

ASIAN DEVELOPMENT BANK

TAR:LAO 37650

TECHNICAL ASSISTANCE

(Financed by the Poverty Reduction Cooperation Fund)

TO THE

LAO PEOPLE'S DEMOCRATIC REPUBLIC

FOR THE

**POVERTY REDUCTION THROUGH LAND TENURE CONSOLIDATION,
PARTICIPATORY NATURAL RESOURCES MANAGEMENT, AND
LOCAL COMMUNITIES SKILLS BUILDING PROJECT**

November 2004

CURRENCY EQUIVALENTS

(as of 1 September 2004)

Currency Unit	–	kip (KN)
KN1.00	=	\$0.0001
\$1.00	=	KN10,828

ABBREVIATIONS

ADB	–	Asian Development Bank
ADRA	–	Adventist Development and Relief Agency
CTA	–	chief technical advisor
GIS	–	geographic information system
IG	–	interest group
JFPR	–	Japan Fund for Poverty Reduction
Lao PDR	–	Lao People's Democratic Republic
LWU	–	Lao Women's Union
MIS	–	management information system
NGO	–	nongovernment organization
NGPES	–	National Growth and Poverty Eradication Strategy
NPA	–	national protected area
NPD	–	national project director
NTFP	–	nontimber forest product
PIU	–	project implementation unit
PRF	–	Poverty Reduction Cooperation Fund
TBA	–	traditional birth attendant
UNWFP	–	United Nations World Food Programme
VAC	–	Village administration committee
VDC	–	Village development committee
VHV	–	village health volunteers
VVW	–	village volunteer workers

TA CLASSIFICATION

Sector	–	Education; health, nutrition, and social protection; agricultural and natural resources
Subsector	–	Nonformal education; health programs; environment and biodiversity
Themes	–	Inclusive social development; environmental sustainability; Gender and development
Subthemes	–	Indigenous peoples; natural resources conservation; gender equity in opportunities

NOTE

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

<p>This report was prepared by M. Huddleston (team leader), Infrastructure Division, Mekong Department</p>
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I. INTRODUCTION

1. In December 2002, the Asian Development Bank (ADB) approved the Greater Mekong Subregion Northern Economic Corridor Project¹ along National Route 3 in the Lao People's Democratic Republic (Lao PDR). The Government of the Lao PDR, through the Louang Namtha provincial government, recognizes the positive opportunities and also potential negative consequences of Route 3 upgrading. The provincial government therefore requested assistance through ADB to initiate sustainable approaches for reducing poverty and to introduce proactive measures to enable affected communities to partake of the potential economic advantages resulting from Route 3 upgrading, while shielding them from the potentially adverse impacts of rapid modernization made possible by the road improvements. The upper Nam Ha subcatchment was proposed as a representative venue for pilot interventions that would pave the way for eventual upscaling along the Route 3 corridor.² The pilot interventions would focus on nine impoverished rural communities in the upper Nam Ha subcatchment that were previously the most isolated along the whole of Route 3.

2. At the request of the provincial government, a pilot project proposal was prepared for the development of sustainable livelihoods for the nine target villages. Because of cost and scope limitation of various grants, it has been necessary to seek parallel financing for various components of the Nam Ha project. During consultations and a Fact-Finding Mission in May and June 2004, agreement was reached on the preparation of proposals for three discrete stand-alone projects with separate sources of funding, including this one for the Poverty Reduction Cooperation Fund (PRF).³ The Government confirmed its request for technical assistance (TA) for this PRF project during ADB's 2004 Country Programming Mission. The Project has been included in the Lao PDR Country Strategy and Program Update for 2004.⁴

II. ISSUES

3. The upper Nam Ha Subcatchment is a geographic area of 250 square kilometer (km²), located mostly in northern Viengphukha district with a part in Namtha district, through which a 35 km segment of Route 3 passes. The area encompasses the territories of nine ethnic minority villages, with eight of the villages located on the roadside and the remaining village accessible only via a steep narrow seasonal feeder road. An 85 km² section of the subcatchment is located within the ecologically highly important and environmentally sensitive Nam Ha National Protected Area (NPA). The total population of 3,250 is ethnically diverse and is growing at an average annual rate of 2.8%. Socioeconomic and livelihood analysis surveys reveal that these villages suffer poverty incidence rates of 85-98%, with six of the nine villages experiencing rice deficits and virtually none having a level of income adequate for savings or for ensuring coverage of family medical or education costs. The high level of poverty is primarily

¹ ADB. 2002. *Report and Recommendation of the President to the Board of Directors for the Proposed Loan to the Lao People's Democratic Republic for the GMS Northern Economic Corridor Project*. Manila.

² The smallest geographical unit (or area) in which it is possible to achieve realistically a sustainable alternative approach to traditional shifting agricultural practices within this fragile ecosystem is a subcatchment area and not a commune or village. Normally several villages located in one subcatchment area are ecologically linked to one another, and targeting the pilot activities in only a few villages, while excluding other villages located in the same subcatchment area, would dramatically compromise the overall sustainability of the subcatchment area and the whole pilot, since the villages outside of the pilot activities would continue their traditional agricultural practices thereby destabilizing the ecosystem. Destabilization would affect the neighboring villages and be counterproductive to the intended objectives of the proposal of the PRF.

³ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 24 August 2004.

⁴ The name of the project in the Country Strategy and Program Update is Poverty Reduction through Development of Sustainable Land Use Systems in the Nam Ha Watershed. The name has since been changed to the present title.

due to the declining productivity of their traditional livelihood of slash-and-burn shifting cultivation (swidden agriculture), resulting from shortened fallow periods, declining hunting and fishing yields, and low nontimber forest product (NTFP) in the face of growing local population pressure and outsider demand. The majority suffer from one or more of the maladies that commonly affect traditional agricultural communities in watersheds throughout Southeast Asian as they experience growing population and aspiration pressures. These maladies include (i) pervasive poverty due to food and income insecurity; (ii) high birth rate, high infant mortality, and low life expectancy; (iii) low labor productivity due to poor health; (iv) soil and watershed degradation due to deforestation and erosion; (v) ecological degradation due to overexploitative hunting and gathering and uncontrolled burning; and (vi) abuse, production, and trading of narcotic substances for medication and income augmentation. Women and families headed by women are particularly disadvantaged due to low levels or lack of education, nonassertion of legal rights to landownership, and the high component of female labor for swidden cultivation, particularly for weeding. Many of the youth and young adults have not had the opportunity for basic formal education. As a result, they have poor fluency and literacy in the Lao language and lack numeracy skills, with ethnic minority women and girls being particularly disadvantaged.

4. Population pressures will be further accelerated by the improvement of Route 3, which will unavoidably encourage unplanned in-migration of opportunistic entrepreneurs in the area, and put more pressure on the scarce resources and the fragile ecosystem. Since 1997, the Land Law has provided the primary legal basis for the Land-Forest Allocation Program. This program was originally conceived as a way of preventing illegal logging by provincial and district entrepreneurs by giving villagers ownership of forest resources through a process of participatory land use planning. The land-forest allocation is premised on the lowland notion that permanent agriculture comprises only paddy cultivation, gardens, orchards and plantations, which are classified as permanent and land title is automatically given, providing it can be verified by local authorities. Swidden agriculture, on the other hand, is considered impermanent and is therefore the target of the national goal to reduce shifting cultivation.

5. The provision of nonformal education, and health services, and awareness of participatory wildlife management have already been piloted successfully in Louang Namtha Province in previous projects involving nongovernment organizations (NGOs) and as such do not require further piloting in the province. What is required instead is their incorporation into an integrated approach to overall poverty reduction. Land allocation to families based on livelihood planning and capability assessment has been piloted in the Theun Hinboun Hydropower Project and would be utilized as a reference venue for incorporation into the Nam Ha subcatchment. The entire pilot could be considered as a pilot for upscaling along the length of Route 3 and its affected districts.

6. The objectives of the PRF proposal, as elaborated in the following sections, are in accord with (i) the Government's National Growth and Poverty Eradication Strategy (NGPES January 2004), which focuses on the main sectors of agriculture/forestry, education, health and transport (especially road infrastructure), with cross-sectoral priorities including environment, gender, population and capacity building; and national poverty-related priority programs including drug control and human immunodeficiency virus/acute immunodeficiency syndrome (HIV/AIDS); (ii) the Government's Strategic Vision for the Agricultural Sector (1999); and (iii) regulations and conventions for management of NPAs and wildlife. The PRF funding would also support the Northern Region Development Strategy (NRDS), including (i) environmental development strategies for capacity building and human resource development, conservation of the natural environment for stabilizing shifting cultivation through province-level land use zoning, participatory village-level land use zoning, agricultural intensification, land allocation; (ii) the

human resource development strategy for education and health; and (iii) the gender and development strategy through improvements in nonformal education, family planning and reproductive health, and gender-equitable land allocation.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

7. The overall goal is socially, economically, environmentally and ecologically sustainable poverty reduction in the nine villages within one subcatchment area in Louang Namtha Province of the Lao PDR. The purpose of the TA is for nine typical poor rural ethnic minority communities to be socially prepared with secure land tenure and basic health and education and able to manage their natural resources and respond to the opportunities and challenges brought about by improvements to Route 3. The outputs will consist of the following: (i) socially prepared villagers; (ii) land capability assessed, land use planned and allocated; (iii) natural resources sustainably managed; (iv) enhanced government capacity; and (v) dissemination of lessons learned. The TA framework is in Appendix 1.

B. Methodology and Key Activities

8. The provincial authorities requested the collaboration of the Adventist Development Relief Agency in the Lao PDR (ADRA Lao) for the formulation of the pilot proposal. After extensive field investigation over a 3-year period, and consultation with and participation of the target villages and various Government departments, ADRA designed the integrated rural development project for the Nam Ha subcatchment. ADB wishes to draw on ADRA Lao to assist the provincial government to implement the project. The project activities will focus on preparing the target communities to enable them to respond to the opportunities and challenges brought about by improvements to Route 3 in the areas of land allocation and certification, and community-based natural resource management and conservation. In addition, the TA will assist in expanding visionary planning to the whole of Viengphukha District as a step toward ultimate province-wide planning. The Project will consist of five components: (i) social preparation; (ii) land capability assessment, land use planning and allocation; (iii) natural resource management; (iv) capacity building for the local government; and (v) dissemination of lessons learned. Gender analysis will be conducted and a gender action plan will be prepared during the inception phase of the Project.

9. Component 1 will (i) establish and strengthen village institutions, (ii) provide nonformal education for adolescents (with emphasis on girls) and adults who have not had access to formal education, thereby opening up the possibility for them to engage in development activities and enterprise opportunities to a much greater degree: basic literacy, numeracy, and Lao language fluency training built around a curriculum that includes the key health, business, microenterprise, marketing, conservation, agricultural and forestry messages, thereby reinforcing and strengthening the development process; (iii) work with district and provincial health services to upgrade community health systems, including family planning, birth spacing, safe motherhood, disease prevention, and building the capacity of the village-based health workers to have a healthy, productive, and stable population; and (iv) provide training in basic business skills, rice and cattle bank systems and bookkeeping skills, local product processing/value adding; and seed money and training for establishing revolving funds, in collaboration with other in-country ADB microfinance initiatives.

10. Component 2 will consist of (i) land capability assessment for Viengphukha District; (ii) consultative land use planning and land allocation for the nine target villages, including

preparation of village land use and resource use regulations; (iii) protection of women's rights to land by ensuring equal participation in land allocation and the titling process, issuance of land titles in the names of both husband and wife, and full understanding of their rights; and (iv) education of villagers and provincial government staff regarding the application of the Land Law, the Forestry Law and relevant local subordinate legislation, and rights to claiming land titles.

11. Component 3 will support management of wildlife and NTFP harvesting and watershed planning and training, which are important for sustainable resource use by communities. The activities will include training and installing local residents to act as fire wardens, game wardens, and ecotourism guides and caterers; and support the participatory development of local natural resource use regulations that contribute to sustainable resource use.

12. Component 4 will provide support and on-the-job training for local government staff in the areas of nonformal education and basic health service delivery, map-based land capability assessment, zoning, allocation, and certification, and natural resource management.

13. Component 5 will consist of dissemination of lessons learned and preparation of procedural manuals for appropriate technologies.

14. A separate complementary proposal for \$1.5 million has been submitted for grant financing from the Japan Fund for Poverty Reduction that would focus on development of project lands and establishment of sustainable land use systems for the subcatchment area. ADRA Germany has also expressed willingness to provide \$39,000 to support a parallel project of income-generating activities of (i) fruit orchard development, (ii) NTFP domestication, and (iii) livestock husbandry and aquaculture. A summary description of these complementary projects is presented in Appendix 2.

C. Cost and Financing

15. The total cost of the TA is estimated at \$1,023,300 equivalent, of which the foreign exchange cost is \$659,300 and the local currency cost is \$364,000 equivalent. The entire foreign exchange cost and \$190,700 equivalent of the local currency cost will be financed on a grant basis from the PRF to be administered by ADB.⁵ The Government will finance in kind \$160,000 equivalent, while the remaining \$13,300 equivalent will be financed by the community through labor contribution. The detailed cost estimates and proposed financing arrangements are in Appendix 3. All procurement under the TA will be in accordance with ADB's *Guidelines for Procurement*. Procurement will be done jointly by the chief technical advisor (CTA) and the national project director (NPD) of the project implementation unit (PIU). Goods and related services under the Project will be procured in accordance with ADB's *Guidelines for Procurement*. Goods and related services below \$100,000 will be procured using ADB's direct purchase procedure. Goods and services above \$100,000 will be procured using ADB's international shopping procedure.

⁵ The TA funds will be supplemented by \$0.39 million on a grant basis from the United Nations World Food Programme (UNWFP) to provide rice as food for work for families participating in the project activities. The UNWFP assistance will be provided on a parallel basis directly to the project implementation unit (PIU) and will not be administered by ADB.

D. Implementation Arrangements

16. The Louang Namtha provincial government will be the Executing Agency for the Project, and will establish a PIU in Louang Namtha, made up of a qualified NPD, appointed by the provincial governor, and a technical support team headed by the CTA, with counterparts from the provincial and district governments. A project coordination committee, chaired by the provincial vice-governor, will provide overall implementation guidance, approve overall and annual work and financial plans, and monitor implementation progress. Procurement will be done by the PIU. Since the Project is multisectoral, it will be anchored at the national level with the Department of International Cooperation, Ministry of Foreign Affairs acting as coordinating body with the relevant technical line ministries. The organization structure is attached as Appendix 4.

17. The TA will be implemented over 36 months beginning in January 2005 and will require the services of one international consultant for 36 person-months as CTA with expertise in a rural development-related field, and 312 person-months of domestic consultants with expertise in community organizing, cadastral surveying, wildlife conservation, health and education, microfinance, product processing, and marketing. ADB will recruit, through direct selection, the international NGO ADRA Lao,⁶ which, at the request of the provincial government, designed the full Nam Ha subcatchment project before it was submitted to ADB for consideration for financing, and at the request of ADB prepared the proposals for the three complementary projects for parallel financing, including this PRF proposal. ADRA has established a close working relationship with and has gained the trust of the province, district, and target communities and is best-placed to implement this project effectively. Because of ADRA's intimate knowledge about the design, they will not require any learning curve and can commence their consultancy immediately and efficiently, with less consultants' time and reduced cost. ADRA will subcontract the services of two technical service contracts to the two agencies that assisted it to design the project over the past 3 years: (i) EcoLao to undertake the land capability assessment in Viengphukha District, and (ii) Wildlife Conservation Society to conduct wildlife conservation training and action research.⁷ The consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants*.⁸

18. The Project will work through representative village development committees as the primary interface between the PIU and the communities in participatory and collaborative decision making. As a nonvoting member of the project coordination committee, ADB will also monitor and provide guidance through frequent supervision missions. The outline terms of reference for consultants are in Appendix 5.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$850,000 to the Government of the Lao People's Democratic Republic to be financed on a grant basis by the Poverty Reduction Cooperation Fund for the Poverty Reduction through Land Tenure Consolidation, Participatory Natural Resources Management, and Local Communities Skills Building Project, and hereby reports this action to the Board.

⁶ ADRA is an international rural development NGO based in the Lao PDR with the broad-based capabilities of managerial, technical, and administration experience with similar projects in the Lao PDR since 1994. ADRA has been operating in the Lao PDR since 1991 and in Louang Namtha Province since 1994.

⁷ EcoLao is experienced with land capability assessment in the Lao PDR, and the Wildlife Conservation Society is experienced in wildlife conservation training and action research in the project area.

⁸ Direct selection is justified as per clause 6.13.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal Socially, economically, environmentally, and ecologically sustainable poverty reduction in 9 villages within one subcatchment area</p>	<p>The imputed value of subsistence plus cash incomes of beneficiaries raised to target level within the project period</p>	<p>Sample socioeconomic surveys and updated land use maps</p>	
<p>Purpose Nine typical, poor, rural ethnic minority communities socially prepared with secure land tenure and basic health and education and able to manage their natural resources and respond to the opportunities and challenges brought about by improvements to Route 3</p>	<ul style="list-style-type: none"> (i) All target families (approximately 600) with land securely held under certified tenure (within 36 months of inception) (ii) 9 village development committees (VDCs) and associated interest groups (IGs) established and functioning (within 6 months of project inception) (iii) 25,000 hectares (ha) target area zoned, signposted and/or occupancy certified as relevant. 1,700 square kilometers (km²) of Viengphukha District mapped/land capability assessed (within 12 months of project inception) (iv) Endemic biodiversity restored and protected (within 36 months) (v) Five provincial departments, 2 district offices, provincial and district Lao Women's Union (LWU), 2 nongovernment organizations (NGOs) involved in a capacity-building counterpart relationship in joint planning and execution of project activities (within 6 months of inception) 	<ul style="list-style-type: none"> (i) Annotated farmland tax assessment maps (ii) Present land use maps, village land use regulations, VDC, and sectoral village volunteer activity schedules (iii) Village administration committee village territory maps. Project implementation units (PIU) and provincial planning office archives (iv) Participatory wildlife sample surveys with back reference to baseline data (v) Training workshop reports, activity schedules, minutes of coordination meeting, monitoring and evaluation mission reports 	<ul style="list-style-type: none"> (i) Beneficiaries will become sufficiently motivated to partake of project support opportunities. (ii) Up-to-date aerial and satellite imagery will be released by the (iii) National Geographic Department for project purposes. (iv) Collateral funding to reduce poverty in external "hot spots" will sufficiently reduce outsider pressure on natural resources in the subcatchment. (v) Government counterparts will not be transferred to unrelated duties after project completion.
<p>Outputs 1. Socially Prepared and Villagers and Institutions</p> <ul style="list-style-type: none"> (i) Trained and competent VDCs, IGs, and VACs established and functioning 	<ul style="list-style-type: none"> (i) 9 VDCs and their IGs and 9 VACs (ii) All relevant beneficiary family 	<ul style="list-style-type: none"> (i) Beneficiary-monitored activity-schedule spreadsheets; VAC 	<p>Present levels of government support for the proposed</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>(ii) Fluent, numerate, and literate youth and young adults</p> <p>(iii) Village-level health systems adequate and sustainable</p> <p>(iv) Families trained and collaborating in organized marketing</p> <p>2. Land Capability Assessed, Land Use Planned and Land Allocated</p> <p>(i) Village territories zoned and equitably allocated to sustainable usufruct under secure inheritable occupancy rights</p> <p>(ii) Governmental land allocation and registration documentation systems upgraded and functioning</p> <p>(iii) Maps and land capability matrices for future land use zoning</p> <p>3. Natural Resources Sustainably Managed</p> <p>Sustainably managed and ecologically balanced local biodiversity habitat</p> <p>4. Enhanced Government Capacity</p> <p>Province- and district-level institutions trained and equipped to continue the delivery of adequate essential services after project termination</p> <p>5. Dissemination of Lessons Learned</p> <p>Dissemination workshops and field days</p>	<p>members</p> <p>(iii) All beneficiary families adopting disease prevention, health enhancement and birth spacing practices</p> <p>(iv) Annual per-family cash income</p> <p>(i) 25,000 ha zoned, signposted and/or certificated as relevant</p> <p>(ii) 9 village VACs, 2 district land offices, and 1 provincial land office</p> <p>(iii) 1,700 Km² of Viengphukha District mapped and assessed</p> <p>Number of ha core of Nam Ha core zone and number of ha of corridor zones under effective biodiversity conservation</p> <p>5 collaborating provincial departments, 2 district offices, provincial and district LWU, 2 collaborating NGOs</p> <p>3 workshops, 6 field days</p>	<p>meeting reports</p> <p>(ii) Proficiency tests</p> <p>(iii) Village clinician and medicine chests routine reports</p> <p>(iv) Livelihood-status sample survey</p> <p>(i) VAC village territory maps</p> <p>(ii) Village and district land and tax registers</p> <p>(iii) PIU and provincial planning office archives</p> <p>PIU archives</p> <p>Workshop and field day reports</p>	<p>development program are maintained.</p>
<p>Activities</p> <p>1. Social Preparation</p> <p>a. Village Development Committee (VDC)</p> <p>(i) Establish VDCs</p> <p>(ii) Train VDC functionaries</p> <p>(iii) Establish savings and credit fund and train VDC functionaries in management</p> <p>b. Education</p> <p>(i) Participatory needs assessment campaigns/situation analysis campaigns</p> <p>(ii) Establish education IGs</p> <p>(iii) Management training for education</p>	<p>(i) 9 elections for VDC establishment</p> <p>(ii) 27 awareness-raising sessions</p> <p>(iii) 9 savings and credit funds established and functioning</p> <p>(i) 9 campaigns</p> <p>(ii) 9 awareness-raising sessions and 9 elections</p> <p>(iii) 3 training sessions for 3 IG</p> <p>(iv) Functionaries from each of 9</p>	<p>(i) VDC membership registers</p> <p>(ii) IG balance sheets</p> <p>(iii) Fund balance sheets and audit reports</p> <p>Campaign attendance records and expense accounts</p> <p>Attendance records</p>	<p>Skills improvement and awareness building are conducted well and according to realistic schedules.</p> <p>Candidates are available to be trained as trainers.</p> <p>Appropriate Government counterparts are available for on-</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>IGs</p> <p>(iv) Prepare locally relevant nonformal education curricula and training materials</p> <p>(v) Train resident support technicians</p> <p>(vi) Communications training for education village volunteer workers (VVWs)</p> <p>(vii) Train Beneficiaries in fluency, numeracy, and literacy</p> <p>c. Health and Sanitation</p> <p>(i) Participatory needs assessment campaigns</p> <p>(ii) Establish and train IGs</p> <p>(iii) Technical training or health VVWs</p> <p>(iv) Nutrition, sanitation, reproductive health, drug use awareness training</p> <p>(v) Establish medicine revolving fund</p> <p>d. Promotion of Product Processing and Organized Marketing</p> <p>(i) Participatory needs assessment campaigns</p> <p>(ii) Establish and train product processing (PP) and marketing (M) IGs</p> <p>(iii) Technical training for PP and M VVWs</p> <p>2. Land Capability Assessment, Land Use Planning and Allocation</p> <p>a. Land Capability Assessment for Viengphukha District</p> <p>(i) Install management information system (MIS)/geographic information system (GIS) equipment</p> <p>(ii) Air photo interpretation</p> <p>(iii) GIS map processing</p> <p>(iv) Land Capability Assessment</p> <p>(v) Train relevant government counterpart staff in techniques on the job</p>	<p>villages</p> <p>(v) 2 training sessions each for 9 technicians</p> <p>(vi) 3 training sessions each for 2 VVWs in each of 9 villages</p> <p>(vii) 5 nights/week over 9 months for at least 2 members per family</p> <p>(i) 9 campaigns</p> <p>(ii) 9 awareness-raising sessions</p> <p>(iii) 3 training sessions each for 2 Health VVWs in each of 9 villages</p> <p>(iv) 3 week-long campaigns per annum in 9 villages for 2 years</p> <p>(v) 1 fund of \$250 in each of 9 villages</p> <p>9 campaigns</p> <p>9 awareness-raising sessions and 9 elections; 3 training sessions for 3 IGs from each of 9 villages; 3 training sessions each for PP and M VVWs in each of 9 villages</p> <p>(i) 1 GIS computer, 1 digitizing table, 1 large format printer</p> <p>(ii) Air photo coverage of 1,700 km² interpreted and digitized</p> <p>(iii) Present land use sustainability mapping for 1,700 km²</p> <p>(iv) Land capability assessment matrices for 1,700 km²</p> <p>(v) 1 provincial and 2 district land use planning technicians collaborating</p>	<p>Training session evaluation report</p> <p>Test results</p> <p>Campaign attendance records and expense accounts</p> <p>Attendance records</p> <p>Training session evaluation report</p> <p>Revolving funds balance sheets</p> <p>Campaign attendance records and expense accounts</p> <p>Attendance records; membership registers</p> <p>Training session evaluation report</p> <p>(i) Audit</p> <p>(ii) Provincial land allocation office archives</p> <p>(iii) As above</p> <p>(iv) As above</p> <p>(v) As above</p>	<p>the-job training.</p> <p>All logistical and administrative arrangements are in place. Linked activities are scheduled appropriately</p> <p>Food for work is available when needed.</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>b. Land Use Planning and Land Allocation in 9 Target Villages</p> <p>(i) Train local government technicians in capability-based land allocation</p> <p>(ii) Construct 3D village territory model</p> <p>(iii) Elaborate community land and resource use regulations and rates of taxation</p> <p>(iv) Participatory, gender-sensitive village territory micro- zonation</p> <p>(v) Negotiate land consolidation with each family</p> <p>(vi) Cadastral boundary survey of allocated land</p> <p>(vii) Land occupancy certification and registration for each family, with education about land use rights and rights to claim title</p> <p>3. Natural Resource Management</p> <p>a. Wildlife Management</p> <p>(i) Participatory needs assessment campaigns</p> <p>(ii) Upgrade wildlife management awareness of local government staff on the job</p> <p>(iii) Establishment of wildlife conservation and management IG</p> <p>(iv) Management training for wildlife conservation and management IG functionaries</p> <p>(v) Participatory campaigns for wildlife management regimes</p> <p>(vi) Train all beneficiaries in wildlife management</p> <p>4. Capacity Building for Local Government</p> <p>Counterpart local government officials with experienced technical and managerial project staff to engage in on-the-job training during project implementation</p>	<p>2 provincial and 4 district level technicians trained</p> <p>9 village territory models</p> <p>Regulations manual</p> <p>All family landholdings of subcatchment land zoned, allocated, certificated, and registered</p> <p>All families and relevant provincial staff educated about application of Land Law, Forestry Law, subordinate legislation</p> <p>(i) Wildlife surveys in 9 village territories</p> <p>(ii) 1 provincial and 2 from each of 2 districts</p> <p>(iii) 9 awareness-raising sessions and 9 elections</p> <p>(iv) 3 training sessions for IG functionaries from each of 9 villages</p> <p>(v) 9 village-level design workshops</p> <p>(vi) 12 one-day training sessions in each of 9 villages during years 1 and 2</p> <p>Number of government counterpart staff appointed and working regularly in conjunction with project technical and management staff</p>	<p>Field result monitoring in target villages</p> <p>Photograph album Copies lodged at PIU</p> <p>Village and district land and tax registers</p> <p>Participatory monitoring and evaluation</p> <p>(i) Survey activity and expenditure reports</p> <p>(ii) PIU progress reports</p> <p>(iii) Attendance records</p> <p>(iv) Training session evaluation report</p> <p>(v) Workshop attendance and expenditure records</p> <p>(vi) Training Session Evaluation Report</p> <p>Project allowance records</p>	

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
5. Dissemination of Lessons Learned (i) Preparation of procedural manuals for appropriate technologies (ii) Conduct dissemination workshops and field days	(i) 1 procedural manual each for non-formal education, village health system upgrading, processing, marketing, natural resource management and land use issues (ii) Biannual field days, annual dissemination workshops in each year of the project	Results of testing against terms of reference PIU archives Field day and workshop evaluation reports	
Inputs Consulting services: 36 months international 312 months domestic Equipment and civil works Training materials, supplies, operations Microfinance seed fund District wide land capability assessment Monitoring and audits Administration and support costs Contingency Government Community contribution Project coordination committee ADB supervision	Cost: \$460,600 Cost: \$119,500 Cost: \$101,600 Cost: \$ 27,000 Cost: \$ 62,200 Cost: \$ 23,600 Cost: \$ 15,100 Cost: \$ 40,400 Cost: \$160,000 Cost: \$ 13,300	TA contracts TA accounts TA quarterly progress reports and documents Quarterly reports Supervision and midterm review reports	

Note: Participatory monitoring and evaluation by beneficiaries ("beneficiary monitoring") would be emphasized at every step wherever practical as a mechanism for ensuring informed choice by all project beneficiaries irrespective of economic or social status. This implies that any external monitors would have counterparts in village-level interest group functionaries.

SUMMARY OF COMPLEMENTARY PROJECTS

A. Rationale for the Interventions

1. The Northern Areas Development Strategy has identified forestry as the main economic focus for the rural areas of northern Lao People's Democratic Republic (PDR). Before forestland areas can be released from shifting cultivation in preparation for wide-scale forest investment (i.e., eventual integrated program upscaling), it will be necessary to invest in the rehabilitation of the entire livelihood regime of the ethnic minorities (subsistence rice plus cash crops, plus livestock husbandry + orchards). Most of the past rural development interventions in the region have been piecemeal and thus have not resulted in sustainable poverty reduction. This integrated program therefore takes a holistic approach to sustainable livelihood enhancement with sufficient investment per family to ensure that sedentary agriculture releases sloping lands for forestry. The attractive prospects of favorable economic returns in the long term from forestry should be evident from a review of the proposals for the complementary projects. Operationally, it would have been preferable to have funded this program under one combined project, but grant funding terms and conditions have necessitated a split-funding approach.

2. To lift rural families, currently practicing shifting cultivation, out of poverty, enable them to partake of opportunities for and protect them from key negative consequences of road upgrading, the best option is to make agriculture sedentary under intensive yet sustainable permanent land use systems. Sedentary agriculture will significantly improve family farm productivity and pave the way for official land occupancy certification and, hence, secure land tenure. Bush fallows, previously required for agricultural usufruct under the shifting cultivation regime, will be released for regeneration of forest, part of whose proceeds can augment farm family income, with the remainder reverting to the State. Domestication of nontimber forest products (NTFPs) in village gardens will offset the ongoing degradation of this resource base due to uncontrolled harvesting from the wild.

3. Livelihood modeling demonstrates that sedentary agriculture augmented by farm forestry is feasible. In the target area, a typical farm family practicing shifting cultivation utilizes just over 10 hectares (ha) for its agriculture/bush fallow rotational cycle. By implementing sedentary agriculture, land requirement per family can be reduced to an average of 2.4 ha. The potential production from 2.4 ha under sedentary agriculture is considerably greater than that from 10 ha under shifting cultivation. Sedentary agriculture would permit the release of over 7 ha per family for regeneration as productive forest. Of this rehabilitated forest, 3 ha would be allocated to each family as community and village production forest that, under sustained yield management, will provide firewood and housing maintenance timber as well as approximately 3 cubic meters (m³) of salable lumber per family per year to augment income from agriculture. The remaining 4 ha will be returned to state management for production or conservation forestry as appropriate. This agroforestry strategy, incorporating improved productivity possible under sedentary agriculture and augmented by income from farm forestry, will lift farm family livelihood well above subsistence levels to approximately \$1,900 per family per year. This is close to double what is currently possible under shifting cultivation, while remaining well within the labor capacity of the farm family.

4. Sedentary agriculture would focus on the low slope valley bottoms and gentle foot slopes where stabilization and soil erosion protection measures are relatively straightforward to establish. This will release large areas of medium- to high-slope land, currently used for shifting cultivation, for reforestation. Reforestation on middle and high slopes will have multiple benefits including income generation for local communities, revenue for the State, watershed protection

through soil erosion, enhanced biodiversity habitat, etc. Watershed protection in the hills is vital to sustainability of irrigated agriculture in the valleys. In essence, making the agriculture sedentary is a prerequisite for reforestation, while reforestation is essential for generating complementary income and maintaining the sustainability of sedentary agriculture, especially through irrigation, in addition to other environmental and economic benefits.

B. Scope of the Nam Ha Project

5. **The JFPR Project.** The Japan Fund for Poverty Reduction (JFPR) Project will focus on the development of sedentary and intensified agro-forestry livelihood systems that will lift farm family awareness and productivity sufficiently to enable confident and equitable engagement in the economic opportunities afforded by Route 3 upgrading. The project will consist of the following components: (i) new and improved irrigation systems; (ii) terracing for rain-fed agriculture; (iii) forage cropping for livestock; (iv) rice production and postharvest management; (v) community forestry, village production forestry, and dedicated plantations for maintenance and repair of communal infrastructure. This will pave the way for land occupancy certification that will give local communities' land occupancy security.

6. **The PRF Project.** The parallel complementary Poverty Reduction Cooperation Fund (PRF) grant Project will focus on social preparation for the target communities. It will consist of (i) land capability assessment for Vieng Phukha District; (ii) social preparation through a basic health and nonformal education program, product processing and marketing for the nine target villages; (iii) land use planning, allocation, titling, and land-use rights education for the nine target villages; (iv) community-based natural resource management training and planning for the nine target villages; and (v) capacity building for provincial and district government staff. The preparation will enhance the communities' ability to confidently and equitably partake of the opportunities of Route 3 upgrading while resisting potential negative social, economic, and environmental consequences.

7. **ADRA Germany Funding.** The Adventist Development and Relief Agency (ADRA) funding would be for income-generating activities of (i) fruit orchard development, (ii) NTFP domestication, and (iii) livestock development.

C. Sustainability

1. Social Sustainability

8. The Project will empower farm families through community organizations to participate in informed decision making concerning their present and future livelihood. Having had on-the-ground experience with land use and land occupancy stabilization, farm families will be able to interact on an equal footing with outsiders and local government agencies after project completion. The project area communities are representative of most of those along Route 3 and, as such, the project area will serve as a useful venue for demonstrating and extending to other communities the various poverty reduction strategies espoused.

2. Economic Sustainability

9. Livelihood modeling demonstrates that the envisaged developments, when fully implemented, can be expected to raise household subsistence and cash incomes well above the poverty line, as the following summary shows:

Annual subsistence need for an average family of six people	\$1,261
Actual present income of an average family of six people	\$ 870
Projected level of Income with project intervention after project completion for an average family of six people	\$1,904

10. Such enhanced livelihoods will remove any necessity or justification for beneficiaries to continue with current unsustainable or undesirable livelihood practices (e.g., slash-and-burn, wildlife poaching, illegal lumbering, narcotics production/trading, etc.) to meet family income needs.

11. Project costs are approximately \$2,700 per family, but only \$60/ha for the overall target area and \$108/ha for rehabilitated/regenerated production forest. Annual incremental timber value of production forest in northern Lao PDR exceeds \$200/ha. Thus, long-term returns from sustained yield forestry on land released and protected for reforestation by agricultural intensification more than justify the proposed expenditure.

3. Technical Sustainability

12. Although the technologies being promoted may be new to the project area, they have been well proven elsewhere in similar environments. The technologies emphasize labor-intensive rather than capital-intensive approaches wherever feasible. Technicians from the concerned government agencies will be trained on the job and will be involved effectively in upscaling to other areas. The agricultural production systems being promoted place heavy emphasis on soil erosion control and maintenance of soil fertility.

4. Environmental Sustainability

13. The proposed strategy involves a geographical rather than a sectoral approach to stabilize rural livelihoods and the project area without negatively impacting the livelihood of others downstream, downwind, or in the future. Reducing the agricultural area, reducing the incidence of fire, reforestation of steep-slope land, etc.—all contribute positively to air and water quality, stream flow regime, and maintenance of a secure biodiversity habitat.

COST ESTIMATES AND FINANCING PLAN
(US\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Poverty Reduction Cooperation Fund^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	153.3	0.0	153.3
ii. Domestic Consultants	9.0	0.0	9.0
iii. Technical and Support Staff	240.3	22.9	263.2
b. International and Local Travel	17.5	2.2	19.7
c. Reports, Communications, and Dissemination	15.4	0.0	15.4
2. Equipment and Civil Works ^b	80.5	39.0	119.5
3. Training, Materials, Supplies, and Operations ^c	12.0	89.6	101.6
4. Microfinance Seed Fund	0.0	27.0	27.0
5. District-Wide Land Capability Assessment ^d	62.2	0.0	62.2
6. Monitoring and Audits ^e	23.6	0.0	23.6
7. Administration and Support Costs ^f	5.1	10.0	15.1
8. Contingencies	40.4	0.0	40.4
Subtotal (A)	659.3	190.7	850.0
B. Government Contribution (in-kind value)			
1. Remuneration of Counterpart Staff	0.0	45.0	45.0
2. Counterpart Offices, Facilities, Utilities	0.0	55.0	55.0
3. Community Training	0.0	45.0	45.0
4. Administration and Coordination	0.0	15.0	15.0
Subtotal (B)	0.0	160.0	160.0
C. Communities Contribution			
1. Value of Labor Contribution	0.0	13.3	13.3
Subtotal (C)	0.0	13.3	13.3
Total	659.3	364.0	1,023.3

^a Administered by the Asian Development Bank.

^b Equipment includes 4WD vehicles (2), motorcycles (7), computers, printers, survey equipment, geographic information system (GIS)/mapping processing equipment, office furniture, generator, tools, village trading posts (5). The equipment will be procured by either direct purchase or local competitive bidding as appropriate, with the beneficiaries being the counterpart provincial government departments as part of capacity building together with training for specialized technical equipment or the communities (in the case of the village trading posts).

^c Materials, supplies and operational costs for non-formal education, health, wildlife conservation and land use planning/zoning training for both local communities and government counterparts.

^d District-wide land capability assessment for Viengphukha District of approximately 1,700 square kilometers (a supporting services contract) will include the following: procurement of air photos, air-photo interpretation, ground truthing surveys, GIS processing and interpretation, development of land capability assessment matrix, workshops and training on the use of the matrix for land use planning and zoning activities.

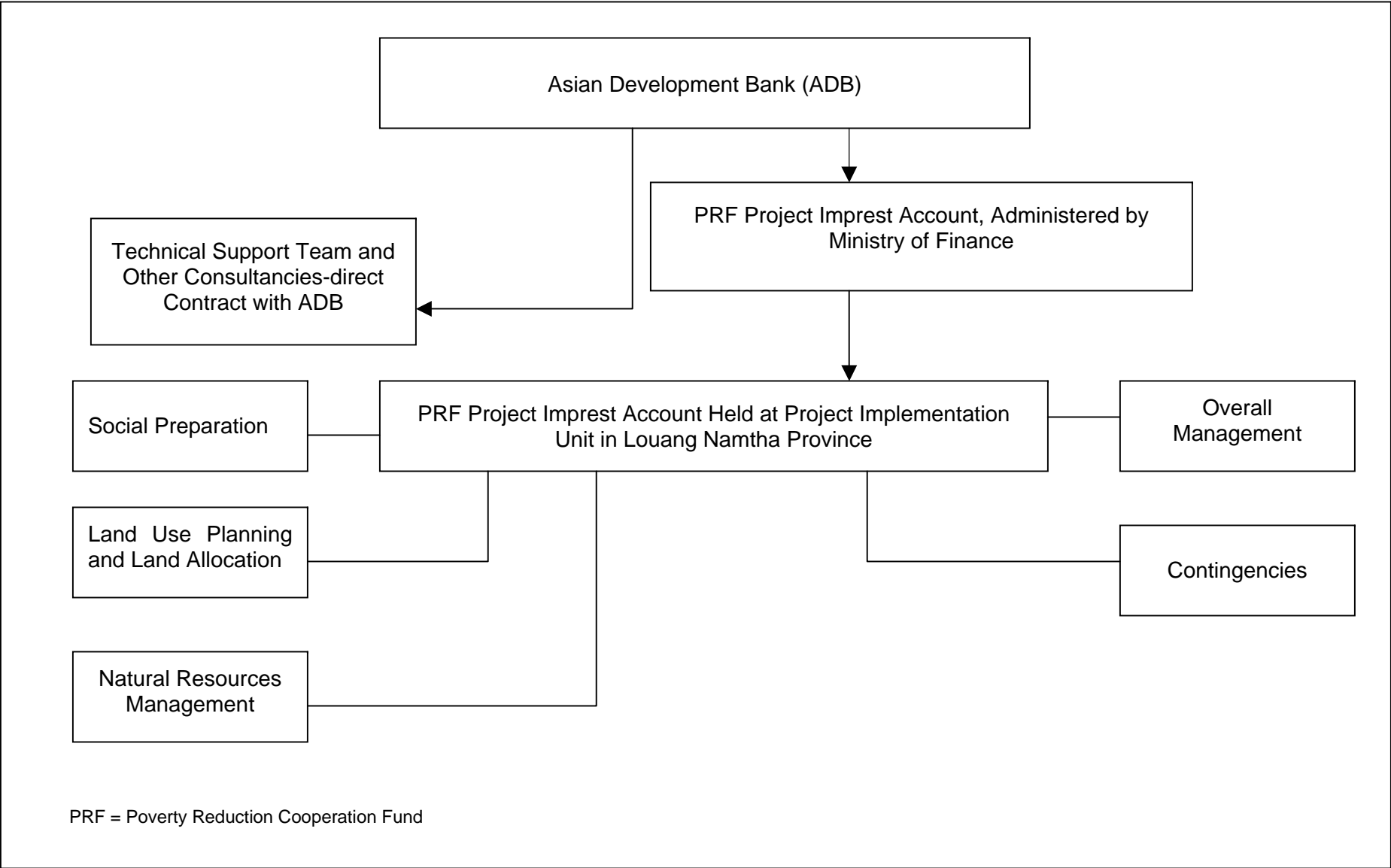
^e Management, financial and technical systems monitoring together with an annual external audit.

^f Project office operations (utilities, communications, office supplies).

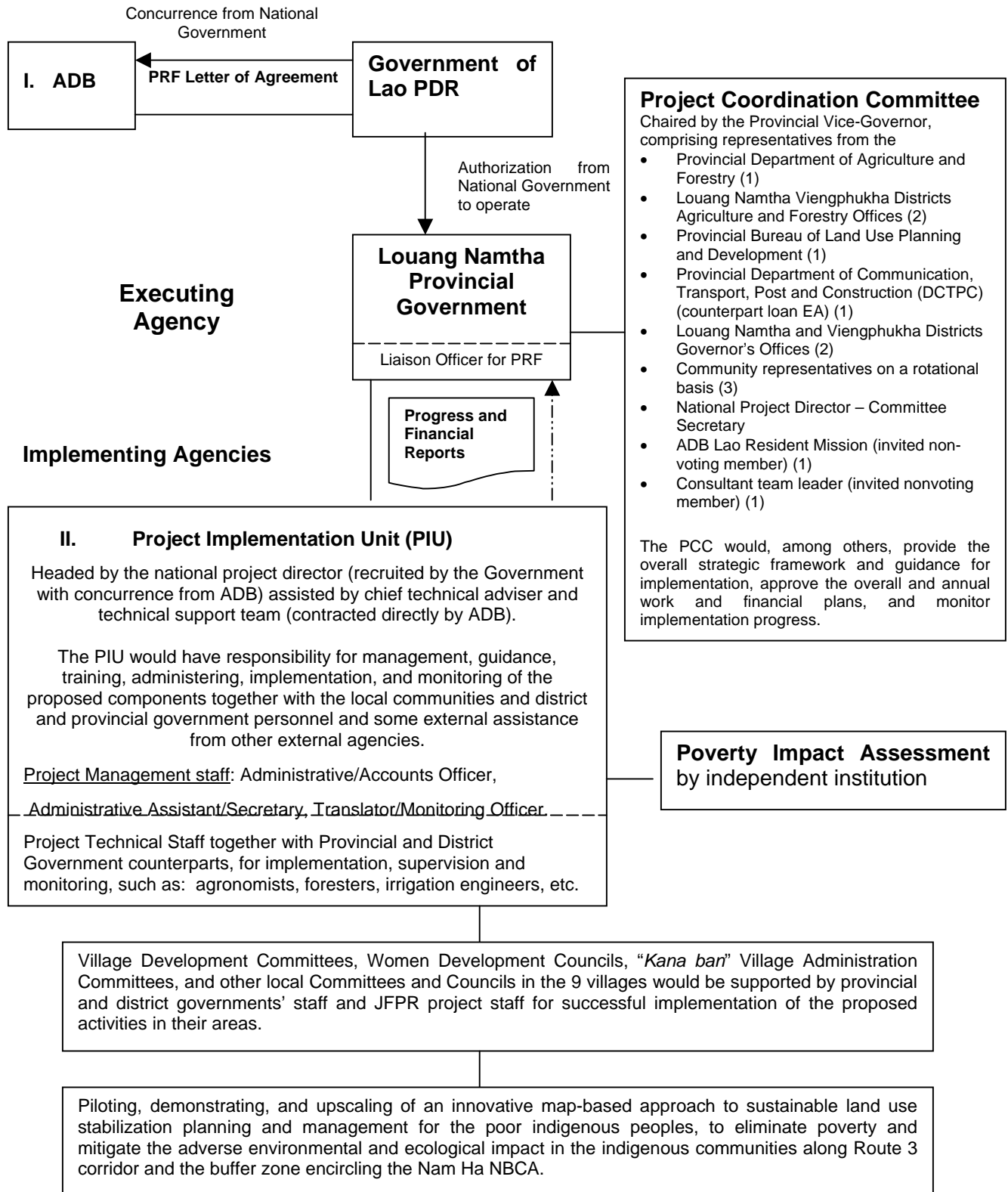
Note: The TA funds will be supplemented by \$39,900 grant in kind from the United Nations World Food Programme (UNWFP) to provide rice as food for work for families participating in the project activities. The UNWFP assistance will be provided on a parallel basis directly to the project implementation unit and will not be administered by ADB.

Source: Asian Development Bank estimates.

FUND FLOW ARRANGEMENTS FOR PRF FUNDS



ORGANIZATIONAL STRUCTURE



ADB =Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, NBSC = National Biodiversity Conservation Area

OUTLINE TERMS OF REFERENCE FOR NONGOVERNMENT ORGANIZATION TECHNICAL AND MANAGEMENT SUPPORT TEAM

1. The Asian Development Bank (ADB) will recruit through direct selection procedures the Adventist Development and Relief Agency (ADRA), an international nongovernment organization (NGO) for rural development based in the Lao People's Democratic Republic (PDR), to provide managerial, technical, and administrative expertise in project implementation. ADRA will have as counterparts the responsible provincial- and district-level agencies in a capacity-building relationship. The NGO will interact with government counterparts and the target communities through a project implementation unit (PIU) to be established at the Louang Namtha provincial headquarters. The PIU will coordinate, not only the activities of the NGO-provided personnel and their government counterparts but also the activities of the two supporting services contracts: (i) Land Capability Assessment for Viengphukha District (to be furnished by specialist domestic consulting firm EcoLao); and (ii) Wildlife Conservation Training Action Research in the Nam Ha National Protected Area Buffer Zones (to be furnished by the Wildlife Conservation Society).

2. ADRA will furnish a chief technical advisor (CTA) as counterpart to the national project director (NPD) together with the following: (i) domestic technical specialists (community organizing/negotiating, cadastral surveying, wildlife conservation, education and training, microfinance, product processing and marketing); and (ii) technical support persons residing in target villages.

3. The international CTA will have knowledge and skills in gender issues (36 person-months). The CTA will perform the following functions, through the PIU, in a collaborative relationship with the NPD:
 - (i) In accordance with the attached respective terms of reference, procure the services of the supporting consultants for land capability assessment and wildlife management.
 - (ii) Monitor activity and financial progress of supporting consultancies and authorize the disbursement of fees and expenses in accordance with the negotiated contracts.
 - (iii) Authorize disbursement of salaries and per diems to technical and administrative support personnel based on time sheets and monitoring reports submitted.
 - (iv) Open the co-signatory project-level imprest bank account.
 - (v) Initiate and control procurement procedures in accordance with ADB's guidelines for procurement of goods and services.
 - (vi) Recruit personnel and procure project vehicles and equipment.
 - (vii) Prepare annual detailed work plans and budgets for approval by the Project Coordination Committee.
 - (viii) Prepare and administer detailed work schedules.
 - (ix) Supervise the activities of the technical and administrative support personnel.
 - (x) Compile activity progress monitoring reports.
 - (xi) Supervise the execution of the associated supporting consultancies and monitor activity progress.
 - (xii) Oversee the continuing formulation and development of a participatory process.
 - (xiii) Arrange for the annual external audit of project accounts.
 - (xiv) Through the PIU organize venues for site visits and awareness-raising field days for representatives of communities residing at all locations along Route 3.

A. Technical Specialists (Domestic)

1. Community Development/Gender Specialist (30 person-months)

4. The specialist will perform these tasks:

- (i) In collaboration with the other technical support team members, local government counterparts, and target village administration committees (VACs), establish village development committees (VDCs) and their interest groups (IGs) (for savings/credit, health and sanitation, education, land allocation, and natural resource management) and train their functionaries in their respective roles.
- (ii) In accordance with the community participation development plan, disseminate the project concept and activities among target communities.
- (iii) Guide each IG in wall chart activity planning and preparing, and monitoring schedules to be maintained and adjusted monthly by the beneficiaries with respect to the progress of each activity under their purview.
- (iv) Facilitate the construction and utilization in each target village of a 3-dimensional map model of the village territory for use in planning and negotiating land use zonation and family-by-family land consolidation.
- (v) Facilitate the participatory elaboration of village territory land use and natural resource management regulations.
- (vi) Conduct gender analysis and prepare a gender action plan of how gender issues will be incorporated into the Project.
- (vii) Prepare monitoring indicators, disaggregated by gender.

2. Cadastral Surveyor (Geodetic Engineer) (9 person-months)

5. The surveyor will perform these tasks:

- (i) In a capacity-building counterpart relationship with government counterparts and in collaboration with occupants of land parcels that are sustainably managed and have been granted temporary occupancy certification, accurately survey and map the parcel boundaries (1:2,000 scale).
- (ii) Compile 1:2,000-scale village land allocation maps.
- (iii) Survey and map the agreed upon boundaries between each category of agricultural and forest land use within each target village territory.

3. Assistant Cadastral Surveyor (24 person-months)

6. The assistant cadastral surveyor will assist the geodetic engineer and assume basic functions and perform further services in field follow-up after the geodetic engineer's assignment ends.

4. Wildlife Conservation Specialist (36 person-months)

7. The specialist will perform these tasks:

- (i) Participate in the wildlife management training and action research activities conducted by the wildlife conservation training and action research consultant for

the duration of the said services contract and provide continuing wildlife resource management training to communities thereafter.

- (ii) Supervise the execution of the agreed upon participatory wildlife management work plans prepared under the services contract.
- (iii) Conduct a community wildlife management awareness-raising workshop for all project personnel and their counterparts irrespective of sector or affiliation.
- (iv) Contribute to the village territory participatory land use zonation program particularly with regard to delineation of boundaries between core zones and multiple-use zones of the Nam Ha National Protected Area.
- (v) Advise and assist the community development specialist in the participatory elaboration of village territory land use and natural resource management regulations.

5. Health and Sanitation Advisor (36 person-months):

8. The health and sanitation advisor will have knowledge and skills in gender issues. The advisor will perform these tasks:

- (i) In each target village, undertake a needs assessment for sanitation and primary health care services including potable water, sanitary latrines, trained village health volunteers, village medicine kit/revolving drug fund, trained traditional birth attendants (TBAs), malaria prevention, etc.
- (ii) Draft a detailed sectoral work plan for inclusion in the annual work plans.
- (iii) Advise and assist the community development specialist in establishing health and sanitation IGs under each VDC.
- (iv) In collaboration with government health counterparts
 - (a) provide training to target village health volunteers (VHV) and TBAs;
 - (b) establish village medicine/first aid kits to be managed by the VHV;
 - (c) provide regular basic training in village clinic function in partnership with the VHV to further train and enhance skills and experience of the VHV “on the job; and
 - (d) provide health, hygiene, and disease prevention awareness training for the target communities (including prevention of human immunodeficiency virus/acute immunodeficiency syndrome and sexually transmitted disease, reproductive health and birth spacing awareness).
- (v) Assist the education and training specialist in preparing appropriate health and sanitation curricular and training materials to apply in the target villages and disseminate to other communities along Route 3.

6. Education and Training Advisor (36 person-months)

9. The education and training advisor will have knowledge and skills in gender issues. The advisor will perform these tasks:

- (i) Prepare formal and nonformal education curriculum packages emphasizing messages specifically aligned to support project activities in microfinance, health and sanitation, land occupancy rights, sustainable land use and natural resource management (including wildlife).
- (ii) Provide capacity building training to local schoolteachers, resident technical support generalists, and village education volunteers in effective delivery of knowledge and information to all target families.

- (iii) Based on ongoing project experience, prepare formal and nonformal education curriculum packages concerning land tenure rights and sustainable land use for promulgation in village schools and adult education centers throughout the target area and by schoolteachers throughout the rest of Route 3.

7. Microfinance Advisor (24 person-months)

10. The microfinance advisor will have knowledge and skills in gender issues. The specific tasks follow:

- (i) In conjunction with the community development/gender specialist, conduct a credit needs assessment and indebtedness survey in each target community, paying particular attention to the needs of the poorest strata.
- (ii) Support VDC savings and credit IGs in establishing initial savings funds in each target village.
- (iii) Collaborate with the education and training advisor in the preparation and delivery of microfinance-oriented training materials.
- (iv) Based on needs assessment and indebtedness survey, design and establish appropriate revolving credit funds in each target village together with the commodity banking facility supporting each village trading post.
- (v) Monitor and audit the account books and records of each fund (monthly initially, and then quarterly).

8. Product Processing and Marketing Advisor (9 person-months)

11. The product processing and marketing advisor will perform these tasks:

- (i) Based on field surveys, market surveys, and interviews with target village elders, compile a list of agricultural commodities that are or can be produced in the target area and for which net returns to the producers can be enhanced by in-village value adding or group marketing through the village trading post.
- (ii) Likewise compile a list of forest commodities that have or can have a legal market potential, especially if domesticated and processed at the village trading post under group marketing arrangements.
- (iii) In collaboration with the community development/gender specialist and the resident technical support generalists, establish product processing (including handicrafts) and marketing IGs under the VDCs in each target village and establish pilot operations for selected commodities/handicrafts at each village trading post.
- (iv) Conduct IG functionaries on commodity/product-specific familiarization visits to meet traders and entrepreneurs in relevant market towns with a view to assessing quality and quantity specifications demanded by the market.

9. Resident in Village Technical Support Generalists (3 persons x 36 person-months each)

12. Each generalist must reside in one of the three target adjacent villages under his/her responsibility continuously for at least 3 weeks each month. The duties are as follows:

- (i) Participate in and support all awareness raising, training, and negotiation sessions carried out in the target villages by the project technical specialists.

- (ii) Supervise and monitor any food-for-work supported activities undertaken by the communities.

B. Reporting

13. The following reports will be required:

- (i) inception report incorporating first annual work plan and gender strategy (month 3);
- (ii) regular quarterly financial and progress monitoring reports;
- (iii) draft technical manuals for each sector or project activity at the end of year 1 (for use in expanding activities along Route 3 and for planning upscaling);
- (iv) draft final technical manuals to be submitted 3 months before project termination and finalized upon project termination; and
- (v) final report incorporating the final version of technical manuals.