

ASIAN DEVELOPMENT BANK

JFPR: LAO 35391

GRANT ASSISTANCE

(Financed from the Japan Fund for Poverty Reduction)

TO THE

LAO PEOPLE'S DEMOCRATIC REPUBLIC

FOR SUPPORTING THE

COMMUNITY-MANAGED LIVELIHOOD IMPROVEMENT PROJECT

**To be implemented
in conjunction with the approved loan
Community-Managed Irrigation Sector Project (Loan 1488-LAO)**

December 2001

CURRENCY EQUIVALENTS

(as of 15 November 2001)

Currency Unit	–	Kip (KN)
KN1,000	=	\$0.1050
\$1.00	=	KN9,520

ABBREVIATIONS

ADB	–	Asian Development Bank
BME	–	benefit monitoring and evaluation
CMI	–	community-managed irrigation
CMISP	–	Community-Managed Irrigation Sector Project
CMLIP	–	Community-Managed Livelihood Improvement Project
DAFSO	–	district agriculture and forestry services office
DOI	–	Department of Irrigation
JFPR	–	Japan Fund for Poverty Reduction
JFPR-CU	–	JFPR-coordination unit
Lao PDR	–	Lao People's Democratic Republic
MTR	–	midterm review
NGO	–	nongovernment organization
O&M	–	operation and maintenance
ONPD	–	Office of the National Project Director
PAFSO	–	provincial agriculture and forestry services office
SUG	–	sector users group
VC	–	village committee
WUA	–	water users association

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The Community-Managed Livelihood Improvement Project (CMLIP) in the Lao People's Democratic Republic (PDR), financed from the Japan Fund for Poverty Reduction (JFPR), is designed to create sustainable, area-based, and community-owned alternative sources of income for and with the targeted poor. It is linked conceptually to the ongoing Community-Managed Irrigation Sector Project (CMISP)¹ and will complement the CMISP's objectives of poverty reduction and food security in rural areas.

2. The CMISP midterm review (MTR) of October 2000 concluded, among other things, that the CMISP contributes tremendously to poverty reduction and food security in the areas of intervention. Yet relatively greater benefits from the community-managed irrigation (CMI) schemes accrued to families whose land is irrigable as opposed to the poorest families living in the CMI subproject areas who have land that is either located upland, nonirrigable, or of poor quality. Hence the MTR Mission identified the need to adopt additional measures to enhance CMISP impact on these poorer families by improving livelihood activities and economic infrastructure.

3. This proposal is based on the outcome of the CMLIP Appraisal Mission, during 13-22 June 2001, and on feedback from the field on the approach and content of the proposal. The Government endorsed the CMLIP on 28 June 2001 and the Government of Japan approved financing for the Project on 20 September 2001. The project framework is in Appendix 1.

II. BACKGROUND AND RATIONALE

4. In the Lao PDR, an estimated 39 percent of the population was living below the food poverty line² in 1997/98, down from 45 percent in 1992/93.³ The incidence of poverty is much higher in rural areas (41 percent in 1997/98) than in urban areas (27 percent). In the five CMISP provinces, the average incidence of food poverty was 41.5 percent in 1997/98, ranging from 24.3 percent for Vientiane Province to 74.6 percent for Huaphanh Province. In general, rural poverty is associated with land problems, livestock disease, natural disasters, environmental degradation, lack of water for agriculture, and difficult access to credit. The incidence of poverty is higher among ethnic minorities, who also suffer from inadequate or no access to education, health services, potable water, and adequate shelter. Ethnic minorities constitute 52 percent of the country's population, and 69 percent in the five CMISP provinces.⁴ The three largest minority groups in these five provinces are Phutai (34 percent), Hmong (27 percent), and Khmu (8 percent). Overall illiteracy is in excess of 50 percent for most minority groups, with women's illiteracy recorded at over 80 percent. The CMISP subprojects are located in the remote areas where about 80 percent of the beneficiaries live below the poverty line and have insufficient rice, which is their staple food.

5. The CMISP tackles different dimensions of poverty by developing CMI schemes, agriculture, and watershed protection; constructing feeder and rural access roads; and providing relevant community mobilization and training, and institutional support to the Department of Irrigation (DOI) at all levels. According to the MTR Mission report, the percentage of families

¹ Loan 1488-LAO: *Community-Managed Irrigation Sector Project*, for SDR10.213 million (\$14.7million), approved on 21 November 1996.

² KN15,218 per person per month, defined as total monthly per capita consumption expenditure necessary to purchase 2,100 calories per day.

³ Government of the Lao PDR. 2001. *Interim Poverty Reduction Strategy Paper*. Vientiane. Prepared for the executive boards of the International Monetary Fund and the World Bank, 20 March 2001.

⁴ CMISP provinces are Bolikhamxay, Houaphanh, Vientiane, Xaisomboun, and Xieng Khouang.

living below the food poverty line was reduced by one half, from 50 percent to 25 percent after the first year of CMISP operation in the surveyed CMI subproject areas.

6. However, greater benefits from irrigation accrue to areas with more favorable water resources and to families with greater access to good quality and irrigable land. Support will therefore be given to the poorest families living in the CMI subproject areas who have poor quality land or whose land is located uphill and is thus nonirrigable. Support will complement their otherwise modest income. The poorest families in these communities have expressed the need for assistance to augment their income, such as livestock development; improvement of cash crop, and diversified farming and fish culture systems; development of market and storage facilities for agricultural products; and improvement of access to a potable water supply, which will dramatically save time in fetching water, reduce water-borne diseases, and thus improve their standard of living.

7. The outcome of the CMLIP will demonstrate and provide key lessons on appropriate methods and models for area-based and community-centered interventions to strengthen poverty reduction impacts through water resource projects. These lessons will then be incorporated in the proposed loan for a second CMISP⁵ in the northern provinces.

III. THE JFPR PROJECT

A. Objectives

8. The goal of the CMLIP is to reduce poverty, especially among the landless and poorest families. Its immediate objectives are the following:

- (i) Create sustainable, area-based, and community-owned alternative sources of income for and with the targeted poor through their increased involvement in farm-based production and related activities, such as (a) livestock development and extension services, (b) improvement of cash crop and diversified farming systems, (c) fish culture, (d) construction and management of market and storage facilities, and (e) access to potable water.
- (ii) Develop appropriate basic skills for relevant village committees, subcommittees, and village-based user groups, and the appropriate units of the relevant provincial agriculture and forestry services office (PAFSO) and district agriculture and forestry services office (DAFSO) to manage, operate, and maintain the developed interventions.

B. Scope

9. The CMISP benefits a large number of families in many villages. Yet a number of families living in these villages, and in the neighboring villages with whom they have strong social, economic, and cultural links, do not benefit from CMI simply because they do not have land or have nonirrigable land. These communities are eligible for CMLIP assistance. CMLIP-assisted activities will be implemented in villages and subdistricts that are located close to or in about 20 to 25 CMI subproject areas, located in two or three of the five CMISP-assisted provinces, targeting a total of about 2,000 household beneficiaries. The proposed implementation strategy will be area-based and community-focused by selecting those

⁵ The project preparatory technical assistance Fact-Finding Mission for the proposed Northern CMISP was conducted during 11-19 June 2001, together with the CMLIP Appraisal Mission.

subdistricts where one or more CMI subprojects have been implemented. The specific activities will be selected and worked out closely with the concerned beneficiaries in these villages with assistance from the PAFSOs and DAFSOs. The CMLIP will be implemented over three years, starting early in 2002, with completion expected by the end of 2005.

10. **Community Ownership and Sustainability.** To establish community ownership and guarantee the sustainability of the CMLIP interventions, the following scenario for implementation is foreseen:

- (i) The existing village committees are the primary institutions at the community level.
- (ii) Villages that are eligible for CMLIP assistance will be selected based on a set of criteria, such as (a) the targeted beneficiaries must live within the same subdistrict (but not necessarily in the same village) where the CMI subproject is located; (b) they should have strong social, economic, and cultural links with the CMI subproject; (c) the water users associations (WUAs) and the respective village committees should have good performance records for the management and operation and maintenance (O&M) of the CMI subproject, and for handling other village affairs; and (d) selection of the beneficiaries will be based on the results of a baseline survey and benchmark study of prevailing income levels.
- (iii) Sector users groups⁶ (SUGs), such as livestock development groups, agriculture extension committees, village women's associations, village water supply user groups, will be established under the village committee in the CMLIP-assisted villages, which will ultimately own the established interventions and guarantee their sustainability.
- (iv) Community mobilization, skills development, and capacity building activities will be provided to the relevant units under the PAFSOs, DAFSOs, village committees, and the still to be established SUGs for design, planning, and implementation of the selected economic and community infrastructure.

11. **Components.** The CMLIP will have two components: community mobilization, skills development, and capacity building; and community-initiated livelihood subprojects.

12. **Community Mobilization, Skills Development, and Capacity Building.**⁷ This critical component, which will assure gender sensitivity and include environment friendly approaches, will secure a favorable environment for participatory assessment, planning, design, implementation, and management of all activities under the CMLIP. It will strengthen the beneficiaries' sense of community ownership of these activities. This component is primarily targeted at the WUAs, village committees, and SUGs in the selected villages. Specific training will also be offered to the relevant units in the PAFSOs and DAFSOs to stimulate and motivate the government extension workers and support staff by upgrading and strengthening their capacities.

13. **Community-Initiated Livelihood Subprojects.**⁸ Several distinct activities are grouped under this component. They relate to livestock and extension services, cash crops and diversified farming systems, fish culture, market and storage facilities, and potable water supply.

⁶ SUGs are committees that will manage and maintain (i) the livestock development activities; (ii) potable water supply; and (iii) processing, storage, and marketing facilities.

⁷ The CMLIP will be coordinated with ADB's proposed Smallholder Development Project, which is scheduled to be approved in 2002.

⁸ The beneficiaries of the CMLIP will be eligible to access existing microfinance services, provided, among others, by the ADB-assisted project for rural financing.

The majority of active participants and beneficiaries of the following activities are expected to be women.

14. **Livestock and Extension Services.** Livestock are an important source of income, especially for upland farmers. Due to the remoteness and inaccessibility of most upland areas, the Government's veterinary and extension services have insufficient resources to reach the villages on a regular basis. Basic veterinary services and skills will be developed within the communities, such as regular vaccination schemes, basic diagnosis of diseases, and establishment of sustainable supply systems for medicines and vaccines. Talented villagers will be trained as paraveterinary technicians, and livestock development groups established in these villages.

15. **Cash Crops and Diversified Farming Systems.** Appropriate steps have been initiated under the CMISP to minimize, and where possible convert the traditional slash and burn shifting cultivation systems to alternative farming systems. Yet, the CMISP activities are limited to the watershed areas of the CMI subprojects. The CMLIP will complement these activities by introducing, pilot testing, and expanding alternative, environment friendly technologies in the selected areas, such as sloping agricultural land technology, organic farming, improved seed production of high value vegetables, integrated pest management and weed control, and establishment of nurseries for fruit and timber trees. This will be facilitated by extensive skills development of poor farmers through training and extension services.

16. **Fish Culture.** Traditionally poor families maintain small fishponds to cultivate freshwater fish for their own consumption. These ponds are mostly temporary structures since they are mainly rain-fed or fed from small streams or springs. With relatively small additional investments and training, this technology can be improved and become a sustainable source of income for the poor. Fishponds can be excavated on patches of land of poor quality soil and fed from the CMI schemes; in the upland areas, water for the fishponds can be drawn from ongoing gravity-flow irrigation schemes as applicable.

17. **Market and Storage Facilities.** Market facilities will be developed in selected areas where intervillage and (sub)district markets are needed for the exchange of agricultural products. So far, only two subdistricts have expressed a need for such facilities. Market management committees, established from among the beneficiaries, will be responsible for constructing/rehabilitating and managing the market and storage facilities, with assistance from the DAFSO. CMLIP assistance will be made available, on a cost-sharing basis, to meet the required investment costs, including working capital.

18. **Potable Water Supply.** Many of the villages do not have ready access to a safe potable water supply. This often adds to the workload of women who have to carry water over a considerable distance. The types (i.e., deep well, gravity flow, dug well) of the proposed potable water supply systems will depend on the hydrogeological and topographical conditions. The CMLIP will provide materials and technical assistance for the installation of the proposed systems, (adding up to an estimated 80 percent of the total costs), while the selected communities will provide labor and meet the remaining cost for construction in close consultation with the village. The policies established under the Ministry of Public Health on rural water supply and environmental health will be followed and the relevant provincial health service offices will be consulted accordingly.

19. **Project Management.** A JFPR coordination unit (JFPR-CU), under DOI, will mainly be occupied with the overall coordination and administrative aspects of the CMLIP. The actual implementation of the components will be the responsibility of the respective PAFSOs and

DAFSOs, supported by nongovernment organizations (NGOs) and training institutions that will be contracted to assist in implementing certain activities.

20. **Benefit Monitoring and Evaluation and Poverty Impact Assessment.** DOI, with the assistance of consultants, will monitor and evaluate beneficiary impacts within the benefit monitoring and evaluation system established and operated under the CMISP, which includes the benchmark study of prevailing income levels at the onset of CMLIP implementation. The poverty impact assessment will be entrusted to an external agency, preferably an NGO with proven capacity, which will be part of a team, together with DOI and CMLIP management, to design a monitoring and evaluation system at the start of CMLIP implementation, which will substantiate the poverty impact assessment.

C. Costs and Financing

21. The total cost of the CMLIP is estimated at \$1.2 million equivalent, of which \$1.0 million equivalent will be financed on a grant basis from the JFPR, funded by the Government of Japan, and \$200,000 equivalent by the Government of the Lao PDR and beneficiary contributions. Appendix 2 provides an overview of costs and financing.

D. Implementation Arrangements

1. Executing and Implementing Agencies

22. DOI will be the Executing Agency. The CMISP Office of the National Project Director (ONPD), established in DOI in Vientiane, will be responsible for overall CMLIP implementation. For this purpose, the CMISP director will appoint a full-time project coordinator, acceptable to ADB, who will head the JFPR-CU and coordinate and administer day-to-day implementation of the CMLIP. The JFPR-CU will be accommodated in the CMISP Project Management Unit and competent temporary staff will be assigned for overall CMLIP management and administration.

23. A CMLIP steering committee will be established in parallel with the main CMISP steering committee, chaired by the vice minister of the Ministry of Agriculture and Forestry or appointee. Members to the CMLIP steering committee will be representatives from DOI, ONPD, the relevant PAFSOs, DAFSOs, public health service offices, NGOs and/or training institution(s). The CMLIP steering committee will provide the overall implementation guidance, approve the overall and annual work and financial plans, and follow overall CMLIP progress.

24. The CMLIP will be implemented in a similar manner as the CMISP, but with much greater involvement of WUAs, village committees, and NGOs in implementation. The PAFSOs, being the main implementing agencies, in the selected provinces will assume responsibility for the overall implementation and management of CMISP activities in their respective provinces, while the DAFSOs will handle the actual implementation and monitoring of the CMISP activities in their respective districts and subdistricts. The public health service offices will help implement the potable water supply facilities.

25. Villages that qualify for CMLIP assistance will be selected based on specific criteria, such as sound institutional capability and the performance of the WUAs in CMI management and/or the performance of the village committees in managing their affairs. The selected village committees and WUAs, together with the poorest groups in the community, and with assistance from the DAFSOs and NGOs, will prepare community development action plans and mobilize the community for CMLIP implementation, including the provision of the agreed local contributions.

26. NGOs and/or competent training institutions acceptable to ADB will be contracted by the ONPD to assist the PAFSOs, DAFSOs, village committees, WUAs, and SUGs in the villages with the implementation of specific CMLIP activities. This assistance will include community mobilization, capacity building, and skills development activities, as well as technical assistance in livestock development, agricultural extension services for cash crop improvement, diversified farming systems, and potable water supply. The CMLIP will be implemented over three years. An organization chart is given in Appendix 3.

2. Linkages to the CMISP

27. The CMLIP will enhance the poverty reduction impacts of the CMISP, which has been implemented successfully since 1997 and is cofinanced by an ADB loan of \$14.7 million, and an Organization of Petroleum Exporting Countries (OPEC) loan of \$4.0 million. The CMISP is a sector loan comprising: (i) community mobilization and training for participation in WUAs, (ii) development of CMI schemes, (iii) construction of district feeder roads, and (iv) institutional support for CMI development. The CMLIP will target the poor in the subproject areas who are excluded from benefiting from the CMI schemes, simply because they do not have irrigable land that can be included in the CMI scheme, although they belong to the same community. This assistance will give added value to the well-being of these households and to village development, complementing the CMISP benefits. At the macro level, the CMLIP will demonstrate that the incidence of poverty and food security can be effectively reduced through alternative multidimensional interventions. Lessons learned from the CMLIP will be incorporated in the proposed northern CMISP.

3. Sustainability

28. The long-term sustainability of the investments provided under the CMLIP will be assured as the village committees, SUGs, and WUAs in the selected villages will develop, operate, and maintain the CMLIP-assisted activities. They will also provide additional investments from their own resources for construction and O&M, which will encourage an increased sense of community ownership of the CMLIP interventions.

4. NGO and Community Involvement

29. Community involvement is critical to the success of the CMLIP. Potential beneficiaries will be consulted at every stage of CMLIP implementation, and will be at the center of participatory evaluation of project impact. NGOs will play an important role in planning, community mobilization, training, monitoring, and impact evaluation, and the provision of other relevant technical assistance.

5. Fund Flow, Procurement, Consulting Services, and Disbursement

30. ADB will channel the CMLIP funds directly to a special JFPR imprest account,⁹ which will be opened and maintained by the JFPR-CU under DOI. Separate accounts will be opened by each participating PAFSO in local bank branches as approved by DOI. The Ministry of Finance will be kept informed about all transactions and will receive a copy of all financial statements and audit reports. The flow, replenishment, and management arrangements of the CMLIP funds will be detailed in the JFPR letter of agreement to be signed by the Government and ADB. The JFPR-CU, in consultation with the participating PAFSOs, DAFSOs, and provincial health services offices, will initially draft a six-month inception plan during which it will prepare the

⁹ The ceiling of imprest account will be \$100,000 based on six-month project expenditure.

project administration memorandum and design a global work and financial plan for the entire duration of the CMLIP. Subsequently, it will design the annual work and financial plans. Physical and financial reports will be consolidated and prepared quarterly by the JFPR-CU; external audits will be conducted on an annual basis. Audit reports will be submitted to DOI, MAF, ADB, and members of the CMLIP steering committee.

31. Goods and services will be procured in accordance with ADB's *Guidelines for Procurement*.¹⁰ The individual consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants. Consulting expertise on project management (international, 3 person-months) and social infrastructure and community development (domestic, 30 person-months) will be required. The terms of reference are attached in Appendix 4. The communities concerned will carry out most of the construction work of the community infrastructure components, such as marketplaces, fishponds, and water supply schemes. However, if skilled labor or mechanical inputs are needed, the CMLIP coordinator will decide, in consultation with ONDP, the relevant PAFSOs and, where appropriate, other relevant government agencies, how such work will be awarded through local competitive bidding to prequalified local contractors following the Government's standard procedures, acceptable to ADB. Transportation facilities and office equipment will be procured in accordance with local competitive procedures.

32. ONPD will be responsible for contracting NGOs and/or training institutions to provide the required consulting services and technical assistance. Due to the limited number of international NGOs with the required expertise to implement the relevant CMLIP activities, the option of using competitive bidding is not practical or even impossible. Therefore, competent NGOs active in the Lao PDR will be encouraged to submit a letter of interest through public invitation, including their field of expertise, organizational structure, financial position, and cost estimates for implementing the proposed activities. The terms of reference of this activity are in Appendix 5.

6. Performance Monitoring Indicators

33. For performance monitoring, economic indicators will be used to assess the changes of income of the targeted families. For each CMLIP subproject, a poverty assessment will be undertaken at the beginning and at the end of project implementation. The overall performance of the CMLIP will be monitored by the CMISP project management unit and the JFPR-CU using the performance monitoring and evaluation system established under the counterpart loan.

7. Reporting

34. The JFPR-CU will be responsible for consolidating and preparing the quarterly progress reports on CMLIP activities, including the financial reports, which will coincide with the reporting schedule for the CMISP. A detailed annual status report using the performance indicators (para. 33) and a financial report will be submitted to DOI and ADB, with copies to the members of the CMLIP steering committee in conjunction with the CMISP. DOI will prepare a project completion report and submit it within three months of CMLIP completion.

¹⁰ Procurement arrangements under the CMISP will be applied for the CMLIP.

E. Expected Impact

1. Sustainable Poverty Reduction

35. The CMLIP will target the poorer and most vulnerable segment of the local stakeholders. Thus, the outcome will contribute to reducing the number of absolute poor. The CMLIP will improve access for the poor to additional income, increase their agricultural production on a sustainable basis, and improve their food security. Details of the expected poverty reduction impact are given in Appendix 6.

2. Participatory Development Issues

36. The CMLIP will utilize the existing government framework at district, subdistrict, and village levels and, where appropriate, the WUA framework formulated through a participatory process under the CMISP. The beneficiaries will be organized in relevant user groups under the village committees or WUAs. The CMLIP will focus on the communities as major participants in planning, design, implementation, and O&M of the proposed facilities.

F. Risks and Assumptions

37. Major risks to successful CMLIP implementation and to sustainability are (i) the possibility of insufficient capable staff from the PAFSOs and DAFSOs, and in ONPD who can be assigned to the CMLIP; (ii) the possibility that opportunities to increase the income from cash crop production, sloping agricultural land technologies, and crop processing may be limited; (iii) the need to take up and sustain activities in a rather large number of villages to reach project targets in a fairly limited time; and (iv) inaccessibility of the more remote areas during the rainy season, which requires careful planning and speedy implementation of certain activities.

38. The assumptions are (i) all the relevant government agencies are willing and able to carry out their specified roles; (ii) surveys and project formulation will be undertaken at the field level with the full participation of communities; (iii) construction works require simple technology and a small initial mobilization cost, which are within the capacity of the community; (iv) communities are willing to contribute to both construction and O&M; (v) the flow of funds is efficient; and (vi) ONPD delegates the CMLIP responsibilities to the JFPR-CU.

IV. THE PRESIDENT'S DECISION

39. The President, acting under the authority delegated by the Board, has approved ADB administering grant assistance to the Government of the Lao People's Democratic Republic in an amount not exceeding the equivalent of \$1,000,000, to be financed from the Japan Fund for Poverty Reduction on a grant basis, for the purpose of supporting the Community-Managed Livelihood Improvement Project, and hereby reports such action to the Board.

APPENDIXES

Number	Title	Page	Cited on (page, para.)
1	Project Framework	10	1,3
2	Cost Estimates and Financing Plan	13	5,21
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5	Terms of Reference of Nongovernment Organization/Training Institute	17	7,32
6	Expected Impact on Poverty Reduction	18	8,35

PROJECT FRAMEWORK

Design Summary	Indicators & Targets	Monitoring Mechanisms	Key Assumptions & Risks
<p>Goal 1. Significant reduction in poverty in the Community - Managed Irrigation Sector Project areas, in particular among the landless and poorest families.</p>	<p>Increased household income by 50 percent after 5 years measured from the baseline at the start of the Project. The main measurable indicators are (i) housing quality, (ii) grades and levels of school-going boys and girls, and (iii) home appliances and other easily observable consumer goods.</p>	<ul style="list-style-type: none"> • Government statistics • Participatory evaluation • Benefit monitoring and evaluation (BME) report • Postproject evaluations 	<ul style="list-style-type: none"> • High level commitment of the Government to the country strategy and program.
<p>Purpose 1. Create sustainable, area-based, and community-owned alternative sources of income for and with the targeted poor. 2. Develop appropriate basic skills for relevant village committees, subcommittees, and village-based user groups and relevant Government agencies.</p>	<p>The household economic employment/self-employment rates of the 2,000 targeted poor families increases by the end of project implementation Skills of concerned groups within 20 subproject areas improved for sustainable development for social infrastructure by end of project implementation</p>	<ul style="list-style-type: none"> • ADB review missions • Project completion report • Case studies • Project impact assessment • Postproject BME report 	<ul style="list-style-type: none"> • Peace and order situation in subproject areas remains stable • Purpose of Project is politically favorable to senior decision makers
<p>Outputs/Components 1. Community mobilization, skills development, and capacity building completed 2. Community-initiated livelihood subprojects completed</p>	<p>Community mobilization, subproject planning, design, and implementation in at least 20 target subproject areas in 5 provinces completed by end 2004 Livestock and extension services; cash crops and diversified farming systems; fish culture; market and storage facilities, and potable water supply subprojects completed in at least 20 target subproject areas in two or three provinces by end 2004</p>	<ul style="list-style-type: none"> • Project progress reports • ADB review missions • Project completion report • Project progress reports • ADB review missions • Project completion report • Line of balance management information system final report 	<ul style="list-style-type: none"> • Village committees remain vigilant in ongoing management, operation, and maintenance of constructed subprojects • Commodity prices remain favorable for producers
<p>Activities for Outputs 1. Community mobilization, skills development, and capacity building 1.01 Conduct need and capacity assessment survey</p>	<p><i>Note: The following details will be worked out after Asian Development Bank (ADB) approval during the inception phase to be incorporated into the annual work plan.</i> 1.01 Start: Complete: Responsibility:</p>	<ul style="list-style-type: none"> • Project progress report and ADB review missions • Project completion report 	<p>Village committees and community residents participate actively in subproject planning and</p>

2.08 Inspect and accept subproject	2.08 Start: Complete: Responsibility: ONPD/JFPR-CU with relevant PAFSO and DAFSO		
Inputs 1. Consultants 2. Funding for capacity building — i.e. training, workshops, etc. 3. Funding for subproject support — equipment, supplies, civil works 4. Management and administrative support 5. Poverty impact assessment and BME 6. Government counterpart 7. Community contributions	International — 3 person-months Domestic — 30 person-months Total base costs \$250,000 (including government and community contributions) Total base costs \$550,000 (including government and community contributions) Total base costs \$345,000 (including government contributions) Total base cost \$55,000 (including government contributions) Cash and/or In-kind, total \$150,000 Cash and/or In-kind, total \$50,000	<ul style="list-style-type: none"> • Grant agreement documents • Project progress and audit reports • Project progress reports and ADB review missions • Project progress reports • Project progress reports 	<ul style="list-style-type: none"> • Timely engagement of consultants • Government commitment • Community commitment

COST ESTIMATES AND FINANCING PLAN

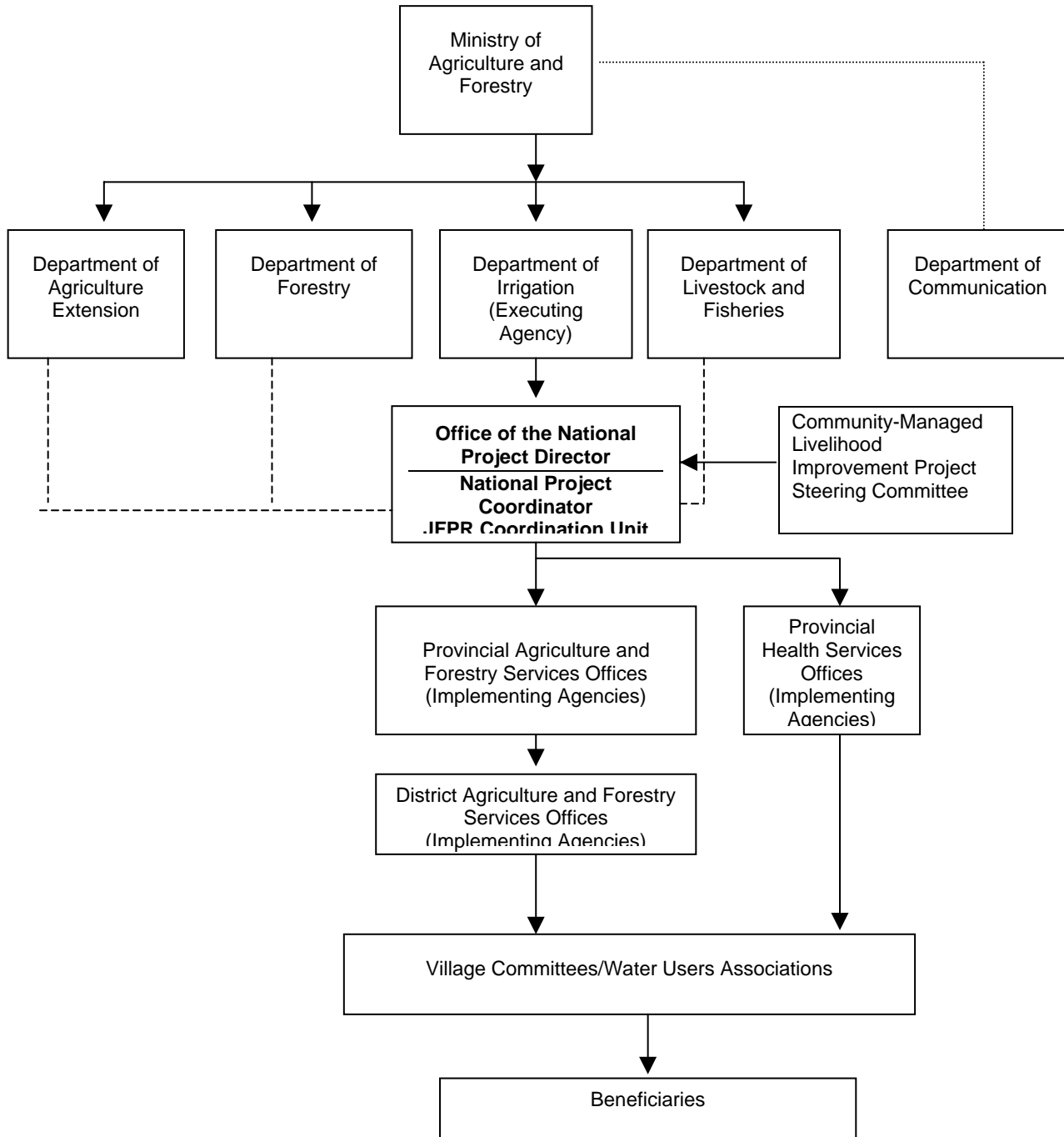
Inputs	Community Mobilization, Skills Development, Capacity Building	Livelihood Improvement Livestock and Extension Services	Project Management Administration	Poverty Impact Assessment Benefit Monitoring and Evaluation	Total (Input)
			Management and Administrative Support		
1. Revolving Credit Facilities	0	0	0	0	0
2. Civil Works	0	100,000	0	0	100,000
3. Equipment and Materials ^a	75,000	125,000	60,000	0	260,000
4. Supplies	0	100,000	0	0	100,000
5. Training, Workshops, Seminars	100,000	50,000	0	0	150,000
6. Consulting Services	0	25,000	75,000	0	100,000
7. Project Management	25,000	25,000	50,000	0	100,000
8. Services from NGOs, Training Institutions (i.e., Other Project Inputs)	25,000	25,000	0	40,000	90,000
9. Contingencies ^b	0	0	100,000	0	100,000
Total JFPR grant	225,000	450,000	285,000	40,000	1,000,000
Government Contribution	25,000	50,000	60,000	15,000	150,000
Project Management, Office Space					
Community Contribution		50,000			50,000
Local Materials and Labor, Land Allocation					
Total Government and Community Contribution	25,000	100,000	60,000	15,000	200,000
TOTAL	250,000	550,000	345,000	55,000	1,200,000

NGO=nongovernment organization.

^a Including transport equipment.

^b Subject to specific category allocation upon request and based on prior approval by ADB.

PROJECT ORGANIZATION CHART



Note: Counterpart project organization is similar to this.

TERMS OF REFERENCE OF THE PROJECT CONSULTANTS/ADVISERS

A. Project Management Specialist (international, 3 person-months, intermittent)

1. The consultant (who should have more than 10 years of experience in this field and more than 7 years of experience in the Lao People's Democratic Republic) will undertake the following:

- (i) Assist the Japan Fund for Poverty Reduction-Coordination Unit (JFPR-CU) in all aspects of establishing the institutional arrangements and set-up of the Community-Managed Livelihood Improvement Project (CMLIP);
- (ii) Provide management assistance to the JFPR-CU in relation to the administrative and technical aspects of subproject identification, planning, survey, design, construction, and operation and maintenance; and assist with technology transfer, particularly at the provincial level, drawing on the technical skills of the Community-Managed Irrigation Sector Project consulting team where necessary. This will include the preparation of a specific work plan and schedule within one month of project effectiveness for discussion with the Department of Irrigation and the Asian Development Bank (ADB);
- (iii) Assist the JFPR-CU in implementing the procurement program in accordance with ADB's and the Government's requirements;
- (iv) Assist JFPR-CU in identifying potential local nongovernment organizations (NGOs) (in subproject areas if available) for participation in project activities; assess their experience, staff qualification, gender awareness, and financial and managerial capacity; and select a suitable local NGO based on agreed eligibility criteria for participation in the Project;
- (v) Assist the JFPR-CU with reporting in accordance with the requirements of ADB and the Government; and
- (vi) Assist the JFPR-CU with accounting procedures acceptable to ADB and the Government.

B. Social Infrastructure and Community Development (domestic, 30 person-months)

2. The consultant (who should have more than 10 years of experience in this field) will undertake the following:

- (i) Assist the JFPR-CU with the planning, implementation, and monitoring of community mobilization ;

- (ii) Assist the JFPR-CU in selecting about two or three provinces, about four districts in toto, and about forty villages in toto to be included in the CMLIP;
- (iii) Assist the JFPR-CU and province/district staff (supported by the NGO) in carrying out an initial social assessment report for each village, identifying the project activities to be undertaken; and
- (iv) Assist the JFPR-CU and province/district staff (supported by the NGO) in planning and implementing the planned livestock and agricultural extension, market construction, and water supply scheme development; this will include:
 - (a) survey and design for the proposed facilities;
 - (b) preparation of designs and bills of quantity, procurement of materials and/or skilled labor, and/or contract preparation, contract bidding, and selection of contractors;
 - (c) supervision of construction including quality control for all aspects of the works; and
 - (d) development of operation and maintenance procedures for the completed facilities, building on the institutions and agreements made during community mobilization.

TERMS OF REFERENCE FOR THE NONGOVERNMENT ORGANIZATION/ TRAINING INSTITUTE

1. To provide institutional support and strengthening and to facilitate implementation, a reputed nongovernment organization (NGO) will be engaged. The NGO will work in close collaboration with the Department of Irrigation (DOI), which is the Executing Agency of the Project, and under the general supervision of the national project director.¹
2. The NGO will work with water users associations (WUAs) and village committees, the provincial health services offices, provincial agriculture and forestry services offices, and district agriculture and forestry services offices.
3. The NGO will facilitate the
 - (i) preparation of an initial social assessment report for each selected village, including a participatory assessment of demand for project services: livestock and agricultural extension, and water supply, and identifying the project activities to be undertaken for inclusion in the project work plan;
 - (ii) determination of village committees/WUAs suitable for involvement in project implementation, and provide training and institutional support to village committees (and WUAs where appropriate) in all selected villages. This will include orientation workshops, seminars, and discussion sessions for stakeholders, for sensitization and awareness building on the spirit and content of the Community-Managed Livelihood Improvement Project (CMLIP), its objectives, scope, components, activities, and procedural requirements; and
 - (iii) preparation and provision (based on the project work plan) of the training required for social mobilization, awareness, and skills development for beneficiaries in relation to CMLIP activities.
4. The NGO will maintain close liaison with relevant Government agencies, DOI, and other stakeholders, and will prepare and submit regular quarterly and annual reports to the national project director.
5. Throughout its operations, the NGO will uphold, and where required, built-in corrective measures to assure gender sensitivity and environment friendly approaches.
6. The NGO will carry out the pre- and postproject poverty assessments in each of the selected project villages, under the direction of the national project director and following Asian Development Bank guidelines.
7. The participating NGO should (i) be registered for more than five years or recognized by the authority as a competent body, (ii) have practical experience in social mobilization activities in the subproject areas, and (iii) have adequate and proven capacity in managing similar projects.

¹ Who will also be the national project director of the CMISP.

EXPECTED IMPACT ON POVERTY REDUCTION

1. The goal of the Community-Managed Livelihood Improvement Project (CMLIP) is to reduce poverty, especially among the landless and poorest families, in Community-Managed Irrigation Sector Project (CMISP) areas. Upland farmers (women and men) in the Lao People's Democratic Republic have historically suffered from chronic poverty, recently exacerbated by shortening rotation times in the dominant system of shifting cultivation. Low agricultural productivity, and degradation of the environment, poor infrastructure, lack of access to capital and markets, and inadequate opportunities for nonfarm income generation especially for women have exacerbated the plight of these families. Building on the counterpart CMISP, the CMLIP will address some of these concerns to produce a discernable reduction in poverty within a reasonable period of time.
2. The CMISP has produced significant positive impacts on the resource situation of its beneficiaries by stimulating productive activities and generating income. To integrate poverty reduction concerns further and increase the effectiveness of CMISP activities, the CMLIP envisages, for the landless and poorest families, community mobilization, skills development, and capacity building; and community-initiated livelihood development.
3. The CMISP will continue to provide efficient irrigation while the CMLIP will improve the well-being of beneficiaries by providing access to alternative sources of income for and with the targeted poor through their increased involvement in farm-based production and related activities touching (i) livestock and extension services, (ii) cash crops and diversified farming systems, (iii) fish culture, (iv) market and storage facilities, and (v) potable water supply. Potable water supply facilities in particular will have impacts on well-being and health. In a rural society where labor is the limiting factor in food production, a reduction in the time spent by women in carrying water can reduce their workload up to 20 percent, making time available for productive activities. Altogether, the CMLIP interventions will significantly support and encourage a process of community self-development with important implications for multidimensional poverty reduction.
4. The CMLIP benefits will be distributed rather evenly throughout the 40 villages since community mobilization, skills development, and capacity building; and community-initiated livelihood development are important for all families. The CMISP is already working in the more remote districts and a central point of the CMLIP will be to include the poorer villages in these areas. Therefore, benefits will reach the poorest and be evenly distributed among them.