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Enabling poor rural people
to overcome poverty

Lao People's Democratic Republic

Country strategic opportunities programme

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Abbreviations and acronyms

AsDB	Asian Development Bank
ANR	agriculture and natural resources (working group)
CIAT	International Center for Tropical Agriculture
COSOP	country strategic opportunities programme
CPMT	Country Programme Management Team
DAFO	District Agriculture and Forestry Office (within MAF)
FDI	foreign direct investment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMS	Greater Mekong Subregion
M&E	monitoring and evaluation
MDG	Millennium Development Goal
MAF	Ministry of Agriculture and Forestry
NAFES	National Agriculture and Forestry Extension Service
NAFRI	National Agriculture and Forestry Research Institute
NGPES	national growth and poverty eradication strategy
NSEDP	National Socio-Economic Development Plan
NTFP	non-timber forest product
PAFO	Provincial Agriculture and Forestry Office (within MAF)
PBAS	performance-based allocation system
RIMS	Results and Impact Management System
SDC	Swiss Agency for Development and Cooperation
SO	strategic objective
WFP	World Food Programme

Map of IFAD's operations in the Lao People's Democratic Republic



19-10-2010



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

Summary of country strategy

1. This country strategic opportunities programme (COSOP) is aligned with the policies and strategies of the Government of the Lao People's Democratic Republic, including the Agriculture and Rural Development Strategy and the 7th National Socio-Economic Development Plan. It is also in line with the IFAD Strategic Framework and with key IFAD policies and strategies relating to targeting, gender, land, indigenous peoples and climate change.
2. The Lao People's Democratic Republic has striven to better harmonize development interventions, as agreed in the Vientiane Declaration. The donors' round-table meeting process is a key instrument to ensure harmonization. IFAD engages with development partners' coordination groups, such as the Agriculture and Natural Resources working group, the United Nations Country Team and the REACH partnership. To date, IFAD has successfully collaborated with development partners such as the Asian Development Bank, the Government of Luxembourg, Deutsche Gesellschaft für Internationale Zusammenarbeit, the Swiss Agency for Development and Cooperation and the World Food Programme. Many development partners have been actively engaged in the development of this COSOP.
3. In accordance with the consensus that emerged from the in-country consultation process, the COSOP aims to ensure that poor rural people have increased opportunities for sustainable food security and economic livelihoods. Together with government agencies and development partners, it has identified areas in which IFAD has a comparative advantage and complements other donors' activities. Specifically, the COSOP has three strategic objectives: (i) community-based access to and management of land and natural resources are improved; (ii) access to advisory services and inputs for sustainable, adaptive and integrated farming systems is improved; and (iii) access to markets for selected products is improved.
4. A number of cross-cutting issues are common to all three strategic objectives: (i) capacity-building of government, beneficiaries and service providers; (ii) adequate engagement with ethnic groups; (iii) fostering engagement with women as key partners in all production and marketing systems; (iv) strategic infrastructure related to farming systems (e.g. small-scale village irrigation) or markets (e.g. farm-to-market roads); (v) formation of farmer and producer common-interest groups; and (vi) resilience to climate-related risks and enhanced capacity to adapt to climate change.
5. IFAD's main target group will consist of an ethnically diverse group of poor households in rural areas. Within this main group there will be two primary subgroups: (i) highly vulnerable food-insecure households (more than four months' rice deficit per year) with limited or no access to markets; and (ii) poor households that are moderately food-insecure, but have a greater potential to access markets.
6. Key challenges to successful implementation of the COSOP are: (i) low capacity at community and government levels and a dearth of competent NGOs and service providers; (ii) limited transparency within government relating to foreign direct investment, land management and private-sector development; and (iii) extreme weather events as well as the effects of climate change.
7. Those risks will be mitigated by: (i) improved partnership, investing in capacity development and strengthening implementation support; (ii) better aligning needs identified through a community-based planning process within the overall national policy framework. As part of a dialogue to achieve this objective, IFAD is establishing a policy working group; and (iii) regeneration and proper management of natural resources, conservation of biodiversity, assessment of climate-related risks and promotion and adoption of adaptive responses.

Lao People's Democratic Republic

Country strategic opportunities programme

I. Introduction

1. IFAD seeks to be a partner of the Lao People's Democratic Republic as it strives to leave behind its least-developed-country status by 2020. Its "land-linked" geography is a great opportunity for market development that IFAD programmes will build on in order to enhance the living conditions of poor rural people. The country is determined to promote the perception that it is a land bridge, providing the most direct overland transport routes between its seaboard neighbors.
2. Recent progress in regional transport links, engineered under the Greater Mekong Subregion (GMS) initiatives, underpins the transition to being a "land-linked" country and economy. Roads connecting China, Thailand and Viet Nam have been opened and improved. The GMS East-West Corridor now links Vientiane, the capital, with the large port of Danang in central Viet Nam, 500 kilometres away. The East-West Corridor is anticipated to eventually connect the country with Myanmar, Thailand and Viet Nam. On the other axis, the North-South Corridor of the Great Asian Highway connects it with Cambodia and Thailand to the south and south-west, and with China to the north. Works for rail connections between the Lao People's Democratic Republic and its neighbors are about to start.
3. Since 1978 IFAD has implemented a total of 11 rural development and poverty reduction projects in the country, totalling US\$91.2 million. These projects have supported more than 200,000 rural households.
4. This country strategic opportunities programme (COSOP) provides both the guidance and the management framework for IFAD's country engagement from 2011 to 2015. It builds on the National Growth and Poverty Eradication Strategy (NGPES), the 7th National Socio-Economic Development Plan (NSEDPlan), the new Agriculture and Rural Development Strategy and the completion evaluation of the Oudomxai Community Initiatives Support Project – and is aligned with the GMS strategy.
5. The COSOP consultation process involved a number of steps: (i) a desk review of studies and reports of IFAD-supported operations; (ii) a formulation mission during 4-26 January 2011, which built on the findings of a preparatory COSOP mission in December 2010; (iii) a field-consultation process with implementing agencies, the private sector, research institutes, development partners, ethnic groups and other beneficiaries; (iv) preparation of six studies;¹ (v) a COSOP consultation workshop with development partners and stakeholders on 25 January 2011; and (vi) an in-country validation workshop on 19 May 2011 (see appendix I).

II. Country context

A. Economic, agricultural and rural poverty context

Country economic background

6. The Lao People's Democratic Republic has experienced significant economic growth (averaging 6.4 per cent of GDP) over the last 10 years, albeit the growth is associated with consistently increasing inflation (rising to 6 per cent in 2009). GDP per capita has followed a similar trend, increasing from US\$849 in 2008 to US\$878 in 2009. However, almost 39 per cent of the population is estimated to be below the national poverty line.² Poverty is concentrated in the uplands, with rates of

¹ Studies prepared for the COSOP: (i) Principles to guide value chain selection; (ii) Agriculture and farmers' organizations; (iii) Poverty analysis and institutional context; (iv) Natural resource management and climate change; (v) Rural household assessment; and (vi) Rural finance.

² United Nations Development Programme (UNDP) data.

46-50 per cent. The Lao People's Democratic Republic is the most rural country in Southeast Asia, with approximately 80 per cent of its population depending on agriculture and natural resources for their livelihoods. The country is mountainous (80 per cent) and widely forested (40 per cent), with approximately 4 per cent arable land.

7. To contribute to poverty eradication, the Government's focus is increasingly on regional and international links (such as South-South cooperation), market-led development of productive sectors and raising the capacity of rural people and their communities to engage in productive economic activity. Continuing public investments in infrastructure and services support these priorities, as do private-sector investments in production and marketing, including agriculture/forestry.
8. The size, nature and complexity of recent foreign direct investment (FDI) and the impact that such investment is having on the livelihoods of poor people have highlighted the need for capacity-building and a clearer policy focus of government agencies dealing with investment and land. Institutional weakness at the provincial and district levels is exacerbated by low recurrent budgets, limited staff mobility and inadequate funding of government operating costs.
9. The country's industrial sector is primarily built on the exploitation of its abundant natural resources, including water, forests and minerals. Exports of hydroelectricity and minerals increasingly support economic growth. The industrial sector has, on average, contributed 26 per cent to GDP since 2005, but is forecast to expand quickly in the coming years to above 30 per cent. The service sector has gradually improved its performance – its annual average contribution to GDP being 38 per cent since 2005. Over the same period, agriculture consistently comprised from 35 to 36 per cent of GDP, a figure that largely results from improved regional market linkages and investment from neighbouring countries.

Agriculture and rural poverty

10. **Socio-economic aspects.** The size, productivity and diversity of agricultural holdings in remote areas of the Lao People's Democratic Republic are inadequate to buffer poor households from the risks associated with resource depletion, land competition, climate variability, and pests and diseases. Invariably, only a few households in poor communities produce enough surplus to secure meaningful incomes. Inconsistent supply and quality, compounded by absence of a system to organize and consolidate the output of marketable products, continues to undermine opportunities for wealth creation among poor people. Government efforts to stabilize shifting cultivation practices have had the effect of reducing fallow periods, thus increasing competition for resources.
11. The poorest and most vulnerable segments of the rural population live in the uplands and are not Lao-Tai (the majority in the country), but rather belong to one of the 49 ethnic groups recognized by the Government. Analysis also shows that the causes of poverty vary considerably among the various ethnic groups. In addition to the common causes, poverty for specific ethnic groups is often linked to: social and economic exclusion, resettlement from traditional village sites, shifting-cultivation stabilization policies, gender inequalities, illiteracy and limited Lao language skills.
12. Women and men constitute equal parts of the agricultural workforce, and women play by far the dominant role in household nutrition. Moreover, women continue to be disadvantaged in communities in terms of leadership and opportunity. Ethnic women are particularly disadvantaged due to poor language and numeracy skills, which too often results in difficulty in accessing information. Many ethnic groups traditionally restrict women's access to public meetings and out-of-village training. And while all government ministries have strategies and action plans to promote gender equality at national, provincial, district and village levels, the actual implementation of such plans tends to be uneven.

13. **Access to land.** Land is not only the most important resource for agricultural livelihoods, but is central to ensuring food security. Access to land in the Lao People's Democratic Republic is compromised by increasing resource competition (e.g. escalating land concessions), as well as unexploded ordnance contamination, especially in the south.
14. The land-use planning and land allocation process is ready for an acceleration. The National Assembly has discussed the need for land titling, the seriousness of communities' land loss due to concessions, among other factors, and the low land productivity. The Government is committed to supporting this process.
15. In March 2010 the Ministry of Agriculture and Forestry (MAF) and the National Land Management Authority (NLMA) jointly published a manual for Participatory Agriculture and Forest Land-Use Planning at Village and Village Cluster Levels. This participatory land-use planning (PLUP) manual is seen as the instrument for combining land-use planning with land allocation and speeding up land registration throughout the country. The draft National Master Plan for Land Surveying and Allocation, produced in collaboration by MAF and NLMA, will be endorsed by the National Assembly in 2011, and land allocation should then follow.
16. **Natural resource management and climate change.** As mentioned, 80 per cent of the population relies on the natural resource base for their livelihoods, while almost 60 per cent of FDI is related to the country's environment and natural resources. Among the lower Mekong basin countries, the Lao People's Democratic Republic is one of the most vulnerable to the effects of climate change. Current climate models predict a trend of increasing precipitation (from 10 to 30 per cent) for the Greater Mekong region, in the form of more intense rainfall events, with longer dry seasons. Such changing rainfall patterns will increase the risks of erosion, flooding, landslides and forest fires, with concomitant increases in food insecurity. The key constraint on agricultural production is the availability of water during the dry season. Climatic variability – in particular what appears to be an increase in the frequency and severity of drought in some parts of the country – is already limiting the availability of this critical resource for household production.
17. **Farmer and community organizations.** Efforts to form sustainable farmer and community organizations have been only modestly successful. Households have a propensity to operate independently, and often seem unaware of the benefits of group action. Many of the strategic interventions needed in the country require group or communal undertakings. To this end, MAF is in the process of developing a strategic plan to support farmers' organizations. Early discussions show sensitivity to the challenges of establishing autonomous organizations, as well as an appropriate desire that Government assume only the role of providing services to farmers' organizations, relinquishing any coordination/management role.
18. **Markets.** Currently, poor rural communities are hampered by: difficult market access (sometimes only seasonal), the high cost of transport, restrictive local policies, limited finance, lack of market information, and risk-averse (and sometimes exploitative) trading practices. Traditional farming practices currently employed by poor households are characterized by: inconsistent supply, limited volume, limited range of marketable goods (particularly value added products) and poor quality, all of which inevitably force farmers to be price takers. Moreover, as already noted, farmers tend to act independently, rarely forming groups.

B. Policy, strategy and institutional context

National institutional context

19. The Lao People's Democratic Republic is a one-party state with only a recent civil society and weak legal and institutional frameworks. It is divided into 16 provinces and one prefecture, which includes the capital, Vientiane. Each province is composed of districts and each district is divided into cluster villages or *kum-ban*. Government

agencies are represented at national, provincial and district levels. At the national level, the lead agency responsible for agriculture and rural development is MAF. Its main mandate is to define market-oriented agricultural and rural development policies, strategies and action plans. Under MAF, the National Agriculture and Forestry Research Institute (NAFRI) and the National Agriculture and Forestry Extension Service (NAFES) play important roles in the implementation of agricultural strategies.

20. The Ministry of Planning and Investment (MPI) is responsible for planning and monitoring of the NSEDP. It is also in charge of the planning and monitoring of public investment programmes and the NGPES.
21. At the provincial level, the Department of Planning and Investment (DPI) and the Provincial Agriculture and Forestry Office (PAFO) are respectively the counterparts to MPI and MAF. Decentralization continues at the district level with the District Agriculture and Forestry Office (DAFO).
22. The World Bank's Country Policy and Institutional Assessment (CPIA) index ranks the country as a poor performer in financial-sector management, social protection, revenue mobilization, and transparency, accountability and corruption. A key feature of governance is the relationship between the national and provincial governments. Policy is centrally determined but provincial governors have significant autonomy, which at times hampers national policy implementation.

National rural poverty reduction strategy

23. Development policy in the Lao People's Democratic Republic is guided by two key policy documents — the NSEDP and the NGPES. The current NSEDP (2011-2015) comprises all major sectors, as well as a number of supporting sectors, cross-sectoral priorities and specific national programmes that address poverty eradication. The plan is divided into: economic development; social and cultural development; environmental protection, natural resource management and sustainable development; enterprise development; regional and local development; governance; public security and national defence; international and regional cooperation; and industrialization and modernization.
24. The NGPES is built on three pillars: fostering economic growth with equity, socio-cultural development and environmental preservation. Its objectives include: industrialization; improved and extended education, training and health systems; improved living environments for groups of diverse ethnicities; increased community participation in the national development process; enhanced human resource development and eradication of mass poverty; and stabilization of shifting cultivation.
25. MAF's Strategy for Agricultural Development 2011 to 2020 takes an area-focused development approach, which places high priority on more sustainable land use and includes livestock-based farming, non-timber forest products (NTFPs), upland farming systems, and more-viable land allocation systems. Challenges clearly remain in translating these objectives into action – owing to major capacity constraints and limited integration among all levels of the administration.

Harmonization and alignment

26. The Lao People's Democratic Republic has striven to better harmonize development interventions, as agreed in the Vientiane Declaration. The donors' round table is a key instrument in ensuring harmonization. IFAD engages with development-partner coordination groups, such as the agriculture and natural resources (ANR) working group, the United Nations Country Team and the REACH partnership. It has a good record of institutional collaboration and coordination. During the COSOP consultation workshop, development partners congratulated IFAD on being an organization that "listens", one of the few showing sufficient flexibility to work with a range of development partners. To date, IFAD has successfully collaborated with the Asian

Development Bank (AsDB), Government of Luxembourg, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Swiss Agency for Development and Cooperation (SDC), World Food Programme (WFP), the private sector and national and international research institutes such as NAFRI and the International Center for Tropical Agriculture (CIAT). Many development partners have been actively engaged in the development of this COSOP (see appendix I).

27. IFAD also ensures its commitment to and alignment with government policies (as well as with the United Nations Development Assistance Framework) – including the NGPES, the 7th NSEDP and MAF's Strategy for Agricultural Development 2011 to 2020 – and with the IFAD Strategic Framework. Together with government agencies and development partners, the COSOP has identified areas in which IFAD has a comparative advantage and has sought to complement other donors' activities.

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

28. The most recent COSOP supported by IFAD (2006-2010) encompassed four projects – covering the implementation of three, and the design and implementation of a fourth:
- Sustainable Natural Resource Management and Productivity Enhancement Project, initiated by AsDB (approved in 2008);
 - Northern Region Sustainable Livelihoods through Livestock Development Project (NRDLLDP), initiated by AsDB (approved in 2006);
 - Rural Livelihoods Improvement Programme (RLIP) in Attapeu and Sayabouri (approved in 2005); and
 - Oudomxai Community Initiatives Support Project (OCISP) (closed in September 2010).
29. The 2006 COSOP aimed to enhance the economic growth and sustainable livelihoods of poor rural people, with a particular focus on women and other vulnerable groups. Many IFAD interventions have also included education and health components, largely to ensure that beneficiaries have the requisite tools and infrastructure to achieve self-sustained growth.
30. While the implementation of projects under the previous COSOP provided some support to a household's productive assets, the scope and investment priorities focused primarily on building capacity. The recent evaluation of OCISP noted that, while a wide scope of interventions was initially proposed, benefits tended to be focused in selected areas, and that many of these were not necessarily demand-driven. In particular, achievements in natural resource management and agricultural productivity were well below expectation. Nevertheless, the overall results of completed and ongoing projects indicate that: (i) the capacities and services of implementing agencies were strengthened; and (ii) there were noticeable improvements in the livelihoods of villages and households directly receiving project support.

B. Lessons learned

31. Some lessons of particular relevance to this strategy include:
- IFAD support should focus on agricultural livelihoods and the associated natural resources. IFAD should partner with other donors to ensure better complementarity of activities;
 - Continued capacity-building and knowledge management are crucial for all stakeholders, including technical agencies, extension agents and beneficiary households;

- Links must be established to those government and private-sector extension services that can support tenure security, agricultural and livestock productivity, and market access;
- Market-oriented agricultural development must take into account the opportunities and constraints provided by large-scale foreign investment in the land and mining sectors;
- A market-oriented approach should be followed in order to strengthen links between farmers, transporters and traders;
- The role of civil society groups and the private sector in the design and implementation of the IFAD country programme should receive greater attention;
- Targeting should follow adapted and specific approaches for each target group (use of languages of the target ethnic groups and consideration of cultural differences) in order to ensure that a greater proportion of the poorest villagers benefit from project support;
- Agricultural diversification and the sustainable harvesting of NTFPs need a stronger focus;
- Decentralized decision-making systems should be supported; more accountability should be given to district levels;
- Grass-roots participation in the planning and implementation of activities should be a priority, and women's and youth's involvement must be ensured;
- Parallel implementation structures, such as programme management units, should be avoided;
- The operation and maintenance of infrastructure investments should be a strong focus from the beginning of each project;
- Stronger synergies between grants (regional and country) and investment programmes should be ensured.

IV. IFAD country strategic framework

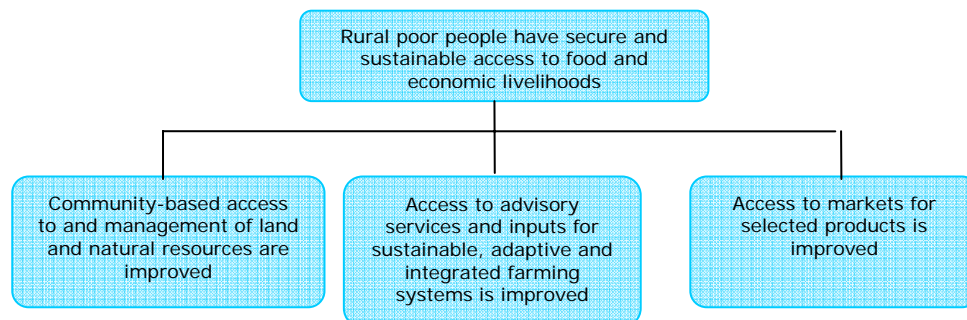
A. IFAD's comparative advantage at the country level

32. The general consensus emerging from the consultation process for this COSOP is that IFAD should prioritize its future interventions in areas where it has a comparative advantage. IFAD's comparative advantage at the country level can be summarized as: (i) fully utilizing its capacity to target poor and vulnerable groups in rural areas; (ii) improving the livelihood of beneficiaries using a participatory approach; and (iii) enhancing leverage by building responsive institutional partnerships with other donors and maintaining close partnerships with national and subnational government.
33. IFAD's core rural and agriculture-sector mandate is clearly discernible in this COSOP, focusing as it does on an integrated approach to food security, agricultural production systems and market linkages. This focus on the agriculture sector ensures that available resources are concentrated in areas in which IFAD can make a strategic difference. It also allows closer alignment with the Government's Millennium Development Goal (MDG) commitment to poverty reduction, as well as with its new Strategy for Agricultural Development. This approach leaves the scope open for harmonized investments in social services by development partners with greater comparative advantage in those fields.

B. Strategic objectives

34. The goal of this COSOP is to ensure that poor rural people have secure and sustainable access to food and economic livelihoods. An integrated and flexible

approach to location-specific challenges is essential, and will be delivered through three interlinked strategic objectives (SOs):



35. **SO1: Community-based access to and management of land and natural resources are improved.** IFAD's first strategic objective aims to improve access to and management of land and natural resources through support to farmers' and resource users' groups. The following outcomes are proposed under this strategic objective:

- Producer interest groups are increasingly empowered to protect their interests and rights concerning land and natural resources;
- Producer interest groups iteratively plan and oversee the sustainable harvesting and domestication of NTFPs;
- Viable models for village-based forest management are developed and effectively implemented through community-based approaches;
- Sustainable access to and use of water for households and productive purposes is realized through improved sub-catchment planning.

36. These outcomes are expected to be achieved through:

- Formation of public access points to disseminate knowledge regarding community and individual rights;
- Support to improved tenure security, especially of communal land;
- Ongoing support to producer interest groups involved in sustainable forest management and to their further development;
- Management of NTFPs based on an understanding of traditional NTFP tenure systems in target communities; sustainable harvesting and/or domestication plans;
- Village planning of water demand to maximize available resources, along with the promotion of simple options for water harvesting;
- Policy advocacy to leverage benefits for restored forests and protected watersheds.

37. IFAD endorses a land allocation process in which careful consultation gives due consideration to villagers' land-use categories, and which respects customary rights. It should not only enhance productivity and food security, but also reduce land conflicts for poor rural people.

38. While there is support in the policy and legislative framework for community management of natural resources, there is a need to develop capacity and focused partnerships to enhance impact and scaling up.

39. The delivery of tangible benefits to women will be promoted through partnership with the Lao Women's Union. SO1 is also expected to take advantage of other

synergies, including linkages with existing initiatives undertaken by IFAD's development partners. Examples include: The Agrobiodiversity Initiative (TABI), the GMS Biodiversity Conservation Corridors Initiative, and the national framework for piloting "payment for environmental services" (PES) approaches in Reducing Emissions from Deforestation and Forest Degradation (REDD+),³ supported by the World Bank's Forest Carbon Partnership.

40. **SO2: Access to advisory services and inputs for sustainable, adaptive and integrated farming systems is improved.** Given the challenges poor rural communities continue to face, outcomes proposed under this strategic objective include:
- Sustainable and increased production;
 - Improved nutritional balance in poor households, especially for women and children; and
 - Greater resilience and adaptability to climatic variability and pest and disease outbreaks.
41. These outcomes are expected to be achieved through:
- Introduction of farming systems that effectively integrate household gardens, livestock production, aquaculture, cropping, and reliance on NTFPs;
 - Diversified crop portfolios in which multiple cropping seasons incorporate dry season crops capable of exploiting residual soil moisture and scarce rainfall;
 - Simple sloping-land conservation practices, including increased use of agroforestry;
 - Enhanced fallow management (especially through the use of perennial legumes);
 - Extension services provided in the languages of ethnic groups and that consider cultural differences;
 - Increased availability of affordable and appropriate genetic material – seed and varieties – characterized by strong drought and disease resistance, quick maturity, and high productivity and nutritional value;
 - Adoption of traditional, community-based, small-scale irrigation and water-harvesting techniques to maximize the use of suitable land;
 - Risk mapping and early warning systems to anticipate risks;
 - Improved disease and pest management (especially animal vaccination, integrated pest management and in-field rodent control); and
 - Improved post-harvest management of products.
42. Despite the active engagement of NAFRI, supported by the Lao-based Consultative Group on International Agricultural Research centres, the introduction and adoption of improved farming practices has been slow. Currently, NAFRI, NAFES, PAFO and DAFO all have limited capacity and limited technical know-how needed to help transform traditional farming practices into integrated farming systems. Individual farmers also lack access to information, in particular to decision-making tools. They have little capacity to make choices that take into account the characteristics of their production environment. It is thus proposed that IFAD play a lead role (through NAFRI, NAFES, PAFO, DAFO, private service providers and NGOs) within its target provinces to support the implementation of these processes and help build the capacity of communities, the private sector and service delivery agencies.

³ "REDD+" goes beyond deforestation and forest degradation, and includes the roles of conservation, sustainable management of forests and enhancement of forest carbon stocks.

43. **SO3: Access to markets for selected products is improved.** To improve access to markets, this strategic objective aims to deliver the following outcomes:
- Farmers achieve improved incomes and benefit flows from enhanced access to and functioning of established value chains;
 - Production groups at the village level organize production, marketing, conservation and advocacy efforts;
 - Incomes are improved through local value added opportunities;
 - Improved technical, marketing and financial services support village-level production and interest groups; and
 - Supply-side glut and large market price fluctuations are averted, particularly during peak harvest periods, by more-effectively managing the volume of product entering the market through access to storage facilities and more-efficient inventory management.
44. These outcomes are expected to be achieved through:
- Farmers' organizations, which act as: (i) focal points for the delivery of technical services to communities; (ii) advocacy bodies representing the interests of farmers; and (iii) vehicles to link consolidated production to market opportunities;
 - Growth of market-based trading activities involving both traders and farmers' organizations. Such activities will handle increasingly large volumes of product transactions, with the ultimate potential of local and regional import substitution and export market opportunities;
 - Use of forward contracts as a vehicle to finance trade and investments in equipment for village-level value added activities, with regularized trading of primary and value added goods through traders and exporters;
 - Village-based production and trading of value added products for local and regional markets;
 - Commercial financing of trade and investments through farmers' organizations, particularly for expanded crop, livestock and NTFP trade, as well as local value added production; and
 - Strategic road infrastructure linking villages to key trading points.
45. Key to the delivery of SO3 is the development of appropriate farmers' organizations and the facilitation of their links with both markets and finance. This will require close coordination between DAFO and local line agencies (such as those for industry and commerce) in order to strategically engage private service providers and NGOs. These can then help build and support sustainable organizations with the aim of consolidating outputs and producing value added products. In addition, such organizations would be expected to facilitate domestic and export transactions, and develop links with commercial financing organizations (e.g. through village banking schemes). Government staff at the district level will also need support to facilitate the initial transactions between traders and farmers' organizations (e.g. through district-level trade fairs). Moreover, as markets and trading expand, the private sector should be supported in developing and investing in market infrastructure, including the processes needed for commercial storage, quality control, market price stabilization and bulk trading. To mitigate the possible negative impact of long-term land concessions on surrounding communities, mechanisms such as forward contracts for procurement of goods and services and out-grower contracts for local farmers with concession owners should be considered. This would enable local communities to capture economic opportunities created by these concessions.

46. Finally, district-level investments in strategic road infrastructure can be supported, as well as investments by farmers' organizations in traditional irrigation and water-harvesting schemes, based on community agricultural plans.
47. A number of cross-cutting issues are common to all three strategic objectives: (i) capacity-building of beneficiaries and service delivery partners; (ii) sensitive and appropriate engagement with ethnic groups based on their cultures and identities; (iii) fostering engagement with women as key partners in all production and marketing systems; (iv) strategic infrastructure related to farming systems or markets; (v) formation of farmer and producer common-interest groups; and (vi) resilience and adaptation to climate variability and change.

C. Opportunities for innovation

48. IFAD will facilitate testing and implementation of a sustainable, integrated farming system approach, particularly suitable to upland poor people, that helps ensure food security and income-generating opportunities through linkages to markets. Once such an approach is proven to be effective, scaling up will involve, inter alia, ensuring adequate capacity within PAFO/DAFO to sustain such activities on their own. Knowledge gained from the proposed pilots will help the Government and other development partners support upland poor people outside the proposed project target area.
49. Scaling up will also identify an appropriate enabling environment – policy/regulatory frameworks, supply chain structures, market information system, etc. – in which the public and private sectors can contribute to food security and market engagement by poor households. A “cascading” training-of-trainer approach will help build capacity at the local level through local private service providers, as well as within DAFO. The focus will be on testing partnerships along the entire supply chain, from input suppliers, through financing institutions and farmers' groups, to buyers/processors, to help build dynamism along the supply chain and involve poor households.
50. Subject to conclusive pilots, the role of IFAD in the scaling-up phase will be to facilitate the transfer of knowledge, experience and insights gained during the pilot to other locations outside the target areas, and to provide advice to PAFO/DAFO on the adjustments required to help tailor the lessons learned to unique conditions in non-target areas.
51. There are already encouraging experiences on which IFAD, the Government and development partners can build:
 - **Intensified partnership with WFP.** IFAD and WFP have a history of collaboration on scaled-up investments. Certain sustainable farming practices such as contour farming and water infrastructure require intensive up-front labour at both the on-farm and community levels. Through collaboration with WFP, the lead time will be reduced, adoption increased and impact strengthened;
 - **Piloting and scaling up of integrated farming and marketing models.** Integrated farming and marketing systems will be piloted as a particular response to the opportunities presented by increased cross-border trade and the risks posed by increasing climate variability. In particular, scalable opportunities arising from links with current private-sector investors and traders will be enhanced. Some successful examples from the French NGO Committee for Cooperation with Laos will be scaled up.
52. During project implementation and COSOP reviews, IFAD will encourage reflection on scaling-up concepts and issues, including drivers, “spaces” and “pathways” for replication, adaptation or expansion of successful interventions.

D. Targeting strategy

53. IFAD's main target group will consist of an ethnically diverse group of poor households in rural areas. Within this main group there will be two primary

subgroups: (i) highly vulnerable food-insecure households (more than four months' rice deficit per year) with limited or no access to markets; and (ii) poor households that are moderately food-insecure, but have a greater potential to access markets.

54. Both subgroups share a common livelihood system based on cropping, raising livestock, gathering forest products, and some limited wage labour. Many households move between these categories on a regular basis, and many activities will be appropriate for both subgroups. Both lack access to assets and services to promote enhanced subsistence farming and/or marketing of cash crops, and both are at a disadvantage when contracting with traders.
55. The targeting of women, woman-headed households and youth will be a strong focus. Women make up a large part of the agricultural workforce and have primary responsibility for household nutrition. Woman-headed households face particularly severe constraints, as they often lack labour and have limited access to extension services. IFAD will ensure gender mainstreaming activities by formulating gender-sensitive working plans and raising gender awareness among its staff and partners. Inclusive targeting measures will build up a woman-friendly environment and empower women and youth to actively participate in IFAD activities. The programme will target youth, especially through agricultural universities and ethnic schools and through support to mentoring activities.
56. The following modes of targeting are envisaged: (i) geographical targeting based on poverty ratios; (ii) self-targeting based on type of programme activities; (iii) targeting geographically organized farmers' organizations having production and market linkage potential.

E. Policy linkages

57. Important challenges in policy dialogue are mainly related to: (i) supporting farmers' organizations; (ii) the Government formally recognizing communal tenure; (iii) assessing the impact of FDI and private investment on poor rural people; (iv) empowering farming communities to play a more important role in planning, implementation and monitoring of extension programmes; and (v) assessing and mitigating climate risks.
58. As a contribution to broader policy dialogue with the Government on policies to enable the Lao People's Democratic Republic to achieve the MDGs, a policy working group, composed of local and international experts, will be created with IFAD support to help bridge the gap between the operational and strategic levels. The group will have, inter alia, the following functions: (i) providing feedback on the effectiveness of ongoing policies (such as land allocation, shifting cultivation, etc.); and (ii) exploring the potential for scaling up of successful operations. Its objectives and annual workplans will be developed with the Government and partners. Linkages with other working groups such as the ANR working group and the Asian Farmers' Forum will be established in order to ensure harmonization and compliance with the Accra Agenda for Action and the Paris and Vientiane Declarations.

V. Programme management

A. COSOP monitoring

59. The COSOP's performance will be reviewed every year during the country portfolio review. This exercise will involve the Country Programme Management Team (CPMT), key government representatives, NGOs, civil society and other development partners. The COSOP Results Management Framework (RMF) will provide the basis for monitoring and evaluation (M&E), outlining the outcome and milestone indicators for tracking progress (see appendix III). The baseline statistics in the RMF represent national trends. However, given the significant regional variations in the country, it is essential that these indicators are complemented by more-specific, provincial baseline assessments prior to each project's start-up.

60. The results of the annual COSOP monitoring will feed into its mid-term review, planned for mid-2013. The benchmark and Results and Impact Management System (RIMS) surveys of operational projects will also be important. The mid-term review will assess the logical links between the milestones and expected outcomes; will confirm (or otherwise) the strategic integrity of the COSOP; and will, if necessary, suggest changes to better achieve the three strategic objectives.
61. At end-2015, a COSOP completion report will assess the extent to which the expected outcomes have been achieved. As part of knowledge management, the results of both the mid-term and completion reviews will be shared with development partners. Based on past reports and reviews of ongoing IFAD-supported interventions in the country, the areas that require significant improvement are financial management and M&E.
62. **Financial management.** Action will be taken during project design missions to ensure that projected project costs are estimated more accurately. A review of national procurement guidelines and their implementation will be undertaken. It is envisaged that training and technical support in financial management will be provided, so as to build up institutional capacity. This, together with closer monitoring of audit and procurement compliance during supervision missions, is expected to ensure better-quality financial statements, with a more-rapid resolution of outstanding audit recommendations and improved efficiency and effectiveness of project procurement.
63. **Monitoring and evaluation.** Additional implementation support is needed to build effective M&E systems. In order to enhance project management, IFAD will continue to support capacity-building in this field. The M&E system for future programmes will be simplified and aligned with government systems to the extent possible. With regard to existing programmes, the M&E system will be simplified, and indicators and logical frameworks will be reviewed to ensure a more-effective and sustainable monitoring system.
64. **Direct supervision.** Based on past experience, IFAD has realized that direct supervision is the key to smooth implementation. IFAD-funded projects supervised by AsDB have had a history of low disbursement, which points to the relevance and impact of direct IFAD supervision.

B. Country programme management

65. Management of the country programme is the responsibility of the Government. Currently, this involves the Ministry of Finance and other line agencies, including MAF and MPI. A CPMT will review programme performance to strengthen links and partnerships and to improve integration with government and donor agencies. To help bridge the gap between the operational and strategic levels, the CPMT will be supplemented by a policy working group. This group will be comprised of eminent national and international professionals. Such structured, ongoing professional support will strengthen institutional knowledge and continuity, and will also lead to more appropriately crafted technical and policy advice. Having ready access to specialists will also improve the monitoring of projects at risk and allow for rapid assessment of issues when they arise.

C. Partnerships

66. Current institutional collaboration and coordination programmes will continue, including those with AsDB, CIAT, GIZ, the Government of Luxembourg, SDC, WFP and other development partners. IFAD aims to continue coordinated work to ensure synergies and complementarities with development partners' operations – in compliance with both the Paris and Vientiane Declarations. Under this COSOP, partnership mechanisms will allow IFAD to leverage its competitive advantage while drawing on the technical expertise of other donors engaged in complementary

activities. Effective partnerships will be essential to the delivery of each COSOP strategic objective and will require:

- Innovative implementation agreements that recognize the need for quality technical assistance. A unique opportunity exists to strengthen South-South cooperation through technical support, joint research and exchanges with regional partners. There is also an opportunity to strengthen ties with initiatives under the AsDB's GMS Strategy; and
- Appreciation and support of the important role that the private sector and private service providers must play in enhancing market opportunities, while contributing to the environmental, social and financial sustainability of interventions.

67. A country grant to support the agriculture census process was provided at the end of 2010, and a regional grant on livestock with CIAT is planned in the 2011 pipeline. Better synergies between regional grants and investment projects will be ensured. Partnerships with other development partners such as AusAid will be explored.

D. Knowledge management and communication

68. Knowledge management and communication need significant improvement in the Lao People's Democratic Republic. To this end, IFAD's country programme will regularly disseminate good practices and lessons learned, in addition to its active participation in various knowledge-sharing platforms (e.g. the ANR working group, the United Nations Country Team). IFAD plans to significantly upgrade its knowledge management and communication during this COSOP, both through studies undertaken by the policy working group, and through an iterative review of performance that identifies innovation and opportunities for scaling up. Both ongoing and future projects will adopt an agenda of knowledge management as part of their implementation processes. Ongoing regional grants will also be used to support knowledge-sharing activities.

E. PBAS financing framework

69. IFAD's funding for this COSOP is calculated annually through the performance-based allocation system (PBAS). The allocation for the Lao People's Democratic Republic over the current three-year PBAS cycle (2010-2012) is US\$16.9 million, and future allocations are expected to at least match current levels. Country performance has been stable for some time, and the COSOP's year 1 calculation of financing is based on the most recent scores. However, improvements are foreseen in the areas of: access to land, availability of and access to water for agriculture, access to agricultural research and extension services, and access to agricultural input and product markets.

Table 1
PBAS calculation for COSOP year 1

	<i>Indicator</i>	<i>Performance rating year 1</i>
	Rural-sector performance scores	
A (i)	Policy and legal framework for rural organizations	3.75
A (ii)	Dialogue between government and rural organizations	4.50
B (i)	Access to land	3.50
B (ii)	Access to water for agriculture	3.25
B (iii)	Access to agricultural research and extension services	3.33
C (i)	Enabling conditions for rural financial services development	3.67
C (ii)	Investment climate for rural business	3.67
C (iii)	Access to agricultural input and product markets	2.67
D (i)	Access to education in rural areas	4.00
D (ii)	Women representatives	4.00
E (i)	Allocation and management of public resources for rural development	3.25
E (ii)	Accountability, transparency and corruption in rural areas	3.25
	Sum of combined scores	42.84
	Average of combined rural-sector performance scores	3.57
	Score of projects at risk (PAR)	4
	CPIA rating	3.28
	Country score	2 379
	Annual allocation (US\$)	US\$5 720 000

Table 2
Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>PAR rating (+/-1)</i>	<i>Rural-sector performance score (+/- 0.3)</i>	<i>% change in PBAS country score from base scenario</i>
Hypothetical low case	3	3.27	-25% (1 790)
Base case	4	3.57	0% (2 379)
Hypothetical high case	5	3.87	+28% (3 050)

F. Risks and risk management

70. Currently, the major risks and their mitigation actions are:

<i>Risks</i>	<i>Mitigation measures</i>	<i>Likelihood</i>
Low capacity at community and government levels and dearth of competent NGOs and service providers	Improved partnership, investing in capacity development and strengthening implementation support through building capacity can, to a certain extent, mitigate this risk.	High
Extreme weather events as well as the effects of climate change	This can be partially mitigated through regeneration and proper management of natural resources, conservation of biodiversity, promotion and adoption of adaptive responses. Early warning systems and risk mapping could also assist in anticipating risks.	Medium
Macroeconomic shocks such as food price inflation, economic uncertainty and downturns	This risk can be cushioned by diversifying agricultural production, reducing input costs and diversifying the household asset base.	Medium
Knowledge available may not be adequately tested, reliable or widely applicable	Systematic knowledge management support to the programme through IFAD can result in adoption of effective and appropriate best practices and technologies.	Medium
Limited transparency within government relating to FDI, land management and private-sector development	This risk can be partially mitigated by better aligning needs identified through a community-based planning process within the overall national policy framework. As part of a dialogue to achieve this objective, IFAD is establishing a policy working group.	High
Limited transparency within the market	This risk can be partially mitigated through promoting: (i) facilitation of public/private partnership to reduce differences between sellers and buyers by highlighting a common interest in higher quality standards of agricultural output (grading, packaging) and better timeliness and reliability of supply. This will also contribute to building trust, which is a vital element of trade relations; (ii) better management of goods flowing into the market so that farmers are price setters rather than price takers; (iii) policy dialogue to define the best modalities for improving the farmer/buyer relationship; and (iv) studies on concessions and contract forms aiming at improving this relationship.	Medium

71. The need to mitigate these risks is central to the three strategic objectives proposed in the COSOP. Risk assessment will be incorporated into the monitoring and management of all COSOP activities. Periodic evaluations of both foreseen and emerging risks will be undertaken as part of overall country programme management, along with any necessary tailor-made follow-up.

COSOP consultation process

1. The consultation for this results-based Country Opportunities and Strategy Programme (RB-COSOP) occurred in two steps. A pre-COSOP mission was conducted from 5 to 16 December 2010. This was followed by the main RB-COSOP mission from 4 to 26 January 2011. The pre-COSOP mission aimed to undertake some preliminary assessments and identify the main pillars for IFAD's engagement over the period 2011 to 2015. Overall this mission recommended that IFAD's future programmes should continue to invest in the Northern and Southern provinces as this allows IFAD to build on lessons learned and scale-up successes in order to ensure impact and sustainability. It also recommended that IFAD should concentrate its efforts more on the agricultural livelihoods of the rural poor and not to dissipate its resources into broader social infrastructure opportunities. Instead, these should be met through strategic partnership with other donors if available.
2. Subsequently, the main mission finalised the field work, confirmed the areas for IFAD's strategic engagement, and drafted the RB-COSOP report. Both mission relied on document review, sector studies, key informant interviews, field visits, household interviews, and wrap-up workshops to inform and guide COSOP development. Both missions fully engaged with Government and other development partners. The main COSOP mission also held a half day stakeholder workshop to validate and further refine the emerging strategy.
3. This COSOP is supported by the following sector studies: (a) Agriculture and Farmers' Organizations; (b) Rural Finance; (c) Value chain assessment of poor rural households in the Lao People's Democratic Republic; (d) Natural Resource Management and climate change; (e) Poverty Analysis and institutional context; (f) Principle to guide value chain selection.
4. Key informant interviews and field visits: Consultations were held with a number of government and donor agencies in Vientiane. Meetings were held at the national level with the following Government agencies: Ministry of Planning and Investment (MPI), Ministry of Finance (MOF), Ministry of Foreign Affairs (MOFA), Ministry of Agriculture and Forestry (MAF), Ministry of Public Work and Transportation (MPWT), Ministry of Industry and Commerce (MIC), National Land Management Authority (NLMA), Ministry of Health (MOH) and Water Resources and Environment Agency (WREA).
5. Over the period of COSOP formulation meetings were also held with all key development partners and local NGOs including: AFD, AsDB, Care International, CIAT, FAO, GIZ, Health Unlimited, JICA, Lao Women's Union, Lao Youth Union, the Lao National Chamber of Commerce and Industry (in Vientiane and Oudomxay [in the future replaces 'Oudomxai']), Luxembourg Development, SDC, SNV, UNDP, UNEP, University of Lao (Department of Agriculture), Village Focus International, WB and WFP. The main private sector entities met are: the Lao agroprocessing association, the Agriculture Promotion Bank, the Nayoby Bank, noodle and candle factories, tea processors (Lao eco-place), maize and job's tears traders and sesame oil processors/exporters.
6. The missions also undertook field visits in the provinces of Attapeu and Sekong in the south and Sayabouly [in the future replaces 'Sayabouri'] and Oudomxay in the north. Meetings were held with line agencies at the provincial and district level and interviews occurred with households in selected villages. All villages were selected based on poverty incidence. While some were very remote, requiring long travel times, the selection ensured that the team appreciated the reality of service delivery in the remote areas of the country. The team split up for village visits ensuring that small groups only visited villages. This also enabled more villages to be covered.
7. Key discussions during the Provincial and District visits centred on the respective roles of Government agencies. All agreed that the Ministry of Agriculture, its devolved

service delivery groups (PAFO and DAFO) and its research and training arms, must play a key implementation role.

8. COSOP Consultation Workshop: a COSOP workshop was held with stakeholders on 25 January to reflect on the strategy, its feasibility and risks associated with its delivery. Thirty-four participants took part in the half day workshop and included representation from all agencies, donors and NGOs listed above.

9. Participants were asked initially to reflect on IFAD's comparative advantage in the Lao People's Democratic Republic and areas where improvements could be made. Feedback received enhanced the discussion of comparative advantage in the COSOP. Participants provided comments on the key risks overall feasibility and potential linkages and partnerships. This input strengthened the discussion of these issues in the COSOP. There was strong support for the integrated approach to conservation farming systems and the sustainable harvesting of NTFPs. All participants agreed that, whereas farmer organizations were needed to advance many of the initiatives, the success of these in the past has been mixed.

10. COSOP in-country validation Workshop: an in-country validation WS was organised on 19 May 2011 in Vientiane. The main stakeholders participated and agreed on the relevance and importance of the three SOs proposed. The main themes proposed for discussion were the scaling-up process and the policy working group.

11. Once finalised, the COSOP is expected to be presented at the September 2011 Executive Board.

Country economic background

Data Profile	2000	2005	2007	2008
Overview				
Population, total (millions)	5.40	5.88	6.09	6.21
Population growth (annual %)	2.0	1.7	1.8	1.8
Surface area (sq. km) (thousands)	236.8	236.8	236.8	236.8
GNI, Atlas method (current US\$) (billions)	1.50	2.65	3.70	4.66
GNI per capita, Atlas method (current US\$)	280	450	610	750
GNI, PPP (current international \$) (billions)	5.98	9.21	11.65	12.73
GNI per capita, PPP (current international \$)	1,110	1,570	1,910	2,050
People				
Life expectancy at birth, total (years)	61	64	65	65
Fertility rate, total (births per woman)	4.6	3.7	3.5	3.5
Adolescent fertility rate (births per 1,000 women ages 15-19)	52	43	39	37
Contraceptive prevalence (% of women ages 15-49)	32	38
Mortality rate, under-5 (per 1,000)	86	70	64	61
Malnutrition prevalence, weight for age (% of children under 5)	36
Immunization, measles (% of children ages 12-23 months)	42	41	40	52
Primary completion rate, total (% of relevant age group)	69	71	74	75
Ratio of girls to boys in primary and secondary education (%)	81	84	86	87
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.1	0.2	..
Environment				
Forest area (sq. km) (thousands)	165.3	161.4	159.9	..
Agricultural land (% of land area)	8.0	8.5	9.2	..
Improved water source (% of population with access)	48	54	..	57
Improved sanitation facilities (% of population with access)	26	43	..	53
Economy				
GDP (current US\$) (billions)	1.74	2.72	4.29	5.47
GDP growth (annual %)	5.8	7.1	7.6	7.3
Inflation, GDP deflator (annual %)	25.1	2.1	6.9	8.4
Agriculture, value added (% of GDP)	53	36	36	35
Industry, value added (% of GDP)	23	24	27	28
Services, etc., value added (% of GDP)	25	39	37	37
Exports of goods and services (% of GDP)	30	33	36	33
Imports of goods and services (% of GDP)	44	49	51	44
Gross capital formation (% of GDP)	28	34	38	37
States and markets				
Time required to start a business (days)	..	195	100	100
Military expenditure (% of GDP)	0.8	0.4	0.4	0.4
Mobile cellular subscriptions (per 100 people)	0	11	24	33
Internet users (per 100 people)	0.1	0.9	1.6	8.5
Global links				
Merchandise trade (% of GDP)	49.9	52.7	46.4	45.5
Net barter terms of trade index (2000 = 100)	100	95	115	113
External debt stocks, total (DOD, current US\$ millions)	2,501	2,844	4,388	4,944
Total debt service (% of exports of goods, services and income)	7.8	17.3	15.2	..
Net migration (thousands)	-88	-115
Workers' remittances and compensation of employees, received (current US\$ millions)	1	1	1	1
Foreign direct investment, net inflows (BoP, current US\$ millions)	34	28	324	228
Net official development assistance and official aid received (current US\$ millions)	281	302	396	496

Source: World Development Indicators database, April 2010

COSOP results management framework

Country strategy alignment ⁴	COSOP strategic objectives	COSOP outcome indicators related to the strategic objectives ⁵	COSOP milestone indicators showing progress towards strategic objective ⁶	COSOP Institutional/Policy objectives
<ul style="list-style-type: none"> Food security and self sufficiency Decrease poverty to below 19% of the total population, and poor households to below 11% of total households, by year 2015. 	<p><i>COSOP Goal: Rural poor have secure and sustainable access to food and economic livelihoods</i></p> <p><i>Baseline: 2007/8 National consumption poverty rate of 26.7%. Food consumption rate of 24.6%</i></p>			
<ul style="list-style-type: none"> Ensure forest cover at 65% of the total area of the country Secure the country from losses due to natural disasters, such as controlling forest fires, drought, flood, erosion of rivers, and denuding of mountains Increase population having access to clean water to 80% To complete issuing one million land titles in a systemic and regulated manner, without conflict and achieving a three-fold increase in land revenue (or equal to 5% of the national revenue) 	<p>SO1: Community-based access to, and management of, land and natural resources is improved</p> <p><i>Baseline: Currently no producer groups engaged in planning, coordinating and supporting access to land and natural resources.</i></p>	<ul style="list-style-type: none"> At least one producer interest group formed and functioning in every target village (RIMS 2.1.1 & 2.1.4) 40% target villages have some form of community tenure agreements for use of land and natural resources (RIMS 2.6.1) by yr4 60% of households in target villages receive tangible benefits from adoption of conservation practices 	<ul style="list-style-type: none"> More than 40% of producers engaged in interest groups 30% of participating community have environmental plans⁷ (RIMS 1.1.13) Communal tenure for all kinds of village lands registered in 10% of villages Swidden upland fallows and agricultural land protected by improved SWC measures (RIMS 1.1.14) 70% of producers in target area trained in NRM (RIMS 1.1.9) 50% of drinking water systems rehabilitated and 25% of communities receive new water system (RIMS 1.7.3) 	<ul style="list-style-type: none"> Support development of farmers' organizations policy with MAF through participation in donor working group and targeted TA Policy dialogue to support formal recognition of communal tenure (National Land Management Authority) through the policy working group Develop capacity of farmers and farmers' organizations to access private extension and veterinary services

⁴ Draft 7th NSEDP for 2011-2015

⁵ Where relevant indicators will be reported on a sex and age disaggregated basis with differentiation between ethnic groups households

⁶ Idem as footnote 4

⁷ forged to guide sustainable harvesting of NTFPs, forest management or water resources

Country strategy alignment ⁴	COSOP strategic objectives	COSOP outcome indicators related to the strategic objectives ⁵	COSOP milestone indicators showing progress towards strategic objective ⁶	COSOP Institutional/Policy objectives
<ul style="list-style-type: none"> • Ensure 350Kg of rice/person/year in mid-and uplands • Aim to achieve growth in livestock at 4-5% per year, including cows and buffaloes at about 2-3%, and pigs and poultry at about 6% 	<p>SO2: Access to advisory services and inputs for sustainable, adaptive and integrated farming systems is improved</p> <p><i>Baseline: >95% of producers follow traditional rotational farming and gathering practices⁸</i></p>	<ul style="list-style-type: none"> • 50% of farmers adopt one or more recommended productivity or diversification technologies (RIMS 2.2.2) by the end of yr 4 • 50% of households report crop and animal productivity increases (RIMS 2.2.2) • 50% of households report a reduction in their rice-deficit period 	<ul style="list-style-type: none"> • 60% of new extension staff or alternate agricultural service providers trained (RIMS 1.2.1) • 60% of people trained in crop production practices and technologies (RIMS 1.2.2) • 60% of people trained in livestock production practices and technologies (RIMS 1.2.3) • 60% of people accessing facilitated advisory services (RIMS 1.2.4) 	<ul style="list-style-type: none"> • Work with NAFRI, PAFO and DAFO to develop capacity for integrated farming systems planning (incorporating cropping, livestock and gathering activities) • Support NAFRI and NAFES to replicate and adapt lessons from previous applied research on uplands farming systems through stronger linkages between research and extension • Work with NAFES to support mainstreaming of LEAP extension methodology in mid and upland areas of target provinces
<ul style="list-style-type: none"> • To encourage production in small and medium enterprises (average grow rate at least at 15% per annum) • To accomplish greater market participation ratio of small and medium enterprises, so that they provide employment to more than 85% of the non-farm workforce • Aim to achieve annual exports growth at about 18% and imports at about 8% per year 	<p>SO3: Access to markets for selected produces is improved</p> <p><i>Baseline: Whereas most producers are opportunistic marketers < 5% of consistently market produce across the year</i></p>	<ul style="list-style-type: none"> • At least one value added enterprise maintains operations in each district after three years (RIMS 2.5.2) • 40% of capital requirements of value added enterprises met through innovative credit agreements (e.g. forward contracting) (RIMS 2.3.2) • 60% of village-access roads maintained in the target areas (RIMS 2.4.2) 	<ul style="list-style-type: none"> • More than 50% of the farmers in the target group form farmers/marketing groups and/or 60% of existing groups strengthened (RIMS 1.4.4) • 50% of people trained in post-production, processing and Marketing (RIMS 1.4.1) • At least 15 agreements signed between producer groups and commercial processors and traders by PY2 (RIMS 1.3.4) • Groups managing infrastructure formed and/or strengthened in 20% of all target villages by PY2 (RIMS 1.1.2) 	<ul style="list-style-type: none"> • Improve contract farming mechanisms through the formation of and support to farmers' organizations • Engage with provincial and district Departments of Industry and Commerce to remove formal and informal restrictions on trading of key crops • Support the gradual establishment of apex organizations for producer groups through technical assistance and financing

⁸ Given the variability that exists across provinces, specific data will need be collected prior to commencement of projects under this COSOP

Previous COSOP results management framework

Narrative Summary	Verifiable Indicators a/	Means of Verification	Assumptions/Risks
<p>Goal: Enhanced impact on economic growth and sustainable livelihoods improvement of the rural poor, women and vulnerable groups in target districts identified as the poorest and poor by the NGPES.</p>	<p>Income poverty incidence reduced by 50% from 48% in 1990 to 24% by 2015.</p> <ul style="list-style-type: none"> Increased ownership of household assets. Reduction in the prevalence of malnutrition for children under five (weight for age, height for age and weight for height). 	<ul style="list-style-type: none"> Lao Consumption and Expenditure Surveys. VAM Data of WFP. Results and impact management system (RIMS) assessments. PBAS reviews. MDG progress reports and reviews. 	<ul style="list-style-type: none"> Stable social, economic and political environment. Poverty reduction in the poor and poorest districts continues to be NGPES priority.
<p>Purpose: An increase in the food security and incomes of households in target districts in response to needs defined by communities.</p>	<ul style="list-style-type: none"> Increase per capita grain availability to 350 kg/annum by 2010. US\$ equivalent of investment in the poor targeted NGPES districts, including co-financing from other external agencies, the Government and by the private sector. Project specific indicators. 	<ul style="list-style-type: none"> Statistical reports of Government. Impact surveys. Project supervision reports. 	<ul style="list-style-type: none"> Macroeconomic and decentralization policies continue to support poverty reduction and community self-development. Stable social, economic and political environment.
<p>Output: The capacity of poor households and village- and community-based organizations strengthened.</p>	<ul style="list-style-type: none"> Number of groups operational/functional for at least 3 years, by type. Number of women on local decision making bodies. Number of groups with women leaders. Number of village development plans included in local government plans. 	<ul style="list-style-type: none"> RIMS assessments. Mid-Term and Project Completion Reviews. Participatory Impact Assessments. Project supervision reports. 	<ul style="list-style-type: none"> Government continues to support decentralised and participatory community self-development.
<p>Production and productivity of crops, livestock and natural resources by the poor and vulnerable households improved.</p>	<ul style="list-style-type: none"> Ha of incremental crops grown. Number of farmers adopting technology recommended by the service providers. Number of farmers reporting production/yield increases. Number of poor farmers reporting increased animals. Number of households provided with long-term security of tenure of natural resources. Ha of common property resources under improved management practices. Shifting cultivation replaced with economically viable alternatives. Opium production eradicated and replaced with economically viable alternatives. 	<ul style="list-style-type: none"> RIMS assessments. Mid-Term and Project Completion Reviews. Participatory Impact Assessments. Annual UNODC opium surveys. Project supervision reports. 	<ul style="list-style-type: none"> Proven and appropriate technology options and alternatives are available for extension. Targeted households efficiently use market information and rural financial services.
<p>Improved access to sustainable rural financial services markets.</p>	<ul style="list-style-type: none"> % of portfolio at risk. % of operational self-sufficiency. % of operating cost/loan portfolio. % of households producing for the markets. 	<ul style="list-style-type: none"> RIMS assessments. Mid-Term and Project Completion Reviews. Participatory Impact Assessments. Project supervision reports. 	<ul style="list-style-type: none"> Government reforms of the financial and banking sector continue as planned. Government continues to deregulate and liberalise markets and prices.
<p>Capacity and accountability of key service providers improved and institutional and policy changes effectively achieved.</p>	<ul style="list-style-type: none"> Capacity of key service providers improved in their service delivery to the targeted population, including introduction of a participatory and demand-driven work culture. Effective and accountable systems and procedures functioning for decentralised planning, financing and implementation. Piloting and disseminating innovative approaches to poverty reduction and rural development for possible replication by Government and/or other development partners. Number of projects where new/changed pro-poor legislation or regulations are enforced at the local and national levels. 	<ul style="list-style-type: none"> Country Portfolio Reviews. RIMS assessments. Mid-Term and Project Completion Reviews. Participatory Impact Assessments. Project supervision reports. 	<ul style="list-style-type: none"> Government receptive to institutional and policy changes. Government decentralization policy continues. Adequate capacity of IFAD to influence government in institutional and policy changes. Continued cooperation and coordination with other development agencies.

Project completion evaluation

For the Oudomxai Community Initiatives Support Project in the Lao People's Democratic Republic Agreement at completion point

A. Introduction

1. In 2010, a completion evaluation of the Oudomxai Community Initiatives Support Project (OCISP) was conducted in the Lao People's Democratic Republic. The main objectives were: (i) to assess the performance and impact of the project; and (ii) to generate findings and recommendations useful for ongoing and future agriculture and rural development projects and programmes in the Lao People's Democratic Republic.
2. The main Evaluation Mission was conducted in August-September 2010. A final learning workshop was organised in December 2010, to take stock of the evaluation findings and prepare the Agreement at Completion Point (ACP). This ACP, which has been facilitated by IFAD's Office of Evaluation, sets out understandings between IFAD (Asia and the Pacific Division) and the Government of the Lao People's Democratic Republic (Ministry of Planning and Investment) of the evaluation findings and recommendations, and their proposals to implement them. The recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions.
3. A new COSOP is currently being developed (January 2011) between IFAD and the Government of the Lao People's Democratic Republic and this will be followed by the formulation of a new project. It is foreseen that IFAD future programmes will continue to invest in the Northern and Southern provinces. This will allow IFAD to build on lessons learned and scale-up successes in order to ensure impact and sustainability.

B. Main evaluation findings

4. The project was managed well but implementation was uneven because of problems with the agricultural and natural resource management (ANRM) component and delays with the rural financial services component. Rural infrastructure development was the most successful component, meeting or surpassing all its output targets. The institutional development activities in the community development and institutional strengthening components were also successful. Village participatory planning was established and fed into district planning and budgeting for service delivery. Good project management and coordination was achieved, with a significant increase in the capacity of project implementers. Overall, OCISP was implemented within the planned period, with high levels of disbursement.
5. As a broad based rural development project, OCISP was successful. Through the investment in rural infrastructure, it brought the target population in remote villages closer to markets and services and gave them much greater access to safe water, with undoubted health benefits. The construction of school dormitories increased enrolment rates in primary and secondary schools. The village savings and credit schemes (VSCSs) mobilised village savings and provided funds for small agricultural and trading enterprises. Villagers' wellbeing was also improved through health, nutrition and adult literacy programmes, village communications and cultural villages. The process of participatory village planning was strengthened, so that villagers were more able to agree their priorities and be more confident in negotiating them with district government service providers. Women's wellbeing and access to decision-making processes improved.
6. OCISP was also successful in building the capacity of the government agencies to fulfil their mandates and roles within the framework of the Lao Government's decentralization policy. Training, technical assistance and guidance from supervision

missions played an important part in this process, but capacity was also built through learning by doing. Although initially there were difficulties in establishing the right processes and procedures, they were overcome and project staff became more confident in their abilities to do the work. OCISP acquired a reputation for successful implementation among government and donors.

7. However, the main purpose of the project was to improve the livelihoods of the villagers by developing improved and sustainable agricultural development and natural resource management in areas where shifting cultivation and opium production had been reduced. In this respect, the project was much less successful. The main economic alternative, which was widespread in the province, not just in the target villages, was maize cultivation. The main driver of this development was the private sector, although the project did contribute by providing seed and extension advice, roads infrastructure and savings and credit schemes. The project's other contribution was the expansion of lowland rice production through the construction of irrigation schemes and paddy rice expansion; but this could only benefit a small proportion of the target population because of the limited availability of valley bottom land. Apart from a few other small initiatives in the growing of fruit, vegetables and NTFPs, and even fewer activities with livestock and fish farming, no significant alternatives were developed for the upland areas, where other alternatives than maize were needed. Very little activity was undertaken with respect to natural resource management.

C. Agreement at completion point

8. All of the evaluation report's recommendations are deemed acceptable and feasible by the Government of the Lao People's Democratic Republic and IFAD, and will be implemented in the future. The paragraphs below provide some details on the nature and on the implementation arrangements, including assigned responsibilities and timeframes as applicable for the main recommendations and derived sub-recommendations.

(i) Consolidate successful interventions in existing project villages. Consolidating project interventions in order to improve sustainability should include: (a) improving the capacity of villagers to manage their own VSCs while continuing to strengthen and supervise the recently established district and provincial microfinance institutions; (b) strengthening the Agricultural Technical Service Centres; and (c) monitoring the maintenance of rural infrastructure, linking it to district services for major repairs and finding ways to increase the commitment of resources from government departments at all levels.

- Partners involved, but not restricted to, implementing the recommendation: Ministry of Planning and Investment, Ministry of Agriculture and Forestry, Ministry of Public Works and Transport, WFP and IFAD.
- Follow up: This effort will be primarily Government led and will include the establishment of a road maintenance fund. The Government will need to identify other activities to respond to the remaining sub-recommendations in the coming months. WFP will support the government in responding to sub-recommendations (a) and (c) through the Cash for Work and Food for Work programme. IFAD will support the Government as appropriate.
- Timeframe: starting from 2011.

(ii) Focus on improving ANRM through explicit focus on the uplands, addressing deficiencies of the agricultural extension system, including a broader range of partnerships and identifying relevant implementation modalities. The main consideration for any future project in Oudomxay must be to address issues related to ANRM. Ultimately, any improvement in the livelihoods of villagers will depend on the development of sustainable economic alternatives. There are physical limits to the development of lowland rice production, land-use-planning policies have limited the amount of land available for upland agricultural production, and maize cultivation is not sustainable in the long run without measures to offset declining soil fertility. Any future

ANRM strategy should focus more explicitly on the uplands and include: (a) agricultural intensification; (b) agricultural diversification; (c) increasing livestock productivity through forage planting; (d) improved harvesting of NTFPs; (e) a value chain approach that will strengthen the links between farmers, transporters and traders; and (f) participatory land and forest management and awareness raising on villagers' rights to use and manage natural resources.

(iii) Any new project that focused primarily on ANRM would have to address the deficiencies of the agricultural extension system, not only increasing resources and capacity building but also improving institutional management and commitment. The extension system also needs to be much more focused on innovation. Extension officers and researchers need to work together to identify problems and find solutions for upland agriculture and natural resource management. The new ANRM component should include a broader range of partnerships, including private sector operators, research institutions, the National Agricultural and Forestry Extension Service and training establishments. Government departments that have an interest in the sector could also be involved, such as the National Land Management Authority and the Ministry of Industry and Commerce. The primary responsibility for project management, coordination and decision-making should continue to be located in the provincial and district planning offices, with oversight from the local Steering Committees, but a mechanism for accessing advice from relevant national line ministries should also be established.

- Partners involved, but not restricted to, implementing the recommendation: Ministry of Agriculture and Forestry, Ministry of Planning and Investment, Ministry of Industry and Commerce, National Land Management Authority, IFAD, WFP.
- Follow up: Recommendations will be addressed by the new COSOP and the programme covering Oudomxay and Sayabouly.
- Timeframe: 2011-2015.

(iv) Incorporate more remote ethnic villages. Any new project should focus explicitly on the more remote ethnic villages; however, the range of activities should be considered carefully. OCISP already found that it was difficult to work in these villages; transport was time consuming and there were few staff with knowledge of ethnic languages. Any future project should combine quick wins through the provision of rural infrastructure with longer term development of agriculture and natural resource management. The community development approach should be more narrowly focused on these two areas, building local participatory capacities to interface with project implementers. The broad based Community Development approach with a proliferation of implementers and activities might not be cost effective in the more remote areas.

- Partners involved, but not restricted to, implementing the recommendation: Ministry of Agriculture and Forestry, Ministry of Industry and Commerce, National Land Management Authority, WFP and IFAD
- Follow up: Recommendations will be addressed by the new COSOP and the programme covering Oudomxay and Sayabouly.
- Timeframe: 2011-2015.

(v) Build knowledge management for wider scaling up. OCISP provided a good source of lessons learned that could be useful for other projects, government policy-makers and donors. However, little time or resources have been available to take advantage of this. A future project should systematically build in a fully resourced knowledge management component, which analyses the lessons from OCISP and future project experiences, produces knowledge products, and organises dissemination activities with links to other projects, researchers, policy makers and beneficiaries.

- Partners involved in implementing the recommendation: IFAD, Ministry of Planning and Investment and other related Ministries.

Follow up: Recommendations will be addressed by the new COSOP and the programme covering Oudomxay and Sayabouly. In addition, use of the Information and Knowledge Management Unit (IKMU) within the Department of International Cooperation, MPI (the Grant Support already available through IFAD to MPI), will be used for this purpose.

- Timeframe: 2011-2015.

Signed by:

Mr Somchith Inthamith

Director General, Department of International Cooperation

Ministry of Planning and Investment

Lao People's Democratic Republic

_____ Date: _____

Mr Thomas Elhaut

Director, Asia and the Pacific Region

Programme Management Department

International Fund for Agricultural Development

_____ Date: _____

Indicative project pipeline during COSOP period

1. SOUM SON SEUN JAI PROGRAMME (COMMUNITY-BASED FOOD SECURITY AND ECONOMIC OPPORTUNITIES PROGRAMME)

A. Possible geographic area of intervention and target groups

1. Four districts in Sayabouly and five in Oudomxay make up the programme area and all are among the country's 72 poor districts (out of a total of 143). Eight (excluding the newly created Saysathan) have received IFAD support through the recently closed Oudomxai Community Initiatives Support Project (OCISP) and the ongoing Rural Livelihoods Improvement Programme (RLIP) in Attapeu and Sayabouri.
2. The target group (approximately 17,000 households) consists of two sub-groups: (i) highly vulnerable food-insecure households (> 4 months' rice deficit p.a.) with limited capacity to enter into the market; and (ii) poor households that are moderately food-secure but have a greater potential to enter into the market. The majority of the target group is made up of Khmu, Hmong and Phrai ethnic groups. Women and female heads of household are an important target sub-group because of their role in agricultural production and responsibility for household nutrition, but they often lack access to labour, extension services and market opportunities.
3. The following modes of targeting are envisaged: (i) geographical targeting based on poverty ratios; (ii) self-targeting based on programme activities that interest only poor households and (iii) targeting geographically organized farmers organizations with production and market linkage potential.

B. Justification and rationale

4. The programme design is centred-around an integrated and community-based approach to tackling key production and market constraints.
5. Current farming practices are often characterized by unsustainable short rotation shifting cultivation resulting in increasingly low soil fertility, limited dry season cropping, slow maturing livestock husbandry practices and overexploitation of non-timber forest products (NTFPs). For example, foraging from the surrounding forests and access to productive fishing streams continues to be a critical factor in ensuring food security (field observations suggests that 36-49% of nutritional intake among poor rural households are sourced from nearby forests and rivers). Furthermore, given the absence of irrigation systems, during the dry season integrating forest-based farming systems play a critical role for farmers in planning their farming activities on available lands. Planting taro in nearby forests is being used as a strategy by the poor to hedge against crop failure, particularly to replace rice should the rice crop fail entirely, as it did this year due to drought.
6. This situation is compounded by the absence of value added processing, partly driven by the lack of access to markets and market opportunities. Production and marketing is highly individualized and lacks organization which continues to undermine the farmer's ability to reduce production cost and negotiate better prices with buyers.
7. Given these conditions, a substantial number of households in the target districts have yet to graduate permanently from poverty, and only a third of rural households are fully food-secure (with 12 months' rice availability).
8. In this context, addressing current challenges facing poor households will require focus on improving agricultural systems. That was one of the key lessons from previous IFAD projects; this was also strongly highlighted in the recent evaluation of the OCISP project.

C. Key Project Objectives

9. The goal is to contribute to the reduction of extreme poverty and hunger (MDG 1) in the Lao People's Democratic Republic. The development objective is to create opportunities and generate momentum towards securing sustainable access to food and wealth creation for the rural poor in the target villages. The programme design supports the three strategic objectives of the future COSOP for 2011-2015.

D. Ownership, Harmonization and Alignment

11. The programme design supports the National Growth and Poverty Eradication Strategy (NGPES), the MDG targets, the 7th National Socio-Economic Development Plan (NSEDPlan), and the Strategy for Agricultural Development 2011 to 2020.

12. By focusing on improving rural livelihoods the programme will complement the investments being made by other development partners in the transport and social sectors (AsDB, China, KfW and WFP). The programme will be implemented through the existing government agencies' structures.

E. Components and activities

13. The programme will have two components:

(A) Integrated farming systems: (i) improving upland conservation and production systems (ii) livestock development; and (iii) water management

(B) Links to markets: (i) village-access roads; and (ii) improving access to markets

14. The integrated farming systems component will aim to improve and integrate farming systems through the formation of farmers' organizations, the introduction of better intercropping and conservation practices, better animal husbandry and efficient water harvesting. Drinking water supply schemes will also be provided as a social entry point for the programme.

15. The links to markets component will develop pilot approaches in each of the target provinces.

16. In Sayabouly, demand from the Hongsa mining operations will be a catalyst. One possible way to meet increased credit requirements as a result of this growing demand will be by linking the lending activities of commercial banks with those of the existing village banks. This approach would be supported by on-farm technical support services delivered through farmers' organizations to help reduce risks. In Sayabouly, the programme will also use the farmers' organizations to expand commercial production and processing of NTFPs.

17. In Oudomxay, the existing supply chain network for maize and other cash crops will be used for cross-border trade to market NTFPs and other products. It will be the catalyst for strengthening the supply chain networks and market linkages and for developing public/private partnerships to expand and improve private provision of on-farm technical support by traders/exporters to farmers' organizations.

18. The two above components are strictly interlinked. Both target sub-groups share a common livelihoods system based on cropping, raising livestock, gathering of forest products, and some limited wage labour. Many households move between these two sub-groups on a regular basis, and many activities will be appropriate for both of them. Both sub-groups lack access to services to promote enhanced subsistence farming and/or marketing of cash crops and are at a disadvantage when contracting with traders.

19. Agricultural value chains, natural resources management, and food security are intricately related issues in the Lao People's Democratic Republic. In this context, an integrated and flexible approach to addressing location-specific challenges among the rural poor is essential for the development of this programme. Capacity building, knowledge management, community-based natural resource management, farmers' organizations and gender mainstreaming will be integral parts of all activities.

F. Costs and financing

20. IFAD will contribute with a DSF grant of US\$ 13.9 million available under the PBAS. IFAD will seek partnerships for programme financing with other development partners, including GIZ, the Government of Luxembourg and WFP, who collaborated with IFAD in Sayabouly and Oudomxay.

G. Organization and management

21. The programme implementation will be aligned to government procedures for decentralized development with the provincial and district agencies responsible for planning and delivering programme services to the target villages. Implementation will use private as well as public sector service providers and involve public/private partnerships. A major strategy will be to form and strengthen farmers' organizations as focal points for village resource planning, community-based action, farmer-to-farmer dissemination, as well as processing, value addition and marketing activities. A piloting approach will be followed during the implementation of the programme. For example: trials on upland agroforestry and farming systems, with appropriate participatory planning and capacity building will be piloted in a set of villages during the first year, and then possibly scaled-up in subsequent years.

22. The proposed methodology would incorporate a public/private partnership approach where product demand is first identified in partnership with traders/exporters. Based on the identified market potential, the trader/exporter would facilitate the provisioning of technical support services based on the National Agriculture and Forestry Research Institute's experience combined with a community-based development plan for commercialized production.

23. At national level, MAF will be responsible for backstopping the provinces and overall programme coordination. It is anticipated that the proposed program will take advantage of an already existing administrative structure at the national level, which will be supported by three additional staff. No programme management unit will be required at provincial and district levels, the programme will be implemented through existing provincial and district government structures. IFAD will be responsible for programme direct supervision.

H. Monitoring and Evaluation indicators

The programme will build on, and align to the Government M&E system and it will include RIMS indicators to respond to IFAD's requirements. The programme baseline (RIMS+) will be prepared before the programme start-up. Reporting will be required every six months.

I. Risks

Major risk factors to successful implementation are related to the low capacity of government agencies, the lack of local service providers and the coordination with partners. These risks will be addressed by strengthening in-country implementation support systems through trainings, regional exchanges and visits, and by providing technical assistance in partnerships with GIZ, the Government of Luxembourg, WFP and other development partners. A comprehensive assistance plan to support government agencies in the implementation will be prepared. To ensure successful implementation, a cascade training approach will be followed and support will be provided through regional NGOs, public/private partnerships and service providers.

J. Timing

24. The initial programme design will take place in the first quarter of 2011 and the design completion mission is scheduled for the second quarter of 2011. The programme is expected to be presented at the December 2011 Executive Board. Implementation should start early in 2012 in support of the 7th NSEDP (2011-2015).

2. SOUTHERN LAOS FOOD SECURITY AND MARKET LINKAGES PROGRAMME

A. Possible geographic area of intervention and target groups

1. The Lao People's Democratic Republic's Southern upland districts bordering Vietnam and Cambodia continue to experience the highest levels of poverty. Livelihoods for these predominantly ethnic villages are further hampered by acidic soils, poor roads, and increasing land and resource concessions for FDI (hydro-power, minerals (bauxite) and agricultural plantations). Furthermore, unsustainable and often illegal cross-border resource exploitation, particularly for timber, is a constant issue. In this area Unexploded Ordnances (UXO) are a serious threat and limit the use of land for agriculture. Poverty analysis undertaken for IFAD COSOP 2011-2015 shows that Attapeu and Sekong are among the poorest provinces of the south, with the districts of Kaleum and Dakcheung in Sekong, and Sanxay and Phouvong in Attapeu, ranked among the country's priority 47 poor districts. Sekong's poverty rate of 47 % (rural: 53%; urban: 29 %) is significantly higher than the national average.

2. These four districts will be the focus for this new programme, scheduled to start in 2014. Based on future PBAS, opportunity may exist to expand the programme to include additional eastern border districts within other Southern provinces. The target group within the core four districts consists of two sub-groups: (i) highly vulnerable food-insecure households (> 4 months' rice deficit p.a.), with limited capacity to enter into the market; and (ii) poor households that are moderately food-secure, and have a greater potential to enter into the market.

3. In these districts only a small fraction of the population are ethnic Lao speakers (3% in Sekong). The vast majority come from one of at least 14 distinct ethnic minority groups, in particular the Brao, Ye, Katu, Trieng, Harak, Katang, Laven, and Sou. Within these communities, women and female heads of household are an important focus, particularly because of the role they play in agricultural production and their responsibility for household nutrition, while at the same time too often lacking access to labour, extension services and market opportunities.

4. The following modes of targeting are envisaged: (i) geographical targeting based on poverty ratios to identify poor villages and village clusters; (ii) participatory community-based targeting to direct programme activities that specifically focus on poor households; and (iii) targeting farmers organizations to enhance advocacy, the efficiency of information delivery, productivity improvement, group product consolidation, and market linkages.

B. Justification and rationale

5. Elevated areas in Attapeu and Sekong offer significant long term productive potential for the Lao People's Democratic Republic. Although these areas have a low population density, their proximity to export markets in Vietnam, along with their elevation, provide important production opportunities. Already coffee growing is being widely promoted in the region, and the coffee industry is developing significant independent capacity for consolidation, processing and niche marketing. Other cool season crops (e.g. asparagus, brassicas and leafy vegetables) also show promise. Interest has also been increasing in expanded cassava production, as well as livestock production.

6. However, the current farming practices are largely based on shifting cultivation. In some areas this remains sustainable due to longer rotations and limited pressure on forest land. However, once subject to more intensive cultivation, or shorter rotation periods, these friable, well drained soils become rapidly acidic. In which case, without corrective inputs or ameliorants, productivity rapidly declines.

7. Current climate change projections also conjecture an increased risk of rainfall variability (droughts and flooding rains). In 2009, typhoon Ketsana was a significant shock to target households within IFAD's ongoing RLIP project in Attapeu. Assets were

lost, and short and medium term food insecurity increased. As climate variability increases, farming households will need to focus on developing more resilient farming systems and appropriate safety nets.

8. IFAD can play a significant role in helping reduce such inequitable development, by enhancing the access of poor farmers to sufficient resources to sustainably meet their family food security and income needs. This requires more careful land-use planning at the village level, clear tenure for farming households, and improved support (and advocacy for) communities to negotiate more favourable partnerships with foreign direct investors. Increased regulatory capacity of provincial and national government will be needed, as well as both improved and more transparent public/private-sector partnerships.

9. In tandem with these opportunities, poor farmers will require their traditional farming systems to be enhanced. The integration of crop and animal systems also needs improvement, as does cross seasonal productivity. Sustainable harvesting regimes for NTFPs will likewise need development. Consistent productivity and quality improvements, along with enhanced value adding to crop, animal and non-timber forest products, will allow farmers to enter the market more consistently, and achieve more meaningful cash returns throughout the year.

C. Key Project Objectives

10. The goal is to contribute to the reduction of extreme poverty and hunger (MDG 1) in the Lao People's Democratic Republic. The development objective is to enhance the market opportunities, productivity and resilience of mid and upland farming systems in Southern the Lao People's Democratic Republic.

11. The programme supports the three strategic objectives of IFAD's proposed COSOP for 2011-2015.

D. Ownership, Harmonization and Alignment

12. The programme supports the National Growth and Poverty Eradication Strategy (NGPES), and the MDG targets. It is aligned with the 7th National Socio-Economic Development Plan (NSED 2011-2015), as well as MAF's Strategy for Agricultural Development 2011 to 2020. In compliance with the Paris and Vientiane declarations, the programme will be implemented through the existing government structures.

13. By focusing on improving rural livelihoods, the programme will complement the investments being made by other development partners, including current co-financing with AsDB, ongoing work by GIZ and WFP. Other complementarities that could be explored include: WB (Poverty Fund, Food Security, and Sustainable Forestry initiatives), AsDB funded Biodiversity Corridors Initiative, and NGOs, such as Health Unlimited, World Wildlife Fund and others.

E. Components and activities

14. It is envisaged that the programme's design will commence in late 2012/beginning 2013. As such, it will be influenced by developments over the next two years, as well as by the lessons and successes of the two IFAD ongoing projects in the South. Component areas are therefore indicative at this time, but could include: (a) Improved integrated farming systems; (b) Improved market linkages.

F. Costs and financing

15. IFAD will use its PBAS allocation for 2013-2015. However, IFAD might also seek partnerships for programme co-financing.

G. Organization and management

16. The programme implementation will be aligned with government procedures for decentralized development. The planning and delivering of programme services to the target villages will therefore involve the provincial and district agencies. However,

implementation will also use private as well as public sector service providers, and involve public/private partnerships.

17. The programme will be managed and implemented through the existing provincial and district agricultural offices. At a national level, MAF will coordinate reporting, and monitoring and evaluation. Also, MPI and DPI will play a role in ensuring that project activities are aligned with national, provincial and district SEDPs, as well as with other development programs.

H. Monitoring and Evaluation indicators

18. The programme will build on, and align to, the Government M&E system. It will also include RIMS indicators in accordance with IFAD's requirements. The programme baseline (RIMS+) will be prepared before programme start-up. Reporting will be required every six months.

I. Risks

19. Major risk factors to successful implementation are related to the low capacity of government agencies, the lack of local service providers, the potential failure of coordination with partners, and the increasing risks associated with the region's climate vulnerability. These risks will be addressed by strengthening in-country implementation support systems through trainings, regional exchanges and visits, and by providing technical assistance in partnerships with other development donors. A comprehensive assistance plan to government agencies in their support of implementation will be prepared. To ensure successful implementation, a cascade training approach will be followed, and support will also be provided through regional NGOs, public/private partnerships and service providers.

J. Timing

20. The programme is scheduled for design in late 2012/early 2013; the design completion mission is scheduled for the second quarter of 2013; the programme is expected to be presented at the December 2013 Executive Board. Implementation should commence in 2014.

Key file 1: Rural poverty and agriculture-/rural-sector issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Food security	Rural households particularly the poor, women-led households, ethnic groups that experience frequent hunger seasons	<ul style="list-style-type: none"> • Food insecurity and hunger seasons • Poor nutrition structure • Severe malnutrition of children under five 	<ul style="list-style-type: none"> • Partnership with agencies directly assisting nutrition and basic asset building • Diversified agricultural production • Fair access to and sustainable use of NTFP
Sustainable agriculture	Rural households particularly the poor, women-led households, ethnic groups living in resettled lowland and upland areas	<ul style="list-style-type: none"> • Inconsistent marketing of food crops and livestock • Lack of diversification • Excessive use of natural resources related to production • Absence of a sustainable community-based agricultural plan • Dry season with no or little production • Land constraints, fallows without cover crops • Competition from concessions • Lack of appropriate extension services to upland areas 	<ul style="list-style-type: none"> • Participatory Land Use Planning • Sustainable integrated farming system • Improved conservation practices in agriculture • Diversified on-farm and off-farm income generating activities • Capacity building
Farmers' organization	Rural households particularly the poor, women-led households, ethnic groups that rely on traditional subsistence farming techniques	<ul style="list-style-type: none"> • Lack of mutual trust in merged villages making formation of producer groups more difficult • Individualized farming and marketing practices • Smallholder production with non-standardized quality and low volume • Poor access to market information and know-how 	<ul style="list-style-type: none"> • Promoting farmers' associations and cooperatives leading to organized farming and marketing • Build service capacities in contract farming and cooperative marketing among farmers' associations • Including the economically active poor in farmers' associations • Link farmers' associations to production sector specialization
Natural resource management	Rural households particularly the poor, women-headed households, and ethnic groups that rely on forest resources and traditional subsistence farming	<ul style="list-style-type: none"> • Increasing clearing of forest and land for commercial development • Over-exploitation practices of local communities in open access areas • Increasing agriculture exploitation by concessions • Unprotected biodiversity 	<ul style="list-style-type: none"> • Adaptive farming system • Fair access to and sustainable use of NTFP • Participatory Land Use Planning • NRM-driven processes and techniques
Extension support	Rural households, particularly those who intend to produce beyond the subsistence level Extension workers, especially those who intervene at district and village levels	<ul style="list-style-type: none"> • Site appropriate service support lacking • Technical services for uplands lacking • Intermittent support mechanism at village level • Professionals and technicians are not trained • Poor service mobility vs. wide and remote area of coverage • Lack of incentive system for consistent support at village level • Absence of coherence between overall community development objectives and available extension support 	<ul style="list-style-type: none"> • Demand-driven extension service • Expand private sector provisioning of technical services • Piloting effective extension support model at grassroots level • Replicate and scale up success stories • Technical training for extension staffs in skill and knowledge specialization and diversification • Piloting incentive system for village-level support • Integrate project support into the extension institutional network
Enabling environment for livelihoods	Rural households particularly the poor, women-led households, ethnic groups that experience frequent hunger seasons	<ul style="list-style-type: none"> • Primary subsistence needs yet to be met • Difficult access to health and medical care • Primitive sanitation and hygiene conditions • High illiteracy rate 	<ul style="list-style-type: none"> • Security of tenure of sufficient land for food security • Low-cost traditional irrigation and water harvesting systems • Partnership with agencies investing in improving conditions of health, education, sanitation and hygiene

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

<i>Organization</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities / Threats</i>	<i>Remarks</i>
Enablers				
Ministry of Planning and Investment	<ul style="list-style-type: none"> • Coordination functions with other line agencies • Strong relationships with provincial leadership and Governor's offices • Good relationships with donors • Experience with project cycle management 	<ul style="list-style-type: none"> • Limited technical capacity at all levels • No service delivery functions • Limited financial management and planning at provincial level and below 		<ul style="list-style-type: none"> • Responsible for coordinating NSEDP process • Statistical and research capacities
National Land Management Authority	<ul style="list-style-type: none"> • Mandate for land titling including communal lands of ethnic groups • Representation in all districts 	<ul style="list-style-type: none"> • New agency with overlapping functions with MAF 	<ul style="list-style-type: none"> • Opportunity to partner with NLMA and Land and Natural Resources Research and Information Centre for appropriate land titling for upland areas • Staff at LNRRIC have updated skills, academic competence and close relations to proponents of debates in the National Assembly on land rights 	<ul style="list-style-type: none"> • New authority with mandate for land titling
Water Resources and Environment Agency (WREA)	<ul style="list-style-type: none"> • Strategic central location • Scope of mandate promotes integrated approach & mainstreaming climate and biodiversity 	<ul style="list-style-type: none"> • Lacks skilled staff at province and district level • Watershed management function largely unstaffed 	<ul style="list-style-type: none"> • Current external capacity development support to WREA leading to rapid improvement and can be further leveraged 	<ul style="list-style-type: none"> • Important partner for key CC and watershed management areas • Will play a key role in REDD oversight
Service Providers				
Ministry of Agriculture and Forestry (MAF)	<ul style="list-style-type: none"> • Qualified staff • Representation at all administrative levels • Good relationships with donors • Experience with project cycle management 	<ul style="list-style-type: none"> • Limited financial management and planning at provincial level and below 	<ul style="list-style-type: none"> • Opportunity to empower MAF as key partner in agriculture to take on its mandated role 	<ul style="list-style-type: none"> • Regulatory and service delivery mandate • Ministry home to key service provider • Prepares strategies in response to Party Congress recommendations
MAF National Agriculture and Forestry Extension Services (NAFES)	<ul style="list-style-type: none"> • All PAFO and DAFO have extension mandates (PAFES and DAFES) • Mandate for technology extension • Well qualified staff at National and Provincial levels 	<ul style="list-style-type: none"> • Limited capacities in local languages • Limited outreach to women • Limited collaboration with private sector • Limited expertise in integrated farming systems 	<ul style="list-style-type: none"> • LEAP project is executed from NAFES. • Opportunity to train village extension agents • Opportunities for greater and more transparent private sector linkages 	<ul style="list-style-type: none"> • Recently established national extension system with kumban level representation which primarily are DAFES staff that periodically meet with farmers at kumban level
MAF National Agriculture and Forestry Research Institute, and Northern Agriculture and Forestry Research Centre	<ul style="list-style-type: none"> • Trained staff • Sound experience in agricultural research and extension 	<ul style="list-style-type: none"> • Limited number of staff and great demand for services • Weak representation at provincial and district 	<ul style="list-style-type: none"> • Opportunity to serve as research and extension mentor through linkages with NAFFeC and PAFOs 	

<i>Organization</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities / Threats</i>	<i>Remarks</i>
(NAFRI / NAFReC)		<ul style="list-style-type: none"> levels Limited experience scaling up innovations Limited direct interaction with farmers except in targeted research 		
MAF - Northern Agriculture and Forestry College (NAFC)	<ul style="list-style-type: none"> Higher Diploma Programme in Upland Agriculture started in 2010 Strong support from SDC Strong relationships with private industry 	<ul style="list-style-type: none"> Students have limited financial support and must grow food, cook and clean besides course work 	<ul style="list-style-type: none"> Link training to labour market Livestock and Fishery divisions Several students from ethnic minorities training to become extension workers 	<ul style="list-style-type: none"> Opportunities for supporting ethnic group, youth in target villages to become trained over three years in skills of importance for their home community
Ministry of Industry and Commerce	<ul style="list-style-type: none"> Qualified staff at National and Provincial levels Experience in skills development 	<ul style="list-style-type: none"> Unclear mandate re: trade regulation 	<ul style="list-style-type: none"> Opportunity to streamline regulations Threat of interference and collusion 	
Ministry of Health	<ul style="list-style-type: none"> Qualified staff 	<ul style="list-style-type: none"> Mandate exclusive to potable water; causes fragmentation re: integrated water management 	<ul style="list-style-type: none"> Opportunity to scale up past water innovation of IFAD and other donors. Opportunity to add value on nutrition / closing the food security loop 	<ul style="list-style-type: none"> Good track record in the design and delivery of clean water and sanitation systems
Transportation and Public Works	<ul style="list-style-type: none"> Qualified staff Existing construction planning cycle Good cooperation with other line Ministries 	<ul style="list-style-type: none"> Limited community involvement Limited O&M Small budget at provincial and district level 		<ul style="list-style-type: none"> Good partner for delivery of roads and other infrastructure

Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status	Complementarity/Synergy Potential
World Bank	<i>Sustainable Forestry for Rural Development</i> – AF (Additional Financing) <ul style="list-style-type: none"> National policy formulation and development of Participatory Sustainable Forest Management models for Production Forest, timber revenue and benefit sharing arrangements with local communities, transparent timber sales procedures to maximize timber revenues, and timber products industry restructuring and Forest Inspection. 	Savannakhet, Saravan, Khammouane, Champasak (1st phase) and Sayabouly, Vientiane, Bolikhamxay, Attapeu and Sekong (2 nd Phase till 2012)	US\$23.5m (WB US\$10m 2009-11 and Govt of Finland US\$13.5m 2009-12)	Participatory sustainable forest management (PSFM); Forest and Land Use Planning within each demarcated village territory; Preparation of forest management plans at kumban level for villages located inside or on border of demarcated Production Forest Areas. No overlap with IFAD project areas in Sayabouly but in Attapeu's Sanxay and Sanmaxay districts.
	Lao Environmental and Social Project <ul style="list-style-type: none"> Management of land, forests and water 	Low land and upland areas	US\$7m. Closing on June 2013	Forest management Initiatives related to community and Biodiversity Investments
	Lao Upland Food Security Improvement Project <ul style="list-style-type: none"> Agricultural productivity improvement 	Upland. Sekong, Saravane and Attapeu	US\$14.6m. Closing in Dec. 2014 in cooperation with the Poverty Reduction Fund	<ul style="list-style-type: none"> Improved Farm Systems for Food Security Farm access roads Linkage with markets Irrigation
	Forest Carbon Partnership Facility, Readiness <ul style="list-style-type: none"> Preparation Proposal (R-PP) 2012 readiness implementation The Lao People's Democratic Republic selected among the few countries eligible for FCPF 	National level	R-PP endorsed in Washington DC November 2010 => access to Readiness Fund	A number of activities and pilots to be carried out in the Readiness Phase will require changes to legislation on benefit sharing, and, possible PES modalities, afforestation plans and forest conservation plans with communities
	Forest Investment Program (FIP) 2012 <ul style="list-style-type: none"> The Lao People's Democratic Republic selected among few countries globally to benefit from FIP WB with AsDB and others Scoping mission January 2011. 	National	FIP US\$20-30m out of CIF for the Lao People's Democratic Republic	FIP includes a Dedicated Grant Mechanism for Indigenous Peoples. SE Asia workshop for IP held in Vientiane end Jan 2011 to discuss implementation arrangements under FIP
	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, Luangnamtha, Xienghuang	US\$20m for 2009 – 2011. New phase being designed	<ul style="list-style-type: none"> Includes responsive funding for local initiatives New programming in Attapeu and continued in Sekong. Room for partnering on livelihoods and productive infrastructure
AsDB	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 US\$23m approved in Nov. 2010. Expected project duration: 2011 – 2017	<ul style="list-style-type: none"> Agricultural infrastructures Contract farming Commercialization for rural smallholders Integrated water resource management Eco-environment protection Support to indigenous people
	AsDB-IFAD Sustainable Natural Resources Management and Agricultural Productivity Enhancement Project	Five provinces of Champassak, Saravan, Savannakhet, Sekong and Attapeu 2009-2015	IFAD grant US\$15m AsDB US\$20m	NRM land use plans at provincial level. Screening sub-projects prepared by local bodies for project implementation, roads, irrigation
	AsDB-IFAD Northern Region Sustainable Livelihoods through Livestock Development Project	Five provinces of Bokeo, Luang Namtha, Luang Prabang, Xieng Khouang and Houaphan. (2007-2014)	IFAD grant US\$3m AsDB US\$10m SDC US\$3.5 m	The specific objective of the project is to enhance village livestock systems through improved livestock productivity and profitability under integrated upland farming systems.

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status	Complementarity/Synergy Potential
	AsDB and Nordic Fund: Capacity Enhancement for Coping with Climate Change		Recently initiated. Workshop on work plan held end Jan 11.	National and provincial level capacity development (agriculture, forestry, water resources, energy). Policy review, institutional strengthening. Will have pilot project by end-2011
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	US\$1.4m and US\$300.000 Care co-funding	Coincides with new IFAD project covering Saysathan district. Care implements components on livestock mobile clinic, tea growing, water supply and roads
	The Agro Biodiversity Initiative Project (TABI)	2009-11 (MAF, NLMA, WREA,) Alignment to National Agro-biodiversity Plan	CHF 743.015	Works on Communal tenure with LNRRIC of NLMA
	Small Scale Agro Enterprise Development in Upland Project (SADU) and Laos		On-going	Supported by CIAT and working through NAFRI, on market based approaches for food security
	Extension for Agriculture Project (LEAP), Laos			LEAP through Helvetas 3rd phase with NAFES. Main project on extension in the Lao People's Democratic Republic
	Agricultural Education Reform			Support to NARC (college for agricultural extension in Luang Prabang)
	Right link Lao (Right-Land, Information, Networking and Knowledge Lao)			Support for government and communities re forest and land laws and rights with VFI
	Northern Regional Upland Sustainable Livelihoods through Livestock Development Project (NRSLDP). with IFAD and AsDB			Joint SDC-IFAD-AsDB programme
WFP	<ul style="list-style-type: none"> • Food for Work • Food for Training • Purchase for Progress (P4P) 		On-going country programme and the Lao People's Democratic Republic as piloting country for P4P	<ul style="list-style-type: none"> • Food security and nutrition • Community infrastructures • Training • Agricultural market and support
GIZ	Rural Development in Mountainous Areas of the Lao People's Democratic Republic (RDMA) cofinanced with RLIP-IFAD <ul style="list-style-type: none"> • Technical assistance for local and regional NRM and economic development • Social development • Institutional development 	Attapeu, Sekong, Sayabouly	Ends 2012, new project to include elements of RDMA and the Land Management and Registration Project	<ul style="list-style-type: none"> • District and village participatory planning • Support to market access • Natural resource management • Participatory land use planning (PLUP) • Rural finance
	Land Management and Registration Project <ul style="list-style-type: none"> • 2008 and ongoing 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	Possible collaboration with IFAD project in Sayabouly 2012 onwards with support to analytical work on communal agricultural (shifting cultivation) land registration as part of ongoing land registration
Lux Development	Bolikhamxay Livelihood Improvement and Governance Project <ul style="list-style-type: none"> • Works through MPI 	2010-2014	€6.6m	Agricultural and forestry extension, land ownership certification, and market promotion, rural infrastructure comprising schools, dormitories, village meeting halls, market centres, feeder roads and irrigation facilities through block-grant mechanism to the respective districts. The third major intervention is micro-finance and village development grants.

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status	Complementarity/Synergy Potential
Agence Française de Développement (AFD)	Technical assistance to Agro-ecology sector (PROSA) <ul style="list-style-type: none"> • Agriculture of conservation • Partnership building • Technical training 	Northern highland	€1m, ongoing	<ul style="list-style-type: none"> • Farmers' associations • Value chain capacity building • Land titling • Marketing • Provincial governance
	Northern Uplands Development Program <ul style="list-style-type: none"> • Agriculture, marketing, value chain and environmental conservation • With financing from EC, SDC, BMZ (via GIZ), 	Luang Prabang, Ponsali, Huaphanh	€17.5m	<ul style="list-style-type: none"> • Farmer's association • Value chain capacity building • Environmental management • Extension capacity building
IUCN	Landscapes and Livelihoods Strategy <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. 			The IUCN the Lao People's Democratic Republic Country Programme Agreement is supported by the Swedish International Development Agency (Sida). The Country Programme Agreement (CPA) allows the IUCN the Lao People's Democratic Republic country office to foster relationships with key partners, develop programme areas and respond to emerging regional, national and local issues
UNDP /GEF	Improving the Resilience of the Agriculture Sector in the Lao People's Democratic Republic to Climate Change Impacts	2011-2014 NAPA Follow-up project 3 provinces and 5 districts Savannakhet Province: Outhumphone and Champhone districts Saravan Province: Kongsadon district Sayabouly Province: Phieng and Paklia districts	Approved by GEF-Sec Dec 2010 US\$4.45m from LDCF	NAFRI to implement and work with extension services. Strengthen knowledge base on CC, build institutional capacity, & introduce adaptive technologies on the ground. Demonstration sites; piloting community-based adaptation measures, including crop diversification, drought- and flood-resilient crop options & farming methods, low-cost water conservation/irrigation technologies. Micro watershed work
UNDP/GEF	Mainstreaming Biodiversity in the Lao People's Democratic Republic's Agricultural and Land Management Policies, Plans and Programmes	2011-2016	US\$2.265m GEF grant US\$3m co-finance from SDC/TABI Projected start date: March 2011	Will work closely with TABI Agro-biodiversity management to promote biodiversity, food security & quality of life. Will include farmers groups, farmer field schools, biodiversity-friendly farming including organic production, value chain research
UNDP/UNEP	Poverty Environment Initiative (PEI)		On-going	Build the long term capacity of the government to integrate environmental concerns in national development plans, investment management processes and poverty reduction strategies
UNDP/GEF/ AusAID	Small Grants Programme /AusAID Mekong and Asia Pacific (MAP), Community-Based Adaptation (CBA) Programme	August 2009 – June 2014	On-going	improve the adaptive capacity of communities, thereby reducing their vulnerability to the adverse effects of climate change risks
UNDP	Capacity Development on Disaster Risk Management		On-going	National Disaster Management Organization (NDMO). Enhance livelihoods of poor, vulnerable and food insecure populations through sustainable development

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Levels And Causes	Coping Actions	Priority Issues	Potential Response
<p>Moderately vulnerable 35% - 40% (including women, youth and ethnic groups)</p>	<ul style="list-style-type: none"> Moderately food-secure Some involvement in value chains but share no premiums Contract farming 2+3 model is common Access to non-formal credit Risk of falling into poverty if adverse events take place Work for the better-off in the paddy fields 	<ul style="list-style-type: none"> Meet family needs with regular off-farm and on-farm incomes Access forest and river-based products to supplement daily food intake Sell livestock 	<ul style="list-style-type: none"> Increased application of improved and climate-resilient farming practices and techniques Improved integration in value chains Increased productivity and quality of farm produce Access to credit Improved access to markets, community infrastructures and support services 	<ul style="list-style-type: none"> Increased application of improved farming practices and techniques Income generating specialization and diversification Inclusive farmers' organizations Sustainable NRM and adaptive farming model Improved community infrastructures and facilities Capacity building <p>Security of tenure of communal land</p>
<p>The poor or the most vulnerable (including women, youth and ethnic groups) 50% - 60%</p>	<ul style="list-style-type: none"> No land or little Language barriers preventing access to information Food-insecure Low farm productivity Limited access to market Limited access to credit High vulnerability to natural disasters and increasing climate variability High expenditure on medicine and food Poor nutrition balance Low literacy level 	<ul style="list-style-type: none"> Become labourers for FDI, rubber plantations etc. Work for the better-off in the village Sell livestock Encroach on forest for new land Collect NTFP for food security High reliance on forest and river-based products to supplement daily food intake Depend on external assistance for survival 	<ul style="list-style-type: none"> Secure food security and better nutrition balance Access to sufficient land Need tenure security of communal lands against FDIs and land appropriation Access to extension services in own language Increase productivity, diversification and quality of farm produce Improved access to markets, community infrastructures and support services Access to credit 	<ul style="list-style-type: none"> Security of tenure of communal land Soil fertility management of fallow lands Improved and appropriate extension services, also in ethnic languages Increased application of improved and climate resilient farming practices and techniques Market linkages Productive infrastructures Capacity building