



Transformative
Land Investment

Advancing sustainable agriculture in Lao PDR through integration of GAP, AE transition and RAI principles

Policy Brief

Thavisith Bounyasouk, Thiphavong Bouphe, Naia Webb and Naomi Basik-Treanor

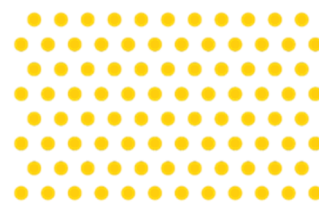
Introduction

Agriculture is the cornerstone of Lao PDR's economy and rural livelihoods. The agriculture sector employs over 70% of the country's 7.7 million population,¹ contributes significantly to national GDP,² and underpins food security across the country. Smallholder farmers are the primary investors in agriculture and forestry, often relying on informal land arrangements, and conventional practices. These farmers play a critical role in both domestic food production and the cultivation of export-oriented crops. As Lao PDR transitions toward more sustainable and commercially viable systems, agriculture remains central to poverty reduction, rural development, and the country's broader economic transformation.

Improving the quality and transformation of agricultural processes in Lao PDR is essential to ensure food safety, protect public health, and strengthen market competitiveness. As demand for safe, clean and traceable produce grows – particularly in regional export markets – compliance with recognized standards becomes critical. Transparent practices reduce environmental risks, enhance farmer accountability, and build trust across value chains. Strengthening oversight and certification systems enables smallholders to access premium markets, attracts responsible investment, and supports national goals for green, sustainable, climate-resilient agriculture.

¹ As of 2023, International Labour Organisation via the World Bank, accessed 10/07/2025
<https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=LA> >.

² United Nations, Lao People's Democratic Republic 2025 Monitoring Report, February 2025
<https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-PL-2025-LAO.pdf>.



What are the policy guidelines?

The Policy Guidelines on Agroecology Transitions in ASEAN (AE Guidelines) and ASEAN Good Agricultural Practices (GAP) are voluntary guidelines to support the implementation of sustainable agriculture within ASEAN States. ASEAN GAP is considered as an important market tool to build up trust and confidence in supply chain and is implemented under country specific GAP policies – e.g. LaoGAP. The AE Guidelines offer a comprehensive framework for transitioning to sustainable agricultural practices in the ASEAN region. The Guidelines on ASEAN Responsible Agricultural Investment (RAI) are a roadmap of how private investors and governments can ensure investments are socially, economically, and environmentally sustainable and inclusive. The GAP, AE, and RAI frameworks are completely voluntary, and have yet to be uniformly implemented across the region. As

such, it is important that compliance with the standards is incentivised for all levels of the value chain.

Lao PDR's *Development Strategy of the Crop Sector and Vision 2030* includes specific policies, actions and mandates to support LaoGAP implementation. It includes a Plan of Action with programs to support clean agriculture development and includes 9 projects aiming to collectively transform existing farming practices, develop standards for different types of clean agriculture, and promote conformity and harmonization with regional and international principles. It is important to consider how to maximize the efficiency and efficacy of these guidelines within the wider policy landscape of sustainable agricultural production in the region. To achieve this, Lao PDR should integrate AE principles within the current LaoGAP certification process, and in doing so increase the regional capacity and awareness of GAP, and incentivize compliance with the LaoGAP standards.

How they fit together

The AE Guidelines present a comprehensive, transformative approach that prioritizes ecological resilience and social inclusivity while LaoGAP delivers practical, standards-based guidelines centered on food safety, quality and sustainability.

VALUE CHAIN STAGE	LAO GAP	AE GUIDELINES
Production (on-farm)	Technical standards for chemical use, hygiene, water, soil, and pesticide safety.	Promotes biodiversity/crop diversification, soil health, chemical use reduction, and agroecological resilience.
Post-harvest handling	Guidelines for sanitation, transport and storage of produce.	Emphasises local processing.
Certification & traceability	Implements formal audit-based tracing and certification systems.	Encourages localised certification schemes and quality assurance instruments (e.g. Participatory Guarantee Systems).
Environmental management	Promoting sustainable use of natural resources, such as water and soil. Implementing measures to reduce pollution and protect biodiversity.	Promotes ecosystem resilience, soil conservation, efficient water use, and climate mitigation/adaptation.
Social aspects	Worker welfare module covers safeguarding the health and safety of workers through proper training and protective measures; and ensuring fair treatment and welfare of agricultural workers.	Emphasise creating safe and inclusive working environments, promoting principles of fairness and equity. Advocates for worker engagement in decision making.
Market access	Maintaining high standards for the quality of fruits and vegetables to meet market demands.	Encourages PGS as a support for local marketing and improved market access, diverse markets, short value chains, and local food systems.
Policy & systems level		Designed to guide policy reform, institutional coordination, and long-term change.

The case for integration:

Currently, lack of capacity, financial restrictions and weak institutional frameworks prevent Lao PDR's agricultural production chains from being able to achieve GAP standard certification. Barriers include limited facility and institutional capacity; financial constraints on producers, investors and government; and weak coordination among the government agencies responsible for the LaoGAP certification process. The process of gaining and maintaining certification can be complex and require significant resources, requiring training, record-keeping, and regular and periodic inspections that are often beyond the reach of smallholder farmers and under-resourced authorities. The absence of clear support systems further restricts the ability to scale sustainable practices in a consistent and equitable manner.

Despite their slightly differing scopes, aligning LaoGAP and AE Guidelines offers a strategic pathway to strengthen Lao PDR's clean agriculture ambitions. LaoGAP serves as a technical, certifiable standard that ensures food safety, environmental management, and product quality at the farm level and for markets. In contrast, the agroecology guidelines provide a broader policy framework aimed at transforming food systems through ecological resilience, social inclusion, and long-term sustainability. When applied in a complementary way, these frameworks can reinforce each other: LaoGAP offering measurable compliance and market access, and agroecology embedding deeper environmental and social integrity into production systems.

INTEGRATING LAO GAP & THE AE GUIDELINES CAN:

- + Streamline implementation** efforts across overlapping domains;
- + Address stakeholder fatigue** by harmonizing certification and sustainability objectives;
- + Align with the export requirements** such as China;
- + Support Lao PDR's strategic goals** under their Agriculture Development Strategy to the year 2030;
- + Align with the 10th National Social Economic Development Plan** (2026-2030).

Fragmented requirements burden smallholders and other small-scale production enterprises. Integration will reduce the duplication of effort and simplify certification pathways for both farmers and traders. A combined approach will position Lao PDR's agriculture sector to meet the rising regional demands for sustainable, traceable products – particularly from export markets like China that increasingly priorities safety, transparency, and green credentials. Aligning these standards also supports Lao PDR's commitments under regional cooperation frameworks and offers a concrete model for scaling inclusive, climate-resilient agriculture.

The draft 10th National Socio-Economic Development Plan highlighted Lao PDR's high potential for a successful agricultural exports industry in the context of high demands from neighbouring countries like China. The draft also promotes supporting small to medium enterprises in adding value to their businesses by aligning them with green and clean agricultural production practices, for example through improved, climate smart production and processing. These strategic directions are well aligned with the draft Agricultural Development Strategy to 2023.

Strategic Integration Opportunities:

The following five areas represent strategic opportunities for Lao PDR to integrate AE and RAI guidelines into their existing LaoGAP standards, incentivize compliance, and improve the desirability of Lao agricultural exports.



Institutionalize Policy Coherence

Aligning LaoPDR's policies to encompass LaoGAP, AE and RAI Guidelines is integral to supporting the country's sustainable agriculture goals. As these guidelines both contribute to agricultural sustainability in slightly different ways, it is essential to develop joint policies across different bodies at both national and regional levels that address the requirements of these standards. This will improve the enabling environment for agroecological transitions by increasing coherence and consistency, making both compliance and enforcement easier.

For example, agencies such as the Department of Agriculture should work to integrate the principles of fairness and social equity outlined in the ASEAN AE Guidelines and the worker health and safety standards established in LaoGAP. The same efforts should be taken to incorporate the agroecological principles championed in the AE guidelines into the food safety and quality standards outlined in LaoGAP.

To achieve this, there needs to be stronger institutional collaboration between Ministries and different levels of government – both for initial policy development, but then also in essential capacity building efforts, and the implementation and enforcement of any policies and regulations that result from alignment efforts. Policy alignment should be considered in Ministry of Agriculture and Environment's (MAE) 9 projects under their Plan of Action for supporting clean agricultural development – in particular the Clean Agriculture Standard Development Project and the Internationally and Regionally Accepted Clean Agriculture Certification Project, as well as, with the National Agroecology Transition Action Plan for Laos. A consultation workshop to promote aligning GAP and the draft national action plan for agroecology should be organized.



Align certification schemes

As the leading agency for promotion of GAP in Lao PDR, the Department of Agriculture (DoA) under the MAE should lead the revision of certification guidelines, in consultation with provincial and district offices and industry stakeholders. Continuing technical support from development partners already working to support LaoGAP implementation will be crucial to supporting this effort.

MAE's Plan of Action for supporting clean agriculture development has projects looking at standard development for cash crops, crop products and clean agriculture that will all involve certification schemes. All certification schemes must be consistent with each other and also with GAP and AE guidelines. Aligning LaoGAP with ASEAN GAP and AE principles offers a concrete pathway for operationalizing sustainability within the country's agricultural systems. Currently, the certification of LaoGAP does not include all ASEAN GAP requirements – for example, LaoGAP does not include environmental management requirements. Ideally, LaoGAP should be fully aligned with ASEAN GAP. LaoGAP's modules on topics like environmental management, worker health and safety, and food safety already partially reflect agroecological values. These modules should be expanded to explicitly integrate AE concepts including soil and water health, chemical input reduction, biodiversity enhancement and social inclusion. In addition to solidifying Lao PDR's reputation with the global exports market, reinforcing LaoGAP with ASEAN GAP and AE principles will allow LaoGAP certification schemes to serve as a measurable indicator of the country's agroecological transition.



Strengthen Extension Services and Capacity Building

Capacity building with all government, investors and farmers, and other stakeholders will be key to the successful implementation of coherent agricultural standards. Currently, a lack of understanding and awareness amongst senior officials about the importance and intricacies of GAP standards, limited access and resources for capacity building by subsistence and smallholder farmers, and a lack of competency in human resource capacity building are holding



Lao PDR back from seeing the rewards of their policymaking efforts.

Capacity-building initiatives should focus on targeted training for farmers, extensionists, policymakers, civil society organizations and stakeholders, using participatory approaches to empower local communities and encourage the widespread adoption of sustainable practices. Government agencies responsible for GAP implementation must be strengthened by increasing staffing, providing specialized training for officials, and streamlining certification procedures to improve efficiency. This will be aided by the adoption of clear and consistent supporting policies on LaoGAP and the AE Guidelines.

Actions should include:

1. Developing and implementing training programs with joint modules combining AE and LaoGAP principles and standards. Both LaoGAP and the AE Guidelines have principles of participatory planning and collaborative knowledge creation and ask for training on implementation of best practices. Farmers and farm advisors need education on GAP principles, proper farm management, and compliance requirements.
2. Agricultural extension services must also be strengthened to provide ongoing technical support and guidance to farmers and producers, increasing the long-term sustainability of these solutions.
3. Authorities should establish knowledge exchange platforms and leverage digital tools to share lessons and perform outreach on national and regional levels. Building up the community will allow for better cross-pollination of agroecological innovations and GAP compliance.
4. Authorities should integrate LaoGAP and AE Guidelines into education by embedding key principles into vocational training, higher education and extension programs, led by the National University's Faculty of Agriculture, with technical support from DoA and DAEO.

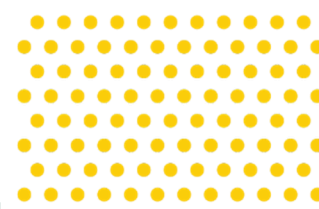


Mobilize Investment and Incentives

As LaoGAP and the AE Guidelines are both voluntary, mobilizing targeted investments and well-designed incentives is essential for enabling their widespread adoption. Successful uptake will require financial support mechanisms that offset upfront costs to producers and related businesses, reduce adoption risks and reward sustainability outcomes.

Adopting GAP standards can require significant up-front investment by farmers including in things like upgrading farm facilities and other equipment and creating and maintaining record-keeping systems to ensure compliance. This is in addition to the certification fees that cover audits and inspections needed to obtain GAP certification. Currently, the modified *Investment Promotion Law 2024* offers incentives like tax exemptions to investors applying GAP principles and reduced personal income tax rates for experts working in these areas. It also encourages investment in agro-processing industries which align with GAP standards and designates specific zones for investment, providing financial incentives to adopt sustainable agricultural investment. Financial incentives such as green loans, sustainability-linked bonds and participatory guarantee systems should also be introduced to support farmers in adopting agroecological practices in alignment with LaoGAP.

This idea is supported by the *Prime Minister's Decree No. 226/PM*, endorsing the *National Crop Policy* and supporting agroecological planning with tax reductions for farms maintaining GAP or organic agriculture standards for three consecutive years. The *Investment Promotion Law* and *National Crop Policy* both serve as key regulatory frameworks to promote GAP implementation. Other policy frameworks such as the roadmap for the green financing in Laos, the National RAI Action Plan, the National Agroecology Transition Action Plan for Laos should also take these incentives into account when designing specific programs and initiatives.



Develop Integrated Market Access Strategies

Improving market access is a core driver for the adopting of agricultural standards GAP

standards ensure market access, particularly for export markets such as China. LaoGAP alone may not be sufficient to future-proof Lao PDR's agricultural exports, and it is important to establish better links between GAP-certified farmers and premium markets to enhance economic viability. Increasingly, regional and international buyers are prioritizing not only food safety but also sustainability in their sourcing standards. Integrating AE principles into LaoGAP will help producers respond to this shift, adding depth to the LaoGAP framework with added dimensions like biodiversity conservation that align with global market trends and buyer values. While China has already required 9 crop products with GAP certifications to be exported to China, strengthening LaoGAP standards from an AE perspective would require strategies to build competitive green value chains, integrate quality control measures, and develop participatory guarantee systems that certify both agroecological and GAP-compliant products.

China case study

China is a key export market for Lao PDR's agricultural products, particularly those that are LaoGAP-certified. Access to this market requires producers to comply with stringent food safety and traceability standards; LaoGAP and ChinaGAP compliance is necessary to meet their SPS requirements for exporters. Pushing to raise LaoGAP standards to meet China's GAP and SPS standards will help boost Lao PDR's ability to export to Chinese markets, which are dominating the Lao agricultural industrial and cash crops and fruit export. Currently there is limited capacity to meet or assess these requirements, with no lab in Laos having the ISO accreditation due to both lack of staff and funding. Further, these labs aren't available in provinces and districts, and there is no digital system in place for SPS or traceability.

China is a driver of demand for certified agricultural products. Aligning LaoGAP with AE principles will enhance Lao PDR's competitiveness in the Chinese market, helping to differentiate Lao exports and attract premium buyers seeking verified sustainable goods.

Key Responsible and Supporting Agencies

The key agencies leading the implementation of agricultural initiatives include the DoA, the Department of Land Administration and Development, Department of Agricultural Extension and Cooperative, and international organizations such as FAO, UNDP, IFAD, and AFD. These entities play a crucial role in advancing sustainable farming practices and land management strategies. Funding for these efforts comes from major global sources, including the Green Climate Fund, which supports climate-friendly agricultural practices, and the Global Environment Facility, which provides financial assistance for biodiversity conservation within the agricultural sector. Their combined efforts drive progress toward more sustainable and environmentally responsible farming in the country.

Conclusion

Lao PDR is on its way to improving the sustainability and quality of its agriculture sector. To improve the competitiveness of its exports in international markets, and benefit the welfare and long-term sustainability of smallholder farmers and other small to medium agricultural enterprises, the country must streamline and strengthen its agricultural standards in line with international guidelines. The GAP, AE and RAI Guidelines all serve as important internationally recognized standards that are already, to varying extents, being absorbed into Lao PDR's own policies and regulations. The country must make a concerted effort to harmonise these adoption efforts across ministries to increase efficiency and incentivise compliance with these standards. Ultimately, following these recommendations and adopting better agricultural practices will lead to better economic, social and environmental outcomes for Lao PDR.

