



Sector Working Group on Agriculture and Rural Development

An Instrument for Policy Dialogue and Aid Effectiveness Promotion in Lao PDR Summary of achievement, challenges and lessons learnt – *January 2016*

1. Summary of the background and structure of policy dialogue in Lao PDR

The Vientiane Declaration on aid effectiveness was revised in 2015 and a new Vientiane Declaration on Partnership for Effective Development Cooperation (“VD II”) was endorsed by the Government of Lao PDR (GoL) and a range of the country’s Development Partners (DPs) at the 12th High Level RTM on 27th November 2015. The VD II aims to guide development cooperation in Lao PDR to 2025. In Addition to the 5 principles embedded in the initial declaration, (ownership, alignment, harmonization, managing for results, and mutual accountability), the VD II highlights the catalytic role of ODA and places strong emphasis on boosting taxes and other domestic revenues, increasing cooperation with developing countries, increasing knowledge, technology transfer and closer work with business and civil society.

The Round Table Process (RTP) is the main mechanism to implement the Vientiane Declaration. It helps all stakeholders involved in development in Lao PDR to work together better, for greater results in achieving the five years National Socio-Economic Development Plan (NSED). Every three to five years, Round Table Meetings provide inclusive forums to support the design and implementation of the national development plans. The RTP includes 10 sector working groups to coordinate actions by theme.

The Sector Working Group on Agriculture and Rural Development (SWG-ARD) is one of the 10 thematic SWG under the RTP. Its overall objective is to promote policy dialogue and aid effectiveness in the ARD sector and to support the implementation of the agriculture related outcomes of the NSED. The SWG-ARD is made of three thematic SubSector Working Groups (SSWGs), namely: Uplands, Farmers and Agribusiness and Agro-Biodiversity. The SSWGs strengthen technical aspects relevant to the sector. They are expected to provide the SWG-ARD members and policy makers with reliable, convincing and practical references aiding decision making and fostering effective and efficient operations.

The Policy Think Tank was created as part of the SWG-ARD with support from the DPs. Its objective is to guide the country towards economic prosperity and poverty alleviation by developing action ready policy recommendations to address key challenges constraining rural livelihoods.

The SWG-ARD Secretariat is ensured by the Department of Planning and Cooperation of the Ministry of Agriculture and Forestry (MAF). It is supported mainly by the AFD and the IFAD who are both co-chairing the SWG-ARD. It is critical to the appropriate functioning of the SWG-ARD as its main role relate to logistics and communication, drafting and development of critical documents, ODA budgeting / tracking.

The SWG-ARD core functions correspond to: Sector strategy formulation and monitoring; Strategy costing, prioritization and sequencing; Tracking and aligning ODA, mobilizing resources; Programme-based approaches; Capacity Development; Cross-sectoral and sub-national coordination; Information sharing and communication; Contribution to the RTP; Implementation of the VD-Country Action Plan.

2. Summary of the achievement, challenges and lessons learnt

SWG-ARD's actual contribution to policy dialogue and strategic planning included the development of the Agricultural Development Strategy to 2025 and Vision to 2030, the Multi Sectoral Food and Nutrition Security Action Plan and National Nutrition Strategy to 2025, the 8th NSEDP, the Upland Development Strategy, the Lao Farmers Network, the joint statement delivered during the High Level Round Table Meeting in November 2015, various documents repository and discussion forums such as LaoFab.

Achievements and progress made against the five principles of the Vientiane Declaration

Ownership: NSEDP formulation is more inclusive and involves a wider range of stakeholders.

Alignment: The DPs align more closely their strategies and programmes with the NSEDP. The GoL is also working toward the improvement of public sector management initiatives.

Harmonization: The basic building blocks of program based approaches (PBA) are in place. Efforts to coordinate and facilitate joint missions exist including joint programming and joint portfolio review.

Managing for results: M&E is carried out in a more systematic manner. Reporting on key national development results is done on a more regular basis and comprehensive reviews of NSEDPs happen.

Mutual accountability: The RTP provides the GoL and the DPs with the opportunity to review NSEDP implementation as well as to discuss critically emerging issues and has become more inclusive.

Challenges and lessons learnt against the five principles of the Vientiane Declaration

Ownership: it is necessary to invest more in the MAF core capacity to manage the SWG effectively, widen stakeholders' participation, expand decentralization and develop coordination processes locally.

Alignment: More progress is needed to further strengthen public financial management. It is also necessary to further the efforts to develop inclusive/ transparent reporting on ODA and national budget.

Harmonization: PBA use has been growing but is still relatively low despite recent improvements.

Managing for results: Transparent national result frameworks and platforms need to be adopted as common tools among all concerned actors. The VDCAP is still not monitored in a systematic manner.

Mutual accountability: The GoL and the DPs need to increase the predictability and transparency of development financing. This includes the need for frameworks that comprise aid and other forms of cooperation. There is room to expand arrangements with neighbours and through triangular cooperation. It is also necessary to better involve the private sector and civil society in the design and implementation of development policies and strategies.

Way forward, recommendations

Better including the private sector and the civil society within the SWG-ARD and RTP is on the agenda of the VD II but a precise strategy on how to go about doing this should be developed.

Mining, hydropower, industrial plantation represent an investment much higher than public investment and ODA combined but are underrepresented in the RTP. Better cooperation with them on policies and practices would help to improve planning, financing and implementing the sector strategy and NSEDP.

Monitoring the sector strategy implementation needs to improve and to happen more systematically. On the GoL side it is recommended to spread the utilization of some promising initiatives aimed at harmonizing project management and monitoring tools against sector objectives and indicators.

Increasing investment in the MAF core capacity and the SWG-ARD Secretariat should be considered by the GoL. The secretariat should remain embedded in the department and not become a parallel unit.