



Lao People's Democratic Republic: Northern Smallholder Livestock Commercialization Project

Project Name	Northern Smallholder Livestock Commercialization Project	
Project Number	47300-001	
Country	Lao People's Democratic Republic	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8558-LAO: Northern Smallholder Livestock Commercialization Project	
	Technical Assistance Special Fund	US\$ 800,000.00
Strategic Agendas	Inclusive economic growth Regional integration	
Drivers of Change		
Sector / Subsector	Agriculture, natural resources and rural development - Livestock	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The Northern Smallholder Livestock Commercialization Project (the Project) will raise rural incomes by enabling livestock producers and agribusinesses to meet the high demand for Lao livestock products, including live and processed beef, swine, goats and poultry. It will be carried out in the three northern provinces (TNP) of Luang Namtha, Luang Prabang and Xieng Khouang. The provincial poverty rates in the TNP range from 28% to 43% with the rural areas being the poorest. More than 80% of the TNP's population live in the rural areas, who overwhelmingly rely upon agriculture for their livelihoods. The TNP have participated in related Asian Development Bank (ADB) financed projects and have links to domestic and international markets where demand for livestock is high. The project will (i) strengthen livestock producer groups (LPG) to meet market driven quality and quantity production, by: (a) providing training in good animal husbandry; (b) improving farm level production infrastructure; and (c) enabling conditions for LPG and agribusiness to contract; (ii) finance the construction of mid-sized livestock processing facilities. Arrangements will be developed for public, private partnerships (PPP) to support the efficient management of the facilities, similar to those used in the Lao coffee industry; and (iii) support the modernization of facilities and training at the Pakseung Agriculture College in Luang Prabang.</p>	

Project Rationale and Linkage to Country/Regional Strategy

Due to population growth and changing diets, there is strong market demand for Lao livestock products from the neighboring countries of the People's Republic of China and Viet Nam as well as domestically. Lao livestock production is approximately 180,000 tons per year and government has set a target of 365,000 tons by 2020. Most current livestock trade is informal which results in increases in disease spread, while reducing prices and profits to farmers and traders, as well as government revenues. Available information suggests current exports are less than 10% of potential demand, while annual domestic demand is rising at 4.5%.

Lao PDR is set to enter the Southeast Asian Nations Economic Community in 2015, making possible new opportunities for trade in agricultural commodities, and is well positioned to capitalize on growing livestock demand. However, the extent that livestock production can reduce poverty, meet growing domestic demand and lift livestock exports is hampered by the low level and quality of production and weak value chains. Key constraints are: limited producer capacity; poor animal husbandry; fragmented market infrastructure with limited processing facilities; low quality feed; lack of credit and services; lack of product standards and enabling regulations for domestic and export trade; and information failures in supply chains.

The project will build upon the Northern Region Sustainable Livelihoods through Livestock Development Project (NRSP) which ends in March 2014 by continuing to work on production at the farm level and by making improvements in selected livestock value chains. It will complement other ADB initiatives to improve trade in Greater Mekong Subregion (GMS) including: (i) the Core Agricultural Support Project II, for food safety, linkages to cross-border value chains and livestock management; (ii) the recently started Trade Facilitation: Improved Phytosanitary Handling in GMS Trade Project, for developing cross border trade; and (iii) the GMS Tourism Infrastructure for Inclusive Growth Project, currently under preparation for approval in 2014, which will be developing tourism value chains of which food is an important component particularly in Luang Prabang town.

The project is consistent with the government's sector development objectives which promote the expansion of market-oriented agricultural production. It is in line with ADB's GMS Regional Cooperation Strategy and Program, supporting the thrust to strengthen infrastructure and agriculture. Project objectives are consistent with ADB's country partnership strategy, with a focus on agriculture and trade for pro-poor, sustainable growth through private sector development, regional integration, and transforming agriculture from its subsistence orientation into a diversified and commercialized sector. The project will build on lessons from ADB's relevant projects and sector experience including the need to: (i) allow sufficient time for farmers to accept new practices; (ii) adopt a participatory stakeholder approach; (iii) strengthen LPGs technical and business capacities; (iv) strengthen access to services; (v) strengthen the link between formal education and practical application; (vi) improve extension capacities of government and private sector; (vii) improve critical value chain infrastructure; and (viii) tap into regional trade facilitation and investment through GMS programs.

Impact

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects Catagory B

Involuntary Resettlement Catagory B

Indigenous Peoples Catagory B

Stakeholder Communication, Participation, and Consultation

During Project Design Yes

During Project Implementation Close coordination with government and other stakeholders have been held during the processing of the ensuing loan.

Business Opportunities

Consulting Services The PPTA engaged services of 19 person-months (p-m) of international and 24 p-m of national consultants. The bulk of the services was provided by a consulting firm, 18 p-m of international and 23 p-m of national consultants. The firm was recruited through quality- and cost-based selection method (QCBS) using a quality-cost ratio of 80:20 and simplified technical proposal according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). One individual independent consultant was recruited by ADB to assist both the Government and ADB in quality and timely project processing.

Responsible Staff

Responsible ADB Officer	Salter, Charles David
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SERD
Executing Agencies	<i>Ministry of Agriculture and Forestry Department of Livestock and Fisheries Ministry of Agriculture and Forestry</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	13 Dec 2013
Last Review Mission	-
Last PDS Update	31 Mar 2015

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Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2013	10 Jan 2014	10 Jan 2014	30 Jun 2015	31 Dec 2015	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
800,000.00	0.00	0.00	0.00	0.00	0.00	800,000.00	13 Dec 2013	690,710.18

Project Page	https://www.adb.org/projects/47300-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47300-001
Date Generated	06 July 2017

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