

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The sector working group on agriculture and rural development is chaired by the Ministry of Agriculture and Forestry (MAF) and by the International Fund for Agricultural Development (IFAD) and France. Four subworking groups were formed to improve coordination between the government and its development partners: (i) farms and agribusiness development, led by MAF's National Agriculture and Forestry Extension Service, and by the Swiss Agency for Development and Cooperation (SDC); (ii) forestry, led by MAF's Department of Forestry, and by Japan; (iii) irrigation, led by MAF's Department of Irrigation, and by Agence Française de Développement (AFD); (iv) upland development, led by MAF's Department of Planning and Cooperation, and by AFD and the European Commission; and (v) agro-biodiversity, led by the Department of Planning and Cooperation, and by SDC. The Asian Development Bank (ADB) is a member of the sector working group on agriculture and natural resources and is recognized for its significant contribution to the development of rural infrastructure, among other things.

2. ADB's priority focus, as presented in its country partnership strategy for the Lao PDR,<sup>1</sup> is inclusive growth in rural areas, where most of the poor live. This will be done by improving rural infrastructure, enhancing value chains, improving access to markets and social services, forging stronger rural–urban linkages, and creating an enabling environment and human capital formation with higher quality technical and vocational education and training that meet the skill needs of small and medium-sized enterprises, as well as support them by addressing trade and industry, and finance sector development needs.

3. IFAD supports the government in implementing its Seventh National Socio-Economic Development Plan, 2011–2015, (NSEDPlan) and achieving the Millennium Development Goals. IFAD has pursued the objectives of promoting food and nutrition security, and sustainable livelihoods among poor rural people, especially women and other vulnerable and marginalized groups in upland areas. IFAD and ADB have jointly supported the elaboration of a framework for the Southern Lao Rural Development Program.

4. The European Commission strategy 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. European Commission involvement in agriculture is motivated by the importance of preventing a worsening of poverty in the most vulnerable rural populations and of trade and economic cooperation.

5. 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 country—eradicating poverty, malnutrition, and social inequality; increasing economic growth; protecting global public goods; and preventing conflict. AFD has supported (i) public policy formulation by creating linkages between the center and provincial implementation to improve sector policy making; (ii) subsistence and commercial value chain initiatives emphasizing producers' roles and organizations, and their function in civil society; (iii) contributions to rural livelihoods by promoting decentralized management; and (iv) the promotion of sustainable natural resource management.

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<sup>1</sup> ADB. 2006. *Country Partnership Strategy: Lao People's Democratic Republic, 2012–2016*. Manila.

6. SDC focuses on governance, rural livelihoods, and natural resource management. In governance, it supports the basic concepts of accountability, transparency, and people's participation. SDC 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.

### Major Development Partners

| Development Partner                             | Project Name  | Duration  | Amount (\$ million) |
|---|---|-----------|---------------------|
| Asian Development Bank                          | GMS East–West Economic Corridor Agriculture Infrastructure Sector Project   | 2013–2022 | 60.0                |
|   | Trade Facilitation: Improved Sanitary and Phytosanitary Handling in the GMS   | 2012–2018 | 13.9                |
|   | Implementing the GMS Core Agricultural Support Program (Phase 2)  | 2012–2017 |                     |
|   | GMS Flood and Drought Risk Management and Mitigation  | 2013–2019 | 36.7                |
|   | Northern Rural Infrastructure Development Project   | 2011–2017 | 23.0                |
|   | Northern Region Sustainable Livelihoods through Livestock Development   | 2007–2012 | 10.0                |
|   | Enhancing Capacity of Local Government Agencies and Lao Women's Union for Sustainable Poverty Reduction in Northern Lao PDR | 2007–2012 | 0.5                 |
|   | Sustainable Natural Resource Management and Productivity Enhancement Project  | 2009–2015 | 20.0                |
|   | Smallholder Development Project (including additional financing)  | 2003–2015 | 17.0                |
|   | Alternative Livelihoods for Upland Ethnic Groups in Houaphanh Province  | 2008–2011 | 1.8                 |
|   | Nam Ngum River Basin Sector Project (including additional financing)  | 2004–2015 | 20.0                |
|   | Lao PDR Upland Food Security Improvement Project  | 2010–2014 | 15.0                |
|   | Lao PDR 6th Poverty Reduction Support   | 2010–2015 | 20.0                |
| World Bank                                      | Rice Productivity Improvement Project   | 2009–2012 | 3.0                 |
|   | Sustainable Forestry for Rural Development  | 2008–2012 | 10.0                |
|   | Rural Livelihoods Improvement Programme   | 2006–2014 | 17.3                |
|   | Northern Region Sustainable Livelihoods through Livestock Development   | 2007–2012 | 3.0                 |
| International Fund for Agricultural Development | Sustainable Natural Resource Management and Productivity Enhancement  | 2009–2015 | 15.0                |
|   | Oudomxay Community Initiatives Support Programme (Phase II)   | 2011–2016 | 18.0                |
|   | Southern Laos Food and Nutrition Security and Market Linkages Programme   | 2013–2019 | 14.7                |
|   | Soum Son Seun Jai–Community-Based Food Security and Economic Opportunities Programme  | 2011–2017 | 14.0                |
|   | Northern Upland Development Programme   | 2010–2015 | 14.5                |
|   | Farmer Support and Market Linkages for Livestock in Northern Lao PDR  | 2005–2009 | 6.5                 |
|   | Northern Sustainable Livelihoods through Livestock Development  | 2007–2012 | 3.5                 |
| Swiss Agency for Development and                | Northern Upland Development Program   | 2010–2015 | 14.5                |

| Development Partner               | Project Name  | Duration  | Amount (\$ million) |
|-----------------------------------|---|-----------|---------------------|
| Cooperation                       | Support for Reform of the Agriculture and Forestry College in Luang Prabang | 2012–2016 | 7.1                 |
|                                   | The Agro-Biodiversity Initiative  | 2012–2016 | 6.7                 |
|                                   | Lao Extension for Agriculture Project                                       | 2012–2014 | 1.6                 |
| Agence Française de Développement | Northern Upland Development Program   | 2010–2015 | 14.5                |

GMS = Greater Mekong Subregion, Lao PDR = Lao People's Democratic Republic.

Source: Asian Development Bank estimates.

## **B. Institutional Arrangements and Processes for Development Coordination**

7. Development partners will be coordinated with the project through regular meetings of the various subworking groups of the agriculture and natural resources sector working group. Cooperation with development partners and their programs will also be facilitated through provincial steering committees, chaired by vice governors, to facilitate coordination with local plans under the various programs.

## **C. Achievements and Issues**

8. The project will build on work done under the Northern Region Sustainable Livelihoods through Livestock Development Project, especially in seeking to expand the activities of the more successful livestock production groups. The project will complement other ADB initiatives to improve trade in the Greater Mekong Subregion (GMS) including (i) the Core Agriculture Support Program Phase 2 for food safety, linkages to cross-border value chains, and livestock management;<sup>2</sup> (ii) the Trade Facilitation: Improved Phytosanitary Handling in GMS Trade Project for developing cross-border trade; (iii) the Governance and Capacity Development in Public Sector Management Program (Subprogram 1); and (iv) the GMS Tourism Infrastructure for Inclusive Growth Project, currently under preparation for approval in 2014.

## **D. Summary and Recommendations**

9. Development partners have made concerted efforts to support the objectives of the Paris and Vientiane declarations. Institutional issues remain as to how development partners support the agriculture and natural resources sector, some viewing rural development as a broader issue than MAF's mandate and seeking to have the program executed by ministries other than MAF. To maximize the potential complementary impact of development assistance, ADB should remain engaged with the government-managed working groups and other development partners.

<sup>2</sup> ADB. 2012. *Technical Assistance for Implementing the Greater Mekong Subregion Core Agriculture Support Project (Phase 2)*. Manila.