



CONCEPT NOTE

Khao Kai Noi (KKN) Organic Commodity Production



KHAO KAI NOI (KKN) ORGANIC COMMODITY PRODUCTION

1. Goal:

To contribute to poverty alleviation and improved livelihoods of upland communities through sustainable production of high quality KKN seeds and KKN products.

2. Introduction:

Khao Kai Noi (KKN) is specific glutinous rice varieties produced exclusively in Xiengkhouang and Houaphanh Provinces. KKN has several unique characteristics that set it apart from other rice varieties: (i) exceptional taste and aroma; (ii) high milling ratio (grain:husk) of 80% compared with 70% for most other glutinous rice varieties; (iii) it is photoperiod-sensitive, late maturing and non-shattering; (iv) it has high yields under low input conditions averaging to 3-4 tons/ha; (v) it is grown at high altitude (more than 800 meters above sea level) but in rain-fed paddy environments; and (vi) there are seven varieties within the KKN rice group which are distinguished based on glume color and other characteristics, the “yellow KKN” being the most widely grown variety.



3. Background:

In the two provinces where it is grown, about 90% of KKN rice consumed is in the form of steamed rice eaten at home, given to monks or as religious offerings. But there are also various other forms of glutinous rice-based preparations used as fast food and drinks such as: noodle variations including “Feu”, “Mi”, “Khaopoun” and “Kaopiaksen”; crispy rice preparations including “Khaokhob” and “Khaokhiap”; boiled rice (Khaotom); grilled rice (Khaoping/Chi); distilled liquor (Laokhao/Sio); and fermented beverages including Beer Lao Gold Brand, Laosatho, Laohai and Laobonya.



According to TABI data in 2013 in 4 districts in Xiengkhouang Province the total KKN production area was 13,338 ha which produced 46,683 tons (average yield of 3.5 t/ha). In 2 districts in Houaphanh Province total KKN production area was 6,192 ha which produced 23,530 tons (average yield of 3.8 t/ha). The breakdown of utilization of rice was 60% for household consumption, 5% as seed stock and 35% being sold in the market. In both provinces, the average paddy price at farm gate was approximately 5,500 Kips/Kg. With an average yield 3.6 Kg/ha, KKN production was worth 19,800,000 Kips/ha (US\$2,300). Milled rice sold in market for 9,000 Kips/Kg compared to 6,000 Kips/Kg for other glutinous rice varieties. Other glutinous rice varieties sold at 3,000 Kips/Kg for paddy.

Due to a high demand for KKN, there is generally no problem for selling with KKN being a top export product of both provinces. Currently more than 300 tons are annually exported to Vietnam and China, more than 150 tons to Vientiane and other provinces and some KKN is also exported to France and Japan. Currently, KKN production is constrained by lack of high-quality seed for each of the 7 varieties and grain quality is lowered from poor quality milling machines.

4. Listing of key Activities:

- Upgrade KKN farmer groups skill and capacities via support for farmer-field-schools on KKN Organic rice and establishment of KKN Commodity Production Groups as well as expanding the number of groups and new paddy fields in two key provinces;
- Promote the production, preservation and selling of good quality seed supply for all 7 varieties, by helping to establish farmers as producers and sellers of high-quality seed combined with government efforts for ensuring pure high-quality seed for farmer seed producers;
- Promote to implement new farming methods, such as **agro-ecology and/or Organic and integrated farming system** (GAP model) to increase yields' quality and quantity while maintaining the health of ecosystem and reducing environmental impacts (with a strong blend of social, economic and environmental aspects);
- Introduction of small machinery to facilitate and expand of KKN production mainly in pre/post-harvesting activities (e.g. for opening new paddy field, household small scheme irrigation maintaining, watering management, seedling production, transplanting, weeding, fertilizing, harvesting, drying, processing and packaging, storage and etc.);
- Establish a "Participatory Guarantee System" (PGS), especially within farmers and Standard Division of DoA/MAF for obtaining "Organic Certification" and



development of “Specific Brand Name” complementary to the long-term “Geography Indication” (GI) received;

- Establish a technical advisory mechanism with GoL agency, investor and private sector, including the milling factory and marketing network for developing and implementing of PPPP and/or 2+3 approach (Contract Farming System);
- Promote the unique characteristics of KKN and support branding efforts for all 7 varieties of organic KKN including campaigns for increasing consumer awareness on KKN products that promote KKN as healthy and safe rice for social well-being and culturally appropriate diets; and
- Protect/conservate adjacent farmland environments including natural forests, water sources and paddy field landscapes that promote safe and reliable water to irrigate KKN, mitigate/adapt to climate change, protect biodiversity, and support human health and well-being across watersheds. (This activity may also support agro-forestry and/or silvo-pasture efforts which involve grazing livestock in protected areas.

5. Expected Opportunity Results or Outputs:

- KKN farmer groups are strengthened to be "KKN Organic Commodity Production Groups" with high reputations for quality seeds and KKN products and are capable to access niche markets outside the local region and country;
- Significantly increase the number of paddy fields using high quality KKN seed and farming practices that result in high quality, quantity and prices;
- Strong linkages established between GI and Organic KKN efforts including registration, branding and certification based PGS that meet standards and demand of consumers and traders;
- Increase in the number of partnerships (e.g. GoL Sectors, Donor Projects, NPAs, NGOs and Investors (rice-mill factories, farm machinery companies) via PPPP and/or 2+3 approach;
- KKN pure seed producers have profitable business that are selling high quality seeds;
- Natural forests and watersheds are protecting and providing clean water to downstream rice producers. At the same time, ABD such as NTFPs, native plant and animal species populations are sustainably managed and provide additional benefits to local communities;
- Other agriculture crops benefit from KKN agro-ecology stewardship efforts by being Non-chemical (pesticide-free), as well as traditional local foods (algae, fern, taro, fish, frog, shrimp, snail, crab and insect).
- Farmers benefit from fish raising in KKN paddy fields that do not have pesticide contamination; and

- Pesticide safe rice bran and straw are available to feed livestock, and their wastes are recycled back to paddy fields to achieve high KKN production.

Note: More detail can be provided if the organization/investor is interesting and Proposal Documentation can be developed for further consideration (if required).