



Investing in rural people

Executive Board

President's memorandum
Proposed additional financing to
Lao People's Democratic Republic
Agriculture for Nutrition Project – Phase II (AFN-II)

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Action: The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 67.

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Lao People's Democratic Republic
Executing agency:	Ministry of Agriculture and Forestry
Total project cost:	US\$48.2 million
Amount of original IFAD loan:	US\$13.2 million
Terms of original IFAD loan:	Blend terms
Amount of additional IFAD loan:	US\$5.2 million
Terms of additional IFAD loan:	Blend terms
	Maturity period of 25 years, including a grace period of 5 years, with a service charge of 0.75 per cent and interest rate of 1.25 per cent per annum in special drawing rights (adjustments for single-currency loans)
Financing gap:	US\$1.5 million
Cofinancier:	Global Agriculture and Food Security Program (GAFSP)
Amount of cofinancing:	US\$20 million
Terms of cofinancing:	Cofinancing Grant
Contribution of borrower/recipient:	US\$4.8 million
Domestic private sector contribution:	US\$0.3 million (in cash) US\$1.1 million (in kind)
Contribution of beneficiaries:	US\$2.1 million (in kind)
Amount of original IFAD climate finance:	US\$6.05 million
Amount of additional IFAD climate finance:	US\$3.2 million
Cooperating institution:	IFAD

I. Background and project description

A. Background

1. The Agriculture for Nutrition Project – Phase II (AFN-II)¹ for the Lao People’s Democratic Republic was approved by IFAD’s Executive Board on 22 December 2022, became effective on 16 May 2023 and is scheduled for completion on 30 June 2030, with a financial closing date of 31 December 2030.
2. The total project cost is US\$48.2 million, including an IFAD original loan of US\$13.2 million, a grant of US\$20 million from the Global Agriculture and Food Security Program (GAFSP) (of which US\$12 million has been implemented through IFAD and US\$8 million through the World Food Programme [WFP]), a beneficiary contribution of US\$2.1 million, private sector in-cash and in-kind contributions of US\$1.4 million and a government contribution of US\$4.8 million. The original project had a financing gap of US\$6.7 million.
3. To address the financing gap identified during the project’s design stage, on 13 February 2024 the Government of the Lao People’s Democratic Republic requested additional financing of US\$6.7 million in the form of a loan on blend terms under IFAD’s twelfth performance-based allocation system (PBAS) cycle.
4. Following the final reprogramming of the pipeline delivery under the Twelfth Replenishment of IFAD’s Resources (IFAD12), US\$5.214 million was allocated to partially cover the original financing gap, reducing it to US\$1.5 million. This remaining gap may be funded through future PBAS cycles, under terms to be determined and subject to internal procedures and subsequent Executive Board approval, or through cofinancing identified during implementation.
5. As the financing gap was identified and approved at the design stage, this additional financing request does not alter the original project cost or necessitate an extension of the completion or closing dates.

B. Original project description

6. The AFN-II goal is to enable 28,000 vulnerable households living in the project area to improve their income by 20 per cent by 2030.
7. The project development objective is to enable 28,000 vulnerable households living in the project area to improve their food and nutrition security, to enhance their climate resilience and to increase smallholders’ income by 2030.
8. The project duration is seven years (2023–2030).
9. Five indicators will be used to assess the project’s impacts: (i) 16,800 households with food insecurity decreased by 20 per cent, as measured by the Food Insecurity Experience Scale; (ii) 14,400 women reporting meeting the minimum dietary diversity requirement; (iii) 16,800 households with incomes increased by 20 per cent; (iv) 16,800 households with climate change resilience increased by 30 per cent, as measured by the IFAD resilience scorecard; and (v) 33,600 women demonstrating improved economic, social and cultural empowerment (measured by the IFAD empowerment index).

II. Rationale for additional financing

A. Rationale

10. AFN-II is the second phase of the successful Agriculture for Nutrition Project – Phase I (AFN-I), which concluded in December 2022 and received a satisfactory rating (5) in its project completion report, dated 27 June 2023. The project was designed and approved with a total cost of US\$48.2 million, consisting of an IFAD loan of US\$13.2 million, a grant of US\$20 million from GAFSP and contributions

¹ EB 2022/LOT/P.6, project ID: 2000003760.

from the private sector, beneficiaries and the Government totalling US\$8.4 million, with a financing gap of US\$6.7 million.

11. To address this financing gap, the Government of the Lao People's Democratic Republic has requested additional financing. Following the final reprogramming of the IFAD12 pipeline delivery, IFAD allocated US\$5.214 million to cover critical activities originally budgeted within the financing gap. This funding will support investments in agricultural cooperatives, multi-use water systems, small-scale irrigation schemes, food processing and storage facilities and rural access tracks. Securing this funding is essential for attaining the project's original outreach targets and sustaining the momentum achieved in phase I.
12. Since its inception in May 2023, AFN-II has undergone an implementation support mission (October 2023) and a supervision mission (April to May 2024), both of which confirmed the soundness of the project's design and its relevance.

Special aspects relating to IFAD's corporate mainstreaming priorities

13. In line with IFAD's mainstreaming commitments, the project has been validated as:
 - Including climate finance
 - Gender-transformational
 - Nutrition-sensitive
 - Prioritizing Indigenous Peoples
 - Including adaptive capacity
14. **Gender.** The country's score on the 2019 Gender Development Index is 0.927, which implies medium equality in Human Development Index achievements between women and men. Its score on the Gender Inequality Index is 0.459, ranking it 113 out of 162 countries in the 2019 index.²
15. Women hold 27.5 per cent of parliamentary seats³ and 35.1 per cent of adult women have reached at least a secondary level of education, compared with 46.2 per cent of their male counterparts. In 2021 and 2022, the World Economic Forum ranked the country first worldwide in terms of women's economic participation and opportunity, but women still face constraints in educational attainment (ranked 109th), health and survival (ranked 55th) and political empowerment (ranked 116th).⁴
16. **Food security and nutrition.** According to the World Health Organization benchmark, more than 80 per cent of the Lao population is unable to afford a healthy diet. The triple burden of malnutrition – high stunting, wasting and anaemia rates – remains a key challenge and coexists with increasing rates of overweight and obesity.
17. One third of children under the age of 5 remain chronically malnourished (stunted) and there are large regional disparities. The prevalence of wasting stands at 9 per cent. Current estimates indicate that stunting in the first 1,000 days of a child's life costs the Government 2.4 per cent of GDP per year.
18. **Ethnic groups.** The Government recognizes 50 main ethnic groups and 160 subgroups. The Lao-Tai group represents 67 per cent of the population. There are three major non-Lao-Tai ethnolinguistic groups, namely the Mon-Khmer (21 per cent of the population), the Hmong-Lu Mien (8 per cent) and the Sino-Tibetan (3 per cent).

² United Nations Development Programme, 2020.

³ World Bank, 2021.

⁴ World Economic Forum, 2022.

19. Ethnic groups in the project area are usually the poorest and most affected by food and nutrition insecurity. This is due to various factors related to access to education, health care, clean water and sanitation, poverty gaps and social dietary norms.
20. **Climate change.** The key climate change vulnerabilities in the Lao People's Democratic Republic are caused by flooding and droughts, with the agricultural sector being most vulnerable. Climatic variability, in particular an increase in the frequency and severity of droughts in some parts of the country, is already limiting water availability for household production in dry seasons, despite abundant surface and groundwater resources.
21. Most of the climate models predict an increase in annual precipitation rates, with larger changes under higher emission pathways.

B. Description of geographical area and target groups

22. The project area comprises 500 villages from 20 districts in six provinces, namely Oudomxay, Phongsaly and Xieng Khouang provinces in the north and Saravane, Sekong and Attapeu provinces in the south.
23. The target population comprises 168,000 people in 28,000 households, representing about 33 per cent of the combined population of the target districts of approximately 502,000 people. The target groups are poor and near-poor smallholder farmers and their household members who are at risk of food insecurity and malnutrition and living in the target districts. The target population includes: (i) children under 5 years of age; (ii) adolescent girls (aged 10–19); (iii) women of reproductive age (aged 15–49 years); (iv) youth (aged 15–35); and (v) others (ensuring 50 per cent female). The project will support vulnerable households and individuals most likely to be left behind, such as women-headed households (2 per cent), persons with disabilities (2 per cent), Lao migrants returning to rural areas due to COVID-19 impacts (5 per cent) and ethnic groups other than Lao-Tai (at least 70 per cent).
24. The proposed additional financing was included in the original project design and does not require any change in the intended geographical area or target groups.

C. Components, outcomes and activities

25. The project components and subcomponents are shown in the table below.

Table 1

Project components, subcomponents and activities

<i>Component 1</i>	<i>Component 2</i>	<i>Component 3</i>
Establishment of community-driven agriculture- and natural resource-based nutrition interventions (WFP and IFAD)	Improvement of business partnerships and market access (IFAD)	Enabling environment (IFAD and WFP)
<i>Subcomponent 1.1: Improved nutritional status of women, children, girls and other vulnerable groups (WFP and IFAD)</i>	Activity 1: Support to micro, small- and medium-sized enterprises in food supply chains	Activity 1: Multisectoral planning and coordination (WFP)
Activity 1: Farmer nutrition schools and women's empowerment	Activity 2: Multi-stakeholder business platforms	Activity 2: Partnerships
Activity 2: Establishment of integrated home gardens	Activity 3: Market-related infrastructure	Activity 3: Project management
Activity 3: Processing and conservation of domestic foods		
Activity 4: Management of local food sources and wild foods		
Activity 5: Community nutrition- and gender-related social and behavioural change communication activities		
<i>Subcomponent 1.2: Improvement of agricultural productivity for selected commodities (IFAD)</i>		

Activity 6: Strengthening of community-based organizations

Activity 7: Agriculture/rural advisory services improved

Activity 8: Construction and upgrading of climate change adaptation infrastructure (irrigation/multiple-use water systems)

D. Costs, benefits and financing

Project costs

26. The total cost for the seven-year AFN-II is estimated at US\$48.2 million, disaggregated as follows: an IFAD original loan of US\$13.2 million, the new proposal of additional financing of US\$5.2 million; a GAFSP grant of US\$20.0 million (US\$12.0 million implemented through IFAD and US\$8.0 million implemented by WFP); beneficiary contributions of US\$2.1 million; private sector contributions of US\$1.4 million; a government contribution of US\$4.8 million; and a remaining financing gap of US\$1.5 million. The financing gap of US\$1.5 million may be sourced through subsequent PBAS cycles, under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval, or through cofinancing identified during implementation.
27. Climate change adaptation activities under subcomponent 1.2 (improvement of agricultural productivity for selected commodities), activity 3 under component 2 (market-related infrastructure) and activity 3 under component 3 (project management) are counted as adaptation finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated at US\$9.3 million. The amount of IFAD climate finance for the additional financing is US\$3.2 million.

Table 2

Original and additional financing summary

(Thousands of United States dollars)

	<i>Original financing*</i>	<i>Additional financing</i>	<i>Total</i>
IFAD loan	13 234	5 214	18 448
GAFSP grant (IFAD/MAF)	11 997	-	11 997
GAFSP grant (WFP)	7 996	-	7 996
Beneficiaries (in kind)	2 132	-	2 132
Private sector (in kind)	1 156	-	1 156
Private sector (in cash)	289	-	289
Borrower/recipient	4 777	-	4 777
Financing gap	6 714	(5 214)	1 500
Total	48 295	-	48 295

* See tables 2 and 3 in document EB 2022/LOT/P.6 for detailed breakdown.

Table 3

Additional financing: project costs by component and financier

(Thousands of United States dollars)

<i>Components</i>	<i>Additional IFAD loan</i>		<i>Financing gap</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	
Component 1: Establishment of community-driven agriculture- and natural resource-based nutrition interventions	2 868	43	963	14	3 831
Component 2: Improvement of business partnerships and market access	2 174	32	537	8	2 711
Component 3: Enabling environment	172	3	-	0	172
Total	5 214	78	1 500	22	6 714

Table 4

Additional financing: project costs by expenditure category and financier
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>Additional IFAD loan</i>		<i>Financing gap</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>
Investment costs					
A. Work	2 890	43	-	-	2 890
B. Goods, services and inputs	-	-	-	-	-
C. Grants and subsidies	2 042	30	1 500	22	3 542
D. Consultancies	172	3	-	-	172
E. Training	110	2	-	-	110
Total investment costs	5 214	78	1 500	22	6 714
Recurrent costs	-	-	-	-	-
A. Operating costs	-	-	-	-	-
Total recurrent costs	-	-	-	-	-
Total	5 214	78	1 500	22	6 714

Table 5

Project costs by component and project year

(Thousands of United States dollars)

<i>Components</i>	<i>2024</i>		<i>2025</i>		<i>2026</i>		<i>2027</i>		<i>2028</i>		<i>2029</i>		<i>2030</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>
Component 1	2 583	9	6 612	24	8 315	30	6 787	24	2 218	8	866	3	409	1	27 790
Component 2	9	0	505	7	1 393	19	2 044	27	2 552	34	889	12	45	1	7 437
Component 3	2 636	20	1 712	13	2 179	17	2 189	17	1 661	13	1 366	10	1 325	10	13 069
Total	5 228	11	8 829	18	11 887	25	11 020	23	6 431	13	3 121	6	1 779	4	48 295

Financing and cofinancing strategy and plan

28. The IFAD loan of US\$18.4 million (original and additional) is on blend terms and will finance 38 per cent of total project costs; the remaining financing gap is 3 per cent. IFAD's share of recurrent costs is 0.3 per cent of total project financing and 3 per cent of IFAD financing.
29. Other cofinancing sources account for 59 per cent of the total project financing, including international cofinancing of 41.4 per cent and domestic financing of 17.3 per cent. These sources include the GAFSP grants, implemented by IFAD and the Ministry of Agriculture and Forestry (MAF) and WFP; in-kind beneficiary contributions; in-kind and cash contributions from the private sector; and counterpart contributions from the Government of the Lao People's Democratic Republic.

Disbursement

30. The revolving fund modality under the report-based disbursements system will be the method used for withdrawing funds from the IFAD financing. Quarterly interim financial reports will be used as a basis for submission of withdrawal applications to IFAD and will be submitted to IFAD within 45 days of the end of the reporting quarter through the IFAD Client Portal Financial Execution Module to provide cash forecasts and request disbursement from IFAD. Advance withdrawals through a revolving fund approach will be the principal method of disbursement.
31. Government, beneficiary and private sector contributions will be incorporated into the annual workplan and budget (AWPB) and will be identified in the project accounts.

Summary of benefits and economic analysis

32. The results of the economic analysis over a 20-year period show that the project is very profitable, with a net present value of 507,621,786,567 Lao kip (US\$34,281,385) and an economic rate of return of 26 per cent.

33. A sensitivity analysis confirms that the project would remain profitable in the event of an increase in costs of 28 per cent, a decrease in benefits of 17 per cent, an 11 per cent cost increase or a decrease in benefits of 10 per cent. The project would also remain profitable if benefits were delayed by one year.

Exit strategy and sustainability.

34. The draft exit strategy in annex 11 of the project design report lays out the sustainability pathways for each activity, exploring the various options (phasing down, phasing over and phasing out), with an analysis of associated risks. The exit strategy will be further developed from start-up to ensure it is owned by the relevant stakeholders at country level and adapted to project development.

III. Risk management

A. Risks and mitigation measures

35. The overall project risk profile is moderate.
36. **Financial risks.** Inherent and residual financial management risk is substantial.
37. **Mitigation actions:** (i) enhancement of accounting software by using a budgeting module at the provincial level; (ii) procurement of auditing services aligned with IFAD requirements; and (iii) capacity-building for new finance staff in departments and district units.
38. Risks associated with the coordination of several donor projects will be mitigated by the decentralized implementation structure.

Table 6

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Substantial	Moderate
Sector strategies and policies	Moderate	Moderate
Environment and climate context	Substantial	Moderate
Project scope	Moderate	Low
Institutional capacity for implementation and sustainability	Moderate	Moderate
Financial management	Substantial	Substantial
Project procurement	Moderate	Moderate
Environment, social and climate impact	Moderate	Low
Stakeholders	Moderate	Moderate
Overall	Moderate	Moderate

B. Environment and social category

39. The **environmental and social risk** category for the project is assessed as **moderate**. The project is located in areas inhabited by ethnic groups. As required by IFAD's Social, Environmental and Climate Assessment Procedures (SECAP), an Indigenous Peoples plan and a Free, Prior and Informed Consent plan have been prepared and will be operationalized and monitored during project implementation. Risks under other SECAP standards are mostly rated as low or, in a few cases, moderate.

C. Climate risk classification

40. The project's **climate risk** category is **moderate**. Key climate-related hazards identified in the project area are landslides, cyclones and extreme heat. Water scarcity is assessed a low, as long as the abundant surface and groundwater resources can be mobilized in a sustainable manner.

D. Debt sustainability

41. The Lao People's Democratic Republic is in debt distress according to the latest debt sustainability analysis, carried out in May 2023. The country is eligible for

blend terms as a gap country with gross national income per capita above the operational cut-off for International Development Association eligibility for more than two consecutive years. Therefore, the Lao People's Democratic Republic is not eligible for Debt Sustainability Framework terms. Its risk rating and debt sustainability have deteriorated as a result of an adverse macroeconomic environment linked to strong exchange rate depreciation, an expansion of debt coverage to include guaranteed debt, expenditure arrears and the issuance of domestic debt to recapitalize state-owned banks.

IV. Implementation

A. Compliance with IFAD policies

42. The original AFN-II design is in line with the country strategic opportunities programme (COSOP) for the Lao People's Democratic Republic for the period 2018–2024, which has been extended to 2025. The project will directly contribute to IFAD's strategic objectives for 2016–2025, and IFAD cross-cutting priorities will be mainstreamed through a gender-transformative, ethnic groups-focused, nutrition-sensitive and climate finance approach.
43. No adjustment will be made to the original project design report. The additional financing will partially cover all activities foreseen at design under the financing gap.

B. Organizational framework Management and coordination

44. The lead programme agency will be the MAF, through its Department of Planning and Cooperation, which will have overall responsibility for project implementation and will designate a national project coordinator. The national project coordination office (NPCO) will directly manage project implementation in collaboration with the provincial and district-level project coordinators, technical departments (e.g. the National Agriculture and Forestry Research Institute) and line agencies. The NPCO will be supported by a full-time international chief technical assistant and a technical assistance team.
45. Overall, the national project steering committee will provide policy direction and strategic guidance. The provincial project steering committees will approve the AWPBs and the annual progress and financial reports prepared by districts. The district socioeconomic development committees will act as district project steering committees. They will meet quarterly to endorse the district AWPB and review the semi-annual project progress reports.

Financial management, procurement, and governance

46. The implementation arrangements will follow the structure, policy and processes already in place for project implementation. The MAF, through its Department of Planning and Cooperation, will be the implementing agency. The NPCO will handle the financial management of the project. The MAF, through the NPCO, will be accountable to the Government and IFAD for the proper use of funds, in line with legal agreements.
47. The financial management risk for this project is substantial, owing mainly to weak financial accounting, reporting and internal audit capacity and fiduciary weaknesses inherent in community-driven development projects. Project accounting systems will comply with international accounting standards, and a suitably customized accounting software will be procured. A comprehensive financial procedures manual will be drawn up and will be subject to IFAD and government clearance, and fiduciary officers will undergo training and capacity-building activities.
48. The withdrawal and use of funds by AFN-II will be governed by IFAD's Project Financial Management and Financial Control Handbook for Borrowers and the financing agreement. The procedures for disbursement, financial reporting and

maintenance of appropriate project records are described in detail in the project financial management and financial control arrangements letter.

49. The annual financial statements for the project will be subject to annual audit by private independent auditors, in compliance with the International Standards on Auditing and according to terms of reference acceptable to IFAD.
50. As custodian of the funds in the project account, the NPCO will undertake the key financial management tasks. The financial management officer at the NPCO will be responsible for the actual management of these tasks and will report to the national project coordinator. The MAF, through the NPCO, will be accountable to the Government and IFAD for the proper use of funds, in line with legal agreements. Project accounting systems will be consistent with international accounting standards and government requirements, and internal financial controls will be regularly applied.
51. **Funds flow and disbursement arrangements.** The existing designated account for AFN-II will continue to be used for the additional financing. Existing sub-accounts and operating accounts established in commercial banks will also continue to be used. The special account will be used to meet national-level project costs and pay for consulting services contracts. The operating accounts will be used to fund project implementation based on the approved AWPB, which also regulates the distribution of responsibilities of the various project implementation partners at the national, district and village levels. The operating accounts at district level will be replenished in accordance with instructions from the NPCO. Both annual and longer-term workplans will be formulated for the project, defining the project activities to be implemented and detailing the activities year by year. Quarterly and yearly contract award and disbursement plans will be prepared, in line with the government regulations and activities timeline and IFAD's requirements. The utilization of the additional financing loan proceeds will commence after the original loan is fully utilized.
52. **Internal control.** The current approved project implementation manual and the financial management manual for AFN-II will be maintained for the additional financing.
53. **Accounting systems, policies, procedures, and financial reporting.** The AFN-II financial management system will adapt the current structure, policy and system of the existing AFN and continue to enhance and fulfil the design and activities of AFN-II.
54. **Procurement.** Procurement will be carried out in accordance with the Lao People's Democratic Republic Law on Public Procurement (2017), the Ministry of Finance Instruction on Implementation of Law on Public Procurement (2019) and any subsequent public procurement regulations, provided they are consistent with IFAD's Project Procurement Guidelines. In the event of a contradiction between IFAD guidelines and national regulations, the former will take precedence. All procurement under WFP-supervised components and activities will follow separate United Nations and WFP procurement guidelines.
55. Procurement will be undertaken: (i) for the overall project, by the MAF procurement committee, with support from the NPCO; (ii) for decentralized activities (training and extension services, nutrition interventions, village-to-village access roads, etc.), by provincial project teams and/or district project teams, with approval by the district procurement committee; (iii) for the challenge fund, by the recipient community-based organizations, in compliance with the procurement procedures set out in the challenge fund guidelines; (iv) for climate change adaptation infrastructure, by provincial project teams and/or district project teams, with approval by the district procurement committee; (v) for food processing and storage facilities, by district project teams, with approval by the district

procurement committee; and (vi) for the agriculture production group (APG) grants, by the farmer groups, in compliance with procurement procedures and requirements in the APG grant guidelines.

56. **Target group engagement and feedback and grievance redress.** AFN-II target groups and other relevant stakeholders will participate in the project cycle, from planning to implementation to monitoring and evaluation of project interventions. To ensure that an adequate, transparent and fair formal mechanism is available for all project stakeholders, the project implementation manual provides for a detailed grievance redress mechanism, taking into account national laws and decrees and GAFSP, IFAD and WFP requirements.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

57. The three principal instruments for planning and monitoring will be the monitoring and evaluation database, the logical framework and the AWPB.
58. **Planning.** Draft AWPBs will be prepared by all concerned districts and provinces and by the district and provincial coordination offices and will then be compiled at the national level. The proposed AWPB will be submitted to IFAD and the national project steering committee for approval.
59. **Monitoring and evaluation.** Key indicators are defined in the logframe and will be reported upon in the semi-annual progress reports. The project's monitoring plan will help to direct project interventions to their target beneficiaries effectively and efficiently.
60. **Learning, knowledge management and strategic communication.** Output, outcome and impact data generated by the monitoring and evaluation system will inform high-quality case studies, briefs and reports. The NPCO will document emerging experiences, lessons learned and best practices and share them widely. All knowledge products will be communicated through the relevant channels to enhance learning, policy dialogue and potential scaling up of successful interventions. Specific knowledge products may be developed for GAFSP, IFAD and WFP purposes.
61. Several dedicated knowledge management and communication products will be produced on behavioural change through social and behaviour change communication, gender-transformative approaches and the promotion and conservation of wild foods.

D. Proposed amendments to the financing agreement

62. The financing agreement will have to be amended to incorporate the additional financing of US\$5.214 million from IFAD, which was not part of the original agreement.
63. No further adjustment or change is expected.

V. Legal instruments and authority

64. The financing agreement between the Lao People's Democratic Republic and IFAD constitutes the legal instrument for extending the proposed financing to the borrower/recipient. The signed financing agreement will be amended following approval of the additional financing.
65. The Lao People's Democratic Republic is empowered under its laws to receive financing from IFAD.
66. I am satisfied that the proposed additional financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

67. I recommend that the Executive Board approve additional financing in terms of the following resolution:

RESOLVED: That the Fund shall provide a loan on blend terms to the Lao People's Democratic Republic in an amount of five million two hundred fourteen thousand United States dollars (US\$5,214,000) on blend terms and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Original logical framework incorporating the additional financing

Results Hierarchy	Indicators				Means of Verification			Assumptions	Project Yr 1 (2023)			Project Yr 2 (2024)		
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		Year Targets	Year Results	Cumulative	Year Targets	Year Results	Cumulative
Outreach	1 Persons receiving services promoted or supported by the project				Project monitoring	Midline, endline, annual	NPCO, M&E	Communities including women and ethnic groups actively take ownership and actively participate in the interventions.						
	Males - Males	0	33600	84000					0	120	120	9 000	4 564	4 684
	Females - Females	0	33600	84000					0	273	273	9 000	5 248	5 521
	Young - Young people	0	16800	42000					0	204	204	4 500	5 039	5 243
	Indigenous people - Indigenous people	0	47000	117600					0	393	393	12 600	8 778	9 171
	Total number of persons receiving services - Number of people	0	67200	168000					0	393	393	18 000	9 812	10 205
	Persons with disabilities - Number	0	1344	3360					0	0	0	360	0	0
	1.a Corresponding number of households reached				Project monitoring	Midline, endline, annual	NPCO, M&E							
	Households - Households	0	11200	28000					0	393	393	3 000		393
	1.b Estimated corresponding total number of households members				Project monitoring	Midline, endline, annual	NPCO, M&E							
Household members - Number of people	0	67200	168000	0				2 358	2 358	18 000		2 358		
Project Goal Enable 28,000 vulnerable households living in the	16,800 households with increased incomes by 20% (GAFSP Tier 1 indicator)				Impact assessment	Baseline, midline, endline	NPCO, Government analysis	Increased productivity, value addition and market linkages result in						0
	Households - Number	0	6720	16800					0	0	0	0	0	0
	Households - Percentage (%)	0	24	60					0	0	0	0	0	0

project area to improve their income by 20%, by 2030.	Males - Percentage (%)	0	20	50				increased income.	0	0	0	0	0	0
	Females - Percentage (%)	0	20	50				0	0	0	0	0	0	
	Young - Number	0	1680	4200				0	0	0	0	0	0	
Development Objective Enable 28,000 vulnerable households living in the project area to improve their food and nutrition security, enhance their climate resilience and increase smallholders' income by 2030	16,800 households with decreased food insecurity by 20% measured by Food Insecurity Experience Scale (FIES) - GAFSP Tier 1 indicator				Impact assessment	Baseline, midline, endline	NPCO, Government analysis	Project capacity building interventions and investments result in increased food availability. Women are the key decision makers on household food purchases and preparations. Sustainable and climate resilient practices promoted by the project results in increased HH resilience. Targeted communities want to improve their health and nutrition status and get effectively empowered through						
	Households - Number	0	6720	16800					0	0	0	0	0	0
	Households - Number of people	0	40320	100800					0	0	0	0	0	0
	Households - Percentage (%)	0	24	60					0	0	0	0	0	0
	Males - Percentage (%)	0	20	50					0	0	0	0	0	0
	Females - Percentage (%)	0	20	50					0	0	0	0	0	0
	Young - Percentage (%)	0	10	25					0	0	0	0	0	0
	Indigenous people - Percentage (%)	0	28	70					0	0	0	0	0	0
	1.2.8 Women reporting minimum dietary diversity (MDDW)				Project monitoring	Baseline, midline, endline	NPCO							0
	Women (%) - Percentage (%)	BL	20	50				BL	0	BL	BL	0	BL	
	Women (number) - Females	BL	5760	14400				BL	0	BL	BL	0	BL	
	Households (%) - Percentage (%)	BL	20	50				BL	0	BL	BL	0	BL	
	Households (number) - Households	BL	5760	14400				BL	0	BL	BL	0	BL	

	Household members - Number of people	BL	34560	86400				participatory planning.	BL	0	BL	BL	0	BL
	Women-headed households - Households													
	16,800 households with increased climate change resilience by 30%.				Project monitoring	Baseline, midline, endline	NPCO							
	Households - Number	0	6720	16800				0	0	0	0	0	0	
	Households - Percentage (%)	0	24	60				0	0	0	0	0	0	
	Males - Percentage (%)	0	20	50				0	0	0	0	0	0	
	Females - Percentage (%)	0	20	50				0	0	0	0	0	0	
	Young - Number	0	1680	4200				0	0	0	0	0	0	
	IE.2.1 Individuals demonstrating an improvement in empowerment							Project monitoring	Baseline, midline, endline	NPCO				
	Total persons - Percentage (%)	0	4	10	0	0	0				0	0	0	
	Total persons - Number of people	0	6720	16800	0	0	0				0	0	0	
	Females - Percentage (%)	0	20	50	0	0	0				0	0	0	
	Females - Females	0	3360	8400	0	0	0				0	0	0	
	Males - Percentage (%)	0	20	50	0	0	0				0	0	0	
	Males - Males	0	3360	8400	0	0	0				0	0	0	
Outcome 1. Community-driven	1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)				Project monitoring	Baseline, midline, endline	NPCO	Nutrition and care feeding practice benefits are						

agriculture and natural resources-based nutrition interventions established	Households (number) - Households	0	5760	14400	Project monitoring	Baseline, midline, endline	NPCO	understood and relevant to the targeted communities. Target HHS consider environmentally sustainable and climate-resilient technologies and practices as adequate.	0	0	0	0	0	0
	Households (%) - Percentage (%)	0	20	50					0	0	0	0	0	0
	Household members - Number of people	0	33600	84000					0	0	0	0	0	0
	Proportion of children 6-23 months of age who receive a Minimum Acceptable Diet (MAD)													
	Males - Percentage (%)	26.4	30	40					26.4	0	26.4	26.4	0	26.4
	Females - Percentage (%)	26.4	30	40					26.4	0	26.4	26.4	0	26.4
	Indigenous people - Number	BL		40					BL	0	BL	BL	0	BL
	Households - Number	BL	6720	16800					BL	0	BL	BL	0	BL
	Households - Percentage (%)	BL		60					BL	0	BL	BL	0	BL
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices													
Total number of household members - Number of people	0	36000	90000	0	0	0	0	0	0					
Households - Percentage (%)	0	22	54	0	0	0	0	0	0					
Households - Households	0	6000	15000	0	0	0	0	0	0					
Outcome 2. Stakeholder Feedback	SF.2.1 Households satisfied with project-supported services				Project monitoring	Midline, endline	NPCO, M&E	The project efficiently delivers on its expected						
Household members - Number of people	0	8960	22400	0					0	0	0	0	0	

	Households (%) - Percentage (%)	0	32	80				outputs and outcomes	0	0	0	0	0	0				
	Households (number) - Households	0	53760	134400					0	0	0	0	0	0				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				Project monitoring	Midline, endline	NPCO, M&E											
	Household members - Number of people		5600	14000					BL	0	BL	BL	0	BL				
	Households (%) - Percentage (%)		20	50					BL	0	BL	BL	0	BL				
	Households (number) - Households		33600	84000					BL	0	BL	BL	0	BL				
Output 18,000 households provided with targeted support to improve their nutrition	1.1.8 Households provided with targeted support to improve their nutrition				Project monitoring	Baseline, midline, endline, annual	NPCO	The project delivers on all nutrition sensitive interventions, targeting the most nutritionally vulnerable households										
	Total persons participating - Number of people	0	43200	108000									0	393	393	7 500		393
	Males - Males	0	21600	54000									0	120	120	3 750	4 564	4 684
	Females - Females	0	21600	54000									0	273	273	3 750	5 248	5 521
	Households - Households	0	7200	18000									0	393	393	3 000		393
	Household members benefitted - Number of people	0	43200	108000									0	2 358	2 358	18 000		2 358
	Indigenous people - Indigenous people	0	30240	75600									0	393	393	12 600	8 778	9 171
	Young - Young people	0	10800	27000									0	204	204	4 500	5 039	5 243

	Women-headed households - Households	0	144	360					0	0	0	150		0	
Output 15,000 people benefiting from cash or food-based transfers	Persons benefiting from cash or food-based transfers				Project monitoring	Baseline, midline, endline, annual	NPCO							0	
	Females - Number	0	6000	15000				0	0	0	3000	0	0		
	Households - Number	0	6000	15000				0	0	0	3000	0	0		
	Households - Percentage (%)	0	22	54				0	0	0	11	0	0		
	Females - Percentage (%)	0	40	100				0	0	0	20	0	0		
	Young - Number	0	1500	3750				0	0	0	750	0	0		
Output 22,400 persons trained in production practices and/or technologies	1.1.4 Persons trained in production practices and/or technologies				Project monitoring	Baseline, midline, endline, annual	NPCO	Village Agriculture Technicians, Village Veterinary Workers and Lead farmers deliver effective last mile advisory services to APG members with support from DAFO							0
	Total number of persons trained by the project - Number of people	0	8960	22400					0	0	0	2000	0	0	
	Men trained in crop - Males	0	2240	5600					0	0	0	500	0	0	
	Women trained in crop - Females	0	2240	5600					0	0	0	500	0	0	
	Young people trained in crop - Young people	0	1120	2800					0	0	0	250	0	0	
	Indigenous people trained in crop - Indigenous people	0	3136	7840					0	0	0	700	0	0	
	Men trained in livestock - Males	0	2240	5600					0	0	0	500	0	0	
	Women trained in livestock - Females	0	2240	5600					0	0	0	500	0	0	

	Young people trained in livestock - Young people	0	1120	2800					0	0	0	250	0	0
	Indigenous people trained in livestock - Indigenous people	0	3136	7840					0	0	0	700		0
	Total persons trained in crop - Number of people	0	4480	11200					0	0	0	1000	0	0
	Total persons trained in livestock - Number of people	0	4480	11200					0	0	0	1000	0	0
Output 10,000 farmers receiving inputs or services on climate resilient or sustainable agriculture practices	Number of farmers receiving inputs or services on climate resilient or sustainable agriculture practices (GAFSP Tier 2 indicator #13)				Project monitoring	Baseline, midline, endline, annual	NPCO	Village Agriculture Technicians, Village Veterinary Workers and Lead farmers deliver effective last mile advisory services to APG members with support from DAFO						
	Males - Number	0	2400	6000					0	0	0	1200	0	0
	Females - Number	0	1600	4000					0	0	0	800	0	0
	Males - Percentage (%)	0	24	60					0	0	0	12	0	0
	Females - Percentage (%)	0	16	40					0	0	0	8	0	0
	Households - Number	0	4000	10000					0	0	0	2000	0	0
	Households - Percentage (%)	0	14	35					0	0	0	8	0	0
Output 28,000 hectares of land brought under climate-resilient management	3.1.4 Land brought under climate-resilient practices				Project monitoring	Baseline, midline, endline, annual	NPCO							0
	Hectares of land - Area (ha)	0	14000	28000				0	0	0	0	0	0	

Output 1,000 producer-based organizations supported	2.1.3 Rural producers' organizations supported				Project monitoring	Midline, endline, annual	NPCO							
	Total size of POs - Organizations	0	10000	25000				0	0	0	900	0	0	
	Rural POs supported - Organizations	0	400	1000				0	0	0	45	0	0	
	Males - Males	0	5000	12500				0	0	0	450	0	0	
	Females - Females	0	5000	12500				0	0	0	450	0	0	
	Young - Young people	0	2500	6250				0	0	0	225	0	0	
	Indigenous people - Indigenous people	0	7000	17500				0	0	0	630	0	0	
	Rural POs supported that are headed by women - Organizations	0	160	400				0	0	0	15	0	0	
Output 15,000 persons receiving capacity development support	Persons receiving capacity development support (GAFSP Tier 2 Indicator #10)				Project monitoring	Baseline, midline, endline, annual	NPCO	Technical staff (MAF-PAFO-DAFO-LWU-DNC etc) is available for capacity building activities						
	Households - Number	0	8960	22400					NA	NA	NA	NA	NA	NA
	Households - Percentage (%)	0	32	80					NA	NA	NA	NA	NA	NA
	Males - Number	0	6000	15000					0	69	69	250		69
	Females - Number	0	6000	15000					0	30	30	250		30
	Males - Percentage (%)	0	20	50					0	69.7	69.7	50		69.7
	Females - Percentage (%)	0	20	50					0	30.3	30.3	50		30.3
	Young - Number	0	3000	7500					0	22	22	125		22
Outcome 3. Business Partnership	2.2.6 Households reporting improved physical access to markets, processing and storage facilities				Project monitoring	Midline, endline, annual	NPCO							

s and Market access improved	Households reporting improved physical access to markets - Percentage (%)	0	9	21					0	0	0	0	0	0
	Size of households - Number of people	0	45000	108000					0	0	0	0	0	0
	Households reporting improved physical access to processing facilities - Percentage (%)	0	9	21					0	0	0	0	0	0
	Households reporting improved physical access to storage facilities - Percentage (%)	0	9	21					0	0	0	0	0	0
	Households reporting improved physical access to markets - Households	0	2500	6000					0	0	0	0	0	0
	Households reporting improved physical access to processing facilities - Households	0	2500	6000					0	0	0	0	0	0
	Households reporting improved physical access to storage facilities - Households	0	2500	6000					0	0	0	0	0	0
Output 600 Rural producers'	Rural producers' organizations engaged in formal agreement with private entities				Project monitoring	Baseline, midline,	NPCO	MSMEs willing to invest with						

organizations engaged in formal partnerships / agreements or contracts with public or private entities	Number of POs - Number	0	200	600		endline, annual		adequate support and financing	0	0	0	0	0	0
	Total Number of POs members - Number	0	6000	15000					0	0	0	0	0	0
	Women PO members - Number	0	3000	7500					0	0	0	0	0	0
	Men PO members - Number	0	3000	7500					0	0	0	0	0	0
	Young PO members - Number	0	1500	3750					0	0	0	0	0	0
	IP PO members - Number	0	4200	10500					0	0	0	0	0	0
Output 500 processing, storage, and market facilities constructed and/or rehabilitated	2.1.6 Market, processing or storage facilities constructed or rehabilitated				Project monitoring	Baseline, midline, endline, annual	NPCO	Business plans are profitable and sustainable in the foreseen macro-economic context.						
	Total number of facilities - Facilities	0	250	500					0	0	0	0	0	0
	Market facilities constructed/rehabilitated - Facilities	0	50	100					0	0	0	0	0	0
	Processing facilities constructed/rehabilitated - Facilities	0	50	100					0	0	0	0	0	0
	Storage facilities constructed/rehabilitated - Facilities	0	150	300					0	0	0	0	0	0
Output 50 SMEs joining the SUN Business Network as new members	Number of SMEs joining the SUN Business Network as new members				Project monitoring	Baseline, midline, endline, annual	NPCO							
	Number of SMEs joining - Number	0	20	50				0	0	0	0	0	0	
	Multisectoral planning processes supported						NPCO							

Outcome 4. Enabling environment	District Nutrition Committees endorsing village nutrition plans - Number	0	8	20	Project monitoring	midline, endline, annual		Nutrition committees active and committed to the nutrition policy implementation.	0	0	0	75	5	5
Output 30 policy-relevant knowledge products completed	Policy 1 Policy-relevant knowledge products completed	0	12	30	Project monitoring	midline, final evaluation	NPCO							
Number - Knowledge Products	0								0	0	0	0	0	

Summary of the original Economic and Financial Analysis

Given that the Additional Financing will cover intervention costs under the financing gap identified at design, the Economic and Financial Analysis (EFA) of the original Project Design Report remains valid and relevant, and no further changes are expected.

The primary source of economic benefit identified for the project is derived directly from Sub-components 1a and 1b and Component 2. The rest of the project activities work to create an enabling environment for the project to achieve the intended economic benefit.

Table A

Primary source of economic benefits of the project

Component	Sub-component	Activity	Model
Component 1: Establishment of community-driven agriculture- and natural resource- based nutrition interventions	Subcomponent 1.1: Improved nutritional status of women, children, girls and other vulnerable groups	Integrated home garden establishment	Integrated home garden for nutrition
	Subcomponent 1.2: Improvement of agricultural productivity for selected commodities	Community-based organizations strengthening	Poultry raising Pig raising Goat raising Cardamom farm Galangal farm Forage farm Fish culture Banana farm Vegetables under greenhouse
		Climate change adaptation infrastructures built and upgraded	Irrigation (wet season rice) Irrigated crop diversification
Component 2: Improvement of business partnerships and market access		Support to MSMEs in food supply chains	Banana processing
		Market related infrastructures	Access to tracks Water supply

The AFN II project is planned over 7 years. The financial analysis is considered over a 10-year lifetime, although most project results would be expected to last longer if properly sustained. The results of the financial analysis show that overall the proposed activities are highly profitable with positive NPVs at a discount rate of 10%, and all

proposed activities have a positive impact on food security at the project level for household beneficiaries. Poultry raising, goat raising and irrigation wet season rice and diversification models are the most profitable and less risky activities for target beneficiaries.

The main summary tables of the EFA are provided below.

Table B
Financial cash flow models

No.	Model	Working Capital requirement	Subsidy	Own Saving	Borrow	Annual Cash flow
1	Irrigation wet Season Rice and Diversification	11 768 000	3 600 000	4 900 800	3 267 200	266 368 600
2	Pig raising	18 300 000	3 600 000	8 820 000	5 880 000	89 388 000
3	Goat raising	10 550 000	3 600 000	4 170 000	2 780 000	83 783 000
4	Poultry raising	10 312 500	3 600 000	4 027 500	2 685 000	83 424 750
5	Vegetables under greenhouse	3 200 000	3 600 000			68 500 000
6	Banana	8 900 000	3 600 000	3 180 000	2 120 000	68 382 000
7	Cardamom	101 300 000	3 600 000	58 620 000	39 080 000	54 838 000
8	Fish culture	4 530 000	3 600 000	558 000	372 000	45 094 200
9	Galangal	3 580 000	3 600 000			43 570 000
10	Irrigation wet Season Rice	4 008 000	3 600 000	244 800	163 200	23 560 520
11	Forage	4 300 000	3 600 000	420 000	280 000	15 658 000
12	Integrated home garden grants	3 100 000	1 800 000	780 000	520 000	9 454 000

Table C
Project costs and logframe targets

Target	Number
Number of the target farmer	58 000
Poultry raising	6 500
Goat raising	4 000
Irrigation diversification wet Season Rice	6 000
The rest	41 500
Access tracks: # of line of 4Km road	75
Water supply (MUS): # facility with 30HH	399
SME Processing (company)	50

Table D
Main assumptions and shadow prices

Financial assumptions	Outputs	Cycles per year	Mortality rate	Yield without project	Yield with project	Output prices	Input prices	
	Poultry	3	30%				Veterinary expense	100 000 LAK
	• Adult chicken sales			180 kg	350 kg	55 000 LAK	Feed (rice bran)	2 000 LAK/kg
	• Eggs sales			0 unit	220 units	1 500 LAK	Animal feed (for chicken)	7 500 LAK/kg
	Pig	2	30%				Parent chickens	100 000 LAK/head
	• Adult pig sales (40 kg)			100 kg	200 kg	35 000 LAK	Animal feed (for pig)	10 000 LAK/kg
	• Piglets sales			100 kg	200 kg	100 000 LAK	Piglet	1 000 000 LAK/head
	Adult goat sales (25 kg)	2	20%	40 kg	500 kg	45 000 LAK	Parent chickens	100 000 LAK/head
	Fish sales (tilapia)	1	20%	150 kg	300 kg	25 000 LAK	Adult goat	1 200 000 LAK/head
	Fresh cardamom	1		200 kg	500 kg	40 000 LAK	Grass seed	30 000 LAK/kg
	Galangal	1					Fingerling	500 LAK/head
	• Dry galangal sales			140 kg	300 kg	25 000 LAK	Cardamom seedling	50 000 LAK/plant
	• Fresh galangal sales			80 kg	200 kg	2 000 LAK	Galangal seedling	10 000 LAK/plant
	Banana	1					Skilled labour (paid)	80 000 LAK/day
	• Banana sales			3 000 kg	7 500 kg	2 000 LAK	Family labour	48 000 LAK/day
	• Banana shoot sales			20 pieces	50 pieces	4 000 LAK	Banana shoots	150 000 LAK/piece
	• Banana blossom and leaf sales			40 pieces	100 pieces	3 000 LAK	Manure	1 000 LAK/kg
Fresh vegetable sales	2		1 000 kg	2 300 kg	6 000 LAK	Seeds (vegetables)	25 000 LAK/kg	
Wet paddy	1					Fertilizer	50 000 LAK/kg	

	• Wet paddy sales			2 000 kg	2 500 kg	2 500 LAK	Seeds (rice)	2 800 LAK/kg
	• Rice bran sales			100 kg	500 kg	2 500 LAK	Soil tillage	100 000 LAK
	Dry season crops	1					Land preparation (garlic, peanut)	500 000 LAK
	Garlic sales			500 kg	700 kg	15 000 LAK	Chemical applications	500 000 LAK
	Peanut sales			1 500 kg	2 000 kg	10 000 LAK		
Economic assumptions	Exchange rate		15 033			Discount rate		10%
	Standard Conversion Factor		0.985			Cost increase		20%
	Loan annual interest rate		36%			Income decline		20%

Table E

Beneficiary adoption rates and phasing

No.	Project years	1	2	3	4	5	6	7
1	Integrated home garden grants		6 000	4 500	4 500			
2	APG Poultry raising		2 600	1 950	1 950			
3	APG Pig raising		1 600	1 200	1 200			
4	APG Goat raising		1 600	1 200	1 200			
5	APG Cardamom		800	600	600			
6	Galangal		680	510	510			
7	APG Forage		680	510	510			
8	APG Fish culture		680	510	510			
9	APG Banana		680	510	510			
10	Vegetables under greenhouse		680	510	510			
11	Irrigation Wet Season Rice		4 800	3 600	3 600			
12	Irrigation Wet Season Rice and Diversification		2 400	1 800	1 800			

13	Access tracks: # of line of 4Km road			25	25	25		
14	Water supply (MUS): # facility with 30HH		133	133	133			
15	Banana Processing (company)		20	15	15			

Table F

Economic cash flow

The cash flow analysis confirms that all activities generate positive cash flows annually. The subsidy from the project is LAK 3 600 000 per household. All models are financially viable for the target beneficiaries. Irrigation Wet Season Rice and Diversification generates the highest annual cash flow.

No.	Model	WC requirement	Subsidy	Own Saving	Borrow	Annual Cash flow
1	Irrigation wet Season Rice and Diversification	11 768 000	3 600 000	4 900 800	3 267 200	266 368 600
2	Pig raising	18 300 000	3 600 000	8 820 000	5 880 000	89 388 000
3	Goat raising	10 550 000	3 600 000	4 170 000	2 780 000	83 783 000
4	Poultry raising	10 312 500	3 600 000	4 027 500	2 685 000	83 424 750
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10	Irrigation wet Season Rice	4 008 000	3 600 000	244 800	163 200	23 560 520
11	Forage	4 300 000	3 600 000	420 000	280 000	15 658 000
12	Integrated home garden grants	3 100 000	1 800 000	780 000	520 000	9 454 000

Table G

Sensitivity analysis

Situation	NPV ('000 000 LAK)	NPV ('000 US\$)	ERR
Base scenario	507,621	34,281	26%
Cost increase 28%	183,655	12,402	15%
Revenue decrease: 17%	160,878	10,864	15%
11% Cost increase and 10% Revenue decrease	176,383	11,911	15%
Project delay 1 year:	391,220	26,420	21%
Situation	NPV ('000 000 LAK)	NPV ('000 US\$)	ERR
Base scenario	507,621	34,281	26%
Cost increase 28%	183,655	12,402	15%
Revenue decrease: 17%	160,878	10,864	15%
11% Cost increase and 10% Revenue decrease	176,383	11,911	15%
Project delay 1 year:	391,220	26,420	21%