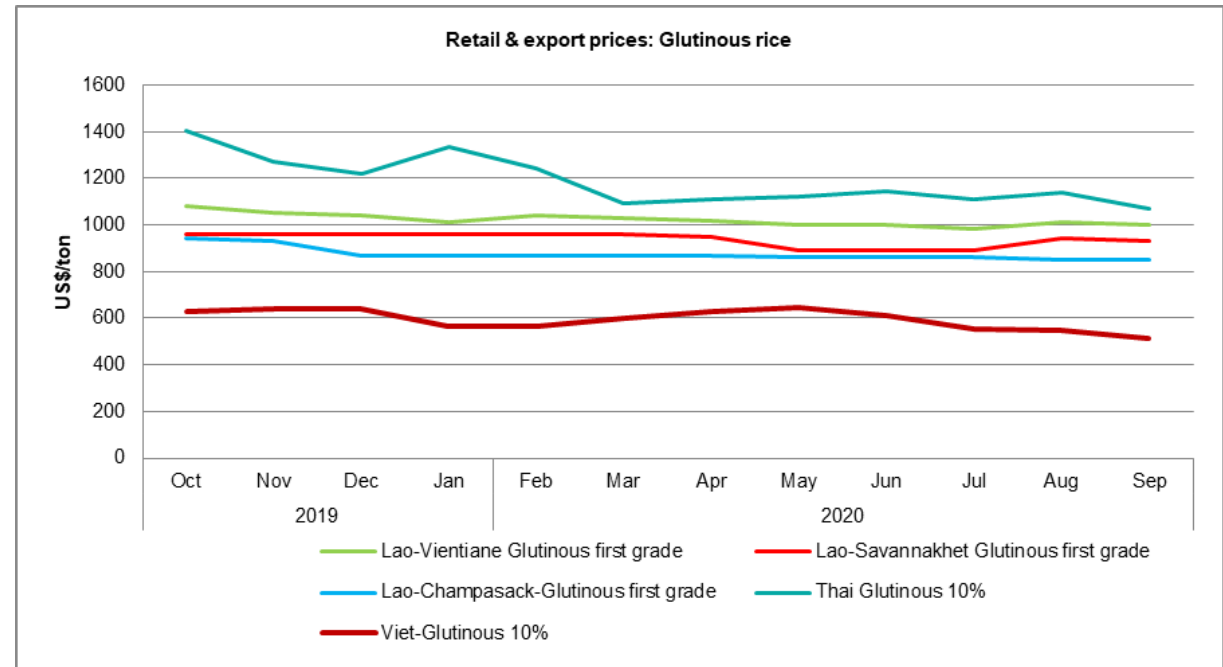


Figure 4. Domestic and international prices for glutinous rice.

Consumer preference for rice in China and Vietnam

Country	Quality Attributes
China	<ul style="list-style-type: none">• Safe• Sustainably-produced• Preference for quality standards – taste, texture, aroma, appearance and nutrient content• Preference for short, bold or long grains but medium to slender grain shape and intermediate amylose content
Vietnam	<ul style="list-style-type: none">• Sustainably-produced• Preference for intermediate amylose content and aromatic rice and premium quality rice (i.e., with nutritional benefits and aroma)• Vietnamese consumers define premium quality rice as rice with nutritional benefits and aroma.• Good quality rice, on the other hand, is defined by consumers as soft, uniform in shape and size, soft and shiny when cooked, with minimal impurities, with high degree of whiteness, with round and fat grains when cooked, and rice that makes you feel full quickly.

Why QM?

- A symbol of quality and Lao cultural heritage;
- To give a signal to consumers that they are getting good quality agricultural products produced under good agricultural practices and standards; and
- In order to encourage producers, millers, exporters to produce good quality agricultural products.

Requirements of QM?

- Competitive pricing of rice that reflects known milling and marketing margins
- Ensure compliance with the need of the target markets in terms of high quality rice
- Establish buyers confidence that Lao rice is of a higher quality and a better alternative

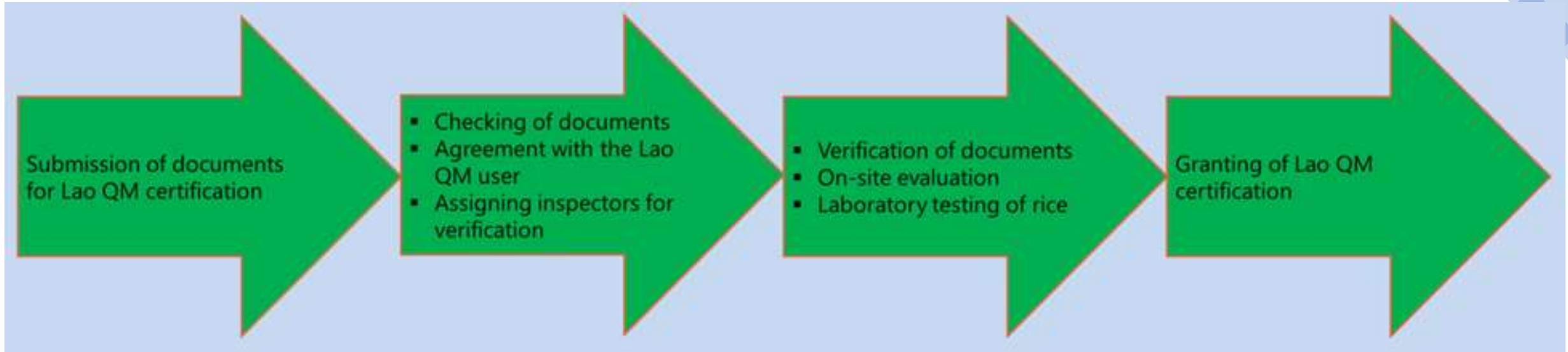


High-quality rice from Laos



High-quality sticky rice from Laos

General process in applying for the Quality Mark



Lao QM user submits a complete application form and pays the cost

- Auditor reviews the document and prepares contract
- MOIC authorizes inspection and testing
- Auditor sends notice on inspection and testing

- MOIC selects qualified inspection team and testing laboratory
- Inspection team informs QM user of inspection and sampling
- Accredited laboratory submits test results in 7 days

- MOIC grants QM certificate valid for 1 year
- QM user gets audited yearly

QM Governance

(Key roles of Government agencies involved)

Ministry of Industry and Commerce (MOIC)

- ▷ In charge of overall management of activities related to QM guidelines

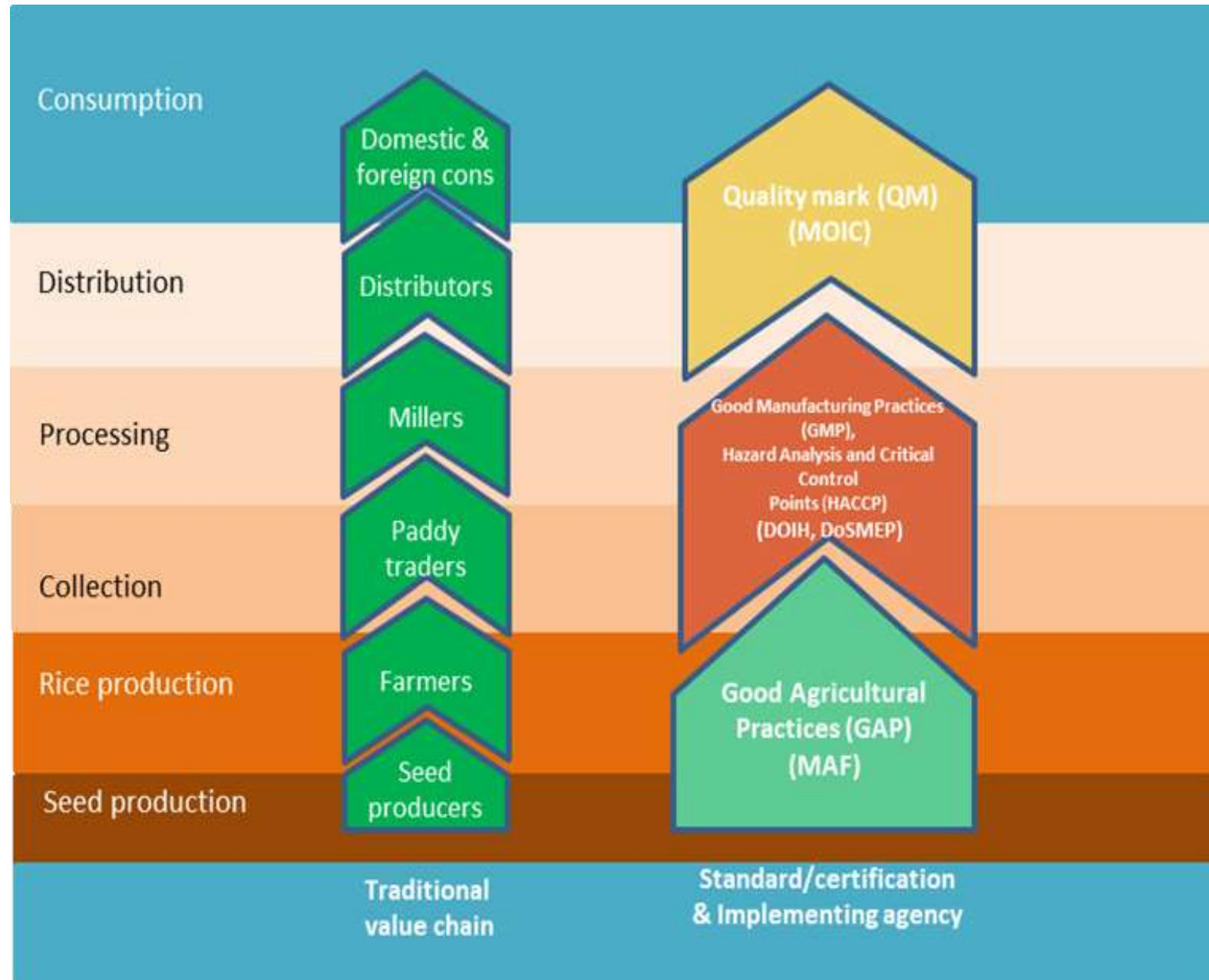
Ministry of Agriculture and Forestry

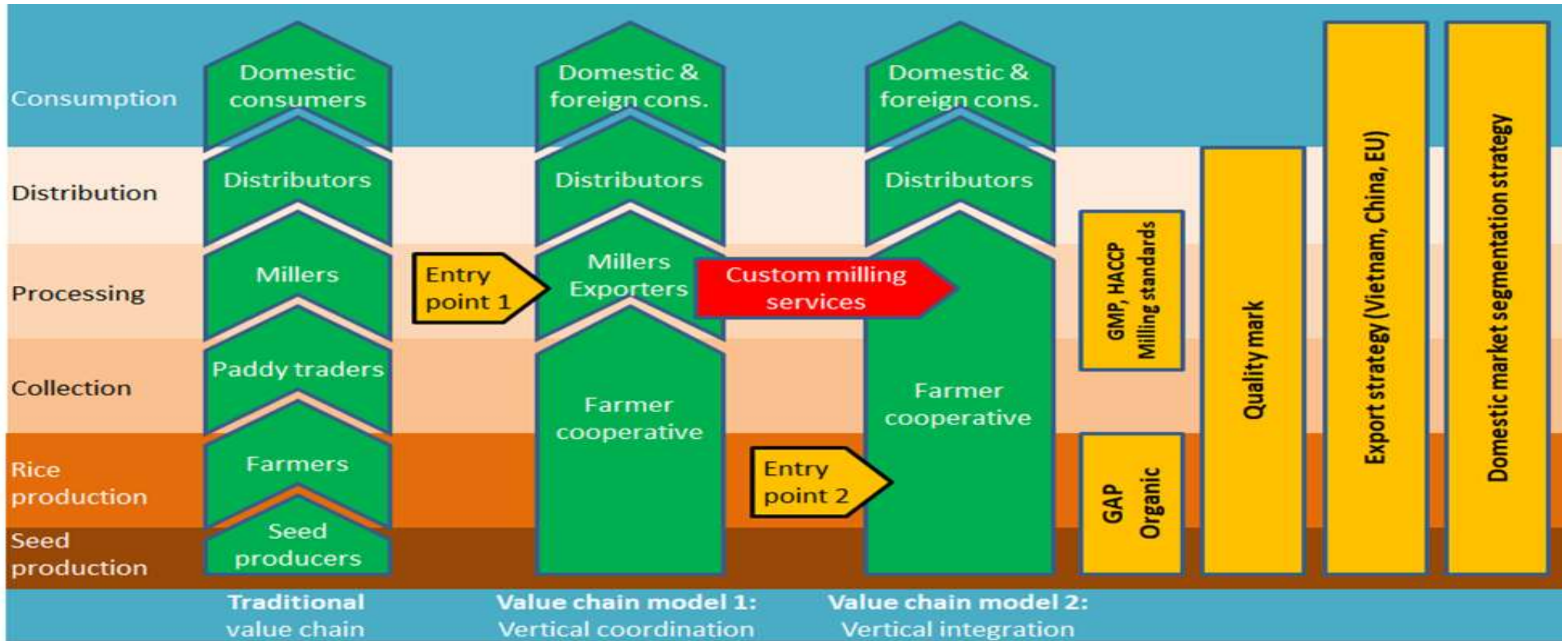
- ▷ Responsible for the implementation of GAP standards for rice farmers and coordination among farmers

Department of Industry and Handicraft (DoIH)

- ▷ Involved in the implementation of GMP and HACCP

The **QM scheme** captures the whole **rice value chain** which requires a holistic approach to implementation and coordinated efforts from various agencies and value chain actors (as shown by the figure on the right side).





Entry points for value-adding along the value chain based on the principles of **vertical coordination** and **vertical integration**

Rice
Science
for a Better
World



Quiz

1. What does the Lao Quality Mark envisioned to achieve with farmers, rice millers and rice exporters?

- ☐ To harvest low-cost rice
- ☐ To import high quality rice for Lao markets
- ☐ To produce good quality rice based on GAP, GMP and HACCP standards
- ☐ To export rice to China and Vietnam

2. What causes the increase in yield to 4.2 tons/hectare in 2019 versus the 2 preceding years in Lao PDR ?

- ☐ Use of certified seeds
- ☐ Increased use of inputs
- ☐ Mechanization
- ☐ Improvement of irrigation infrastructure
- ☐ Reduction of PH losses
- ☐ Management of pests and diseases

Quiz

3. Improving the competitiveness of Lao rice has been one of the primary visions of the Ministry of Agriculture and Forestry (MAF). *True of False?*

4. What three major items bear the highest cost contribution in rice production in Lao PDR ?

- ☐ Seeds
- ☐ Fertilizer
- ☐ Machines
- ☐ Irrigation fee
- ☐ Labor
- ☐ Association fee

Quiz

5. What common attribute of Lao rice is preferred by consumers in China and Vietnam?

- ☐ Premium price
- ☐ Organically produced
- ☐ High amylose content
- ☐ Brown rice
- ☐ Sustainably-produced

6. Check all statements that is true about Lao Quality Mark.

- ☐ Quality symbol and Lao cultural heritage
- ☐ A signal to consumers that they are getting good quality agricultural products produced under good agricultural practices and standards from Lao PDR
- ☐ To encourage producers, millers, exporters to produce good quality agricultural products in Lao.
- ☐ Rice for export to US, Europe and other international markets
- ☐ Organically produced rice in Lao

Quiz

7. Check all statements that are true in the general process of applying for Lao QM.

- ☐ Lao QM user pays the cost
- ☐ Auditor conducts the inspection and testing to Lao QM applicant
- ☐ MOIC selects qualified inspection team and testing laboratory
- ☐ QM user does not get audited on a yearly basis

8. The following government agencies are part of the Lao QM governance -

- ☐ MoIC
- ☐ DOSMEP
- ☐ MAF
- ☐ DoIH
- ☐ DAFO
- ☐ PAFO

Quiz

9. What value chain-based principles provides the opportunity as entry points for value adding in the rice sector in Lao?

- ☐ Market driven approach
- ☐ Vertical integration
- ☐ Demand-driven principle
- ☐ Vertical coordination
- ☐ Sustainability principle

10. The QM scheme requires a _____ approach and coordinated effort from various agencies and value chain actors.

- ☐ Focused
- ☐ Specific
- ☐ Holistic
- ☐ Partial

Answers

1. What does the Lao Quality Mark envisioned to achieve with farmers, rice millers and rice exporters?

- To produce good quality rice based on GAP, GMP and HACCP standards

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Answers

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4. What three major items bear the highest cost contribution in rice production in Lao PDR ?

- Fertilizer
- Machines
- Labor

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Answers

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- MoIC
- MAF
- DoIH

9. What value chain-based principles provides the opportunity as entry points for value adding in the rice sector in Lao?

- Vertical integration
- Vertical coordination

10. The QM scheme requires a _____ approach and coordinated effort from various agencies and value chain actors.

- Holistic

Further Readings

Calingacion, M., Laborte, A., Nelson, A., Resurreccion, A., Concepcion, J.C., *et al.* 2014. Diversity of global rice markets and the science required for consumer-targeted rice breeding. *PLOS One*, 9(1), e85106.

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Connor, M. Cuong, O.Q., Demont, M. Sander, B.O., & Nelson, K. 2022. The influence of climate change on consumer valuation of sustainably produced rice in Vietnam. *Sustainable Production and Consumption* 31 (2022) 1-12.

Custodio, M.C., Cuevas, R.P., Ynion, J., Laborte, A.G., Velasco, L. & Demont, M. 2019. Rice quality: How is it defined by consumers, industry and genetics? *Trends in Food Science & Technology*, 92, 122–137.

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