



HUNGARIAN TIED AID LOAN FOR LAOS
Development of safe food supply
in the Lao P.D.R.

INCEPTION REPORT

AGRICULTURE INFRASTRUCTURE DEVELOPMENT

Development of safe food supply in the Lao PDR to assist the commercialization of agriculture and to contribute to the development of food security

Ministry of Agriculture and Forestry, Vientiane, 9th of August 2019

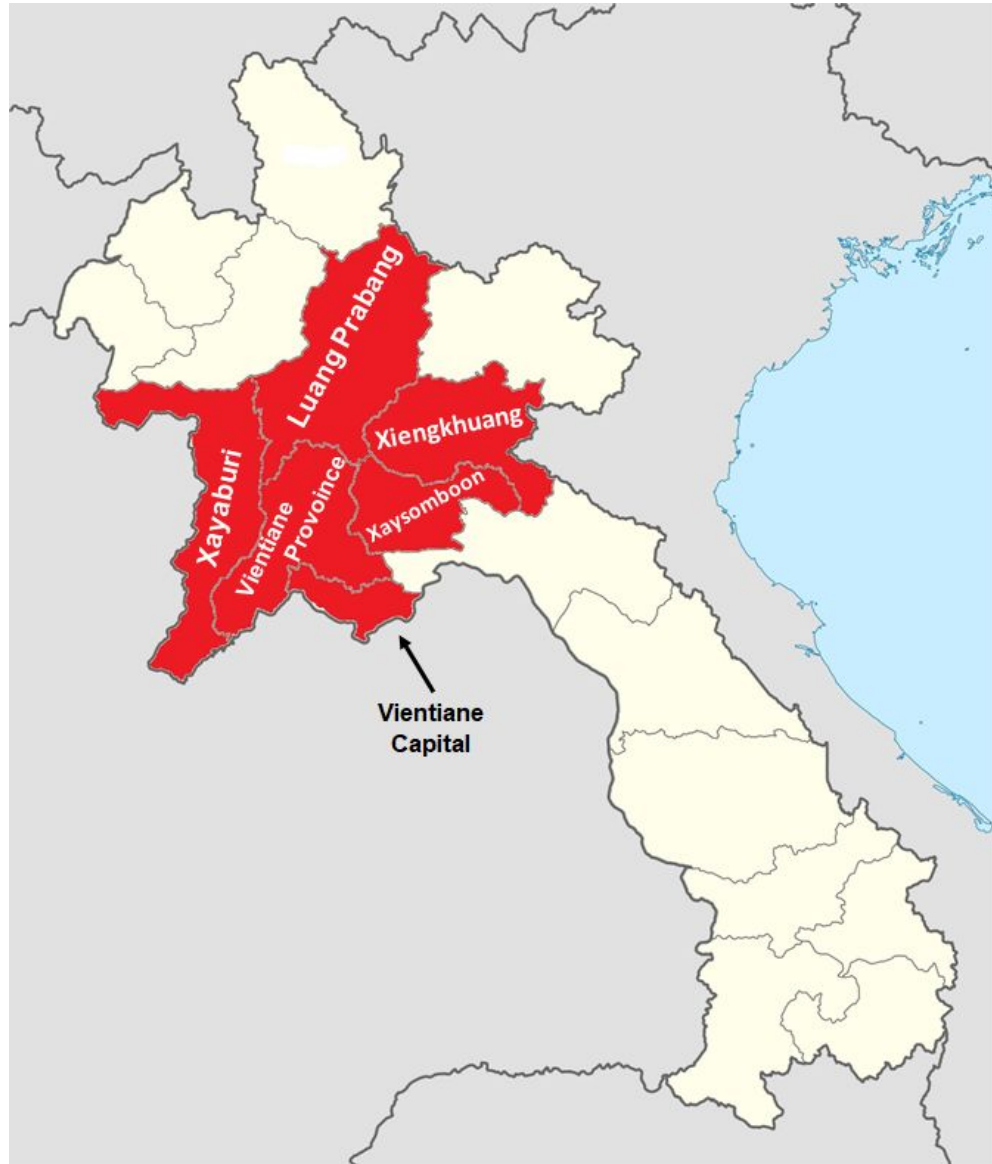
Basic principles

- 1. Value chain approach**
- 2. Public Private Partnership (PPP)**
- 3. Continued and coherent Hungarian support (in the frame of 3 tied aid loan project)**
- 4. Model character (demonstration / “showcase”) to assist dissemination of results**
- 5. Geographic scope of the program is the central and northern regions of Laos**

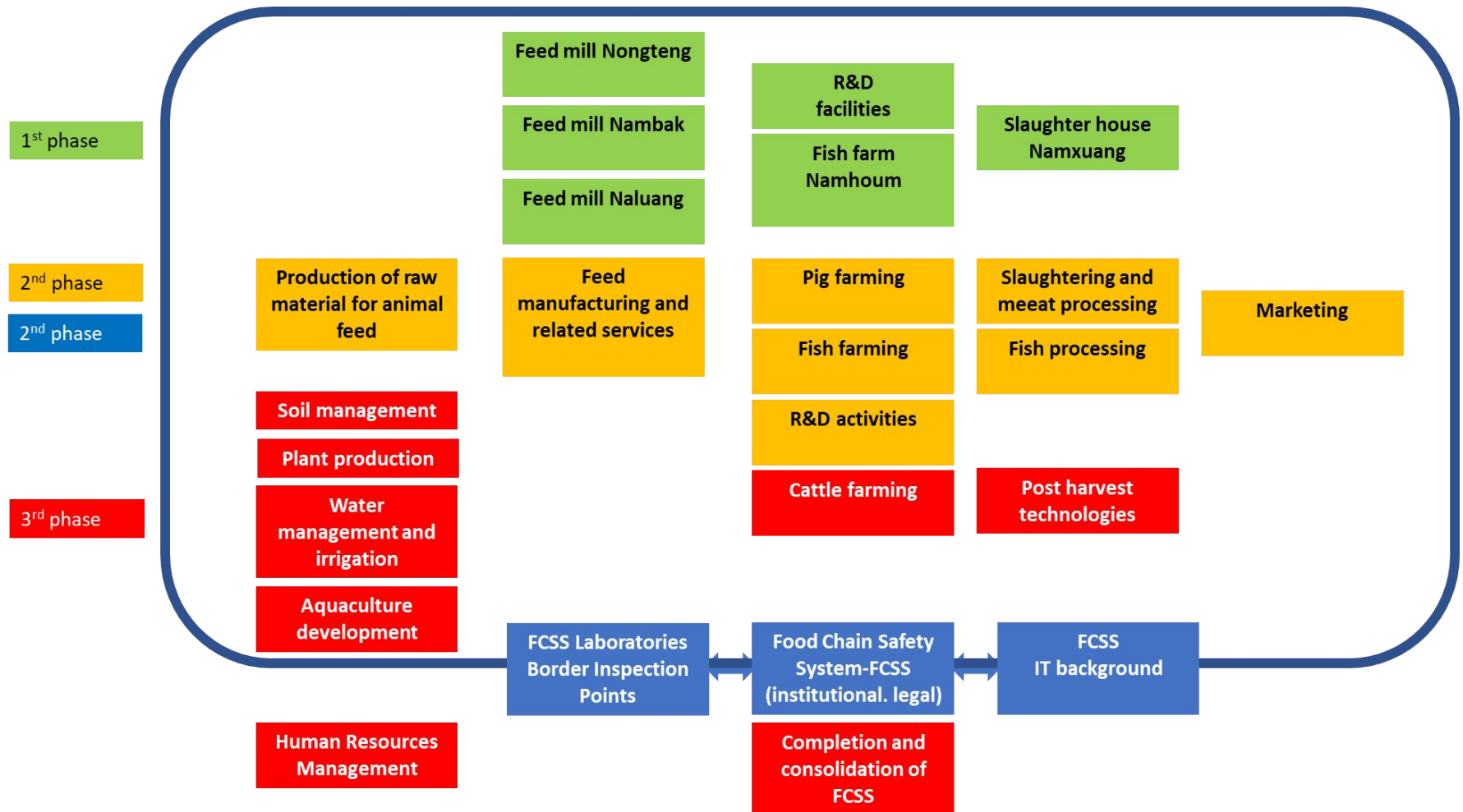
Ultimate objectives

- **High quality and safe food** using the unique “*green resources*” available in Laos and applying the principle “*from the field to the table*”
- Development of **food chain safety and quality control system**
- “**Model**” systems to transfer of knowledge and **technology** to the agriculture sector
- Development of *rural livelihood* and *food security* in **selected regions**
- **Human resources** development and cooperation between relevant Lao and Hungarian institutions

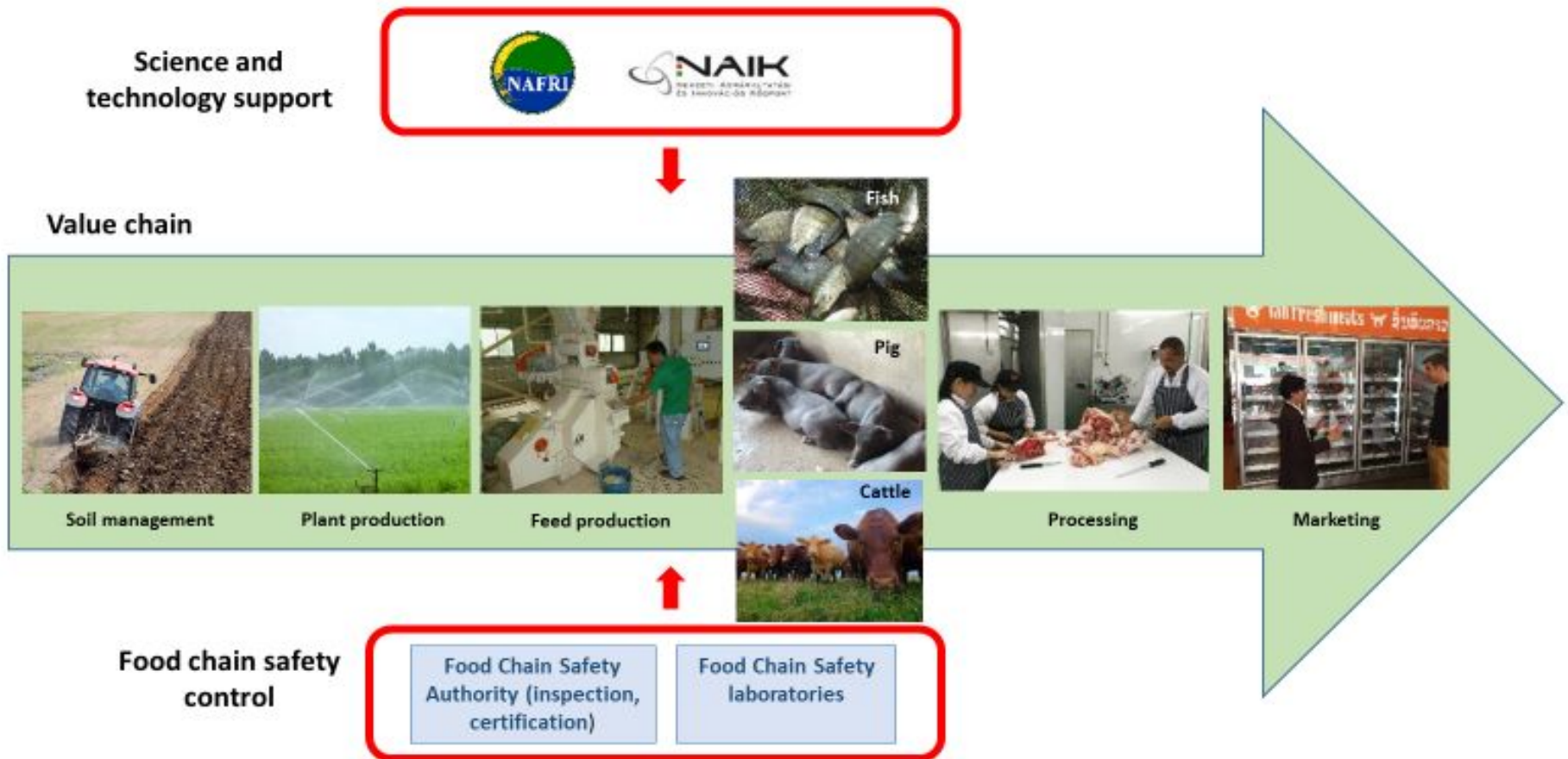
Target regions



Continued and coherent Hungarian support



Value chain in the 2nd and the 3rd Hungarian tied aid loan program



Model for wider application of results



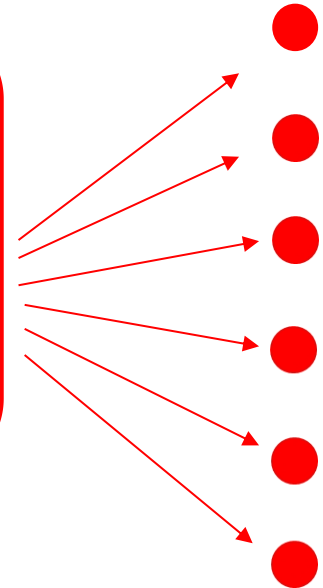
Providing knowledge and technology



Strong public sector support:
Laws and regulations
Laboratory services
New technologies and breeds
Human resources



Model farms:
Demonstration of best management practices by advanced private sector partners



Agricultural farmers (primarily livestock and fish farmers)

Towards commercialization through the development and dissemination of knowledge and technologies

Selection of private sector partners

Criteria of the identification and selection of private sector partners

- The farm should be properly registered;
- Basic resources (e.g. area, arable land, water for irrigation);
- Financial resources to cover the costs of operation;
- References/experiences in production, processing and marketing;
- Willingness for the application of new knowledge and technology (innovation);
- Readiness to cooperate with other farmers;
- Knowledge of English language (in the family) is an advantage;
- Involvement of family members (women and youngsters) is an advantage;
- Support of local authorities (e.g. PAFO, DAFO).

Partners are selected jointly by VAA, DLF, PAFO and DAFO experts

Details of cooperation are set in specific contract

Components of the program

I. Soil management

II. Plant production

III. Water management

IV. Cattle farming

V. Aquaculture and fisheries

VI. Post-harvest technologies

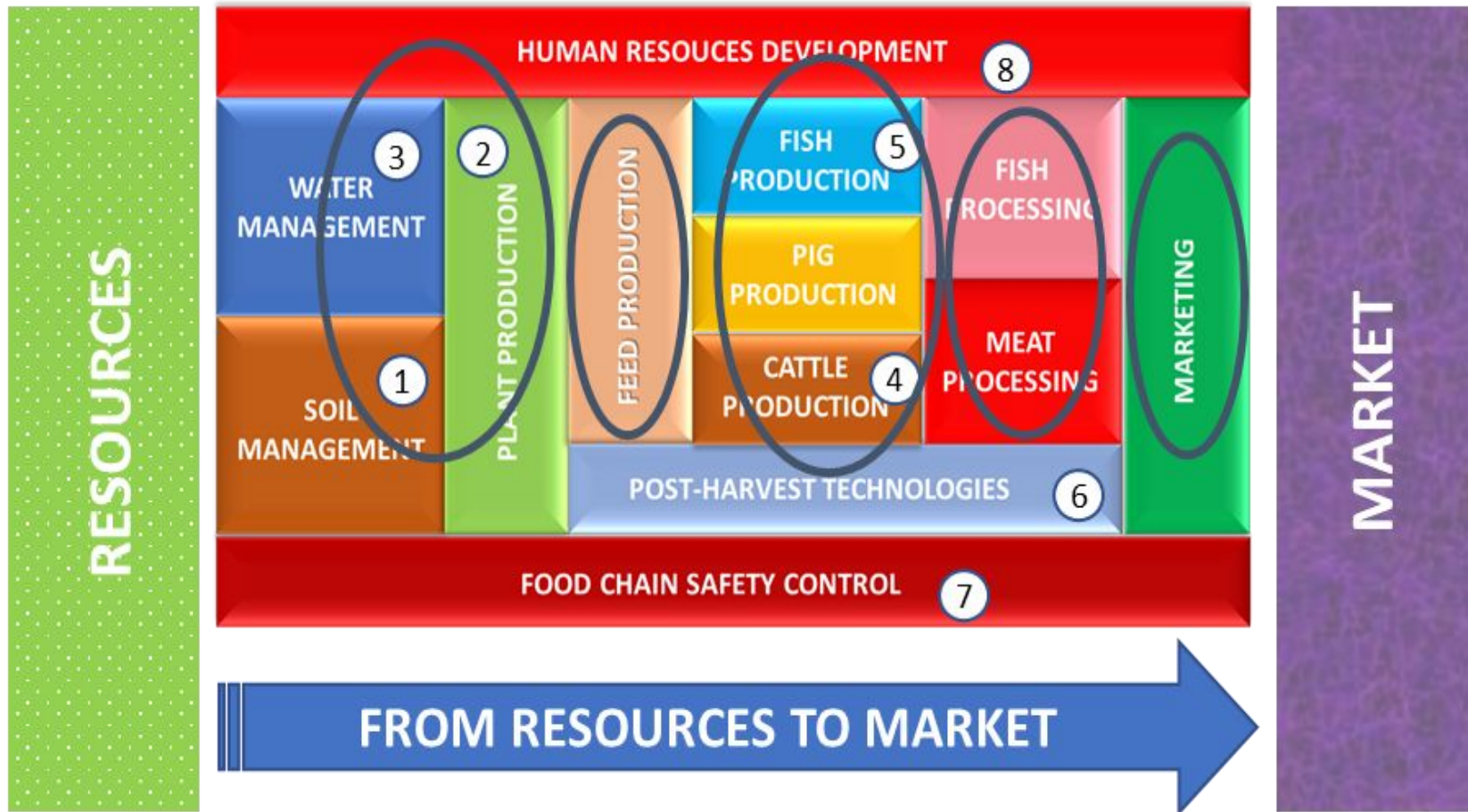
VII. Food chain safety system

VIII. Human resources development

IX. Preparation, administration, monitoring

X. Contingencies

8 components and their linkages



I. Soil management



I. Soil management

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 6 Work Packages with 18 specific tasks. Activities are carried out in close collaboration with the Plant production- and Water management components within the “Feed supply” cluster.

Main outputs:

- ✓ **Capacity of DALM in R&D in soil management is strengthened;**
- ✓ **Detailed soil map and database is developed;**
- ✓ **Soil management practices and technologies are improved in model farms.**

Main partners:

- Szent István University, Gödöllő;
- Department of Agricultural Land Management and Development (DALM)

II. Crop production



II. Crop production

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 2 Work Packages with 11 specific tasks. Activities are carried out in close collaboration with the Soil management- and Water management components.

Main outputs:

- ✓ R&D and training capacity of PPC of DoA is strengthened;
- ✓ Plant production technologies are improved in model farms with special regard to soybean, maize and grass forage;
- ✓ Most appropriate varieties of plants as feed ingredients will be selected.

Main partners:

- Szent István University, Gödöllő;
- Department of Agriculture, Plant Protection Center (PPC)

III. Water management



III. Water management

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 3 Work Packages with 18 specific tasks. Activities are carried out in close collaboration with the Soil management- and Plant production components..

Main outputs:

- ✓ **Services of FDC related to water analysis is strengthened;**
- ✓ **Water management and irrigation practices and technologies in model farms will be improved;**
- ✓ **Technical level of irrigation facilities and systems and the efficiency of their operation will be improved.**

Main partners:

- NAIK Research Institute for Water Management and Irrigation (ÖVKI), Szarvas
- Fisheries Development Center (FDC), Namxuang

IV. Cattle farming



IV. Cattle farming

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 5 Work Packages.

Main outputs:

- ✓ **Operation of the Artificial Insemination (AI) Station will be improved and semen will be provided on a regular basis to cattle farmers;**
- ✓ **Cattle production technologies are improved in model farms in all the five target provinces of the project;**
- ✓ **Green fodder supply to model cattle farms will be improved.**

Main partners:

- Szent István University, Gödöllő
- MAF DLF, NAFRI LRC, Namxuang

IV. Cattle farming

CATTLE VALUE CHAIN – “FROM FARM TO TABLE” – ASSURED QUALITY



INVOLVEMENT OF PRIVATE SECTOR

SAFE FOOD – ASSURED QUALITY



TIED AID LOAN 2

TIED AID LOAN 3

INDIRECT EFFECTS



V. Aquaculture



V. Aquaculture

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 2 Work Packages and 7 Tasks.

Main outputs:

- ✓ R&D capacity of FDC and LARReC will be strengthened;
- ✓ Fish production technologies (both fingerling and market size fish) are improved in model farms (high quality feed supply and good water management);)
- ✓ Marketing and trading strategy will be developed.

Main partners:

- NAIK Research Institute for Fisheries and Aquaculture (HAKI), Szarvas
- Fisheries Development Center (FDC), Namxuang and LARReC, Nongteng
- Aranypony Co., Rétimajor
- ADC, Namhoum

V. Aquaculture

FISH VALUE CHAIN – “FROM FARM TO TABLE” – ASSURED QUALITY



INVOLVEMENT OF PRIVATE SECTOR

FINGERLING PRODUCTION
ADC NAM HOUM FARM

FEED PRODUCTION
APD NONGTENG FEED MILL

RETAIL AND HOSPITALITY
RETAIL, HOTEL, RESTAURANT

SAFE FOOD – ASSURED QUALITY

LABORATORIES
WATER, FEED, ANIMAL HEALTH

FOOD CHAIN SAFETY

TIED AID LOAN 2

TIED AID LOAN 3

INDIRECT EFFECTS

FINGERLING

VI. Post-harvest



VI. Post-harvest

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 5 Work Packages and 13 Tasks. The elements of the post-harvest component should be integrated into value chains

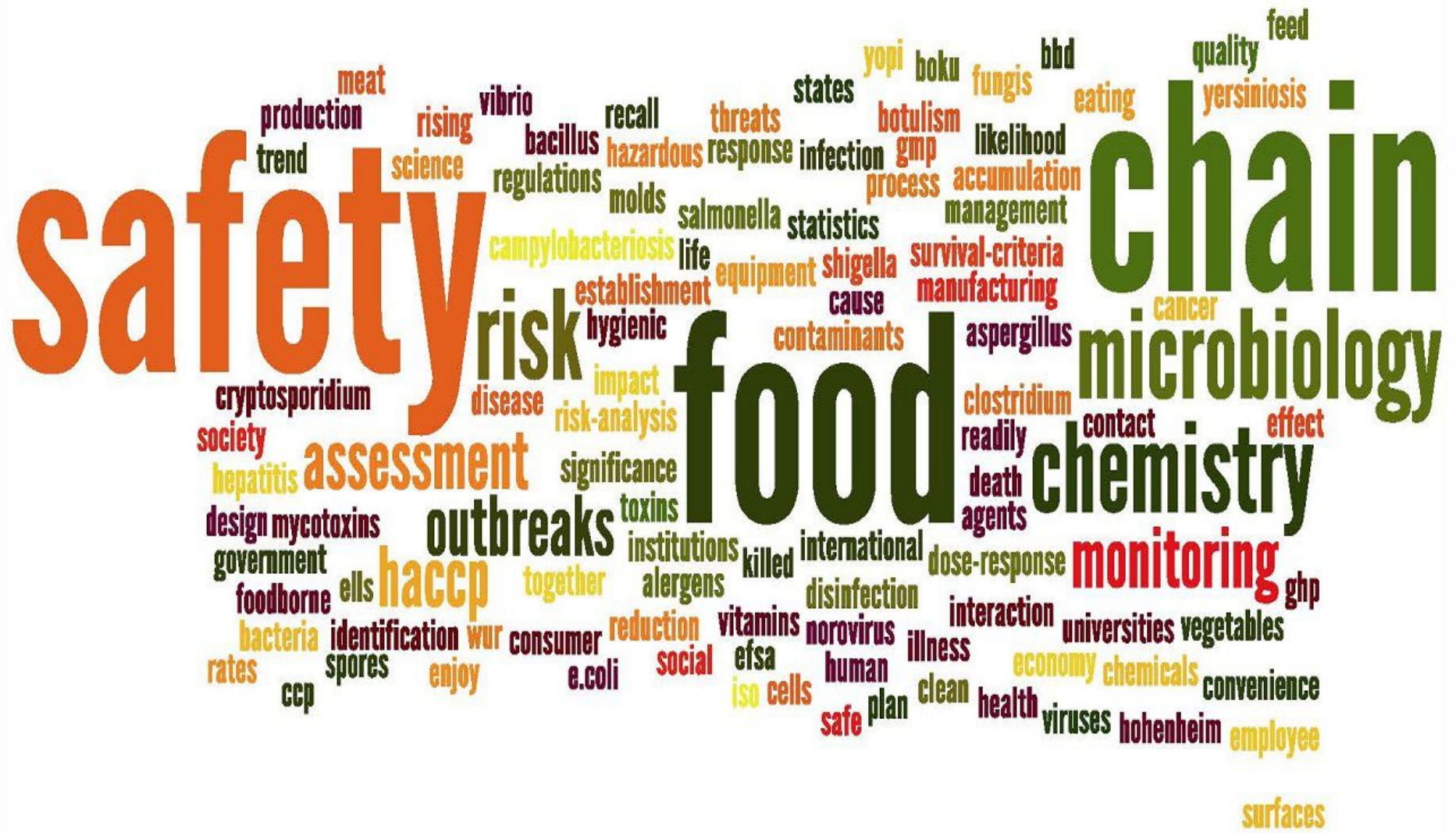
Main outputs:

- ✓ Nambak feed mill upgraded (storage capacity increased);
- ✓ Extrusion technology of soybean and maize is developed in Nambak;
- ✓ Slaughter houses in Luang Prabang and Xayabouri are developed;
- ✓ Fish processing plant is established in Vientiane Prefecture.

Main partners:

- Vitafort Agro Asia Co., Dabas
- Selected local private companies in the target provinces

VII. Food chain safety



VII. Food chain safety

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 6 Work Packages and 24 Tasks.

Main outputs:

- ✓ Adequately staffed FCSS will be operational (animal control, risk management);
- ✓ Laboratories (animal health, feed, water) will provide regular services;
- ✓ The FCSS activity will be expanded through improved ITC system;
- ✓ Quality Food from Laos trademark will be introduced.

Main partners:

- National Food Chain Safety Office (NÉBIH), Budapest
- DLF, Legislation Division

VIII. Human resources development

The activities are carried out in the frame of a complex program that includes 5 Work Packages and 8 Tasks. Main outputs can be summarized according to the followings: (1) Short-term training courses (soil management, plant cultivation, irrigation and water management, animal breeding and nutrition, aquaculture, meat processing, animal health) including ToT program; (2) University studies (Agriculture, Veterinary Medicine) in project frame and in cooperation with Stipendium Hungaricum (SH) program; (3) Workshops and Conferences will be organized; (4) International relations will be strengthened.

VIII. Human resources development

Outputs and activities:

The activities are carried out in the frame of a complex program that includes 5 Work Packages and 8 Tasks.

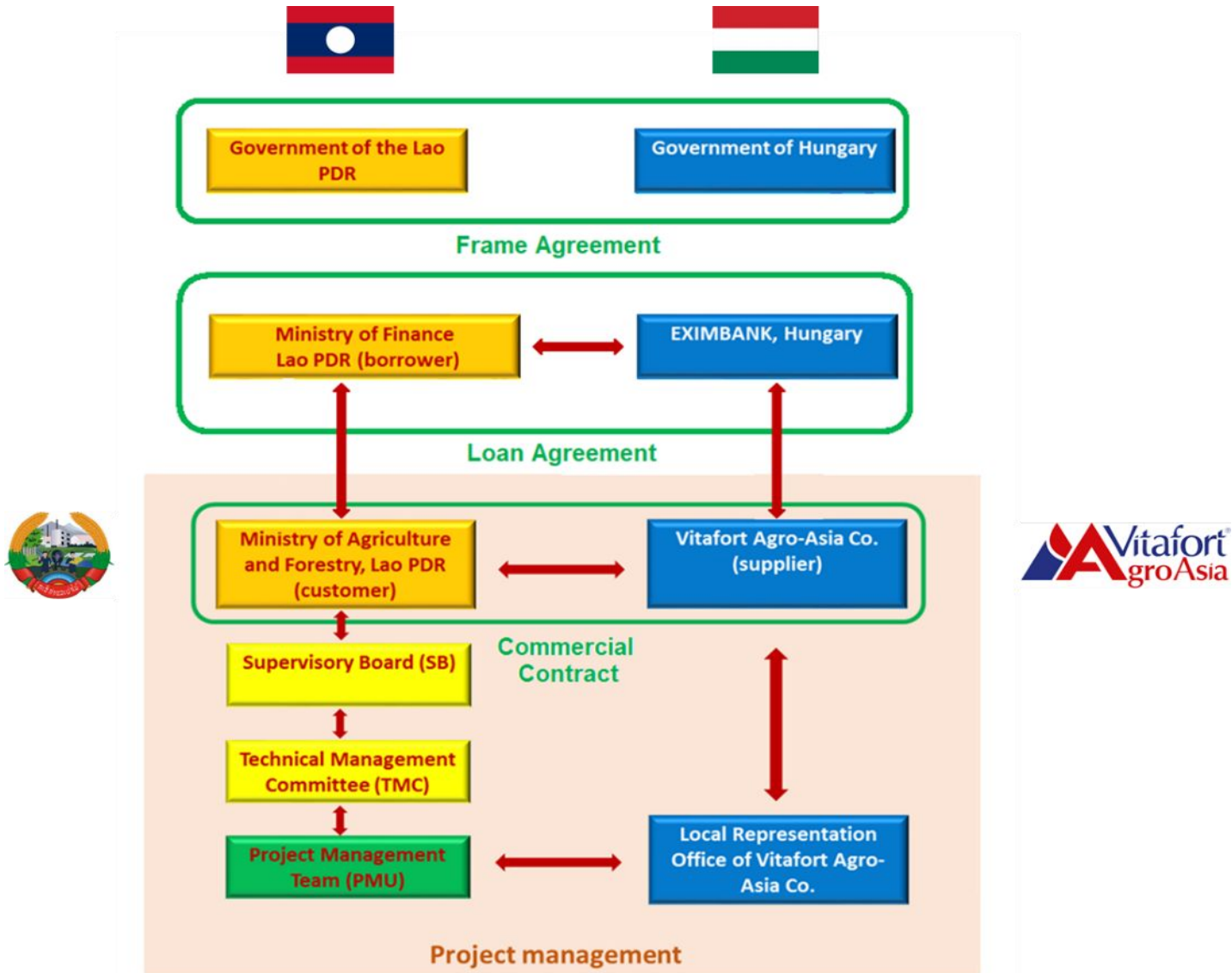
Main outputs:

- ✓ **Short-term training courses (soil management, plant cultivation, irrigation and water management, animal breeding and nutrition, aquaculture, meat processing, animal health) including ToT program;**
- ✓ **University studies (Agriculture, Veterinary Medicine) in project frame and in cooperation with Stipendium Hungaricum (SH) program;**
- ✓ **Workshops and Conferences will be organized;**
- ✓ **International relations will be strengthened.**

Main partners:

- Vitafort Agro Asia Co. (coordinator)
- DLF (coordinator); NUoL, Vientiane

Management structure



Main principles of management

Transparency and accountability

that are ensured by well-structured management and well elaborated supervising, monitoring, reporting and evaluation procedures in compliance with OECD, Eximbank and Lao regulations

Project Document as Annex of the Commercial Contract No. HH00118,
established in the framework of Loan Agreement No. HS00218000

PROJECT DOCUMENT

AGRICULTURE INFRASTRUCTURE DEVELOPMENT

Development of safe food supply in the Lao PDR to assist the commercialization of
agriculture and to contribute to the development of food security

Financed by the 3rd Hungarian tied aid loan program

9th Version



August, 2019.
Dabas-Vientiane, Hungary-Lao P.D.R.

Project Administration Manual (PAM) v1.0
for assisting the smooth, efficient and timely implementation of the
Hungarian tied aid loan program "Development of Agriculture infrastructure in the Lao
People's Democratic Republic" and also for ensuring transparency and accountability
of project activities
financed by the 3rd Hungarian tied aid loan



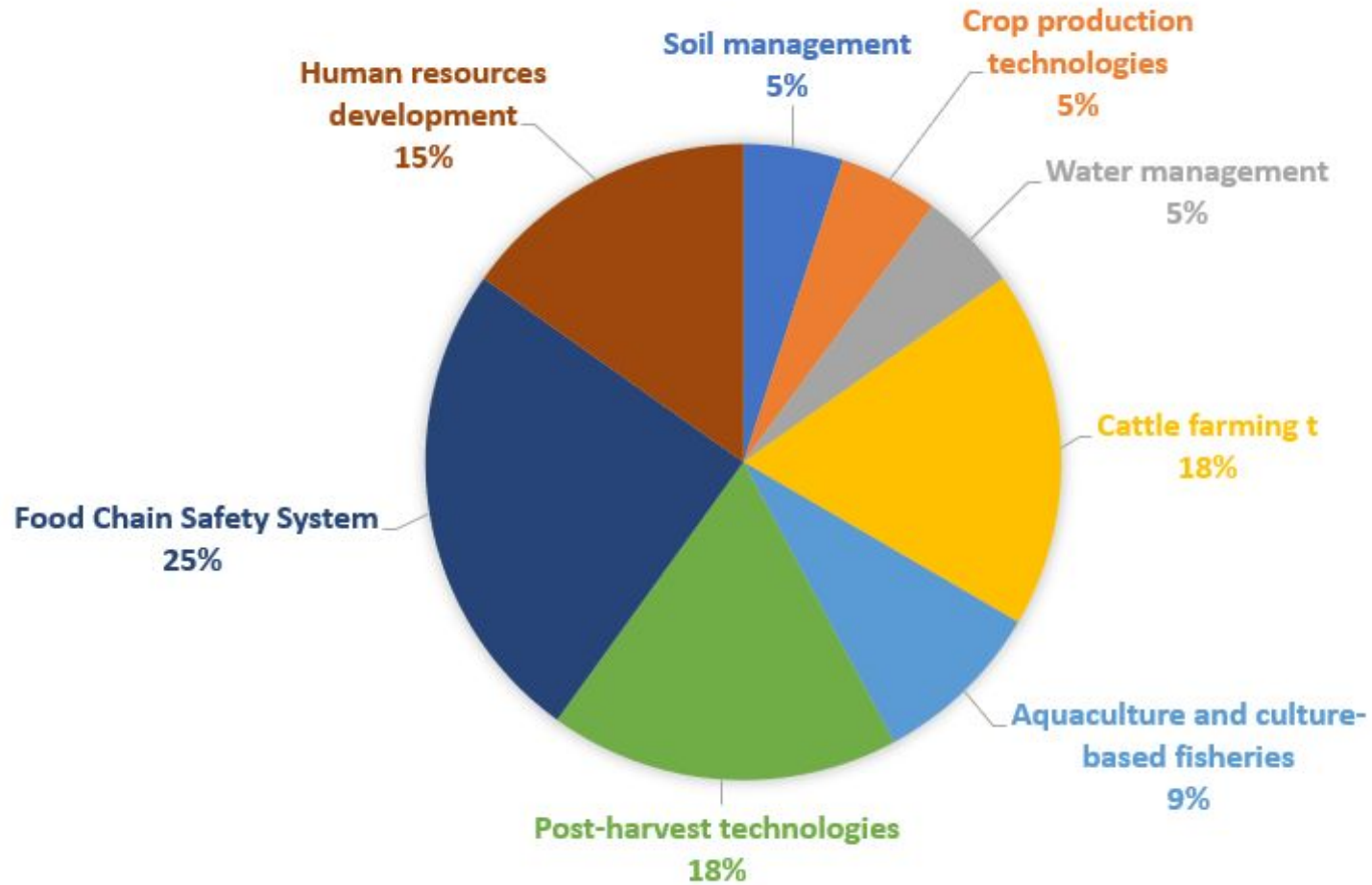
August, 2019
Vientiane, Lao P.D.R.

PAM

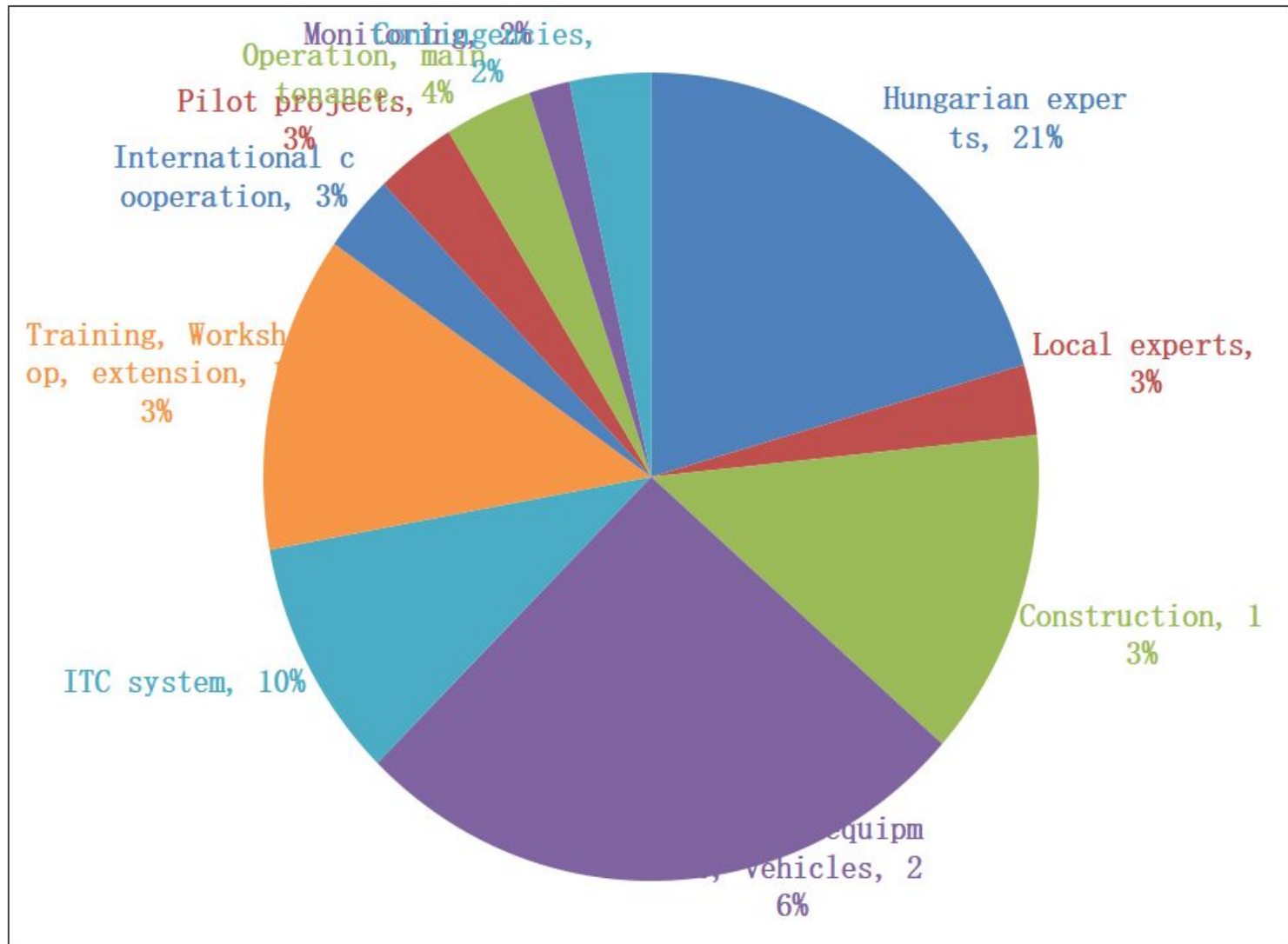
Project Document

- Detailed budget
- Workplan
- Procurement plan (Master list)

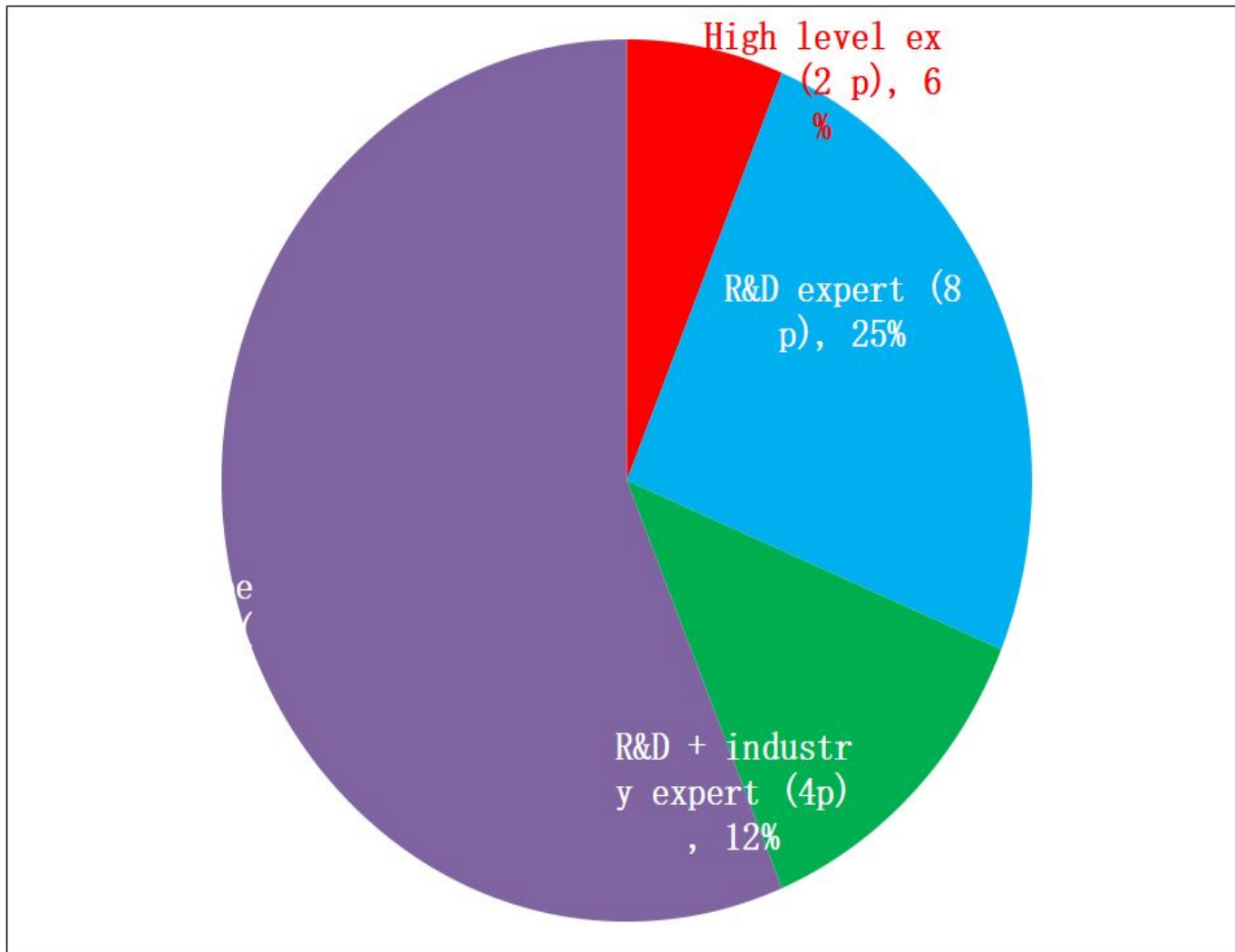
Share of the budget by components



Share of the budget by categories

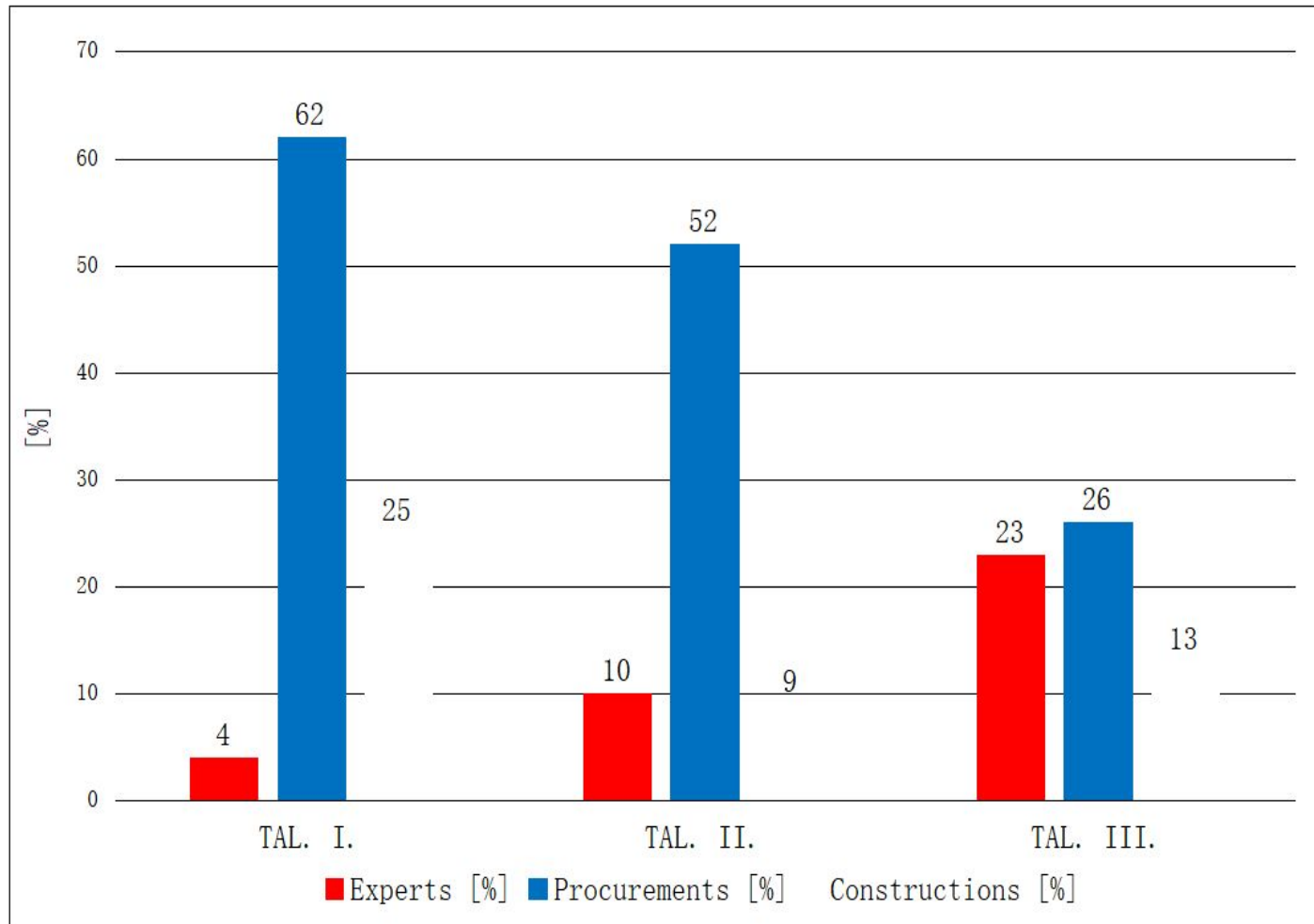


Share of the TA be expert categories



Total number of Hungarian experts is 32 (~20% of the total budget)

Share of the main budget items in the three Hungarian tied aid loan programs



Time frame

Preliminary time frame

No.	Project component	2018.												2019.												2020.												2021.											
		L	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	L	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	L	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	L	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
0.	Preparation																																																
1.	Soil management																																																
2.	Plant cultivation																																																
3.	Water management																																																
4.	Cattle farming																																																
5.	Aquaculture																																																
6.	Post-harvest																																																

Road map towards starting the project

by 2019 August 31.

PAM finalized and accepted.

by 2019 October 31.

All planned activities according to the Project Document will be clarified through site surveys and discussions.

by 2019 December 31

Detailed budget plan including cost tables, draft work plan and procurement plan, master list will be elaborated by VAA and submitted to DLF.

by 2020 February 28

Project Document, budget, work plan and procurement plan will be accepted after thorough discussion between parties and project starts.

Main conclusions

- Preparation of the project takes longer time due to the complexity of the project, the parallel works with the closure of the 2nd tied aid loan project and other unforeseen circumstances
- Final draft of Project Document and Project Administration Manual (PAM) are available
- Institutional collaborating partners have been identified and planned activities have been agreed
- Some major private partners have been identified, however further efforts are needed to identify collaborating farmers groups
- More joint efforts are needed to finalize the detailed budget and to elaborate workplan (implementation schedule) and procurement plan (master list)
- The proposed Road map seems to be an appropriate time frame to complete preparatory activities and to start the project early March next year
- It can be concluded that the project is going to be an integral part of the traditional Hungarian agriculture cooperation and development assistance and a coherent continuation of the previous tied aid loan programs



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Thanks for your attention!

