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Improving Rice Productivity in Laos

Increasing Rice Productivity and Overall Volume of Rice Production Among Smallholders

On 9 March 2009, the Government of Laos (GoL) and the World Bank (WB) signed two financing agreements, including a US\$3 million financing agreement to invest in food security. The agreement was signed by H.E. Mme. Viengthong Siphandone, Vice Minister of Finance and Ms. Annette Dixon, WB Country Director for South East Asia.

The US \$3 million funding for **Rice Productivity Improvement Project (RPIP)** is provided from the World Bank's Global Food Crisis Response Trust Fund. The project is a partnership between WB and the National Agriculture and Forestry Research Institute (NAFRI) of Ministry of Agriculture and Forestry (MAF).

The project will help improve the capacity of the public sector to produce larger quantities of high quality seeds and appropriate varieties for various conditions. The project will also support the establishment of a systematic seed multiplication mechanism that will be managed by farmers' group using modern high yielding technical packages. In the short term, the project will help reduce the seasonal and disaster related shortages, and reduce the impacts of rising food prices and population increases in the longer term.

Rice Productivity Improvement Project

Laos has been experiencing the compound impact of food and agricultural input price surges and a flood disaster and faces medium term challenges of high population growth rates compared to its agricultural resource base and rate of productivity improvement. RPIP is assisting in reducing the impact of the 2008 floods on rice seed availability in 2009 by assisting dry season production of foundation seed, and will also address medium term productivity challenges related to seed quality and balanced use of fertilizer by farmers together with practices to build organic matter in soils.

Mr. Richard Chisholm (WB Senior Agriculture Specialist for the East Asia Sustainable Development Unit) explained: *A previous*

experience in collaboration with NAFRI showed that replacing the existing seeds with good seeds of the right variety gave a 25% yield boost. That is something that's easily achieved by the average farmer and it doesn't require a huge capital investment.

Increasing rice productivity and overall volume of rice production among smallholders increases incomes and improves food security for small farm households. This will result in reducing the seasonal and disaster related shortages of rice in the short run, as well as reducing the impacts of rising food prices in the longer term.

These objectives will be achieved through: (1) improvements in the capacity of the public sector (Rice Research Centers and Seed Multiplication Stations [RRSMCs]) to produce larger quantities of high quality seed (breeder, foundation and registered seed) of the most appropriate varieties for the different Lao conditions; and (2) establishment of a system of seed multiplication by small farmers' groups based on the use of modern high yielding technical packages that would demonstrate the benefits of this improved technology and would start the process of creating a sustained demand for high quality seed and other inputs for high yields. >> Continued on page 2

With Compliments





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Mr. Richard Chisholm added: *Projects like NT2, the Khammuane Development Program and the Southern Provinces Agricultural Development Program (funded by the Asian Development Bank in partnership with the International Fund for Agricultural Development) need the assistance of good seed, to boost the productivity of the farmers concerned in these projects. Hence RPIP is focused on one part of the rice production cycle; seed quality and provision of good seed. It does not attempt to provide a complete answer to the rice production system, but the fundamental objective of RPIP is to increase rice productivity.*

Rice Productivity Improvement Project Components

RPIP consists of three components; (1) Support to RRSMCs; (2) Support to Farmer Seed Groups and On-Farm Demonstrations; and (3) Management Monitoring and Evaluation. The first project component addresses the critical equipment and infrastructure of RRSMCs to provide for secure separation of varieties and production of clean, dry, weed free, high quality R1 and R2 seed for later multiplication as R3 seed for general use by farmer groups under component 2. The Project provides

equipment for production, drying, grading, packaging and cool storage, as well as small training facilities and transportation at selected RRSMCs. The second project component supports Farmer Seed Groups and On-Farm Demonstrations. This component would establish and support up to 200 farmer groups, of about 20 farmers each, in each of the selected provinces (Khammuane, Savannakhet, Champasack and Saravane), as the basis for broader dissemination and scale-up of improved seed use. The third project component supports overall project management and coordination, as well as the implementation of a monitoring and evaluation (M&E) system under NAFRI. The expected M&E activities include a baseline survey, monitoring surveys and the final evaluation report. Capacity building will include training of agricultural college student enumerators in preparation for a future role in technical support.

Mr. Richard Chisholm: *RPIP just started in March and the development of the pilots needs time, but the project is well underway and we expect to achieve good results this year. <<*

More information: <http://worldbank.org/lao> and <http://newsletters.worldbank.org>

What is GFRP?

The Global Food Crisis Response Program (GFRP), was established by WB on May 29, 2008. This Program has the objectives of providing help to:

- (1) reduce the impact of high and volatile food prices on the lives of the poorest segments of the population in a timely way;
- (2) support governments in the design of sustainable policies that mitigate the adverse impacts of high and more volatile food prices on poverty while minimizing the creation of long-term market distortions; and
- (3) support broad-based growth in productivity and market participation in agriculture to ensure an adequate and sustainable food supply response.

In terms of vulnerability, only about one third of the population in Laos can be considered fully food secure in terms of 12 month rice availability. By addressing food production in the lowlands and ensuring the preservation and use of unique upland varieties, RPIP will address both groups. <<

Promotion of Organic Farming in Laos

Since 2004, the project "Promotion of Organic Farming in Laos" (PROFIL) has been a central part of the development of organic agriculture in Laos. PROFIL has taken a lead role in the development of regional and international market opportunities for Lao organic products.

PRORICE is the "sister project" of PROFIL, specializing in the production and marketing of organic rice. The project started in January 2006, and already works with over five hundred farmers actively producing organic rice in Sangthong District, Vientiane Capital. Both PROFIL and PRORICE are funded by Helvetas, The Swiss Association for International Cooperation. The government of the Laos is the key local partner in both projects; hence the implementation is supervised by the Department of Agriculture (DOA) of the Ministry of Agriculture and Forestry.

Participatory Market Chain Approach (PMCA) is the methodology used for implementation of the PRORICE project. The project objectives are: (1) to develop organic rice production systems and preserve eco-diversity in the organic rice production zone; (2) to set up organic rice farmer groups; to (3) support organic rice processing entrepreneurs who operate according to organic agricultural criteria; and (4) to promote marketing and access to the organic trading system and fair trade. PROFIL has developed national organic standards, in collaboration with DOA, based on the international norms developed by the International Federation of Organic Agriculture Movements (IFOAM).

In early 2008 the Laos Certification Body (LCB) was established by the DOA, under the Clean Agriculture Development Centre (CADC). The LCB entered into an Asian region certification collaborative platform together with other eight Asian organic certification bodies, known as the Certification Alliance. This regional collaborative platform allows members to offer multiple organic certifications with integrated inspection as well as market support and institutional development¹. <<

More detailed information about organic (rice) farming on page 3

¹Source: www.laosorganic.com

World Bank Events

16-18 July

"Economics for Non-economists" Training for Lao Journalists



5-6 August

Trade Facilitation Workshop on Time Release System



Q&A

Organic Farming & Certification in Sangthong District

Agriculture is the most important sector of the economy of Laos. According to recent World Bank statistics, agriculture accounts for more than 45% of GDP and almost 80% of employment in the country.

Organic Farming In Laos

Organic agriculture is one of a number of agricultural production systems that are possible in Laos. While there is no precise, universally accepted definition of "organic", organic products are usually produced according to a specific set of rules called organic standards. These standards give producers, traders and consumers a common definition of organic products, allowing them to buy and sell them with confidence¹.

Promotion of Organic Farming And Marketing In Laos

A milestone in the history of Lao organic farming is the project for Promotion of Organic Farming and Marketing in Laos (PROFIL). The "sister project" PRORICE (see text box on p.2) is specialized in the production and marketing of organic rice. The PRORICE project covers 10 villages and is located in Sangthong District¹.

Organic Versus Conventional



Ruedi Lüthi, Country Representative for Helvetas, explained: *In Laos the agricultural activities are not yet extremely intensive which means there is only limited use of pesticides and fertilizer and the plant varieties are still not absorbing a lot of fertilizer. The system is clearly favorable to organic farming because the move from traditional to organic is not a big jump for the farmers in Laos.*

Why Sangthong District?

Sangthong is one of the 47 poor districts in Laos and is located around 55 kilometers northwest of Vientiane Capital. The environmental conditions in the area are good, with high levels of biodiversity, and most people are living in harmony with nature. Mr. Sybountham, Sangthong District Governor, explained: *Sangthong is home to abundant resources and 80.000 ha of forest. Al-*

though it is a poor district, all villages are connected to the electricity grid. Sangthong has its challenges namely low capacity and low education of the population, nevertheless the organic rice project was the first extensive project in our district and this project has very much helped to boost the average annual income in the area from US\$390 in 2005 to US\$700 in 2009.

How Does The Project Empower the Farmers' Communities?

Ruedi Lüthi: *At the moment we work with 574 families and we develop a trainer-to-trainer system. We train a core group of people and teach them how to grow organically. The core members come from different farmer groups and they will train the other farmers in their groups in line with the training they have received.*

How Successful Is The Project?

Mrs. Vannee, Nathiem Organic Village & Village Marketing: *The technical support, fund management and marketing of organic rice has improved the overall living standards in our villages. The yield increased from 2 tonnes to 3-4 tonnes per hectare, the establishment of farmer groups and the new system of collecting rice as a group and selling it at a better price has convinced many villagers to become a group member. At first it was challenging, but at the moment I'm quite confident. The system of buying and selling rice to four miller groups is much easier now because of clear agreements with the millers and therefore the project enabled us to produce and market a good quality organic rice and sell it at a fair price.*



Mrs. Vannee, Community of Nathiem Organic Village & Village Marketing

Quality And Quality Control

Mr. Somsack Kethongsa, Assistant of the General Director & Organic Rice Specialist, explained: *you need time to grow a*



H.E. Mr. Cheuang Sombounkhan, Minister to the Prime Minister's Office, and the World Bank team visit PRORICE Project in Sangthong District

quality product. Some varieties, for industrial purposes, you can grow and sell in 120 days, but aromatic non-sticky rice needs at least 150 days. Quality control is essential and the physical standards (a number of quality criteria which respond to certain international standards) like moisture, purity, percentage of broken rice and percentage of discoloration are very important.

Organic Certification

Organic certification is a process of verifying that organic products are produced according to specific standards. Certification helps consumers distinguish organic products from non-organic products, and gives them confidence that they are buying genuine organic products. In many countries, certification is required for all products that will be imported or sold as "organic".

What Are The Challenges For The Future?

Ruedi Lüthi added: *Besides certification we need strong farmer groups. Producer organizations are very important for all of those producing higher quality products, in bigger quantities and according to set standards. In Laos these groups are not yet legally recognized and they do not have a formal status. At this point often the millers have their group and the miller is the holder of the certificate. This is a handicap to fair trade. What we would like to see, is to have strong user groups that are organized into an association which owns the certificate, so the groups have different options to sell their products. Clearly certification is not something you can achieve in one or two years; it's a long term investment. But the recent progress proves organic farming in Laos has a good future. <<*

¹Sources & more information: www.helvetas.org
www.laosorganic.com www.laoex.org



Economic Update

High Level Dialogue Between The Government of Laos and The World Bank



Dr. Justin Yifu Lin, Senior Vice President, and Chief of Economist of the World Bank and author of the **Global Development Finance 2009 Report**¹,

visited Laos on June 26 and 27, 2009 at the invitation of the Government of Laos.

On the occasion of the visit by Dr. Lin, a **High Level Dialogue on the Global Financial Crisis** took place on June 27, 2009. The dialogue was chaired by the Prime Minister of Laos and was attended by 13 Cabinet Ministers and over 20 Director General and technical staff from the line ministries and agencies.

The dialogue focused on three topics: (1) management of the global financial crisis impacts and responses; (2) Strategic development vision for Laos; (3) Infrastructure for development. The key messages from Dr. Lin to GoL were as follows:

1) Maintaining macroeconomic stability during and in the immediate aftermath of

the crisis is not only important for short-term development, but is a cornerstone of a successful long-term growth strategy.

2) As a resource rich country, it is important for Laos to introduce transparent mechanisms that would allow it to preserve benefits for the next generations, as well as to focus on environmental aspects of exploration.

3) Investing resources into education of the labor force and technology, to achieve stable economic growth in the future.

4) The Government is rightly focusing on the promotion of the private sector as a driver of growth, and should double the efforts to promote SMEs, through helping them improve technology and access to finance.

Dr. Lin noted that Laos has been coping with the crisis better than the world on average, owing to the relative closeness of its economy and under-development. However, to successfully overcome the crisis the country needs to make the short-term macroeconomic policies con-



Courtesy Meeting with H.E. Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR

sistent with long-term growth.

In particular he pointed out that, if used well, the South East Asian Games and 450th anniversary of Vientiane - both coinciding with the crisis - could bring an impact similar of a stimulus package by increasing employment and domestic demand and incomes. The events could also be used for business fares to promote Laos's products and services to mitigate the slump in FDI due to the crisis.

During his visit, Dr. Lin also delivered a speech at a public seminar on the Global Financial Crisis with over 200 participants from Government Ministries, Embassies, NGOs, media, academia and International Agencies. <<

¹The Global Development Finance Report is combining a diagnosis of recent trends and prospects for capital flows to developing countries with an analysis of important policy issues. It is available at <http://www.worldbank.org/prospects>

NT2 Home Stay and Internship Program

On November 20-22, 2008, the World Bank supported a group of 15 students and 5 teachers to conduct a three-day study tour to the Nam Theun 2 (NT2) resettlement area on and below the Nakai Plateau. The study tour was the result of a memorandum of understanding signed by WB and the National University of Laos (NUOL). This joint cooperation addresses two core themes; knowledge sharing and youth initiative.

Follow Up - WB supports the students' proposal of having a longer stay in the villages by organizing a two-week home stay program, so that they can learn more about the development of livelihoods for the villagers and see how they adapt to their new homes.

Home Stay and Internship Program - Ten candidates have been selected from three relevant faculties of NUOL. Most of the selected students (50/50 male to female ratio) are born and raised in Vientiane Province; other provinces include

Luangprabang and Borikhamxay. Some of the students have already had similar volunteering experiences within Laos or abroad (Japan and India). The home stay program, which started 17 June, is a pilot activity for the NT2 Internship Program, in which four students will be living in a village - either on Nakai Plateau or in the downstream area - for three months. In July, four candidates from the home stay program will be selected for the Internship Program. Living in a remote village for 2 weeks - or three months - can be challenging.

Program Objectives - The objective of the home stay program is to provide opportunities for university/ college students as well as newly graduated students to study, in the context of the ongoing social and environmental management programs, the living conditions of people in resettled villages and other villages affected by the NT2 project. The Internship Program is an opportunity for recent graduates in the fields of social science or environment to gain first hand experience



NT2 Home Stay Program Students and their teacher (front row on the left) with WB Staff (back row on the right and center).

of the implementation of a hydropower project and its related social and environmental programs. This, in turn, will help to build much needed capacity in Laos as the country takes on more hydropower and related projects.

The mix of formal education and practical internship experience will improve the students' professional and personal skills and help them to become assets to their country. <<



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