

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

### Progress Report – 2015 (DRAFT – Sept 2015)

<b>SWG Name:</b>	<b>AGRICULTURE AND RURAL DEVELOPMENT (SWG-ARD)</b>
<b>SWG Chair:</b>	H.E. Dr. Phouang Parisack Pravongviengkham Vice - Minister of the Ministry of Agriculture and Forestry (MAF) <b>Ministry of Agriculture and Forestry</b>
<b>SWG Co-Chairs:</b>	H.E. Mr. Yves Carmona <b>Ambassador of France</b>  Mr. Benoit Thierry Country Manager <b>International Fund for Agriculture Development (IFAD)</b>

#### SWG Mandate

**The overall objective** of the SWG-ARD is to support the implementation of the National Socio Economic Development Plan (NSEDP) and achieve the MDGs relevant to the ARD sector. These include MDG 1: Eradicate Extreme Poverty and Hunger and MDG 7: Ensure Environmental Sustainability.

**The specific objectives** of the SWG ARD are to:

- Provide a forum for dialogue and coordination between the Government of Laos (GoL) and Development Partners (DP) and other stakeholders on sectoral development matters or cross-cutting issues specific to the Agriculture and Rural Development Sector.
- Promote the development of concerned sectors including policy dialogue and joint priority setting, domestic and external resource mobilization, result-orientated management, monitoring of progress and achievements.
- Facilitate the implementation of sector-related actions and targets embodied in the Vientiane Declaration Country Action Plan (VD-CAP).
- Ensure coherence and linkages between the Round Table Meeting (RTM) as the overall coordination forum and coordination at the sectoral level. Ensure the follow up and implementation of RTM guidance.
- Guide and monitor the Sub-Sector Working Groups (SSWGs) under the SWG-ARD.

**The following SSWGs** are under the SWG ARD:

- SSWG Agribusiness.
- SSWG Uplands.
- SSWG Agro Biodiversity.

**The Policy Think Tank (PTT)** under NAFRI's Policy Research Center (PRC) supports the SWG-ARD in policy research.

The updated version of the SWG-ARD ToR endorsed on the 28<sup>th</sup> March 2013, is still up to date.

## Note

This document was prepared by the Secretariat of the SWG-ARD. It compiles data from different sources: SSWG reports, MAF (Department of Planning and Cooperation (DoPC), Divisions of: International cooperation, Planning, Economic Integration, Investment and Cooperation with Vietnam and China), MPI Aid Management Platform (AMP), SWG-ARD members' reports, documents and comments, Government policies and resolutions.

This document reports mainly on the topics covered and information shared at Sector Working Group level.

## Contents

<b>1. SECTOR OVERVIEW</b> .....	<b>3</b>
<b>1.1. Sector level of achievement against MDG targets</b> .....	<b>3</b>
<b>1.2. Critical sector contributions to the 8<sup>th</sup> NSEDP</b> .....	<b>4</b>
1.2.1. 8 <sup>th</sup> NSEDP framework .....	4
1.2.2. Agriculture Development Strategy to 2025 and vision to 2030 .....	4
1.2.3. Agricultural and Forestry Sector 5 year Development Plan .....	4
1.2.4. Some major policies relevant to the sector developed in 2015 .....	5
<b>1.3. Sector Performance</b> .....	<b>6</b>
1.3.1. National data reported by the Government (macroeconomic / all sectors) .....	6
1.3.2. Report on ODA .....	8
1.3.3. Report on agricultural investment .....	9
1.3.4. Report on Public Investment Program (PIP) .....	9
1.3.5. Cooperation with Vietnam and China .....	10
1.3.6. Economic Integration .....	11
<b>2. CONTRIBUTION TO POLICY DIALOGUE</b> .....	<b>11</b>
<b>2.1. Consultation process, meetings and topics covered at SWG and SSWG level</b> .....	<b>11</b>
2.1.1. SWG-ARD .....	11
2.1.2. SSWG on Uplands .....	12
2.1.3. SSWG Farmers and Agribusiness .....	13
2.1.4. SSWG Agro Biodiversity .....	15
2.1.5. Policy Research Center - Policy Think Tank .....	15
2.1.6. Other related and relevant Working Groups .....	17
<b>2.2. Contribution to RTM</b> .....	<b>18</b>
2.2.1. Sector Working Group contribution to the RTM background document .....	18
2.2.2. Sector Working Group contribution to the RTM meeting and development .....	18
<b>2.3. Progress against the RT(I)M Follow Up Matrix</b> .....	<b>18</b>
2.3.1. MDG 1, Focus on Food and Nutrition Security .....	18
2.3.2. MDG 7 in respect of Forests .....	19
2.3.3. Other .....	20
<b>ANNEX 1: SWG-ARD – STRUCTURE, SEPTEMBER 2015</b> .....	<b>21</b>
<b>ANNEX 2: SWG-ARD, MAIN CONTACTS AND MOST RELEVANT LINKS</b> .....	<b>22</b>

## 1. SECTOR OVERVIEW

### 1.1. Sector level of achievement against MDG targets

As per its Terms of References (ToR), the SWG-ARD is directly concerned and committed to contribute to the achievement of the MDGs 1 and 7.

**Considering the MDG 1**, the data produced by the LSIS 2012, released in July 2013 by the MPI, are still the most recent at national level on poverty and malnutrition (Underweight: 26.6%, Stunting: 44.2%, Wasting: 5.9%). The pace of progress for these indicators has been too slow to reach the MDG 1 in 2015. However the 2013 RTM recommendations to tackle this issue through a multi sectoral approach was addressed in 2014, resulting in the establishment of a National Nutrition Committee (NNC) and secretariat and the formulation of a multi sectoral Food and Nutrition Security Action Plan (FNS-AP). The FNS-AP priority interventions were considered and reflected upon during the revision of the national nutrition strategy and action plan that took place in 2015 through a collaborative and cross sectoral work with technical assistance from the FAO. Relevant government institutional arrangements were established at national level and in some priority provinces, as well as multi stakeholders coordination mechanisms between the Government of Lao PDR (GoL), Development Partners (DP) and Civil Society Organizations (CSO). It is worth noting that the private sector is still under-represented in these mechanisms.

**On the environmental aspect (MDG 7)**, the SWG on Natural resources and Environment, chaired by the Ministry of Natural Resources and Environment (MoNRE) and co-Chaired by Germany and the World Bank (WB) is the main forum for policy dialogue addressing environment issues. It is composed of five SSWG namely: Land, Forest Management, Geology and Mining, Water Resource and Disaster, Environment and Climate Change. Most members are also interested and contribute to the dialogue on agriculture and rural development related issues especially on lands and forestry.<sup>1</sup>

Working on the MDG 7 has been critical for strengthening Lao PDR's progress towards other MDGs and has to continue for achieving graduation from LDC in 2020 considering the important links between agriculture, rural development and environment and bearing in mind that unsustainable exploitation of resources increase Lao PDR's economic vulnerability in the long term and may have an impact on its overall economy and social sector.

Forest area covers approximately 40% of the country<sup>2</sup> and the government aims to achieve 70% of forest cover by 2020 (as stated in the 8<sup>th</sup> NSEDP) but unsustainable forest management practices persist, including illegal logging and harvesting. Budget allocations for forest management, capacity development and law enforcement are still limited and rely largely on international support. In 2015, the government was still in the process of revising major laws, including the National Land Policy and the Forestry Law. The review of the Forestry Strategy for 2020 (FS2020) conducted by the Sub Sector Working Group on Forestry (SSWG-Forestry) in 2014 contributed to this process and most challenges limiting its implementation were listed in the previous annual report.

---

<sup>1</sup> The restructuring plan in 2012 that led to the establishment of a new Ministry of Natural Resources and Environment (MONRE) resulted in a share of responsibilities between the MAF and the MONRE concerning forest areas administration and management. The forest resource is divided into 3 categories: Conservation, Protection and Production forest areas. In order to comply with the mandate of each Ministry, all issues related to the "protection" and "conservation" forest areas were transferred under the responsibility of the MONRE while the "production" forest areas' administration and management remained with the MAF. As a consequence, the MONRE became the relevant line Ministry in charge of all activities, projects and matters related to the program REDD.

<sup>2</sup> This figure may vary depending on the way forest cover is estimated.

## 1.2. Critical sector contributions to the 8<sup>th</sup> NSEDP

### 1.2.1. 8<sup>th</sup> NSEDP framework

The 8<sup>th</sup> NSEDP objectives are “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 8<sup>th</sup> NSEDP (2016 - 2020) is an outcome based plan structured by outcomes and outputs (not by sectors), set together in a logical framework that was shared with the DPs for comments. The 8<sup>th</sup> NSEDP result log framework is currently being developed with the contribution of SWG-ARD stakeholders but has not being released yet.

**8<sup>th</sup> NSEDP Outcome 1:** Sustained, inclusive economic growth, reduce economic vulnerability Index (EVI) to levels required for LDC graduation and consolidated financial, legal and human resources to support growth.

**8<sup>th</sup> NSEDP 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.

**8<sup>th</sup> NSEDP Outcome 3:** Reduced effects of natural shocks as required for LDC graduation and sustainable management of natural resource exploitation.

The outcome approach to the 8<sup>th</sup> NSEDP underlines the priorities of national development planning to meet national development objectives and aims to make the monitoring of performance indicators easier.

### 1.2.2. Agriculture Development Strategy to 2025 and vision to 2030

The Agriculture Development Strategy to 2025 and vision to 2030 (ADS 2025) was approved by a Prime Minister decree on the 20<sup>th</sup> of February 2015. The draft document was presented to and discussed with the SWG-ARD and some recommendations were integrated to the final version. The final document is publicly available in Lao on the SWG-ARD web-site (<http://swgard.maf.gov.la>) and the English version is being finalized.

The ADS 2025 vision remains “to ensure national food security through clean, safe and sustainable agriculture and build an agricultural production potential highly contributing to the nations’ economy according to its objectives of industrialization and modernization”.

The ADS 2025 Goal 1 is to ensure national food security through food production.

The ADS 2025 Goal 2 focuses on agricultural commodity production.

These goals form the basis of the Five-Year Agriculture and Forestry Sector Development Plan, which in turn focuses on three areas: food production, commercial agriculture and forestry.

### 1.2.3. Agricultural and Forestry Sector 5 year Development Plan

The Agriculture and Forestry Sector Development Plan to 2020 is the sector contribution to the 8<sup>th</sup> NSEDP. It concentrates on 3 areas contributing to all 8<sup>th</sup> NSEDP outcomes and outputs.

**In terms of Food production and food security**, the objective is to ensure food and nutrition security through increased availability, accessibility and stock of food products. The 5 year plan sets targets as below:

- 1) In order to achieve food and nutrition security people must get 2,600-2,700 kcal/day.
- 2) Paddy rice production will reach 3.1M t (70% of which will be Glutinous rice):
  - a. Domestic consumption: 2.1M t
  - b. National Reserve: 400,000 t
  - c. Domestic processing: 600,000 t
  - d. Seeds: 100,000 t

- 3) Production of vegetables, beans, sesame and fruits for consumption: sweet corn will reach 228,000 t, taro will reach 304,000 t, fruit will reach 800,000 t and other vegetables will reach 1.5M t.
- 4) Production of meat and eggs will reach 258,000 t/year and fish 229,500 t/year in order to meet an average consumption of 60 kg/person/year.

**In terms of commercial agriculture**, the 5 year plan objective is to boost the agricultural sector growth ensuring both quantity and quality of products with focus on the domestic, regional and international markets, through the combination of various factors including the development of farmers' organizations and the associations / cooperatives of producers and processors. Production targets are listed below:

- 1) Expected 1.5M t of rice.
- 2) Other cash crop production: Maize: 1.3M t, coffee: 120,000 t, sugar cane >2M t, cassava: 1.5M t, soybean: 50,000 t. And focus on other potential cash crops specific to Lao PDR.
- 3) Promote modern technique for livestock farming, export up to 15,000 t of cow and buffalo meat by 2020.

**In terms of forestry**, the 5 year plan objectives are set out below:

- 1) Improve legal framework, promote fair and equal use of forest resource.
- 2) Increase forest cover up to 70 %.
- 3) Secure 51 forest production areas equivalent to 3.1M ha.
- 4) Restore forest production in 500,000 ha.
- 5) Plant 500,000 ha of forest.
- 6) Improve forest management in 1,500 villages through sustainable planning.
- 7) Continue Reducing Emission from Deforestation and Degradation (REDD).

**The 5 year plan is made up of 10 « Action Plans »** which aims to promote each of the provinces advantages.

- 1) Food production for food security.
- 2) Crop / livestock - commercial production.
- 3) Forest resources management.
- 4) Rural employment.
- 5) Infrastructures.
- 6) Land development and management.
- 7) Action-Research.
- 8) Extension.
- 9) Disaster risk reduction and management.
- 10) Human resources development.

Each action plan is made of several projects and the MAF is now developing some priority projects (selected among those already formulated in the ADS 2025).

#### **1.2.4. Some major policies relevant to the sector developed in 2015**

**The MAF worked on the formulation of the strategic action and investment plan for the development of the rice sector** ensuring food security and enhancing agriculture, which includes the development of 13 relevant policies related to:

- 1) Agricultural Investment.
- 2) Land management and development.
- 3) Promotion of production and processing.

- 4) Finance and banking.
- 5) Good Agricultural Practices.
- 6) Energy.
- 7) Marketing and price stability.
- 8) Agricultural Labour.
- 9) Intellectual property standards and measurement.
- 10) Research and production of seeds.
- 11) Evaluation.
- 12) Rural development.
- 13) Foreign investment.

**The MAF worked on the formulation of a strategic action plan for the development of the livestock sector,**

which mainly aims at improving the Vientiane supply of animal proteins. This includes the development of 8 relevant policies related to:

- 1) Extension and land use for livestock and aquaculture.
- 2) Labor.
- 3) Finance and banking.
- 4) Energy.
- 5) Processing.
- 6) Marketing and price stability.
- 7) Transport, import and export.
- 8) Human resources and veterinary staff.

### **1.3. Sector Performance**

#### **1.3.1. National data reported by the Government (macroeconomic / all sectors)**

On the 13<sup>th</sup> of May 2015, the Government reported the achievements of the first 6 months of the Financial Year (FY) 2014/2015. Below is a report of the most significant highlights relevant to the ARD Sector:

- The GDP was estimated to be 7.5 % and the inflation rate 2.46 % during the first 6 months, the value of the LAK and the exchange rate were stable.
- State revenue collection was forecasted to reach 29,257 billion kip in 2015/16 FY, an increase of 15% compared to 2014/15 and equivalent to 25.33% of GDP. Of this, domestic revenue was expected to reach 23,600 billion kip or 20.43% of GDP.
- Over the next fiscal year, state expenditure is expected not to exceed 34,500 billion kip, an increase of 11% compared to the previous period and equivalent to 29.87% of GDP.
- Budget deficit should not exceed 5% of GDP, while foreign reserves should be sufficient for at least five months of import expenditure.
- The exchange rate will be allowed to fluctuate by about 5% compared to more prominent currencies.
- The draft plan will try to boost the export value to 4,918M USD with the import value set at 5,264M USD, which represents a trade deficit of about 345M USD or 2.4% of GDP.
- The GoL invested in a total of 3,283 projects for a budget of 354M USD which represents an increase of 58% compared to the same period last year.
- Foreign Direct Investment (FDI) was made to a total of 179 projects representing 3.04 Billion dollars.

In 2015:

- The agriculture sector GDP increased by 3% contributing to 23.7% of national GDP.
- The industry sector GDP increased by 8.9% contributing to 29.1% of national GDP.
- The service sector GDP increased by 9.1% contributing to 29.8% of national GDP.

Some areas of concern as expressed by the Government are:

- Decentralization and inter sectoral coordination process remains unclear.
- Issues related to financial management, debts and projects alignment with Lao law and Lao priority development areas.
- Policy on market price control and price fluctuation.
- In the health sector especially, many disparities between the rural urban sectors persist. Targets are not met in rural context.
- Equipment and teaching capacity is also very limited.

Some objectives were formulated for the following period:

- Avoid loan projects and increase ODA grants.
- Improve policy support for FDI and domestic investment.
- Improve and increase tax collection.
- Improve price control.
- Address food production shortage and disaster related problems.
- Focus on health and education sectors to ensure cultural and social development
- Address off track MDGs.
- Maintain the same GDP growth to 7.5% and trade deficit should be less than 2.4% of GDP.

During the same session, the Government formulated some longer term objectives to be reached by 2020:

- GDP per capita should be 3,216 USD and the GNI 2,735.
- Agriculture sector should contribute to 19% of the GDP.
- Industry sector should contribute to 32% of the GDP.
- Service sector should contribute to 41% of the GDP.
- In the agriculture sector, the Government will focus and give priority to livestock and rice production.

### 1.3.2. Report on ODA

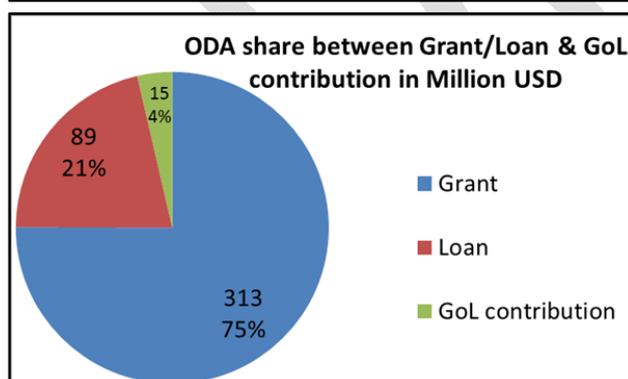
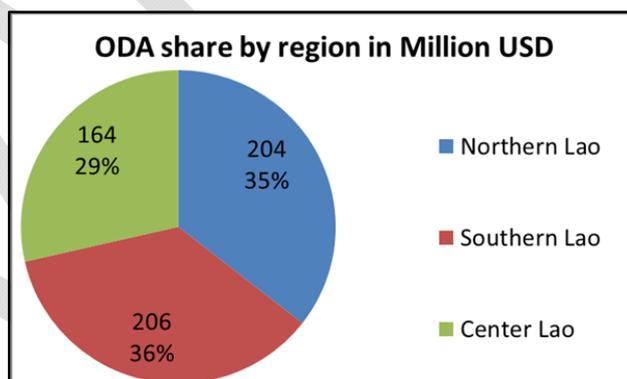
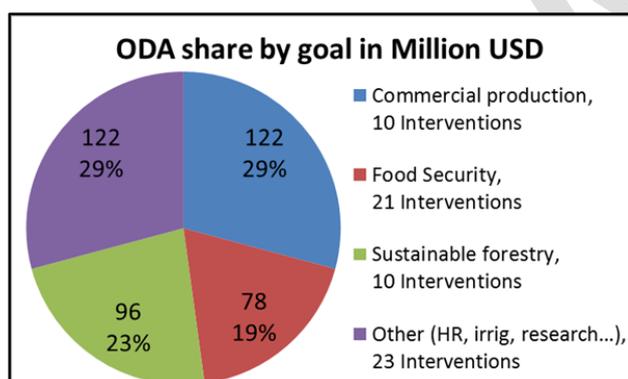
The Foreign Aid Report, published yearly by the MPI, had not yet reached completion at the time of writing this report, therefore the information below covers the agriculture and forestry sector and relies on MAF data only (MAF, DIC). Note that ODA statistics reported in this sub-chapter do not include South-South cooperation or cooperation with Vietnam and China which are included in a following sub-chapter. This also reflects the way cooperation and data related to cooperation is managed and processed at MAF level.

There are currently 64 ODA projects implemented by 41 organizations / agencies registered by the MAF, representing a total investment of 417 Million USD.

*Note 1: The figures in the following table are "all years included", they include Technical Assistance, support costs and any projects ending this year.*

Cooperation in the agriculture and forestry sector	Number of registered projects	Total amount USD
Bilateral	18	84,467,825
International Financial Institutions	11	277,474,685
INGOs	27	24,021,171
International Organization / Multilateral	8	30,906,575
<b>Total</b>	<b>64 Projects</b>	<b>416,870,256</b>

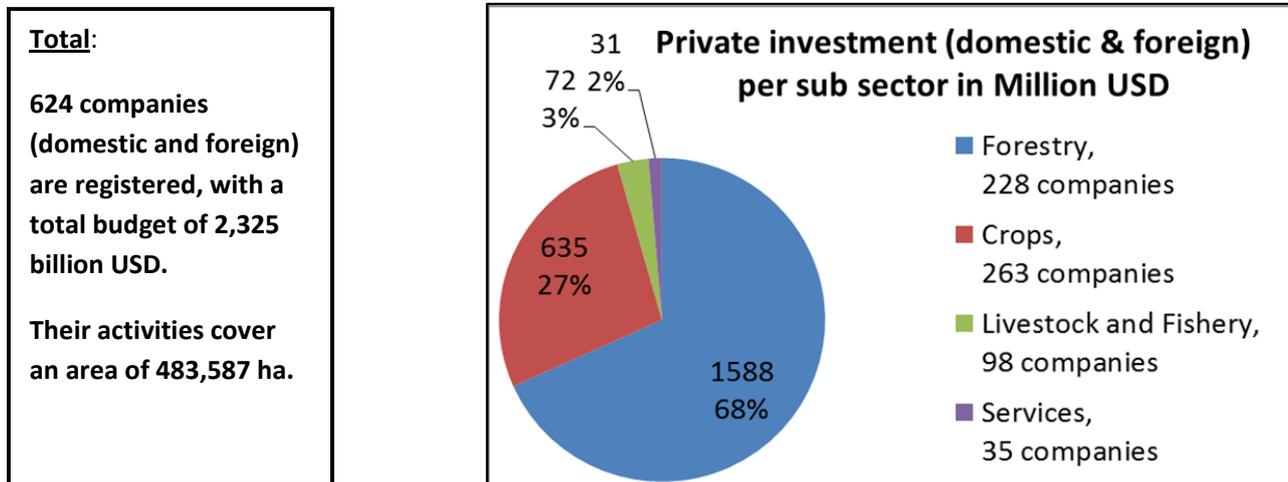
Further analysis reveals some tendencies highlighted in the diagrams below:



Ongoing projects analysis	
Average amount per year (all projects/all donors)	97 579 955 USD
Average amount per project	6 513 598 USD
Average project duration	4,3 years
Average amount per project / year	1 524 687 USD

### 1.3.3. Report on agricultural investment

Most relevant information reported by the MAF Division of agricultural Investment on foreign and domestic investment (central and local level) for the 2014/2015 FY:



#### Domestic Investment:

- 290 companies with a total budget of 188 Million USD
  - o Crops: 111 companies => total budget: 69M USD / area: 10,409 ha
  - o Forestry: 94 Companies => total budget: 78M USD / area: 41,626 ha
  - o Livestock & fisheries: 72 companies => total budget: 33M USD / area: 1,184 ha
  - o Agricultural services: 13 companies => total budget: 7M USD

#### Foreign Investment:

- 334 companies from 21 countries with a total budget of 2,137 Million USD
  - o Crops: 152 companies => total budget: 565M USD / area: 81,503 ha
  - o Forestry: 134 Companies => total budget: 1,509M USD / area: 348,250 ha
  - o Livestock & fisheries: 26 companies => total budget: 38M USD / area: 208 ha
  - o Agricultural services: 22 companies => total budget: 29M USD

#### Comments (quoted in the report):

The “1 single door” administrative mechanism for investment registration needs to be improved at local level and coordination with PAFO fostered. Investment units at local level need to be well aligned with the “sam sang” policy.

Coordination with local authorities needs to be improved in order to better implement feasibility studies (especially on the social, land and environment aspects).

Coordination (local-central) and access to information needs to be improved at all levels.

### 1.3.4. Report on Public Investment Program (PIP)

Data reported by the MAF division of Planning on PIP for the 2014/2015 FY (note that data was provided in KIP and converted to USD at the rate of 8,000 kip per dollar for the purpose of this report):

The GoL invested in 242 projects which is equivalent to approximately 14M USD.

- 70 projects (2.25M USD) for technical monitoring and for supporting High level MAF officers monitoring.
- 172 projects (11M USD) has been divided as below:
  - o 2.25M USD dedicated to MAF infrastructure program and MAF institutions, including research, extension and monitoring.
  - o 875,000 USD focused on preserving forest resource and environment.
  - o 250,000 USD, from Nam Theun 2 focused on the development of technical agricultural centers and local capacity development in rural areas.
  - o 7.5M USD for the construction and rehabilitation of priority irrigation systems.

### 1.3.5. Cooperation with Vietnam and China

#### **Cooperation with Vietnam**

Each year a MoU is signed between the MAF and Ministry of Agriculture and Rural Development (MARD) of Vietnam for development cooperation.

In 2015, the government of Vietnam was committed to provide grants totaling 836 billion Vietnamese dong (= more than 307.8 billion kip / 38M USD) to Laos - all sectors included - an increase of 30% compared to 2014.

In the ARD sector, in 2015, the cooperation focused on the following areas.

- Irrigation (improved drainage systems and water management).
- Commercial rice production (including provision of agricultural machinery).
- Green houses.
- Organic agriculture.
- Aquaculture.
- Farmers' organization.
- Promotion of agricultural technical centers (with DAEC) in Xieng Khouang and Houaphan.
- Livestock vaccination.
- SPS and cross border inspection of crops and livestock.
- Forestry:
  - o Exchange of information related to inspection in order to issue certificates to CITES.
  - o Contract farming in reference to REDD+ and FLEGT mechanism.

In terms of private investment, 63 companies invested a total of 724 Million USD on a total area of 99,169 ha.

#### **Cooperation with China**

Cooperation projects between Governments focused on:

- Agricultural demonstration centers in Oudomxay (with a focus on upland rice, corn, tea, rubber, livestock and local crops).
- Demonstration and exchange in gardening techniques (including greenhouses, biogas, biofuel crops).
- Research on rice seeds in Champasack and Vientiane (Napok).
- Irrigation in Khamouane.

Most activities are implemented through public private partnership agreements.

Cooperation at Province level (with Yunnan) concentrated on the provision of tree seedlings, promotion of agricultural demonstration centers, alternatives to poppy cultivation and slash and burn cultivation, human resource capacity development, organic agriculture, boarder cooperation on SPS, forest conservation.

This included support to inspection checkpoints for crops and animals in Bokeo and Phongsaly.

In terms of private investment, 139 companies invested 494 Million USD on a total area of 14,043 ha.

### 1.3.6. Economic Integration

The MAF division of economic integration mainly deals with the topics related to ASEAN, WTO, GMS and ACMECS. The preparation of ASEAN Economic Integration (AEC) and ASEAN Free Trade Area (AFTA) by the end of 2015 took place through the organization of and the attendance at many meetings at national and regional level.

On the 1<sup>st</sup> of January 2016, Lao PDR will take over as chair of the ASEAN which will carry with it important challenges in terms of logistics, capacity, policy, strategy and diplomacy. Preparation for the AEC has so far involved eliminating tariff barriers (Laos, Cambodia, Myanmar and Vietnam being the last to do so in 2015). This will expose these economies to competition from stronger ones but non-tariff barriers including customs regulations remain in place.

The strengths highlighted for economic integration are:

- The commitment of all MAF staff and decision makers and party members in particular.
- The support provided through ODA.
- The good coordination with other Ministries, especially MoF, MoFA, MPI, MoH, MoNRE and all PAFO.

On the other hand, some challenges are also reported by the division:

- General understanding other challenges related to economic integration is low.
- Low staff capacity.
- Slow financial administrative procedures.
- Coordination with other organizations is sometimes very limited.
- Lack of understanding by other countries of the challenges met by the MAF.
- Lack of understanding of MoU, treaties and other international agreements.
- Lack of communication on AEC and free trade.

In the next period the division will address the challenges listed above in particular through:

- Better communication on the central party decree on AEC.
- Integration of ASEAN and WTO topics in education curriculum.

## 2. CONTRIBUTION TO POLICY DIALOGUE

### 2.1. Consultation process, meetings and topics covered at SWG and SSWG level

#### 2.1.1. SWG-ARD

In 2015 the SWG-ARD organized 3 meetings on the topics selected by its core members among the propositions made by various participants/members/partners.

#### Meeting recap

31<sup>st</sup> March 2015

- ARD sector contribution to the 8<sup>th</sup> NSEDP.
- Lao coffee strategy presentation, update and opportunities for other value chains.
- Taxes and duties in some NTFP value chain.

25<sup>th</sup> June 2015

- NAFRI research strategy to 2025.
- NAFRI white paper on food security and nutrition.

- Some policy recommendations from the AGRINET research fund.

22<sup>nd</sup> September 2015

- SWG-ARD contribution to HL-RTM.
- Lao PDR Strategic Plan for Agricultural and Rural Statistics (SPARS).
- ADB Agriculture, Natural Resources and Environment - Sector Assessment and Strategy.

### **Plan for 2016**

The topics to be covered in 2016 at SWG level will depend on the SSWGs' work plan but are also to be discussed and determined by the members based on their propositions. However some topics of interest were already suggested such as:

- The MAF Information and Communication Technology (ICT) strategy.
- Farmers' organization / Lao Farmers' Network.
- ASEAN Economic Integration.
- Climate Change.
- Shift from MGDs to SDGs.

Other topics of interest that contribute to policy dialogue, proposed by relevant stakeholders and approved by the SWG-ARD chair and co-chairs, will be added.

### **2.1.2. SSWG on Uplands**

In **2015** the Uplands Development Strategy (UDS) was reviewed and revised and an associated Uplands Development Program (UDP) is being finalized. This will be in line with MAF's Agriculture Development Strategy and the Agriculture and forestry five year plan which have been designed to implement the agricultural component of the 8<sup>th</sup> NSEDP.

#### **Meeting recap in 2015**

At central level (in Vientiane)

- 22<sup>nd</sup>-23<sup>rd</sup> March 2015: Sharing lessons learned and best development practices in the Uplands:
  - o How to maximize the nutrition outcomes from investments in upland agriculture.
  - o Supporting the development of small agricultural and rural infrastructure in the Uplands.
- 22 June 2015: Policy research forum; presentation and discussion on research conducted under the AGRINET fund.
- 18 September 2015: Value chain study methods and selected results of recent studies in the uplands and an update on the UDP.

At provincial level

- Luangprabang, 30 January 2015
  - o Coffee Sector Development Strategy dissemination.
- Luangprabang, 13 March 2015
  - o Review of the coordination and management of Official Development Assistance (ODA) in Luangprabang Province.
  - o UDS internalization into provincial strategy and five year plan.
- Salavanh, 23 March 2015
  - o Upland Development Strategy internalization into the provincial strategy and five year plan.
  - o Adaptive agricultural production and climate change adaptation.
  - o Staff capacity development for the supervision of technical staff at each level.

- Phongsaly, 1 April 2015
  - o Upland Development Strategy internalization into the provincial strategy and five year plan.
  - o Farmer Organizations.
  - o Food security and nutrition.

#### **Plan for 2016**

**Objective 1:** To promote sustainable agricultural and rural development in the uplands that reduces poverty and food insecurity.

*Proposed SSWGUp activities:*

- Support the implementation of the Uplands Development Programme.
  - o Review the proposal for implementation of the UDP.
  - o Identify/prioritize areas that could be supported under new or existing development projects / programs.
- Promote the incorporation of the UDP within provincial strategies and plans in uplands provinces.

**Objective 2:** To promote information exchange and policy dialogue on uplands development.

*Proposed SSWGUp activities:*

- Support AgriNet researchers in research analysis, documentation and development of policy recommendations.
- Continue to provide a forum for research including surveys and evaluations with policy and programming implications for the uplands.
- Work with SSWG-FAB as part of a Learning Alliance on farmer groups/organizations.

**Objective 3:** To improve coordination of agricultural and rural development activities in the uplands.

*Proposed SSWGUp activities:*

- Provide a forum to coordinate upland initiatives between and among MAF/GoL, DPs, INGOs, CSOs, and the private sector.
- Review/contribute to the development of a joint Results Monitoring Framework (RMF) for the UDP.

#### **Other remarks**

Finding and disseminating best practice and lessons learned is central to the SSWG on Uplands. The UDP will form the basis of a results based monitoring framework to assess progress and performance of development activities in the uplands. Indicators of achievement will be commonly approved by the GoL and DPs.

#### **2.1.3. SSWG Farmers and Agribusiness**

**In 2015** the SSWG on Farmers and Agribusiness (SSWG-FAB) addressed the topics below:

- 1) Support, promote the development of autonomous, self-directed and voluntary farmers' organization (FO).
  - a. Support the implementation of selected items from the Lao Farmers' Network (LFN) annual work plan: The SSWG-FAB supported the LFN to develop, prioritize and finalize its work plan for 2015. Most of the activities were supported by the MTCP 2 and LURAS (Lao Upland Rural Advisory Service). LFN has committed about 200,000 USD for implementing its work plan 2015.
  - b. Support in organizing FOs thematic workshops: LFN organized a workshop involving representatives of 25 FOs from Oudomxay and Sayabury provinces to expand its membership. The criteria and process for expanding their network were finalized and presented to interested FOs.
  - c. A one-day workshop on recently approved DAEC/MAF guidelines on production group management and agriculture cooperatives was organized.

- 2) Capitalization on experiences and lessons learned in supporting the development of FOs and agribusiness.
  - a. A field study was initiated on the local response to the falling rubber price in Northern Laos. The study identified the full range of smallholders' coping strategies and why some strategies are chosen over others. The study provided recommendations on how to address the current challenges.
  - b. A field study on market information system (MIS) for small farmers and traders took place. As part of this, a workshop was organized to present different cases of MIS.
- 3) Information sharing and discussions to support rural development in Lao PDR by providing decision-makers with better access to information, analysis and stimulate critical discussions.
  - a. Agribusiness related news and discussions were posted on LaoFAB and LaoLink;
  - b. Relevant reports were uploaded on the LaoFAB and Lao44 repository;
  - c. Exchange visit and consultation took place;
  - d. SSWG-FAB meetings took place on pre-identified themes.

#### **Meeting recap**

- 21<sup>st</sup> January 2015: Dissemination of MAF guidelines on production groups and agriculture cooperatives.
- 2<sup>nd</sup> June 2015: Lessons from PARUA, tea sector and revision of ToR.
- 23<sup>rd</sup> July 2015: Workshop on Market Information System for smallholder farmers and traders.
- 7<sup>th</sup> Sept 2015: Annual progress and planning.

#### **Plan for 2016**

- 1) Support, Promote the development of autonomous, self-directed and voluntary FO.
  - a. Support the implementation of selected items from the Lao Farmers Network annual work plan.
  - b. Support a thematic workshop on Agriculture Cooperatives in Laos jointly organized with DGRV.
- 2) Capitalization on experiences and lessons learned in supporting the development of FOs and agribusiness.
  - a. Conduct field studies on agribusiness policy implementation and impact on smallholders.
  - b. Organize a multi-stakeholder "Learning Alliance" on a specific theme at Provincial level.
    - i. Set up a "Learning Alliance" on Farmer Organizations jointly with the SSWG on Uplands.
  - c. Organize a field study on "grant mechanisms" to support farmers' organization.
- 3) Information sharing and discussions in Lao PDR to support rural development by providing decision-makers with better access to information, analysis and stimulate critical discussions.
  - a. Post agribusiness related news and discussions on LaoFAB and LaoLink.
  - b. Upload relevant reports to the LaoFAB and Lao44 repository.
  - c. Organize exchange workshops and visits for SSWG-FAB members to identified sites / themes /projects.
  - d. Organize at least 3 SSWG-FAB meetings on pre-identified themes.

#### **Other remarks**

The lessons learned from past MIS initiatives were shared and discussed several times:

- A good MIS initiative provides market information to farmers and also contributes in strengthening the management of farmers groups, better understanding of market dynamics and increases the quality and quantity of product supplied to the markets.
- MIS that are managed and operated by the value chain actors are more successful and provide more updated and relevant information.
- The choice of media and ICT is critical and should be adapted to the local context and information users.
- Collaboration between stakeholders and coordination between different GoL agencies is very important. Networking between producer groups helps disseminate both market information and lessons learned.
- Market information is more than just price information.

#### 2.1.4. SSWG Agro Biodiversity

In 2015 the SSWG-ABD changed its structure and its ToR were revised accordingly. The chair shifted from DoPC to NAFRI and the FAO became a co-chair (replacing SDC). The secretariat is now ensured by the NAFRI with support from the FAO. One meeting was organized in December 2014 and one is scheduled in November 2015.

##### Meeting recap 2014/2015

- 19<sup>th</sup> December 2014: Three themes were discussed:
  - o Administration and Taxation for Forest Product.
  - o Taxes and fees for promoting sustainable bamboo based value chains.
  - o FSC Rattan “Easter basket” production in 2014.
- Early November 2015: Draft National Agro biodiversity program, drafting of 2016 work plan.

##### Plan for 2016

In 2016 the SSWG-ABD plans will support the framework/activities of the National Agro-biodiversity Program (NABP-II) which will be released for discussion at the following meeting in early November.

#### 2.1.5. Policy Research Center - Policy Think Tank

In 2015 the Policy Think Tank (PTT) has a number of relatively small on-going research projects and collaborators but no formal, long-term, collaboration with international research agencies. Currently, the PTT receives financial support for the preparation and establishment of a public-private partnership platform to engage key government ministries, farmers and private sector stakeholders in a dialogue and consensus building exercise to address critical national policy issues whilst supporting the improvement of livelihoods among the rural poor.

##### Research recap

The table below summarizes the research that was conducted and completed in 2015. In June 2015, a SWG-ARD meeting was specifically dedicated to present and discuss some of this research.

No.	Research project	Duration		Focal/responsible person/Researcher (NAFRI)	Funding Sources
		Start Date	End Date		
1	Study on commercial soybean product for food and nutrition security in the northern upland	May-14	Mar-15	Mr. Phuthasone Ouanesamone	AGRINET
2	Electricity, gasoline, etc. for Agriculture Production in Lao PDR	May-14	Mar-15	Ms. Bounthanom Bouahom	
3	Study on Youth and Agriculture	May-14	Mar-15	Mr. Phonepasert Sopuvannavong	
4	Pro poor policy analysis on cattle productivity and links to industry	Sep-14	Mar-15	Dr. Aloun Phonvisay	Pro-poor policy approaches to address risks & vulnerability at country level (FAO-IFAD)
5	White paper on food security and nutrition	Apr-14	Sep-15	Dr. Vongpaphanh & Mr. Phonepasert	FAO

**Plan for 2016:** The table below summarizes the research that will be conducted in 2016.

No.	Research project	Duration		Focal/person/researcher (NAFRI)	Funding Sources
		Start	End		
1	Contract farming	Oct-14	Oct-15	Mr. Khamphou Phouyyavong	IFAD - Soum Son Seun Jai (SSSJ)
2	Pro poor policy analysis on organic vegetable marketing, production and technology development and increased income for smallholders	Nov-15	Jun-16	Dr. Thongkhoun Sisaphaithong	Pro-poor Policy Approaches to address risks and vulnerability at country level (FAO-IFAD)
3	Policy assessment on promotion of rice production and related income with emphasis on increasing welfare of smallholders in rural Laos	Nov-15	Jan-16	Mr. Khamphou Phouyyavong	
4	Policy assessment on promotion of rubber production and related income with emphasis on increasing welfare of smallholders in rural Laos	Nov-15	Jan-16	Dr. Boundeth Sivilay	
5	Creating wetland in reservoir	2014	2016	Ms. Bounthanom Bouahom	International Water Mgt Institute (IWMI)
6	Mechanization and value adding for diversification of lowland cropping systems in Lao PDR and Cambodia	Aug-15	Aug-18	Dr. Vongpaphanh & Ms. Bounthanom	Australia Center for International Agric. Research (ACIAR)
7	National Research Project: No.5: Agriculture & Rural Development	2013	Dec-15	Mr. Khamphou Phouyyavong	Lao Academics of Social Science
8	Water governance (gender & ethnic diversity)	2014	2015	Ms. Bounthanom & Dr. Phonevilay	IWMI/WLE
9	Assessment of cattle trade development in Lao PDR	Sep-15	Jul-16	Dr. Aloun Phonevisay	TDF-WB
10	Assessments of Enterprises in Lao PDR on the Effectiveness of Preferential Trade Utilization	Sep-15	Sep-16	Dr. Bounlert VANHNALAT	TDF-WB
11	Rice value chain financing in Lao PDR	May-15	Nov-15	Mr. Khamphou, Dr. Vongpaphanh, Dr. Aloun	Institute of Agric. Economics & Dev., Chinese Academy of Agric. Sciences
12	Rice study in Lao PDR	Dec-15	Dec-16	Mr. Khamphou, Dr. Vongpaphanh	National Social Science Research Institute
13	Evaluating opportunities for cassava production and marketing systems to enhance smallholder livelihoods in Cambodia, Laos, and Burma	Nov-15	Nov-16	Dr. Vongphaphanh & Napok Institute	ACIAR
14	Sustainable commercial agricultural production: Case study of commercial banana production in Lao PDR	Sep-15	Mar-16	Dr. Bounthong & Vongpaphanh	SDC
15	Development of NTFP (Benzoin) High Value Chains in Lao Uplands	Sep-15	Mar-16	Dr. Chansamone & Mr. Vongkhamhor	SDC, NUDDP, Agroforex (Private)

**Other remarks:**

The Policy Think Tank will be a key institution within the MAF to ensure that policy research is undertaken with greater sensitivity to local socio-economic and agro-ecological conditions and that the findings and recommendations are used for policy development. However, the PTT is facing the following challenges:

- The PTT is working based on a concept of coordination among research institutes but has no legal entity. This creates difficulties in the formation of a research team. It is difficult for the PTT to involve different stakeholders and research institutes in the research processes.
- Lack of understanding of policy research methods and objectives.
- Limited funding support to conduct policy research while there is a need for study on policy impact.
- Limited amount of funds available from development projects for small scale research.
- The available researchers have limited capacity on policy research which impacts on the quality of the research process and contributes to a lack of trust from stakeholders.

**2.1.6. Other related and relevant Working Groups**

**The SSWG on Forestry**, under the umbrella of the SWG on Natural Resources and Environment (NRE), is chaired by the Department of Forest Resource Management (DFRM) and co-chaired by the JICA. Two meetings were organized in 2015 in good coordination with the SWG-ARD. The topics discussed are listed below:

- Natural Resources and Environment Strategy to 2025 and Vision to 2030.
- Forestry sector 5 years plan.
- REDD+ and Carbon fund.
- Institutional capacity building for protected areas, protection forest management and wildlife conservation.
- Sustainable Forestry and Land Management in the Dry-Dipterocarp Area.
- Integrated Conservation of Biodiversity and Forest.
- Algeometric Equation Development.
- Forest Cover Assessment 2015.
- Payment for Forest Ecosystem Services.

**The INGO/NPA working group on agriculture** will organize a “Livestock information sharing” meeting on the 13<sup>th</sup> of January and Vets without Borders is planning an independent workshop on blood parasites from 5<sup>th</sup>-9<sup>th</sup> October. Discussion concerning the activities planned in 2016 is on-going.

## 2.2. Contribution to RTM

### 2.2.1. Sector Working Group contribution to the RTM background document

The SWG-ARD secretariat prepared an annual report following the model of the previous year and the recommendations provided by the MPI. This was based on the 2014 RT(I)M Follow Up matrix provided (draft revised version including comments from some SWGs). However some information requested could not be included because it is not covered by the SWG-ARD so this document is, to date, the main SWG-ARD contribution to the RTM background document.

### 2.2.2. Sector Working Group contribution to the RTM meeting and development

All SWG-ARD members (Government, DPs, INGOs, NPAs and some private sector representatives) actively took part in the SWG-ARD activities in 2015 and all relevant members will contribute to the event in November.

The SWG-ARD Secretariat encourages all its members to contribute to the development exhibition through communication on their activities and achievements. The SWG-ARD secretariat officers will be available to welcome participants and visitors. Documents and agricultural products will be displayed.

## 2.3. Progress against the RT(I)M Follow Up Matrix

The MPI asked all SWGs to report their achievements against the 2014 RT(I)M follow up matrix. Many SWG-ARD members provided comments through their own organization or other SWGs but the SWG-ARD did not provide comment on behalf of the SWG-ARD, as requested by the MPI. Other comments received were integrated into the matrix which remains subject to adjustment.

The 2014 RT(I)M formulated 14 recommendations in 4 focus areas, namely:

- 1) Macroeconomic management and growth.
- 2) Off-track MDG.
- 3) Governance reform.
- 4) Development cooperation for better results.

Each recommendation was associated with a list of follow up actions, responsible agencies, links with the 8<sup>th</sup> NSEDP and indicators. The SWG-ARD shares responsibility on the implementation of 2 recommendations under the “off track MDGs” section (MDG1 and MDG7).

### 2.3.1. MDG 1, Focus on Food and Nutrition Security

The recommendation to “ensure further progress on the implementation of the “Convergence” / Multi Sectoral Food and Nutrition Security Action Plan (MFNS-AP), appropriate budget allocation and enhance a multi-stakeholder approach” was accompanied by with 3 priorities:

- 1) Capacity building and better coordination, particularly at grass-roots level.
- 2) Involvement of all stakeholders (e.g. private sector and local communities) with enhanced roles for women.
- 3) Build resilience to environmental shocks and address climate change issues.

Since the National Nutrition Committee (NNC) was created in 2013, it became responsible of coordinating the progress on the implementation of the MFNS-AP, with the support of its secretariat. The SWG-ARD secretariat worked in close coordination with the NNC secretariat to inform its members and participants on the progress of the implementation of the MFNS-AP and the revision of the National Nutrition Strategy. The issue of nutrition was also mainstreamed within the SWG-ARD especially at Sub Sector Working Group level.

Regarding the “convergence” model / approach promoted by the GoL and DPs, various models are, and can be, tested but the ARD sector is definitely the one leading / piloting on this aspect. Lots of efforts were made on both sides (GoL and DP) on this aspect.

In terms of partnership, the scope and diversity of the partnerships existing in the ARD sector entirely embraces the principles embedded in the new Vientiane Declaration (VD II). Actually lots of efforts have been made to engage with CSOs (national and international), private sector and research centers for policy dialogue and support to the implementation of the NSEDP.

#### **Comments on some actions, relevant to the SWG-ARD, formulated in the RT(I)M Follow up Matrix:**

- **Integration of the MFNS-AP into the 8<sup>th</sup> NSEDP** was recommended by the members of the SWG-ARD. This has yet to be confirmed as the final version of the 8<sup>th</sup> NSEDP has not yet been released. The issue of nutrition was emphasized in the initial version of the 8<sup>th</sup> NSEDP but there was no mention of the MFNS-AP or convergent approach to tackle the issue of malnutrition.
- **The place of nutrition in the sector** was clarified through the formulation of a white paper on food and nutrition security prepared by the NAFRI policy research center with technical assistance from the FAO. A draft version was presented and discussed within the SWG-ARD in June 2015 and the final version released in September (TBC).
- **The MAF committee on Food and Nutrition Security** worked with various SWG-ARD members and experts on the definition of the 4 agriculture / nutrition sensitive priority interventions that are part of the MFNS-AP and revised NNS-PA.
- **The links between infrastructures and food and nutrition security** were discussed during a one day multi stakeholders’ workshop organized by the SSWG on uplands.
- **The inclusion of the private sector in the coordination mechanisms** and implementation of the MFNS-AP is a work in progress. The SWG-ARD (especially through the SSWGs) is making efforts at central and provincial level to engage dialogue with the private sector on these issues and others.
- **Some issues mentioned in the RT(I)M follow up matrix were not addressed at SWG-ARD level** such as: the link between climate change and nutrition, WASH related issues and food consumption issues.

It is important to note that these action points mentioned in the RT(I)M follow up matrix do not cover all nutrition related issues and that the MDG 1 in Lao PDR shall not be reduced to the issue of “food and nutrition security” as the question of “extreme poverty and hunger” is much broader.

In the future, it may also benefit the SWG-ARD to start considering new mechanisms, approaches and institutional arrangements to better cover the broader issue of “rural development”.

#### **2.3.2. MDG 7 in respect of Forests**

The recommendation on the MDG 7 with regards to forests highlights “*the DPs and GoL’s intention to achieve the MDG target of 65% of forest cover, the need for further consultation on how to support national efforts to reach this, along with the DPs’ intention to support the Government in its commitment to reduce illegal logging*”.

As already highlighted, most tasks related to this topic relate to the SWG on Environment and natural resources chaired by the MONRE, however areas of collaboration exist and some are notified in the RT(I)M follow matrix.

- **Concerning the forest law** and its regulations, the draft of Forest Law which was prepared by the MAF, has been submitted to the National Assembly and is in the process of approval (together with the Land Law).

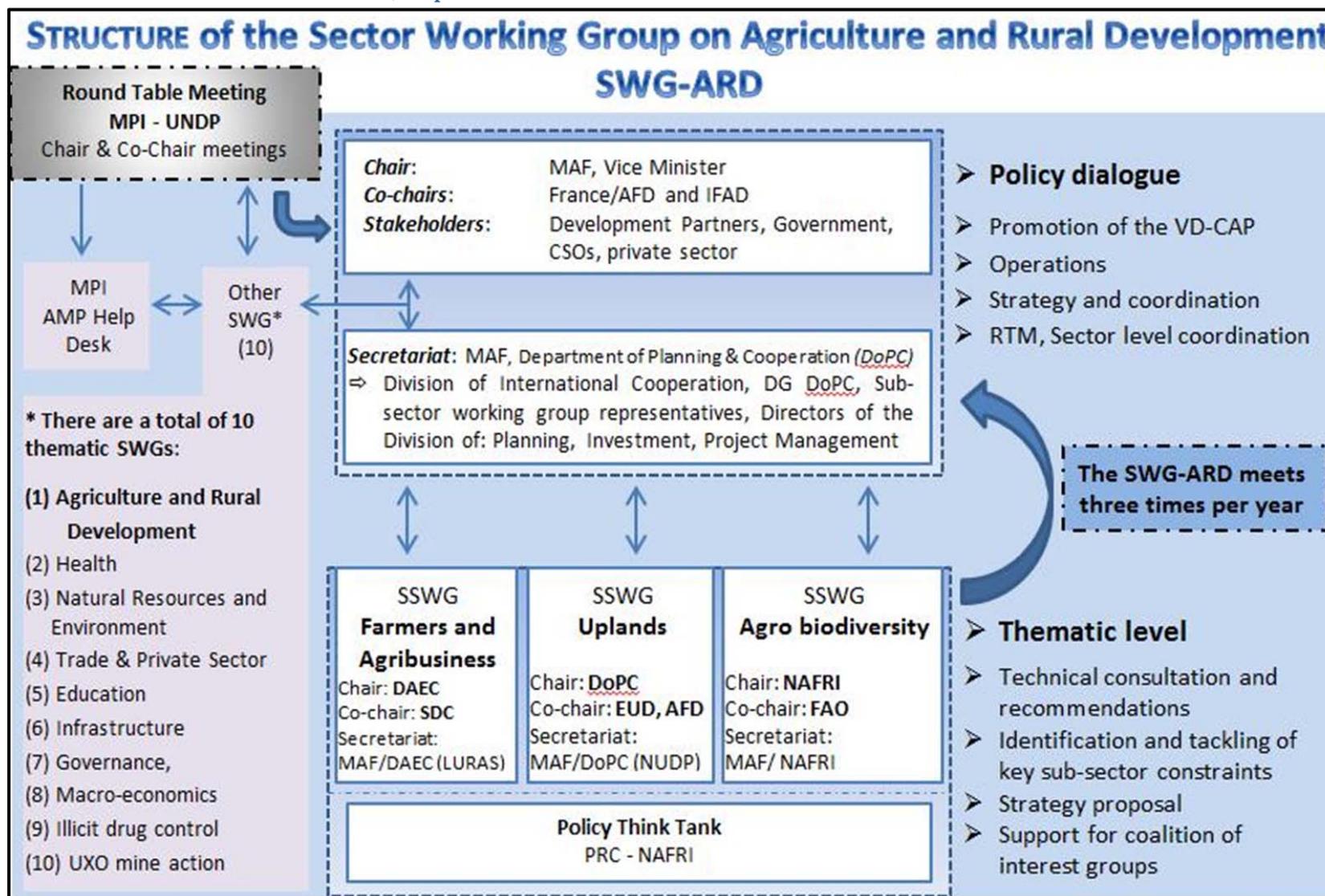
- **The MONRE and the MAF have collaborated** on various issues such as forest cover estimation, enforcement of policies against illegal use of natural resources and wildlife trafficking and enforcement of environmental assessment regulations. None of these topics were discussed / covered under the SWG-ARD in 2015.
- **The SWG-ARD also did not cover** issues related to the need to ensure that *“adequate baseline data exist on forest cover state and change, threatened species, air and water quality to set up target”* as stated in the RT(I)M follow up matrix. However some of these issues may be covered by the SSWG on Agro Biodiversity in 2016.

### 2.3.3. Other

It is worth mentioning that climate change was very little discussed at the SWG-ARD level despite the number of initiatives and stakeholders working on this. In the future, lessons on resilience based initiatives should be shared as well as possible policy innovations because climate change is a main factor that will shape the sector and the current implementation and expansion of all, or part, of the possible answers increasing productivity and resilience will have a massive impact on the sector.

The ASEAN Economic Integration (AEC) also is a very important factor that will impact on the Lao PDR agriculture sector in the next 10 years and should be better addressed / discussed at SWG level.

Annex 1: SWG-ARD – Structure, September 2015



## **Annex 2: SWG-ARD, main contacts and most relevant links**

### **Contacts**

Secretariat SWG-ARD:	<a href="mailto:swgard.secretariat@gmail.com">swgard.secretariat@gmail.com</a>
Secretariat SSWG Uplands:	<a href="mailto:sswgup@gmail.com">sswgup@gmail.com</a>
Secretariat SSWG Agri-Business:	<a href="mailto:subswgab@gmail.com">subswgab@gmail.com</a>
Secretariat SSWG Agro biodiversity:	<a href="mailto:sSWG.ABD@gmail.com">sSWG.ABD@gmail.com</a>
Coordinator Policy Think Tank:	<a href="mailto:khamphou_p@hotmail.com">khamphou_p@hotmail.com</a>
MAF-DIC Mail:	<a href="mailto:laomafdici@yahoo.com">laomafdici@yahoo.com</a>
RTP Secretariat:	<a href="mailto:rtpsecretariat@gmail.com">rtpsecretariat@gmail.com</a>

### **Web sites**

SWG-ARD:	<a href="http://swgard.maf.gov.la">http://swgard.maf.gov.la</a>
Round Table Meeting:	<a href="http://www.rtm.org.la">http://www.rtm.org.la</a>
Ministry of Agriculture:	<a href="http://www.maf.gov.la">http://www.maf.gov.la</a>
NAFRI	<a href="http://www.nafri.org.la">http://www.nafri.org.la</a>
NUDP Website:	<a href="http://www.nudplao.org">http://www.nudplao.org</a>