

Background

Lao PDR's agriculture has underperformed and remains structurally narrow. Most agricultural growth has come from expansion of land under cultivation rather than productivity gains and lowering production costs. Rice accounts for 72 percent of cultivated area and agricultural diversification remains limited. The sector faces a wide range of issues that affect farm productivity and agribusiness profitability. At the farm level, low productivity reflects low availability of high-quality seeds, declining soil fertility, limited access to irrigation and drainage services, and unsecure land tenure. The reach and effectiveness of farm advisory services is limited. Agricultural value chains are highly fragmented with large numbers of poorly capitalized small and medium intermediaries and processors. Quality of agricultural outputs have generally not been improved because of limited direct sourcing, and inadequate postharvest management including outdated processing technology and non-professionalized management practices.

There are growing markets for Lao agricultural products. Lao PDR has not successfully tapped into high demand for high-quality rice in China and Vietnam, maize in Thailand, and 'clean and safe' vegetables in fast-growing domestic urban centers. Increased domestic demand for fresh fruits and vegetables is being serviced primarily by imports from China, Thailand, and Vietnam. This demand for high-quality products provide ample opportunities for Lao PDR's 'clean and green products'. However, the poor quality of Lao agricultural products at farming and low efficiency at the postharvest processing stage has compromised its ability to respond.



About the Project

The project aims to increase the competitiveness of selected agricultural value chains in the project areas. It focuses on rice, horticulture and maize value chains in five provinces. This is achieved through:

- **Improved agricultural efficiency and sustainability** supports increased adoption of improved varieties and high-quality seeds, increased application of GAP, provision of critical productive infrastructure, and strengthening of public services delivery.
- **Enhanced agricultural commercialization supports** establishment of an Agricultural Value Chain Facility to provide matching grants to agribusinesses to upgrade their post-harvest management technology, introduce productive partnership to better link farmers to markets, and carry out studies to improve the enabling environment for agro-enterprise and value chain development.
- **Project management** and monitoring and evaluation support.

Beneficiaries

The direct beneficiaries include about **28,000** farm households (more than **140,000** people) working in 224 selected villages of 15 selected major agricultural districts of the project provinces. This is 12 percent of all farm households in these provinces and **4 percent of farm households in the country**. Other direct beneficiaries include the owners and staff of some 30 agribusiness companies and the staff of research, extension, technical, and planning institutions belonging to MAF and MOIC.

Indirect beneficiaries include a range of agricultural value chain service providers and consumers, who benefit from greater availability, affordability, and quality of fresh produce.

Locations

Khammouane, Bolikhamxay, Xayaboury, Vientiane Province, Vientiane Capital

Financiers

World Bank (International Development Association):
\$25 million

Local sources of borrowing country:
\$3.8 million

Implementing Agencies

- Ministry of Agriculture and Forestry
- Ministry of Industry and Commerce

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April 26, 2018

Closing Date


June 28, 2024


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