

# Project Administration Manual

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## **Lao People's Democratic Republic: Greater Mekong Subregion Biodiversity Conservation Corridors Project**

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the Project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Department of Forestry (DOF) under the Ministry of Agriculture and Forestry (MAF) and the provincial agriculture and forestry offices (PAFO) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the Recipient and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MAF/DOF and PAFO of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Grant Negotiations the Recipient and ADB shall agree to the PAM and ensure consistency with the Grant agreement. Such agreement shall be reflected in the minutes of the Grant Negotiations. In the event of any discrepancy or contradiction between the PAM and the Grant Agreement, the provisions of the Grant Agreement shall prevail.

After ADB Board approval of the Project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures including the Project Administration Instructions and upon such approval they will be subsequently incorporated in the PAM.

## **Abbreviations**

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
AFS	–	audited financial statements
CQS	–	consultants' qualifications selection
DAFO	–	district agriculture and forestry office
DCO	–	district coordination offices
DMF	–	design and monitoring framework
DOF	–	Department of Forestry of the Ministry of Agriculture and Forestry
DOP	–	Department of Planning of the Ministry of Agriculture and Forestry
EA	–	executing agency
EMDP	–	ethnic minorities development plan
EMP	–	environmental management plan
FGIA	–	first generation imprest account
GAP	–	gender action plan
GIC	–	grant implementation consultants
GMS	–	Greater Mekong Subregion
IA	–	implementing agency
IARS	–	imprest account reconciliation statement
ICB	–	international competitive bidding
IPP	–	indigenous peoples plan
LWU	–	Lao Women's Union
MAF	–	Ministry of Agriculture and Forestry
MOF	–	Ministry of Finance
MPWT	–	Ministry of Public Works and Transport
NAFRI	–	National Agriculture and Forestry Research Institute
NCB	–	national competitive bidding
NPMO	–	national project management office
NRM	–	natural resource management
NSC	–	national steering committee
O&M	–	operation and maintenance
PAFO	–	provincial agriculture and forestry offices
PAM	–	project administration manual
PBME	–	project benefit monitoring and evaluation
PPO	–	provincial project offices
PPTA	–	project preparation technical assistance
PSC	–	provincial steering committee
P-WREO	–	Provincial Water Resources and Environment Office
QCBS	–	quality- and cost- based selection
RP	–	resettlement plan
SGIA	–	second generation imprest account
SIR	–	subproject investment reports
SOE	–	statement of expenditure
SPS	–	safeguard policy statement
TOR	–	terms of reference
WREA	–	Water Resources and Environment Administration

## I. PROJECT DESCRIPTION

### A. Project Rationale, Location and Beneficiaries

1. The Project<sup>1</sup> will enhance transboundary cooperation and management of forest ecosystems between countries of the Greater Mekong Subregion (GMS). The GMS Governments, with support from ADB have identified the most important biodiversity conservation landscapes in the subregion that are vulnerable to increased development pressures and environmental degradation (Map 1). In Lao PDR, the Project will address the fragmentation of the biodiversity rich forest landscape of southern Lao PDR, impairing its ability to provide critical ecosystem services necessary for sustaining local livelihoods and investments in hydropower, transport, water and food-security enhancing sectors. The Project will promote sustainable resource use, and restore and enhance these productive landscapes. It will do so through conservation and development activities.

2. The Project represents Phase II of the GMS Biodiversity Conservation Corridors Initiative (BCI) pilot phase endorsed by the GMS Summit of Leaders in 2005 in Kunming and implemented between 2006-2009 in eleven villages in Champasak Province under the ADB regional technical assistance (RETA 6289). The Project will maintain and consolidate forest ecosystem connectivity between Xe Xap National Protected Area (NPA) in Xekong with Dong Ampham NPA in Attapeu and Xepian and Dong Hua Sao NPAs in Champasak in southern Lao PDR.

3. The design of the biodiversity corridors<sup>2</sup> is embedded within a multipurpose, sustainable, biodiversity landscapes approach. The Project will cover 69 villages in 5 districts located across the 3 provinces with a total population of approximately 27,337 consisting of over 4,700 households. The Project is predominantly in a mountainous area covered with protection forests and NPAs, where ethnic minority groups make up over 53% (10,999 pop) of the population. Of the 69 selected Project villages, over 46.4% (29) are considered poor comprising ethnic minority households (73.9%), where monthly income from farming and non timber forest products ranges between \$30 - \$427. The Project will (i) provide forest tenurial security to poor households and ethnic minority groups for collective management of forest resources; (ii) restore habitat on degraded forest lands with tree planting of natives species and agroforestry models with improved sources of non-timber forest products; (iii) improve livelihoods and income enhancing small scale infrastructure; and (iv) generate over 1 million cash-based labor days through Project activities. Delineation and demarcation of these corridors will be in consultation with primary beneficiaries based on a participatory land use planning approach.

4. In line with the targets of the VII National Socio Economic Development Plan (NSED) 2011-2015, the proposed Project will restore and maintain forest cover to contribute to the national target of 65% forest cover by 2015 and to contribute to achieving social sector targets such as decreasing poverty to below 19% of population by 2015 and improve access of population to clean water and use of latrines.

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<sup>1</sup> The Project was first published in ADB website on xx xxxxxx 200X.

<sup>2</sup> Biodiversity corridors are geographic areas within or cutting across GMS economic corridors that need to be placed under sustainable management regimes to secure local livelihoods, address habitat fragmentation and maintain ecosystem services. Biodiversity corridors are designed to ensure the continuity of ecological processes – between two or more natural protected areas.

## **B. Impact and Outcome**

5. The intended impact of the Project is climate resilient sustainable forest ecosystems benefiting local livelihoods in the biodiversity corridors of Lao PDR, while the intended outcome is sustainably managed biodiversity corridors in Lao PDR.

## **C. Outputs**

6. The outputs include (i) institutional and community strengthening, (ii) biodiversity corridors restoration, ecosystem services protection, and maintained, (iii) livelihood improvement and small-scale infrastructure support in target villages, and (iv) project management and support services. The four outputs are detailed in the descriptions below.

### **1. Output 1: Institutional and Community Strengthening**

7. Under output 1, investments will be geared towards strengthening the capacity of the national, provincial, district and cluster levels in corridor planning, corridor management, and providing protection and sustainable use policies, guidelines, and local regulations for enforcing the biodiversity corridor management plan. In particular, activities under output 1 will contribute to: (i) management plans and Biodiversity Corridor policy and legal framework to be in place by 2013 covering at least 698,000 ha of forest and non-forest land in 69 villages spread across Champasak, Attapeu and Xekong provinces in southern Lao PDR; (ii) participatory land use maps and village investment plans are ready in 69 villages by 2013 covering 5 districts in 3 provinces; (iii) by 2013, all villages receive collective forest land management certificates; and (iv) by Project end, over 1,095 provincial, 625 district, and 750 village level persons are trained in Project activities; from the trained persons, at least 40% are female with a large portion from ethnic minority groups.

8. Particular emphasis will be placed on GIS-based training for mapping of the biodiversity corridor, developing a management plan for segments of the corridor that are outside the NPAs and protection forests. The delineated corridor maps together with a draft management plan will be submitted to the provincial government for endorsement in each province and to MAF/DOF for approval. After approval, the biodiversity corridor area will be demarcated at critical points along major road arteries and in villages/clusters where population pressure is expected to grow and there is risk of forest area encroachment. Special corridor guidelines and rules will be issued and these will be prominently displayed in public places and along main roads inside the biodiversity corridor. The Project will promote GMS transboundary cooperation between Lao PDR and Viet Nam and will support exchange visits and sharing of information regarding scientific research, biodiversity database, forest cover, and management of transboundary forest ecosystems.

9. The rural households involved in forest management are being provided with forest land for livelihood purposes and/or productivity enhancement will be provided with land use certificates. The collective forest management certificate or registration at district level will be provided to a group or collective number of households who enter into a co-management contract with the state owners/managers of the forest land. This contract will enable the group to protect and manage the natural forest designated and registered in the name of the group. The land use certificate or registration of forest management will enable the group to have tenurial security on the designated land. In addition, individual households may be given land use certificates or forest, agricultural and homestead land that result from a participatory land use planning exercise.

10. Provincial, district and cluster/village level target groups will be specifically trained in skills of biodiversity corridor management, patrolling, conservation, water and forest protection and raising awareness concerning disaster preparedness and climate change hazards. It is expected that by Project completion, provincial levels will have acquired GIS based mapping skills enabling its staff to integrate different layers of information and data into composite maps integrating conservation, climate change and development.

## **2. Output 2: Biodiversity Corridor Restoration and Protection**

11. The second output deals with village and cluster-based forest protection and forest restoration. The bulk of the investments under output 2 will go to forest restoration, which will cover about 3,900 ha in the form of enrichment planting, NTFP planting and agroforestry. Restoration activities include labor input provided by women on a cash basis, thus improving household incomes. Moreover, work on identifying viable reduced emissions from deforestation and forest degradation (REDD+) pilot sites will enable the Project to leverage additional funding for forest protection and restoration from funds specifically set up for promoting REDD. The Village Development Fund (VDF) mechanism will be used as a decentralized local level instrument to receive REDD funding for carbon sequestration. The Project intends to aim at a total forest restoration of at least 9,000 ha, 45% of which will be funded through the Project. The proposed Project will assist the 5 selected districts in three provinces to establish inventory sample plots, conduct biodiversity survey/reports, and draft village/cluster forest management plans to move towards sustainable forest management. This will also enhance the ability of the Project to attract REDD funding.

12. About 25% or approximately 170,000 ha of the biodiversity corridor from a larger landscape area of 698,000 ha will be patrolled by village patrols/guards. The coverage of forest area to be protected amounts to an average 2,500ha/village. These patrols will be carried out strategically at critical and weak points of entry that are known to forest guards for their vulnerability. At the same time, the participating villages in the Project will have a contract of co-management and forest maintenance based on which they will be paid a fee for village based forest protection and management. These activities are expected to be taken over gradually by the Village Development Fund (VDF) after the VDFs have started receiving revenue from various investments and livelihood activities.

## **3. Livelihoods Improvement and Small-scale Infrastructure support**

13. Under Output 3, on demand livelihood and small scale infrastructure subprojects prioritized in participatory consultations at start of Project will be identified and will undergo a rigorous screening process. Each selected village has a block allocation for livelihood improvements. Some of these livelihood options can also be pursued through the mechanism of the VDF, which will provide micro credit facilities to households to borrow for their projects of choice. The micro credit repayment will go back into the VDF with interest to generate a revolving mechanism.

14. The Village Development Fund (VDF) is a decentralized financial instrument, managed by the commune and villagers who elect a VDF Management Board or Committee. It operates on the basis of guidelines issued by the PPO in the three provinces. During the pilot phase, guidelines were issued by PAFO in Champasak for establishment and operation of 11 VDFs in villages covered between 2006-2009. The establishment and sustainability of the revolving fund concept requires capacity development and technical support and the Project has made provision for this. One of the lessons from the pilot phase is that the VDF can become a good,

workable mechanism if the establishment and maintenance of the operations receives technical and financial advisory services. Strong leadership at the village level enabled sound management of the VDF. Under the Project, the VDF is linked to incentive payments for maintaining forest cover under REDD. The VDF account can also be used to promote business development opportunities such as ecotourism ventures, NTFP processing, and agro product marketing. The consultations during R-PPTA show that local people wish to have agroforestry support, carry out forest restoration and request support for improving and marketing their traditional handicraft products.

15. In addition to livelihood interventions, the selected communes will receive small scale infrastructure support at \$100,000 per village. Small scale infrastructure support will primarily focus on (i) village based potable water schemes, (ii) provision of rural toilet and sanitation facilities, (iii) improvement / upgrading of rural access road from village to main road or market, and (iii) any other infrastructure item of prioritization. Special attention will be given to ensure that the poor and ethnic minority groups participate equitably in subproject benefits. The selection criteria for the choice of subprojects at village and cluster levels are as follows: (i) it must be one of the three priorities of the beneficiaries in the village documented through participatory, multistakeholder consultations conducted by the Project; (ii) is affordable within the block allocation set aside for the village; (iii) fulfills all social safeguard criteria as laid out in subproject eligibility section (see PAM section II C below); (iv) is complying with all environmental safeguard issues as described in safeguards section in the PAM, Section II C; (v) is in conformity with land use plans in the village and the biodiversity corridor; (vi) brings benefits in the form of income generation or cost savings in terms of money, time, and effort and benefits households in the target villages (men, women, or both, and/or families/hh); (vii) is technically feasible (engineering wise) and satisfies criteria of mountainous area community based small scale rural infrastructure; (viii) arrangements satisfactory to the Project have been made for undertaking operations & maintenance (O&M) if applicable; and (ix) is not covered under any other on-going programs or projects (duplication avoidance). The sub-projects will avoid resettlement, land acquisition, and physical displacement or denial of access to resources currently under use by the beneficiaries without prior and informed consent. Small-scale infrastructure investments will only be undertaken on the basis of demand and agreement of the beneficiaries to in-kind contribution (e.g. labor, land, right of way, and willingness to undertake O&M etc.). The selection criteria for sample subprojects are further detailed out in PAM section III F below.

#### **4. Output 4: Project management and support services**

16. Under Output 4, support services will be provided for project management. Capacity building for NPMO, PPO and district staff is needed for project administration, procurement, financial management, progress reporting, impact monitoring, social and environmental safeguards and contract management. With some project staff being recruited from existing staff in the provinces and districts, considerable capacity building is considered necessary to facilitate the smooth implementation of the Project. This is often overlooked and invariably leads to implementation delays and consequently, slow disbursements because of their lack of familiarity with ADB and government procedures. The fourth output will also resource the management structures for a sector-like project that is supervised from an NPMO in DOF in Vientiane but implemented from provincially based PPOs established within provincial agriculture and forestry offices (PAFO) in participating provinces. These include refurbishment of premises, equipping of offices, provision of vehicles, as well as provisions for implementing the Project including travel allowances, per diems and office operational budgets. In addition, the proposed Project will finance the recruitment of grant implementation consultants to provide

implementation support and access to technical expertise needed in implementing subprojects. This recognizes the current implementation capacity and the general lack of familiarity with ADB procedures particularly among provincial and lower level staff.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	2010			2011					Who responsible*
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Advance contracting actions									NPMO
Establish project implementation arrangements								MAF/NPMO	
ADB Board approval (10 Dec 2010)									SEAE
Loan signing (28 Feb 2011)									SEAE/OGC/MOF
Government legal opinion provided									MAF/MOF
Government budget inclusion									MAF/MOF
Loan effectiveness (28 May 2011)									SEAE/OGC

MAF = Ministry of Agriculture and Forestry of Lao PDR

MOF = Ministry of Finance of Lao PDR

NPMO = National Project Management Office

OGC = Office of the General Counsel (ADB)

SEAE = Agriculture, Environment and Natural Resources Division of the Southeast Asia Department (ADB)



## **C. Technical Considerations**

### **1. Project Technical Framework**

17. Overall, the Project will improve natural resource management by establishing GMS Biodiversity Conservation Corridors, a transboundary, forest ecosystem based landscape approach for maintaining sustainably critical ecosystem services that benefit local livelihoods and downstream users. In this context, beneficiaries, most of whom are living in remote, mountainous, high poverty areas, and are from ethnic minority groups, will be provided with demand driven, and stakeholder prioritized livelihood improvement and small-scale infrastructure support in 69 selected villages. Preliminary consultations in sample villages resulted in prioritizing (i) livelihood improvements, and (ii) infrastructure assets that are seen by the beneficiaries as essential needs. Livelihood improvements include: agroforestry, non timber forest product enhancement with reforestation, fish ponds, and domestic livestock; infrastructure assets include: water wells / potable water systems, improved latrines and sanitation, connections to power grid, rural access roads, and small scale irrigation. At start of Project, participatory, multistakeholder consultations will be held to reconfirm beneficiary priorities and their in-kind contribution and commitment (labor, local materials, land, rights of way where applicable). Specific subprojects will be screened for technical, financial and economic feasibility. General considerations for the detailed design of the assets include:

- i. Technically feasible and appropriate for mountainous areas;
- ii. Affordable within the block allocation provided per village and meeting specific needs of the beneficiaries;
- iii. Optimizing the inputs of local resources including: labor; materials; enterprises; and, knowledge;
- iv. Being within the realistic envelope of the existing maintenance capacities. The assets will be demonstrated not to impose additional maintenance burdens that will be impossible to meet;
- v. Performing the intended purpose for the entire duration of their design life; and,
- vi. Complying with social and environmental safeguards.

18. At the outset, the Project will establish a detailed quality assurance and monitoring framework. Particular attention will be paid to safeguards and quality controls during implementation process to ensure adherence to design specifications. Some examples are given below.

### **2. Reforestation Subproject**

19. The objectives of the reforestation are to:

- a. improve biodiversity conservation through the expansion of the effective area of habitats by connecting fragmented forest areas,
- b. improve water quantity and quality for hydro-power generation, irrigation and human domestic and industrial consumption by re-establishing forest cover on steep sloping land in the upper reaches of river basins.
- c. sequester carbon through tree growth to offset emissions of CO<sub>2</sub> from human activities in Vietnam or elsewhere.

20. The Project intends to identify the rich and medium forests and integrate these in links of stepping-stone forests or a mosaic connecting the corridor parts with the protected areas. In each of the villages that fall within the Biodiversity Corridor, areas of former forest land will be identified during the participatory land use planning and zoning process for restoration in consultation with the users of the forest land in order to avoid any displacement or restriction of access. Where the land has been deforested as a result of shifting cultivation and where this is still practised by the local communities, an agroforestry system will be adopted that will restore forest cover and sequester carbon in the longer-term and will provide useful products and some cash income in the short-term. Since harvesting will be restricted to NTFPs, it will have no impact on the environmental values of the forest as the tree canopy will not be affected, but the supply of useful products in the early years will help to improve livelihoods and income for the communities involved.

21. The land will be planted with a mixture of locally indigenous tree species that form the upper canopy of nearby areas of intact or lightly disturbed natural forest at a density of 100 trees per ha (10 x 10 m spacing). Because one selection criterion is that the land slopes more than 20%, these trees will not be harvested, and so will not bring cash income, but they will have a value through carbon sequestration and a contribution to biodiversity. In between these trees, perennial fruit trees, NTFPs and multi-purpose trees that can provide fuelwood, fodder, resins and other useful products will be established. These latter trees will include locally indigenous pioneer leguminous species that will provide additional nitrogen for the soil. The use of *Acacia mangium* or *A. auriculiformis* should be avoided as these are exotic species and are likely to dominate the site and exclude many ground flora that are important for biodiversity. The trees will be planted at an overall density of about 1100 trees per ha and will be weeded regularly during the first, second and third growing season to ensure good survival and growth. Where it is the local custom to allow livestock to graze free range the planted area will need to be fenced to a specification appropriate for the type of livestock. Live fences (green hedges) may be established around the area for the longer-term to demarcate the area clearly. These hedges will provide useful habitats for a range of species. The advantage of this approach is that a revenue stream can be generated from the NTFPs in the early years.

22. In the design of the sub-project, attention must be paid to: (i) risk of possible mix of indigenous with alien or invasive species; (ii) associated disturbance of natural forest, (iii) any potential of habitat loss and fragmentation or damage to environment; and (iv) any pollution. Risks need to be assessed. In this case, however, the risks seem to be low and impact can readily be avoided through proper design measures and prevention through proper planning, location (site) selection and monitoring of activities.

### **3. Community-based Potable Water System Subproject**

23. The community water supply for supplying a target of 50 households will be established using the stream as a source of water intake and constructing a water storage tank with a capacity to cover 30-50 households. Usually a check dam is built upstream to enable preliminary filtration. A sand filtration system will be built in and water points established in the village. In areas, where water wells are the most appropriate and feasible solution, technical designs will be checked and water wells will be promoted. The Project will:

- i. Adhere to the approved standards of GoL;
- ii. Incorporate the experience gained from pilot phase; and,
- iii. Be consistent with international good practice.

24. The designs of the water systems will take place in an environment with three key uncertainties in relation to estimating stream flow, including:

- i. Changing land use patterns in the upper watershed areas;
- ii. Limited rainfall and stream flow hydraulic information; and,
- iii. Climate change altering traditional climate and rainfall patterns and consequently stream flow characteristics.

25. Engineering design will need to address this uncertain environment. In the design of the subproject, attention must be paid to: (i) possible modifications to local drainage patterns; (ii) associated changes in water quality (iii) any potential of habitat loss and fragmentation or damage to environment. These could lead to the creation of specific risks to human habitation through flooding and landslides at a later stage. Risks need to be assessed. In this case, however, the risks, seem to be low and impact can readily be avoided through proper design measures and prevention through proper planning and location (site) selection. The successful operation and maintenance of the water systems will be directly dependent upon the effectiveness of village O&M management committee.

#### **4. Rural access road Subproject**

26. Rural access road improvements has been identified as a beneficiary priority to enable village access to goods and services all year round. The road improvements will follow existing alignments using MPWT geometric design classes as appropriate. Special attention will be focused on the design of sustainable road drainage (surface, side and cross) and the use of appropriate surfacing and paving options.

27. Drainage design will consider the impact of climate change which may result in rainfall and surface water movement that differs from traditional experience. To counter these effects cross drainage structures will be increased in size and structures such as vented and unvented causeways will be constructed. Side drains will be concrete lined where necessary due to steep gradients. The input of the knowledge from the local population in the drainage design is critical. Road surfacing and pavement design will be based upon the measured strength of the existing subgrade and longitudinal gradient in comparison with current and projected traffic loading. Pavement design will consider a variety of sub-base, base and surfacing options.

28. The periodic maintenance will be the responsibility of the Provincial Public Works and Transport Department. The local communities will be responsible for carrying out routine maintenance including drainage, embankment shape and other related tasks. Wherever possible, structures will be constructed to restrict traffic loading to legal limits. The surfacing and paving proposals and future maintenance liabilities will be discussed with the Provincial Authorities and Communities to gain acceptance and responsibility for these future commitments.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
<b>Executing agency (EA)</b> <ul style="list-style-type: none"> <li>• <b>Ministry of Agriculture and Forestry</b></li> </ul>	MAF will be responsible for overall project management and coordination through DOF.
<ul style="list-style-type: none"> <li>• <b>National Project Management Office</b></li> </ul>	<p>DOF will establish a NPMO responsible for the day to day implementation of project activities at national level. Among others, the NPMO will be responsible for:</p> <ul style="list-style-type: none"> <li>➤ overall coordination and management of the Project;</li> <li>➤ establishment and management of imprest account;</li> <li>➤ recruitment of GIC;</li> <li>➤ recruitment of national consultants for preparation of feasibility studies, detailed design; bid documents, and construction supervision;</li> <li>➤ recruitment of safeguard monitoring entities;</li> <li>➤ procurement of civil works contracts for subproject construction;</li> <li>➤ procurement of training services; and</li> <li>➤ procurement at national level of office equipment, and vehicles.</li> </ul> <p>The NPMO will also provide secretariat services to the National Steering Committee (NSC)</p>
<b>Steering committees</b> <ul style="list-style-type: none"> <li>• <b>National Steering Committee</b></li> </ul>	<p>The NSC will be established within MAF to ensure interagency cooperation at national level. The NSC will meet annually to:</p> <ul style="list-style-type: none"> <li>➤ review implementation progress,</li> <li>➤ authorize allocation of funds for subprojects based on approved feasibility studies</li> <li>➤ endorse annual work-plans and budgets approved by PSC</li> <li>➤ endorse detailed design of subprojects;</li> <li>➤ approval of civil works contract for relevant subprojects; and</li> <li>➤ provide overall guidance on the implementation of the Project.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Provincial Steering Committee</b></li> </ul>	<p>A Provincial Steering Committee (PSC), chaired by provincial vice governors will be established in each of the provinces of Champasak, Attapeu, and Xekong to ensure inter-agency coordination at provincial level and to:</p> <ul style="list-style-type: none"> <li>➤ review implementation progress,</li> <li>➤ approve provincial work-plans and budgets, and</li> <li>➤ approve Feasibility Studies and Subproject Investment Reports (SIRs)</li> </ul>
<b>Implementing agencies</b>	

(IAs)

<ul style="list-style-type: none"><li>• <b>WREA</b></li></ul>	WREA will be responsible for environmental safeguards, policy guidance, climate change support, and reporting on project implementation to the GMS Working Group on Environment (WGE)
	<ul style="list-style-type: none"><li>➤ overall monitoring of the Project;</li><li>➤ environmental safeguards;</li><li>➤ liaising with the Working Group on Environment;</li><li>➤ coordinating GMS regional exchanges with the neighboring countries;</li><li>➤ providing policy guidance on climate change; and</li><li>➤ participating in subproject designs through the P-WREOs at provincial level;</li></ul>
<ul style="list-style-type: none"><li>• <b>Provincial agriculture and forestry offices</b></li></ul>	PPOs will be established in the PAFO of each of the provinces of Champasak, Attapeu, and Xekong to be responsible for day to day implementation and management of subprojects. Among others, the PPOs will be responsible for: <ul style="list-style-type: none"><li>➤ establishment and management of second generation imprest accounts (SGIA);</li><li>➤ procurement of office equipment;</li><li>➤ coordination of project activities at provincial level; and</li><li>➤ liaison with the district coordination offices.</li></ul> The PPO will also provide secretariat services to the PSC.
<ul style="list-style-type: none"><li>• <b>District Coordination Offices</b></li></ul>	DCOs will be established within participating district agriculture and forestry offices (DAFO). The DCO will assist in implementation at the district level, and will be responsible for: <ul style="list-style-type: none"><li>➤ assistance with all community consultation and development activities;</li><li>➤ assistance with survey/reports;</li><li>➤ securing agreement in-kind contribution (labor, right of way, any land required etc) for priorities demand driven subprojects relating to livelihoods and small scale infrastructure as requested by beneficiaries</li><li>➤ ensuring no physical displacement, denial of access to resources, or involuntary resettlement activities through subprojects;</li><li>➤ coordination of environment management activities;</li><li>➤ coordination of all other safeguard and gender activities;</li><li>➤ assistance in the identification of business development and enterprise activities or initiatives;</li><li>➤ monitoring of implementation of subprojects; and</li><li>➤ report on progress of implementation.</li></ul>
<b>Financiers</b>	
<ul style="list-style-type: none"><li>• <b>Asian Development Bank</b></li></ul>	<ul style="list-style-type: none"><li>➤ provide financing for 92.0% of the Project cost through an ADF Grant;</li><li>➤ monitor project implementation arrangements,</li></ul>

disbursement, procurement, consultant selection, and reporting;

- monitor schedules of activities, including funds flow;
  - review compliance with agreed procurement procedures;
  - review compliance with Grant Covenants;
  - monitor effectiveness of safeguard procedures.
  - monitor project conformity with ADB anti-corruption policies;
  - undertake a periodic review mission; and
  - undertake midterm project review jointly with the Government
- 

## **B. Key Persons Involved in Implementation**

### **Executing Agency MAF**

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### **Mission Leader**

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### **C. Project Management Structure**

29. MAF is the executing agency for the Project. MAF will delegate the responsibility for overall project coordination and management to the Department of Forestry (DOF). In turn, DOF will establish an NPMO that will be responsible for project coordination and management, including financial management of project accounts, procurement of goods and works, recruitment of consultants, and monitoring and reporting.

30. To ensure inter-agency cooperation at the national level, a NSC will be established within MAF. The NSC will be chaired by a Vice Minister of MAF and will include representation from the Ministry of Finance (MOF); the Ministry of Planning and Investment; the Ministry of Industry and Commerce; MPWT; the Ministry of Foreign Affairs; the Water Resources and Environmental Administration; the National Land Management Authority; Lao Women's Union (LWU); the Committee for the Advancement of Women's Affairs and the provincial vice governors from the participating provinces. The NSC will meet annually or as required to review overall implementation progress, endorse annual work-plans and budgets approved by the PSC, and provide overall policy guidance. The Vice Minister may delegate the chairmanship to his representative from MAF. The NPMO will provide secretariat services to the NSC.

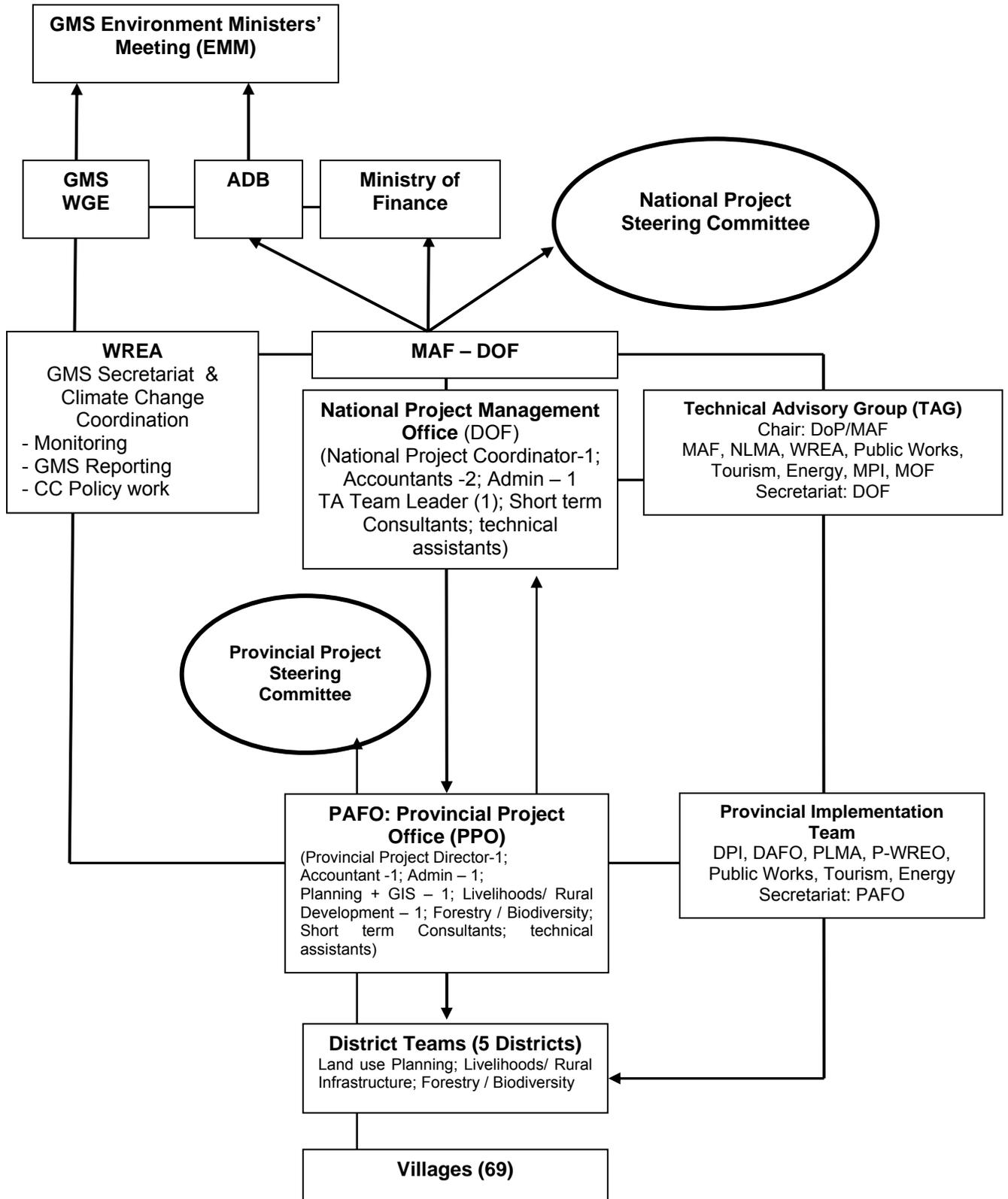
31. At national level, WREA will be a National Implementing Agency responsible for overall GMS coordination, conducting transboundary exchanges with neighboring countries having a similar regional project, facilitating signing of MoUs on transboundary ecosystem management in the GMS, carrying out environmental safeguards obligations through the P-WREO in the three provinces, monitoring implementation, and reporting to the GMS Working Group on Environment (WGE).

32. In the three provinces of Champasak, Attapeu, and Xekong, the implementing agencies will be PAFOs. A PPO will be established in each PAFO to be responsible for financial management at provincial level, and coordination and management of implementation of subprojects. The PPO will also coordinate and supervise the work of the DCOs.

33. A PSC will be established in each of the three provinces to ensure inter-agency coordination at provincial level. The PSC will be chaired by the provincial vice governor or his representative with equivalent representation to that for the NSC, including governors from the participating districts. The PSC will meet bi-annually or as required to: review implementation progress; ensure adequate levels of coordination between key agencies; approve provincial work-plans and budgets; and approve subprojects for financing under the grant. SIRs shall be approved by PSCs after obtaining the necessary concurrence of ADB for social and environmental safeguards. The PPO will provide secretariat services to the PSCs.

34. To assist in implementation at the district level, DCOs will be established within participating DAFO. The DCOs will provide coordination and supervision of subproject activities at district level. In particular, they will be responsible to assist with: identification of associated initiatives during subproject feasibility; community development activities; coordination of participatory consultation activities, securing and documenting agreement relating to on-demand subprojects relating to livelihoods and small scale infrastructure prioritized by the beneficiaries, ensuring that no physical displacement, denial of access, or resettlement activities are being promoted by any subproject; conduct environment management activities; indigenous people development activities; gender action activities; and monitoring and reporting on physical progress of implementation. The structures and staffing of each level are presented below.

#### D. Project Organization Structure



## **E. Implementation Arrangements**

### **1. Subprojects Identification and Selection**

35. All subprojects eligible for financing under the Project will be screened to ensure consistency with ADB and Lao PDR social and environmental safeguards. The following eligibility criteria, agreed between the Government of Lao PDR and the ADB are used during the subproject identification and screening phase; the subproject is:

- (i) one of the top three priorities of the beneficiaries in the village documented through participatory, multistakeholder consultations conducted by the project;
- (ii) affordable within the block allocation set aside for the village;
- (iii) technically feasible (engineering wise) and satisfies criteria of mountainous area community based conditions;
- (iv) in conformity with land use plans in the Village / cluster and the biodiversity corridor;
- (v) directly or indirectly benefiting ethnic minorities and poor households and bringing benefits in the form of income generation and/or other benefits (nutritional intake, protein etc.) to households in the target village (men, women, or both, and/or families/hh);
- (vi) not negatively impacting ethnic minorities' traditional socio-cultural and belief practices (e.g. child-rearing, health, education, arts, and governance);
- (vii) enhancing livelihood systems of ethnic minorities (e.g., food production system, natural resource management, crafts and trade, employment status);
- (viii) avoiding areas (land or territory) that will result in physical displacement from traditional or customary lands occupied, owned, or used by ethnic minorities by reviewing alternatives to the project design. Where involuntary resettlement is unavoidable, affected people particularly those identified as vulnerable and marginalized should be assisted to restore/ improve their quality of life with reference to pre-project conditions;
- (ix) having demonstrated local commitment to the subproject with confirmation by beneficiaries (inclusive of women and ethnic groups), participating kumbans, and district authorities to that effect;
- (x) is complying with all environmental safeguard issues as described in section VI below;
- (xi) ensuring that only activities that have a minimal negative impact on the environment (even the location of the project in the immediate vicinity of protected areas), are selected, and that the requirement for impact assessment, monitoring and management are met in a cost-effective way.
- (xii) complying with ADB's environmental safeguarding requirements and with the national Law on Environmental Protection must be achieved in an efficient and pragmatic manner, as reflected in the present procedures to be used for subprojects under the Loan. Subprojects conform with Category B subprojects of ADB's environmental classification system and also with Category 1 as outlined in Lao PDR's Decree on Environmental Impact Assessment of April 2010;
- (xiii) having arrangements satisfactory to the Project have been made for undertaking operations & maintenance (O&M); and
- (xiv) not covered under any other on-going programs or projects (duplication avoidance).
- (xv) not located in any area where a major development, such as a new hydropower scheme, a mine, or a Special Economic Zone, is planned.

## F. Subproject Preparation and Approval

36. Careful planning of project activities requires consideration to the timing of the rainy season, which lasts from May to October every year. Recruitment of national consultants for carrying out community-based consultations, preparation of detailed design, bidding documents and supervision of construction, will begin shortly after grant effectiveness. Implementation of subprojects is planned to begin end of 2011 or beginning of 2012 after the rainy season. Subprojects will undergo the following preparation steps:

- (i) Undertake consultations in each of the selected villages and update the prioritization and selection of livelihood interventions;
- (ii) After confirmation of the subproject selection as one of priorities, the Social Safeguards Specialist will conduct an assessment of the impacts and benefits of the subproject on ethnic minorities and gender and will clearly document these;
- (iii) Preparation of SIRs;
- (iv) The NPMO will request services of the contracted design team / firm (enterprise) or from department of provincial to carry out field survey/reports and propose technical design
- (v) Preparation of bidding documentation;
- (vi) Tendering for construction works;
- (vii) Construction of subproject infrastructures
- (viii) The Social Safeguards Specialist and the Environmental Safeguards Specialist will check if the designs are going to have any significant adverse impact (involuntary resettlement or environmental damage) and hold consultations with the beneficiary groups to receive consensus or document any objections;
- (ix) Once all necessary approvals from village and district level have been received, the subproject plan will be submitted by District to the PPO for endorsement and securing approval from the PSC.
- (x) After approval, PPO will submit subproject proposal to NSC for endorsement.
- (xi) Subproject details will be documented and made public and NPMO will begin procurement of technical department / firm(s);
- (xii) During construction phase, the Social Safeguards and Environmental safeguards Specialists / National Consultants will make site visits to document any significant adverse impacts from construction and seek to address these through proposed mitigation measures;
- (xiii) The village level beneficiaries will receive training on technical maintenance and its repair. The households will be given orientation by the appropriate department responsible;
- (xiv) The District Governor will be requested to provide a written environmental protection commitment, which concludes the GoL compliance; monitoring is the responsibility of the P-WREO. Compliance with ADB environmental safeguards will be assessed through the regular ADB monitoring and reporting;
- (xv) The benefiting households will draw up a plan for operations and maintenance that will include provision of voluntary labor inputs for maintenance work.
- (xvi) Project M&E will be conducted for project duration. Guidance is provided under the EMDF and RF.
- (xvii) The PPO will report on the successful completion of the subproject to the NPMO and provide a beneficiary feedback form showing level of satisfaction. This will be accompanied by reports from the Social and Environmental Safeguards Specialists on the due diligence and orderly implementation of the subproject as per guiding principles and safeguard criteria of the ADB and GoL.

37. The preparation of feasibility studies, detailed design, and preparation of bidding documents will be carried out by national consultants to be recruited by the NPMO following Consultants' Qualifications Selection (CQS) procedures. The NPMO will recruit three national firms, likely one per province, to prepare feasibility studies, detailed design, bidding documents, and to carry out supervision of construction. Feasibility studies including social and environmental safeguard studies will be prepared.

38. The GIC, also to be recruited by the NPMO, will provide support to the national consultants particularly in the areas of preparation of social and environmental safeguard studies and economic analysis. The GIC will also assist the NPMO in the review of feasibility studies and social and economic safeguards studies, and will be responsible for the preparation of SIRs. The review must confirm the eligibility of each subprojects based on the original eligibility criteria as well as the threshold economic internal rate of return (EIRR) of 12%. In cases where the estimated EIRRs are below the 12% threshold, EIRRs of 10% are acceptable in the presence of substantial level of benefits that cannot be readily quantified. Such unquantified benefits must be documented to justify the eligibility of the subproject for financing. In particular, the review will ensure that the subprojects meet the following criteria:

- (i) subproject is shown to be technically feasible and the expected benefits have been clearly identified. If the estimated economic rate of return is below 12%, an EIRR of 10% is acceptable in the presence of substantial level of benefits that cannot be readily quantified;
- (ii) procurement packages have been clearly identified as well as the methods of procurement, cost estimates have been clearly identified and recorded and all sources of funding have been identified and agreed/confirmed;
- (iii) the relevant subproject investment report contains a detailed financing plan for operation and maintenance, including: the operations company is specified, and both a sufficient budget amount and corresponding source of funding are specified and agreed upon by the relevant Project province and other concerned parties;
- (iv) public hearings on the subproject proposal have been held in concerned kumbans, and measures for future public consultation and supervision;
- (v) a subproject is shown to have no major negative environmental or social impacts, and mitigation measures have been defined for minor impacts;
- (vi) a subproject is shown to have no significant resettlement impacts, and if such Subproject is categorized as Category B, a resettlement plan has been prepared in accordance with the Resettlement Framework, and Recipient's laws and regulations, and ADB's Safeguard Policy Statement; and
- (vii) where necessary, a Resettlement Plan and an Indigenous Peoples Development Plan have been prepared.

39. In case that a candidate subproject does not meet the criteria provided in paragraph 10 above, it will be replaced by the next priority candidate subproject for the respective village.

40. After the review of the feasibility studies by the GIC and necessary adjustment as required, the GIC will prepare the SIR for the subproject. All safeguard studies will be submitted to ADB for no-objection, and the SIR and related feasibility study will be submitted to each PPO for approval of the PSC. Following ratification by the PSC, and no objection from ADB on the safeguard studies, the feasibility study and SIR will be submitted to the NSC to authorize the allocation of project funds for the preparation of the next stage of preparation. The NSC may delegate its authorization powers to DG DOF.

## **2. Detailed Design of Subprojects**

41. Once the feasibility studies have been approved by the NSC, the NPMO will give the order to proceed to the national consultants to carry out survey/reports and detailed engineering designs for civil works component. The District team (DCO) will assist in carrying out the survey/reports as necessary and the relevant line agencies will provide support to the national consultants as required. The detailed designs will be reviewed by the GIC and when satisfactory will be submitted to the relevant technical line agencies for review and approval to ensure that the project design meets the required Lao standards and specifications for its type of infrastructure. Once approved by the relevant technical line agencies they will be submitted to NSC for approval.

## **3. Preparation of Bidding Document**

42. Once the detailed designs are approved, the NPMO will give the order to proceed to the national consultants to prepare bid documents following National Competitive Bidding (NCB) procedures. The bid documents will be prepared based on ADB standard format documents. The draft English language version of the procurement documents for the first two contracts will be submitted for ADB review and prior approval regardless of the estimated contract amount. ADB-approved procurement documents will be used as a model for all subsequent NCB procurement and will only require post approval of ADB. The GIC will review the bidding documents before they are submitted to the NSC for approval. The diagram below shows a summary work flow for the preparation and approval of bidding documents for subprojects:

## **4. Procurement of Works Contracts**

43. Procurement of civil works contract for the subprojects will be carried out by the NPMO following NCB procedures in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). The first two contracts, following ADB standard documents, will require prior approval of ADB regardless of the value of the contracts. Subsequent contracts will only be submitted to ADB for post approval. The NSC will approve all contracts before works can start. The GIC will assist the NPMO in the opening and evaluation of tenders.

## **5. Construction Supervision**

44. Upon mobilization of the contractors, the NPMO will issue an order to proceed to the national consulting firm to carry out supervision of construction works. The NPMO will also recruit safeguard monitoring entities to monitor the implementation of social and environmental safeguard measures identified in the Resettlement Plan (RP), the Environmental Management Plan (EMP), the Gender Action Plan (GAP) and the Indigenous Peoples Plan (IPP). The monitoring entities will be recruited following CQS procedures. The DCO will provide assistance and support to both the national consultants and the safeguard monitoring entities in supervision and monitoring of the implementation of the subprojects.

#### **IV. COSTS AND FINANCING**

45. The total Project cost is estimated at \$21.79 million. The Government has requested a grant not exceeding \$20 million from ADB's Special Funds resources to help finance the Project. This will be directed at corridor planning, forest restoration and protection, livelihoods improvement, and small scale infrastructure subprojects, capacity building, project management and consulting services, inclusive of taxes and duties. The Government will finance the equivalent of \$1.112 million for Government incremental cost of administration. Provinces will contribute \$0.255 million to cover cost of any resettlement and land acquisition related to the Project. Beneficiaries will contribute their labor to agroforestry, NTFP planting, and in-kind contribution to routine maintenance small-scale infrastructure (estimated at \$0.422 million).

A. Detailed Cost Estimates by Expenditure Category

	(Kip Billion)			(US\$ '000)			% Total Base Costs
	Foreign	Local	Total	Foreign	Local	Total	
<b>A. Investment Costs</b>							
<b>1. Civil Works</b>							
a. Office Refurbishments	0.00	0.82	0.82	0.00	100.00	100.00	0.00
b. Small Scale Infrastructure	5.66	46.40	52.05	690.00	5,658.00	6,348.00	30.00
c. Resettlement	0.00	2.05	2.05	0.00	250.00	250.00	1.00
<b>Subtotal</b>	5.66	49.27	54.92	690.00	6,008.00	6,698.00	32.00
<b>2. Vehicles and Equipment</b>							
Vehicles	1.62	0.46	2.08	197.00	56.70	253.70	1.00
Equipment	0.39	3.21	3.60	47.56	391.85	439.41	2.00
<b>Subtotal</b>	2.01	3.68	5.68	244.56	448.55	693.11	3.00
3. Goods and Services	1.22	45.13	46.35	148.34	5,504.14	5,652.48	27.00
4. Livelihood Inputs	0.00	5.51	5.51	0.00	671.92	671.92	3.00
<b>5. Consultancy Services</b>							
Locally Contracted Services	1.68	16.45	18.13	204.44	2,006.40	2,210.84	11.00
International Consultants	2.13	2.19	4.32	259.60	267.39	526.99	3.00
<b>Subtotal</b>	3.81	18.65	22.45	464.04	2,273.79	2,737.83	13.00
6. Capacity Building, Training, Workshops	0.50	4.60	5.09	60.50	560.84	621.34	3.00
7. Project Implementation Management	0.37	10.60	10.97	45.48	1,292.24	1,337.72	6.00
8. Duties & Taxes	0.00	7.89	7.89	0.00	962.60	962.60	5.00
<b>Total Investment Costs</b>	13.55	145.32	158.87	1,652.91	17,722.08	19,375.00	93.00
<b>B. Recurrent Costs</b>							
1. Government Expenses	0.00	8.94	8.94	0.00	1,090.68	1,090.68	5.00
2. O&M of Commune Infrastructure	0.00	3.39	3.39	0.00	414.00	414.00	2.00
3. Duties & Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Recurrent Costs</b>	0.00	12.34	12.34	0.00	1,504.68	1,504.68	7.00
<b>Total BASELINE COSTS</b>	13.55	157.66	171.21	1,652.91	19,226.76	20,879.67	100.00
Physical Contingencies	0.33	3.53	3.86	39.72	430.72	470.44	2.00
Price Contingencies	0.36	3.25	3.61	43.40	396.26	439.65	2.00
<b>Total PROJECT COSTS</b>	14.24	164.44	178.68	1,736.02	20,053.74	21,789.77	104.00

Source: Asian Development Bank estimates.

**B. Allocation and Withdrawal of Grant Proceeds**

<b>GMS BIODIVERSITY CONSERVATION CORRIDORS IN CHAMPASAK, ATTAPEU AND XEKONG PROVINCES</b>				
<b>CATEGORY</b>				<b>ADB FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Amount Allocated <sup>al</sup> [\$]</b>		<b>Percentage and Basis for Withdrawal from the Grant Account</b>
		<b>Category</b>	<b>Subcategory</b>	
1	Civil Works	7,038,000		100 percent of total expenditure
2	Office Refurbishment	102,000		100 percent of total expenditure
2	Vehicles and Equipment	916,900		100 percent of total expenditure
2A	Vehicles		410,000	100 percent of total expenditure
2B	Equipment		506,900	100 percent of total expenditure
3	Goods and Services	5,971,300		100 percent of total expenditure
4	Livelihoods improvement	714,400		100 percent of total expenditure
5	Consulting Services	3,173,600		100 percent of total expenditure
7	Training	702,800		100 percent of total expenditure
8	Project Management	1,381,000		100 percent of total expenditure
	<b>Total excluding contingency</b>	<b>20,000,000</b>		

NB: All taxes and duties are financed from the Grant.

### C. Detailed Cost Estimates by Financier (\$'000)

	ADB Grant		Government		Provinces		Beneficiary Contribution		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
<b>I. Investment Costs</b>											
<b>A. Civil Works</b>											
1. Office Refurbishments	102.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	102.0	0.5	0.0
2. Small Scale Infrastructure	7,038.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	7,038.0	32.3	563.0
3. Resettlement	0.0	0.0	0.0	0.0	255.0	100.0	0.0	0.0	255.0	1.2	0.0
<b>Subtotal</b>	<b>7,140.0</b>	<b>96.6</b>	<b>0.0</b>	<b>0.0</b>	<b>255.0</b>	<b>3.4</b>	<b>0.0</b>	<b>0.0</b>	<b>7,395.0</b>	<b>33.9</b>	<b>563.0</b>
<b>B. Vehicles and Equipment</b>											
Vehicles	410.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	410.0	1.9	147.7
Equipment	506.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	506.9	2.3	50.7
<b>Subtotal</b>	<b>916.9</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>916.9</b>	<b>4.2</b>	<b>198.4</b>
C. Goods and Services	5,971.3	100.0	0.0	0.0	0.0	0.0	0.0	0.0	5,971.3	27.4	173.5
D. Livelihood Inputs	714.4	100.0	0.0	0.0	0.0	0.0	0.0	0.0	714.4	3.3	29.0
<b>E. Consultancy Services</b>											
Locally Contracted Services	2,587.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	2,587.1	11.9	0.0
International Consultants	586.4	100.0	0.0	0.0	0.0	0.0	0.0	0.0	586.4	2.7	0.0
<b>Subtotal</b>	<b>3,173.6</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,173.6</b>	<b>14.6</b>	<b>0.0</b>
F. Capacity Building, Training, Workshops	702.8	100.0	0.0	0.0	0.0	0.0	0.0	0.0	702.8	3.2	0.0
G. Project Implementation Management	1,381.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	1,381.1	6.3	20.8
<b>Total Investment Costs</b>	<b>20,000.0</b>	<b>98.7</b>	<b>0.0</b>	<b>0.0</b>	<b>255.0</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>	<b>20,255.0</b>	<b>93.0</b>	<b>984.8</b>
<b>II. Recurrent Costs</b>											
A. Government Expenses	0.0	0.0	1,112.5	100.0	0.0	0.0	0.0	0.0	1,112.5	5.1	0.0
B. O&M of Commune Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	422.3	100.0	422.3	1.9	0.0
<b>Total Recurrent Costs</b>	<b>0.0</b>	<b>0.0</b>	<b>1,112.5</b>	<b>72.5</b>	<b>0.0</b>	<b>0.0</b>	<b>422.3</b>	<b>27.5</b>	<b>1,534.8</b>	<b>7.0</b>	<b>0.0</b>
<b>Total PROJECT COSTS</b>	<b>20,000.0</b>	<b>91.8</b>	<b>1,112.5</b>	<b>5.1</b>	<b>255.0</b>	<b>1.2</b>	<b>422.3</b>	<b>1.9</b>	<b>21,789.8</b>	<b>100.0</b>	<b>984.8</b>

Source: Asian Development Bank estimates.

## D. Detailed Cost Estimates by Outputs/Components (\$'000)

	<b>Institutional &amp; Community Strengthening</b>	<b>Biodiversity Corridors, Restoration, Protection</b>	<b>Livelihood and Small Scale Infrastructure</b>	<b>Project Management and Support</b>	<b>Total</b>
<b>I. Investment Costs</b>					
<b>A. Civil Works</b>					
1. Office Refurbishments	0.00	0.00	0.00	100.00	100.00
2. Small Scale Infrastructure	0.00	0.00	6,900.00	0.00	6,900.00
3. Resettlement	0.00	0.00	250.00	0.00	250.00
<b>Subtotal</b>	0.00	0.00	7,150.00	100.00	7,250.00
<b>B. Vehicles and Equipment</b>					
Vehicles	0.00	0.00	0.00	396.57	396.57
Equipment	0.00	0.00	0.00	488.23	488.23
<b>Subtotal</b>	0.00	0.00	0.00	884.80	884.80
C. Goods and Services	0.00	4,339.20	400.00	1,083.36	5,822.56
D. Livelihood Inputs	0.00	0.00	700.35	0.00	700.35
<b>E. Consultancy Services</b>					
Locally Contracted Services	221.83	184.86	314.59	1,489.56	2,210.84
International Consultants	0.00	401.94	58.06	66.99	526.99
<b>Subtotal</b>	221.83	586.80	372.64	1,556.55	2,737.83
F. Capacity Building, Training, Workshops	344.56	0.00	177.16	99.62	621.34
G. Project Implementation Management	573.30	218.50	57.00	509.32	1,358.12
<b>Total Investment Costs</b>	1,139.69	5,144.50	8,857.15	4,233.65	19,375.00
<b>II. Recurrent Costs</b>					
A. Government Expenses	105.50	61.00	407.20	516.98	1,090.68
B. O&M of Commune Infrastructure	0.00	0.00	414.00	0.00	414.00
<b>Total Recurrent Costs</b>	105.50	61.00	821.20	516.98	1,504.68
<b>Total BASELINE COSTS</b>	1,245.19	5,205.50	9,678.35	4,750.63	20,879.67
Physical Contingencies	27.12	107.97	196.80	138.55	470.44
<b>Price Contingencies</b>					
<b>Inflation</b>					
Local	55.70	40.97	56.32	243.27	396.26
Foreign	3.79	16.26	3.63	19.72	43.40
<b>Subtotal Inflation</b>	59.50	57.23	59.94	262.98	439.65
Devaluation	0.00	0.00	0.00	0.00	0.00
Subtotal Price Contingencies	59.50	57.23	59.94	262.98	439.65
<b>Total PROJECT COSTS</b>	1,331.81	5,370.70	9,935.10	5,152.17	21,789.77
Taxes	20.81	129.74	632.82	201.41	984.78
Foreign Exchange	85.66	237.75	821.32	591.29	1,736.02

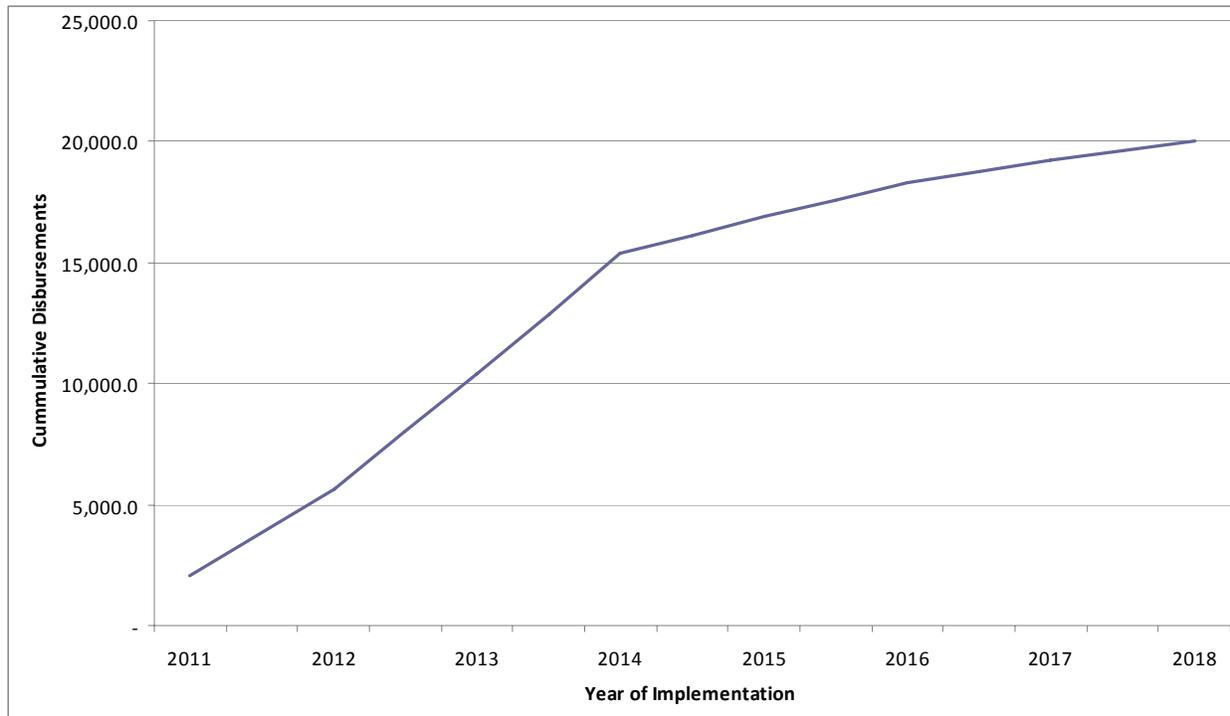
Source: Asian Development Bank estimates.

## E. Detailed Cost Estimates by Year (\$'000)

	Base Cost								Total
	2011	2012	2013	2014	2015	2016	2017	2018	
<b>I. Investment Costs</b>									
<b>A. Civil Works</b>									
1. Office Refurbishments	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
2. Small Scale Infrastructure	0.00	1,500.00	2,500.00	2,900.00	0.00	0.00	0.00	0.00	6,900.00
3. Resettlement	0.00	150.00	100.00	0.00	0.00	0.00	0.00	0.00	250.00
<b>Subtotal</b>	<b>100.00</b>	<b>1,650.00</b>	<b>2,600.00</b>	<b>2,900.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,250.00</b>
<b>B. Vehicles and Equipment</b>									
Vehicles	396.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	396.57
Equipment	488.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	488.23
<b>Subtotal</b>	<b>884.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>884.80</b>
C. Goods and Services	383.82	797.82	927.82	851.82	911.82	971.82	593.82	383.82	5,822.56
D. Livelihood Inputs	25.00	177.25	228.75	269.35	0.00	0.00	0.00	0.00	700.35
<b>E. Consultancy Services</b>									
Locally Contracted Services	347.99	347.99	329.50	329.50	237.07	218.59	200.10	200.10	2,210.84
International Consultants	102.72	111.65	111.65	66.99	66.99	66.99	0.00	0.00	526.99
<b>Subtotal</b>	<b>450.71</b>	<b>459.64</b>	<b>441.15</b>	<b>396.49</b>	<b>304.06</b>	<b>285.58</b>	<b>200.10</b>	<b>200.10</b>	<b>2,737.83</b>
F. Capacity Building, Training, Workshops	53.40	154.05	137.62	164.32	60.59	10.27	30.81	10.27	621.34
G. Project Implementation Management	97.15	363.73	387.53	216.03	83.43	83.43	63.43	63.43	1,358.12
<b>Total Investment Costs</b>	<b>1,994.88</b>	<b>3,602.48</b>	<b>4,722.87</b>	<b>4,798.01</b>	<b>1,359.90</b>	<b>1,351.09</b>	<b>888.16</b>	<b>657.62</b>	<b>19,375.00</b>
<b>II. Recurrent Costs</b>									
A. Government Expenses	149.67	149.67	149.67	149.67	125.67	121.77	122.27	122.27	1,090.68
B. O&M of Commune Infrastructure	0.00	0.00	138.00	0.00	138.00	0.00	138.00	0.00	414.00
<b>Total Recurrent Costs</b>	<b>149.67</b>	<b>149.67</b>	<b>287.67</b>	<b>149.67</b>	<b>263.67</b>	<b>121.77</b>	<b>260.27</b>	<b>122.27</b>	<b>1,504.68</b>
<b>Total BASELINE COSTS</b>	<b>2,144.55</b>	<b>3,752.16</b>	<b>5,010.54</b>	<b>4,947.68</b>	<b>1,623.57</b>	<b>1,472.86</b>	<b>1,148.43</b>	<b>779.89</b>	<b>20,879.67</b>
Physical Contingencies	50.42	82.54	107.48	106.12	38.72	35.52	28.51	21.14	470.44
<b>Price Contingencies</b>									
<b>Inflation</b>									
Local	19.37	29.75	47.34	67.68	56.07	55.63	58.09	62.32	396.26
Foreign	4.08	3.82	6.22	7.09	7.01	7.72	3.62	3.84	43.40
<b>Subtotal Inflation</b>	<b>23.46</b>	<b>33.57</b>	<b>53.56</b>	<b>74.76</b>	<b>63.09</b>	<b>63.35</b>	<b>61.71</b>	<b>66.16</b>	<b>439.65</b>
Devaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Price Contingencies	23.46	33.57	53.56	74.76	63.09	63.35	61.71	66.16	439.65
<b>Total PROJECT COSTS</b>	<b>2,218.43</b>	<b>3,868.27</b>	<b>5,171.58</b>	<b>5,128.56</b>	<b>1,725.37</b>	<b>1,571.73</b>	<b>1,238.64</b>	<b>867.18</b>	<b>21,789.77</b>
Taxes	198.76	169.34	269.50	286.90	29.75	29.75	0.38	0.38	984.78
Foreign Exchange	360.33	302.63	416.68	410.66	85.37	79.22	41.49	39.66	1,736.02

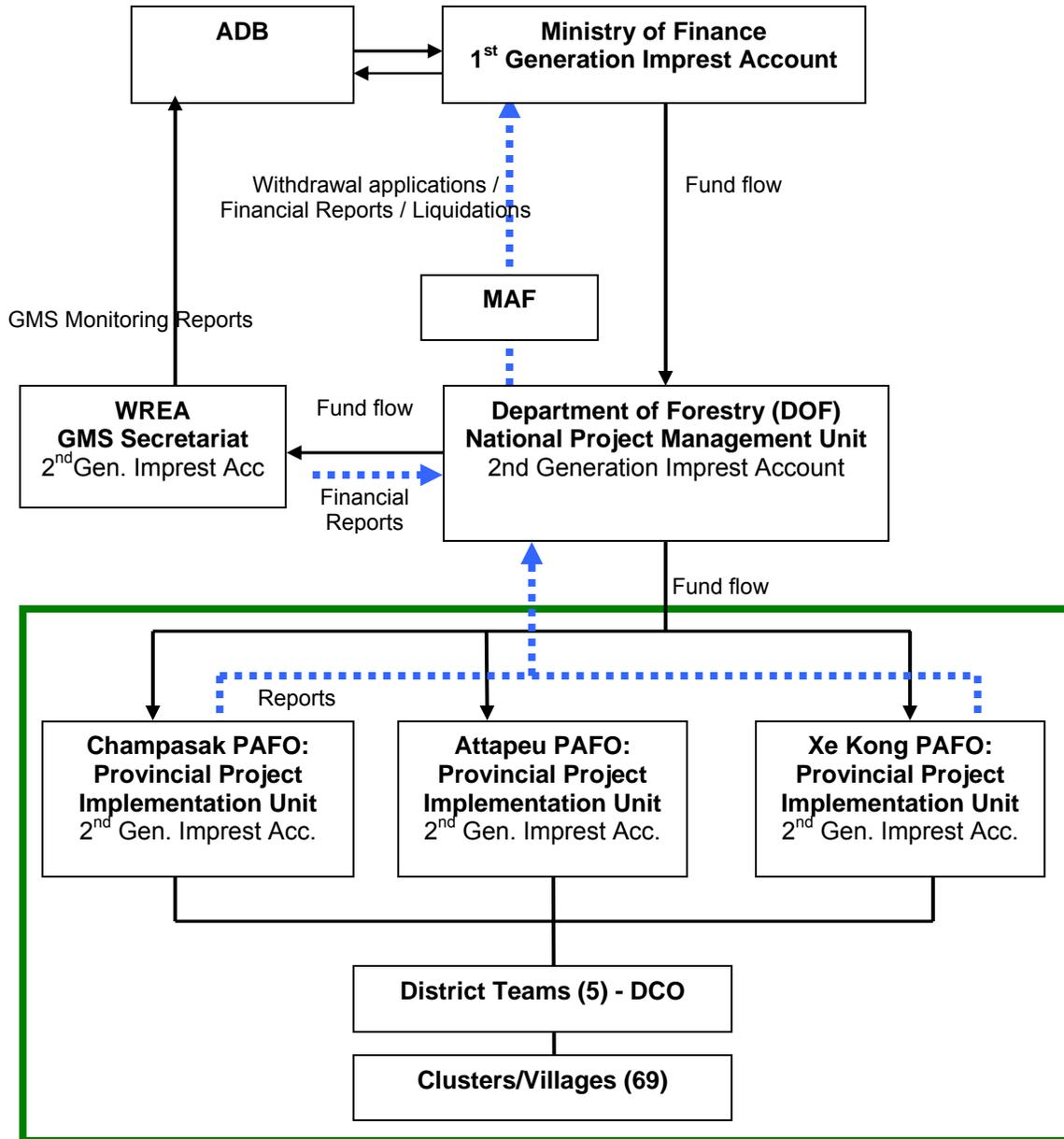
Source: Asian Development Bank estimates.

## F. Contract and Disbursement S-curve



Source: Asian Development Bank estimates.

**G. Fund Flow Diagram**



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

46. A risk assessment was carried out for the Project and a risk management plan was prepared (web-linked document 13). The main findings of the risk assessment regarding financial management are summarized below.

47. There is a significant risk associated with shortfall in counterpart fund allocations with donor-assisted projects particularly in the provinces. For this reason, financial obligations of the participating provinces may have to be minimized by financing all taxes and duties associated with subproject investments from grant funds. This will ensure that there are no unrealistic demands on provincial or lower level budget resources.

48. There is a medium risk associated with lack of accountability with respect to utilization of public and donor funds. To reduce this risk, financial management training will be provided to accounting and financial management personnel appointed to the NPMO, as well as to PPOs immediately upon project effectiveness. In addition financial management at province and district level will be monitored closely, and corrective actions such as incremental training and/or commendation will be implemented if needed. Cash payments will also be minimized through the use of project bank accounts to ensure that grant funds (and counterpart funds) are used properly and in accordance with the requirements of the Project.

49. The potential of leakage of project funds is considered low. Nevertheless, to further reduce the risk associated with this a number of measures have been built into the project design, including i) the use of complete legal documents and project procedures on investment management and proper procurement/bidding; (ii) the introduction of investment monitoring from subproject preparation to implementation through a project website and other public monitoring mechanisms; iii) strengthening inspection and control through the appointment of internationally qualified auditors to conduct independent audits which would identify opportunities for potential leakage; and (iv) introduction of international accounting software for the NPMO using double entry accounting procedures that allow a trace of transactions to be followed during audit and other reviews.

### B. Disbursement

50. The Grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time),<sup>3</sup> and detailed arrangements agreed upon between the Government and ADB.

51. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),<sup>4</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to all subprojects.

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<sup>3</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>4</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

## 1. Imprest Accounts

52. After Grant Effectiveness, the NPMO will establish a first generation imprest account (FGIA) in the Bank of Lao PDR or commercial banks acceptable to MOF and the ADB to receive ADF grant funds for the Project. In addition, SGIAs will be established and managed by MAF, WREA and the PPO in the three provinces of Champasak, Attapeu and Xekong. The FGIA will be used to meet national level project costs including NPMO operations cost, consulting services contracts, and subproject works. The SGIA will be used to meet provincial cost items not financed at the NPMO level. The imprest accounts will be replenished in accordance with standard procedures outlined in the ADB's Loan Disbursement Handbook. All accounts will be audited annually by an independent auditor.

53. The FGIA will receive an advance amounting to an estimated 6 months of Project expenditure or a maximum of \$2.0 million, whichever is lower. This account will be replenished on a monthly basis to assure liquidity of funds or when the account is drawn down by 20% of the initial deposit. The FGIA will be audited annually by an independent auditor acceptable to ADB. Funds in the national imprest account will be used to establish advances in the respective SGIAs. The maximum ceiling of each SGIA will be equivalent to 6 months estimated expenditures to be funded from each SGIA or \$300,000 whichever is lower. SGIA are intended to provide cash resources for the operations of the PPO and other field activities, which are substantial. Provincially-located SGIAs will be replenished upon presentation of documented liquidation of expenditures as outlined in ADB's Loan Disbursement Handbook.

54. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet<sup>5</sup> setting out the estimated expenditures for the first six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened. For every liquidation and replenishment request of the imprest account, the recipient will furnish to ADB (i) Statement of Account (Bank Statement) where the imprest account is maintained, and (ii) the Imprest Account Reconciliation Statement reconciling the above mentioned bank statement against the executing agency's records.<sup>6</sup>

## 2. Direct payment and Statement of Expenditures

55. If required, loan proceeds may be disbursed directly to contractors and consultants by ADB in accordance with the approved contracts between the executing agency and the contractors, using direct payment procedures. For payments up to \$100,000 from the FGIA or SGIAs, ADB's Statement of Expenditures (SOE) procedure may be used to reimburse eligible expenditures and to liquidate advances. Sample forms for withdrawal of grant proceeds, replenishment of imprest accounts, and SOE can be downloaded from the ADB website.<sup>7</sup> SOE records should be maintained and made readily available for review by ADB's disbursement and review missions or upon ADB's request for submission of supporting documents on a sampling basis, as well as for independent audit.<sup>8</sup> NPMO will be responsible for ensuring that SOEs are operated in accordance with ADB's requirement.

<sup>5</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

<sup>6</sup> Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

<sup>7</sup> Available at: [http://www.adb.org/documents/handbooks/loan\\_disbursement/default.asp](http://www.adb.org/documents/handbooks/loan_disbursement/default.asp)

<sup>8</sup> Checklist for SOE procedures and formats are available at:

[http://www.adb.org/documents/handbooks/loan\\_disbursement/chap-09.pdf](http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-100-Below.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-Over-100.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Operating-Costs.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls)

56. Before the submission of the first withdrawal application, the recipient shall submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the recipient, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The recipient is to consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

### **3. Disbursement and liquidation procedures for counterpart funds**

57. Only one item is to be financed from Government counterpart funds: (i) salaries of staff seconded to the Project which will be financed through the regular payroll mechanism for Government employees.

#### **C. Accounting**

58. The Executing Agency will maintain separate project accounts and records by funding source for all expenditures incurred on the Project. Project accounts will follow international accounting principles.

#### **D. Auditing**

59. The NPMO will cause the detailed consolidated project accounts to be audited in accordance with international standards on auditing by an auditor acceptable to ADB. The audited accounts will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the executing agency. The annual audit report will include a separate audit opinion on the use of the imprest accounts, SGIA, and the SOE procedures. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

60. The Government and the NPMO have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts (covering failure of submitting audited accounts and financial statements by the due dates). In case of delays in submission of audited account and financial statements, a formal warning will be issued, and disbursements may be suspended, for accounts more than 6 months overdue.

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting

61. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (2010, as amended from time to time)<sup>9</sup> and ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time).<sup>10</sup> The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The recipient, NPMO and PPOs have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project.

62. The NPMO will conduct advance action for the recruitment of GIC. Consulting services are necessary for smooth implementation of the Project and to strengthen community participation in subproject design and subsequent operations and maintenance. Prompt appointment of consultants for implementation support is critical to ensure efficient implementation. Late recruitment of consultants is a significant factor in delayed project implementation and is also likely to have a negative impact on achievement of project benefits. The NPMO will initiate recruitment of GIC consultants including issuing invitation for Expressions of Interests, short-listing of potential firms, invitation to submit proposals and evaluation of proposal. ADB support of advance contracting does not commit ADB to approve the grant project or to finance the recruitment cost.

### B. Procurement of Goods, Works and Consulting Services

63. All procurement of goods and works to be financed under the ADB grant will be undertaken in accordance with ADB's *Procurement Guidelines* (2010, as amended from time to time). Civil work packages will comprise a number of small works scattered in remote areas of the three provinces, and are not likely to attract international bidders. Packages for works valued at less than \$1 million but more than \$100,000 or equivalent shall be procured following NCB procedures described in Section C below. For works below \$100,000 equivalent, shopping procedures may be followed. Packages for goods costing less than \$500,000 equivalent but more than \$100,000 shall be procured through NCB procedures. Smaller packages for goods valued at less than \$100,000 may be procured using shopping procedures. Smaller packages for goods valued at less than \$10,000 may be procured using direct contracting procedures. Most of the reforestation activities, forest protection payment (patrolling), livelihood improvement block grants, and Village Development Fund (VDF) seed capital are community based services; and hence community participation works and services valued at less than \$30,000 per contract or per transaction (e.g. transfer of seed capital into eligible VDF accounts) will be procured using direct contracting procedures.

64. Before the start of any procurement, ADB and the Government will review the public procurement laws of the central and state governments to ensure consistency with ADB's *Procurement Guidelines*.

65. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C below.

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<sup>9</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>10</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

66. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants* (2010 as amended from time to time).<sup>11</sup> The proposed Project will require three types of consulting services to assist and support the NPMO and PPOs with: (i) project implementation support including policy development at national level; (ii) preparation of subprojects; and (iii) safeguard monitoring during implementation. The outputs and deliverables from all consulting services shall be in accordance with the Government policies, and in support of the provincial development strategies and the needs of the beneficiaries.

67. GICs will be recruited by the NPMO through a firm using Quality- and Cost- Based Selection (QCBS) procedures using a ratio of 80:20 in accordance with ADB's *Guidelines on the Use of Consultants* (2010 as amended from time to time). The NPMO will also recruit national consultants to assist in the preparation of feasibility studies, detailed design, preparation of bidding documents, and supervision of construction of subprojects from national firms using CQS procedures. CQS procedures are justified because: (i) the work to be carried out requires specialized expertise which is not widely available in Lao; (ii) the quality of the output is critical for the assessment of the subprojects' environmental and social impacts, as well as the design of necessary mitigation measures; and (iii) recruitment time will be critical to ensure expeditious and efficient project implementation. The NPMO will also be responsible for recruitment of national institutes such as NGO, universities to monitor implementation of social and environmental safeguard measures. These institutes will also be recruited using CQS procedures. The packages for these entities are considered small at \$200,000 or less and would not justify the preparation of detailed technical proposals. Furthermore, CQS procedures will reduce recruitment time to ensure timely implementation of these critical inputs. The detailed terms of reference (TOR) for all consulting services are in Section D below.

## C. Procurement Plan

### 1. Basic Data

Country	Lao People's Democratic Republic
Project Name	GMS Biodiversity Conservation Corridors Project
Grant Amount (\$)	ADF - \$20 million
Grant Number	To Be Determined
Executing Agency	Ministry of Agriculture and Forestry/Department of Forestry
Date of this Procurement Plan	5 November 2010

### 2. Process Thresholds, Review and 18-month Procurement Plan

#### a. Project Procurement Thresholds

68. Except where ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works:

Method	Threshold
NCB works <sup>a</sup>	Below \$1,000,000 but ≥ \$100,000
NCB goods <sup>a</sup>	Below \$500,000 but ≥ \$100,000
Shopping works	Below \$100,000

<sup>11</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

Shopping goods	Below \$100,000
Direct Contracting	≤ \$10,000
Community Participation for works, services, and transactions (seed capital, block funds)	≤ \$30,000 per contract

NCB = national competitive bidding.

<sup>a</sup> NCB procedures are described in Section 7 of this procurement plan.

### 3. ADB Post and Prior Review

69. Except as ADB may otherwise agree, the following prior- or post-review requirements apply to various procurement and consultant recruitment methods used for the Project.

Procurement Method	Prior or Post	Comments
<b>For Goods and Works</b>		
NCB works	Prior / Post The draft English language version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount. ADB-approved procurement documents should be used as a model for all subsequent NCB procurement financed by ADB, and need not be subjected to further prior review. ADB will review the bid evaluation report and award of contract on a post-review basis.	NPMO to procure all NCB packages. Prior review for the first 2 contracts subsequently post review.
NCB goods	Prior / Post Same as NCB works above	NPMO to procure all NCB packages. Prior review for the first 2 contracts subsequently post review.
Shopping works	Post	The draft English language version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount.
Shopping goods	Post	
Community Participation for works <sup>12</sup>	Post	
<b>Consultant Recruitment</b>		
QCBS (80:20)	Prior	The NPMO will recruit implementation consultants from a firm, using full technical proposals.

<sup>12</sup> Small projects in accordance with ADB's *Procurement Guidelines* (2010 as amended from time to time)

<b>Procurement Method</b>	<b>Prior or Post</b>	<b>Comments</b>
CQS	Post	Involves small contracts with specialist organizations or individuals for time critical work.

CQS = Consultants' Qualifications Selection; NCB = National Competitive Bidding; NPMO = National Project Management Office; QCBS = Quality- and Cost-Based Selection.

#### **4. Consulting Service Contracts Estimated to Cost More than \$100,000**

70. The following table lists the consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months:

<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Recruitment Method</b>	<b>Advertisement Date</b>	<b>International or National Assignment</b>	<b>Comments</b>
GIC	\$2.604	QCBS (80:20)	Jan 2011	24 pm International and 246 pm National	To be recruited by NPMO
Design, Feasibility, Supervision, Safeguards Consultants	\$0.372	CQS	Apr 2011	National	7 packages to be recruited by NPMO
Design and capacity of Village Development Fund (VDF)	\$0.197	CQS	Apr 2011	National	1 package to be recruited by NPMO

CQS = Consultants Qualifications Selection; CS = Construction Supervision; DD = Detailed Design; FS = Feasibility Study; GIC = Grant Implementation Consultants; NPMO = National Project Management Office; PBD = Preparation of bidding documents; QCBS = Quality- and Cost- Based Selection.

#### **5. Goods and Works Contracts Estimated to Cost Less than \$1 million and Consulting Services Contracts Less than \$100,000**

<b>General Description</b>	<b>Value of Contracts (cumulative) (million)</b>	<b>Number of Contracts</b>	<b>Procurement/Re-recruitment Method</b>	<b>Comments</b>
Office Equipment	\$0.121	4	Shopping/Direct Contracting	By NPMO PPOs
Motor Vehicles & motorcycles	\$0.41	5	Shopping	By NPMO
Equipment for resource mapping	\$0.162	2	Shopping/Direct Contracting	By NPMO
Field Equipment	\$0.113	2	Shopping/Direct Contracting	By NPMO

General Description	Value of Contracts (cumulative) (million)	Number of Contracts	Procurement/Recruitment Method	Comments
Office Refurbishment (includes \$100,000 for WREA Office)	\$0.165	5	Shopping/Direct Contracting	By NPMO PPOs and WREA

NPMO = national project management office; PPO = provincial project office.

## 6. Indicative List of Packages Required under the Project

71. The following table provides an indicative list of all procurement (goods works and consulting services) over the life of the proposed Project. Contracts financed by the recipient and others are included with appropriate notation in the 'Comments' section.

General Description	Est. Value (\$ million)	Est. No. of Contracts	Procurement Method	Proposal Type	Comments
<b>Goods</b>					
Motor Vehicles (pickups and motorbikes)	\$0.410	5	Shopping	n.a.	By NPMO
Office Equipment (Desk sets, cabinets, computers, communication equipment, etc.)	\$0.102	4	Shopping/Direct Contracting	n.a.	By NPMO -PPOs
Equipment for resource mapping	\$0.162	2	Shopping/Direct Contracting	n.a.	By NPMO
Field equipment	\$0.113	2	Shopping/Direct Contracting	n.a.	By NPMO
<b>Works</b>					
Multiple, demand driven, small scale infrastructure Subproject works with design (over the next 36 months)	\$7.038	multiple	NCB	n.a.	By NPMO
Reforestation Subproject design & materials (multiple sites over the next 60 months)	\$0.768	Multiple	Shopping/Direct Contracting	n.a.	By NPMO/PPO
Community <sup>13</sup> Participation for forest restoration	\$0.984	Multiple	Community	n.a.	By PPO/DCO

<sup>13</sup> Not to exceed \$30,000 per contract.

General Description	Est. Value (\$ million)	Est. No. of Contracts	Procurement Method	Proposal Type	Comments
works					
Community <sup>13</sup> Participation for livelihood improvement subprojects	\$0.355	Multiple	Community	n.a.	By PPO/DCO
Livelihood Improvement Technologies (biogas/solar)	\$0.400	Multiple	Shopping/Direct Contracting	n.a.	By NPMO
Village Development Funds (VDF) seed capital	\$0.345	69 village funds	Direct Contracting / transfer of seed capital on eligibility	n.a.	By PPO/DCO
Community service contracts for Biodiversity Corridor Patrolling over 8 years in 69 villages	\$1.987	Multiple	Community	n.a.	By PPO/DCO
<b>Consulting Services</b>					
Grant Implementation Consultants	\$2.604	1	QCBS (80:20)	FTP	By NPMO
FS, DD, supervision, Safeguards, Consultants	\$0.372	Multiple	CQS	BTP	By NPMO
Design and capacity of Village Development Fund (VDF)	\$0.197	1	CQS	BTP	By NPMO
<b>Others</b>					

BTP = Biodata Technical Proposal; CQS = Consultants' Qualifications Selection; CS = construction supervision; DD = detailed design; FTP = Full Technical Proposal; FS = feasibility study; NPMO = national project management office; PBD = preparation of bidding documents; PPO = provincial project offices; QCBS = Quality- and Cost-Based Selection.

## 7. National Competitive Bidding

### a. General

72. The procedures to be followed for NCB procurement shall be those set forth in "Decree on Government Procurement of Goods, Works, Maintenance and Services" (Prime Minister's Decree No. 03/PM) of the Lao People's Democratic Republic, effective 9 January 2004, and Implementing Rules and Regulations effective 12 March 2004, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

**b. Application**

73. Contract packages subject to NCB procedures will be those identified as such in the Project Procurement Plan. Any change to the mode of procurement from those provided in the Procurement Plan shall be made through updating of the Procurement Plan, and only with prior approval of ADB.

**c. Eligibility**

74. Bidders shall not be declared ineligible or prohibited from bidding on the basis of barring procedures or sanction list, except individuals and firms sanctioned by ADB, without prior approval of ADB.

**d. Advertising**

75. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.

**e. Procurement Documents**

76. The standard procurement documents provided with MOF, Procurement Monitoring Office shall be used to the extent possible. The first draft English language version of the procurement documents shall be submitted for ADB review and approval, regardless of the estimated contract amount, in accordance with agreed review procedures (post and prior review). The ADB-approved procurement documents will then be used as a model for all procurement financed by ADB for the Project, and need not be subjected to further review unless specified in the procurement plan.

**f. Preferences**

77. Preferences as follows:

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Suppliers and contractors shall not be required to purchase local goods or supplies or materials.

**g. Rejection of all Bids and Rebidding**

78. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

**h. National Sanction List**

79. National sanction list may be applied only with prior approval of ADB.

**i. Corruption Policy**

80. A bidder declared ineligible by ADB, based on a determination by ADB that the bidder has engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing an ADB-financed contract shall be ineligible to be awarded ADB-financed contract during the period of time determined by ADB.

**j. Disclosure of Decisions on Contract Awards**

81. At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be published in a local newspaper or well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each Bidder who submitted a Bid, (ii) bid prices as read out at bid opening, (iii) name of bidders whose bids were rejected and the reasons for their rejection, (iv) name of the winning Bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. The executing agency/implementing agency shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

**k. Member Country Restrictions**

82. Bidders must be nationals of member countries of ADB, and offered goods, works and services must be produced in and supplied from member countries of ADB.

**D. Consultant's Terms of Reference**

**1. Background**

83. Consultants to be financed from ADB resources include the GICs; national consultants to assist in the preparation and supervision of subproject works; and entities to monitor the implementation of social and environmental safeguard measures. All consultants and institutes will be selected and engaged in accordance with the *ADB's Guidelines on the Use of Consultants*. The NPMO will recruit the GICs from a consulting firm following QCBS (80:20) procedures. National consultants for preparation of feasibility studies, detailed design, preparation of bidding documents and supervision of construction, as well as the safeguard monitoring entities will be recruited by the NPMO following CQS procedures. The TOR outlined herein relate only to the GICs. TORs for the other packages will be developed by the team leader of GIC. These detailed TORs will then be incorporated in the PAM at a later date. The outputs and deliverables from all consulting services shall be in accordance with the Government policies, and in support of the provincial development strategies and the needs of the beneficiaries.

84. The GICs comprise a total of 270 person-months including 24 person-months of international specialists and 246 person-months of national specialists. Advance action for recruitment of GIC has been approved by ADB to facilitate the timely mobilization of consultants and the advertisement for their recruitment was posted on ADB's website on 24 September 2010.

85. To assist in the implementation of the Project, the NPMO will engage a qualified international consulting firm (including national consultants) to provide consulting services in a range of specialties including: (i) Forestry / Biodiversity, (ii) GIS / Land use planning, (iii) social safeguards, gender / community, (iv) business development / agroprocessing / NTFP, (v) accounting and other unidentified areas. The consulting services contract is expected to commence in June 2011 and will continue for approximately 94 months until completion of the Project. The estimated cost of consulting services contract is US\$2.6 million.

86. Advance action will be initiated to ensure that the team is fielded shortly after grant effectiveness to provide continuous support and advice to the NPMO and the PPOs throughout the Project, with a greater concentration in the first 4 years of implementation. Approximately 80% of the person-months are planned to be utilized by 2015. After this initial intensive support,

the NPMO and PPOs will have built the necessary capacity to carry out all duties independently and with minimum support.

## **2. Rationale for the Level of Consultancy Support**

87. The relatively high level of support proposed for the NPMO and PPOs is based on recent experience with pilot phase between 2006-2009 and implementation consultants under the ADB and IFAD co-financed Natural Resource Management and Productivity Enhancement Sector Project<sup>14</sup> currently being implemented in the five southern provinces, and a sequence of rural development projects financed by ADB within the past 10 years in Lao PDR. The early selection and fielding of consultants is considered critical in view of the different approach followed for this Project which features subprojects that have already been selected and pre-screened and an increased focus on safeguard issues. The level of support is also justified given that the designs are likely to be more challenging in the mountainous terrain as well as the fact that the designs will attempt to minimize any potential impact from climate change.

## **3. Recent Experiences**

88. The complex government procedures and approval processes for the selection of consultants together with the process of ratification by ADB often leads to extensive delays in the recruitment of consulting services. This process is particularly more complex for QCBS procedures there is a risk that GICs may not be mobilized on a timely basis and will not be available in the early period of implementation when they are most needed. Such delays will have repercussions in the preparation of subprojects and subsequently on grant disbursement. National staff appointed to project management structures often lack familiarity with ADB procedures and GICs are needed to perform a very necessary function filling this capacity deficit in the early implementation of the Project.

## **4. Subproject Pre-selection and Preparation**

89. During Project preparation, a number of sample subprojects were pre-screened regionally (community water supply, reforestation, rattan planting, fish ponds) against a set of selection criteria. Pre-screening was carried out to provide samples that could be used to accelerate the start-up phase so that subproject preparation could commence shortly after grant effectiveness. National consultants to be recruited by the NPMO will be responsible to prepare detailed feasibility studies comprising social and environmental safeguard studies as well as economic analysis of each subproject. Previous experience suggests that local companies lack the experience to prepare such studies to a standard acceptable to ADB. The GICs are expected to play an important role in guiding and reviewing the studies prepared by the national consultants to ensure that their work meet the ADB requirements. Furthermore, the GICs will be required to prepare SIRs summarizing the outcome of the feasibility studies. The SIRs will be a key document for the approval of the subprojects by the NSC. It is therefore necessary for specialists experienced in ADB social and environmental safeguards to be recruited to ensure that ADB's specific areas of interest are accommodated. By providing external technical assistance in these critical areas, there are less likely to be delays in approvals needed from ADB.

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<sup>14</sup> ADB Grant No 0044-LAO to the Government of Lao PDR for the implementation of the Natural Resource Management and Productivity Enhancement Sector Project, Manila.

## 5. Terrain and Quality Factors

90. As the proposed Project is to be implemented in the challenging environment of remote and mountainous areas of southern Lao PDR, the application of standard designs to reforestation, livelihood improvement, biodiversity corridor establishment, and small scale rural infrastructure will require technical support and intensive extension work.

### Grant Implementation Consultant Inputs by duty station

TA Support all units	Unit	Central	Province	District	Totals
<b>A. National</b>					
1. Deputy Team Leader / Forestry / Biodiversity Specialist	month	96			96
2. GIS Specialist & Land use Planning	month		24		24
3. Forestry/Biodiversity Specialists	month		96		96
4. Forest Plantation & Nursery Assistant	month			240	240
5. Agriculture Extension Assistant	month			240	240
6. Business Development Specialist (Agroprocessing/NTFP)	month		30		30
7. Social Safeguards Specialist	month		36		36
8. Short Term Consultants (pool)	month		18		18
9. Procurement Specialist	month	6	6		12
<b>Sub-Total</b>		102	210	480	792
<b>B. International</b>					
1. Team Leader / Forestry/Biodiversity Corridor Expert	month	6	12		18
2. Social Safeguards	month		3		3
3. Short Term Consultants (e.g. GIS, Env safeguards)	month		3		3
<b>Sub-Total</b>		6	18	-	24

The shaded positions will be procured by NPMO using CQS; the remaining consultants will be procured by QCBS method.

## 6. Terms of Reference

### a. Forestry / Biodiversity: Team Leader - (18 pm International and 96 pm National – Deputy Team Leader)

91. The International Team Leader (Forestry and Biodiversity Specialist) will in close co-operation with the National Project Director and the ADB Project Officer:

- (i) Assume overall responsibility for implementing the technical support, including preparation and implementation of work plans, and provide team leadership, coordination, financial management and administrative input, and ensure timely deployment of consultants and guidance on following ADB requirements on Statement of Expenditure (SOE) guidelines
- (ii) Ensure that all consultants are fully briefed on local situation and their tasks. Review, and modify when necessary all consultant terms of reference in consultation with the National Director and the ADB Project Officer and oversee international and national consultants and provincial level teams in planning, preparation and completion of the subprojects (commune investment plans – CIPs) and follow up on forest resource management plans in all provinces

- (iii) Develop a comprehensive capacity development plan and oversee its implementation
- (iv) Monitor progress against project implementation schedule and collate and coordinate preparation and submission of periodic progress reports and technical reports on project findings and experience.
- (v) Support Forest Development Plans for the provinces that identify areas where forest restoration should be prioritized to improve connectivity between different management units and provide guidance on demarcation and delineation of the provincial forest estate
- (vi) Assess any existing technical guidelines for the design of management plans for Protected and Commune/Community Forests and refine as appropriate and advise on the collection and analysis of all data relevant to forest management, including operational costs, prices, labor productivity, wage rates, and recommend improvements to working practices to reduce costs and improve labor health and safety
- (vii) Advise on the design of forest and biodiversity inventories and assessments of natural forest management units, including sampling procedures, determination of sampling intensity, data recording and analysis and the establishment of a network of permanent and temporary sample plots in the major forest types
- (viii) Oversee the development of a program for growth and yield monitoring both for key indigenous tree species and for the major mixed species natural forest types that includes assessment of the net sequestration of carbon stocks, and provide guidelines for techniques for assessing timber and carbon growing stock and yield estimation suitable for application by local communities in the project communes/villages
- (ix) Advise on the preparation of detailed management plans for territorial forest management units that do not yet have comprehensive plans, covering silvicultural and harvesting operations, and including an investment plan that includes access and roads, staff development, and identification of any potential for public use of the forest for recreation and tourism. The plans should be sensitive to environmental and landscape considerations.
- (x) Prepare guidelines for environmental protection and biodiversity conservation and for the defining areas within Protected forest areas that require special protection due to their importance as unique habitats, feeding sources (e.g. salt licks and water) nesting sites etc. to ensure that the protection value is maximized and ensure their incorporation into management plans and advise provincial staff on conservation, reforestation, ecosystem restoration and review current management plans and proposed ecotourism plans.
- (xi) Advise on the principles to be adopted for practical Commune Forest Management Plans for inventory, monitoring, silvicultural treatments and the development of a simple harvesting plan that ensures long-term sustainability of the resource and safeguards locally important species such as resin trees and trees of spiritual importance.
- (xii) Oversee the work of the national plantations and nursery consultants, preparing technical guidelines for site and species selection for community restoration of denuded and degraded former forest areas, reviewing current site preparation, establishment, silvicultural and nursery practices and vet recommendations on the most effective disposition of nurseries within the Project area to ensure timely supply of best possible quality of planting stock of indigenous tree species and NTFPs for restoration, enrichment planting and livelihood plantations.

- (xiii) Support the Business Development activities for potential new livelihood enterprises or developments of existing enterprises that should be supported by the Project.
- (xiv) Make recommendations for market based instruments to capture some of the environmental values from protected lands and forest areas.
- (xv) Promote the monitoring of prices for major forest products including timber, NTFPs, Carbon/CO<sub>2</sub> and energy to assess the competitiveness of wood for energy and the feasibility of carbon sequestration through forest management and plantations.

92. The **National Deputy Team Leader (Forestry and Biodiversity Specialist)** will in close co-operation with the International Team Leader, National Project Director and the ADB Project Officer assist the TL with:

- (i) Technical support, including preparation and implementation of work plans, coordination, financial management and administrative input, and ensure timely deployment of national consultants
- (ii) Briefing to consultants and project visitors on local situation and tasks. Support national consultants and provincial level teams in planning, preparation and completion of the subprojects (commune investment plans – CIPs) and follow up on forest resource management plans in all provinces
- (iii) Develop a comprehensive capacity development plan and oversee its implementation
- (iv) Monitor progress against project implementation schedule and collate and coordinate preparation and submission of periodic progress reports and technical reports on project findings and experience.
- (v) Support Forest Development Plans for the provinces that identify areas where forest restoration should be prioritized to improve connectivity between different management units and provide guidance on demarcation and delineation of the provincial forest estate
- (vi) Assess any existing technical guidelines for the design of management plans for Protected and Commune/Community Forests and refine as appropriate and advise on the collection and analysis of all data relevant to forest management, including operational costs, prices, labor productivity, wage rates, and recommend improvements to working practices to reduce costs and improve labor health and safety
- (vii) Design of forest and biodiversity inventories and assessments of natural forest management units, including sampling procedures, determination of sampling intensity, data recording and analysis and the establishment of a network of permanent and temporary sample plots in the major forest types
- (viii) Oversee the development of a program for growth and yield monitoring both for key indigenous tree species and for the major mixed species natural forest types that includes assessment of the net sequestration of carbon stocks, and provide guidelines for techniques for assessing timber and carbon growing stock and yield estimation suitable for application by local communities in the project communes/villages
- (ix) Preparation of detailed management plans for territorial forest management units that do not yet have comprehensive plans, covering silvicultural and harvesting operations, and including an investment plan that includes access and roads, staff development, and identification of any potential for public use of the forest

for recreation and tourism. The plans should be sensitive to environmental and landscape considerations.

- (x) Prepare guidelines for environmental protection and biodiversity conservation and for the defining areas within Protected forest areas that require special protection due to their importance as unique habitats, feeding sources (e.g. salt licks and water) nesting sites etc. to ensure that the protection value is maximized and ensure their incorporation into management plans and advise provincial staff on conservation, reforestation, ecosystem restoration and review current management plans and proposed ecotourism plans.
- (xi) Commune/Community Forest Management Plans for inventory, monitoring, silvicultural treatments and the development of a simple harvesting plan that ensures long-term sustainability of the resource and safeguards locally important species such as resin trees and trees of spiritual importance.
- (xii) Oversee the work of the national plantations and nursery consultants, preparing technical guidelines for site and species selection for community restoration of denuded and degraded former forest areas, reviewing current site preparation, establishment, silvicultural and nursery practices and vet recommendations on the most effective disposition of nurseries within the Project area to ensure timely supply of best possible quality of planting stock of indigenous tree species and NTFPs for restoration, enrichment planting and livelihood plantations.
- (xiii) Support the Business Development activities for potential new livelihood enterprises or developments of existing enterprises that should be supported by the Project
- (xiv) Take over international team leader duties in his/her absence or leave.

**b. Social Safeguards - Gender, Indigenous Peoples / Ethnic Minorities, and Resettlement Specialists - (3 pm International, 36 pm national)**

93. The consultant will review the Project related documentation, including the Feasibility Study and consultants' reports produced during project preparation, to better understand the sociocultural and economic context of the Project. The consultant will be responsible for assessment of the sociocultural dimensions (to include ethnic minorities, resettlement, gender and development, and stakeholder participation and consultation). Specifically, the international social safeguards consultant will:

- (i) Oversee the technical preparation of a socio-economic database at the beneficiary and commune/commune level in a participatory manner that will serve as the benchmark information for the input, output, and outcome monitoring and evaluation indicators for assessing poverty, social, and gender impacts of Project components and for the Project as a whole. Information to be collected through a combination of primary and secondary data gathering as well as quantitative and qualitative approaches; will include but will not be limited to, demographic information of the poor disaggregated by gender and minority/social groupings, poverty in Project sites, relationship of human populations and environment/ natural resources, non-economic features of poverty, and institutional bottlenecks to poverty reduction;
- (ii) Using the data gathered, prepare socio-economic and poverty profiles of the prospective stakeholders and beneficiaries to be impacted by the component and/ or subproject, using both quantitative and qualitative and participatory techniques.

- (iii) Prepare methodological procedures and targets and through National Social Safeguards/Gender Specialists, oversee the conduct of social impact assessment and other required survey/census requirements in the Project sites as guided by the Project Social Safeguards frameworks (EMDF and RF) and the GAP;
- (iv) Formulate recommendations to bring about greater accountability and transparency in the development process in order to qualify broad community support for the Project sites;
- (v) In consultation with relevant members of the team, carry out an analysis of policy adjustments related to social dimensions such as (but not limited to): land tenure, vulnerability of human settlements and rural livelihoods to climate impacts, micro credit, and institutions for inclusion into a policy dialogue with the government;
- (vi) Prepare appropriate recommendations that enable profitability of conservation and protection for upstream communities, who are most often ethnic minorities, and measures to ensure that such environmental service costs actually reach the communities in the manner and forms they require and benefit them;
- (vii) Based on the social assessment and where ethnic minorities are concerned, recommend culturally appropriate strategies and options to mitigate impacts as a result of new schemes to be introduced and which will potentially change livelihoods and/or demand for socio economic services
- (viii) Oversee and assess preparation of EMDPs and RPs in accordance with ADB Policies and Guidelines, EMDF, and RF;
- (ix) In consultation with relevant members of the team, propose options for capacity building of various local community groups/organizations that may be involved with implementation of the Project, identifying the means and institutions for such capacity building measures. This can include community-based public education and outreach activities related to climate risk reduction and adaptive water management practices;
- (x) Prepare framework and oversee implementation of Project capacity building/IEC and in particular, that these are in line with results of the SIA and objectives of Social Safeguards documents, as well as the GAP; and
- (xi) Assist the central project implementation unit in any other tasks relevant to the expertise of the Consultant including preparing various reports and other documents required by ADB and concerned government institutions.

94. **National Social Development / Safeguards Specialist:** The consultant shall work closely with the International Social Development/Safeguards Specialist and will review the Project related documentation specifically all social safeguards documents (EMDF, RF, & GAP), including the Feasibility Study and consultants reports produced during project preparation, to better understand context and directions of proposed investments under the Project. The consultant will be responsible for providing the directions of project implementation as regards the social dimensions (to include indigenous people, resettlement, risk reduction, gender and development, rural institutions, and stakeholder participation). Specifically, the national consultant will:

- (i) Prepare localized consultation and participation plans through Stakeholder workshops to orient them on the project and seek agreement on land use planning;
- (ii) Generate project standard to document broad community support;
- (iii) In accordance with social safeguards framework documents, work closely with implementers in finalizing and applying screening criteria for subproject selection;

- (iv) In partnership with the communications/community development specialist, ensure that IEC protocols and procedures are appropriate for specific beneficiary groups, produced and/or implemented in culturally acceptable and gender sensitive manner;
- (v) Conduct a needs assessment in three communes in a participatory manner and prepare socio-economic/poverty profiles socio-economic database TO serve as benchmark information for the input, output, and outcome monitoring and evaluation indicators for assessing the poverty, social, and gender impacts of the Project components and for the Project as a whole with strict reference to the DMF. Said output will serve as the format for ensuing poverty profiling and assessments;
- (vi) Ensure appropriate selection criteria for assisting organizations/professionals contracted to conduct SIA and other required census/survey/reports, whenever applicable, and capacitate selected assisting organizations/professionals;
- (vii) Oversee the conduct of social impact assessment as well as all other necessary census/survey/reports for commune-proposed subprojects using the EMDF, RF and GAP as key references. Where applicable, that the necessary planning documents are prepared in cooperation/coordination of relevant partner institutions;
- (viii) Ensure that the necessary social safeguards plans are generated in a consultative and participatory manner and that these plans incorporate effective participatory approaches that are culturally and gender sensitive, ensuring inclusion of vulnerable stakeholders/ beneficiaries to project benefits flows;
- (ix) With reference to the GAP, ensure gender concerns are incorporated in the EMDP/RP as applicable;
- (x) Ensure that redress mechanisms are in place prior to subproject implementation and that disclosure procedures as stipulated in the social safeguards framework and pertinent ADB Communications Policy are observed;
- (xi) Oversee Internal and External Monitoring for all social safeguards as well as for the GAP and validate findings;
- (xii) Whenever unanticipated impacts on project beneficiaries become apparent during project implementation, ensure that a SIA will be conducted in order to update the EMDP/RP or that a new EMDP/RP shall be formulated to reflect updates;
- (xiii) In consultation with relevant members of the team, carry out an analysis of policy adjustments related to social dimensions such as: land and tree tenure, vulnerability of human settlements and rural livelihoods to climate impacts, micro credit, institutions, etc for inclusion into a policy dialogue with the government;
- (xiv) In consultation with relevant members of the team, propose options for capacity building of various local community groups/organizations that may be involved with implementation of the Project, identifying the means and institutions for such capacity building measures. This can include community-based public education and outreach activities related to climate risk reduction and commune development fund management;

**c. Environment Safeguards Specialists - (1 pm International from short term unallocated and 10 pm National form short term unallocated)**

95. The **International Environmental Safeguarding Specialist (IESS)** will be engaged at the start of Project implementation. The IESS will develop a number of critical tools that will be

used during Project implementation to ensure its compliance with the environmental safeguarding requirements of ADB and Government. Concurrently with the International Environmental Safeguarding Specialist, a National Environmental Safeguarding Specialist - Infrastructure (NESS-I) will be engaged for one person-month to provide support with the development of the environmental safeguarding guidelines and to facilitate consultations. The IESS will have secondary qualifications and/or experience in forestry. Specifically, the IESS, in collaboration with the NESS-I, the National Environmental Safeguarding Specialist (NESS), other Project staff, implementing partners and stakeholders, will undertake: (i) Update the EARF as required; (ii) Develop detailed environmental safeguarding guidelines for project implementation and the identification and design of subprojects tailored to the different implementing partners. Particular focus will be given to the technical aspects of the forestry activities, activities located inside protected areas, and small-scale infrastructure subprojects (the latter with specific inputs from the NESS-I); (iii) Develop screening checklists for subprojects and guidance material on their use; (iv) Develop an appropriate monitoring schedule in function of the subprojects identified; (v) Train the NESS in applying the EARF and familiarise the NESS with ADB environmental safeguarding procedures and requirements, including reporting.

96. The **National Environmental Safeguarding Specialist - Infrastructure (NESS-I)** will be engaged at the start of Project implementation. The NESS-I will work closely with the International Environmental Safeguarding Specialist (IESS) to develop a number of critical tools that will be used during Project implementation to ensure its compliance with the environmental safeguarding requirements of ADB and Government. The NESS-I will have secondary qualifications and/or experience in small-scale rural infrastructure development and design. Specifically, the NESS-I, in collaboration with the IESS, the National Environmental Safeguarding Specialist (NESS), other Project staff, implementing partners and stakeholders, will undertake: (i) Collaborate with the IESS to update the EARF as required; (ii) Support the IESS to develop detailed environmental safeguarding guidelines for project implementation and the identification and design of subprojects tailored to the different implementing partners. Particular focus will be given to the technical aspects of the forestry activities, activities located inside protected areas, and small-scale infrastructure subprojects; (iii) Provide specific inputs with respect to small-scale infrastructure subprojects for detailed environmental safeguarding guidelines as mentioned in (ii); (iv) Support the IESS to develop screening checklists for subprojects and guidance material on their use; (v) Support the IESS to develop an appropriate monitoring schedule in function of the subprojects identified;

97. The **National Environmental Safeguarding Specialist (NESS)** will ensure that the Project is implemented in accordance with the environmental safeguarding requirements of ADB and the Government. The NESS will be attached to the office for coordination among provinces (based at the PPMU levels) The NESS will coordinate and facilitate all related monitoring and reporting activities. Specifically, the NESS, in collaboration with other the International Environmental Safeguarding Specialist (IESS), the National Environmental Safeguarding Specialist - Infrastructure, Project staff, implementing partners and stakeholders, will undertake:

- (i) Assist the Provincial Project Management Units (PPMU) to comply with the ADB and Government environmental safeguarding requirements;
- (ii) Coordinate and facilitate all environmental safeguarding monitoring and reporting activities for the Project; prepare detailed monitoring schedules as well as the final monitoring reports for submission to ADB;

- (iii) Support villages, communes and district-level involved in Project implementation, in particular in the management of the CDF, with meeting the environmental safeguarding requirements for the Project;
- (iv) Assist villages and communes with the integration of the environmental safeguarding guidelines into the CDF operating regulations;
- (v) Liaise on environmental matters with other technical agencies that will provide support services to the provinces;
- (vi) Contribute to developing a detailed monitoring and reporting schedule for the Project in consultation with ADB to ensure that the environmental safeguarding requirements associated with the selected subprojects are effectively met;
- (vii) Be trained by the IESS in applying the EARF and the ADB environmental safeguarding procedures and requirements;
- (viii) Prepare a screening checklist based on the relevant ADB Rapid Environmental Assessment (REA) checklists<sup>15</sup> and the screening list of the Government.
- (ix) Assist the PPMUs with completing the environmental screening lists for all of their subprojects, as well as the CDF managers for their subprojects.
- (x) Carry out a formal screening of the subprojects for environmental impact, both according to ADB environmental safeguarding standards and according to those of the Govt, based on the completed screening checklists
- (xi) Apply the set of environmental safeguarding guidelines that will be developed to all subprojects to ensure that the subprojects are designed in a way that does not alter the environmental classification of the Project in accordance with ADB's environmental safeguarding policy and procedures<sup>16</sup>;
- (xii) Review Project work plans and CDF investment plans for the environmental assessment of the subprojects as they will be finalized during project implementation;
- (xiii) Categorize subprojects as belonging to one of the three environmental categories for ADB projects;
- (xiv) Provide guidance to the PPMU or CDF managers involved for the preparation of Initial Environmental Examinations (IEE) for subprojects requiring an IEE;
- (xv) Prepare the required documentation to report to ADB the outcome of the screening and categorization process, as well as any IEE documentation;
- (xvi) In the case of category C subprojects, notify ADB of the screening findings and the categorization of the subproject;
- (xvii) Provide guidance and support to the PPMU or the CDF managers to prepare the Environmental Impact Assessment (EIA) for subprojects according to GoV requirements;
- (xviii) Provide guidance and support to the PPMU or the CDF managers to prepare and register the written environment protection commitment for subprojects that are required to do so;
- (xix) Keep a detailed record of the public consultation activities and ensure that the public has access to public documents related to the environmental safeguarding process.

**d. Agriculture Extension Assistant (240 pm National) and Forestry / Nursery Assistant (240 pm National)**

98. Under preparation [to be stationed at district level, one in each district]

<sup>15</sup> Appendix 1, ADB. 2003. *Environmental Assessment Guidelines*. Manila. pp. 109-143.

<sup>16</sup> ADB. 2009. *Safeguard Policy Statement*. Manila and ADB. 2003. *Environmental Assessment Guidelines*. Manila.

**e. Land-use Planner and GIS Specialist - (2 pm international from short term unallocated 24 pm National)**

99. Under the supervision of the international Team Leader and in cooperation with the other team members, the **Land use / GIS Specialist (international)** sets up the BCI spatial decision support system, and performs spatial analysis and modelling task to support site design, establishment, and monitoring & evaluation of project achievements and impacts. Specifically, the Land use planner's / GIS specialist's work will include, but is not limited to: (i) Establish working relationships with national government and non-governmental organizations producing and/or administering spatial datasets relevant to the successful establishment and monitoring of Biodiversity Corridor sites; (ii) Supervise the national GIS consultants to collect, process and integrate spatial and statistical data into site-specific, consolidated GIS databases; (iii) Perform data needs and quality assessments (geographic datasets, statistical datasets), identify gaps and quality issues, and propose options to fill gaps or improve deficient datasets; (iv) Set up a satellite image archive for each site, process the images, and conduct forest cover classifications and change detection analyses that provide project management (districts, provinces and center) with information on a) site integrity (state) and b) land conversion trajectories (trend); (v) Supervise the national GIS consultants in conducting field survey/reports to refine / verify accuracy of satellite image interpretation; (vi) Develop aggregated vulnerability and land conversion threat maps to support project in geographically prioritizing individual site interventions (short to medium term responses); (vii) Develop land demand scenarios from past trends and future development strategies and directives, and translate them into a future land conversion model to support programming of appropriate long term responses; (viii) Perform GIS skills assessments and design corresponding GIS conceptual and technical trainings (on-the-job training) for relevant local and national level focal points; (ix) Produce 2D and 3D geo-visual materials from the GIS baseline database and the GIS analysis / modelling (usable in the context of land use mapping and landscape planning); (x) Develop GIS based land use and landscape presentations and other knowledge products (e.g. fact sheets, posters) to strengthen communication and progress reporting.

100. **National Land Use / GIS Consultant (24 PM)**: Under the supervision of the international Land use / GIS Specialist, the national GIS consultant maintains the land use / GIS databases, prepares information for spatial analyses and modeling applications, and delivers RS/GIS training courses in the local language. Specifically, the national land use / GIS Consultant will: (i) Review national land use planning frameworks and identify relevant plug in points (institutional, planning tools, etc.) for Biodiversity Corridor interventions; (ii) identify and document national GIS data sources and discuss / coordinate with national focal points on how to secure copies of relevant datasets; (iii) Collect GIS datasets required for the development of baseline (thematic) maps and configuration of spatial analyses (e.g. threat maps) and modeling tools (e.g. future land conversion); (iv) Review spatial and thematic quality of collected datasets and suggest processing steps (or alternative better data sources) to improve overall accuracy; (v) Process GIS datasets (conversion, translation, cleanup, documentation) and integrate them into one common BCI GIS database (one for each BCI site); (vi) Conduct (GPS-based) field survey/reports as required to refine / verify accuracy of satellite image interpretations and GIS datasets; (vii) Facilitate the collection of expert knowledge (legal documents, reports, research papers, expert interviews and questionnaires) and consolidate the findings into a knowledge database that supports the development / configuration of suitability and vulnerability / threat maps and land allocation models; (viii) Develop and translate RS/GIS training materials and conduct trainings for national BCI focal authorities; (ix) Produce 2D and 3D geo-visual materials

as advised by the GIS Specialist; (x) Support the GIS Specialist in other tasks that might be required.

**f. Procurement Specialist - (12 pm National)**

101. Under the guidance of the National Project Director and the ADB Project Officer, the national procurement specialist will:

- (i) Setup the procurement system following the guidelines of the ADB and relevant government provisions for the procurement of goods and services.
- (ii) Assist the project for the preparation of detailed specifications and tender documents for the procurement of goods and services including local shopping, National Competitive Bidding or International Competitive Bidding, community services contracts;
- (iii) Set up a procurement and contract management system for the Project to handle all local competitive bidding and local shopping procurements of goods and civil works undertaken by the implementing authorities and for provinces and districts to handle service contracts with communities;
- (iv) Establish a system of block grants and service contracts or seed capital disbursement to communities for services and investments;
- (v) Assist Project Director in recruiting prequalified institutions, commercial organizations, NGOs or private individuals to provide services for developing proposed subprojects into feasibility studies for consideration for Project funding.
- (vi) Assist the Project Director in all procedures relating to procurement of equipment and vehicles in accordance with the methods to be used for the purchase of supplies for the Project, ensuring that both Asian Development Bank (ADB) and Government requirements are followed.
- (vii) Provide on the job training in procurement and contract management to the procurement officer at national and provincial levels and other concerned staff.

**g. Unallocated Specialists short term (3 pm International and 18 pm National)**

102. This item is intended to provide resources for as yet unidentified areas of technical expertise or to procure services of Environmental safeguards specialist and international GIS specialist as and when needed for the implementation of the proposed Project. Detailed TORs are to be developed by the CPCU with the support of the grant implementation consultants.

## VII. SAFEGUARDS

103. The primary focus of the Project is to maintain and restore forest ecosystems that provide critical ecosystem services benefiting local livelihoods and downstream users. This will be achieved largely through establishment of a landscape approach that allows for multiple use zones, reforestation of degraded areas, livelihoods improvements and small scale income enhancing infrastructure as incentives for beneficiaries. Potential sample subprojects have been pre-screened to ensure conformity with project criteria which include strict adherence to safeguard regulations of the ADB and the Government of Lao, including environmental and social impact on the population in general and on vulnerable groups in particular. Criteria for selection of subprojects virtually eliminated subprojects with potential significant impact on environment, and resettlement and land compensation matters. Consideration was also given during the subproject selection process to ensure that women and vulnerable groups as well as indigenous peoples would derive significant benefits from the selected subprojects and that any potential negative impact could be mitigated.

### A. Resettlement

104. The Project investments are geared towards institutionalization of provincial and local instruments that will rationalize and minimize land use conflicts by (i) reducing dependence on forests through generation of alternative livelihood opportunities; (ii) enhancing ecosystem service flows and benefits (e.g. water discharge, climate regulation, NTFPs); and (iii) harmonizing land use regimes and communities use rights over natural resources by strengthening access and tenurial rights. It promotes livelihood support interventions (i.e., access to secure land tenure, community forestry, plantations, local primary processing of wood and nonwood products, ecological farming and ecotourism). BCI aims at providing incentives, funding, and technical assistance enabling local people to grow trees of their choice in their homestead plantations and community forests for subsistence needs as well as for fuelwood consumption and construction. Small loan schemes for micro and small enterprises are to be encouraged for local (wood and nonwood) primary processing to emerge or existing ones to become vibrant. The establishment of management regimes in the corridors shall create jobs for local people.

105. Examples of livelihood improvement activities generated through village consultations are livestock production, agroforestry (that includes fruit trees in combination with cash crops) home gardens, reforestation, agri-plantations, rattan plantation establishment, mushroom production and the like. Rural infrastructure is limited to the rehabilitation of rural (farm-to-market) roads and community irrigation systems as well as the provision of water supply systems. These subprojects will not entail land acquisition as existing right-of-way will be observed. Subproject selection criteria have taken into account the primary concerns of the ADB-SPS and the engagement of stakeholders to consultation and participation for broad community support will be upheld.

106. **Anticipated Involuntary Resettlement.** Sixty-nine villages in five districts within the provinces of Attapeu, Champasak, and Secong in Lao PDR are covered by the proposed Project. Social assessment was conducted in seven sample villages (Khammaknao, Phuokuea, and Sompoy in Attapeu; Ta Ong and Saming of Champasak; and Songkhone and Ta Ork Yai of Secong) in June 2010, which resulted in the identification of limited, temporary and reversible project impacts that trigger involuntary resettlement under the Safeguards Policy Statement of ADB (2009), as follows:

- (i) Temporary loss of assets/ disturbance. Temporary loss of small areas of land due to rehabilitation/ construction works, in addition to loss of crops, trees and structures, may occur, although not expected to cause severe impacts since rehabilitation works will be carried out within existing right-of-way. Examples of disturbance may take the form of (a) removal of vegetation and disturbance to wildlife, (b) dust suspension due to construction works, and (c) depending on the final design, emissions of obnoxious gas and particulates from vehicles/heavy equipment and/or generator sets.
- (ii) Social exclusion/elite capture. Protocols in a number of ethnic minority communities require that project entry require prior approval of the village/ district chiefs and other such designated entities. This includes how benefits are distributed, which have to be coursed through these parties. While such protocols are imperative for project entry and ultimate acceptability the project has to take stock of dynamics that may limit flow of information and deter equitable benefit distribution especially with the vulnerable population.
- (iii) Increased developmental dependency. Village development grant arrangements as well as future local involvement in payment for environmental/ecosystems services may encourage ethnic minority dependency to donors and government institutions and may also result in complacency and/or containment of benefits to a chosen few as related to (ii) above (social exclusion/elite capture).

107. Based on the Social Assessment, and given the indicative list of subprojects, approximately 4.9% or 34 households in the seven sampled villages will be affected largely due to temporary loss of assets and/or disturbance as cited in (i) above. An estimated 5 households per village may encounter disturbance or temporary loss of assets during construction/establishment phase. Vulnerable groups found to be likely affected are: (i) ethnic minority groups, (ii) poor farming households, and (iii) female-headed households.

108. **Rationale for a RF.** Based on the social assessment, the Project is classified as category B as it includes involuntary resettlement impacts that are not deemed significant compared to category A<sup>17</sup> inasmuch as the project design has built in mechanisms that already address impacts that are both positive and negative. Further, the Project buy-ins are at this stage subject to consultation and agreed upon decisions during Components 1 and 2 where land use planning is processed to determine feasible locations and designs for subprojects.

## **B. Environmental Impact**

109. The Project will generate overwhelmingly positive environmental impacts. Biodiversity conservation in the Project area is of global significance and will support several critically endangered species through the conservation and restoration of habitats essential to their survival.

110. Some of the Project activities have a potential for generating localised, manageable negative environmental impacts. These have been identified, as well as the measures to prevent or mitigate such impacts. The Project takes a sector-like approach to a number of its activities, whereby exact locations and type of activity will be determined during Project implementation by the local implementation partners within the geographical boundaries and according to the Project objectives. The Project has been designed to take environmental considerations into account for subprojects as and when they are being formulated. A

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<sup>17</sup> Category A subprojects entail significant adverse social impacts if 200 or more persons will experience major impacts, which are defined as (i) being physical displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).

framework for environmental safeguarding of subprojects has been developed and will be applied.

111. The Project activities that have the potential of causing negative environmental impacts include the forestry activities, the support to livelihoods development and improvement, the small-scale infrastructure development, and the activities supported by the village development funds. Identification and design of all of these activities will be finalized during Project implementation. All Project activities that will be defined during implementation will be subject to review for environmental impact during the planning stage, and further if and as required during detailed design, construction and operation. The design, location and other characteristics of the subprojects will be amended to minimize any negative environmental impact. The activities will cover the costs for required environmental monitoring and mitigation measures. Proposed subprojects with significant environmental impacts that might alter the environmental classification of the Project are not admissible. In addition to subproject-specific monitoring, there will be regular monitoring of the overall environmental performance of the Project as a whole, in line with the ADB environmental safeguarding requirements. Subprojects will comply with the prevailing environmental safeguarding regulations of Lao PDR.

112. The Project is classified as an Environmental Safeguarding Category B project in accordance with the ADB Safeguard Policy and Environmental Assessment Guidelines<sup>18</sup>. Significant environmental impacts warranting and Environmental Impact Assessment are unlikely.

### **C. Indigenous Peoples Planning Framework**

113. The term “Indigenous Peoples” is not used in Lao PDR. The official terminology for describing the diverse population of Lao PDR is “ethnic groups” as introduced in the 1991 Constitution. Articles 8 and 22 underscore nondiscrimination on the basis of ethnicity or gender, thus non-Lao people are covered under the usage of ethnic groups. During consultations with select villages in the three provinces, ethnic minority farmers mentioned to the following constraints: (i) lack of farm implements/inputs and technical assistance; (ii) issues on food security, health, and sanitation, (iii) Poor rural infrastructure like roads that link to markets, and water supply, (iv) unemployment; (v) need for schools and electrification, (vi) land issues that limit shifting cultivation.

114. An estimated 4,700 farm households will directly benefit from the project. Intensive capacity building across project cycle, and ensuring broad community support in subproject prioritization, planning, selection, and implementation are key project strategies. The Project investments are geared towards institutionalization of provincial and local instruments that will rationalize land use planning by (i) reducing dependence on forests through generation of alternative livelihood opportunities; (ii) enhancing ecosystem service flows and benefits (e.g. water discharge, climate regulation, NTFPs); and (iii) harmonizing land use regimes and communities use rights over natural resources by strengthening access and tenurial rights. It promotes livelihood support interventions (i.e., access to secure land tenure, community forestry, plantations, local primary processing of wood and nonwood products, ecological farming and ecotourism). The Project aims at providing incentives, funding, and technical assistance enabling local people to grow trees of their choice in their homestead plantations and community forests for subsistence needs as well as for fuelwood consumption and construction. Small loan schemes for micro and small enterprises are to be encouraged for local (wood and

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<sup>18</sup> ADB. 2009. *Safeguard Policy Statement*. Manila. ADB. 2003. *Environmental Assessment Guidelines*. Manila.

nonwood) primary processing to emerge or existing ones to become vibrant. The establishment of management regimes in the corridors shall create jobs for local people. The Project will facilitate the provision of tenurial security to ethnic minorities.

115. There are limited, temporary and reversible project impacts as well as a number of adverse social impacts, largely due to external forces. Those that are project-based are:

- (i) Temporary loss of assets/ disturbance. Temporary loss of small areas of land due to rehabilitation/ construction works, in addition to loss of crops, trees and structures, may occur, although not expected to cause severe impacts since rehabilitation works will be carried out within existing right-of-way. Examples of disturbance may take the form of (a) removal of vegetation and disturbance to wildlife, (b) dust suspension due to construction works, and (c) depending on the final design, emissions of obnoxious gas and particulates from vehicles/heavy equipment and/or generator sets.
- (ii) Social exclusion/elite capture. Protocols in a number of ethnic minority communities require that project entry require prior approval of the village/ district chiefs and other such designated entities. This includes how benefits are distributed, which have to be coursed through these parties. While such protocols are imperative for project entry and ultimate acceptability the Project has to take stock of dynamics that may limit flow of information and deter equitable benefit distribution especially with the vulnerable population.
- (iii) Increased developmental dependency. Village development grant arrangements as well as future ethnic minorities involvement in payment for environmental/ecosystems services may encourage ethnic minority dependency to donors and government institutions and may also result in complacency and/or containment of benefits to a chosen few as related to (ii) above (social exclusion/elite capture).

116. Impacts brought about by external factors due to Project benefits are:

- (i) Encroachment due to improved access. With the rehabilitation of rural infrastructure, there is potential for increasing access to conservation sites especially along the borders by outsiders or those not belonging to the same ethnic minority group within a Project assisted area aggravating current resource use competition.
- (ii) Increase in value of land in Project sites. Investments introduced through the Project increases the likelihood of land speculation, which may increase selling of ethnic minority land rights to economic concessions/investors.

117. **Social Impact Assessment.** Qualified and experienced experts will be contracted to conduct a full social impact assessment (SIA) in a gender-sensitive manner in consultation with ethnic minorities. The SIA will (i) establish the baseline socioeconomic profile of ethnic minorities in the Project area and the Project impact zone; (ii) assess access and opportunities to avail of basic social and economic services, (iii) determine the short- and long-term, direct and indirect, and positive and negative impacts of the Project on each group's social, cultural, and economic status, (iv) assess and validate which ethnic minorities will trigger the SPS principles, and (v) assess subsequent approaches and resource requirements for addressing the various concerns and issues of projects that affect them. An EMDP in conjunction with the subproject feasibility study will be prepared if impacts on ethnic minorities are established.

118. **Ethnic minorities Planning.** Qualified and experienced experts will similarly prepare the EMDP through meaningful consultation with affected ethnic minorities to ensure that affected ethnic minorities will receive culturally appropriate social and economic benefits and that when potential adverse impacts on them are identified, these will be avoided to the maximum extent possible. When avoidance is deemed impossible, the EMDP will identify measures to minimize, mitigate, and compensate for adverse impacts. If ethnic minorities will be

the majority of direct Project beneficiaries, and when only positive impacts are identified, elements of an EMDP may be included in the overall Project design in lieu of preparing a separate EMDP. The EMDP will establish requirements for meaningful consultation and how benefit sharing are fulfilled and integrated into the Project design.

119. An updated EMDF may be necessary to reflect mitigating measures to avoid adverse impacts on ethnic minorities as well as measures to enhance culturally appropriate development benefits following the completion of detailed engineering design and detailed measurement survey/reports. These may be adjusted, but agreed outcomes as specified in this EMDF will not be lowered or minimized. If new groups of ethnic minorities are identified prior to submission of the final EMDP to ADB, meaningful consultation will likewise be undertaken with them.

## VIII. GENDER AND SOCIAL DIMENSIONS

120. The Project will largely benefit women mostly by addressing release time and/or reduction of time spent on other household reproductive activities, i.e., water collection and marketing. Time saved can be spent on other priorities women have for themselves as well as their families. Provisions will be made to the men to reduce out migration.

121. Women, as nurturers of families, will further benefit as health, hygiene, and reduced scale of calamities (climate change and REDD) that affect families/households are directly and indirectly attended to by Project implementation.

122. The implementation arrangements and estimated costs of the gender strategy are incorporated in the overall arrangements and total budget of the Project as included in capacity building and participation to the consultation and participation processes across levels (national, province, district, communes and villages). Similarly, the menu of livelihood options and technical assistance extended (i.e., on climate change, REDD, early warning devices, etc) shall provide for support activities and instructional materials that are sensitive to the needs of women.

123. The NPMO and specifically the PPO will implement the gender strategy. Representatives from the Women's Union, Ethnic Minorities, and the Lao Front specifically from the provincial level down to the villages will play important roles in facilitating the participation of women in Project activities.

124. A national social development/gender specialist will assist in the development of implementation guidelines for the gender strategy crafted for each commune/village. Gender-disaggregated indicators for project performance monitoring and evaluation will be identified with the implementing units. Protocols in coordination with other specialists as regards subproject implementation and feasibility studies preparation will be defined. Midterm review missions will be scheduled to identify and eventually document lessons learned and best practices and make adjustments as the need arises.

125. Despite the Project being a biodiversity and conservation project, opportunities abound and are built into the project design that ensure delivery of tangible benefits to women by improving their access to social services, and/or economic and financial resources and opportunities, and/or basic rural and urban infrastructure, and/or enhancing voices and rights, which contribute to gender equality and women's empowerment. ***It is thus deemed that the Project is categorized as an Effective Gender Mainstreaming Project.***

126. With reference to the ADB Gender Guidelines of March 2010, a Gender Action Plan (GAP) is prepared, details of which are stipulated in Table 5, based on findings from the Social Assessment using the Asian Development Bank (ADB) Handbook for Social Assessment, in close consultation with women stakeholders of Lao PDR.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Climate resilient sustainable forest ecosystems benefitting local livelihoods</p>	<ul style="list-style-type: none"> <li>• By 2022, 3,900 ha restored and additional 5,000 ha leveraged under REDD+ compared to baseline 2007, updated 2011;</li> <li>• By 2022, approximately 550hh and 1,125 farmers have diversified livelihood assets and/or income generating opportunities</li> <li>• By 2022, 1 million labor days worth of employment generated through project related conservation work and cash transfers for participatory restoration activities</li> </ul>	<ul style="list-style-type: none"> <li>• MAF updates on forest cover, CO<sub>2</sub> emissions and biodiversity trends</li> <li>• Provincial cadastral survey/reports</li> <li>• National forest and poverty survey/reports</li> <li>• Household and commune socio-economic survey/reports</li> <li>• National Statistical offices reports</li> <li>• Reports by GoL to GMS Summits and Environment Ministers' Meetings</li> <li>• GoL circulars and implementation guidelines</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Climate change adaptation and mitigation activities receive additional / incremental funding</li> <li>• Biodiversity Corridor regulatory framework is adhered to by planning and decision-makers at central and provincial levels</li> <li>• Population growth is stable and in-migration into biodiversity corridor areas can be regulated</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Sudden influx of climate change refugees</li> <li>• Ad hoc development investment decisions override long term environmental / biodiversity corridor plans and programs</li> </ul>
<p><b>Outcome</b> Sustainably managed biodiversity corridors in Lao PDR</p>	<ul style="list-style-type: none"> <li>• By 2018, management plans and Biodiversity Corridor policy with legal framework in place covering around 698,000 ha of forest and non-forest land in 5 districts/69 villages of Champasak, Attapeu and Xekong provinces in Southern Lao PDR;</li> <li>• By 2018, Biodiversity Conservation Corridors (BC) mapped and demarcated with cross-border arrangements entered into for maintenance and protection;</li> <li>• By 2018, BC regulatory framework and management regime with financing in place for maintaining ecosystem services</li> <li>• By 2018, increase in income and/or assets for target HHs by 40% Lao PDR compared to 2011 and at least 30% of the village level corridor management committee members are women.</li> </ul>	<ul style="list-style-type: none"> <li>• National Databases MAF and WREA</li> <li>• MoU between Lao PDR &amp; Viet Nam regarding management of Biodiversity Corridor zones in cross border areas</li> <li>• Text of Biodiversity Corridor Decree or regulatory instrument</li> <li>• Household and commune Socio-economic survey/reports</li> <li>• Performance monitoring survey/reports;</li> <li>• Project MIS</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Provincial governors and Central GoL commit to declaring &amp; establishing a GMS Biodiversity Corridor area &amp; enforce regulations</li> <li>• Timely approval of management plans and funds by NPMO</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>• Other external DFIs negatively affect current and planned Project activities in the corridors</li> </ul>
<p><b>Outputs</b> 1. Institutions and communities strengthened for</p>	<ul style="list-style-type: none"> <li>• By 2012, zoning of 698,000 ha of Biodiversity Corridor;</li> <li>• By 2013, Participatory Land</li> </ul>	<ul style="list-style-type: none"> <li>• Corridor maps approved by Provincial Govt and MAF/DOF</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Sector development plans in Lao PDR remain</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>biodiversity corridor management</p> <p>2. Biodiversity corridors restored, ecosystem services protected, maintained</p> <p>3. Livelihoods improved and small-scale infrastructure support provided in target villages</p>	<p>use Plans (PLUP) and Village Investment Plans (VIP) ready in 69 villages covering 5 districts in 3 provinces;</p> <ul style="list-style-type: none"> <li>• By 2014, 300km of demarcation completed</li> <li>• By 2013, all 69 villages receive Collective Forest Land (Management) Certificate for village forest groups;</li> <li>• 1,095 provincial, 625 district, 750 village level persons trained in project activities</li> <li>• From the trained persons, at least 40% are female with a large portion from ethnic group</li> </ul> <ul style="list-style-type: none"> <li>• By end 2011, effective patrolling of forest areas established in 69 villages by village based patrolling units in protecting on average 2,500ha/village covering over 170,000 ha of the biodiversity corridor;</li> <li>• By 2016, about 3,900 ha of natural forest land rehabilitated through forest restoration, enrichment planting, non-timber forest product and agroforestry planting using mainly native species and maintained over and beyond the project period;</li> <li>• Restoration activities include labor input provided by women on cash basis, improving household income</li> </ul> <ul style="list-style-type: none"> <li>• By 2015, at least 550hh and over 1,125 rural farmers receive cash and technical support to improve agricultural productivity and income from home gardens, agriculture / animal production; 50% increase in no. of home gardens managed by women as compared to 2011; at least 500 ha of forest based livelihood plantations (production forest);</li> <li>• By 2015, 69 villages receive financial resources through Village Development Funds and small scale infrastructure support to enhance accessibility to water,</li> </ul>	<ul style="list-style-type: none"> <li>• LUPs with maps for 69 villages</li> <li>• Village Investment Plans of 69 villages</li> <li>• Demarcation maps</li> <li>• Land Use Certificates (LUCs)</li> <li>• Project Progress Reports</li> <li>• Performance monitoring survey/reports</li> <li>• NPMO reports</li> <li>• Project completion report</li> </ul> <ul style="list-style-type: none"> <li>• Land use certificates</li> <li>• Provincial and district economic survey statistics</li> <li>• Reports of Forest protection department on illegal activities</li> <li>• Performance monitoring survey/reports</li> <li>• NPMO reports</li> <li>• ADB review mission reports</li> <li>• Project completion reports</li> </ul> <ul style="list-style-type: none"> <li>• Provincial and district economic survey/ reports</li> <li>• Provincial revenue reports</li> <li>• Provincial business and enterprise statistics</li> <li>• Performance monitoring survey/reports</li> <li>• Project Progress Reports</li> </ul>	<p>conducive to promotion and</p> <ul style="list-style-type: none"> <li>• consolidation of biodiversity corridor / landscape approaches</li> <li>• Sufficiently qualified national consultants can be identified and engaged</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Other developmental activities (commercial plantations, mining, settlements, roads etc) create further fragmentation of forest ecosystem and hamper landscape approaches</li> <li>• Political security and peace in border is disturbed</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>4. Project management and support services are operational</p>	<p>production, markets, and services with capacity building in O&amp;M and business models (ecotourism, NTFP, and agro-processing);</p> <ul style="list-style-type: none"> <li>• At least 30% of VDF management committee comprises female members;</li> <li>• By 2015, investments in livelihood improvements and small-scale infrastructure completed;</li> <li>• By 2015, selected hh in 8 cluster villages have access to biogas, and solar energy solutions;</li> <li>• By 2015, anticipated climate change impacts on infrastructure documented and integrated into provincial level planning and adaptation costs and investment needs identified</li> <li>• By March 2011, NPMO in DOF and PPO in Champasak, Attapeu and Xekong operational; at least 20% of project staff are female</li> <li>• By June 2011, all advance actions re procurement of vehicles, equipment and consultants completed;</li> <li>• By August, first tranche of grant received in imprest accounts</li> <li>• By 2012, around 1,000 officials and project staff will be trained on procurement, management, financial controls, monitoring and report</li> <li>• Timely half yearly (June/Dec) technical and financial reports produced in LAO and EN by NPMO</li> <li>• Project Performance and Monitoring System established by early 2012</li> <li>• Timely submission of financial liquidation and withdrawal applications</li> <li>• By 2017, Operational Guidelines / manuals circulated on biodiversity corridors management and best practices</li> </ul>	<ul style="list-style-type: none"> <li>• Government statistics</li> <li>• Provincial and district statistics</li> <li>• NPMO reports</li> <li>• ADB review mission reports</li> <li>• Mid term evaluation</li> <li>• Performance monitoring survey/reports</li> <li>• Grant /loan disbursement reports</li> </ul>	
<p><b>Activities</b></p> <p>1.1. Strengthen policy framework for biodiversity corridor establishment and implementation</p> <p>1.2. Raise awareness and build technical capacity to replicate model of biodiversity corridors</p> <p>1.3. Participate in GMS transboundary and Subregional Biodiversity Corridor activities and establish cross-border cooperation framework on biodiversity corridor management</p>			<p><b>Inputs (in '000)</b></p> <p><b>A. ADB</b></p> <p>1. Civil Works:</p> <p>a) small scale infra \$7,038</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks																																
<p>1.4. Strengthen capacity on land use planning, zoning, demarcation across landscapes</p> <p>1.5. Strengthen the capacity of district officials and key provincial level staff in corridor and protected areas management</p> <p>1.6. Update database on forest resources, land use and integrating with other information on agriculture, water, mining etc.</p> <p>1.7. Strengthen village level capacity for managing village development funds (VDF)</p> <p>1.8. Strengthen the capacity of villagers to manage and protect forest and natural resources in the corridors and move toward effective community-based natural resource management (with co-management of some parts of the PAs/protection forests)</p> <p>1.9. Secure recognition of biodiversity corridors through provincial level policy and regulations/decisions/decrees and implement management plans</p> <p>2.1. Undertake participatory demarcation and delineation of forest/conservation corridor areas from village areas</p> <p>2.2. Identify and undertake landscape connectivity in key fragmentation points through targeted reforestation/ enrichment planting, gap filing or natural regeneration</p> <p>2.3. Identify benefit sharing schemes for forest and watershed protection using payment for ecosystem services schemes (PES)</p> <p>2.4. Identify bare/scrub land available close to villages/clusters for forest plantations, NTFP domestication and supply of timber for value addition</p> <p>3.1 Update village/commune level data on socio-economic status and poverty mapping/monitoring</p> <p>3.2 Provide support to promoting agriculture/agroforestry based livelihood improvements</p> <p>3.3 Explore possibilities of improving market information services using mobile IT technology and private sector services in the clusters / villages or through local associations</p> <p>3.4 Provide seed capital for Village Development Funds</p> <p>3.5 Provide investment support to prioritized small scale infrastructure</p> <p>3.6 Build/improve O&amp;M capacity for maintaining infrastructure</p> <p>3.7 Review and develop plans for climate proofing local infrastructure (roads, bridges, schools) and seek funding to implement infrastructure adaptation in priority areas</p> <p>3.8 Map household vulnerability and livelihood options impacted by climate change and prepare for managing disasters and improving coping strategies</p> <p>4.1 Establish Central and Provincial Project Management Unit</p> <p>4.2 Establish financial accounts and internal audit controls</p> <p>4.3 Open project accounts, secure monthly statements</p> <p>4.4 Recruit support staff and consultants</p> <p>4.5 Draw up annual and six monthly workplans, personnel scheduling, budgets and procurement plans and seek approvals</p> <p>4.6 Procure goods and services applying procurement rules as laid out in PAM</p> <p>4.7 Guide and oversee implementation</p> <p>4.8 Conduct survey/reports and studies to enhance and support project implementation</p> <p>4.9 Monitor project implementation</p> <p>4.10 Prepare Statement of Expenditure and liquidation documents and</p> <p>4.11 Submit six monthly financial and technical reports.</p>			<table border="0"> <tr> <td>b) Office Refur.</td> <td>\$102</td> </tr> <tr> <td>2. Goods &amp; Services</td> <td>\$5,971.3</td> </tr> <tr> <td>3. Vehicles &amp; Equipment</td> <td></td> </tr> <tr> <td>    a. Vehicles</td> <td>\$410.0</td> </tr> <tr> <td>    b. Equipment</td> <td>\$506.9</td> </tr> <tr> <td>4. Project Impl.</td> <td>\$1,381.1</td> </tr> <tr> <td>5. Consulting Services</td> <td></td> </tr> <tr> <td>    a) Local contract</td> <td>\$2,587.1</td> </tr> <tr> <td>    b) International:</td> <td>\$586.4</td> </tr> <tr> <td>6. Training &amp; Others</td> <td>\$702.8</td> </tr> <tr> <td>7. Livelihood Inputs</td> <td>\$714.4</td> </tr> <tr> <td><b>Subtotal - A</b></td> <td><b>\$20,000.0</b></td> </tr> <tr> <td><b>B. Government (central and provinces)</b></td> <td><b>\$1,367.5</b></td> </tr> <tr> <td><b>C. Beneficiary Contribution</b></td> <td></td> </tr> <tr> <td>In-kind and O&amp;M</td> <td>\$422.3</td> </tr> <tr> <td><b>Total A+B+C</b></td> <td><b>\$21,789.8</b></td> </tr> </table>	b) Office Refur.	\$102	2. Goods & Services	\$5,971.3	3. Vehicles & Equipment		a. Vehicles	\$410.0	b. Equipment	\$506.9	4. Project Impl.	\$1,381.1	5. Consulting Services		a) Local contract	\$2,587.1	b) International:	\$586.4	6. Training & Others	\$702.8	7. Livelihood Inputs	\$714.4	<b>Subtotal - A</b>	<b>\$20,000.0</b>	<b>B. Government (central and provinces)</b>	<b>\$1,367.5</b>	<b>C. Beneficiary Contribution</b>		In-kind and O&M	\$422.3	<b>Total A+B+C</b>	<b>\$21,789.8</b>
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ADB = Asian Development Bank, ha = hectare, km = kilometer; IT = information technology; NPMO = National Project Management Office; NTFP = non timber forest product; O&M = operation and maintenance; PA = protected area; PAM = Project Administration Manual; PES = payment for ecosystem services; PPO = Provincial Project Office; VDF = Village Development Fund.

Note: Numbers may not sum precisely because of rounding.

Source: GMS Biodiversity Conservation Corridors - ADB R-PPTA 7459

## **B. Monitoring**

### **1. Project performance monitoring**

127. A PBME system will be developed and implemented by the NPMO with assistance from the GIC. The PBME will collect information at subproject level to identify the current socio-economic conditions of target beneficiaries and to assess the impact of the subprojects. The PBME will be based on measurable inputs, outputs and outcomes to be collected during baseline surveys and throughout project implementation.

127. The Project will also provide support for the development and operational support for a national level Monitoring and Evaluation Section being established within MAF's DOP. This will comprise technical support to the design of a project monitoring and information system, equipment and networking facilities to link with the participating districts, and training in planning and performance monitoring. It will also include resources to operate a project impact monitoring system for the numerous development initiatives currently under implementation.

### **2. Compliance monitoring:**

128. The Government and MAF have agreed with ADB on certain covenants for the proposed Project, which are set forth in the grant and project agreements including the following:

- (i) Only subprojects that have been pre-screened either during preparation or by an approved specialist and subsequently approved by ADB shall be financed by ADB grant funds;
- (ii) The Government will ensure that adequate funds are allocated for the periodic maintenance of infrastructure developed under the Project through provincial budgets to maintain the infrastructure in functional order; and
- (iii) The Government will also ensure that a grievance mechanism is established for affected people in the participating districts.

129. ADB will monitor compliance with those covenants throughout project effectiveness and implementation via regular review missions, quarterly progress reports submitted by the NPMO, and review of project accounts and procurement procedures.

### **3. Safeguards monitoring:**

130. The Project will support the recruitment of Safeguard Monitoring entities from domestic universities and institutes, to ensure that all recommendations and mitigation measures under the EMPs, the IPPs, and the RPs, of each subproject are being implemented in accordance to the plans.

### **4. Gender and social dimensions monitoring<sup>19</sup>**

131. All data, in accordance with Prime Minister's Decree No.140/PM dated 20 August 2002 and guideline paper No. 018/PMO of 10 January 2005, will be disaggregated by sex and age, urban and rural women, and women of ethnic groups. Routine monitoring by the safeguard monitoring entities to be recruited under the Project will focus on assessing progress and

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<sup>19</sup>ADB's *Handbook on Social Analysis: A Working Document*, is available at: <http://www.adb.org/Documents/Handbooks/social-analysis/default.asp>, *Staff Guide to Consultation and Participation*: <http://www.adb.org/participation/toolkit-staff-guide.asp>, and, *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: <http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>

compliance with GAPs, identifying constraints and developing remedial actions to effectively address these. Monitoring results will be part of the six monthly progress reports and assessment / evaluations of the GAP will be an essential element of all reviews.

## **C. Evaluation**

132. ADB will conduct regular (at least twice per year) reviews throughout project implementation to assess implementation performance and achievement of project outcomes and objectives, examine financial progress, and identify issues and constraints affecting the Project and work out time-bound action plans for their resolution.

133. A Midterm Review will also be undertaken within 30 months of loan effectiveness. This review will include a comprehensive evaluation of project implementation arrangements, detailed evaluation of the scope and implementation process and progress of subprojects, feedback from the PBME, performance of consultants, capacity building progress, and possible reallocation of loan proceeds. During this more significant review, the impact from the pro-poor initiatives linked to infrastructure development will be assessed as will the allocation by local administrations for the maintenance of the infrastructure developed under the Project. Remedial action will be instituted as required.

134. Within 6 months of physical completion of the Project, ADB will conduct a project completion mission to carry out a preliminary assessment of the success of the Project to achieve its physical, and socio-economic developmental objectives, as well as to review compliance with ADB requirements and loan covenants.

## **D. Reporting**

135. The NPMO will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

## **E. Stakeholder Communication Strategy**

### **1. Consultation**

136. Project preparation has been conducted with stakeholder agencies in the Government of Lao PDR at national, provincial and district levels including MAF, Ministries of Planning and Investment, Public Works and Transport, Water Resources and Environment Administration, and the National Land Management Authority. Consultations have also been held with the mass organizations, the LWU and the Lao National Front which has responsibility for ethnic minority affairs. Specific business scan meetings have been held in the participating provinces with the private sector involved with commercial agriculture to determine their constraints and capacity. A limited number of meetings have been conducted with village-based organizations focusing on irrigation/water management arrangements and issues. Requirements for ensuring appropriate levels of consultation for subproject proposal preparation have been developed.

137. Initial subproject proposal preparation includes consultation requirements involving documented evidence of inclusive consultation with all communities in the subproject catchment area and participant information on numbers of women and men by ethnic grouping. Subproject socio-economic / gender surveys that identify vulnerable groups to provide basis for specific consultation and participation mechanisms will be followed during implementation.

138. During the Project, the process of consultation will continue throughout the feasibility study and detailed design phase of each subproject to afford community groups the opportunity to voice their views on how the subproject is to be designed, implemented and operated. In addition, associated initiatives will be built into the design of each subproject to enhance the impact from and sustainability of investments in rural infrastructure. These associated initiatives will be identified in a participatory manner from a menu of options developed with the respective stakeholders and beneficiaries and will strengthen community-based organizations such as the WUGs, the women's unions, village mediation units, producers and marketing groups, and input supply groups.

## **2. Participation**

139. It is anticipated that the community will be mobilized in a number of different ways during subproject design, implementation and operation. During subproject design and preparation stages community participation will consist primarily of their contribution through the consultation process.

140. During the construction phase, significant opportunities for active participation, particularly for poor household to benefit from the subproject through provision of wage labor to the contractors. This will be encouraged through the bidding documents which will request the contractors to investigate this option, whenever possible.

141. The community will also be required to participate in the O&M of the completed infrastructure whenever possible through provision of labor or in some cases funds.

## **3. Awareness**

142. Experience has demonstrated the importance of community participation in achieving sustainable development including appropriate and well-designed projects. To ensure adequate participation of the community, it must first be well-informed and there must be adequate opportunities for everyone to participate if they wish.

143. Information about the Project and the subprojects in particular, including the objectives, potential environmental impact, implementation arrangements, resettlement and compensation matters, gender issues, issues of concerns for ethnic minorities will be provided to beneficiaries. Information will be provided through village meetings, pamphlets, and other announcements in both Lao language and the language(s) of the communities whenever appropriate. The community will be fully informed of issues such as their right to participate in this subproject and to be compensated for any loss of property including productive land and / or assets as well as gender equity and other relevant policies. Separate meetings and discussions will be arranged with the people who are directly affected by land acquisition and/or resettlement issues. The community and particularly the affected households will be provided with detailed guidance and procedures regarding resettlement and compensation.

## X. ANTICORRUPTION POLICY

144. ADB's *Anticorruption Policy* (1998, as amended to date) was explained to and discussed with MAF and DOP. Consistent with its commitment to good governance, accountability, and transparency ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>20</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>21</sup>

145. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the loan regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of MAF, NPMO, PPO, and DCO, as well as all contractors, suppliers, consultants, and other service providers as they relate to the Project. Individuals/ entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>22</sup> The project design and implementation arrangements provide for mitigation of corruption risks. Risks associated with project management, including procurement and disbursement, will be mitigated by the engagement of GIC to advise and assist in the procurement of goods and services, and the engagement of other consultants. The Project will also establish a website in which it will disclose implementation progress; bid notifications and their results; and provide grievance mechanism against any corrupt practice. References on ADB's Anticorruption Policy can be accessed through the following link: <http://www.adb.org/Integrity/>.

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<sup>20</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>21</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

<sup>22</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

## **XI. ACCOUNTABILITY MECHANISM**

146. People who are, or may in the future be, adversely affected by the Project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.<sup>23</sup>

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<sup>23</sup> For further information see: <http://compliance.adb.org/>.

## **XII. RECORD OF PAM CHANGES**

147. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

**Project Readiness Filter**  
As of Fact-finding Stage (September 2010)

	Key Project Preparation Elements	Stage of Project Preparation			Within 1 month of effectiveness
		Identification/ preparation/fact-finding	Negotiations	Effectiveness Condition	
1.	Project is within GOL's highest development priority (Seventh National Socio-Economic Development Plan)	Confirmed			
2.	Project Administration Manual (PAM)	Draft prepared and will be revised by 5 October 2010	Completed and agreed		
3.	Environment Impact Assessment, Social Impact Assessment, Land Acquisition & Resettlement Plan and Indigenous People Action Plan (where applicable)	Project is classified as B for Environment, Resettlement and Indigenous People. Framework for Environment, Resettlement, and Indigenous People prepared.	Action Plans initiated and GOL budgets proposed		Action plans ongoing
4.	Procurement Capacity Assessment	Completed	Start up actions initiated		Start up actions implemented
5.	Procurement Plan for first 18 months	Completed and included in the PAM	Confirmed		
6.	Financial Management Capacity Assessment	Completed	Start up actions initiated		Start up actions implemented
7.	Auditing arrangements including TOR	Agreed	Confirmed		
8.	Monitoring and evaluation requirements	M&E arrangements agreed, baseline data have been collected for sample activities	Confirmed		Baseline data within 9 months if not possible to collect before
9.	Project Implementation	Implementation arrangements and	Key staffing		Full Project

	Key Project Preparation Elements	Stage of Project Preparation			Within 1 month of effectiveness
		Identification/ preparation/fact-finding	Negotiations	Effectiveness Condition	
	Arrangements	proposed staffing structure included in the PAM	(including procurement and NPMO/PPO staff) approved.		Implementation Team in place
10.	TOR and RFPs for consultants for critical consultant packages required during first year of implementation	TOR for grant implementation consultants to be included in the revised PAM	TOR approved and recruitment process initiated		Contract ready for signing
11.	First year bidding documents for goods and works (where design and specification can be prepared through earlier project or project preparation facility)	Draft English language version of the bidding documents shall be submitted for ADB review and approval regardless of the estimated contract amount. ADB-approved procurement documents shall be used as a model for all subsequent NCB procurement financed by ADB.	TOR agreed for consultant to prepare bidding documents		Bidding documents ready 2 months after negotiation
12.	GOL counterpart funds (if required)	Discussed	First year funds confirmed available		
13.	Subsidiary agreements (where applicable)	N/A	Principle content of agreements agreed (ADB)		
14.				Legal Opinion	

## Gender Action Plan

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Gender Action Plan  
Document Stage: Draft for Comments  
Project Number: 40253  
September 2010

### GMS: Biodiversity Conservation Corridors

The Gender Action Plan is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

## **GENDER ACTION PLAN**

1. The GMS Biodiversity Conservation Corridor Project (The Project) aims to result in climate resilient transboundary biodiversity conservation corridors sustaining livelihoods and investments in Cambodia, Lao PDR, and Viet Nam. It is envisaged that by 2017, the GMS Biodiversity Conservation Corridors are established with supportive policy and regulatory framework in the three countries that maintain ecosystem connectivity and services. It has four components with corresponding indicative activities<sup>24</sup>, (i) Institutional and community strengthening for biodiversity conservation management, (ii) Biodiversity corridors restoration, ecosystem services protection, and sustainable management by local resource managers, (iii) Livelihood improvement and small scale infrastructure support in target villages and communes/ clusters, and (iv) Project management and support services.

2. The approach is a response to the increasing developmental threats (construction of hydroelectric dams, mining and economic concessions for rubber plantations and logging) that abound within the region that result in fragmentation. The fragmentation of ecosystems decreases its capacities to provide services to both upstream and downstream users. The Project aims to show that livelihood activities, agriculture, and some selected development activities could co-exist and be integrated in a conservation landscape as it encompasses conservation and development, protection and livelihoods for sustainable use and management. It fosters links between protected areas and connecting corridors consisting of linear or stepping stone forest blocks that allow for restoration of ecosystem connectivity. The proposed Project promotes zoning with the intention of safeguarding forest access and tenurial rights of the poor and ethnic groups living in remote mountain villages and clusters considered to be the stewards of the ecosystem. All subProjects for investment therefore are community driven, rooted on active stakeholder participation otherwise, conservation and sustainable use cannot be possible.

3. The Project targets an estimated 4,700 beneficiary households in the 69 target villages found in 5 districts of 3 provinces (Attapeu, Champasak, and Xekong) of Lao PDR.

### **A. Gender Status and Issues for Proposed Project**

#### **1. At the National Level**

4. The Lao PDR Constitution and various laws guarantee gender equality and the National Growth and Poverty Eradication Strategy (NGPES) – the government’s national development plan – highlights gender as a cross cutting priority.<sup>25</sup> There are two main institutions tasked as oversight for women: the Lao Women’s Union safeguards the rights and interests of Lao women and children of different ethnic groups while the National Commission for the Advancement of Women (NCAW) assists the Government to formulate national policy guidance and strategic action plans to promote women’s advancement and gender equality.

5. However, the UNDP’s Gender Development Index (GDI) shows that while all GMS countries have a higher life expectancy for women, literacy and school enrolment rates lag behind for women, particularly in Lao PDR. Womens’ opportunities are considerably lower, as they tend to dominate the agricultural work force and the informal economy, whereas men are able to seek better opportunities in the urban manufacturing and service sectors.

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<sup>24</sup> See Appendix 1 on Project DMF.

<sup>25</sup> Lao PDR Gender Profile. 2005. Gender Resource Information & Development Center (GRID). With the Support of the World Bank.

6. Poverty<sup>26</sup> is more pronounced among the rural population and ethnic minorities, especially women. Of the four main ethno-linguistic groups, the Mon Khmer is the poorest, with more than half of this group living under province-based poverty lines. This is in contrast to the majority Lao-Tai group, which has the lowest incidence of poverty (25%). The further populations live from urban settlements; the lower is their access to basic infrastructure, services, incomes and livelihoods options. The Mon Khmer households earn the lowest amounts of cash wages, which may contribute to the high incidence of poverty within this group.

7. Since certain ethnic groups predominate in certain provinces and geographic settings, many of which are remote and mountainous, they tend to have the least physical access to public-financed resources. Within this context, women tend to experience poverty differently, with women working longer hours because they are primarily responsible for their households' food security. This is a responsibility that is especially difficult for highland families that have relocated to lowland areas, in response to government policies to reduce shifting cultivation. If families cannot grow sufficient rice in their new location, they may return to their old shifting cultivation fields, which could be a considerable distance away.<sup>27</sup>

8. Key issues related to the Project concerns as cited in the Lao Gender Profile (2005) are:
- (i) More than half of those employed in agriculture are women, with men and women making different contributions to food security and household income
  - (ii) Women contribute significantly to rice production
  - (iii) Women play an important role in collecting and gathering forest products
  - (iv) Women participate in the establishment of irrigation systems, and community development projects, but are absent from decision-making
  - (v) While women and men enjoy equal access to land under the law, customary practices tend to over-ride these; Land documents tend to be registered in men's names
  - (vi) Poor women are affected by environmental hazards and degradation
  - (vii) Wood fuel is linked to the daily lives of Lao women

## 2. Gender Issues in Project Sites

9. This gender impact analysis is based on (i) seven sample villages (See Appendix 1 for list and associated sociodemographic characteristics); (ii) national, provincial, district and village consultations with women of different ages and ethnic groups, government officials, and mass organizations (See Appendix 2 on consultations conducted during R-PPTA).

10. **Sociodemographic Characteristics in Sample Project Sites.** Table 1 (details in Appendix 1) shows the key facets of BCI 2 seven sample villages. The table further shows that the total affected ethnic group population in BCI sites is about 53% of the total population, the highest being in Xekong, followed by Attapeu and Champasak the least.

**Table 1. Summary of BCI 2 Sociodemographic Characteristics in Lao PDR**

PARAMETER	ENTRY
BCI Area (km <sup>2</sup> )	6980
BCI Population	27,368
Population Density	4
Covered Provinces	3
Covered Villages	69

<sup>26</sup> Lao Gender Profile. 2005. Gender Resource Information and Development Center with support from the World Bank.

<sup>27</sup> *Ibid.*

PARAMETER	ENTRY
Covered Households	4,689
Covered Poor Households	1,639
% Estimated Poor from BCI Population	35%
Covered Ethnic Group	14,505
% Affected Ethnic Group from BCI Population	53%
Female Population	14,341
% Female Population	52%

11. Among total households in BCI 2 sites, an estimated 35% are poor living in areas where population density is low at 4 persons per km<sup>2</sup>. Poor households mostly are found in Xekong BCI 2 sites, followed by Champasak (27%) and Attapeu with 15%. The least dense BCI 2 sites are found in Xekong with 5.6 persons per km<sup>2</sup>. Attapeu sample Project sites are more dense with 35.3 persons per km<sup>2</sup> with Champasak at 19.4 persons per km<sup>2</sup>.

12. In Attapeu BCI 2 sites, it was established that Khanmaknao is a relatively newer settlement of the Lavae ethnic group and is situated next to Sompoy, also in Xanamsai, Attapeu. Sompoy is the most progressive of the 7 sample villages and largely is comprised of the Lowland Lao with minimal ethnic group (3%; mixed) and incidence of poor households pegged at 4%.

13. In Ta Ong, Champasak poor households comprise 92% of the total, and ethnicity is declared at 57% Lavae. This is misleading since declaration of ethnicity was based on mother tongue (as in the National Census). The field visit in Ta Ong validates 100% ethnicity within a settlement known to be hundreds of years in its current location. In Songkhone, Kaleum, Xekong however, 100% of the total population is affiliated with the Ngea-Klieng ethnic group.

14. As regards educational attainment, participants to FGDs aver that women generally only reach primary schooling as compared to males who are able to reach secondary level. In Attapeu Province of Lao PDR, women FGD participants stress the need for education to bail their families out of poverty.

15. **Household Labor Allocation Between Males and Females.** Household labor between males and females as regards NTFP collection is more equal as compared to crop production where disparities in time allocation are noted. NTFPs are an important source of dietary supplements, and are used for medicinal purposes and cash income, especially the Malva nut. Women collect bamboo shoots, roots and wild vegetables as food supplement and as a coping strategy when there are seasonal food shortfalls.

16. With respect to crop production, men are more visible at land preparation: ploughing, making bunds and preparing seedbeds. Women on the other hand are more visible during transplanting of rice, weeding, harvesting, threshing and post-harvest operations. In BCI 2 sites of Xekong, gender roles changed due to lack of male labor, resulting in labour demands for women increasing in agri-crop production. Women make decisions regarding household expenditure and are responsible for selling surplus rice. Despite all these responsibilities, women get minimal, if at all, extensions services on improved rice cultivation practices as well as livestock and poultry production.

17. Shifting cultivation is more evident in Attapeu and Xekong BCI 2 sample sites. It was noted that such a practice takes its toll on women (Appendix 3) as they walk long distances to the rice fields, and transporting rice and other crops back home for family consumption. Women

spend additional time and energy collecting, fuelwood, food preparation and taking care of children after returning from the fields.

18. In Ta Ong, ecotourism is a growing income generating activity where homestays are made available. While women were active in the management of the activity, ecotourism management was a reflection of household dynamics in that women took care of washing, cleaning and cooking for tourists and guests, receiving fewer cash benefits than men who were allocated tour guide roles.

19. **Issues Raised.** Consultations with the Women's Union at the village, district and national levels, as well as the Lao Front, reveal that provision of social services is an important need for women. This is validated at the village level where the following issues and concerns were raised:

- (i) Absence or lack of rural and social infrastructure. Inter-village roads are far and difficult. Without means of transport, women spend much of their time walking to undertake household reproductive activities.
- (ii) Marked illiteracy rates feature among women, especially from ethnic groups.
- (iii) Poor household credit performance.
- (iv) Low income opportunities results in increased labor migration, especially by males,, leaving women behind to manage agricultural tasks and alone..

20. Priority investments were identified as rural inter-village roads, water supply, and electrification. In Sompoy, Attapeu, as well as Ta Ong, Champasak, the main concern identified was the lack of toilets. Such choices reflect the need to save on time to access markets and social services, most especially in relation to health and sanitation and education.

### C. Project Gender Action Plan

21. The Project will largely benefit women by addressing the above issues and concerns. A Gender Action Plan (GAP) is prepared based on findings from the Social Assessment using the ADB Handbook for Social Assessment, and in close consultation with stakeholders that significantly include women and women leaders of Lao PDR. The GAP takes into account Lao PDR regulations and the ADB Policy on Gender and Development in particular, the Gender Guidelines of March 2010.

22. This GAP ensures (i) equal opportunities to access project benefits; (ii) active consultation and participation of women and ethnic groups; (iii) collection of gender disaggregated data including benefit monitoring and evaluation; and (iv) increased representation of women in decision-making bodies at all levels. The gender inclusive design elements presented in Table 2 are in response to constraints faced by women as presented in the social and gender analysis and prepared in consultation with stakeholders, particularly local women.

**Table 2. BCI 2 Gender Action Plan**

Project Component	Gender Action Plan Targets
<b>COMPONENT 1:</b> Institutional and community strengthening for biodiversity conservation management	<ul style="list-style-type: none"> <li>• 30% participation of women during consultations; training in participatory land use planning, commune/village investment planning, GIS-based mapping, and functional literacy; capacity building in biodiversity corridor management, O&amp;M, small enterprise development, assessment, and in working groups/committees to be established by the Project.</li> <li>• Gender sensitive training/IEC materials will be produced in local languages, (where applicable) to be prepared in close consultation with beneficiaries specifically, on land rights, credit, and access to resources and opportunities provided by the Project, linking up with on-going government and development partner programs on health/sanitation and HIV education, and climate change adaptation.</li> <li>• At least 50% of female heads of households receive forestland and land use certificates (LUC)</li> </ul>

Project Component	Gender Action Plan Targets
	collectively and/or individually where applicable, for livelihood purposes and productivity enhancement.
<b>COMPONENT 2:</b> Biodiversity corridors restoration, ecosystem services protection, and sustainable management by local resource managers	<ul style="list-style-type: none"> <li>• Forest restoration activities (enrichment planning, NTFP planting, agro forestry) include at least 30% of women's labor input participation on cash basis;</li> <li>• National gender specialist to oversee preparation of community disaster risk and response plan, and conduct gender-responsive workshops ensuring access to information by women on mapping household vulnerability and livelihood options</li> </ul>
<b>COMPONENT 3:</b> Livelihood improvement and small scale infrastructure support in target villages and communes/clusters	<ul style="list-style-type: none"> <li>• Documented evidence of consultation with local women and women's groups (including women from IP/ethnic groups) prior to subproject approval.</li> <li>• At least 30% of Village Development Fund (VDF) investments targeted at livelihood activities (micro-credit borrowings) prepared and submitted by community womenfolk;</li> <li>• At least 30% of extension training directed at women producers (animal production, agriculture productivity)</li> <li>• At least 30% of VDF Management Board members are women.</li> <li>• Preparation of gender responsive designs for water storage/water harvesting systems to combat drought and water stress</li> <li>• Equal pay for men and women for work of equal type.</li> <li>• Training on Village Development Funds is gender responsive and gender sensitive</li> </ul>
<b>COMPONENT 4:</b> Project management and support services	<ul style="list-style-type: none"> <li>• Gender mainstreaming training for Project Management Units across levels at Project start.</li> <li>• At least 20% of staff is women at each level (senior management, technical and administrative / support staff).</li> <li>• Project Implementing Unit responsible for overseeing GAP implementation and reporting must include progress against the GAP in annual / semi-annual progress reports to ADB.</li> <li>• Participation of national institutions addressing concerns on women and ethnic groups across Project implementation units, especially in monitoring and grievance redress (Grievance redress mechanism disaggregated feedback and response by sex)</li> <li>• Both female and male staff given equal opportunity to participate in non-gender related training and capacity development programs.</li> <li>• A national social development/gender consultant recruited to (i) build capacity of Project management units across levels, Project staff and facilitators in gender responsive design and analysis; (ii) preparation of gender sensitive indicators; (iii) preparation of checklists for evaluation of gender responsiveness of proposed subprojects; and (iv) coordination of relevant consultancies as appropriate.</li> <li>• Sex-disaggregated indicators established for Project performance M&amp;E system; monitoring will be on-going to ensure activities are effectively carried out and targets reached; progress reports to include gender-related achievements and constraints.</li> <li>• Mid-term review Mission to assess gender related achievements and constraints to GAP implementation and propose, if required, adjustments for better Project performance.</li> </ul>

23. **Implementation Mechanisms for the Gender Action Plan.** The Executing Agency (EA) for the proposed Project will be the Ministry of Agriculture and Forestry who will delegate responsibility to the Department of Forestry. At the provincial level, the Provincial Agriculture and Forestry Office will take charge of the day to day implementation and management of the Project. A provincial implementation team will be established and will include representation from the Lao Women's Union and the Lao Front for National Construction, in particular the unit tasked with oversight for ethnic groups. The Project will coordinate and complement activities of the Division for Advancement of Women (DAW) under MAF.

24. MAF at the national level will contract a qualified and experienced National Gender Specialist to assist gender specialists at the province level. The national level will assist the provincial implementing units in the preparation of social impact assessments and gender analysis for each participating district. Budget for GAP compliance are incorporated in the financial allocation per component.

## APPENDIX 1

## Summary Matrix of Socio-demographic Characteristics within Lao PDR BCI 2

Province/ District/ Village	Total Population	% Females	No of Households	Poor Households*	Total Ethnic Group Population	% Ethnic Group from Total Population	Ethnic Group Females	% Ethnic Group Females
<b>TOTAL Villages</b>	<b>27,368</b>	<b>52.4</b>	<b>4,689</b>	<b>2</b>	<b>10,916</b>	<b>53.2</b>	<b>5,903</b>	<b>54.1</b>
Champasak	13,241	48.9	2,309	1	470	7.2	237	50.4
Pathoumphone	13,241	48.9	2,309	1	470	7.2	237	50.4
Attapeu	9,073	50.5	1,591	1	6,176	68.1	3,235	52.4
Phouvuong	1,117	44.9	193	2	887	79.4	472	53.2
Sanamxai	7,956	51.7	1,398	1	5,289	66.5	2,763	52.2
Xekong	5,054	58.8	789	2	4,270	84.5	2,431	56.9
Dakcheung	3,219	66.4	487	2	2,791	86.7	1,506	54.0
Kaleum	1,835	51.2	302	2	1,479	81.0	925	62.5

\* Poor households classified as 1=non-poor and 2=poor as per records at district offices.

## APPENDIX 2

**Attendance to FGDs and KIs**  
**Attendance to Focus Group Discussions by Village and Gender**

Village	Male	Female	Total	
			Number	%
Saming	9	13	22	17%
Ta Ong	15	8	23	18%
Phoukuea	5	12	17	13%
Khanmaknao	14	18	32	24%
Sompoy	4	3	7	5%
Songkhone	13	5	18	14%
Ta Ork Yai	9	3	12	9%
TOTAL Number	69	62	131	100%
TOTAL %	53%	47%	-	-

## LIST OF PERSONS INTERVIEWED

Date	Name	Organization	Contact Address
04-21-10	Mr. Khamphay Luanglath Deputy head of Forestry Division	Provincial Agriculture and Forestry Office, Champasak Province.	Tel/Fax: 856 31 212 177 Mobile: 856 20 553 59916 E-mail: <a href="mailto:khamplayL@hotmail.com">khamplayL@hotmail.com</a> , <a href="mailto:kp.luanglath@yahoo.com">kp.luanglath@yahoo.com</a>
	Mr. Sodxay Chaleurnsouk Director BCI Project	Biodiversity Conservation Corridors Initiatives between Xepian-Donghuasao NPA, Phathoumphone District, Champasak Province.	Tel: 856 30 5347 370 Mobile: 856 20 566 92884 <a href="mailto:Sodxay@yahoo.com">Sodxay@yahoo.com</a>
	Mr. Oneta	Xepian NPA, Phathoumphone District, Champasak Province.	Mobile: 856 20 554 39908
	Ms. Viengxay Director	District Investment Planning Office, Phathoumphone District, Champasak Province.	Mobile: 856 20 992 54038
	Ms. Lattana Assistant of Director	District Investment planning Office, Phathoumphone District, Champasak Province.	Mobile: 856 20 568 48150
	Mr. OnnTa Head of Land Mgt and Environmental office	District Land Management and Environmental office	
	Ms. Chanthone Silivong Deputy	National Lao Front office, Phathoumphone District, Champasak Province.	Mobile: 856 20 987 48166
	Mr. Khamphanh Deputy Director	District Agriculture and Forestry Office, Phathoumphone District, Champasak Province.	Mobile: 856 20 567 62389
04-25-10	Mr. Singsamouth Deputy, Forestry Section	Provincial Agriculture and Forestry Office, Attapue Province.	
04-26-10	Mr. Somnuek Keokhambay Deputy, Agriculture and Forestry Office	District Agriculture and Forestry Office, Sanamxay District, Attapue Province.	Mobile: 856 20 998 34482
	Mr. Ummuay Savengsouk Rural Development Office	District Agriculture and Forestry Office, Sanamxay District, Attapue Province.	Mobile: 856 20 270 5677
04-31-10	Mr. Houan Chanphana Assistant Head of GMS National Secretarial	GMS National Secretarial, Water Resources and Environment Administration	Mobile: 856 20 556 55069 <a href="mailto:hcpn@hotmail.com">hcpn@hotmail.com</a>
	Mr. Chanthavong Seneamatmonry Director General of Cabinet	Lao Front for National Construction	
	Mr. Sayasin Sikhotchounnamany Director of Institute for Cultural Research	Lao Academy of Social Science	Tel: 856 21 212009 Tel: 856 21 218652 Mobile: 856 20 9980 1457

<b>Date</b>	<b>Name</b>	<b>Organization</b>	<b>Contact Address</b>
	Mr. Khamphanh Sithilath Music and Reforming, Art Department	Institute for Cultural Research	Mobile: 856 20 9973 7434 E-mail: <a href="mailto:sithilathk@yahoo.com">sithilathk@yahoo.com</a>
05-02-10	Mr. Phouphath Singthavongxay Head of Statistical Data	Department of Statistics, Ministry of Planning and Investment	Tel: 856 21 264322 Mobile: 856 20 5568 5773
	Mr. Viraphon Novanesengsy Director	Law and Information Division, Environmental and Social Impact Assessment, Water Resources and Environment Administration	P.O.Box: 7864, Vientiane, Lao PDR Tel: 856 21 260 918 Fax: 856 21 244 398 Mobile: 856 20 220 6609 E-mail: <a href="mailto:viraphon99@hotmail.com">viraphon99@hotmail.com</a>
	Mr. Sengsoulin Deputy	Provincial Agriculture and Forestry Office, Sekong Province.	
05-04-10	Ms. Philavanh Sec. of Lao Women Union	National Lao Women Union	Tel: 856 21 214 304
	Ms. Khamphul Phollurxa Lecturer - Anthropology	Faculty of Letter, National University of Laos	Tel: 856 21 770308 Mobile: 856 20 998 01385
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05-07-10	Mr Sythao	Kaluem District Agriculture and Forestry Office, Sekong Province.	

### APPENDIX 3

#### Male and Female Household Schedules in Select Project Sites

Time	Sompoj, Sanamxai		Songkhone, Kaleum	
	Male	Female	Male	Female
4:00 am				
4:30 am			Go to garden	
5:00 am				
5:30 am				Cook sticky rice and feed animals
6:00 am	Go Fishing	Cook sticky rice		
6:30 am		Household chores		
7:00 am		Fetch water		
7:30 am		Cook Breakfast		
8:00 am	Breakfast		Cook and have breakfast	
8:30 am				Child care
9:00 am	Work in rice field or garden		Tend farm and collect firewood	
9:30 am				
10:00 am				
10:30 am				
11:00 am			Go home	
11:30 am		Cook lunch		Cook lunch
12:00 pm	Lunch			
12:30 pm	Rest		Take lunch	
1:00 pm			Relax	
1:30 pm	Work in rice field or garden		Tend farm	
2:00 pm				
2:30 pm				
3:00 pm				
3:30 pm				
4:00 pm				
4:30 pm			Go home	
5:00 pm	Collect fuelwood and vegetables on way home			Cook, fetch water, feed animals
5:30 pm				
6:00 pm			Go home	
6:30 pm				
7:00 pm		Feed animals		
7:30 pm	Dinner		Dinner	
8:00 pm	Sleep		Relax	
8:30 pm				
9:00 pm	If raining, collect frogs / fish			Sleep
9:30 pm				

1.5

4

\* As phrased during FGDs in the presence of both males and females