



# RESPONSIBLE INVESTMENT IN AGRICULTURE AND FOOD SYSTEMS IN LAO PDR: WHY IT MATTERS

Agricultural and rural development are two of the available driving forces best suited to eliminating hunger and poverty sustainably and mitigating the negative socio-economic effects of emerging disasters, climate events and shocks including pandemics, as experienced with COVID-19.

The agriculture (including forestry) sector is a cornerstone of Lao PDR's development strategy, employing over 70 percent of the population.

However, agriculture is contributing only 16 percent of the country's GDP due to factors including low productivity and lack of modernization, among other issues. To this end, both private and public investments are needed to raise agricultural productivity and incomes, particularly in rural areas. In Lao PDR, additional investments of USD 41 million per year are needed to achieve the first two SDGs by 2030, of which 34 million should specifically target agriculture<sup>1</sup>.

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## *What are better investments?*

*A responsible investment in agriculture and food systems contributes to sustainable development, enhances food security and nutrition, promotes more productive, sustainable and inclusive food systems and respects human rights.*

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At the same time, it is important to keep in mind that not all kinds of investments can contribute to these goals.

Certain investments are associated with significant risks, such as those that violate legitimate tenure rights, abuse labour rights, or cause environmental damage, occupational health and safety hazards.

## **COVID-19 impacts on the agriculture sector of Lao PDR: More reason for responsible investments**

In Lao PDR, the pandemic's impacts on public health have been rather limited at the time of publishing.

This notwithstanding, the country has been particularly affected by socio-economic impacts as domestic and regional supply chains collapse, and with these, household incomes and consumer demand. The tourism industry and the service sector have been hit the worst, with high economic losses, a rise in the unemployment rate (surging from an average of 2 percent to 25 percent), and a declining economic growth projection in 2020. This could potentially push 214,000 people deeper or back into poverty, with additional challenges to the achievement of SDG 1 (End poverty in all its forms everywhere) and SDG 2 (Zero Hunger).

The agriculture sector was already struggling with the effects of floods and drought prior to the pandemic.

Therefore, it is highly vulnerable, with adverse knock-on effects for food security and nutrition, livelihoods, indebtedness and income. Vulnerable groups, such as children and young adults, the poor, subsistence farmers, and women, are particularly at risk.

<sup>1</sup><http://www.fao.org/3/a-i4951e.pdf>



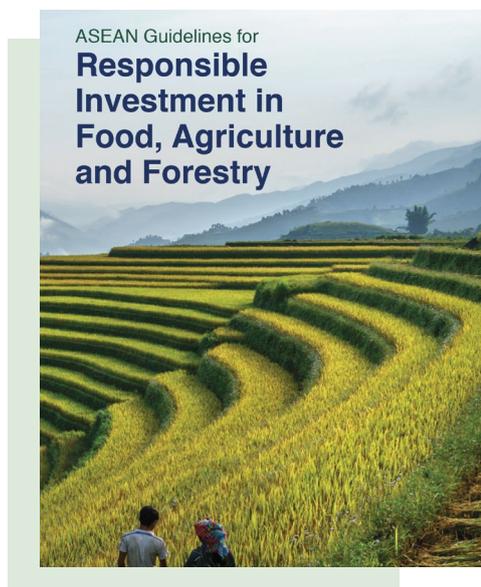


For example, negative impacts on not only water and soil, but also human health, as a result of unsustainable and illegal use of agri-chemicals in the production of bananas and other export agricultural commodities in Lao PDR. This has become a concern throughout the country in recent years, resulting in the issuance of Prime Ministerial decrees intended to mitigate impacts.

In order to generate sustainable benefits for all, it is important to ensure not only more but also better investments. It is crucial to enhance and promote investments that are responsible.

## ASEAN GUIDELINES ON PROMOTING RESPONSIBLE INVESTMENT IN FOOD, AGRICULTURE AND FORESTRY

In September 2017, the ASEAN Ministers on Agriculture and Forestry (AMAF) agreed to develop the ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry (the “Guidelines”). The Guidelines are grounded in the Committee on World Food Security Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI)<sup>2</sup> and reflect the specificities and contexts of ASEAN Member States. The Guidelines were adopted by AMAF in October 2018.



<https://www.aseanraiguidelines.org/resources>

The primary purpose of the Guidelines is to promote investment in food, agriculture, fisheries and forestry in the ASEAN region that contributes to regional economic development, food and nutrition security, food safety and equitable benefits, as well as the sustainable use of natural resources. The Guidelines distil global best practices for ensuring that larger scale agribusiness investments are socially, economically, and environmentally sustainable and inclusive. They provide future partners of such investments - from the public, private and civil society sectors - a roadmap of the important ingredients in such future investments. The Guidelines aim to become the de facto foundation of these type of agricultural investments across the region.

<https://www.aseanraiguidelines.org/>

## HOW IS FAO SUPPORTING RESPONSIBLE INVESTMENT IN AGRICULTURE AND FOOD SYSTEMS IN LAO PDR?

Through FAO’s Umbrella Programme “**Supporting Responsible Investments in Agriculture and Food Systems**”, FAO is providing specific support to the Government of Lao PDR to enhance responsible investments in agriculture and food systems. FAO is raising awareness of the ASEAN Guidelines and the CFS RAI among various stakeholders and is working in constant collaboration with the government to ensure the enabling policy, legal, regulatory and institutional environment is in place at a national level.

<sup>2</sup><http://www.fao.org/cfs/home/activities/rai/en/>

