

Annual Progress Report 2020-2021

Sector Working Group on Agriculture and Rural Development (SWG-ARD)

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Contents

I. Sector Overview	3
1.1. Sector contributions to the 8th NSEDP	4
1.2. Sector level contribution to SDGs.....	4
II. Implementation of the 2019 RTIM key policy recommendations	5
III. Activities of SWG and Sub-SWGs contributing to further development of the sector and the national development agenda	10
3.1.1 SSWG on Rural Development	11
3.1.2 SSWG Farmers and Agribusiness.....	11
3.1.3 SSWG Agro Biodiversity	11
3.1.4 Sub-Sector Working Group on Forestry	12
3.1.5 Sub-Sector Working Group on Irrigation	12
3.1.6 Policy Research Center - Policy Think Tank (PTT)	12
IV. Cross-cutting	13
4.1 SWG ARD contributing to the implementation of the Vientiane Declaration	13
4.2 Innovation and technology	17
4.3 Gender and youth.....	17
4.4 COVID19 and SWG ARD	17

I. Sector Overview

For over a decade, Lao PDR's economy has experienced increasing growth of around 7.5-8.0 percent, making it one of the fastest-growing economies in the region. In 2018, the Gross Domestic Product (GDP) expanded by 6.3 percent (expected to be around 6.5% in 2019) and reached USD 18 billion, while the country's GDP income per capita was USD 2,543.¹ However, the economy remains largely agrarian and nature-based such as forest, with the agriculture and forestry sector accounting for about 16 percent of the GDP in 2018.² In 2019, 68 percent of the employees in Laos were active in the agricultural and forestry sector.³ The agriculture and forestry has the potential to be the engine of economic growth in the country from its present status of a subsistence and food security activity. At the same time, according to the World Bank, 65% of the Lao population was still living in rural areas in 2018. Therefore, agriculture and forestry, and rural development are essential to the Lao economy and the livelihood basis.

However, the agriculture and rural development sector is facing serious challenges meeting the demand of both international and domestic markets, due to issues of farm productivity, produce quality, profitability. Besides, Lao PDR faces the continued threats on health, agricultural livelihoods and food security in the region from transboundary animal diseases (TADs), zoonotic disease, emerging infectious disease, and antimicrobial resistance (AMR). African swine fever (ASF), lumpy skin disease (LSD), HPAI, foot and mouth disease (FMD), fall armyworm and cassava mosaic disease (CMD) are presented in the country depletion of forest resources. Adding to these challenges, the covid-19 pandemic has seriously affected farmers relying on cross-border trade. In light of this, there is a need to have a proactive protection of agriculture and forestry sector stakeholders. It is important to boost the confidence of farmers and supply chain operators that they can continue to operate both profitably and safely in their efforts to feed the nation. Some segments of the population (e.g. daily wage earners in the informal sector, recently returned workers from neighbouring and other countries and homeless) need to be assured of continuity of the critical food supply as well as stable income.

At the same time, the sector needs greater investment and support to build the capacity among a large range of stakeholders from individual farmers to civil servants, traders and processors. The livelihoods of rural populations also depend on access to public and private infrastructure and services as well as forest resources, water and sanitation, health and nutrition, education. A holistic approach reflecting these various dimensions (technical, economic, social, environmental and political) will be essential to poverty reduction and economic growth in rural areas. Increasing climate resilience with respect to agriculture and forest protection is also a high priority especially for food security and disaster management.

The prevailing challenges has been addressed through a specific strategic document developed by the Ministry of Agriculture and Forestry, which focuses on a people-centered three faceted Vision of people: (1) having food security and good nutrition, (2) earning increasing income from commercial agriculture, and (3) living and working in diversified, green and sustainable Lao Agro-ecosystems.” The overall objective is sustainable development in rural areas through fair agriculture and forest development preserving the interests of small holders, contributing to poverty reduction and improving climate -resilience. Social conditions need to also be improved including better nutrition, access to markets and social services through better and more rural roads, and safe water.

1 Annual 8th NSEDP implementation report

2 <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=LA>

3 <https://www.statista.com/statistics/804983/employment-by-economic-sector-in-laos/>

1.1. Sector contributions to the 8th NSEDP

The 8th NSEDP objective is “to reduce poverty, graduate from the Least Developed Country (LDC) status with sustained and inclusive growth, through promotion of national potential and comparative advantages, effective management and utilization of natural resources and strong international integration”.

The 8th NSEDP (2016 - 2020) is an outcome based plan structured by outcomes and outputs (not by sectors):

- **Outcome 1:** Sustained, inclusive economic growth, reduce economic vulnerability Index (EVI) to levels required for LDC graduation and consolidate financial, legal and human resources to support growth.
- **Outcome 2:** Human development reaches LDC graduation criteria and off-track MDGs are met through the provision and use of services fairly distributed between regions and social groups.
- **Outcome 3:** Reduced effects of natural shocks as required for LDC graduation and sustainable management of natural resource exploitation.

In line with the 3 expected goals/outcomes and 20 outputs of the 8th NSEDP, the Agriculture and Forestry - 5 Years Development Plan is made of 3 programs:

- **Food security:** Aim to ensure public nutrition, achieve an intake of 2,600 kcal per person per day and improve the quality of rice, vegetable, and fruit production so that it can meet Good Agricultural Practice (GAP) and Organic Agriculture (OA) standards.
- **Commodity production:** Aim to modernize agricultural, livestock (including fisheries), forestry and NTFPs production. Develop clean, safe and sustainable agriculture production which can meet the GAP and OA standards for export with a focus on regional and international markets.
- **Sustainable forest management:** Aim to achieve the targets for forest coverage and forest resource management, especially on effective management and use of forest production and village forests.

1.2. Sector level contribution to SDGs

The sector contributes to various SDGs: Zero Hunger (SDG1), No Poverty (SDG2), Decent Work and Economic Growth (SDG8), Partnerships to achieve goals, (SDG17) industry, innovation and infrastructure (SDG9), climate action and life on land (SDG15).

The Government of Lao PDR has tasked Ministry of Agriculture and Forestry (MAF) to cover **6 SDGs**: SDG 1(No Poverty), SDG 2 (Zero Hunger). SDG 10 (Reduced Inequality). SDG 12 (Responsible Consumption and Production), SDG 14 (Life below Water), and SDG 15 (Life on Land).

SDGr (including SDGi) - Reporting on status, progress, challenges and other related information

- SDG 1
- SDG 2
- SDG 14

- SDG 15

SDGi – Providing information to other Ministries for their SDG reporting

- SDG 10
- SDG 12

46 Indicators are SDGr that MAF needs to report against

- 19 of them needs data and information from other government partners as listed below
- 27 indicators are both SDGi and SDGr

30 Indicators are **SDGi**

- Out of these SDGi, 27 of them are SDGr
- 3 SDGi are the indicators which are SDGr of other Ministries that MAF needs to provide data and information to.

Key counter parts for SDGr

1. BOL (2 indicators)
2. MOF (1 indicator)
3. MOLSW (3 indicators)
4. MONRE (3 indicators)
5. MOH (6 indicators)
6. MOIC (1 indicator)
7. MPI (3 indicators)

Key counter parts for SDGi

1. MONRE (1 indicator)
2. MPI (2 indicators)

II. Implementation of the 2019 RTIM key policy recommendations

Since 2020, SWG ARD has been taking greater efforts to ensure the implementation of the four policy recommendations from the 2019 RTIM as per the PM's Instruction No.815 dated 31 July 2020 relevant to SSWG –ARD. Some of key highlights emerged from the implementation of these recommendations are as follow:

Point 1 - Advancement of the integrated green and resilient growth model

Lao PDR faces a number of challenges on its path to green growth including a high dependence on natural resources for growth, unsustainable use of its resources and increasing impacts of climate change. A measured and inclusive approach, based on a sound policy framework that encourages environmentally sustainable investment and promotes investment in green sectors, can help address the challenges and exploit the opportunities in a way that complements a sustainable, climate-resilient development path. Some of key activities undertaking to promote green and resilient growth model in Laos are:

- **A minimum level of environmental and social safeguards for sustainable natural resource management.** The government recognises that relying heavily on the resource

sector for growth can pose an increasing risk for environmental sustainability, but there is a limitation of an institutional base to ensure that all projects/programmes such as hydropower, agricultural and mining projects comply with an appropriate level of environmental and social safeguards for sustainable natural resource management. Work is on-going to come up with harmonised and agreed upon appropriate level and to ensure its implementation national wide. At the same time, implementation arrangements of clean agriculture strategic programme and green and sustainable agriculture framework as well as sustainable forest management including promotion of nature-based tourism and promotion of tree plantations in degraded forestland have also been in place in order to contribute to the green and clean growth model.

- **Build institutional and technical capacity to improve the quality of investment** - progress has been made in developing a policy framework to promote better quality investment in Lao PDR and establish environmental safeguards systems. While there is awareness of environmental issues in different ministries, a prevailing lack of human resources and skilled personnel makes compliance with and enforcement of safeguards extremely challenging. Therefore, the Government has been putting greater effort to build long term capacity for environmental management across all institutions at national and provincial levels.
- **An energy policy to promote small scale renewable energy** - The Government has designed a renewable energy development strategy and it is in the process of developing a comprehensive and integrated renewable energy policy and implementation plan to realise the targets specified in the strategy. This will serve as a framework and could be designed to commit all government departments and other stakeholders to join the agenda of change for providing a clear guideline for developing renewable and sustainable energy options.
- **Diversify funding sources for green growth.** The government currently relies entirely on international funding and donor contributions to promote green growth and improve environmental protection. Other options could include: eco-taxes on a range of products and activities to reduce the environmental impact; domestic public financing through a specialised financial institution within the government to leverage the private capital necessary for green growth; international funding options, including harnessing emerging international funding sources for climate change and REDD+ results-based-payment, such as the Green Climate Fund.

Point 2 - Minimizing the impact of climate change and disasters on agriculture and rural development sector and further efforts on necessary conditions for rural development and employment for rural population, particularly for younger generation

- **Climate change and disaster risk management**
 - To continue **implementation of the National Disaster Management Strategy**, continued support has been provided to line ministries who play significant roles in DRM and climate change. The impact of COVID during the last two years has been putting great pressure on public expenditure across sectors. However, the Government puts great efforts to keep the total DRM expenditure for agriculture and rural development around 10-15%.
 - **Change and disaster risk considerations are mandatory in the public investment review process.** For the last few years, Ministry of Planning and Investment, Ministry of Public Works and Transport, and the Ministry of Agriculture and Forestry have initiated demonstrative projects on risk-sensitive planning and investment in irrigation sector and the landslide mitigation in road infrastructures, as well as piloting the use of DRR inclusive appraisal criteria for development projects, and policy guidelines.

- **The Early Warning Standard Operating Procedures (SOPs)** were developed to provide a concise list of major tasks to be executed by concerned agencies responsible for early warning. Continued effort to enhance technical capacity and people-centered early warning is underway to develop a fully functioning and systematic early warning system for all major hazards. Warning dissemination through mobile phone directly to individual users has also been used as complementary options for wider and timely dissemination of warning messages. The initiative is supported by private companies; Lao Telecom, ETL, and UNITEL.
- **Blending DRR into sectoral development projects and programs and into rural development** schemes has been promoted as an effective method to reduce multi-faceted vulnerabilities, and to enhance sectoral performance by minimizing potential disaster effects on sectoral investments and reduce reallocation of development budget for disaster response and recovery.
- **Supporting the collection, analysis and management of disaster and climate related data** has been among the highest priorities, given the fact that baseline data for hazards, exposure and vulnerabilities is currently limited. In particular, while some disaster information management systems are in place, the data is not always available to sub-national level planners and the private sector. Work is on-going to enhance local capacities to guarantee that even the smaller and recurrent disasters are measured and considered as a part of risk assessments.
- **Localization of the DRR and CR agenda has been extended from mere data collection and response phases to disaster preparedness and recovery as well.** Local operators are usually the first to respond to a disaster – thus, the Government has been putting more efforts to build their capacity and capability to maintain operations and support in their communities as well as develop the DRM plan including agriculture sector at sub-national level for better preparedness and response.
- **Community-participatory risk management** – The Government is currently working on creating an official platform for effective community-level early warning and networks and local resilience aligned with national and provincial system and strategy.
- **Options for risk transfers, social protection mechanisms and alternative livelihood options** have been explored. The Government is fully aware that any income of households which is reliant on the environment is likely to suffer as a result of climate change. Significant investments has been directed not only to improving the physical infrastructure, but also towards the efforts to reduce poverty, and to protect those vulnerable to poverty from external shocks through anticipatory actions and coping strategies.
- **Rural development** - Rural development is at the centre of the Government’s development and poverty eradication efforts. The Government reaffirms its position that rural development and improved agricultural performance must be addressed comprehensively and in an integrated manner. An essential policy underpinning rural development is that “grass roots levels should take initiatives in poverty alleviation (through development) in their own areas”.
 - **The Government is encouraging and facilitating a strong community-based approach.** Planning at national, sectoral and provincial levels therefore involves a highly participatory process. Some initiatives include: hotlines to provide comments at national and provincial level, community radios in some provinces, community awareness campaigns, etc.

- **Regional differences call for distinct approaches, especially respecting the differing needs and circumstances of the lowlands (along the Mekong corridor) and upland areas.** The rural development strategy for the lowlands is directed to facilitating markets and supporting private sector initiatives, whereas the Government's strategy for the uplands is more proactive in assisting farmers in seeking out new opportunities and helping them to realise the opportunities. The economic corridor along the railway network is an initiative that will create opportunities for the rural northern communities. In both cases, however, the paramount need of poor rural households to secure their food supplies is the priorities. Particularly, the balance of food supplies throughout the country is extremely important during the time of COVID19 and beyond.
- **Conservation of the forests is fundamental to protecting the agricultural base and improving the lives of rural people.** The forestry policy and the land-forest allocation programme have now been revitalised and it will take sometimes to witness the real impacts of those policy and programme.
- **Opportunities for higher value crops and livestock husbandry are developing.** Rural development strategy will give highest priority to increasing livestock production. The improving road network and railway throughout the Lao PDR and trade liberalisation with neighbouring countries offers the possibility of diversifying from subsistence farming into cash crops and other agricultural products. Along with this, the animal health sector has gradually improved its capacity in surveillance of transboundary infectious animal diseases as well as raising awareness in proper use of antimicrobial in livestock production within One Health approach.
- **Promotion of SMEs and increased foreign investment are important to success of rural development.** At the same time, the development of small towns with strong links to rural areas has been progress across the country. To this end, a National Urban-Rural Basic Infrastructure Development Strategy has been operationalised to extend the benefits of urban development to the entire population.
- **The district focus for rural development presents a challenge of great complexity.** Most importantly, an initial step has been made to transfer real resources to the districts, to give meaning to empowerment. In addition to improved rural credit services, operationalization of the Poverty Reduction Fund has been through various phrases in order to effectively and efficiently deliver resources to poor villages and to enable poor communities to assess their own needs and priorities and to determine how best to use resources to maximise social and economic development on a sustainable basis.
- **Youth in agriculture** - agricultural development programmes have been focusing more on rural job creation and enterprise development with an overall aim to encourage youth agripreneurship and youth participation and engagement in agriculture as a whole. The "Agripreneurs for Green Rural Enterprises and Economy" "AGREE" has been operating for sometimes and it has been a good example of initiative to promote agricultural entrepreneurship among young people. Learning from the experience of this initiative, on-going discussions have been made to come up with measures in order to 1) create income-generating opportunities in rural areas in order to encourage youth not migrate to the city or seek work overseas, 2) facilitate opening own business by rural youth who graduate from Agricultural colleges, 3) work with experienced private sector and other relevant organisation to provide practical coaching and advice to rural youth in running a business, and 4) open up network of youth to learn and exchange ideas with others in the country and in the region.

Point 3 - Promotion of agriculture commercialization, diversified services and sustainable trade expansion and increased investments in research on agricultural innovation

- Research and extension services for agriculture commercialization, diversified services and trade need to be strengthened. In particular, for high value crops and livestock, **successful innovations in livestock production and disease prevention will be shared on a nation-wide basis**. It will also be desirable to share experiences in identifying the social, economic and environmental factors that enable farmers to modify their traditional practices – especially regarding upland shifting cultivators.
- **A network of well-structured urban growth centres** will greatly contribute to commercialisation of the agriculture sector. It will also enable the Lao PDR to avoid costly errors and to build the country’s development on a sound basis.
- **The Green and Sustainable Agriculture Framework and agriculture certification audit** were recently carried in supporting green and clear agriculture in Lao PDR.
- In term of Lao agriculture innovation, follow up actions will be worked out with relevant partners to address key findings from **the National Agricultural Innovation System Assessment (June 2021)** which focus on some key areas as follow:
 - Partnerships have been established in different forms but need more support from development projects and local authorities for better coordination and strengthening capacity to develop new services and products. Overall, there is a need to encourage, incentivize, and support innovation processes.
 - There are different understandings and definitions of “innovation” and innovation systems. The topic of innovation should be addressed at all levels. Innovations are happening across the country but have not yet been documented for scaling out. The development of a database for innovations in Lao PDR is important for government agencies, farmers, the private sector and development partners in order to make evidence-based policy decisions to encourage and support agriculture innovation.
 - The sector has limited functional capacity to facilitate innovation processes effectively based on proper information and analysis especially with regard to the economic and market situation of the agriculture, forestry and rural sector.
 - The sector faces difficulties in developing and adopting policies and enacting laws and regulations to address some of the fundamental constraints in the sector. In addition, the sector is facing serious constraints in the development of a consolidated and cohesive long-term vision and strategy for the different subsectors.
 - There are seven key functions (information exchange, advisory services, demand articulation, networking, capacity development, resource mobilization, and policy), which have been identified as important in supporting innovation processes and enabling innovation. These functions are performed by different actors involved in the public and private sectors, CSOs, NGOs, academia and research.

Point 4 - Investing in Lao PDR’s agro-biodiversity and balancing commercial development and national food security with forest protection.

Great efforts have been made to attract and sustain investment into agriculture and agro-biodiversity conservation which needs strategic long-term planning, understanding of local needs and the dynamics of agronomic practices and market potential. Currently, dialogue with the private sector, development partners and other stakeholders to encourage partnerships has been

established and enormous political will to move from securing economic growth to securing sustainable livelihoods as highlighted in the Agriculture Development Strategy 2025 and vision 2030 and the National Agro-Biodiversity Programme and Action Plan II (2015-2025).

In addition, in recent years, **effort has been made on food system transformation.** The **Synthesis report on pathways to sustainable food systems (June 2021)** highlights that with reference to the Green and Sustainable Agriculture Framework developed by MAF, the Nature-Positive Food Production approach focuses on Organic agriculture, Agroforestry, Agroecology, Low- input, Pesticide free. These includes crops (irrigated and rainfed), livestock, fisheries, agroforestry, and non-timber forest products (NTFPs) sub-sectors. Agroforestry and NTFPs represent areas of transitional linkage between commercialised agricultural crops, livestock rearing, fisheries, and forests and rangelands. These five sub-sectors make significant contributions to food and nutrition security as well as poverty eradication in Lao PDR.

Consistent with international trends, **Lao PDR is pursuing the implementation of Good Agricultural Practices (GAP) as a minimum standard across all production systems** to be adhered to by small producers and private enterprises. Whether producing industrial crops or unique regional specialty products, GAP standards are seen as the modern foundation for the commercial production of commodities with the potential of expanding further into more stringent sustainable production systems that promote the concepts of reduced external inputs, recycling of materials and energy (circular economy), and organic agriculture. The government has ambitions for GAP to be implemented throughout the country and is identifying opportunities for pilots in selected areas for future roll- out. Other voluntary certification methods may also be promoted such as Participatory Guarantee Systems, Geographical Indications and Specialty Rice/Coffee.

Creation of an enabling environment requires an overall improvement of knowledge and understanding of concepts, processes, opportunities and challenges by all actors of food production system. To do this, both demand and supply sides needs to be taken into great consideration. Developing capacities of producers to intensify efforts and good practices, and improving the policy environment (e.g., access to credit, applying effective and efficient incentives) will contribute to boosting nature-positive production and drive the transformation of food production systems.

In order to **accelerate food system transformation toward nature-positive food production, three investment areas that need partners' attention: (1) green agricultural innovation, research and technologies; (2) green extension; (3) green markets and value chains.** While efforts should be made to increase investment or funding in research and development and extension to underpin agricultural innovation, farmers and producers need to be upskilled in various forms of implementation of regulations, standards, safe handling of inputs, mechanisation, modern irrigation techniques and technologies, post-harvest processing and packaging, logistics, transport and marketing. Upskilling could be done through a green extension approach and guidance on agricultural innovation.

III. Activities of SWG and Sub-SWGs contributing to further development of the sector and the national development agenda

Below is the list of topics that were discussed and addressed at SWG-ARD level:

1. Dissemination of the COVID19 impact on agriculture, food and nutrition security and response plan

2. Revision of the National Nutrition Strategy and Plan of Actions (Final implementation review and formulation of the new one)
3. Revision of the National Disaster Management Strategy for 2021-2026
4. Implementation arrangement of clean agriculture strategic programme
5. Implementation arrangement of green and sustainable agriculture framework
6. Monitoring Locust outbreak, Fall Armyworm, African swine fever etc...

3.1.1 SSWG on Rural Development

Recent key issues that need special policy attention

1. Dissemination of the Decree No. 348 on 'wellbeing criteria'
2. Determinants of poverty levels help ensure proper targeting the poor in planning, budgeting, and programme delivery
3. On-going efforts have been made to use innovative means to reach and educate communities in remote areas
4. Working with Ministry of Labour and Social Welfare to widening the scope of social protection schemes as part of the COVID recovery plan
5. Poverty household survey has recently been completed - Results expected to be available soon.
6. Recognition of the need for a clearer strategy or guidance on the management and operations of village funds nationwide
7. Attention is on a comprehensive, multi-sectoral and poverty-focused planning process level to ensure all initiatives are mutually supportive and co-ordinated across line ministries and provinces

3.1.2 SSWG Farmers and Agribusiness

Recent key issues that need special policy attention

1. COVID 19 and agribusiness
 - Limited supply of some inputs;
 - Reduced demand for agricultural produce; and
 - Inability to transport produce.
2. An opportunity to promote the production of goods and services for domestic consumption. One of the key business sectors identified by the institute for government promotion was clean agriculture
3. Climate change and agribusiness
4. Youth in agriculture
5. Capacity-building for farmer organizations

3.1.3 SSWG Agro Biodiversity

Recent key issues that need special policy attention

The National Agricultural Biodiversity Programme acts as a framework for action providing a long-term perspective for implementing a coordinated approach to improved management of agricultural biodiversity in Lao PDR. Some of key focuses in recent years are:

- Improved agricultural technologies and extension packages that promote the use and conservation of agro-biodiversity
- Scale up of sustainable land management technologies and practices
- Enhanced agro-biodiversity values help to maintain socially important ecosystem service
- Agro-Biodiversity and Economic Development
- The commercialization efforts by private sector for three ABD-based products

3.1.4 Sub-Sector Working Group on Forestry

Recent key issues that need special policy attention

- Forestry Strategy 2035 which is at the final stage of development
 - FS 2020 is updated towards 2035 to align into the updated policy and world-concerned issues, e.g. Climate changes
- REDD+
- Emission Reduction Program (ERP) of Carbon Fund in the 6 Northern Provinces
- REDD+ Results-Based-Payment of Green Climate Fund
- FLEGT/VPA
 - FLEGT VPA Negotiation Roadmap and signing till 2022 with establishment of a Timber Legality Assurance System
 - CITES
 - Non-detriment findings (NDF) *On Dalbergia cochinchinensis*
 - National legislation
 - Enforcement
 - CITES Authorities

3.1.5 Sub-Sector Working Group on Irrigation

SSWG on Irrigation has recently been established. Discussions at sub-SWG are on-going but no formal meetings organized yet.

3.1.6 Policy Research Center - Policy Think Tank (PTT)

PTT has been regarded as a cross cutting group mainstreamed into various SSWGs. The main recommendations in terms of mandate and responsibilities as summarized below:

National Level - Led by NERI, involve all line ministries.

- Advice on cross-sectoral and convergence relevant to all sectors (including ARD);
- Advice on, and review policies relevant to all sectors (including ARD), submit to the GoL;

MAF Level - Committee for Agric. Policy Development.

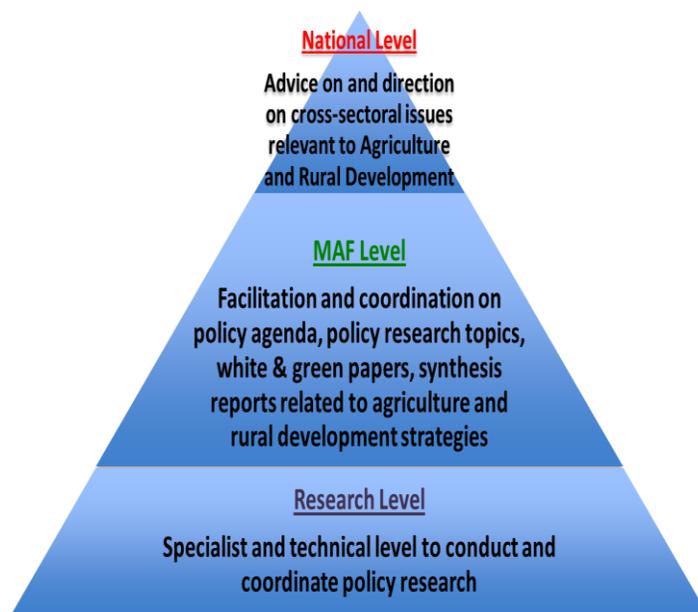
- Develop policy agenda and identify policy research topics for the ARD Sector;
- Facilitate sector and cross-sectoral coordination in support of policy convergence;
- Prepare / Develop policy brief, white and green papers and synthesis report;
- Perform PTT/Policy Advisory Group secretariat role;

Research Level - PRC, NAFRI & other research institutes.

- Carry out and coordinate policy research;
- Propose policy research topics.

On the top of contributions to the COVID impact assessment on agriculture and other sectors, key studies by PTT's during the time of COVID19 are:

1. Research Brief on Leveraging Geo-Economic Proximity and Agricultural Commercialization
2. PTT's Research Findings Book
3. Feasibility study on agriculture insurance: a case study of rice and pig raising farmers
4. Gender Empowerment in Agricultural Production in Lao PDR



IV. Cross-cutting

4.1 SWG ARD contributing to the implementation of the Vientiane Declaration

Vientiane Declaration's Principle	Action Areas	Narratives on SWG contributions to the VDCAP implementation
<p>I. Ownership & II. Alignment</p>	<ol style="list-style-type: none"> 1. National Planning Framework - Greater aligning and tailoring development finance to the national development agenda and context through results-based planning practices 2. National planning and budgetary processes - Strengthening linkages between national budget and national planning processes 3. Development cooperation on budget - Ensuring ODA and 	<p>The Agriculture Development Strategy (2021-2025) and vision 2030 was developed based on a result based approach linking sector objectives, indicators and target with the national development plan. In addition, a plan is to ensure that ADS is accompanied by agriculture investment plan. Once done, this will highlight how ODA and other finance sources are recorded in support the sector development.</p>

	<p>other official flows are on budget which are endorsed by NA</p> <p>4. Use of Country Systems - Country systems (budget execution, financial reporting, audit and procurement) are used by partners</p>	<p>In term of use of country systems, various partners under SWG ARD have not used the national systems for the implementation of their development cooperation projects and programmes. Most partners are still using Direct Execution modalities for programming.</p>
<p>III. Harmonisation & Simplification</p>	<p>5. Programme Based Approaches/Sector Wide Approaches - Adopting PBAs and SWAps to support the implementation of the NSEDPs including SDGs</p> <p>6. Donor joint efforts - Under the Government leadership, partners coordinate their strategies and actions, simplify procedures and share information to avoid duplication</p>	<p>Guideline on the PBA and SWAps seems not well understood and need more discussions on how they can apply to the design of projects and programmes relevant to SWG ARD.</p> <p>It is recommended to consider loose and tight structure of SWG in order to deal with completing and emerging issues of the sector. In the time of COVID19 and other emergencies, loose structure will be more appropriate. The discussion about this will be carried out in coming year months.</p> <p>In term of joint programming and joint efforts, at strategic level, most national and international partners at the sector level have strong commitment to create synergies across various issues and have joint work plan and objectives. However, when it comes down to implementation, it is a challenging task due to reporting requirements imposed by HQs and donor requirements.</p>
<p>IV. Inclusive Partnership for Development Results</p>	<p>7. Role of National Assembly and Provincial People Assemblies - Enhancing capacities of the NA and PPA's</p> <p>8. Development Cooperation Process - Advancement of the Round Table Process moving towards greater partnership for</p>	<p>The implementation of sector strategy has been carried out with partnership with key government officials at central and provincial level, donors and other stakeholders. However, a general observation from partners is that more could be done to involve more national civil society, private</p>

	<p>effective development cooperation</p> <p>9. Engagement of Civil Society - Improving engagement of NPAs and INGOs in the national and provincial development process</p>	<p>sector, academia and communities at grass root level. This will help the sustainability with long lasting impacts. This will also help to raise more resource over the long run as well.</p>
V. Transparency, Predictability, & Mutual Accountability	<p>10. National Budget - Ensuring a more predictable and accountable national budget</p> <p>11. Development Cooperation Data - Ensuring availability and public accessibility of information on development finance</p>	<p>ODA data and other sources of finance to support the sector have not been systematic monitored and reported. Therefore, a key task for the sector is to ensure synergies between FDI, domestic resources and ODA could be tackled either within the existing SWG structure.</p>
VI. Domestic Resource Mobilization	<p>12. To the extent possible, adequate mobilization of government revenue is required for leveraging development cooperation</p>	<p>While most Government contribution to development projects is in kind, initial discussion with the Government could be made to identify if Government's contribution could be at minimal level in cash. The support of partners could also be linked to the Government's Public Investment Programme (PIP) which will help ensure greater ownership and service delivery at local levels.</p>
VII. South-South Cooperation, Triangular Cooperation & Knowledge Sharing	<p>13. Coordination and reporting mechanism - Improving understanding and the nature and modalities through a clear coordination and reporting mechanism</p>	<p>More could be done to bring south-south partners like China, Viet Nam and others to participate and support the sector development in Laos. The economic corridor initiative along the railway network is an important work to bring these partners alongside with existing traditional donors for the sector.</p>
VIII. Business as a Partner in Development	<p>14. Coordination and reporting mechanism - Improving engagement in different aspects of development cooperation through coordinated analytical framework/mechanism</p>	<p>Similar comments made about principle 4.</p>

The implementation of the Vientiane Declaration depends on the functionality and operationalization of the sector working group.

1. Overall impression of the SWG ARD

The reaction of ministries and development partners and other stakeholder to the functionality and operationalization of SWG is mixed. While most technical leads of the SWG Chairs and Co-Chairs have a clearer idea of the SWG purpose, key recommendations are as follow:

- Ensure that the SWGs are better linked to the Round Table Meetings,
- Chairing arrangements could be improved by having clear set of expectations, objectives and outcomes of SWG meeting
- Web communications need to be improved and materials should be uploaded well in advance
- Some clear challenges in terms of professional organisation of SWG meetings themselves remain. In particular, SWG meeting needs to focus on a few key issues that need attention and what policy directions need to be agreed upon.

2. Structure of Sector Working Group Mechanism

Currently, there are four Sub-Sector Working Groups and Policy Think Tank which are well established and another one (fifth Sub-Sector Working Group) has been created in 2021 to address issues relating to irrigation.

Members of SWG ARD agree with the overall objectives of the SWG-ARD which is to support the implementation of the NSEDP (8th NSEDP 2016-2020, 9th NSEDP 2021-2025, and 10th NSED 2026-2030), contribute to the achievements of the SDGs and contribute to the VDCAP (2021 -2025) implementation. However, some key recommendations are:

- Monitoring and reporting on sector contribution to the national development agenda need proper analysis and need core team of expertise to regularly discuss, consult with various partners. Therefore, an interface between the SWG ARD secretariat and SSWG secretariats needs to be established. The Core-Team mechanism seems not being fully utilized.
- All Sub-SWGs and SWG ARD needs to be better linked and synchronized work plan will be an important instrument to foster greater coordination across different types of partners.
- Work of the Policy Think Tank has been done in isolation and it could be better integrated into SSWG mechanism where results of researches and studies are systematically disseminated within SWG, SSWG and across SWGs.

3. SWG Secretariat Role

With only a few exceptions, there is a **dramatic under-investment in the core capacity of ministries to manage the SWGs fruitfully**. Where ministries and DPs (usually Co-Chairs) have invested in staff, technical assistance and logistical financing for the SWG (as in Health and Education), the SWGs are seen by government and DPs as having achieved more. However, few appreciate the full scale of the investment of time and expertise needed to build the trust for a productive partnership. **Co-Chairs and other DPs, as well as ministries, are urged to consider significantly increasing their investments in SWG Secretariat and ministry core capacity**, and to avoid linking it to projects which, by having a narrower scope, are not ideal vehicles to support core strategic capacity.

- Those SWGs lacking **ToR for their Secretariats** (most) are urged to develop one, drawing on the example is provided in Annex 1.
- **Poor organisation directly reduces SWG effectiveness**. By better supporting Secretariats, agendas can be properly consulted on, desired outcomes defined, supporting analysis carried out in advance, and all materials distributed at least 2-3 weeks in advance.

4.2 Innovation and technology

Please refer to part II of this report

4.3 Gender and youth

Please refer to part II of this report

4.4 COVID19 and SWG ARD

COVID19 has had a great impact of coordination at SWG and SSWGs. These groups met only one or twice a year through zoom. While this platform has made all work possible, it has a limitation in reaching greater stakeholder engagement. Also, creating common understanding on issues relating to sector is harder to achieved through on-line platform.