

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Several development partners support the agriculture, natural resources, and rural development (ANR) sector in the Lao People’s Democratic Republic (Lao PDR), as shown in the table below. Their support has three strategic foci: (i) increased productivity, livelihood support, and food security; (ii) agricultural commercialization and trade facilitation; and (iii) climate change and disaster risk management. The Asian Development Bank (ADB) is recognized for its leading contributions to the sector.

2. The ADB country partnership strategy (CPS), 2017–2020 for the Lao PDR aligns with the inclusive and sustainable growth agenda of the Lao PDR’s Eighth Five-Year National Socio-Economic Development Plan. Under the CPS, ADB operations focus on (i) improving physical connectivity to catalyze private sector investment to generate employment and income; (ii) developing skills that support growth in the non-resource sectors and improving access to health services to enhance labor productivity; and (iii) ensuring sustainable natural resource management and climate resilience. The CPS recognizes the need to build on past successes in ANR. In this context, ADB’s efforts are aimed at improving productive rural infrastructure, enhancing value chains, improving access to markets and social services, forging stronger rural–urban links, and creating an enabling environment to strengthen small and medium-sized agribusiness enterprises.

3. Among other development partners, the European Union has focused on reducing rural poverty and strengthening trade. Japan International Cooperation Agency has supported many initiatives on clean agriculture, organic farming, irrigated agriculture, and rural livelihoods in mountainous areas. The International Fund for Agriculture Development (IFAD) has been an active partner of ADB in supporting initiatives such as livestock commercialization and natural resource management. Agence Française de Développement has supported initiatives on subsistence and commercial value chains development and sustainable natural resource management. The World Bank, as part of its Country Partnership Framework 2017–2021, aims to promote sustainable natural resource management and climate and disaster resilience. The proposed project will build on lessons from past initiatives and collaborate with various development partners in target areas.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
Focus area	Increased productivity, livelihood support, and food security		
ACIAR	District Delivery and Management of Agricultural Extension Community-based Food Security and Economic Opportunities	2012–2016	\$1.0
ADB	Smallholder Development Project	2001–2015	\$17.0
ADB/IFAD	Sustainable Natural Resource Management and Productivity Enhancement Project	2009–2015	\$37.5
ADB	Greater Mekong Subregion East–West Economic Corridor Agriculture Infrastructure Sector Project	2014–2021	\$60.0
ADB	Implementing the Greater Mekong Subregion Core Agriculture Support Program (Phase 2).	2011–2020	\$14.0
ADB/OFID/ NDF	Roads for Rural Development	2004–2014	\$49.5

Development Partner	Project Name	Duration	Amount (million)
EU	Integrated Uplands Development in Nonghet: Sustainable Food Security Development; Support to Vulnerable Households' Food Security and Nutrition in Xienghoe, and Hongsa Districts; and Houaphanh Provincial Bamboo Sector	2012–2016	€3.3
IFAD/WFP	Community-based Food Security and Economic Activities	2011–2015	€17.4
JICA	Clean Agriculture Development Project	2017–2022	\$1.5
JICA	Lao Organic Agriculture Promotion Project	2013–2016	\$1.9
JICA	Livelihood Improvement Project for Southern Mountainous and Plateau Areas	2010–2015	\$1.2
JICA	Participatory Irrigated Agriculture Development Project in Southern Areas along the Mekong	2010–2015	\$3.7
UNDP	Integrated Agriculture in Two Districts of Bolikhamxai Province	2012–2015	\$1.3
World Bank	Uplands Food Security Improvement	2012–2015	\$15.0
Focus area	Agricultural commercialization and trade facilitation		
ADB	Trade Facilitation: Improved Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade Project	2012–2017	\$11.0
ADB	Northern Smallholder Livestock Commercialization Project	2014–2020	\$31.5
EU	Enhancing milled rice production in Lao PDR Project	2009–2012	\$3.6
FAO/CFC	Production of Certified Fruit and Vegetables for Export from Lao PDR and Myanmar through Integrated Supply Chain Management	2009–2013	\$1.7
World Bank	Lao PDR Customs and Trade Facilitation Project	2013–2015	\$7.0
	Lao PDR Small and Medium Enterprise Financing Project		
Focus area	Climate Change and Disaster risk management		
UNDP/WWF/ WCS	Improving the Resilience of the Agriculture Sector to Climate Change Impacts	2011–2015	\$16.5
UNDP/GEF/ FAO	Agro-biodiversity Project	2011–2016	\$2.5
GEF	Mitigation and Adaptation to Climate Change	2011–2014	\$12.2
SWG-ARD^a	Research projects		
Agrinet	Study on Youth and Agriculture	2014–2015	-
FAO	White Paper on Food Security and Nutrition	2014–2015	-
IFAD	Contract Farming		-
FAO/IFAD	Pro Poor Policy Analysis on Organic Vegetable Marketing, Production and Technology Development and Increased Income for Smallholders	2015–2016	-
FAO/IFAD	Policy Assessment on Promotion of Rice Production and Related Income with Emphasis on Increasing Welfare of Smallholders in Rural Laos	2015–2016	-
ACIAR	Mechanization and value adding for diversification of lowland cropping systems in Lao PDR and Cambodia	2015–2016	-

ACIAR = Australian Centre for International Agricultural Research, ADB = Asian Development Bank, AFD = Agence Française de Développement, CFC = Common Fund for Commodities, FAO = Food and Agriculture Organization of the United Nations, GEF = Global Environment Facility, IFAD = International Fund for Agriculture Development, JICA = Japan International Cooperation Agency, Lao PDR = Lao People's Democratic Republic, NDF = Nordic Development Fund, OFID = OPEC Fund for International Development, SWG-ARD = Sector Working Group on Agriculture and Rural Development, UNDP = United Nations Development Programme, WCS = Wildlife Conservation Society, WFP = World Food Programme, WWF = World Wildlife Fund.

^a Cost details of the research projects were not available at the time of writing this report.

Sources: ACIAR, ADB, AFD, CFC, FAO, GEF, IFAD, JICA, NDF, OFID, UNDP, WCS, WFP, and WWF.

B. Institutional Arrangements and Processes for Development Coordination

4. The sector working group on agriculture and rural development (SWG-ARD), co-chaired by the Ministry of Agriculture and Forestry, IFAD, and the Embassy of France, oversees development coordination within the sector. ADB is a member of this working group. The overall objective of the SWG-ARD is to support the implementation of the National Socio-Economic Development Plan and achieve the Sustainable Development Goals relevant to ANR. The SWG-ARD has the following subsector working groups: (i) Farmers and Agribusiness, chaired by the Department of Technical Extension and Agricultural Processing; (ii) Uplands, chaired by the Department of Planning and Finance; and (iii) Agro-biodiversity, chaired by the National Agriculture and Forestry Research Institute. The secretariat of the National Food Security and Commodities Committee headed by the vice-minister of the Ministry of Agriculture and Forestry will oversee project activities, including coordination with other development partners.

C. Achievements and Issues

5. ADB has successfully collaborated with various development partners in the country in both policy dialogues and investment projects. For this project, ADB is coordinating with (i) the World Bank in the design and implementation of a matching grant scheme for agribusinesses, (ii) the Food and Agriculture Organization of the United Nations in supporting vegetable farmer groups in Champasak Province, and (iii) the International Rice Research Institute in deploying climate-resilient rice varieties. Key lessons from recent development partner-assisted projects are: (i) prescreen subprojects to identify viable ones with minimal safeguard issues; (ii) limit the geographic coverage to obtain a balance between capital investments and overhead costs; (iii) confine the scope of activities to those that can be readily carried out within local capacities; (iv) take advance actions to ensure that competent project staff are trained, and accelerate procurement and consultant recruitment; (v) be aware of the fact that the lack of available and affordable rural credit is a constraint to agribusiness development, particularly for smaller-scale farmers; (vi) be aware that there are multiple entry points to the agribusiness value chain depending on the economic role being undertaken by the participant, e.g., (a) farmer service provision at production and postharvest level involving credit or input supply, (b) public sector or nongovernment organization extension services, (c) storage and transport services, and (d) marketing; and (vii) project management to be aware that the private sector requires incentives to engage with the project, which can include tax incentives, favorable credit terms, guaranteed supplies of raw materials for agro-processing ventures, and guaranteed markets. Where significant capacity constraints exist, the project duration must be long enough to enable the execution of civil works at the beginning of the project, and beneficiary training and capacity building thereafter.

D. Summary and Recommendations

6. ADB is well embedded in the coordinating mechanisms for ANR operations. The National Project Management Office will coordinate various sector and cross-sector development initiatives with the SWG-ARD and ADB's Lao Resident Mission to maximize synergies and minimize overlaps with initiatives of other development partners.