

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Lao People's Democratic Republic (Lao PDR) has established eight sector working groups of representatives from the government, development partners, and nongovernment organizations. The sector working groups are forums to discuss and build consensus about development priorities and improve sector aid coordination and effectiveness, as proposed in the country action plan of the Vientiane Declaration on Aid Effectiveness.¹ Under the common framework of the roundtable process, these groups commit to the Lao PDR's development efforts in their respective areas of interest under government leadership. The sector working groups were formed in June 2005 when the Ministry of Foreign Affairs announced the government's wish to merge the existing development partner and government working groups. The Department of International Cooperation of the Ministry of Planning and Investment is the coordinating agency for the sector working groups.

2. The sector working group on agriculture and natural resources is jointly chaired by the Ministry of Agriculture and Forestry (MAF) and the Water Resources and Environment Administration,² with the participation of the Ministry of Energy and Mines and other agencies. Four subworking groups were formed to promote dialogue between the government and its development partners and improve aid coordination:

- (i) farms and agribusiness development, led by the MAF National Agriculture and Forestry Extension Service, co-chaired by the Swiss Agency for Development Cooperation;
- (ii) forestry, led by the MAF Department of Forestry, co-chaired by the Swedish International Development Agency (Sida);
- (iii) irrigation, led by the MAF Department of Irrigation, co-chaired by Agence Française de Développement (AFD); and
- (iv) upland development, led by the MAF Department of Planning, co-chaired by AFD and the European Commission (EC).

3. The Swiss Agency for Development Cooperation in the Lao PDR focuses on governance, rural livelihoods, and natural resource management. In governance, it supports the basic concepts of accountability, transparency, and people's participation. The agency developed its engagement in the sector with a view to increasing the effectiveness of public service providers, strengthening accountability mechanisms, and fostering people's participation in decision-making processes.

4. AFD's main focus on rural development has been in the broader context of promoting multisector integration, whereby agriculture is linked to other sectors in pursuit of France's strategic objectives for rural development in the Lao PDR—eradicating poverty, malnutrition, and social inequality; economic growth; protecting global public goods; and preventing conflict. AFD has (i) supported the facilitation of public policy formulation by creating links between the center and provincial implementation to improve policy making for the sector; (ii) supported subsistence and commercial value-chain initiatives emphasizing producers' roles and organizations, and their function in civil society; (iii) contributed to rural livelihoods by promoting decentralized management; and (iv) promoted sustainable natural resource management.

¹ Government of Lao PDR. 2006. *Vientiane Declaration on Aid Effectiveness*. Vientiane.

² The administration was subsumed under the Ministry of Natural Resources and Environment in June 2011.

5. The EC's strategy in the Lao PDR is to improve and strengthen the business environment for sustainable growth and development. It supports the government's reform agenda under the National Development Strategy through participation in the Poverty Reduction Support Operation, with special attention to improvements in delivering health and education services. The EC's involvement in agriculture is motivated by the importance of preventing poverty increasing in the most vulnerable rural populations, and of trade and economic cooperation.

6. The Asian Development Bank (ADB) is a member of the sector working group on agriculture and natural resources. Its assistance, as presented in its country strategy and program for the Lao PDR,¹ supports improved sector policy, strategy, and institutions, and investments in rural infrastructure.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Agriculture and Natural Resources			
ADB	Northern Rural Infrastructure Development Sector Project	2011–2017	23.0
	Natural Resource Management and Productivity Enhancement Project	2009–2015	35.0
	Northern Region Sustainable Livelihoods through Livestock Development	2007–2012	9.3
	Updating the National Water Policy and Strategy	2007–2012	1.0
	Alternative Livelihoods for Upland Ethnic Groups in Houaphanh Province	2008–2011	1.8
	Nam Ngum River Basin Development Sector Project	2004–2011	15.0
World Bank	Smallholder Development Project	2003–2011	12.0
	Lao PDR 6th Poverty Reduction Support	2010–2015	20.0
	Lao PDR Upland Food Security Improvement Project	2010–2014	15.0
	Rice Productivity Improvement Project	2009–2012	3.0
IFAD	Sustainable Forestry for Rural Development	2008–2012	10.0
	Oudomxay Community Initiatives Support Programme, Phase II	2011–2016	18.0
	Rural Livelihoods Improvement Programme	2006–2014	17.3
EC	Northern Region Sustainable Livelihoods through Livestock Development	2007–2012	3.0
	Northern Upland Development Program	2010–2015	14.5
	Former Support and Market Linkages for Livestock in Northern Lao PDR	2005–2009	6.5
Swiss Agency for Development Cooperation	Northern Upland Development Program	2010–2015	14.5
AFD	Northern Upland Development Program	2010–2015	14.5

ADB = Asian Development Bank, AFD = Agence Française de Développement, EC = European Commission, IFAD = International Fund for Agricultural Development, Lao PDR = Lao People's Democratic Republic.

Source: ADB estimates.

B. Institutional Arrangements and Processes for Development Coordination

7. Development partners will be coordinated through regular meetings of the subworking groups for the implementation of the proposed project. The effectiveness of each subworking

¹ ADB. 2006. *Country Strategy and Program: Lao People's Democratic Republic, 2007–2011*. Manila.

group depends on commitments to maintaining regular dialogue through these forums, which present effective means of placing the government at the heart of development planning, in accordance with the Paris Declaration on Aid Effectiveness.

C. Achievements and Issues

8. While there are obvious areas for complementarities between the proposed project and other development partner initiatives, the geographic and technical foci are different from each other. The government has an intention to expand models established under the original project outside of the Nam Ngum River Basin, which is the project area of the proposed project. In this sense, disseminating experiences and lessons of the project will be critically important to realizing the government's intention.

D. Summary and Recommendations

9. Development partners have made concerted efforts to support the government in the sector in accordance with the Paris and Vientiane declarations. Coordination and institutional issues remain as to how development partners support the agriculture and natural resource sector, which has an interagency nature. Effective working group discussion will not only achieve coordination among development partners and government agencies but also facilitate discussion on policy and strategy issues. This will also allow development partners to focus on their priority areas in a harmonized manner. To maximize the potential complementary impact of development assistance, ADB, together with other development partners, should remain engaged with the government-managed working groups.