



Additional Financing Report

INTERNAL

Project Number: 50236-003
October 2023

Administration of Grant Lao People's Democratic Republic: Sustainable Rural Infrastructure and Watershed Management Sector Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 October 2023)

Currency unit	–	Lao kip (KN)
KN 1.00	=	\$0.00004939
\$1.00	=	KN20,246.57

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
EU	–	European Union
GAFSP	–	Global Agriculture and Food Security Program
Lao PDR	–	Lao People’s Democratic Republic
MAF	–	Ministry of Agriculture and Forestry
SRIWMSP	–	Sustainable Rural Infrastructure and Watershed Management Sector Project
WFP	–	World Food Programme

NOTE

In this report, “\$” refers to United States dollars.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 50236-003	
Project Name	Sustainable Rural Infrastructure and Watershed Management Sector Project - Additional Financing	Department/Division	SG/SG-AFNR
Country Recipient	Lao People's Democratic Republic Lao People's Democratic Republic	Executing Agency	Ministry of Agriculture and Forestry (MAF)
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=50236-003-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=50236-003-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.000
3. Operational Priorities		Climate Change Information	
✓ OP1: Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0
✓ OP2: Accelerating progress in gender equality		Climate Change impact on the Project	High
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability			
✓ OP5: Promoting rural development and food security			
		ADB Financing	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
		Cofinancing	
		Adaptation (\$ million)	2.500
		Mitigation (\$ million)	4.000
Sustainable Development Goals		Gender	
SDG 2.4		Gender equity theme (GEN)	✓
SDG 5.5			
SDG 13.3, 13.a		Poverty Targeting	
SDG 15.1		Geographic Targeting	✓
4. Risk Categorization:	Low		
5. Safeguard Categorization	Environment: B Involuntary Resettlement: C Indigenous Peoples: B		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.000	
None		0.000	
Cofinancing		14.000	
Global Agriculture and Food Security Program - Grant projects (Full ADB Administration)		10.000	
World Food Programme - Grant projects (Not ADB Administered) ¹		4.000	
Counterpart		0.000	
None		0.000	
Total		14.000	
Currency of Financing: US Dollar			

¹ As parallel cofinancing provided by the Global Agriculture and Food Security Program and administered by the World Food Programme.

I. BACKGROUND

1. On 20 September 2019, the Asian Development Bank (ADB) approved the Sustainable Rural Infrastructure and Watershed Management Sector Project (SRIWMSP) for \$49.46 million financed by ADB's concessional loan of \$40.00 million, a grant of \$5.00 million from the Asian Development Fund, and a European Union (EU) grant of €4 million, equivalent to \$4.46 million.¹ The ADB loan and ADB grant closing date is 31 December 2028, while the EU grant closing date is 30 September 2027. The project aims to improve high-value agricultural production, natural resources management, status of women, and community nutrition in the four northern provinces of Houaphan, Louangphabang, Xaignabouli, and Xiangkhouang. The proposed Additional Financing responds to the deteriorating situation of the food systems in the Lao People's Democratic Republic (Lao PDR) by helping to address the immediate and medium-term food security challenges.² The Ministry of Agriculture and Forestry (MAF) is the executing agency.

2. Implementation of the ongoing project commenced in January 2020—only a few months before the onset of the coronavirus disease (COVID-19) pandemic—with the majority of its implementation period during COVID-19. From 1 October 2022 to 29 June 2023 the project performance was rated “for attention”, mainly due to low disbursement caused by delays in accessing cofinancier funds as well as a range of delays caused by COVID-19, including supply chain disruptions. With the gradual lifting of COVID-19 restrictions, the signing of the EU framework agreement on 26 December 2021, and the signing of the borrower-administered contract with the World Food Programme (WFP) on 23 February 2023,³ the project performance has improved. Starting 30 June 2023, the project is rated “on-track” in ADB's operations performance system. As of 25 September 2023, it is on-track for: (i) achievement of outputs, (ii) cumulative contract awards of \$19.46 million (103%) and disbursements of \$11.43 million (111%) for the combined loan and grants against current projections, (iii) financial management, (iv) compliance with safeguards, and (v) risk management. Given the COVID-19 restrictions that caused delays in the early stages of project implementation, as well as unexpected challenges that were faced in engaging with development partners, it is deemed that the project has been performing well for a reasonable period.

II. ADDITIONAL FINANCING

A. Rationale

3. **Macroeconomic context.** The impact of COVID-19 on the economy of the Lao PDR was severe, and the weak macroeconomic situation is exacerbated by a continuing unfavorable external environment. After contracting by 0.5% in 2020, the economy commenced a gradual recovery, with gross domestic product expanding by 2.3% in 2021 and 2.5% in 2022.⁴

¹ Asian Development Bank (ADB). 2019. [Report and Recommendation of the President to the Board of Director for the Proposed Loan and Grant and Administration of Grant to the Lao People's Democratic Republic: Sustainable Rural Infrastructure and Watershed Management Sector Project](#). Manila.

² The project benefits from parallel cofinancing from the Partnerships for Irrigation and Commercialization of Smallholder Agriculture Project financed by the International Fund for Agricultural Development of about US\$21.0 million and from the Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management financed by the Deutsche Gesellschaft für Internationale Zusammenarbeit of about EUR 20 million.

³ The agreement with the EU for transfer of EUR 4 million to ADB to finance Output 4 of the project (nutrition awareness and facilities improved) was under negotiation at the time of project approval and was signed on 26 December 2021, almost two years after the project approval. WFP was engaged to implement Output 4 of the project and due to lack of a contractual framework to engage WFP, the contract was signed on 23 February 2023. Delays in implementation of Output 4 resulted in lower contract award and disbursement rates.

⁴ ADB. 2023. [Asian Development Outlook 2023 update](#). Manila.

Macroeconomic instability linked to unsustainable public debt and high inflation has lowered update growth prospects of gross domestic product to 3.7% in 2023 and 4% in 2024. However, sharp kip depreciation in 2022 and 2023, saw average inflation rise to 28% in 2023 causing significant increase in prices for fertilizer, animal feed, farm input and food. At the same time, public finances remain under pressure, with the International Monetary Fund recently classifying the Lao PDR to be in external and overall debt distress, and its overall debt to be unsustainable.⁵ This has led to reduced food production with elevated risk of households' food insecurity.

4. **Food security.** As of 31 March 2023, one in eight households in the country were food-insecure and over half of all households resorted to coping strategies such as drawing down savings or spending less on food.⁶ In the first four months of 2023, food inflation averaged 50%. Vulnerability to food insecurity remains high and is linked to both short-term shocks and structural factors, such as infrastructure deficits, unequal education outcomes, natural hazards, and lack of opportunities for livelihood diversification. Farmers have limited buffers due to low social protection coverage and high frequency of natural hazards, with the Lao PDR being one of the most vulnerable countries to adverse climate change impacts, especially extreme heat, and river flooding. In August 2022, heavy rains hit the country followed by a tropical storm that caused widespread floods in the north, central, and southern regions of the nation. These circumstances have resulted in the limited availability of key farm inputs, especially fertilizers, and increases in the prices of farm inputs, fuel, and food, forcing farmers to reduce their application of agricultural inputs, resulting in lesser cultivated lands and limited crop yields in the current season.

5. In response to the deteriorating situation of the food systems, in December 2022, the Ministry of Finance of the Lao PDR requested \$14 million in grant financing from the Global Agriculture and Food Security Program (GAFSP) and identified SRIWMSP as the best project to receive these funds.⁷ The Additional Financing will help address the immediate and medium-term challenges facing the country's food systems through (i) providing short-term cash grants to farmers, (ii) building farmers capacities to produce higher value crops using farming practices that have less greenhouse gas emissions, and (iii) improving nutrition and food security. These activities will help avoid disruptions in meeting the intended outcome of the ongoing project and will equip farmers with necessary soft skills to operate and benefit from the infrastructure built by SRIWMSP.

6. The ongoing project and the Additional Financing will be implemented using a sector modality in the 18 subprojects of SRIWMSP across the four project provinces targeting an estimated total of 75,000 beneficiaries of which 40,000 are women, and around 10,000 are indigenous people.⁸ An impact evaluation study will be conducted to collect baseline and endline data associated with the Additional Financing activities.

7. The Additional Financing is aligned with the Ninth Five-year Plan for Agriculture, Forestry and Rural Development (2021–2025), the national recovery plan to address the impacts of COVID-19 pandemic and Russian invasion of Ukraine, the National Plan of Action on Nutrition

⁵ International Monetary Fund (IMF). 2023. [Lao People's Democratic Republic: 2023 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Lao PDR. IMF Country Report. No. 23/171.](#) Washington, DC.

⁶ ADB. Forthcoming. *Lao PDR: Towards Sustainable Food Security and Nutrition.*

⁷ \$10 million will be administered by ADB and \$4 million will be provided to the World Food Programme as parallel co-financing for implementation of additional activities on Output 4 - nutrition awareness and facilities improved.

⁸ List of subprojects are available in the Project Administration Manual (accessible in linked documents in Appendix 2).

2021–2025, and ADB’s country partnership strategy for the Lao PDR (2017–2020).⁹ The Additional Financing is aligned with four operational priorities of ADB’s Strategy 2030 (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (iv) promoting rural development and food security. Sustainability of the Additional Financing will be through: (i) full involvement of local communities to establish and manage fish conservation zones, (ii) training and capacity building of farmers on nutrition-sensitive agriculture and climate-resilient farming practices which in the long-run will help sustain the project objectives by healthier communities (human capital), improved soil health, and less carbon emissions; and (iii) strengthening agribusinesses to increase income of rural communities and improve their resilience to external shocks.

8. The Additional Financing draws on lessons learned from previous projects such as the ongoing SRIWMSP (footnote 1), the Agriculture for Nutrition Project,¹⁰ and the Soum Son Seun Jai – Community Based Food Security and Economic Opportunities Programme.¹¹ Key lessons include (i) for transition from rice monoculture to high value crops, reliable irrigation infrastructure are required with strengthened capacity of water user groups and sufficient operation and maintenance budget; (ii) projects’ design should be achievable, and with clearly defined roles; (iii) for sustainability of a project, the capacity of local service providers and farmers needs to be built; (iv) farmers face difficulties to secure initial matching investments to be eligible for grants; and (v) good practices, such as the training manuals on crops and small livestock developed by WFP in Lao PDR are available that could be used.

B. Project Description

9. There are no changes to SRIWMSP’s impact and outcome statements. The impact is: market-driven and safe agricultural products developed, and rural areas integrated into the national economy. The outcome will remain as: high value agricultural production, natural resources management, status of women and community nutrition improved. The Additional Financing activities will be included under the following outputs of the ongoing project:

10. **Output 1: Market-oriented agriculture production increased.** The Additional Financing will offer two types of grants: (i) farm-input production grants of up to \$300 per household to over 3,600 farmers (of which at least 500 are women) who own or actively farm landholdings in the SRIWMSP subproject areas to help them continue farming despite sharp increase in the price of farm inputs. For optimum transparency and to minimize integrity risks, WFP will be engaged to distribute these cash grants; and (ii) value chain grants of up to \$3,000 per farmer/small enterprise to supplement the grants provided under the SRIWMSP for investment in post-harvesting, packaging, and cool chain infrastructure. The value chain grants will particularly target women small traders and will not require matching investment. They will be awarded upon submission of a viable business plan following an agreed set of selection criterion.¹² Arrangements for grants offered under the ongoing project will remain unchanged.

11. **Output 2: Watershed ecological services protected.** The Additional Financing will clear unexploded ordnance in a total of 1,250 hectares within 23 upland villages in Houaphan and 33

⁹ The additional financing is also consistent with the forthcoming ADB country partnership strategy for Lao PDR (2024–2028) - strengthening foundations for an inclusive, sustainable, and resilient economy.

¹⁰ Financed by the GAFSP and being implemented by International Fund for Agricultural Development (IFAD) and WFP.

¹¹ IFAD. 2018. [Laos SSSJ Project Completion Report](#). Lao PDR.

¹² Project Administration Manual (accessible from the list of linked documents in Appendix 2).

upland villages in Xiangkhouang. This will enable the expanded lands to be included in the land-use plans for sustainable farming that are being prepared under SRIWMSP. Fish conservation zones will be established and managed by local communities to develop fish stocks, and aquaculture in upland rivers and fishponds to increase the dietary diversity of locally available foods. In addition, a further eight fish passages will be constructed.¹³

12. **Output 3: Command area irrigation reliability improved.** The Additional Financing will support climate change adaptation and mitigation by engaging extension services to promote climate resilient farming practices. Demonstration sites will be set up to feature these farming practices and promote better soil health technologies with less greenhouse gas emissions such as cover cropping, regenerative agriculture, charcoal use, reduced fertilizer application, zero tillage, and alternate wet-dry irrigation. The Additional Financing will develop the Lao Climate Services Application digital platform to (i) provide more timely and accurate information to farmers on planting and harvesting times; (ii) include additional agronomic as well as nutrition databases on fruits and vegetables; and (iii) provide flood warnings. The development of the platform will be complemented by training to farmers and district extension staff on the interpretation and application of the data in farming decisions. At least 35 % of farmers receiving extension services and 20% of participants trained on LaCSA will be women.

13. **Output 4: Nutrition awareness and facilities improved.** The Additional Financing will finance the rehabilitation or construction of water, sanitation, and hygiene infrastructure to be identified by WFP in the 80 additional villages that will benefit from the nutrition program implemented by WFP.¹⁴

C. Value Added by ADB

14. Over the last decade, ADB has supported the agriculture and rural development sector in the Lao PDR with six investment projects amounting to over \$220 million. This long-term involvement in the sector enables ADB to sustain a close relationship with other development partners such as the International Fund for Agricultural Development and the World Bank and maintain a continuous dialogue with the government on sector development. The proposed Additional Financing complements previous ADB projects and enables the achievement of the intended goals of the SRIWMSP. It will strengthen partnerships with the Food and Agriculture Organization of the United Nations and WFP to create synergies for resiliency of Lao food systems to climate change and global shocks.

D. Summary Cost Estimates and Financing Plan

15. The overall project is estimated to cost \$59.46 million (Table 1). Detailed cost estimates by expenditure category and financier are included in the project administration manual (PAM) (footnote 12).

16. The summary financing plan is in Table 2. GAFSP will provide grant cofinancing of \$10 million to be administered by ADB for financing grants to farmers, consulting services, goods, civil works, and land acquisition. Two types of grants are offered in the Additional Financing:

¹³ Constructions of seven fish passages are included in the scope of the ongoing project.

¹⁴ As parallel cofinancing provided by the GAFSP and administered by WFP, WFP will scale up the nutrition program of the SRIWMSP to 200 villages from the existing target of 120 villages in Houaphan and Xiangkhouang provinces.

(i) farm-input production grants, and (ii) value chain grants.¹⁵ Government contribution will be in-kind through provision of staff salaries, allowances, and the ongoing support to SRIWMSP for office accommodation, utilities, furniture, and equipment. GAFSP, through WFP, will also provide \$4 million in parallel cofinancing to scale up the nutrition program of SRIWMSP under output 4.

Table 1: Summary Cost Estimates
(\$ million)

Item	Current Amount	Additional Financing ^a	Total ^{b,c}
A. Base Cost			
1. Output 1: Market-orientated agriculture production increased	3.96	2.49	6.45
2. Output 2: Watershed ecological services protected	9.12	3.20	12.32
3. Output 3: Command area irrigation reliability improved	18.81	1.83	20.64
4. Output 4: Nutrition awareness and facilities improved	5.66	0.68	6.34
Project Management and Implementation Support	8.32	0.74	9.06
Subtotal (A)	45.87	8.94	54.81
B. Contingencies^d	2.07	1.06	3.13
C. Financing Charges During Implementation^e	1.52	0.00	1.52
Total (A+B+C)	49.46	10.00	59.46

^a In May 2023 prices as of 10 May 2023.

^b Includes taxes and duties of \$4.13 million. Such an amount does not represent an excessive share of the project cost. ADB and the European Union will finance taxes and duties of \$3.88 million, the Global Agriculture and Food Security Program will finance taxes and duties of \$0.25 million.

^c Excludes government's in-kind contributions of \$2.36 million for staff salaries, allowances, office space, utilities, furniture, and equipment of which \$2 million is for the ongoing project and \$0.36 million is for the Additional Financing.

^d Physical and price contingencies, and a provision for exchange rate fluctuation are included.

^e Includes interest, commitment, and other charges from all sources of financing.

Source: Asian Development Bank

Table 2: Summary Financing Plan

Source	Current		Additional Financing		Total ^a	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank						
OCR (concessional loan)	40.00	81.0	0.0	0.0	40.00	67.3
Asian Development Fund (grant)	5.00	10.0	0.0	0.0	5.00	8.4
European Union (grant) ^b	4.46	9.0	0.00	0.0	4.46	7.5
GAFSP (grant) ^c	0.00	0.0	10.00	100.0	10.00	16.8
Total	49.46	100.0	10.00	100.0	59.46	100.0

GAFSP = Global Agriculture and Food Security Program, OCR = ordinary capital resources.

Note: Numbers may not sum precisely due to rounding.

^a Excludes government's in-kind contributions of \$2.36 million for staff salaries, allowances, office space, utilities, furniture, and equipment of which \$2 million is for the ongoing project and \$0.36 million is for the Additional Financing.

^b Fully administered by ADB.

^c In addition to the \$10 million grant to be fully administered by ADB, GAFSP will provide \$4 million to the World Food Programme through parallel cofinancing.

Source: Asian Development Bank.

¹⁵ For value chain grants, withdrawals are conditional on the preparation of the guidelines for the usage of these grants by the executing agency in a form acceptable to ADB.

E. Implementation Arrangements

17. The Additional Financing will follow the implementation arrangements of SRIWMSP. MAF will remain the executing agency, Department of Irrigation will remain the principal implementing agency, and provincial agriculture and forestry offices will remain the provincial implementing agencies. The project governance team in the Department of Irrigation and the project implementation units in provincial agriculture and forestry offices will continue to support overall project planning, management, implementation, supervision, and reporting. The existing loan implementation consultant will continue to help the project governance team in the overall project management and coordination, including activities funded by the Additional Financing. The Additional Financing grant is scheduled for closing by 31 December 2028.

18. For output 4, under the ongoing project, MAF and ADB have partnered with WFP to implement SRIWMSP's nutrition activities. A contract variation will be made with WFP to handle the cash transfer of farm-input production grants under output 1, under the Additional Financing.

F. Due Diligence

19. Comprehensive due diligence has been carried out for the Additional Financing that confirm viability of technical, procurement, financial management, safeguards, gender, economic justification and financial sustainability, and integrity of the Additional Financing. Following the Joint Multilateral Development Bank Methodological Principles for Assessment of Paris Agreement Alignment of New Operations, the Additional Financing has been assessed as aligned with the goals of the Paris Agreement.

III. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the administration by the Asian Development Bank of a grant not exceeding the equivalent of \$10,000,000 to the Lao People's Democratic Republic for the Additional Financing of the Sustainable Rural Infrastructure and Watershed Management Sector Project, to be provided by the Global Agriculture and Food Security Program.

25 October 2023

Masatsugu Asakawa
President

REVISED DESIGN AND MONITORING FRAMEWORK

The revised design and monitoring framework strikes out content for deletion and underlines content to be added.

Impacts the Project is Aligned with			
Market-driven and safe agricultural products developed, and rural areas integrated into the national economy (8 th 9 th Five-Year National Socio-Economic Development Plan, 2021–2025; Agriculture Development Strategy to 2025 and Vision to the Year 2030; and the National Nutrition Plan of Action, 2021–2025)			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanism	Risks and Critical Assumptions
<p>Outcome</p> <p>High value agricultural production, natural resources management, status of women and community nutrition improved.</p>	<p>By 2029</p> <p>a. In modernized subproject areas: (i) average agriculture profitability increased to \$1,060/ha (2018 baseline: \$494/ha); and (ii) 50% increase in average household income levels from HVC and livestock production.^{a, e, i} (2018 baseline: \$5,070/yr) (OP 5.3)</p> <p>b. 3,200 <u>4,400</u> women producing HVC, and livestock will be established <u>supported</u>.^b (2018 baseline: 570 women) (OP 2.1)</p> <p>c. Land area of 223,000 ha rehabilitated. (2018 baseline: 0) (OP 5.3)</p> <p>d. In target areas, 60% of women of reproductive age meet minimum dietary diversity. (2018 baseline: 40%) (OP 2.5)</p>	<p>a-b. Provincial and district reports on key commercial crop production and PPMS.</p> <p>c. PPMS</p> <p>d. Social Surveys results</p>	<p>R: Government specified production targets override farmer cropping choices.</p>
<p>Outputs</p> <p>1. Market- oriented agricultural production increased.</p>	<p>By 2028</p> <p>1a. Implementation of 18 market plans - one for each subproject, with at least 45% of participants are women’s participation in the market plan consultations and implementation. (2018 baseline: 0) (OP 1.3, OP 2.1)</p> <p>1b. Up to 200 matching grants for producers and entrepreneurs awarded, including at least 50 grants to women (2018 baseline: 0). (OP 1.3, OP 2.1)</p> <p>1c. <u>Minimum of 3,600 farm-input production grants awarded, including at least 1,140 grants to women.</u>^c (2023 baseline: 0) (OPs</p>	<p>1a – 4e1e. PPMS</p>	<p>R: Extreme weather (droughts) limits agricultural production and cropping options.</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanism	Risks and Critical Assumptions
	<p><u>1.3, 2.1)</u></p> <p><u>1d. Minimum of 300 GAFSP value chain grants awarded, including at least 100 grants to women.^d (2023 baseline: 0) (OPs 1.3, 2.1)</u></p> <p>1e. Irrigated dry season HVC produced on 4,200 ha (2018 baseline: 1,623 ha). (OP 3.2, OP 5.3)</p>		
2. Watershed ecological services protected	<p>2a. <u>918 PLUPs implemented. (2018 baseline: 0)</u></p> <p>2b. <u>100% of new conjugal household land titles issued in both wife and husband's names.^e (2018 baseline: 0) (OP 2.3, OP 5.1)</u></p> <p><u>2c. 1,250 ha of agricultural land cleared of UXO.^f (2023 baseline: 0) (OP 5.3)</u></p> <p><u>2d. Minimum of 10 and up to 14 fish conservation zones established in target provinces. (2023 baseline: 0) (OP 3.3)</u></p> <p><u>2e. Minimum of 5 and up to 8 fish passages constructed/upgraded in the target provinces. (2023 baseline: 0) (OP 3.3)</u></p>	2a-2b, 2e. PPMS	<p><u>R: Outside interests inhibit land use change.</u></p> <p>R: Commodity price shocks incentivize upland cropping overriding PLUPs.</p>
3. Command area irrigation reliability improved	<p>3a. 18 subprojects modernized with: (i) dry season irrigated agriculture on 4,200 ha (2018 baseline: 2,242 ha); (ii) 4,200 ha of WSIA (2018 baseline 3,646 ha); and (iii) 100 km of year-round access roads. (2018 baseline: 30km). (OP 5.3)</p> <p>3b. Plans implemented for water control systems involving 120 WUGs with WUGs members comprising both husband and wife names.^g (2018 baseline: 2 WUGs). (OP 2.1, OP 5.3).</p> <p>3c. 18 WUAs, with 25% of management^g consisting of females established (2018 baseline: 0). (OP 5.1)</p> <p><u>3d. A minimum of 5 and up to 10 new crop databases incorporated into LaCSA. (2023 baseline: 0) (OP</u></p>	3a– 3e. PPMS	R: Extreme weather events (floods) disrupt implementation.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanism	Risks and Critical Assumptions
	<p><u>3.2)</u></p> <p><u>3e. Demonstrations and/or extension and LaCSA training conducted in 120 villages (at least 35% of Demonstrations and/or extension trainees and 20% of trainees of LaCSA are women).^h (2023 baseline: 0) (OP 3.2, 5.2)</u></p>		
4. Nutrition awareness and facilities improved	<p>4. NNSPA program implemented: (i) six district nutrition committees with at least 25% women's participation; (ii) 400120 village nutrition schools operational and targeted to adolescent girls and women; and (iii) water, sanitation, and hygiene program program <u>facilities</u> operational for women and men in eight <u>12</u> subproject communities. (2018 baseline: 0) (OP 1.1, OP 5.1).</p>	4. PPMS	

Key Activities with Milestones

1. Market oriented agricultural production increased

- 1.1 Update and confirm market demand assessments for the Batch 1 subprojects (Q3 2021) (completed).
- 1.2 Prepare market demand assessments for Batch 2 (Q1 2022) and Batch 3 subprojects (Q4 2022) (completed).
- 1.3 Start market connectivity forums and meetings in Batch 1 subprojects (Q3 2021), Batch 2 subprojects (Q1 2022) and Batch 3 subprojects (Q4 2022) (completed).
- 1.4 Make operational market produce quality assurances systems (Q4 2022).
- 1.5 Confirm farm-input grant award procedures and implementation arrangements (Q4 2023) (completed).
- 1.6 Complete awards of farm-input grants (Q4 2025).

2. Watershed ecological services protected

- 2.1 Prepare PLUPs for catchments in Houaphan and Xiangkhouang subprojects (Q4 2023) (completed).
- 2.2 Prepare PLUP-associated behavioral change with supporting community agreements, including 45% female participation (Q4 2022) (completed).
- 2.3 Implement PLUPs (Q1 2026).
- 2.4 Implement UXO clearance (Q2 2024).
- 2.5 Hand over UXO-free land (Q4 2025).
- 2.6 Operationalize fish conservation zones (Q4 2025).
- 2.7 Retrofit fish passages (Q1 2026).

3. Command area irrigation reliability improved

- 3.1 Batch 1: Contract four RSP works (Q1 2021) and complete with handover (Q1 2022) (completed).
- 3.2 Batch 2: Design and contract eight additional subprojects (Q2 2022) and complete with handover (Q4 2024).
- 3.3 Batch 3: Design and contract six additional subprojects (Q2 2023) and complete with handover (Q4 2026).
- 3.4 Form WUGs and WUAs with 50% participation by women, and with women in positions of management in 25% of the WUGs and WUAs (Q3 2020).
- 3.5 Organize four RSP subproject WUGs into four WUAs (Q3 2021).
- 3.6 Implement four RSP farm-to-farm extensions (Q3 2022).
- 3.7 Operationalize an additional 10 agronomic databases within the LaCSA model (Q4 2025).

4. Nutrition awareness and facilities improved

- 4.1 Form and make operational district nutrition committees (Q4 2022).
- 4.2 Implement village nutrition schools (Q4 2024).

Results Chain	Performance Indicators	Data Sources and Reporting Mechanism	Risks and Critical Assumptions
<p>4.3 Implement WASH facilities in targeted villages (Q1 2024).</p> <p>4.4. Implement WASH facilities in an additional 4 subprojects (out of total 12 subprojects) (Q3 2025).</p> <p>Project Management Activities</p> <p>Loan implementation consultants in place (Q3 2020) (completed).</p> <p>Program governance team staffed (Q2 2020) (completed).</p> <p>Provincial project implementation team staffed (Q2 2020) (completed).</p> <p>Project performance monitoring systems operational (Q4 2020) (completed).</p> <p>Financial systems operational (Q2 2020) (completed).</p> <p><u>Recruit extension and Market Connectivity consultants (Q3 2024).</u></p> <p><u>Recruit additional PMU contract staff (Q3 2024).</u></p> <p><u>Recruit additional PIU contract staff (Q3 2024).</u></p> <p>Conduct midterm evaluation and prepare report (Q1 2024).</p> <p>Prepare project completion report (Q2 2028).</p>			

Inputs

ADB: \$40,000,000 (concessional loan)
\$5,000,000 Special Funds resources (grant)
European Union: €4,000,000 (\$4,460,000 equivalent) (grant)
GAFSP: \$10,000,000 (grant)
Parallel co-financing: \$4,000,000 administered by WFP (grant)
Government: ~~\$2,000,000~~ 2,360,000 (\$360,000 additional) (in kind)

ADB = Asian Development Bank; GAFSP = Global Agriculture and Food Security Program; ha = hectare; HVC = high value crops; km = kilometer; LaCSA = Lao Climate Services Application; NNSPA = National Nutrition Strategy to 2025 and Plan of Action 2021-2025; OP = operational priority; PIU = project implementation unit; PLUP = Participatory Land Use Planning; PMU = project management unit; PPMS = project performance management system; Q = quarter; R = risk; UXO = unexploded ordnance; WASH = water, sanitation, and hygiene; WSIA = wet season irrigated agriculture; WUA = water user association; WUG = water user group; yr = year.

- ^a GAFSP outcome indicator Tier 1: increase income.
- ^b GAFSP output indicator Tier 2: rural entrepreneurship.
- ^c GAFSP Tier 2, indicator 1: people receiving direct benefits.
- ^d GAFSP Tier 2, indicator 6: farmers that are supported in accessing improved marketing opportunities.
- ^e According to the Property Law, 1990. Article 26: Husband and wife have equal rights over conjugal property not withstanding who actually acquired the asset. Assets belonging to the husband or wife prior to their marriage or received through inheritance or granted specifically to the husband or the wife during their married life will not be considered as conjugal property.
- ^f GAFSP Tier 2, indicator 2: land area receiving improved production support.
- ^g Management comprises the head and deputy head of the WUGs group.
- ^h GAFSP Tier 2, indicator 13: farmers receiving inputs or services on climate resilient or sustainable agriculture practices.

Contribution to Strategy 2030 Operational Priorities:

The expected values and methodological details for all OP indicators to which this operation will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the Design and Monitoring Framework, this operation will contribute results for:

- OP 1.1: rural communities have enhanced WASH facilities and access to better dietary options.
 - OP 2.1: over 4,000 women are engaged in producing high value crops and livestock.
 - OP 3.2: through digital platforms, farm communities are better prepared for disasters, especially floods.
 - OP 3.3: marine areas conserved through establishment of fish conservation zones and construction of fish passages.
 - OP 5.2: climate-resilient farming practices applied that contribute to both climate adaptation as well as mitigation.
- Source: Asian Development Bank

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=50236-003-2>

1. Grant Agreement
2. Project Agreement
3. Sector Assessment (Summary)
4. Project Administration Manual
5. Economic and Financial Analysis
6. Summary Poverty Reduction and Social Strategy
7. Risk Assessment and Risk Management Plan
8. Gender Action Plan
9. Environmental Assessment and Review Framework
10. Resettlement and Ethnic Group Development Framework
11. Contribution to Strategy 2030 Operational Priorities

Supplementary Documents

12. Climate Risk and Adaptation Assessment
13. Financial Management Assessment
14. Due Diligence Report