



Sector Working Group on Agriculture and Rural Development

An Instrument for Policy Dialogue and Aid Effectiveness Promotion in **Lao People's Democratic Republic**

Achievement, challenges and lessons learnt

January 2016

*Document prepared by the Secretariat of the
Sector Working Group Agriculture and Rural Development (SWG-ARD)*

Introduction

The Sector Working Group on Agriculture and Rural Development (SWG-ARD) is part of the overall Round Table Process (RTP) co-chaired by Government of Lao PDR (GoL) and its Development Partners (DPs). It was established in 2006 with the aim to promote policy dialogue and aid effectiveness in the ARD sector. In January 2016, the SWG-ARD is chaired by the Vice Minister of Ministry of Agriculture and Forestry (MAF), and co-chaired by the French Ambassador and the International Fund of Agricultural Development (IFAD) Country Program Manager.

This review first presents the RTP background, structure and mechanisms focusing on the ARD sector. Then it takes stock of what has been achieved so far, where challenges remain and some ways forward. It aims to develop recommendations on how to strengthen the benefits of the SWG-ARD for the GoL and DPs and their contribution to Lao PDR's social and economic development.

Vientiane Declaration

In 2006, the Government of Lao PDR and its Development Partners signed the Vientiane Declaration on Aid Effectiveness ("VD"), Lao PDR's localised version of the Paris Declaration on Aid Effectiveness. Though not a legally binding instrument, this VD represented the shared recognition of the GoL and the DPs of the importance of enhancing the effectiveness of Official Development Assistance (ODA) in Lao PDR. The VD reflected the ambitions and structure of the Paris Declaration and built on the unique circumstances and experiences of Lao PDR. The Declaration also laid the foundation for deepening a partnership between the GoL and the DPs rooted in the core principles of aid effectiveness.

The Vientiane Declaration Country Action Plan ("VDCAP") followed in 2007 and was subsequently revised in 2012. The VDCAP represented the practical articulation of the VD and laid out actions guided by the five underlying principles of the Paris Declaration: **ownership, alignment, harmonization, managing for results, and mutual accountability**. The revised VDCAP's targets and indicators also reflected subsequent international dialogue and agreements around good practices for development cooperation, including the Busan Partnership for Effective Development Cooperation.

Ownership

⇒ Government exercises leadership over the development policies, strategies and coordinates development actions.

Alignment

⇒ DPs align with the GoL's strategy & use strengthened Government regulations and procedures.

Harmonization

⇒ Partners' actions are more harmonized, transparent and collectively effective.

Managing for Results

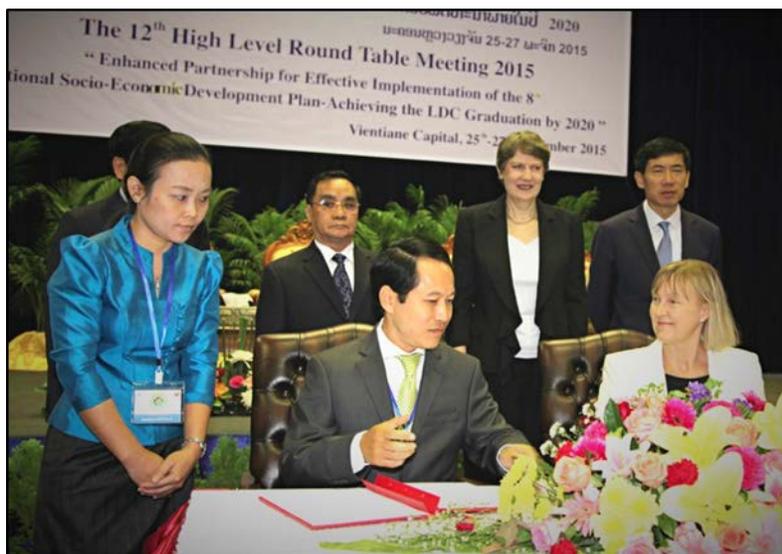
⇒ Managing resources and improving decision-making for results.

Mutual Accountability

⇒ Both GoL & DPs are accountable for development results.

The Vientiane Declaration was revised in 2015 with the main objective to better reflect the Lao context in evolution. The consultation started in May 2015 and a new [Vientiane Declaration on Partnership for Effective Development Cooperation](#) ("VD II") was endorsed by the Government of Lao PDR and a range of the country's development partners at the 12th High Level RTM on 27th November 2015.

⇒ The VD II aims to guide development cooperation in Lao PDR to 2025.



The VD II was signed at the 12th RTM on 27th November 2015 in Vientiane in the presence of:

- ⇒ H.E. Thongsing Thammavong, Prime Minister of the Lao PDR
- ⇒ Ms. Helen Clark, UNDP Administrator
- ⇒ Mr. Haoliang Xu, UN Assistant Secretary-General, UNDP Assistant Administrator & Regional Director of UNDP for Asia and the Pacific
- ⇒ H. E. Saleumxay Kommasith, Vice Minister of Foreign Affairs
- ⇒ Ms. Kaarina Immonen, UN Resident Coordinator and UNDP Resident Representative

In Addition to the 5 principles embedded in the VD, the VD II includes commitments to:

- Bolster the role of the National Assembly and local administration in development planning;
- Increase the fight against corruption, tax evasion and other illicit flows;
- Increase engagement with other developing countries in the Round Table Process;
- Develop an inclusive financial sector;
- Help private business align its actions with public aims to encourage more public and private partnerships for development;
- Create new networks for knowledge exchange and green technology transfer.

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.

Round Table Process

The [National Round Table Process](#) 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 National Socio-Economic Development Plan (NSEDP). The Ministry of Planning and Investment leads the process, which brings governments and national development agencies, United Nations bodies, civil society organizations and the private sector together to help bring funds, time and knowledge to maximize development impacts across the country.

The 8th five-year NSEDP starts in 2016. It is structured into three main outcomes respectively related to social development, economic development and environment sustainability and resilience. Its main objective is to ensure Lao PDR graduates from least developed countries status by 2020. By streamlining and coordinating support from the development community, the Round Table Process is a vital mechanism in meeting that aim.

The Round Table Process was launched in Lao PDR in the year 2000. Every three to five years, High-Level Round Table Meetings provide inclusive forums to support the design and implementation of the country's national development plans. Implementation meetings and/or Round Table Provincial consultations are held every year.

The Round Table Process includes 10 Sector Working Groups to coordinate actions by theme. The groups serve as key links between local progress and national plans and policies, covering health, education, governance infrastructure, macroeconomics, trade and the private sector, mine action, illicit drug control, agriculture and rural development and natural resource management and the environment.

The Round Table Process is guided by globally agreed principles on effective development cooperation. These include host government ownership of development priorities and plans, a focus on results, inclusive development partnerships and transparency and accountability to one another.

The Sector Working Group on Agriculture and Rural Development

⇒ **SWG-ARD Goal and Structure**

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 support the implementation of the agriculture related outcomes of the National Socio-Economic Development Plan. The SWG-ARD specific goals are to:

- Provide a forum for policy dialogue and coordination;
- Facilitate the implementation of the Vientiane Declaration Country Action Plan (VD-CAP);
- Support the Program Based Approach (PBA);
- Promote domestic and external resource mobilization, result-oriented management and monitoring of progress and achievements;
- Ensure coherence and linkage between Round Table Meetings (RTM) and sector level coordination.
- Guide, monitor Sub Sector Working Groups (SSWGs);

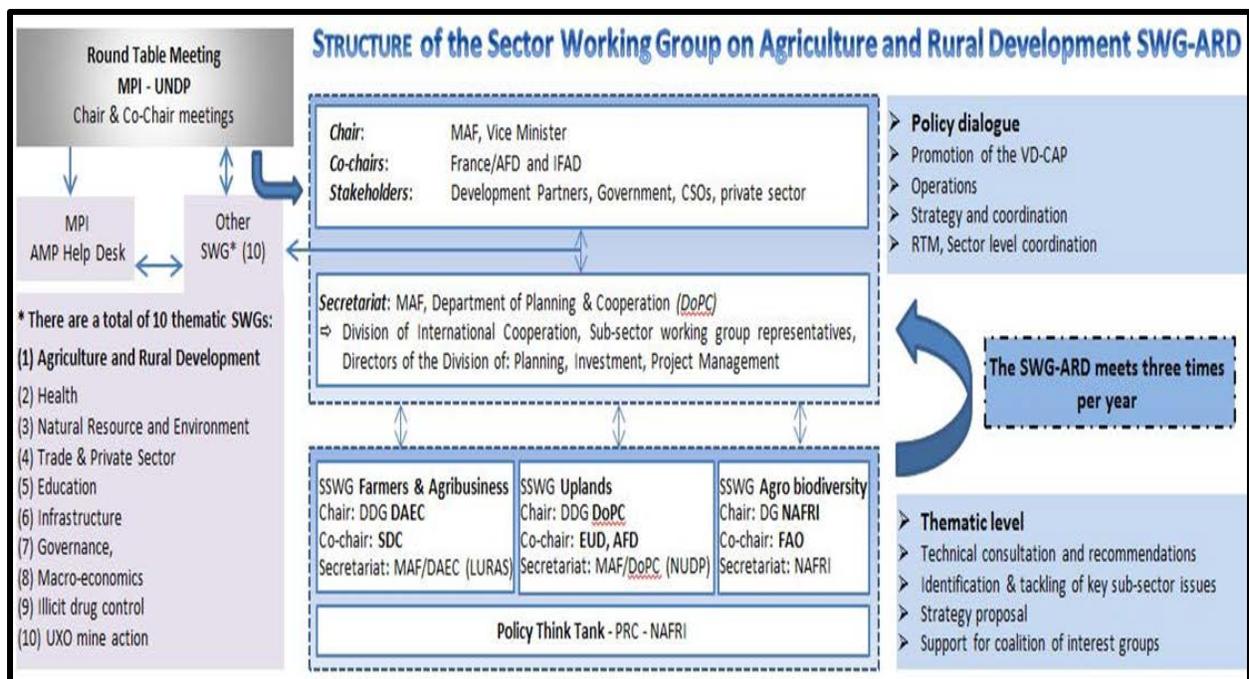
The SWG-ARD is made of three thematic Subsector Working Groups (SSWG), namely:

Uplands – Farmers and Agribusiness – 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.

A Policy Think Tank (PTT) was also established by the Government of Lao PDR with support from development partners. Its mission 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 Ministry of Agriculture and Forestry is taking the lead, with the PTT forming part of the SWG-ARD.

The Diagram hereinafter presents the SWG-ARD structure and anchorage in the RTP.



⇒ The SWG-ARD Secretariat

The SWG-ARD secretariat is critical to the appropriate functioning of the SWG-ARD, its main aims are to:

- Be a focal point for meetings organization (logistic, agenda, minutes, content, presentations);
- Ensure internal and external communication-coordination (within the SWG-ARD, with other sectors / ministries);
- Keep abreast of ongoing policy research and recommend research projects;
- Suggest key policy issues that the SWG-ARD should address;
- Facilitate Government ownership of the sector development process and dialogue with DPs.

The SWG-ARD Secretariat communicates through mails, website, media, exhibitions and participation to formal and informal multi stakeholders' meetings.

The SWG-ARD Secretariat is ensured by the [Department of Planning and Cooperation of the MAF](#), it has received technical assistance mainly from the AFD and IFAD who are both co-chairing the SWG-ARD.



⇒ SWG-ARD Core functions

- 1. Sector strategy formulation:** contribute to the formulation of the sector strategy and NSEDP and to the development of associated legislation if required.
- 2. Strategy costing, prioritization and sequencing:** assist in the costing of the strategy, help prioritise and sequence the required investments taking account of the total resources predicted to be available for the sector from domestic resources, Official Development Assistance and Foreign Direct Investment.
- 3. Track and align ODA and mobilize resources:** in partnership with the Ministry of Planning and Investment (MPI) using the Aid Management Platform (AMP), ensure that externally financed programmes, projects and technical assistance is accurately recorded. Analyse whether existing and future resources are aligned with the national priorities as set out in the NSEDP and Sector Strategy. Identify financing gaps and develop and implement resource mobilization strategy.
- 4. Programme-based approaches (PBA):** explore opportunities to move towards a more programmatic approach within the sector. The main elements of the PBA include a comprehensive policy framework, common monitoring framework, partnership and dialogue structure, agreed institutional arrangements and responsibilities and a capacity development component.
- 5. Monitoring sector strategy implementation:** strengthen mechanisms to monitor the implementation of the sector strategy in terms of inputs, outputs and development results. If progress has been made to a jointly owned sector strategy then develop a joint monitoring and evaluation framework for this and implement it.
- 6. Capacity Development:** jointly assess current capacities to develop, implement and monitor sector strategy, develop and finance a capacity development strategy in response to institutional, organizational or individual capacity gaps. Ensure adequate secretariat capacity to support the SWG-ARD in achieving its roles at the policy, operational/technical and sub-group levels.
- 7. Cross-sectoral and sub-national coordination:** ensure coordination with other sector ministries and SWGs on sector policy or implementation issues that cut across ministries or between national, provincial and district levels. This should also ensure that gender, environment and other cross-cutting issues are taken into account in policy and strategy development, implementation and monitoring.
- 8. Share information:** ensure effective and transparent sharing of sector information through all possible and relevant channels of communication.
- 9. Contribute to RTP:** prepare inputs to the Round Table Meetings (high level meetings, implementation meetings, provincial and/or thematic consultations) drawing on guidance from MPI.
- 10. VD-Country Action Plan:** review the VD-CAP and identify which of the actions are most relevant to the sector. Identify current baseline and future target for these actions and assign responsibilities to MAF staff and DPs for implementation. Monitor progress regularly, providing updates to the MPI.

The Policy Think Tank

In Lao PDR, there is an increased demand for evidence-based policy making within the Government and the Party. DPs are funding policy-relevant research and believe that better evidence will lead to better policies, improve policy implementation and contribute to better development results. Decision-makers are looking for timely and concise information and analysis related to trade and investment, costs and benefits as well as for feedback on policy implementation.

In June 2012, the Policy Think Tank (PTT) team was formed and set up within the Policy Research Centre (PRC) of the [National Agriculture and Forestry Research Institute](#) (NAFRI). The PTT provides intellectual and analytical support to the Ministry of Agriculture and Forestry as well as the Government.

The PTT supervises a number of research projects and collaborators but has no formal, long-term collaboration with international research agencies. In 2015, the PTT receives funding support mainly from the IFAD and SDC and prepares the establishment of a public-private partnership platform to engage key government ministries, farmers and private sector stakeholders in a dialogue and consensus building exercise to address critical national policy issues that impact actions at the provincial and district levels to support the improvement of livelihoods among the rural poor.

Based on an understanding that sound science-based evidence is required to support and inform the decision making process, the research topics have been prioritized for developing research proposals and policy briefs. The PTT, for example, has been trying to ensure gender responsive approaches are mainstreamed into its research and implementation through conducting gender analysis with the aim of integrating the results of the analysis into the research findings and policy recommendations. It is critical to create an enabling environment for women to participate in the PTT's implementation including research forums and policy dialogue to voice their concerns and issues.

The PTT aims to be a key center to the MAF to ensure that policy research is undertaken with greater sensitivity to local socio-economic and agro-ecological conditions and that the findings and recommendations are used for policy development.

However, in 2014, the PTT reported facing challenges as follows:

- The PTT is working based on a concept of coordination among research institutes but has no legal entity. This creates difficulties in forming research team. It is difficult for the PTT to involve different stakeholders in the research processes as well as research institutes;
- Different understanding on policy research exist (i.e. what is the different between policy research and technical/academic research?);
- Funding support to conduct policy research remains limited while there is a growing need for study on policy impact. Currently, only very limited amount is available from development projects for small research which may not allow to drawn policy recommendations;
- Lack of capacity of researchers especially on policy research requiring different technical expertise (i.e. environment, economic & social). This actually impacts on the quality throughout research process and contributes to relative lack of trust from the stakeholders.

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

Lao PDR has made much progress towards a number of its national goals to increase aid effectiveness. The VD and VDCAP can be seen as having, overall, made an important contribution to the development effectiveness agenda in Lao PDR across each of the guiding principles.

- **Ownership.** NSEDP formulation has been more inclusive and has involved consultation with a wider range of stakeholders. The national plans have also been more closely linked to the Government's long-term vision and sectoral strategies, including through the SWG mechanism.
- **Alignment.** There is evidence of the DPs aligning more closely their strategies and programmes with the NSEDP. The government is also working toward the improvement of public sector management initiatives that can help enhance DPs confidence in using national systems.
- **Harmonisation.** Some of the basic building blocks of PBAs are currently in place and some comprehensive sector or programme strategies have been developed. Efforts to coordinate and facilitate joint missions have also taken place, including joint programming and joint portfolio review.
- **Managing for results.** Coordination of the M&E framework has now been carried out in a more systematic manner, especially the national M&E system to tracks NSEDP input, output and outcome indicators. Reporting on key national development results has also been done on a more regular basis and comprehensive reviews of NSEDPs have been conducted and tabled at Round Table Meetings.
- **Mutual accountability.** The RTP has provided 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 over time, both in terms of stakeholder participation and expansion to the local level.

Some actual example of SWG-ARD's contribution to policy dialogue and strategic planning

- The SWG-ARD was the main forum for multi stakeholder consultation and coordination during the elaboration of the [Agricultural Development Strategy to 2025 and Vision to 2030](#).
- The SWG-ARD served as a main platform to create and promote cross sector coordination for the elaboration of [Multi Sectoral Food and Nutrition Security Action Plan](#) and the National Nutrition Strategy to 2025 (NNS).
- The SWG-ARD was consulted and involved in the elaboration of the [8th NSEDP](#).
- The [Upland Development Strategy](#) was developed using the SWG-ARD as the main forum for multi stakeholder and cross sector coordination at central and provincial level (under the SSWG Uplands).
- The SWG-ARD (through the SSWG on Farmers and Agribusiness) contributed to the emergence of and visibility of the [Lao Farmers Network](#). Representatives of Lao farmer organizations used this forum to communicate their requests and recommendations to high level decision makers.
- The most consulted document repositories and discussion forums relevant to the sector were created by and are linked with the SSWG Farmers & Agribusiness: [LaoFab Document Repository](#), [Lao44](#), [Laolink](#).
- The SWG-ARD produced a [joint statement during the High Level Round Table Meeting](#) in Nov 2015.

Challenges and lessons learnt

Despite the achievements reported above, much progress still needs to be made. The country is facing challenges in each of the five key areas of the VD and further efforts are needed in the follow up development cooperation agreement and action plan in order to enhance progress.

- **Ownership.** While there have been numerous positive developments related to the planning process, challenges remain in instituting broad-based, robust consultation mechanisms. This includes further efforts to widen stakeholder participation to make sure these groups have the space to make a more meaningful contribution to Lao PDR's national development planning. It is also recognised that there is an under-investment in the core capacity of MAF to manage SWG-ARD effectively and other improvements that can help make SWG-ARD better tools of collaboration. Increased attention is also needed to further expand decentralisation and to develop aid coordination processes and mechanisms at the local level.
- **Alignment.** More progress is needed to further strengthen public financial management and procurement to improve the likelihood of the DPs use. There is also a need to further the GoL efforts to develop comprehensive and transparent reporting on aid and the national budget to help DPs aligning aid flows with national development priorities. To further these efforts, the GoL and its DPs should jointly assess key country systems, using mutually agreed diagnostic tools and make decisions based on these assessments.
- **Harmonization.** The DPs and other stakeholders in Lao PDR do not share a common understanding of PBAs. Their use has been growing but is still relatively low. Actively promoting complementarity and a division of labour approach across sectors has not yet been done in a coordinated manner and the use of joint programming and delegated cooperation arrangements can be increased.
- **Managing for results.** To ensure that the Government and all stakeholders in Lao PDR work towards common development results, transparent national results frameworks and platforms will need to be adopted as a common tool among all concerned actors. The VDCAP was not monitored in a systematic manner and the follow up arrangement would be well served to both put in place a monitoring framework but also ensure its follow up in order to ensure accountability and implementation of agreements. Improvements to the AMP are also needed to ensure timely and accurate data.
- **Mutual accountability.** The GoL and the DPs need to work together to increase the predictability and transparency of development financing. This includes the expansion from aid effectiveness to the challenges of effective development cooperation and the need for frameworks that comprise aid and other forms of cooperation. Both sides can also increase transparency and timely information sharing to enhance holding each other to account for mutual commitments. There is also room to explore expanding arrangements with new partners, including neighbours and through different forms of development cooperation (i.e. triangular cooperation). It is also important for an enhanced enabling platform for the private sector to participate in the design and implementation of development policies and strategies. Despite progress in widening participation to a broader group of stakeholders, there is still room to enhance substantive engagement—including in the RTP.

Way forward

SWG-ARD is not simply about regular and well-organised meetings. It can play an invaluable role in building trust and mutual understanding.

The VD II is an ambitious document that has been endorsed by most relevant stakeholders involved in the SWG-ARD and RTP, its implementation however may be challenging as it incorporates some major changes in terms of development cooperation. Better including the private sector within the SWG-ARD / RTP is on the agenda of the VD II but a precise strategy on how to go about doing this has not yet been proposed. The updated VDCAP should provide such guidance.

Mining, hydro power and industrial plantation companies have huge importance to Lao PDR as it strives to harness its natural resources in support of its economic growth and overall development objectives. These major actors represent an investment much higher than public investment and ODA combined, however they are still under represented in the SWG-ARD mechanism. The current arrangements have not so far resulted in opportunities for the relevant parts of GoL and DPs experts to collaborate in depth on policies and practices relating to mining, hydropower and industrial plantations. Including them would help improve planning, financing and implementing the Sector strategy and NSEDP.

Monitoring of sector strategy implementation is insufficient with poor investment. It is recommended that some resources from other projects and programmes be reallocated to address this, and underpin improved performance across the sector portfolio. 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. Changes in decision-making processes within the MAF are a prerequisite for improved reporting to strengthen results.

Despite recent efforts, there is still an under-investment in the core capacity of MAF to manage the SWG-ARD fruitfully. The GoL, should probably consider significantly increasing its investments in SWG-ARD Secretariat and MAF core capacity, and to avoid linking it to projects which are not ideal vehicles to support core strategic capacity.

It must be emphasised that SWG-ARD Secretariat is not a separate unit, but is an integral part of the MAF, precisely the Department of Planning and Cooperation. Support to the SWG-ARD mechanism is, in part, an extra responsibility on top of existing departmental and individual terms of reference – hence the need for adequate support from DPs. It is also critical that the SWG-ARD Secretariat remains embedded in the regular department and do not become parallel unit.

Useful contacts (as per January 2016)

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