



Lao People's Democratic Republic

**Global Agriculture and Food Security
Program**

(Third Call for proposals)

“Strategic Support for Food Security and Nutrition”

Ministry of Agriculture and Forestry, Lao PDR

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Abbreviations and Acronyms

ADB	Asian Development Bank
ADS	Agricultural Development Strategy
AFD	Agence Française de Développement
AIP	Agricultural Investment Plan
AMP	Agricultural Master Plan
AusAid	Australian Government Overseas Aid Program
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CBE	Community Based Enterprise
DAEC	Department of Agriculture Extension and Cooperatives
DAFO	District Agriculture and Forestry Office
DPC	Department of Planning and Cooperation
DPWT	Department of Public Works and Transport
EU	European Union
EWEC	East-West Economic Corridor
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FDI	Foreign Direct Investment
FFA	Food for Assets
FIP	Forest Investment Program
GAA	German Agro Action
GAFFP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoL	Government of Lao PDR
IUCN	International Union for Conservation of Nature

IFAD	International Fund for Agricultural Development
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
LIN	Livelihood Initiatives for Nutrition
LLS	Livelihoods and Landscapes
LUP	Land Use Planning
M&E	Monitoring and Evaluation
MAF	Ministry of Agriculture and Forestry
MAP	Mekong and Asia Pacific
MCHN	Mother and Child Health and Nutrition
MDG	Millennium Development Goal
MfDR	Managing for Development Results
MoIC	Ministry of Industry and Commerce
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
NAFRI	National Agriculture and Forestry Research Institute
NAPA	National Adaptation Programme of Action
NCU	National Coordination Unit
NGO	Non-Governmental Organisation
NLMA	National Land Management Authority
NRM	Natural Resource Management
NSEDP	National Socio-Economic Development Plan
NTFP	Non-Timber Forest Products
ODA	Official Development Assistance
PAFO	Provincial Agriculture and Forestry Office
PEI	Poverty Environment Initiative
PIP	Public Investment Program

PPP	Public Private Partnership
P4P	Purchase for Progress
RDMA	Rural Development in Mountainous Areas of Northern Lao PDR
RLIP	Rural Livelihoods Improvement Programme
SDC	Swiss Agency for Development and Cooperation
SM	School Meals
SNV	Netherlands Development Organisation
SWG ARD	Sector Working Group on Agriculture and Rural Development
TA	Technical Assistance
TABI	The Agrobiodiversity Initiative in the Lao PDR
UNEP	United Nations Environment Programme
UNDP	United Nations Development Programme
USD	United States Dollars
WB	World Bank
WFP	World Food Programme
WRM	Water Resources Management

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1. Summary of Overall Agriculture and Food Security Strategy and Associated Investment Plan

1. The Government of Lao People's Democratic Republic (GoL) is committed to achieving the Millennium Development Goals (MDGs), particularly MDG1: *to cut hunger and poverty in half by 2015*. GoL has formulated an Agricultural Development Strategy (ADS) for 2011-2020. The long term development goals for the agriculture sector, which are pursued in a corresponding Agricultural Master Plan (AMP) for 2011-2015, are: (i) Gradual introduction and increased application of **modernized lowland market-oriented agricultural production**, adapted to climate change and focused on smallholder farmers; (ii) **Conservation of upland ecosystems**, ensuring **food security** and improving the livelihoods of rural communities.

1.1. Objectives, indicators and past performance

The Agricultural Master Plan

2. The AMP has four specific objectives¹, with corresponding indicators for each.
3. **Specific objective 1:** The improvement of livelihood (through agriculture and livestock activities) has food security as its first priority.
4. *Indicators:* (i) Rice production increases to 4.2 million tons of paddy per year; (ii) Diversified farming gives increases of 5% per year of protein-rich food products up to a minimum consumption of 40 kg per person per year; (iii) Food produced in the 47 poorest districts increases by a minimum of 350 kg per person per year.
5. *Past Performance:* In the last 20-30 years, GoL and its development partners achieved much success in increasing food production through irrigation schemes in the lowlands. In contrast, poverty and malnutrition in the uplands remain high. More than 40% of children under 5 years of age in the uplands are underweight and chronic malnutrition there has not fallen in the last 10 years, despite significant gains in many other development indicators. GoL is committed to prioritising upland development. A focused approach is now needed, with targeted awareness campaigns in areas with high malnutrition, highlighting the contribution of agriculture in sustaining diverse production of high quality food and in increasing production of critical food group products (protein and lipid rich food): fish, poultry, pulses and vegetables. More support is also needed for micro-irrigation schemes to be built by farmers themselves, using simple technology and where possible, using local materials, so they can be easily maintained by the users.
6. The latest GoL figures indicate that 80% of AMP targets for this objective have been met. Rice production increased from 3.07 million tonnes in 2010 to 3.43 million tonnes in 2012 and 3.6 million tonnes in 2013, which is a progress rate of 82% against the 2015 target of 4.2 million tonnes. While at the national level Laos has reached rice self-sufficiency, people in the uplands still face rice shortages. Positive progress on diversified farming has also been reported. For example, corn production increased by 10% between 2010 and 2012, which indicates an 80% achievement towards the 2015 objective. Vegetable production rose by 39% between 2010 and 2012, thereby exceeding the 5 Year Plan by 4%. The supplies of meat, fish and eggs to the general

¹ The AMP refers to them as goals.

public rose increased by 14% between 2010 and 2012, reaching 83% of the 2015 target. This supports the average consumption of meat and fish to reach 48kg per person per year in 2012. The group formation of producers and associations of producers have allowed for an economy of scale to develop, with significant increases in maize, some food crops (e.g. tubers, sweet corn), sugar cane, small farmed animals etc.

7. **Specific objective 2:** Increased and modernized production of agricultural commodities will lead to “pro-poor and green value chains”, targeting domestic, regional, and global markets, based on organizations of smallholder farmers and partnering investments with the private sector.
8. *Indicators:* (i) By 2015 agriculture and forestry provides one third of Laos’ total exports; (ii) The value of agriculture and forestry product export grows to USD 3 billion per year; (iii) Smallholder cooperatives and farmer associations are established in all value chains; (iv) Income for smallholder farmers increases.
9. *Past Performance:* Commercial farming in Laos has been developing, especially in the areas close to Vietnam and China. However, smallholder farmers need higher negotiation power to obtain the best possible fair prices. This can be facilitated by their organizing themselves into associations. Government agencies can play a facilitative role to bring together outside investors and local producers.
10. The total value of exports during 2011 – 2013 reached USD 4,491 million. Agriculture and forestry made up just 10.8% of these (timber and wood products 6.5%, agricultural / livestock products 4.3%). The remainder of export value was made up of minerals (56.7%), processing industry (19.3%), hydropower (10.8%), and handicrafts (2.4%).
11. **Specific objective 3:** Sustainable production patterns, including the stabilization of shifting cultivation and climate change adaptation measures, are adapted to the specific socio-economic and agro-ecological conditions in each region.
12. *Indicators:* (i) Land allocation and land use planning are undertaken based on agro-ecological analysis; (ii) Shifting cultivation reduces and viable alternatives are introduced; (iii) Grass root participatory development planning is carried out by rural men and women.
13. *Past Performance:* Although population density in Lao PDR is low, there are increasing conflicts where large mining concessions are approved and where commercial plantations, usually through Foreign Direct Investment (FDI), are established for crops such as rubber, sugar cane, banana and cassava. Consequently, GoL has suspended further land concessions until 2015 and has started a socio-economic assessment of these investments.

Continuing global climate change is a key reason to speed up the extension of less risky farming systems to replace upland rice (the main crop grown in shifting cultivation), for which yield depends completely on regular rainfall. Successful examples of agroforestry are present, especially in Northern Laos. Land use planning and land allocation have been undertaken at village level in most of the country. The land policy is currently under revision and is scheduled to be tabled at the National Assembly in June 2013.

14. **Specific objective 4:** Sustainable forest management will preserve biodiversity and will lead to significant quantitative and qualitative improvements of the national forest cover, providing valuable environmental services and fair benefits to rural communities as well as public and private forest and processing enterprises.
15. *Indicators:* (i) Forest area increases up to 65% of total land surface; (ii) Community based natural resource management for improving forests is supported; (iii) Systems are established to monitor the carbon content of forests and to claim carbon credits.
16. *Past Performance:* Sustainable forest management is vital for the food and income security of the more vulnerable groups living in the uplands in Laos. Natural forests represent food banks, especially in times of food scarcity, and the diverse ecosystems produce many high value Non-Timber Forest Products (NTFP) that are easily marketed in neighboring countries. There are many good examples in Laos of communities benefitting from wise use of natural resources and there is an evident opportunity to scale this up to other villages and districts.
17. Forest area is currently 40.3%. Efforts towards reforestation are ongoing. The storage of tree seeds increased from 56,261 Kg in 2010 to 102,937 Kg in 2012.

The Agricultural Investment Plan

18. The Agricultural Investment Plan (AIP) for 2011-15, which is based on the ADS and the AMP, calls for development agencies and the private sector to enter into partnerships with GoL to finance agricultural development programs throughout the country. The basic assumptions of the 'realistic' (i.e. most likely) scenario for financing set out in the plan are:

- GoL has demonstrated strong commitment to agriculture by increasing its share of expenditure. However, further increases in the share of the Public Investment Program (PIP) for agriculture will be limited due to very strong demands to fund other priorities in the National Socio-Economic Development Plan (NSEDP). GoL will therefore remain in need of major donor assistance for the foreseeable future.
- Lao PDR will remain eligible for concessional loans from international financial institutions. The implementation of the planned programs under AMP can then be partly financed by a mix of Official Development Assistance (ODA) grants and concessional ODA loans.
- An improved investment climate in Lao PDR will lead to increased private sector investments in the agriculture sector.

GoL's 'realistic' scenario puts total investment in the agriculture sector for 2011-15 at USD 1876 million, with its sources shared as shown in Table 1 below.

Table 1 Total investment in the agriculture sector 2011-2015 ('realistic' scenario)

<u>Source</u>	<u>Amount (USD million)</u>	<u>Per cent of total</u>
PIP	120	6
ODA	898	48
FDI	858	46

Source: Agricultural Investment Plan 2011-2015

1.2. Key elements of the policy environment

19. The NSEDP sets out GoL's proposals to lead Lao PDR's continuing development, including rural development, poverty reduction and food security policies. Lao PDR is situated within a very dynamic region, with sustained high economic growth (average 7% GDP growth) over the last decade and where trade and investment are increasingly regional

and global. Lao PDR has responded to regional and domestic conditions by developing close economic links with neighbouring countries and by supporting the expansion of regional and global trade, while promoting rapid economic and social growth at home. A notable feature of policy and development aspirations is that GoL is deeply committed to meeting the MDGs and to graduating from Least Developed Country (LDC) status by 2020.

20. Lao PDR's economic policy favours a liberalized market system to enable domestic human and natural resource development, attract foreign expertise and capital and realize the benefits of expanded trade. For the rural sector, GoL favours a pro-market policy framework while encouraging and assisting the smallholder agriculture within sound management of the eco system. Economic policy has successfully promoted rapid growth over the last two decades, during which the proportion of people living in poverty was halved.

21. GoL recently moved to improve its capacity to plan and implement effectively and efficiently. Their decentralization program gives considerable power to province and district tiers of government, leading to greater efficiency, improved consultations and closer connection with the grassroots. Significant efforts are being made to address weaknesses in administration by expanding and improving human resources and capability of all tiers.

22. GoL is addressing weaknesses in planning and coordination that have become evident through programs and projects using ODA. Various coordination groups and mechanisms such as sector working groups and a round table process have been formed to remove bottlenecks in implementation, bring complementarity to the work of differing agencies and ensure that implementation is efficient.

23. GoL, with support from its development partners, is in the process of establishing a national, multi-sectoral, multi-stakeholder coordination mechanism to tackle challenges related to food security and nutrition. This mechanism will bring together ministries, development partners and other stakeholders working on food security and nutrition. While this mechanism is being developed, the existing round table process for aid effectiveness and its relevant sector working groups provide an appropriate platform to promote inter-ministerial cooperation on food security and nutrition activities.

1.3. Plan components to achieve the objectives

24. MAF has defined eight programs to be followed and has proposed the measures to be adopted to meet the four objectives under the AMP. The programs are: 1) Food Production; 2) Commodity Production and Farmers Organizations; 3) Sustainable Production Patterns, Land Allocation and Rural Development; 4) Forestry Development; 5) Irrigated Agriculture; 6) Other Agriculture and Forestry Infrastructure; 7) Agriculture and Forestry Research and Extension; 8) Human Resource Development.

Program 1: Food Production

25. *Issues and constraints.* Laos' topography limits the areas suitable for high-value irrigated cropping. In addition, the full potential of irrigable areas has not been achieved, partly due to use of sub optimal seeds and water application and crop management problems.

26. *Proposed measures.* First, strengthen smallholders' capacity to better manage irrigated agriculture. Second, build and operate medium and large irrigation schemes through public private partnerships (PPP). Third, intensify cropping in lowland areas of the Mekong corridor and in existing irrigated fields. Fourth, diversify agricultural production with all suitable resources used efficiently, including forests for NTFP.

27. *Main agencies responsible.* Development of efficient, productive cropping is the responsibility of the private sector including farmers, input and credit suppliers and various traders. They will be supported by GoL agencies including MAF, Provincial and District Agriculture and Forestry Offices (PAFO and DAFO), by NGOs and farmers' organizations.

Program 2: Commodity Production and Farmer Organizations

28. *Issues and Constraints.* Low-productivity subsistence farming with low focus on growing rice is prevalent and farmers have limited access to knowledge, credit, inputs and markets. This constrains the increase and diversification of crop production and marketing.

29. *Proposed measures.* PPP with farmers' organizations and other private sector entities will be set up, incentivizing private investments in irrigated agriculture and developing pro-poor, pro-green value chains, while improving the quality of agri- and forest products.

30. *Main agencies responsible.* Private sector entities including farmers will be the main players for this program. The major support from GoL will come through MAF and its Department of Agriculture Extension and Cooperatives (DAEC), the Ministry of Industry and Commerce (MoIC), PAFOs and DAFOs.

Program 3: Sustainable Production Patterns, Land Allocation and Rural Development

31. *Issues and constraints.* First, participatory land use planning needs to be expanded and improved to include climate smart technologies. Second, shifting cultivation needs to be further reduced and environment-friendly agriculture promoted.

32. *Proposed measures.* First, conservation agriculture and sustainable alternatives to shifting cultivation will be promoted. Second, participatory village development planning and climate smart land use planning will be supported. Third, the work of local civil society organizations will be facilitated.

33. *Main agencies responsible.* Responsibility within government will stretch from central to provincial and district levels with the major agencies being MAF, DAEC, MoIC, PAFOs and DAFOs. Farmers' and village community organizations, supported by DAEC and NGOs, will be responsible for planning and management of local resources including lands and forests.

Program 4: Forestry Development

34. *Issues and constraints.* First, existing forests have been degraded by overexploitation, leading to declines in the quantity and quality of stands. Second, while NTFP are very important to the rural economy and for food security, unsustainable harvesting methods are sometimes used.

35. *Proposed measures.* The major measures for sustainable forest management are to support community-based natural resource management, create a framework for community forestry and use agro-ecological system analysis as the basis for land use planning.

36. *Main agencies responsible.* Government responsibility will be taken mainly by MAF, DAEC, the Ministry of Natural Resources and Environment (MONRE), PAFOs and DAFOs. Community organizations will be responsible for forest management.

Program 5: Irrigated Agriculture

37. *Issues and constraints.* Farmers in Lao PDR face increased periods of drought due to climate change. However, further expansion of irrigated agriculture in Lao PDR is held back by risks and uncertainties related to markets, technology transfer and infrastructure.

38. *Proposed measures.* Irrigated agriculture will be promoted by stimulating investment by domestic and foreign private sector interests. Policy will be reformed to create a more conducive environment for irrigated agriculture using holistic development as a business activity involving farmers and investors governed by economic incentives.

39. *Main agencies responsible.* MAF and the Department of Irrigation will be primarily responsible for policy reform to encourage private sector investment. DAEC, PAFOs and DAFOs will provide extension services to assist farmers as the most important implementers.

Program 6: Other Agriculture and Forestry Infrastructure

40. *Issues and constraints.* Agricultural production and marketing is constrained by the availability and quality of all classes of infrastructure and of some services requiring significant investment. Improvements to roads, market information services, market infrastructure, mechanization and post-harvest handling are essential for efficient production and exchange so that agriculture can fully contribute to the well-being of people.

41. *Proposed measures.* MAF will work with smallholder farmers and their organizations to facilitate their access to on-farm mechanization services and improved post-harvest handling facilities and services. MAF will work with the Department of Public Works and Transport (DPWT) to identify and prepare an infrastructure construction plan responding to farmers' needs and including facilities that show real returns to investment.

42. *Main agencies responsible.* MAF and the DPWT will be responsible for infrastructure development. MAF will prepare policy proposals to encourage investment in critical facilities along value chains. PAFOs will identify infrastructure needs for joint consideration and planning by MAF and the DPWT.

Program 7: Agriculture and Forestry Research and Extension

43. *Issues and constraints.* Field and adaptive research are needed to support the changing agricultural systems being introduced across Lao PDR. Research is especially needed to derive practical adaptive measures for farmers to cope with global climate change.

44. *Proposed measures.* First, research will be directed to 'improved seeds and breeds' that give higher productivity. Second, seed varieties that are resistant to drought will be developed. Third, technologies known to assist farmers to adapt to climate change will be promoted, for example mulching and cover crops.

45. *Main agencies responsible.* MAF will have prime responsibility for this program, with cooperation from the National Agriculture and Forestry Research Institute (NAFRI), DAEC and the PAFOs and DAFOs.

Program 8: Human Resource Development

46. *Issues and constraints.* The expansion of agriculture and the changes being encouraged to introduce sustainable systems and raise productivity require modernization and strengthening of institutions. New skills and approaches must be developed in Lao PDR's agricultural institutions including value chain analysis, post-harvest handling, cooperation with the private sector, M&E and gender analysis. Attention must be paid to gender issues to ensure increased women's participation in farmers' organizations and extension services.

47. *Proposed measures.* First, institution structures will be improved and sufficient qualified staff recruited, paying attention to improving the gender balance. Second, training programs will be designed and conducted to close gaps in staff knowledge and skills. Third,

the representation of women in farmers' organizations will be supported and communication with women farmers will be improved.

48. *Main agencies responsible.* All GoL institutions will be involved in improving their structures and personnel. MAF will be responsible for preparing guidelines, supporting national, provincial and district agencies and monitoring and evaluating progress. Lao Women's Union will be responsible for providing inputs and support on the gender agenda.

1.4. Planned composition and level of spending to implement the components

49. The total cost for implementing the eight programs is estimated at USD 1,876 million. Indicative costs for the different programs under the 'realistic' scenario are shown in Table 2.

Table 2 Indicative costs for AMP programs ('realistic' scenario)

Programs of AMP	Investment (USD million)	Proportion of total
1. Food Production	231.2	12%
2. Commodity Production and Farmer Organisations	339.6	18%
3. Sustainable Production Patterns, Land Allocation and Rural Development	128.9	7%
4. Forestry Development	139.9	7%
5. Irrigated Agriculture	689.9	37%
6. Other Agriculture and Forestry Infrastructure	241.3	13%
7. Agriculture and Forestry Research and Extension	70.5	4%
8. Human Resource Development	35.0	2%
Total	1,876.3	100%

Source: Agricultural Investment Plan 2011-2015

1.5. Financing sources and gaps

50. The AIP simulates three investment scenarios for the coming five years – 'realistic', 'conservative' and 'optimistic'. The 'realistic' (i.e. most likely) scenario foresees an investment of USD 1,876 million comprising GoL's PIP, private investment and ODA.

51. However, after increasing steadily for five years, total ODA fell by 15% from USD 495 million in 2008 to USD 420 million in 2009². Levels of FDI can be volatile and are determined largely by global economic conditions. The resulting financing gap for investment in the agriculture sector is estimated as USD 580 million over five years. GoL will look to fill this gap through donor support, increased domestic public support and FDI.

²Net official development assistance and official aid received (current USD), World Development Indicators, World Bank, <http://data.worldbank.org/indicator/DT.ODA.ALLD.CD>

Table 3 Agricultural Development Program cost and financing gaps, 2011-2015 (USD million)

Program	Total Investment Required	Estimated ODA	Estimated PIP	Estimated FDI	Financing Gap
Food production	231.2	95.7	13.9	64.0	-57.6
Commodity production and farmer organizations	339.5	38.6	20.4	200.0	-80.5
Sustainable production, land allocation and rural development	128.9	124.4	3.9	13.0	12.3
Forest management	139.9	40.1	8.4	46.0	-45.4
Irrigated agriculture	689.9	18.4	41.4	451.0	-179.1
Other agriculture and forestry infrastructure	241.2	3.3	14.5	56.0	-167.5
Agriculture and forestry research and extension	70.5	6.0	4.2	24.5	-35.8
Human resource development	35.0	5.8	2.1	0.0	-27.1
Total	1 876.3	332.2	108.7	854.5	-580.8

Notes: Total investment requirement is based on Scenario 1, "realistic". Total investment required, current investment and financing gap is across all funding sources: PIP, ODA and FDI.

Source: *Agricultural Investment Plan 2011-2015*

1.6. Process by which the strategy and investment plan were developed

52. The ADS and AIP were developed consultatively with farmers' organizations, MAF, other GoL ministries, provinces and districts, development partners, the private sector and other stakeholders. The process included consultations, workshops, meetings, written comments, matrices and other feedback at various levels (national, provincial, district and village). The AMP uses a program approach to structure measures and interventions. Using a bottom-up planning and consultation process, region-specific conditions have been considered in the overall design.

53. At village level, leaders and farmers (women and men) have been increasingly consulted to express their specific needs and contribute their views during the formulation of development plans and strategy. In October 2012, MAF started new consultations to set the targets for the new Agricultural Investment Plan 2015-2020.

1.7. Implementation arrangements and capacity to implement

54. A lead department within MAF has been designated as responsible for defining the indicators and targets of each year's plan for each of the AMP programs and will submit an annual M&E progress report. The lead department follows up on the inter-ministerial coordination that is defined in the AMP. The involvement of non-government stakeholders and creative partnerships at local level have been improving over time and this jointly with the support provided by development partners have contributed to strengthen government capacity.

2. Specific proposal for GAFSP financing

2.1 Specific objectives, expected results and target beneficiaries

55. GAFSP aims to improve the income and food security of poor people in developing countries by filling existing gaps in bilateral and multilateral assistance. These objectives are transposed into the Lao context through targeting of the most food-deficient areas and the most vulnerable groups within the country. The proposed GAFSP-supported program has two geographical foci: the mountainous regions in the North and the Southeast, where food insecurity is most prevalent, particularly amongst the ethnic groups living there. The specific objectives, expected results and links to the AMP are illustrated below.

Table 4 Objectives and expected results for the proposed program

Objectives		Expected results		Links to AMP	
National Level					
-	Improve food security and nutrition, especially for mothers and children under five years	-	- At least 80,000 women, and 60,000 men become food secure and have improved nutrition - % of undernourished children under five reduced by 30%	-	Programs 1, 3, 5, 7 and 8 . Support for irrigation . Climate smart agriculture
-	Increase incomes of smallholder farmers through pro-poor and pro-green value chain development	-	Number of men and women living on less than USD1 per day is reduced by 50% at program completion	-	Programs 2, 3, 4, 6 . Support to farmer groups to become strong partners with private sector and improve access to markets
Provincial Level					
-	Better targeting of vulnerable groups through area specific approaches	-	Improved coverage of upland villages with high incidence of food and income insecurity	-	Programs 1, 2, 3, 4, 5, 6 and 8 . Improved planning and efficiency
-	Better coordination of existing stakeholders in agriculture development through formation of broader partnerships	-	Government, private sector, NGOs and farmer organizations work together more efficiently	-	Government role changes from service provider to facilitator between farmers, NGOs, private sector and banks
District and Village Levels					
-	Set up multi actor teams for implementation based on comparative strengths	-	Increased responsibilities of farmer organizations in self development	-	Programs 1, 2, 3, 4, 5, 6 and 8 . Improved implementation
-	Scaling-up of existing best practices in agriculture through farmer-to-farmer networks and increased involvement of the private sector	-	Government focus on regulatory frameworks, technical support	-	Programs 1, 2, 3, 4, 5, 6 and 8 . Increased food production
		-	NGO focus on social development	-	More diverse agricultural and forestry products are marketed
		-	Private sector focus on links to markets, value adding	-	

56. The program will select a total of 12 districts in the uplands in the North and Southeast of Laos by criteria of highest need and potential for scaling-up. The same pro-poor approach will be used when selecting target villages and target families. Approximately 15 villages per district will be targeted in the first year with expansion to 30 villages per district from the third year onwards.

57. The general target group will be farmers who face difficulties in producing food or earning income to guarantee family food security and adequate nutrition. Within that group, special attention will be paid to women and to children under 5 years, these being the groups who experience the worst food insecurity and malnutrition. The current monitoring of weight and height of infants as part of the ongoing national mother and child health programs will be used to target the most vulnerable groups and to measure the impact of the GAFSP-supported program during implementation. The proposed program will include a focus on reducing the threat to vulnerable groups such as pregnant women, nursing mothers, infants and young children. The program will also support measures to reduce the burden of workload currently carried by women and to better share the division of labour with men.

58. Projects funded by various donors in both geographical target areas such as the Rural Livelihoods Improvement Programme in Attapeu (IFAD and WFP supported), the Northern Uplands Development Programme (AFD, EU, SDC and GIZ supported) and others have been successful in reaching women and upland communities for the improvement of nutrition and the development of less risky upland agriculture practices that increase the supply of food and the generation of income. The GAFSP-supported program will enable the scaling-up of interventions proven to be successful and compatible with the food security objective. The development of farmer-to-farmer networks and capacity building of farmer organisations will encourage a greater commitment to knowledge sharing and cross-learning between groups and will form key elements of the scaling-up approach. Lessons learned from previous and on-going projects have been very useful in preparing this proposal and will guide further the design of the GAFSP.

59. MAF's Department of Planning and Cooperation will be responsible for the overall monitoring and evaluation (M&E) of the proposed GAFSP-supported program. An M&E officer supported by the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP), based in the national coordination unit, will be in charge of guiding staff at province and district levels on effective monitoring of program outputs, outcomes and impact. In line with the bottom-up planning approach of the program, indicators will be selected such that beneficiaries themselves can use them to measure success locally and to adjust future planning accordingly.

60. The number of direct beneficiaries is estimated at 80,000 women and 60,000 men; the number of indirect beneficiaries, reached through an environment of greater connections between farmers and the private sector and knowledge sharing practice, will be much higher, approximately 240,000 women and 180,000 men. GoL leadership in preparing the program and embedding it into MAF suggest great potential for wider replication of the proposed GAFSP-supported activities.

2.2 Activities to be financed

61. Taking into account the fact that not all funding has been secured yet for the AIP (see above), this proposal prioritizes activities that will have the highest impact on food insecurity, malnutrition and poverty. The program aims to maximize its impact through concerted cooperation with existing actors and by building links with current and planned food security and poverty reduction programs and projects. The chosen activities are already field-proven

and can be scaled-up, in part by successful farmers training other farmers in the particular expertise that helped them overcome common problems. Government district staff will play a facilitating role in this farmer-to-farmer extension network which has potential to be extremely effective in reaching their counterparts, especially within the same ethnic group.

62. The proposed program will be primarily directed through activities in three components drawn from those outlined in the GAFSP Framework Document, which are considered of highest priority in the context of Lao PDR's rural development and pursuit of food security:

- Raising Agricultural Productivity
- Linking Farmers to Markets
- Technical Assistance, Institution-building and Capacity Development.

Component 1: Raising Agricultural Productivity

63. The first component includes four activities, each of which addresses an important restraint on agricultural productivity. Low productivity of land and labour is a key cause of inadequate supplies of food for rural people. Therefore, the program places high priority on raising productivity to provide secure food, improve nutrition for rural people and increase production for gradual and sustained increases in commercial sales.

Activity 1: Micro Irrigation Schemes

64. Small scale irrigation has been well proven to have positive impacts on food security, where land and water are available. Families with irrigation facilities can produce rice with less risk and using less labour, thus enabling them to engage in other activities that increase their income. Women, who bear the bulk of the weeding burden for upland rice, benefit especially from expansion of irrigated rice.

65. Small plots where farmers can grow irrigated rice can radically change these families' food security prospects. The schemes will be built by the farmers themselves using local technology with some additional support for external materials (PVC pipes; cement, gabion wire) provided by the program.

66. Program 5 in the AMP foresees investments for irrigated agriculture coming mainly from the private sector. This implies that future development is more likely to occur where larger land areas are available. There are, however, many sites in the uplands where irrigation could be developed by families to serve small land areas but where investment is unlikely without stimulus from government. GAFSP funding would enable more vulnerable groups to obtain inputs for construction of small scale irrigation schemes.

67. It is estimated that this activity could assist 3,600 families in some 180 villages to develop the facilities to irrigate 1.0 ha each.

Activity 2: Increasing Productivity of Existing Irrigated Rice

68. Productivity of rice fields is still very low in most food-deficient areas in Lao PDR. Agricultural research work by NAFRI has developed the technology that can lift yields markedly throughout the country. A critical first step in increasing production and supply of food is to provide better extension support to farmers. This activity is concerned with supporting the translation of research results into practical farm gains via extension support to promote best practices for increasing rice yield such as high quality seeds, crop management techniques and growing crops in dry seasons that lift soil fertility.

69. The target for this activity is to reach 4,800 families in 240 villages with the aim of increasing average yield by a minimum of 500 kg per ha.

Activity 3: Climate Smart Sustainable Upland Farming

70. Production of upland rice, which is the main staple crop for poor families, is limited by several factors including poor technology and techniques and is increasingly threatened by climate change. Provision of better cropping options that carry less risk, offer higher returns and improve the quality of the yield will improve farmers' food security and create the possibility for increases in income through further diversification.

71. As global climate change continues, the anticipated increase in droughts and flooding raises the risk of crop failure for traditional upland rice farming to proportions that demand the rapid introduction of risk reduction measures. Some simple means of substantially reducing risk, such as the use of cover crops/green manure and further diversification, have been well proven. Lao PDR's AMP provides for substantial attention to be paid to introducing and spreading conservation farming. The proposed GAFSP-funded program will promote conservation farming as well as agroforestry through support for specific campaigns by extension services and continuing education and training.

72. The program aims to assist an estimated 7,200 families in 240 villages to introduce conservation farming techniques, agroforestry and smart farming on up to 8,000 ha of uplands holdings.

Activity 4: Nutrition Supportive Agriculture for Smallholder Farmers

73. The high levels of stunted (43%) and underweight (32%) children under 5 years in Lao PDR are caused mainly by a shortage of protein and fat in their diets. Both increasing and diversifying food supply is essential for overcoming hunger and malnutrition and improving the overall health standards and wellbeing of people living in poverty. Particular attention should be paid to mothers and children. The proposed program promotes the cultivation of staple crops and diversification of cropping to ensure that a range of adequate foods become available.

74. The program will promote more diversified farming systems that produce protein- and lipid- rich foods such as pulses, fish, fruits (e.g. banana, avocado, papaya) and vegetables (e.g. amaranth, pumpkin). The program will encourage and assist construction of small family fish ponds as part of the construction of micro irrigation schemes. The introduction of more food pulses on upland fields fits directly into the strategy to use more cover crops and green manure (e.g. cow pea, rice bean, lablab bean and soybean). Given the important role played by women in influencing the nutrition levels of their households, this activity will have a specific focus on supporting female farmers to make vegetable and fruit gardens for home consumption.

75. Completed and ongoing programs and projects to improve nutrition in Lao PDR have provided valuable lessons, among the most important being effective ways to translate increased food supplies into improved nutrition, especially for the most vulnerable. Experience suggests that opportunities for diversification of field cropping and introduction of fish ponds and home gardens will find strong favour among rural people in Lao PDR. The program aims to reach 60,000 women in 360 villages and to create 3,600 fish ponds and 6,000 ha of home gardens.

Component 2: Linking Farmers to Markets

76. As farmers become more food-secure, they become increasingly linked to commercial systems and “value chains” which link rural producers with consumers domestically and further afield. Growth of local, national and regional markets is being increasingly stimulated in Lao PDR by trade policies and the construction of infrastructure facilitating transport, storage and exchange. More and more rural communities are coming into contact with traders and middle men buying their products. However, they usually engage in the market as individuals and are badly prepared to identify trading options and to negotiate the best deals to maximize their benefits. Training and facilitation to engage with commercial interests is required to enable rural communities to transition from subsistence to market economies.

Activity 1: Farmer Cooperatives for Trading

77. GoL recently passed decrees on farmer associations and cooperatives which provide opportunities for farmers to organize into groups for purposes such as trading of inputs and outputs and accessing credit. Such organizations have the potential to increase trade and therefore farmers' incomes. In turn, the increased output of farm products contributes to food security. There are, however, considerable barriers to formation and successful operation of these organizations in the upland areas where the proposed program will be located. Education opportunities are limited in the upland areas, and there is little experience of forming organizations or engaging in commercial dealings outside the area.

78. The proposed program will assist rural men and women to form organizations to improve their access to markets for physical and services inputs and for outputs. The program will provide practical business literacy training for women and men involved in the management of farmer groups. Training will cover topics such as market information, bookkeeping, quality control, negotiation skills and making business plans. Local NGOs will play a role in social skills training, while private sector agents (banks and traders) will be involved in training on finance methods and market engagement. GoL will provide its supervisory services to ensure compliance with the regulatory framework on environmental impact and business law.

79. This activity aims to assist people in 120 villages to form trading organizations with 30 members each, for a total of 3,600 families. The aim is to increase the volume of goods traded by participants by a minimum of 30% and to increase farm incomes by 50%.

Activity 2: Value Adding by Cooperatives

80. Farmers in Lao PDR are currently limited to selling their outputs in raw form, as there are virtually no processing or storage options. They cannot take full advantage of the potential for value adding, which would increase incomes, reduce risks and thus contribute to food security. Farmers' cooperatives which have been established for trading and are operating successfully can further increase their contribution to the incomes and employment of rural people by introducing grading and packaging of products and simple processing such as drying.

81. GoL's regulations for farmer organizations provide opportunities for farmers with access to promising value chains to register as a Community-Based Enterprise (CBE), to promote their products and to develop business plans. The proposed program will provide training in management, technical and marketing skills to assist farmer organizations to move into processing, storage and other practices that would add value to their outputs. The program will also facilitate business partnership development between farmers, buyers and banks.

82. The program aims to assist 60 villages and about 1,800 families in total through this activity. The aim is to form 60 associations, cooperatives or CBEs.

Component 3: Technical Assistance, Institution Building and Capacity Development

83. The roles of actors engaged in the agriculture sector in Lao PDR are to change substantially and rapidly over the next decade. The ADS and AMP envisage that government agencies in agriculture will move from being direct service providers to becoming facilitators in broader partnerships with diverse stakeholders. Similarly, the emergence of local farmer associations and cooperatives presents the opportunity and challenge for farmers to take on the new role of managers of their own development. There is a need for substantial capacity building to accommodate these changes, both within the public sector and among the farmers who bear the responsibility for agricultural organization and production.

Activity 1: Capacity Building for Government Staff

84. Increased capacity of government staff is essential to ensure the success of the new planning, implementation and operating methods being introduced through GoL's policy reforms. The proposed program will make a substantial contribution by increasing the capability of personnel and by demonstrating new, policy-conforming methods in its own operations. The program will assist provincial and district agriculture staff, who must change their working mode from technical trainer to facilitator of farmer groups.

85. Most public sector agriculture staff have had little training on participatory working methods. As facilitators, the public sector agriculture staff will face new tasks such as assisting farmer organizations to manage their own processing and marketing and stimulating the formation of farmer-to-farmer extension networks in which more advanced farmers teach farmers of other villages how to successfully apply new farming technologies. Provincial and district staff also need to build their competence in gender-sensitive planning, climate smart agriculture, adaptation to working with illiterate farmers and M&E.

86. The program will include a range of clearly targeted training activities to build the capacity of public sector actors concerned with rural development and food security. It will aim to improve the skills of 120 district, 20 provincial and 10 national staff members within the 12 target districts. WFP and international and national NGOs will play a key role in training and coaching activities.

Activity 2: Capacity Building for Villagers

87. Increasing food production, improving nutrition and raising incomes to improve the well-being of poor rural people requires close interaction between the public sector, civil society and the private sector. In the proposed program, increasing the capability and skills of villagers will facilitate their self-development, more efficient activity implementation and the probability for sustainability and post-program continuation.

88. There is a great need to build the capacity of the target villagers, both for implementing the proposed program and for their roles in future rural development. Newly emerging village civil society groups are commonly weak and unfamiliar with their potential new role in planning management. The extension approach in agriculture will use farmer-to-farmer learning. Therefore, successful farmers will need training on how to transfer their skills to others. Capacity building will be facilitated through training in social development, nutrition, management of group dynamics, inclusive planning and administration. The content and form of the training will be adapted to the education level of the beneficiaries. Opportunities will also be provided for knowledge sharing and network development

between farmers and other actors operating at different levels of the value chain e.g. traders and middle men. WFP and international and national NGOs will play a key role in training and coaching activities.

89. The proposed program will build the capacity of villagers to participate fully in rural development, especially where agriculture, food security and nutrition are concerned. The program will target 240 villages, aiming to train 1,200 female and 1,200 male members of community organizations, with 30 men and 30 women trained as village extension workers.

2.3 Implementation arrangements

90. The program applies an area-based cross-cutting approach to implement improvements in food and income security at household level. Therefore, the implementation arrangements are set up accordingly. The program will coordinate with existing donor initiatives and projects in order to ensure complementarity and effectiveness, make full use of existing capacity and build on opportunities for scaling-up (see Appendix 1: Complementary Donor Initiatives).

91. At Central level, the lead implementing agency will be the Department of Planning and Cooperation (DPC) of MAF, as most proposed activities are linked with agriculture and forestry. As host organization MAF can also make optimal use of the existing provincial and district staff structures and can ensure that the GAFSP program is aligned to the sector strategy plans of the ADS and AMP. A GAFSP National Coordination Unit (NCU) will be attached to the existing Programs Management Unit under the DPC at MAF (The Programs Management Unit is a unit created to coordinate the implementation of all MAF programs in Lao PDR). The NCU will comprise a National Program Coordinator, an International Technical Advisor (TA), a Financial Officer, an Associate Financial Officer, an M&E Officer, an Associate M&E Officer and two administrative staff. The NCU will ensure coordination, monitoring and reporting on GAFSP objectives and targets.

92. A National Steering Committee will be formed in order to ensure effective coordination and timely address of cross-cutting issues. This Committee will comprise: Ministry of Agriculture and Forestry, Ministry of Health (nutrition), Ministry of Industry and Commerce (trade), Ministry of Environment and Natural Resources, Lao Women's Union, Lao Youth Union, farmer organizations, the private sector, chambers of commerce, local and international NGOs and civil society.

93. At Provincial level, Provincial Steering Committees will facilitate the maximal use of existing players and initiatives in the planning and set up of area-based partnerships. Provincial level will be responsible for planning and ensuring consistency in subsidy policy guidelines provided to the District Implementation teams. The Provincial Coordination Units will aggregate and check the development plans from district levels and transfer this information to the NCU.

94. At District level, the program will be implemented through joint implementation teams formed by DAFO, local and international NGOs and farmer extension workers. The program will be supported by the Department of Health for activities related to nutrition. The teams will also be assisted by private sector specialists through the TA and capacity building component. Private sector actors will mainly comprise banks and traders. Banks will provide credit to farmer organizations and traders will provide inputs and TA as part of an inclusive business partnership. Connecting and coordinating farmers, the public sector and private sectors in capacity building activities will be key to ensuring efficient implementation and sustainability.

95. The District teams will facilitate formation of local farmer organizations and assist them in making their own development plans. District teams are currently responsible for aggregating village plans, check them on feasibility and sending them on to provincial level. The results of regular monitoring of progress and output will be fed to provincial level as a marker for improving and adjusting the further planning of the program.

96. IFAD and WFP will be the supervising agencies. IFAD and WFP have been successfully working together with GoL in both Northern and Southern Laos for the past 8 years. Supervision will be undertaken jointly by both agencies and the GoL. IFAD will be the supervising agency for the investment components while WFP will be in charge of the technical assistance component. IFAD and WFP will participate jointly with the GoL in the detailed design of the program and in the identification of activities for which it might form partnerships with other players. IFAD will provide its expertise in designing, supporting and supervising investment programs implemented through government structures. WFP will provide valuable advisory services to program management and monitoring at all levels and on technical and operational aspects of activities for improving food security and nutrition.

2.4 Amount of financing requested

97. The overall cost of the program is estimated at USD 63 million over five years. From this, **47 million USD** is requested from the **GAFSP trust fund**, 8.5 million USD will be contributed by GoL and 7.5 million USD will be contributed by private sector investments (mainly from banks and traders). Further detail is provided in Table 5.

Table 5 Program cost and financing estimates (USD million)

GAFSP Component/ Activity Group	Total cost	Finance Source			Priority 1 = very high; 2 = high;
		GAFSP	GoL	Private sector	
1. Raising agricultural productivity	34.5	28	4.5	2	
1.1 Micro irrigation schemes	14	12	1	1	1
1.2 Increasing productivity of existing irrigated rice	3.5	3	0.5	0	2
1.3 Climate smart sustainable upland farming	7	5	1	1	2
1.4 Nutrition supportive agriculture for smallholder farmers	10	8	2	0	1
2. Linking farmers to markets	19	13	1	5	
2.1 Farmer cooperatives for trading	10	7	1	2	1
2.2 Value adding by cooperatives	9	6	0	3	2
3. Technical assistance, institution-building and capacity development	9.5	6	3	0.5	
3.1 Capacity building for government staff	5	3	2	0	2
3.2 Capacity building for villagers	4.5	3	1	0.5	1
Grand Total	63	47	8.5	7.5	

98. Most of the funds will go towards improving food security as this is the highest priority in the strategic plans for agriculture development. The activity with the highest cost is support for family sized micro irrigation schemes. Contributions from the private sector are higher for the marketing related activities.

99. As was discussed in the independent peer review of the ADS (SDC supported review in 2012), the projected public investments for the whole sector, is estimated at 120 million USD, which represents 8% of the total national budget. This is a considerable increase compared to 3% in 2008 and 6% in 2005. The increase reflects the importance that the GoL places on the further development of the sector, which employs 70% of the workforce and accounts for 30% of the GDP.

2.5 Preferred supervising entities and Government team

100. The supervising entities will be the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP). The investment component will be supervised by IFAD. IFAD focuses on improving rural food and nutrition security and enabling rural women and men to overcome poverty. IFAD can apply its Managing for Development Results (MfDR) approach to assessing project performance and effectiveness. IFAD has been operating in Lao PDR since 1980 and through to 2012 has provided USD 107.6 million in loans and grants for twelve programs and projects with a total cost of USD 216.7 million. Ongoing IFAD operations in Lao PDR cover twelve provinces (all in the uplands) and include the Rural Livelihoods Improvement Programme in Attapeu, the Northern Region Sustainable Livelihoods through Livestock Development Project, the Sustainable Natural Resource Management and Productivity Enhancement Project and the Soum Son Seun Jai: Community-based Food Security and Economic Opportunities Programme. The Southern Laos Food and Nutrition Security and Market Linkages Programme will commence in late 2013. In September 2012, IFAD opened a country office in Lao PDR to better support its operations. Since April 2012, IFAD has been the multilateral co-chair of the Sector Working Group on Agriculture and Rural Development (SWG ARD) in Lao PDR. Additionally, IFAD is the supervising entity for GASFP in Burundi, Sierra Leone and Togo.

101. The Technical Assistance component will be supervised by WFP which has been present in Lao PDR since 1976. The wealth of experience of WFP in Lao PDR and neighboring countries will be invaluable in providing technical assistance for the proposed program. WFP's experience in Lao PDR ranges from emergency supply of food to targeted long-running programs for specific aspects of nutrition such as stunting and wasting. To tackle the inter-generational problem of stunting, WFP focuses on pregnant women and young children during the critical first 1,000 days of life through Mother and Child Health and Nutrition (MCHN), schoolchildren through School Meals (SM), and adults through Livelihood Initiatives for Nutrition (LIN), including Food for Assets (FFA) and Purchase for Progress (P4P). Finally, widespread micronutrient deficiencies are addressed through efforts to fortify foods produced in Laos. WFP's MCHN programme aims to improve mother and child health and nutrition, through community based interactive education and training in three provinces in mostly upland areas at the village level. A similar approach will be taken in the proposed program.

102. IFAD and WFP have a successful history of working together in both Northern and Southern Laos (Oudomxay and Attapeu provinces) for the past 8 years. Both agencies have shown good coordination capacity in working with government agencies and other partners at national level as well as at grassroots level. GAFSP will build on this existing well-tested

coordination mechanism. IFAD has opened an office in Vientiane in 2012 and WFP has an office in Vientiane and 7 provincial sub-offices. This large country presence will effectively support the government teams in program's implementation, monitoring and reporting. Given that the GAFSP will follow a scaling-up approach, IFAD and WFP will keep working with their already existing counterpart Government teams. This will allow GAFSP to start with an implementation capacity that has been built over the past years. Given the additional work and activities to be implemented under GAFSP, these teams will be strengthened by additional support staff to ensure effective implementation of the program.

2.6 Time frame of proposed support

103. The program will be implemented over a five-year period, from 2014 to 2019. It will start within the period of the current AMP and AIP (2011-2015). This will allow program activities to be conceived and commenced within the overarching strategy of current five-year plan initiatives, to be revised and adjusted to apply the lessons of 2011-15 and to be consistent with the ADS 2011-20.

2.7 Risks and risk management

104. The proposed program faces a set of risks that influence almost all rural development programs and projects with donor support in Lao PDR. The program will apply the lessons learned by GoL and its donor partners in successfully managing risks across the country for many years. The major six risks and the proposed mitigation measures for each are set out in Table 6.

Table 6 Risks and risk management

Main Risk	Risk Mitigation Measures	Risk level after mitigation
Coordination between partners is weak or ineffective	<p>MAF will put in place a National Coordination Unit responsible for effective coordination, management and monitoring; international TA will give extra support.</p> <p>WFP's seven provincial sub-offices in Attapeu, Luangprabang, Luangnamtha, Oudomxay, Phongsaly, Saravan, and Sekong will facilitate coordination, implementation and monitoring.</p> <p>The program steering committee will include all stakeholders and will support better coordination.</p> <p>IFAD in its role of co-chair of the SWG ARD will facilitate coordination between partners.</p>	Medium
Limited implementation capacity	<p>The proposed program will give high priority to building increased capacity through an inclusive pluralistic and reliable network of service providers; capacity building and skill enhancement will be tailor made and include longer term on-the-job coaching by international and local TA.</p> <p>WFP country presence in the field (7 provinces) and the IFAD country presence and on-going projects (12 provinces) will support implementation and ensure effective implementation support, monitoring and reporting.</p>	Medium

Main Risk	Risk Mitigation Measures	Risk level after mitigation
Increased integration in global market economy destabilizes prices for agriculture products and exposes smallholder vulnerability as price takers	Strengthening capacities of smallholder farmer organizations will enable them to make better choices on which activities give higher returns; focus on niche products will also protect against increased risks of fluctuating world market prices, market failures, increasing effects of climate change and natural calamities.	Low
Growth of mainstream commercial farming will lead to monoculture and negative impact on environment and public health	MAF will encourage farmers to maintain diversified farming systems, closely integrating agriculture with natural resources management, while taking up progressively new technologies and entering progressively into value chains.	Medium
Sector progress is inequitably distributed, with poorest farmers and vulnerable groups left behind	The proposed GAFSP-supported program focuses specifically on the poorest farmers and most vulnerable groups. Food insecurity will be addressed and malnutrition tackled through the proposed range of program activities. To address gender inequality, MAF will proactively undertake action to ensure gender-neutral sector participation, market opportunities and financing access.	Low
Climate change accelerates, jeopardizing sustainability	Proposed activities and technologies will incorporate climate smart design elements based on the National Action Plan for Climate Change Adaptation (NAPA) which includes a series of adaptation and mitigation measures for the sector, including irrigation programs to mitigate the effects of drought and enable wet and dry season production.	Medium

2.8 Consultation with local stakeholders and development partners

105. In developing the MAF Agricultural Development Strategy 2011-2020, the consultative process consisted of workshops, meetings, written comments, matrices and further feedback from MAF departments, other ministries, provinces and districts, farmers, development partners, the private sector and other stakeholders. Led by GoL, the consultative process is ongoing and represents an aligned and harmonized multilateral and multi-sectoral response to country and regional requests for financing that helps ensure the successful impact of interventions, ensures coordination with other efforts at the country level, and follows a transparent and needs based process for gaining additional funding.

106. In developing the GAFSP proposal, GoL held three consultation workshops with MAF and various other ministries, farmers' representatives, development partners and other stakeholders on September 21, 2011, November 24, 2011, and March 12, 2012 to present the proposal, collaborate on priorities, solicit feedback and seek endorsement. The workshops were chaired by MAF and facilitated by representatives from IFAD. Workshop participants included farmers, NGOs, development partners and government representatives. Participants were mainly from: NAFRI, Ministry of Planning and Investment, Ministry of International Cooperation, Ministry of Health, Agence Française du Développement (AFD), Asian

Development Bank (ADB), , Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), European Union (EU), Food and Agriculture Organization (FAO), German Agro Action (GAA), Helvetas, Swiss Development Cooperation (SDC), Japan International Cooperation Agency (JICA), CARE International, the Committee for Cooperation with Laos (local NGO), Netherlands Development Organization (SNV), the World Food Programme (WFP), Northern Upland Development Program, United Nations Development Program (UNDP) and the World Bank.

107. On 12 March 2012, the draft proposal was reviewed by the invited stakeholders with major inputs from farmers from both target regions (6 farmer representatives from the South and 4 from the North). This reality check made the plan more fitting with the actual needs and the result was a more practical version of the GAFSP plan. A GAFSP proposal was submitted at the end of March 2012 under the second call for proposals. It was shortlisted but not funded mainly due to limited fund availability. The current proposal incorporates measures to address the comments received by the GAFSP review committee. A final review has been undertaken by the Sector Working Group on Agriculture and Rural Development (SWG ARD) in May 2013. The SWG ARD³ comprises representatives from government agencies, farmers, NGOs, civil society, development partners and private sector.

2.9 Sustainability

108. Sustainability will be fully factored into program design along several dimensions:

109. **Institutional Sustainability:** Program activities will be implemented primarily through organizations at the local level, such as farmer organizations and participatory village development planning will be undertaken. The community-based development approach will strengthen the capacity of poor communities and their organizations to manage resources and services. International and local NGOs with on the ground operational capacity will be subcontracted to back up the district teams (the first line of extension delivery) and train village trainers. In addition, the informal network of villagers will be supported and activated to become an effective complementary chain of scaling up best practices for improving nutrition and food security. Finally, the program will facilitate interactions between private enterprises and farmers in order to ensure sustainability after program completion.

110. **Financial and Social Sustainability:** Beneficiaries contribute as much as possible in all activities, thereby increasing their sense of ownership. Many inputs are either one time investments or revolving inputs that can be sustained or extended by the beneficiaries themselves. The pro-poor policies and gender sensitive approach will support the social sustainability of the program.

111. **Technical Sustainability:** The strategic choice for proven technologies ensures technical sustainability.

112. **Environmental Sustainability:** Many activities have direct positive impact on the environment (NRM and irrigation) and all activities will be evaluated on their environmental impact.

³ The SWG ARD is part of the Round Table process and meets at least three times a year.

Appendix 1: Complementary Donor Initiatives

Complementary Donor Initiatives and Partnership Potential

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status
World Bank	Lao Upland Food Security Improvement Project <ul style="list-style-type: none"> • Agricultural productivity improvement 	Upland. Sekong, Saravan and Attapeu	USD14.6m. Closing in Dec. 2014 in cooperation with the Poverty Reduction Fund
	Forest Carbon Partnership Facility, Readiness <ul style="list-style-type: none"> • Preparation Proposal (R-PP) 2012 readiness implementation • Lao PDR selected among the few countries eligible for FCPF 	National level	R-PP endorsed in Washington DC November 2010 => access to Readiness Fund
	Forest Investment Program (FIP) 2012 <ul style="list-style-type: none"> • Lao PDR selected among few countries globally to benefit from FIP • WB with ADB and others • Scoping mission January 2011. 	National	FIP USD20-30m out of CIF for Lao PDR
	Poverty Reduction Fund (with SDC and AusAID) <ul style="list-style-type: none"> • Participatory village and kumban planning • Social and productive infrastructure 	Huaphanh, Sekong, Attapeu, Champasak, Saravan, Luang Namtha, Xieng Khouang	USD20m for 2009 – 2011. New phase being designed
ADB	The Northern Rural Infrastructure Development Sector Project <ul style="list-style-type: none"> • Irrigation systems and rural access roads together with associated initiatives to enhance agricultural productivity. 	Northern provinces of Bokeo, Luang Namtha, Oudomxay and Phongsaly, with a combined population of 760,000 people	A grant of USD23m approved in Nov. 2010. Expected project duration: 2011 – 2017
	Sustainable Natural Resources Management and Agricultural Productivity Enhancement Project	Five provinces of Champassak, Saravan, Savannakhet, Sekong and Attapeu 2009-2015	IFAD grant USD15m ADB grant USD20m
	Northern Region Sustainable Livelihoods through Livestock Development Project	Five provinces of Bokeo, Luang Namtha, Luang Prabang, Xieng Khouang and Huaphanh. (2007-2014)	IFAD USD3m ADB USD10m SDC USD3.5m
	ADB and Nordic Fund: Capacity Enhancement for Coping with Climate Change	Capacity building for MoNRE	Ongoing. US\$3.4m grant (NDF USD2.8m, ADB USD0.3m), approved 2010.
	Nam Ngum River Basin Development Sector Project	Three provinces of Xiengkhouang, Luang Prabang and Vientiane	Ongoing. Additional Financing. USD5m loan approved in 2011.
	Smallholder Development Project	Four provinces of Vientiane, Khammouan, Savannakhet and Champasak	Ongoing. Additional Financing. USD5m loan approved in 2011.
	Greater Mekong Sub-region Biodiversity Conservation Corridor	Three provinces of Attapeu, Sekong and Champasak	Ongoing. ADB Grant USD20m approved 10 Dec 2010. Duration: Apr 2011-Sep 2019

Lao People's Democratic Republic GAFSP Public Sector Window Proposal (Third Call) May 2013

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status
	Improved Sanitary and Phytosanitary (SPS) Handling in Greater Mekong Subregion Trade Project	Capacity building for MAF, NUOL, MOH	On-going. ADB grant USD11m, loan USD3m, approved Jun 2012. Duration: Oct 2012 – Aug 2017
	GMS East West Economic Corridor Agriculture Infrastructure Project	Two provinces of Savannakhet and Saravan	To be approved 2013, USD60m
IFAD	Southern Laos Food and Nutrition Security and Market Linkages Programme (FNML)	Sekong, Attapeu and Saravan (2013-2019)	IFAD grant USD10m
	Sustainable Natural Resources Management and Agricultural Productivity Enhancement Project (SNRMPEP)	Five provinces of Champassak, Saravan, Savannakhet, Sekong and Attapeu 2009-2015	IFAD grant USD15m ADB USD20m
	Northern Region Sustainable Livelihoods through Livestock Development Project (NRSLLD)	Five provinces of Bokeo, Luang Namtha, Luang Prabang, Xieng Khouang and Huaphanh. (2007-2014)	IFAD grant USD3m ADB USD10m SDC USD3.5m
	Soum Son Seun Jai-Community-based Food Security and Economic Opportunities Programme (SSSJ)	Oudomxay and Sayabouly (2011-2017)	IFAD grant USD13.9m Lux: EUR1.7m WFP: USD3.7m
	Rural Livelihood Improvement Programme in Attapeu and Sayabouly (RLIP)	Attapeu and Sayabouly (2006-2014)	IFAD loan USD8.09m IFAD grant: USD0.75m IFAD DSF-grant: USD2.5m
SDC	Poverty Alleviation in Remote Upland Areas, II	2008-2012 (-14) in Saysathan district of Sayabouly implemented by Care and District Agriculture and Forestry Office	USD1.4m and USD300.000 Care co-funding
	The Agro Biodiversity Initiative Project (TABI)	2009-11 (MAF, NLMA, WREA,) Alignment to National Agro-biodiversity Plan	CHF 743.015
	Small Scale Agro Enterprise Development in Upland Project (SADU) and Laos		Ongoing
	Extension for Agriculture Project (LEAP), Laos		
	Agricultural Education Reform		
	Right link Lao (Right-Land, Information, Networking and Knowledge Lao)		
	Northern Regional Upland Sustainable Livelihoods through Livestock Development Project (NRSLLDP). with IFAD and ADB		

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status
WFP	<p>Food/ Cash for Assets</p> <ul style="list-style-type: none"> • Rice Paddy expansion • Small-scale irrigation construction • Feeder roads construction • Vegetable gardens • Fish ponds <p>Purchase for Progress (P4P)</p> <ul style="list-style-type: none"> • Increasing production • Improving access to market • Providing nutrition education 	Oudomxay, Attapeu, Luangnamtha, Sekong, Saravan and Luangprabang	On-going country programme (2012-2015). Lao PDR is a piloting country for P4P
GIZ	<p>Northern Uplands Development Program</p> <ul style="list-style-type: none"> • Agriculture, marketing, value chain and environmental conservation • With financing from EC, SDC, BMZ (via GIZ), 	Luang Prabang, Pongsali, Huaphanh	EUR17.5m
	<p>Land Management and Registration Project</p> <ul style="list-style-type: none"> • 2008 and on-going until 2012, then included in a new project as a Land Component from 2012 onwards covering land survey, LUP and land registration, private and communal land 		Works with NLMA on land registration
Lux Development	<p>Bolikhamxay Livelihood Improvement and Governance Project</p> <ul style="list-style-type: none"> • Works through MPI 	2010-2014	EUR6.6m
Agence Française de Développement (AFD)	<p>Technical assistance to Agro-ecology sector (PROSA)</p> <ul style="list-style-type: none"> • Agriculture of conservation • Partnership building • Technical training 	Northern highland	EUR1m, ongoing
	<p>Northern Uplands Development Program</p> <ul style="list-style-type: none"> • Agriculture, marketing, value chain and environmental conservation • With financing from EC, SDC, BMZ (via GIZ), 	Luang Prabang, Pongsali, Huaphanh	EUR17.5m
IUCN	<p>Landscapes and Livelihoods Strategy</p> <ul style="list-style-type: none"> • The Livelihoods and Landscapes (LLS) project supports IUCN Lao to work closely with the Government of Lao and local Lao communities to build knowledge and capacity in the management of natural resources. 		
UNDP /GEF	<p>Improving the Resilience of the Agriculture Sector in Lao PDR to Climate Change Impacts</p>	<p>2011-2014</p> <p>NAPA Follow-up project</p> <p>3 provinces and 5 districts</p> <p>Savannakhet Province: Outhumphone and Champhone districts</p> <p>Saravan Province: Kongsadon district</p> <p>Sayabouly Province: Phieng and Paklia districts</p>	<p>Approved by GEF-Sec Dec 2010</p> <p>USD4.45m from LDCF</p>

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Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status
UNDP/GEF	Mainstreaming Biodiversity in Lao PDR's Agricultural and Land Management Policies, Plans and Programmes	2011-2016	USD2.265m GEF grant USD3m co-finance from SDC/TABI Projected start date: March 2011
UNDP/UNEP	Poverty Environment Initiative (PEI)		Ongoing
UNDP/GEF/ AusAID	Small Grants Programme /AusAID Mekong and Asia Pacific (MAP), Community-Based Adaptation (CBA) Programme	August 2009 – June 2014	Ongoing
UNDP	Capacity Development on Disaster Risk Management		Ongoing

