

National Multi-Stakeholder Dialogue on Responsible Agricultural Investment (RAI)

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Policy framework and implementation of Responsible Agricultural Investment (RAI)

Mr. Phonethavong Singhalath
Director of Investment Cooperation Division
Investment Promotion Department, MPI



Food and Agriculture
Organization of the
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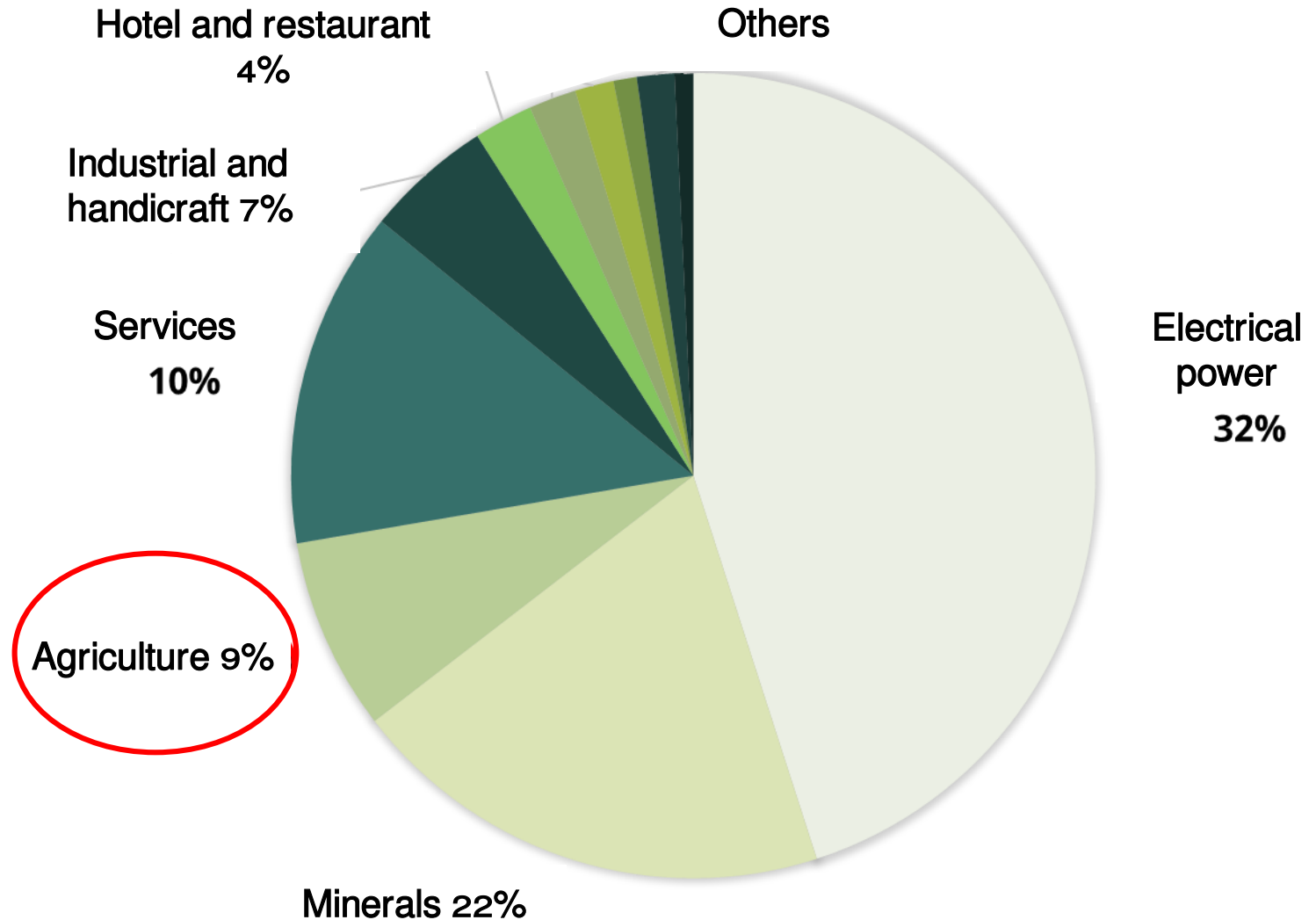
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I. Status of agricultural investment in Lao PDR

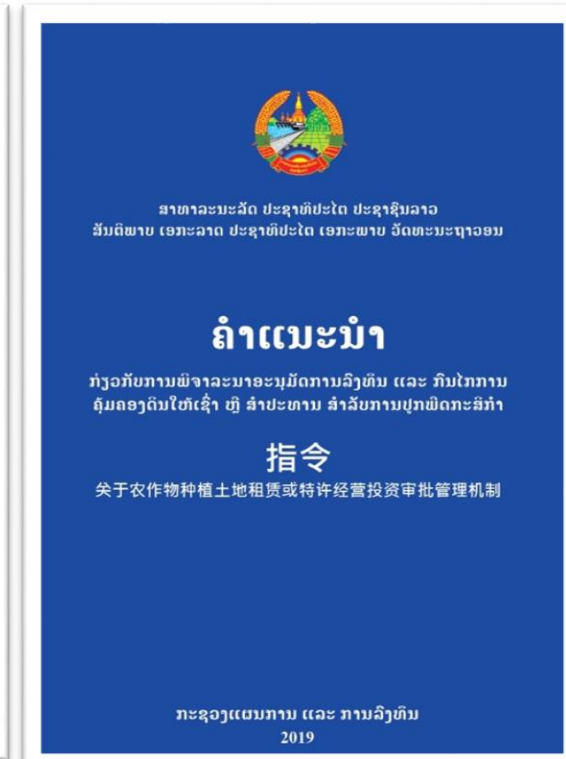
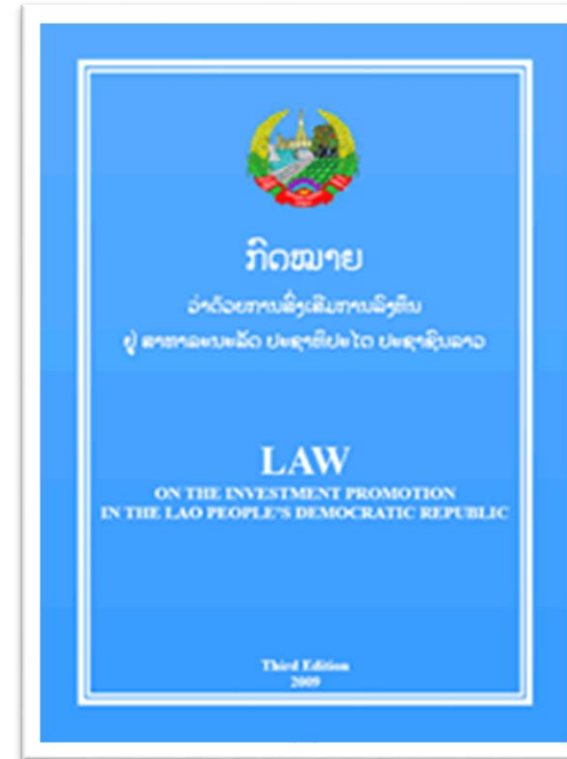
International investment in Lao PDR by sectors during 1988-2021 (October)

| No | Sectors | Number of projects | Capital (million USD) |
|----|---------------------------|--------------------|-----------------------|
| 1 | Electrical power | 60 | 19,751 |
| 2 | Mineral | 364 | 8,567 |
| 3 | Services | 740 | 5,951 |
| 4 | Agriculture | 994 | 3,395 |
| 5 | Industrial and handicraft | 938 | 2,237 |
| 6 | Hotel and restaurant | 429 | 1,043 |
| 7 | Public health | 23 | 837 |
| .. | ... | | |



II. Law, regulation related to investment promotion

1. The investment Promotion Law, No. 4/National Assembly, Date 17 Nov. 2016 (amended)
2. The instruction on Investment Approval and Land Management Mechanism For Leasing or Concession to Cultivate Crops, No. 0457, date 27 Feb. 2021.
3. Prime minister's decree on lease or concession of state land, No. 135/PM, date 25 May 2009.
4. Decree on acceptance of the controlled list and concession projects of Lao PDR, No. 03/PM, date 10 January 2009.



Policy framework on investment promotion by sectors

1. Using high technology, scientific analysis, case studies and development, using specific technology with environmental friendly, natural resources preservation and saving energy;
- 2. Industry, forestry development, environmental and biodiversity protection, rural development contribution and poverty reduction;**
3. Agricultural industry processing and environmental friendly, traditional handicraft industry processing and national identity;
4. Education, Sports, human development and working skills development, jobbing training center or institution, producing education and sports material;
5. Modern hospital development, dugs , Pharmaceutical and medical equipment factory, Production and treatment of traditional medicine;
6. Investment, services and infrastructure development, infrastructure development to support agricultural production and industries, transportation services, transit and international integration services;
7. Policy banks and microfinance institutions;
8. Modern trade in and world famous brands.

Instruction 0457 (27 Feb. 2019): The instruction on Investment Approval and Land Management Mechanism For Leasing or Concession to Cultivate Crops

Section III.5. Security Deposit to Restore the Land back to Original Conditions in Case of Land Leasing with Lao Citizen



- For crop cultivation of more than one year, security deposit for the rehabilitation of land at least 750\$/hectare;
- The security deposit can be divided into three instalments:



- For an annual plant of less than one year;
- Security deposit for the rehabilitation of land at least US \$ 100/hectare;
- The security deposit is fixed in a single installment.
- **For cultivation of legumes, it is exempted from land rehabilitation deposit**

III. List of development partners supporting RAI within IPD

1. Responsible Agricultural Investment (RAI) Project - MRLG;
 - Land Lease Arrangement for Plantation Project - LEAP (2017-2018)
 - Responsible Agricultural Investment-RAI) (2020-2022)
2. GIZ-Land program (RGIL): Investment Quality Promotion Component -IQP (2018-2023)
3. The project for creation an environment conducive to attracting foreign investment, IFC (system development and grievance mechanism database/complainsation from investors)

Promoting and implementation of RAI

- Instruction 0457 was created and upscaling implemented jointly with MRGL and GIZ;
- Dissemination and capacity building on implementation of laws and related instructions at local level, especially the Investment Promotion Law (amended 2016), Instruction No. 0457, 0760, Order No. 09/PM, 02/PM, etc.;
- Preparing to develop another instruction on Contract Farming for Agricultural Investment with support and cooperation from MRGL and GIZ-Land Program (RGIL);
- Material/tool development, manual and RAI implementation with support from GIZ-Land Program (RGIL). Focusing on building capacity for government, investors and communities, promoting Investment Project Monitoring (IPM) and Investor dialogue fora/Exchange day between investors and communities in order to support on investment issues identification and solution;
- Cooperated with development partners for promoting RAI especially: GIZ, MRLG, PEA, CSOs...



IV. Challenges in the implementation of RAI

- There are many challenges for the government regarding land governance due to increasing large-scale crops plantations (rubber, banana, cassava, sugar cane, coffee, and other commercial crops) that create adverse impacts economically, socially, and environmentally;
- Lengthy coordination process between ministries and other government agencies for investment project consideration and approval;
- Gaps and overlaps in roles and responsibilities in some areas and the implementation of laws and regulations;
- Different understanding and inconsistency in the implementation related to agricultural investment of local government and other sectors;

IV. Challenges in the implementation of RAI (Con)

- Monitoring and evaluation regarding the compliance with policy on RAI is not done in a systematic and continuous manner;
- The understanding and awareness of small-holders about the existing policies and about their rights related to investment project is limited, leading to adverse impacts such as loss of their land and benefit;
- Government investigation mechanism has yet covered all investment projects, especially for contract arrangement that is negotiated and done directly between companies and communities without participation of the government;
- There is a lack of cooperation from private sector, as well as their limited knowledge and acknowledgement of the importance of responsible investment.

V. Future plan for promoting RAI

- Continue to improve and develop guidelines suitable for the problem and the need from people on the group, such as how to participate in contract arrangement/development (for land lease contract and others);
- Build capacity of investors to be able to operate their investment project inline with the guidelines, in parallel, raise awareness and knowledge of local people about their rights and obligation related to investment;
- Strengthen coordination mechanism of ministries and sectors, especially investment project consideration and approval process;
- Continue to work with development partners on the implementation of RAI. Aim to roll-out the implementation of RAI nation-wide, this would include capacity development of project implementation staff and law enforcement;
- Use tools for investment project monitoring and scale-out to wider coverage, focus on problem-solution in timely manner, promote more dialogue between government, companies, and communities.



Contact address:

E-mail: ptvsinghalath@yahoo.com

Website: www.investlaos.gov.la

Tel: +856-21-219568, 218377

Mobile: +856-20 22411436

Fax: +856-21-215491

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Thank you



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