

OUTPUT 3.2.7 DATASET Activity 3.2.7.6 Baseline Compilation and Review

# Agri-commerce and agroecological baseline data compilation and review

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The document provides a summary review of selected policies and policy perspectives in Laos that guide agriculture development in the country. The review looks into selected priority areas that are relevant to agro-commerce and agroecology.

## National policies

Key policy documents guiding current Lao's macro-economic development include the 10 Year Development Strategy (2016-2025), Lao PDR's National Green Growth Strategy 2030, and 9th Five Year National Socio-economic Development Plan (2021-2025).

### 10 Year Agriculture Development Strategy (2016-2025)

The strategy set to double per capita gross national income (GNI) of Lao PDR by 2020. It is a ten-year strategy comprising seven sub-strategies elaborating the seven main goals as follows: (i) pursuing quality, inclusive, stable, sustainable and green economic growth; (ii) graduating from Least Developed Country (LDC) status by 2020, and making progress towards the Sustainable Development Goals (SDGs); (iii) enhancing human resources development; (iv) promoting sustainability and environmental protection, with effective and efficient use of natural resources; (v) enhancing government's role in social management under the effective rule of law; (vi) improving global and regional integration; and (vii) Industrializing and modernizing the country.

### Lao PDR's National Green Growth Strategy 2030

The strategy focus on (1) economic growth, improving the living standards of people in urban and rural areas, and creating jobs and income-generating activities for the people; (2) enhancing the efficiency, effectiveness, and sustainability of the country's use of finite natural resources for maximum benefit, especially forest resources, land, minerals, water resources, water sources, and biodiversity, among others; (3) mitigating the risks and vulnerabilities of the country's economy in relation to natural disasters and the increasingly volatile global economic situation that is difficult to predict; and (4) reducing or limiting the increase in pollution, waste, and greenhouse gas emissions that are the main causes of climate change, natural disasters and many diseases.

### 9th Five Year National Socio-economic Development Plan (2021-2025)

It is a comprehensive national plan provides for details on the priority areas and how the target sets would be achieved. The relevant four priority areas include:

- Diversify production and export, reduce reliance on NRs;
- Make growth sustainable, minimize external impacts, increase productivity, shift towards sectors for economic growth incl. agriculture, tourism, energy, and transport;
- Promote clean, modern and sustainable agriculture to meet increasing demand in the domestic and international markets; and
- Promote cultural, agricultural, and nature based tourisms;

The document provide the details on the prerequisite for and how to diversify production and export, reducing reliance on NRs; make growth sustainable, minimize external impacts, increase productivity, shift towards sectors for economic growth including agriculture, tourism, energy, and transport; promote clean, modern and sustainable agriculture to meet increasing demand in the domestic and international markets; and promote cultural, agricultural, and nature based tourisms.

The plan also provides for an assessment of the progress with implementation of the last five year socio-economic development plan. For one of the relevant priority sectors - agriculture and forestry sector – the assessment states that:

- Growth achieved, but highly insufficient and unstable, relying on NR base, commodity not undiversified and not export oriented;
- Economic, financial, and monetary difficulties, public debt problems;
- MSMEs is insufficient, most state-owned and lack competition;
- Limited budget capacity to respond to high demand at sectoral and local levels;
- The macro-economy is fragile, unfocused and narrow based;

- Floods, droughts and pests, the COVID-19 pandemic, and the ongoing geo-political tension affected the achievement of the Plan.

From the review it is also observed that attention had not been paid sufficiently to the fisheries and aquaculture sector and forms a part of the livestock sub-sector under agriculture.

Under current 5 year socio-economic development plan and for agriculture sector the focus is on:

- Crops for processing industry;
- Crops and livestock including 'fish' with market demand in particular native fish species and all OAs, integrated farming techniques, along with water source conservation, and sustainable use of aquatic resources;
- Diversified or mixed crop system;
- Good Agricultural Practices (GAP) and organic farming;
- For trading, local income and jobs;
- Create access to credit and markets;
- Develop strong agricultural infrastructure resilient to natural disasters;

On competitive micro, small and medium enterprises the focus is on:

- Developing MSMEs linked to the market and production network of large companies;
- Improve credit information management system,
- Encourage SMEs to involve in value chains and international markets;
- Develop products to meet the quality and market demands;
- Encourage large companies and MSMEs to strengthen the communities' capacity to improve the quality to integrate into the value chain;
- Support MSMEs and businesses that invest in agriculture, food and medicine to access new markets.

On Environmental protection and disaster risks reduction the focus is on:

- Cooperation and coordination between the public sector, private sector, and all relevant stakeholders for efficient, effective and sustainable use of natural resources;
- Build climate resilience through adaptation and mitigations, promote green growth through targeted investments in green sectors.

On water resources management and use the focus is on:

- + Sustainable water resources use for consumption, hygiene and health, production, fisheries, power generation, and industrial consumption, among others;
- + Coordination mechanisms and implementing the National Water and Water Resources Management Strategy and river basin management plans;
- + Preserve natural catchments (streams, ponds, canals, lakes) and man-made water sources;
- + Invest in low-cost infrastructure for the collection and treatment of wastewater in urban and rural areas, and appropriate sanitation services.

Other priority include land allocation for agriculture and organic farming; protect biodiversity and ecosystems of economic value and for habitats and species' ecosystems; promote organic, effective and sustainable agricultural production, integrated crop rotation to reduce soil degradation, limit and reduce the cultivation of monoculture crops or growing a single crop for an extended period of time.

## Mandated Institutions

The government of LAO PDR has made effort to decentralized roles and responsibility to the lower appropriate levels. Sam Sang directive (Order No. 34/PM) of the Government aims to capacitate provinces as strategy-making units, districts to be strengthened in all regards, and villages to become development units. Efforts had been made to review the rollout of the political building strategy at the grass-root levels, rural development and poverty reduction

program and the devolution strategy from 2016-2021 and outline plans until 2025. Grass root organization such as farmer associations have been developed and functions to raise their voices and carry out tasks to improve livelihood at the local level.

At the national level coordination mechanism is taking increasing roles for example the Ministry of Industry and Commerce are required to collaborate with the relevant parties to identify markets and products according to the needs of the domestic market and export items, as a basis for the relevant parties to create production plans to meet those needs. The Ministry of Agriculture and Forestry and the Ministry of Industry and Commerce work together to promote the production sectors for domestic consumption and for export. The Ministry of Planning and Investment coordinate with the relevant sectors to improve the regulations and mechanisms for doing business and issuing investment and business licenses effectively, and encourage and attract more domestic and foreign private investment in compliance with the Law on Investment Promotion, and continue to promote investment in Special Economic Zones.

However, at the sub-national and local level it is rather a challenge for the sectoral government entities to coordinate to address mostly cross sectoral issues at the local level without specific guidance, regardless of the Sam Sang directive. The grass root association remains weak. A robust and vibrant civil society group does not appear to exist at present.

## Selected laws and legislations

The law on agriculture, forestry, land and the Agreement of the Ministry of Agriculture and Forestry on Organic Agriculture (OA) and Good Agricultural Practice (GAP) Standards, the Regulation on the control of pesticides in Lao PDR, Environmental Protection Law (2013), the Prime Ministry Decree No. 115 (2009) and recently No. 238 (2017) on Associations and the Decree No. 136 on Cooperatives.

### Challenges, advantages, disadvantages, and between the existing sector policies

While the policies, strategies, laws and regulations regarding agro-ecology have been formulated and are being implemented, there is not always coherence with some of the promoted policies. Actually, a number of policies have negative consequences for agro-ecological practices. A clear example is the promotion of foreign direct investment (FDI), which is closely linked to land concessions for the exploitation of natural resources like large scale monoculture plantations, mining, hydro-power plants or recreations. Weak coordination between institutions and ineffective law enforcement of the government are important factors leading to steep increase in the use of agrochemicals and also contribute to a reluctance to invest resources in soil improvement.

Misinterpretation of the green economy and the modernization of the GoL policy. It is commonly understood by many decision makers and a number of Lao extension workers that traditional agriculture is a backward, unproductive, environmental destructive and unsustainable production system. They often believe that through commercial and industrial agriculture in plantations (e.g., rubber, cassava, sugar, eucalyptus and etc.) employment will be created and poverty will be reduced.

Some farmers who have a better access technical knowledge, financial resources and market information are able to improve their living standard and increase their income through the transition from traditional food production to high value crops production for markets.

Advantages: a number of the government policies, agreement, strategies are implemented via different sectors, that the agro-ecology development could consider as advantages of transition by elaborate the most appropriate one and start with it rather than create news or doing more with low impact as many projects have done in the past without or less coordination (Keoka, 2018).