



**The World Bank**

Reducing Rural Poverty and Malnutrition Project (P162565)

REPORT NO.: RES60230

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
REDUCING RURAL POVERTY AND MALNUTRITION PROJECT  
APPROVED ON MARCH 14, 2019  
TO  
LAO PEOPLE'S DEMOCRATIC REPUBLIC

SOCIAL PROTECTION & JOBS

EAST ASIA AND PACIFIC

|                           |                                                                            |
|---------------------------|----------------------------------------------------------------------------|
| Regional Vice President:  | Manuela V. Ferro                                                           |
| Country Director:         | Mariam J. Sherman                                                          |
| Regional Director:        | Alberto Rodriguez                                                          |
| Practice Manager/Manager: | Yasser Aabdel-Aleem Awany El-Gammal                                        |
| Task Team Leader(s):      | Kenichi Victor Nishikawa Chavez, Ali Winoto<br>Subandoro, Yasuhiro Kawasoe |



**I. BASIC DATA**

**Product Information**

|                                                |                                                      |
|------------------------------------------------|------------------------------------------------------|
| Project ID<br>P162565                          | Financing Instrument<br>Investment Project Financing |
| Original EA Category<br>Partial Assessment (B) | Current EA Category<br>Partial Assessment (B)        |
| Approval Date<br>14-Mar-2019                   | Current Closing Date<br>31-Mar-2024                  |

**Organizations**

|                                              |                                                            |
|----------------------------------------------|------------------------------------------------------------|
| Borrower<br>Lao People’s Democratic Republic | Responsible Agency<br>Ministry of Agriculture and Forestry |
|----------------------------------------------|------------------------------------------------------------|

**Project Development Objective (PDO)**

Original PDO

The Project Development Objective is to support the design and implementation of a nutrition-sensitive social assistance program to improve nutrition behaviors, and enhance the convergence of nutrition-focused interventions.

**Summary Status of Financing (US\$, Millions)**

| Ln/Cr/Tf  | Approval    | Signing     | Effectiveness | Closing     | Net        |           |             |
|-----------|-------------|-------------|---------------|-------------|------------|-----------|-------------|
|           |             |             |               |             | Commitment | Disbursed | Undisbursed |
| IDA-63740 | 14-Mar-2019 | 09-May-2019 | 21-Jun-2019   | 31-Mar-2024 | 23.87      | 23.04     | .45         |

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No

**II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES**



## A. Project Status

1. This restructuring proposal seeks approval from the Country Director to i) extend the project closing date from March 31, 2024, to August 31, 2024, and ii) reallocation of proceeds under the IDA Credit 6374-LA as requested by the Ministry of Finance in an official letter received by the World Bank on March 27, 2024.

2. The Project, funded by a SDR 19.6 million (US\$27 million equivalent) IDA Credit (6374-LA), was approved by the World Bank Board of Executive Directors on March 14, 2019. The agreement was signed on May 8, 2019, and became effective on June 21, 2019, with the closing date set on March 31, 2024. Progress towards achieving the Project Development Objective (PDO) is deemed "Satisfactory." Out of the four PDO indicators, the project has successfully achieved three indicators. PDO indicator 3, related to children diet diversity, achieved 90 percent of the expected target despite severe external conditions such as COVID-19 and severe inflation. Overall Implementation Progress remains "Satisfactory". The project remains highly relevant and enjoys high-level support and management from both Ministry of Agriculture and Forestry (MAF) and Ministry of Planning and Investment (MPI) at the central, provincial, and district levels. Total disbursements is at 98% and the project is fully complied with all the legal covenants. The project has made significant progress, and the status of the three project components is summarized below.

Component 1: Developing the building blocks of a social protection system (IDA Credit: US\$3 million)

3. The PDO and intermediate result indicators for Component 1 have been successfully achieved, meeting all targets. For PDO 1, Social Registry data in the project area was initially collected in 2020 and subsequently updated in 2022-2023, encompassing 100% of households in the targeted areas, and 99 percent of all households in the country (1.2 million), surpassing the target of 80%. In addition to meeting the indicator targets, the project has made notable progress in various areas under this Component. Most noteworthy is the nationwide data coverage of the social registry. The original scope of sub-component 1.2, "Implementation of the socioeconomic survey in project province," targeted the four project provinces. However, the project extended its support to a nationwide survey, covering 1,239,755 households, identifying 715,455 households falling below the 60th percentile (the eligibility threshold of the CCT program in RRPM).

Component 2: Conditional cash transfer program (IDA Credit: US\$16.70 million)

4. Component 2 progress and achievements are deemed as satisfactory. Almost all result indicators for this component are either at or above the target values. MAF has successfully designed and implemented the Helping Hand CCT program. Over the last five years, MAF-Department of Rural Development (DRD) has established organizational and administrative architecture that implements the Helping Hand CCT program, including central, provincial and district offices in target areas, a solid staff of over 100 administrators and Community Mobilizer officers (CMO), and underlying operational systems comprising beneficiaries' data system, compliance verification system, payment system, and grievance redress system. Business processes are gradually becoming automated and monitoring system generates data necessary for monitoring of the Helping Hand program delivery. The number of cumulative beneficiaries has grown from 4,000 beneficiaries in March 2021, to about 44,500 in January 2024. There are currently almost 23,000 active beneficiaries where 25 percent are pregnant women and 75 percent are children under two years old. As of January 2024, non-Lao Lum ethnic groups made over 85 percent of all beneficiaries.

Component 3: Coordination, management, monitoring and evaluation (IDA Credit: US\$7.30 million)



5. Activities and indicators related to Component 3 are also on track, with a fully operational project management unit (PMU) at the central, provincial, and district levels. The sub-component on coordination, monitoring and evaluation multisectoral nutrition convergence (sub-component 3.2) has achieved the following: (i) the implementation of regular coordination meetings at national, province and district; (ii) completion of nutrition convergence guidelines for central, province and district level; (iii) roll out of convergence monitoring tools such as village scorecard, Iterative Beneficiary Monitoring (IBM), and relevant spot checks; and (iv) completion of an impact evaluation's baseline and midline survey including analysis and dissemination.

6. The relevant PDO indicators have been fully achieved, and most of the intermediate result indicators have either been achieved or are expected to be met by the project's closure. The only indicator not expected to be achieved is the number of cross-sectoral surveys (intermediate indicator 13), whose original target was 3 (i.e., baseline, mid-line, and endline). Due to COVID-19 and the subsequent delayed initiation of the CCT program, which subsequently affected the timing of impact evaluation surveys, the government has agreed to postpone the endline survey and implemented during the RPPM II project to better measure the program impact.

#### Fiduciary and Safeguards

7. The project's Financial Management performance rating is 'Moderately Satisfactory'. Disbursement rate remained unchanged at 98% from previous June 2023 mission. All required Interim Unaudited Financial Reports (IFRs) and audit reports have been submitted. Audit opinions have been unqualified. There is no outstanding IFR or audit report. The project's procurement performance has been assessed as 'Satisfactory'. There is no procurement red flag in the project. The FY23 Procurement Post Review (PPR) were conducted and found that the quality of procurement documents had been improved from the previous PPR. Most procurement related documents have been uploaded to Systematic Tracking of Exchanges in Procurement (STEP).

8. The environmental and social (ES) safeguard performance is 'Satisfactory' as assessed during the mission in January 2024. Given the nature of project activities and their location, there were no adverse environmental and social impact observed during the implementation of project's activities.

#### B. Rationale for Restructuring

9. During the last implementation support mission (January 29-February 19, 2024), the Department of Rural Development (DRD) identified savings for approximately US\$960,000 resulting from significant depreciation of the Lao Kip vis a vis the US Dollar. This cost saving would allow for two additional cash transfer cycles (April-May and June-July) to be paid to the 22,000 beneficiaries of the Conditional Cash Transfer program. Therefore, MAF has proposed extending the project closing date for five months from March 31, 2024, to August 31, 2024, to ensure the full use of savings in cash transfers to households. An implementation plan has been prepared by MAF to ensure completion of the additional cash transfer cycles within the proposed closing date. This additional payment cycles will continue to support the growth of the total number of beneficiaries of the social safety net program (PDO indicator 2), from 44,550 to 45,000 cumulative beneficiaries.

10. Additionally, a reallocation of US\$1,101,486.61 from Disbursement Category 2 to Disbursement Category 1 is required. During the mission, a cost overrun under Disbursement Category 1 was found. The overrun, which is within the allowed 15 percent limit, is mainly due to the increased cost of the social registry census vis a vis the original projection. In consultation with the WB Group Finance & Accounting (WFA) team, it was agreed to formally reflect these changes as part of this restructuring.



III. DETAILED CHANGES

LOAN CLOSING DATE(S)

| Ln/Cr/Tf  | Status    | Original Closing | Revised Closing(s) | Proposed Closing | Proposed Deadline for Withdrawal Applications |
|-----------|-----------|------------------|--------------------|------------------|-----------------------------------------------|
| IDA-63740 | Effective | 31-Mar-2024      |                    | 30-Aug-2024      | 30-Dec-2024                                   |

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

| Ln/Cr/TF                          | Current Expenditure Category        | Current Allocation   | Actuals + Committed  | Proposed Allocation  | Disbursement % (Type Total) |          |
|-----------------------------------|-------------------------------------|----------------------|----------------------|----------------------|-----------------------------|----------|
|                                   |                                     |                      |                      |                      | Current                     | Proposed |
| IDA-63740-001<br>Currency:<br>XDR | GO,WO,NON-CS,CS,TR&OC-except PT.2.2 | 9,480,000.00         | 8,948,544.92         | 10,279,569.00        | 100.00                      | 100.00   |
|                                   | CASH TRANSFERS UNDER PT. 2.2        | 7,737,313.00         | 4,957,213.04         | 6,937,744.00         | 100.00                      | 100.00   |
|                                   | <b>Total</b>                        | <b>17,217,313.00</b> | <b>13,905,757.96</b> | <b>17,217,313.00</b> |                             |          |