

Background and Objectives of the Study

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I. Background of the Study

The Lao People's Democratic Republic (Lao PDR) is comprised mainly of mountainous areas with only about 10% available as farmland. However, the country's economy is dominated by the agriculture sector, which provides 52% of GDP while absorbing 80% of the labor force. GDP per capita for 1997 is an estimated US\$ 400 with a significant number of households dependent on agriculture for subsistence. Since the New Economic Mechanism (NEM) was introduced in 1985, Lao PDR has been in transition from a centrally planned economy to a market oriented economy. In the agriculture sector, with abolishment of the collective farm system and the introduction of farmland cultivation rights for land in 1989, farmers were given the right to privately manage land. An important event that affects agriculture is Lao PDR joining ASEAN in 1997. It is expected that tariffs on goods from agriculture, forestry and fisheries will be sharply reduced by the year 2015.

Agriculture in Lao PDR is characterized by three main farming systems: dry-land rice cultivation, shifting cultivation in the northern and eastern mountain regions; paddy rice cultivation along the Mekong River and the cultivation of horticulture products in the southern highland region. Rice is the staple food crop which relies largely on rainfall, and thus its yield is unstable. Moreover, the geographically poor distribution of farmland and low rice productivity in mountainous areas has left upland communities in a state of chronic food shortage. Although the country is blessed with abundant natural resources that are capable of supplying the whole nation's food needs, the stable rice supply remains difficult due to inappropriate farming techniques and poor functioning of the market system as a whole.

The exports of forest products including timber make up about 30% of total exports. It is estimated that forest cover was reduced by 4% in the last 20 years due to expansion of lowland agricultural shifting cultivation. There has also been a degradation of forest areas due to over-exploitation of timber resources and poor forest management practices. Shifting cultivators account for 38% of the total number of households.

The agriculture sector has shown slow growth so far, leading the GOL to place increased emphasis on agricultural development in the Fourth Socio-economic Development Plan (1996-2000). This plan commenced with launching a development policy stressing three programs: *stable food production, promotion of commercial agricultural and livestock products, and mitigation of shifting cultivation*. MAF also set up its basic development policy with the above-mentioned issues as the main focus. This policy is described in the "Vision for Agricultural and Forestry Development to the Year 2020" ("Vision 2020"). In addition, "The Government's Strategic Vision for the Agriculture Sector" ("Strategic Vision") formulated by MAF with an assistance of the Asian Development Bank (ADB), defined a development strategy consisting of seven approaches. These are: (i) strengthening MAF and local institutions; (ii) developing human resources; (iii) adjustment to internal and external business regulations; (iv) establishing conditions for liberalized external trade; (v) ensuring security and accelerated market-orientation of agriculture in flat land; (vi) promoting environmentally sustainable development in sloping land with stabilization of shifting cultivation; and (vii) enhancing irrigation management.

These visions and strategies provide the direction and a framework for agricultural development in Lao PDR, however, indicate neither specific development plans or implementation programs to be realized. Thus, the plans for related activities to achieve these visions, through strategies, are urgently needed.

Considering the above background and based on the results of the JICA project formulation made in March 1999, the GOL requested the Government of Japan (GOJ), in November 1999 extend technical assistance for a Master Plan Study on Integrated Agricultural Development. In response to this request, GOJ sent a Preparatory Study Team to Lao PDR in June-July 2000. The team examined the background to the request including the scope and contents of the requested technical assistance. This resulted in Agreed Minutes of Meeting for the Scope of Work for the study made between the Preparatory Study Team and the MAF of the GOL, dated June 30, 2000.

2. Objectives of the Study

The objectives of the Study are to:

(1) formulate an Action Plan (A/P) and its implementation program that contribute to more effective promotion of the agricultural development, based on the framework of Strategic Vision and a development strategy for the agriculture sector of Lao PDR, and of Vision 2020 recognized as a basic development policy;

(2) identify priority programs and projects to be assisted by donor agencies including GOJ, through examining A/P and formulating further additional studies and implementation programs envisaging executing agencies responsible for the implementation; and

(3) transfer technology to counterpart personnel on investigation method, planning procedure formulation approach for respective relevant fields.

3. Study Procedure

The Study, covering the whole land of Lao PDR, is being carried out in two phases over consecutive fiscal years. In Phase I, the A/P until the year 2020 is formulated in general terms within the framework of the Vision for 2020 and the Strategic Vision for the Agricultural Sector. The study examined development programs implemented by the GOL with and without donor assistance, the process and performance of administrative decentralization, the policy for transition to a market economy, the present status of rural development, the agriculture and farming conditions including shifting cultivation, the rural infrastructural conditions, the environmental aspects and the social and cultural aspects etc.

The A/P is formulated based on an examination of the above programs/policies and from comments made in the first workshop with representatives from the relevant internal and external agencies. In Phase II, necessary supplementary data and information will be collected based on the study formulated in Phase I. Following this, implementation programs for selected initiatives and projects will be formulated to the year 2010. These could be supported by donor agencies including GOJ. The results will be presented, in a Draft Final Report, to a second Workshop. A Final Report will be prepared based on recommendations and results of the Second Workshop.

Schedule of the Study and Progress

1. Schedule of the Study

The study schedule and study items in each phase are as follows :

(1) Phase I Study (November 2000 - March 2001)

(a) Field Work (November 2000 - March 2001)

- Discuss Inception Report
- Collect information and data on socio-economic and natural conditions
- Collect information and data for drafting of A/P until 2020 with analysis
- Formulate draft A/P until the year 2020
- Conduct provincial workshops
- Conduct the first central Workshop
- Formulate A/P based on comments and suggestion in the first central Workshop
- Prepare Progress Report (1)

(d) Home Work (March 2001)

- Prepare Interim Report

(2) Phase II Study (April - September 2001)

(a) Field Work (April - July 2001)

- Discuss Interim Report with MAF
- Conduct provincial Workshops
- Collect supplementary data and information for formulation of implementation program
- Formulate implementation programs based on A/P
- Conduct initial environmental examination for priority programs and projects as necessary
- Prepare Progress Report (2)
- Conduct 2nd Workshop (in August 2001)

(b) Home Work (July - September 2001)

- Prepare Draft Final Report
- Prepare Final Report

2. Work Progress

The following activities have been completed during Phase I work :

(1) Inception Meeting between the Steering Committee and the Study Team on November 2 and 30, 2000;

(2) Orientation workshops at Vientiane on December 12, 2000 and at both Luangprabang and Champassak on December 15, 2000;

(3) Collection of data for agriculture potential, GIS analysis including present land use, soil, topographic data, UXO data, etc. in December 2000;

- (4) Collection of statistical data for socio-economic analysis including 1995 population census, 1997/98 household expenditure and consumption survey and 1998/99 agricultural census in December 2000;
- (5) Baseline survey to collect and compile socio and agro-economic related data and information at provincial and district levels in December 2000 and January 2001;
- (6) Provide the Department of Meteorology and Hydrology (DMH) with technical guidance for installation of meteo-hydrological observation stations including site selection, design and construction supervisions from December 2000 to March 2001;
- (7) Socio-economic analysis based on population and agricultural census with regard to present farming systems, constraints and development direction, through categorizing all the districts into 10 groups in January 2001;
- (8) Analysis of agriculture potential areas based on GIS processing with regard to paddy, upland, tree crops and grazing in January 2001;
- (9) Formulate conceptual framework and approach to the action plan;
- (10) Prepare draft action plan on integrated agricultural development towards the year 2020 associated with formulation of proposed programs and projects that were listed through discussion with relevant departments and agencies of MAF and other concerned line ministries in January 2001;
- (11) Provincial workshops at Vientiane, Luanprabang and Champassak, presenting the draft action plans and exchanging opinions with provincial representatives, on January 30, 2001;
- (12) Steering committee discussion on draft action plan on February 8, 2001;
- (13) Report on the interim results of the Study and explanation of the draft action plan to JICA Headquarter in Tokyo by the Team Leader and Rural Development Expert from February 13 to 16, 2001;
- (14) First central workshop inviting the steering committee members, representatives of relevant GOL agencies, donors and NGOs to present draft action plan and receive comments and advice on March 1, 2001;

- (15) Preparation and presentation of Progress Report to MAF;
- (16) Finalization of action plan on the basis of results during Phase I field activities; and
- (17) Preparation of Interim Report.



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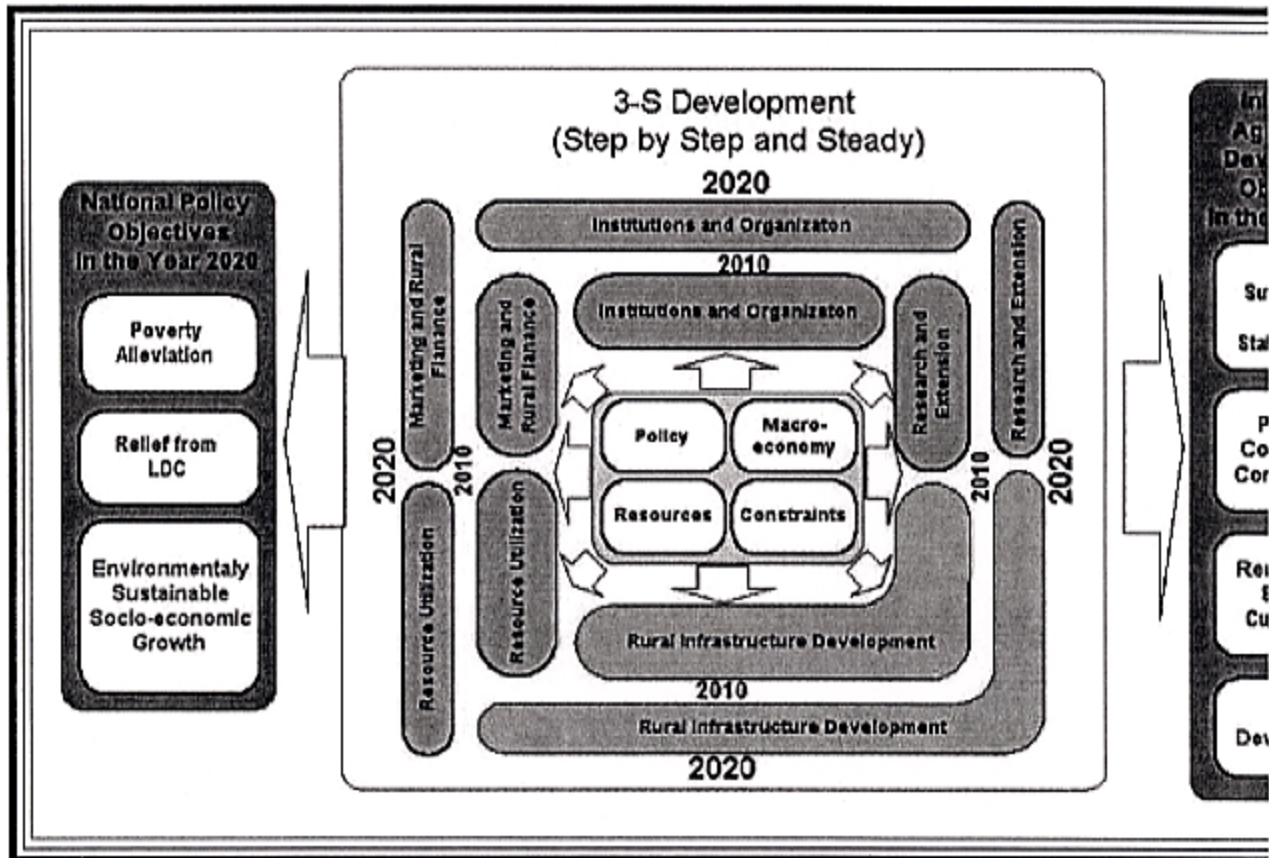
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Concept of Master Plan Study on Integrated Agricultural Development in Lao



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