

Project Administration Manual

Project Number: 33356
Loan Number: LXXXX
August 2011

Lao People's Democratic Republic: Nam Ngum
River Basin Development Sector Project Additional
Financing

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Project Administration Manual Purpose and Process

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

The Ministry of Agriculture and Forestry (MAF), the Water Resources and Environment Administration (MoNRE), and the National Agriculture and Forestry Extension Service (NAFES) of MAF are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MAF, MoNRE, and NAFES of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LAR	=	land acquisition and resettlement
LIBOR	=	London interbank offered rate
MoNRE	=	Ministry of Natural Resources and Environment
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SGIA	=	second generation imprest accounts
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
TOR	=	terms of reference

I. PROJECT DESCRIPTION

1. Water is a most vital natural resource in Lao PDR, which is an indispensable production factor for major economic activities such as agriculture and hydropower. The original ongoing project has been promoting economically, environmentally and socially optimal use of water resources through fostering integrated water resources management (IWRM) in the Nam Ngum River Basin (NNRB). The additional financing will consolidate and expand well-performing investments initiated under the ongoing project within NNRB which includes 16 districts in Xiengkhouang, Vientiane and Luangprabang Provinces, and Vientiane Capital.

2. The government has requested ADB's consideration of additional financing to consolidate and expand the activities under the ongoing project. It is intended to operationalize participatory river basin management and sustainable agricultural support systems within NNRB. In response to the request, the proposed additional financing project (the Project) will modify and scale up the well-performing operations to accommodate the needs for initiating IWRM at the district level, consolidating KESC and VDRF operations, and expanding agricultural support services to benefit more villages in remote areas, as provided for under para. 40 of the ADB's additional financing policy.

3. The expected impact of the overall project will be the optimal use of water resources, especially within NNRB, which is the same as for the ongoing project. The outcome will be integrated watershed management improved in the NNRB. The Project will allow key institutional achievements under the ongoing project to be embedded in the government and local systems. Covering the same geographical area as NNRBDSP, the Project will have three components: IWRM, watershed management, and capacity development. These components will assist (i) the established NNRBCS to initiate sub-basin planning and monitoring, (ii) developed KESCs to be sustainable with more capacity and beneficiaries, and (iii) the initiated district VDRF operations to be transformed to formal financial institutions. Enhanced community participation and inter-agency coordination under capacity development component will facilitate synergy between sub-basin management and livelihood support services for operational IWRM and sustainable natural resources management. The reservoir management and modeling component under the ongoing project has completed its planned activities and the results of the activities will be monitored during the Project implementation.

4. Expected outputs will be: (i) Nam Ngum River Basin Committee Secretariat (NNRBCS) strengthened for sub-basin management, (ii) district land use planning enhanced, (iii) agricultural support services improved, and (iv) institutional and human resource capacity strengthened for project implementation.¹ NNRBCS will initiate its operations for developing sub-basin plans in selected sub-basins to facilitate planning and monitoring at the district level in a coordinated manner. Improved watershed land use plans will be incorporated in district land use plans and link local development programs with sub-basin management for sustainable watershed management. Enhanced agricultural support services will promote the adoption of environmentally sustainable and profitable farming and forestry practices, which will reduce sedimentation loads and peak discharges, and maintain river base flows.

¹ Output 1 accounts for the IWRM component. Outputs 2 and 3 make up the watershed management component. Output 4 constitutes the capacity development component.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	Months						Who responsible
	9	10	11	12	1	2	
Advance contracting actions		x	x	x	x	x	MAF
Retroactive financing actions		x	x	x	x	x	MAF
Establish project implementation arrangements	x	x	x	x			MAF
ADB Board approval	x						ADB
Loan signing				x			ADB/MOF
Government legal opinion provided				x			MAF/MOF
Government budget inclusion		x	x	x			MAF/MOF
Loan effectiveness						x	ADB

ADB = Asian Development Bank, MAF = Ministry of Agriculture and Forestry, MOF = Ministry of Finance

B. Overall Project Implementation Plan

Activities	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
A. DMF														
Output 1: NNRBC and NNRBCS strengthened														
Activity 1.1 Needs assessment and activity planning	x	x												
Activity 1.2 Facility and equipment improvement		x	x	x										
Activity 1.3 Preparation of plans and guidelines			x	x	x	x	x	x	x	x	x	x	x	
Output 2: Integrated watershed planning enhanced														
Activity 2.1 Needs assessment and activity planning	x	x												
Activity 2.2 Consultation and workshop for disseminating planning			x	x	x	x	x	x	x	x	x	x	x	
Output 3: Agricultural extension activities improved														
Activity 3.1 Facility and equipment improvement		x	x	x										
Activity 3.2 Training and KESC and VDRF operation support	x	x	x	x	x	x	x	x	x	x	x	x	x	
Activity 3.3 Community-driven infrastructure development	x	x	x	x	x	x	x	x	x	x	x	x	x	
Output 4: Institutional and human resources developed	x	x	x	x	x	x	x	x	x	x	x	x	x	
B. Management Activities														
Loan implementation support consultant mobilization	x													
Additional target village selection	x	x												
Procurement of equipment and machinery		x	x	x										
Environmental and social safeguards monitoring			x		x		x		x		x		x	
Ethnic groups development and gender action plans monitoring			x		x		x		x		x		x	
Semi-annual review, planning, budgeting, and community awareness	x		x		x		x		x		x		x	
Project inception (ADB/MAF)	x													
Semi-annual review (ADB/MAF)				x		x		x		x		x		
Mid-term review (ADB/MAF)								x						
Project completion report														x

ADB = Asian Development Bank, KESC = khet extension service center, MAF = Ministry of Agriculture and Forestry, VDRF = Village Development Revolving Fund.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

Project implementation Management Roles and Responsibilities organizations

- | | |
|--|--|
| <ul style="list-style-type: none"> • Executing agency: Ministry of Agriculture and Forestry (MAF) | <ul style="list-style-type: none"> ➤ Overall responsibility for project management and component coordination. ➤ Establishment of the Office of National Project Manager (ONPM) within the Department of Planning (DOP) and the project implementation units (PIUs). |
| <ul style="list-style-type: none"> • Office of National Project Manager (ONPM) | <ul style="list-style-type: none"> ➤ Responsibility to request MOF to open FGIA at the Bank of Lao PDR. ➤ Responsibility to consolidate and submit withdrawal applications to ADB through MOF. ➤ Retention of copies of withdrawal applications for the FGIA and direct payment, and original supporting documents for its SGIA. ➤ Establishment and administration of a second generation imprest account (SGIA). ➤ Engagement of loan consultants and auditors, and procurement of goods and works at the national level. ➤ Secretariat for the Project Steering Committee (PSC). ➤ Consolidation and submission of project progress reports, benefit monitoring reports, audit reports, and financial statements to ADB. ➤ Implementation of Component 3: Capacity Development. |
| <ul style="list-style-type: none"> • Project Steering Committee (PSC) | <ul style="list-style-type: none"> ➤ Oversight of project implementation and inter-agency coordination at the national and provincial level through semi-annual meetings. ➤ Review and endorsement of annual work and budget plans, contract awards for goods, works and services, implementation progress, and benefit and monitoring results. |
| <ul style="list-style-type: none"> • Project Procurement Committee | <ul style="list-style-type: none"> ➤ Oversight of procurement process. ➤ Bid evaluation and endorsement of contract awards. |
| (Implementing Agency, IA) | |
| <ul style="list-style-type: none"> • Ministry of Natural Resources and Environment through | <ul style="list-style-type: none"> ➤ IA for Output 1 under Component 1. ➤ Project implementation for integrated water resources management. |

NNRBCS	➤ Establishment and administration of a second generation imprest account (SGIA).
• Integrated Watershed Management Unit (IWMU) of MAF	➤ IA for Output 2 under Component 2. ➤ Project implementation for integrated watershed planning.
• National Agricultural and Forestry Extension Service (NAFES) of MAF	➤ IA for Output 3 under Component 2. ➤ Project implementation for agricultural extension and support services in collaboration with concerned PAFOs and DAFOs. ➤ Establishment and administration of two second generation imprest accounts (SGIAs). One for village development fund (VDF) operations (i.e., Capacity Building and Infrastructure Fund, CBIF; and Village Development Revolving Fund, VDRF), and the other for expenditures for agriculture and forestry extension activities.
• Provincial Agriculture and Forestry Offices (PAFOs) in 2 provinces in Nam Ngum River Basin (NNRB)	➤ Project facilitation as required. At least two staff will be assigned for the focal staff of the Project in the planning section of each PAFO for the implementation of Outputs 3 and 4. ➤ Vientiane and Xiengkhouang provinces.
• District Agriculture and Forestry Offices (DAFOs) in 10 districts in NNRB.	➤ Implementation units at the district level. ➤ Project implementation for Outputs 3 and 4, in collaboration with NAFES and the PAFO. ➤ Establishment of district project implementation units (DIUs). ➤ Establishment and administration of second generation imprest accounts (SGIAs). ➤ Procurement of goods and works through Shopping. ➤ Pek, Phaxay, Phoukout, Phonhong, Xaysomboum, Hom, Kasy, Vang Vieng, Hinheup, Phoukhoun districts.
• District Steering Committees (DSCs) in 10 districts in NNRB	➤ Oversight and coordination of project implementation within the district through semi-annual meetings. ➤ Review and endorsement of annual work and budget plans, contract awards for goods, works and services, implementation progress, and benefit and monitoring results within the districts.
• ADB	➤ Financing of the loan. ➤ Review and monitoring of project implementation.

B. Key Persons Involved in Implementation**Executing Agency**

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ADB

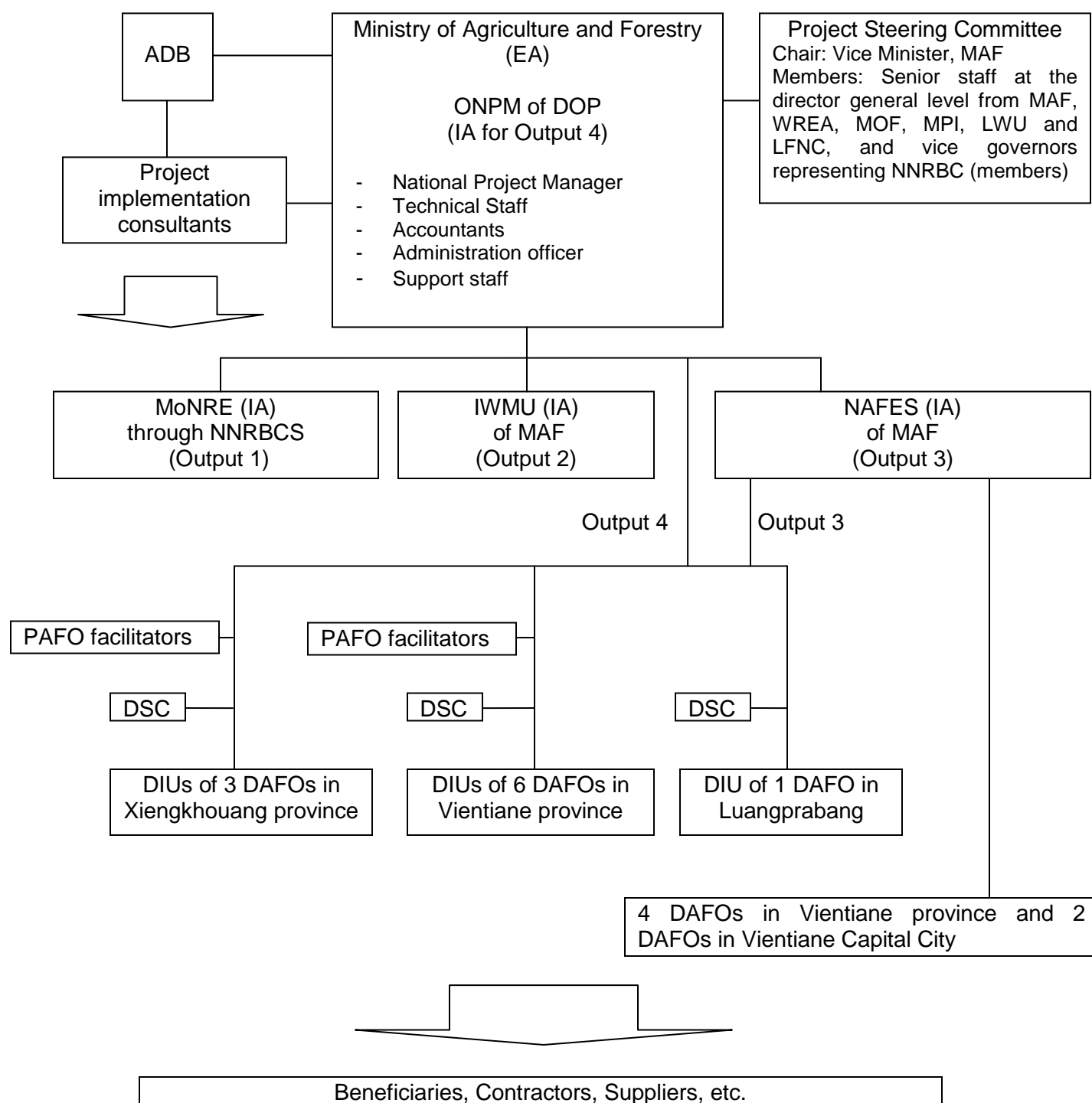
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C. Project Organization Structure



————— : reporting line.

IV. COSTS AND FINANCING

5. The total project cost is estimated at \$5.08 million. The ADB financing is \$5.00 million which is used for civil works, vehicles and equipment, training and workshops, community development (CBIF for rural infrastructure and village common assets, VDRF for villagers' livelihood enhancement activities, and materials and supplies for community mobilization), consulting services, incremental operating costs (office supplies, hired staff and per diem), interest during implementation, contingencies, and taxes and duties. The Government is expected to finance about \$0.08 million (or 1.6% of the project cost) equivalent in kind. This includes some staff salaries and office accommodations

Table: Project Investment Plan
(\$ million)

Item		Original Project	Amount ^a	Total
			Additional Financing	
A.	Base Cost^b			
	1. Integrated Water Resources Management	5.37	0.75	6.11
	2. Reservoir Management and Modeling	1.86		1.86
	3. Watershed Management	15.21	3.29	18.49
	4. Capacity Development ^c	6.16	0.70	6.86
	Subtotal (A)	28.60	4.73	33.33
B.	Contingencies^d	0.00	0.28	0.28
C.	Interest During Implementation^e	0.46	0.07	0.52
	Total (A+B+C)	29.06	5.08	34.14

ADB = Asian Development Bank.

Note: Numbers may not sum precisely because of rounding.

^a Taxes and duties will be financed from the proposed loan. This is justified because (i) it will not represent an excessive share of the project investment plan, (ii) taxes and duties apply only with respect to ADB-financed expenditures, and (iii) financing of the taxes and duties is material and relevant to the success of the additional financing project. The ADB loan may finance transportation and insurance costs related to additional financing project expenditures.

^b In mid-2011 prices for additional financing. The integrated water resources management component of the current project refers to output 1 of the additional financing project. The watershed management component of the current project refers to outputs 2 and 3 of the additional financing project. The capacity development refers to output 4 of the additional financing project.

^c The cost of the current project under this item was for project management.

^d For additional financing, physical contingencies are computed at 5% for civil works, and vehicles and equipment; and 0% for consulting services. Price contingencies computed at 2.4% on foreign exchange costs and 4.5% on local currency costs include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^e Interest during implementation under Asian Development Fund regular terms is computed at 1.0% during the grace period and 1.5% thereafter.

Source: ADB estimates.

A. Detailed Cost Estimates by Expenditure Category (\$ Million)

	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
A. Investment Costs				
1. Civil Works	0.060	0.090	0.150	3.2%
2. Vehicles and Equipment	0.130	0.170	0.300	6.3%
a. Vehicles and Boats	0.096	0.133	0.229	4.8%
b. Field Equipment	0.011	0.013	0.024	0.5%
c. Office Equipment and Furniture	0.023	0.024	0.047	1.0%
3. Training and Workshops	0.174	0.698	0.872	18.4%
4. Community Development	0.435	1.720	2.155	45.6%
a. Capacity Development Infrastructure Fund	0.169	0.349	0.518	11.0%
b. Village Development Revolving Fund	0.240	0.960	1.200	25.4%
c. Field Project Operation Costs	0.026	0.411	0.437	9.2%
5. Consulting Services	0.347	0.396	0.743	15.7%
a. International Consultants	0.120	0.120	0.240	5.1%
b. National Consultants	0.227	0.226	0.453	9.5%
c. Studies	0.000	0.050	0.050	1.1%
6. Incremental Operating Costs	0.046	0.383	0.429	9.1%
a. Office Supplies and Operations	0.021	0.123	0.144	3.0%
b. Incremental Staff	0.010	0.090	0.100	2.1%
c. Per Diem for Incremental and Seconded Staff	0.015	0.170	0.185	4.0%
7. Staff Salaries and Office Space	0.000	0.081	0.081	1.7%
Subtotal (A)	1.192	3.538	4.730	100.0%
Total Base Cost	1.192	3.538	4.730	100.0%
B. Contingencies				
1. Physical	0.010	0.013	0.023	0.5%
2. Price	0.041	0.220	0.261	5.5%
Subtotal (B)	0.051	0.233	0.284	6.0%
C. Financing Charge During Implementation				
Subtotal (C)	0.067	0.000	0.067	1.4%
Total Project Cost (A+B+C)	1.310	3.771	5.081	107.4%

B. Allocation and Withdrawal of Loan Proceeds

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Nam Ngum River Basin Development Sector Project – Additional Financing)			
CATEGORY			ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Percentage and Basis for Withdrawal from the Loan Account
1	Civil Works	94,000	100% of total expenditure claimed
2	Vehicles and Equipment	187,000	100% of total expenditure claimed
3	Training and Workshops	544,000	100% of total expenditure claimed
4	Community Development	1,344,000	100% of total expenditure claimed
5	Consulting Services	463,000	100% of total expenditure claimed
6	Incremental Operating Costs	268,000	100% of total expenditure claimed
7	Interest During Implementation	42,000	100% of total amount due
8	Unallocated	177,000	
	Total	3,119,000	

Note: All taxes and duties will be financed from the loan.

C. Detailed Cost Estimates by Financier (\$ Million)

	ADB	% of Cost Category	Government	% of Cost Category	Total Cost
A. Investment Costs					
1. Civil Works	0.150	100.0%	0.000	0.0%	0.150
2. Vehicles and Equipment	0.300	100.0%	0.000	0.0%	0.300
3. Training and Workshops	0.872	100.0%	0.000	0.0%	0.872
4. Community Development	2.155	100.0%	0.000	0.0%	2.155
5. Consulting Services	0.743	100.0%	0.000	0.0%	0.743
6. Incremental Operating Costs	0.429	100.0%	0.000	0.0%	0.429
7. Staff Salaries and Office Space	0.000	0.0%	0.081	100.0%	0.081
Subtotal (A)	4.649	98.3%	0.081	1.7%	4.730
Total Base Cost	4.649	98.3%	0.081	1.7%	4.730
B. Contingencies	0.284	100.0%	0.000	0.0%	0.284
C. Interest During Implementation	0.067	100.0%	0.000	0.0%	0.067
Total Project Cost (A+B+C)	5.000	98.4%	0.081	1.6%	5.081
% Total Project Cost		98%		2%	100%

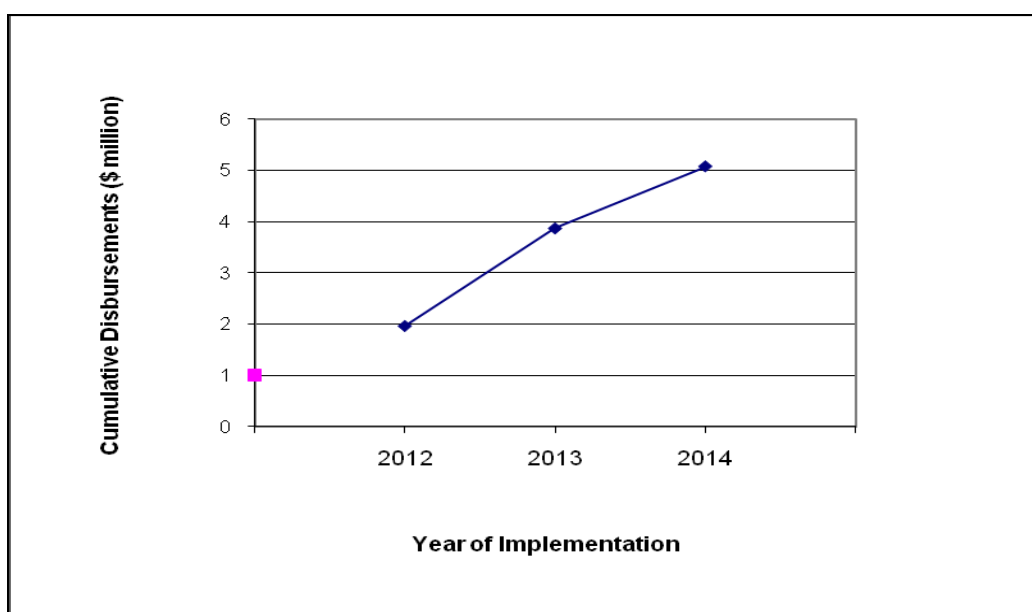
D. Detailed Cost Estimates by Outputs (\$ Million)

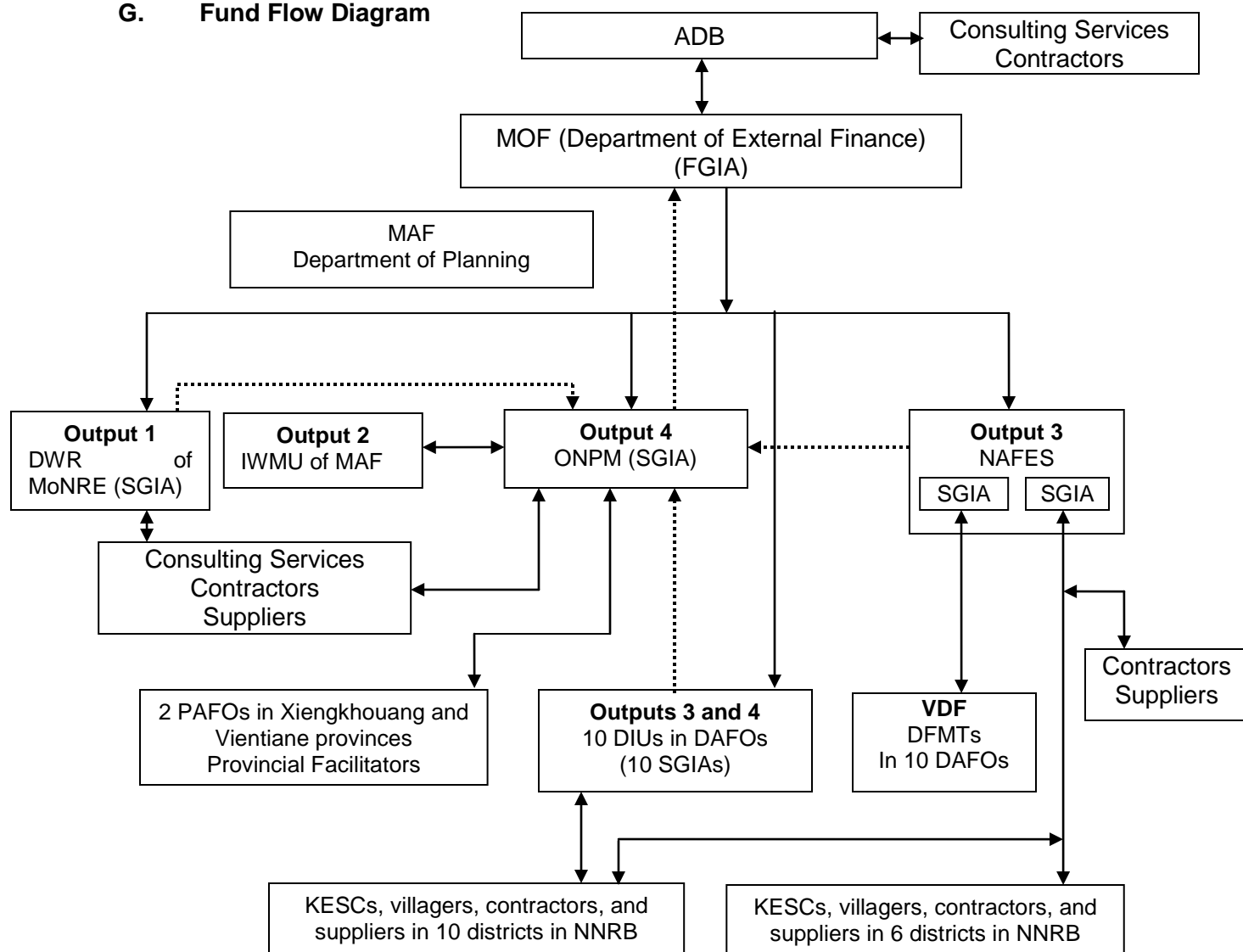
	Total	Output 1		Output 2		Output 3		Output 4	
		Amount	% Cost	Amount	% Cost	Amount	% Cost	Amount	% Cost
		Category		Category		Category		Category	
A. Investment Costs									
1. Civil Works	0.150	0.000	0.0%	0.000	0.0%	0.150	4.7%	0.000	0.0%
2. Vehicles and Equipment	0.300	0.100	12.5%	0.000	0.0%	0.200	6.3%	0.000	0.0%
3. Training and Workshops	0.872	0.456	57.0%	0.175	50.1%	0.160	5.0%	0.081	10.9%
4. Community Development	2.155	0.000	0.0%	0.000	0.0%	1.975	62.0%	0.180	24.1%
5. Consulting Services	0.743	0.153	19.1%	0.128	36.7%	0.198	6.2%	0.264	35.5%
6. Incremental Operating Costs	0.429	0.022	2.7%	0.014	4.0%	0.239	7.5%	0.154	20.6%
7. Staff Salaries and Office Space	0.081	0.014	1.7%	0.011	3.2%	0.038	1.2%	0.018	2.4%
Subtotal (A)	4.730	0.745	93.0%	0.328	94.0%	2.960	92.9%	0.697	93.5%
Total Base Cost	4.730	0.745	93.0%	0.328	94.0%	2.960	92.9%	0.697	93.5%
B. Contingencies									
1. Physical	0.023	0.005	0.6%	0.000	0.0%	0.018	0.6%	0.000	0.0%
2. Price	0.261	0.040	5.0%	0.016	4.6%	0.166	5.2%	0.039	5.2%
Subtotal (B)	0.284	0.045	5.6%	0.016	4.6%	0.184	5.8%	0.039	5.2%
C. Interest During Implementation									
	0.067	0.011	1.4%	0.005	1.4%	0.041	1.3%	0.010	1.3%
Subtotal (C)	0.067	0.011	1.4%	0.005	1.4%	0.041	1.3%	0.010	1.3%
Total Project Cost (A+B+C)	5.081	0.801	100.0%	0.349	100.0%	3.185	100.0%	0.746	100.0%

Note: In mid-2011 prices. Physical contingency of 5% is provided for civil works, equipment and material. Includes interest charge of 1% for interest during construction.

E. Detailed Cost Estimates by Year (\$ Million)

	Total	Year 1	Year 2	Year 3
A. Investment Costs				
1. Civil Works	0.150	0.074	0.056	0.020
2. Vehicles and Equipment	0.300	0.141	0.111	0.049
3. Training and Workshops	0.872	0.291	0.291	0.291
4. Community Development	2.155	0.775	0.818	0.562
5. Consulting Services	0.743	0.355	0.221	0.167
6. Incremental Operating Costs	0.429	0.158	0.158	0.113
7. Staff Salaries and Office Space	0.081	0.027	0.027	0.027
Subtotal (A)	4.730	1.820	1.682	1.228
Total Base Cost	4.730	1.820	1.682	1.228
B. Contingencies				
1. Physical	0.023	0.011	0.008	0.004
2. Price	0.261	0.036	0.101	0.124
Subtotal (B)	0.284	0.047	0.109	0.128
C. Interest During Implementation	0.067	0.025	0.024	0.018
Subtotal (C)	0.067	0.025	0.024	0.018
Total Project Cost (A+B+C)	5.081	1.892	1.815	1.374
% Total Project Cost	100%	37%	36%	18%

F. Contract and Disbursement S-curve

G. Fund Flow Diagram

- > Fund flow
> Flow of documents for payments
 <====> Flow of fund and documents

ADB=Asian Development Bank, DAFO=District Agriculture and Forestry Office, DWR = Department of Water Resources of MoNRE, FGIS=First Generation Imprest Account, IWMU=Integrated Watershed Management Unit, KESC=Khet (village cluster) Extension Service Center, MAF= Ministry of Agriculture and Forestry, MoNRE=Ministry of Natural Resources and Environment, NAFES=National Agriculture and Forestry Extension Service, NNRB=Nam Ngum River Basin, ONPM=Office of National Project Management, PAFO=Provincial Agricultural and Forestry Office, MOF=Ministry of Finance, SGIA=Second Generation Imprest Account, VDF=Village Development Fund.

10 districts which receive intensive support: Pek, Phaxay, and Phoukout districts (Xiengkhouang Province); Phonhong, Xaysomboum, Hom, Kasy, Vang Vieng, and Hinheup districts (Vientiane Province); and Phoukhoun district (Luangprabang Provinces).

6 districts which receive monitoring and minimal support as necessary: Toulakhom, Viengkham, Feuung, and Keo Oudom districts (Vientiane Province); and Pak Ngum, and Xaythani districts (Vientiane Capital).

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

6. Project staff in ONPM have been demonstrating financial and procurement capacity. The fund flow mechanism has been refined through experiences under NNRBDSP. In addition, intensive project activities at the field level will be confined to 10 districts compared with 16 districts under the original project. Relatively small size of contracts will follow the same procurement method with which existing project staff becomes familiar. Retained experienced staff with external technical support are expected to improve the financial management and procurement of the Project. Therefore, If properly implemented, there should be no serious risks in terms of financial management. ONPM will mobilize a loan consultant who will assist the government for financial management and procurement, including accounting and auditing. Well-performing and under-performing districts will be monitored differently, providing proper corrective actions such as incremental training and/or commendation. Payments by cash will be minimized.

B. Disbursement

7. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time),² and detailed arrangements agreed upon between the Government and ADB.

8. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),³ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

9. MAF, through ONPM in collaboration with the implementing agencies, will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB.

10. After loan effectiveness, ONPM will request the Ministry of Finance to open a first generation imprest account (FGIA) in US dollar, in the Bank of Lao PDR to receive ADF loan funds for the Project. ONPM will be responsible for consolidating and submitting withdrawal applications to ADB through MOF, and retaining the documents. A total of 14 second generation imprest accounts will be opened: (i) 1 SGIA in US dollar established and managed by ONPM, 2 SGIAs in Kip established and managed by NAFES, (ii) 1 for VDF and 1 for other expenditures including agricultural extension (e.g., civil works, equipment, training and workshops, materials and supplies, training/workshops, and incremental operation costs, (iii) 1 SGIA in Kip established and managed by the Department of Water Resources of MoNRE, and (iv) 10 SGIA in Kip established and managed by 10 DAFOs for Outputs 3 and 4. The SGIAs will be opened at commercial banks which are acceptable to ADB.⁴ The imprest accounts will be established, managed, replenished and liquidated in accordance with ADB's standard procedures outlined in the ADB's *Loan Disbursement Handbook*. All accounts will be audited annually by an independent auditor.

² Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

³ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

⁴ The ADB loan may finance bank charges.

11. The aggregated amount to be deposited into imprest accounts will not at any time exceed the estimated ADB financed expenditures to be paid from the imprest account for the next 6 months or 10% of the loan amount, whichever will be lower. The maximum ceiling of each SGIA will be equivalent to 3 months estimated expenditures to be funded from each SGIA. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet⁵ setting out the estimated expenditures for the first six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (i) Statement of Account (Bank Statement) where the imprest account is maintained, and (ii) the Imprest Account Reconciliation Statement reconciling the above mentioned bank statement against the executing agency's (EA) records.⁶

12. The statement of expenditures (SOE) procedure may be used for reimbursement and liquidation and replenishment of FGIA and SGIAs. The SOE ceiling will be \$100,000 to expedite the flow of funds. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.⁷ ONPM will be responsible for ensuring that SOEs are operated in accordance with ADB's requirement. Sample forms for withdrawal of loan proceeds, replenishment of imprest accounts, and SOE can be downloaded from the ADB website.⁸

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

14. If required, loan proceeds may be disbursed directly to contractors for works and consulting services by ADB in accordance with the approved contracts between the EA and the contractors, using direct payment procedures. If Government funds are used first for eligible expenditures, ADB's reimbursement procedure will be followed.

15. Government counterpart funds will only finance salaries of staff seconded to the Project and this will be financed through the regular payroll mechanism for Government employees.

C. Accounting

16. MAF (through ONPM), MoNRE (through NNRBDCS), NAFES of MAF, and the ten

⁵ Available in Appendix 29 of the *Loan Disbursement Handbook*.

⁶ Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

⁷ Checklist for SOE procedures and formats are available at:

http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf

http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls

http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls

http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls

http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls

⁸ Available at: http://www.adb.org/documents/handbooks/loan_disbursement/default.asp

DAFOs will maintain separate project accounts and records by funding source for all expenditures incurred on the Project. Project accounts will follow international accounting principles and practices.

D. Auditing

17. The MAF/ONPM will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing by an auditor acceptable to ADB. The audited accounts will be submitted in the English language to ADB within 9 months of the end of the fiscal year by the executing agency. The annual audit report will include a separate audit opinion on the use of FGIA, SGIAs, and the SOE procedures. MAF/ONPM have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. The State Auditors' Office will be engaged.

18. Compliance with these financial reporting and auditing requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor. ADB shall impose the following measures should the ONPM fail to submit within the due date:

- (i) **Within 6 months after the due date:** Processing of requests for new contract awards and disbursement such as replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will be put on hold.
- (ii) **Within 12 months after the due date:** Disbursement shall be suspended.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

19. There will be a need to fill a financing gap until the proposed loan effectiveness and maintain momentum for continuing field activities. Retroactive financing is permitted for training and workshops, and consultants to conduct preparation activities such as mobilization of districts and farmers and annual planning of project-supported activities to maintain momentum and facilitate the readiness, with the maximum amount of eligible expenditures up to \$80,000, the equivalent of 1.6% of the total ADB loan, incurred before loan effectiveness, but not more than 12 months before the signing of the loan agreement.

20. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (April 2010, as amended from time to time) (ADB's *Procurement Guidelines*)⁹ and ADB's *Guidelines on the Use of Consultants* (April 2010, as amended from time to time) (ADB's *Guidelines on the Use of Consultants*).¹⁰ The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, MAF, MoNRE, IWMU, NAFES, and 10 DAFOs have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project.

21. Before the loan effectiveness, MAF will process the contracting procedures for engaging independent consultants for project implementation support, and the expenditure for training and workshops for planning of project activities.

B. Procurement of Goods, Works and Consulting Services

22. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*.

23. All the contracts will be less than \$100,000. Shopping will be used for contracts for procurement of works, equipment and materials worth less than \$100,000. Community contracting may be used for civil works such as water supply systems and small-scale irrigation systems up to \$30,000 per contract in accordance with the procurement plan.

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

25. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants*.¹¹ The terms of reference for all consulting services are detailed in Section D.

26. An estimated 161 person-months (10 international, 151 national) of consulting services are required to (i) facilitate project management and implementation, (ii) strengthen the institutional and operational capacity of the executing agency, and (iii) strengthen the technical capacity of the farmers. Consulting firms will be engaged using the consultants' qualifications selection (CQS) method.

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

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

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

C. Procurement Plan

1. Basic Data

Country	Lao People's Democratic Republic
Project Name	Nam Ngum River Basin Development Sector Project (Additional Financing)
Loan Amount (\$)	ADF - \$5 million
Loan Number	To Be Determined
Executing Agency	Ministry of Agriculture and Forestry/Dept of Planning
Date of this Procurement Plan	28 July 2011

2. Process Thresholds, Review and 18-Month Procurement Plan

a. Project Procurement Thresholds

27. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
Shopping for Works	Below \$100,000
Shopping for Goods	Below \$100,000
Community Contracting	Up to \$30,000

b. ADB Prior or Post Review

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

Apply to the various procurement and consultant recruitment methods used for the project.		
Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
Shopping for Works	Prior/Post	The first draft English language version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount. Moreover, the first contract will be under Prior review and subsequently following post-review
Shopping for Goods	Prior/Post	
Recruitment of Consulting Firms		
Consultants Qualifications Selection (CQS)	Prior	Involves small contract with specialized assignment
Recruitment of Individual Consultants		
Individual Consultants	Prior	

c. Consulting Services Contracts Estimated to Cost More Than \$100,000

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

General Description	Contract Value (\$ million)	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Comments
Capacity Development and Project Implementation	\$0.264	ICS	4Q 2011/1Q 2012	International (6.5 PM), National (36 PM)	To be recruited by ONPM
IWRM, Watershed Planning, and Livelihood Support	\$0.300	ICS	4Q 2011/1Q 2012	International (3.5 PM), National (115PM)	By ONPM

ICS = individual consultant selection, IWM = integrated watershed management.

d. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

30. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative) (million)	Number of Contracts	Procurement / Recruitment Method	Comments
Materials for Field Activities	\$0.300	Multiple	Shopping	BY DIUs/NAFES
Civil Works for KESCs	\$0.090	Multiple	Shopping/Community Contracting	By DIUs/NAFES
KESC Electricity Installation	\$0.060	Multiple	Shopping/Community Contracting	By DIUs
Water Supply and Rural Infrastructure	\$0.100	Multiple	Shopping/Community Contracting	By DIUs/NAFES
Small Irrigation	\$0.070	Multiple	Shopping/Community Contracting	By DIUs/NAFES
Village Access Roads	\$0.200	Multiple	Shopping	By DIUs/NAFES
Vehicles (4WD)	\$0.030	1	Shopping	By ONPM
Motorcycles	\$0.120	Multiple	Shopping	By ONPM
Agriculture Machinery (Tractors)	\$0.030	1	Shopping	By ONPM
Equipment and Office Supplies	\$0.120	Multiple	Shopping	By ONPM

DIU = District Implementation Unit, NAFES = National Agriculture and Forestry Extension Service, ONPM = Office of the National Project Manager.

3. Indicative List of Packages Required Under the Project

31. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Goods					
Materials for Field Activities	\$0.437	20	Shopping	n.a.	DIUs/NAFES
Vehicles (4WD)	\$0.030	1	Shopping	n.a.	By ONPM
Motorcycles	\$0.120	2	Shopping	n.a.	By ONPM
Agriculture Machinery (Tractors)	\$0.030	1	Shopping	n.a.	By ONPM
Equipment and Office Supplies	\$0.228	5	Shopping	n.a.	By ONPM
Works					
Civil Works for KESCs	\$0.090	10	Shopping/Community Contracting	n.a.	By DIUs/NAFES
KESC Electricity Installation	\$0.060	10	Shopping/Community Contracting	n.a.	By DIUs
Water Supply and Rural Infrastructure	\$0.140	10	Shopping/Community Contracting	n.a.	By NAFES/DIUs
Small Irrigation	\$0.098	10	Shopping/Community Contracting	n.a.	By NAFES/DIUs
Village Access Roads	\$0.280	7	Shopping	n.a.	By NAFES/DIUs
Consulting Services					
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Type of Proposal	Comments
Capacity Development and Project Implementation	\$0.264	5 (International: 6.5 PM, National 36 PM)	ICS	n.a.	By ONPM
IWRM	\$0.153	3 (International: 2 PM, National: 35 PM)	ICS	n.a.	By ONPM
Watershed Planning	\$0.078	2 (International: 1.5 PM, National: 14 PM)	ICS	n.a.	By ONPM
Livelihood Support	\$0.198	4 (National: 66 PM)	ICS	n.a.	By ONPM
Studies and Surveys	\$0.050	3	CQS	BTP	By ONPM

BTP = Biodata Technical Proposal.

D. National Competitive Bidding

1. General

32. The procedures to be followed for National Competitive Bidding (NCB) shall be those set forth for "Public Bidding" in Prime Minister's Decree No. 03/PM of the Lao People's Democratic Republic, effective 09 January 2004, and Implementing Rules and Regulations effective 12 March 2004, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

2. Application

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

3. Eligibility

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

4. Advertising

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

5. Procurement Documents

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

6. Preferences

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

7. Rejection of all Bids and Rebidding

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

8. National Sanctions List

38. National sanctions lists may be applied only with prior approval of ADB.

9. Corruption Policy

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

10. Disclosure of Decisions on Contract Awards

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

11. Member Country Restrictions

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

E. Consultant's Terms of Reference

42. The Project, through ONPM, will mobilize loan implementation consultants in the expertise in project management, monitoring and evaluation, financial management and procurement, environmental safeguard, and social safeguard. The outline terms of reference (TORs) for these consultant contracts are as follows. The Project will also engage consultants with expertise in various areas, including water resources management, river basin management, stakeholder consultation, watershed management, geographical information system (GIS) and database, agricultural extension, microfinance, and village revolving fund information system. TORs for these experts will be developed based on the actual needs and progress of the Project identified and observed through initial consultation and implementation processes.

43. **Project management advisor** (6.5 person-months [PM], international) will be responsible for overall project progress and performance in collaboration with the national project manager, under the supervision of the Director General, DOP of MAF. The expert will supervise other experts engaged for the Project and work closely with project staff. The expert will, inter alia:

- (i) Facilitate project activities and coordination among project components and related agencies;
- (ii) Monitor project progress and performance, provide recommendations, and assist project staff in implementing corrective actions;
- (iii) Update institutional and human resources capacity and needs assessments and annual capacity development plans of the EA and IAs for project administration and coordination including information sharing;
- (iv) Strengthen the capacity of the EA and IAs through the implementation of the annual capacity development plans;
- (v) Assist ONPM and PIUs at NAFES and districts in facilitating semi-annual review and planning at village, khet, district and central levels;
- (vi) Assist ONPM and PIUs at NAFES and districts in facilitating the participatory village development planning process;
- (vii) Prepare annual reports including detailed project progress and performance, lessons learned and recommendations;
- (viii) Assist ONPM to prepare quarterly project progress reports; and
- (ix) Report project-related issues to MAF, PSC and ADB as required.

44. **Monitoring and evaluation** (12 PM, national) will be responsible for all the aspects of project monitoring and evaluation under the supervision of the national project manager. The expert, under the supervision of the project management advisor, will work closely with other experts engaged for the Project and project staff. The expert will, inter alia:

- (i) Assist ONPM and PIUs in conducting project monitoring and evaluation activities;
- (ii) Assist ONPM and PIUs in preparing quarterly progress reports, including safeguard reports and benefit monitoring reports, with baseline data and progress in indicators described in the design monitoring frameworks and other project documents;
- (iii) Strengthen the capacity of ONPM and PIUs for project monitoring and evaluation through on-the-job training and the implementation of recommendations and corrective actions as required by MAF and ADB;
- (iv) Maintain and, as required, update the project performance monitoring system (PPMS) including the benefit monitoring system;

- (v) Monitor overall compliance and implementation of environmental and social requirements described in the project documents including the environmental assessment and review framework, resettlement plan, ethnic groups development plan, poverty reduction and social strategy, and gender action plan, in collaboration with environmental and social safeguard specialists and representatives of LFNC and LWU; and
- (vi) Report related issues with monitoring and evaluation to MAF and ADB as required.

45. **Financial management and procurement specialist** (6 PM, national) will be responsible for all the aspects of financial management and procurement of the Project, under the supervision of the national project manager. The expert, under the supervision of the project management advisor, will work closely with other experts engaged for the Project and project staff. The expert will, inter alia:

- (i) Assist ONPM and PIUs in financial management and procurement;
- (ii) Prepare/update project-specific financial management and procurement manuals;
- (iii) Assist ONPM and PIUs in preparing quarterly progress reports for financial management and procurement;
- (iv) Strengthen the capacity of ONPM and PIUs for financial management and procurement through on-the-job training and the implementation of recommendations and corrective actions as required by MAF and ADB;
- (v) Maintain and, as required, update financial management system and procurement recording system;
- (vi) Monitor compliance with requirements as described in the project documents for financial management and procurement, and provide recommendations as necessary; and
- (vii) Report related issues with financial management and procurement to MAF and ADB as required.

46. **Environment Safeguard specialist** (12 PM, national) will be responsible for implementation of, and compliance with, the environmental safeguard requirements, under the supervision of the national project manager. The expert, under the supervision of the project management advisor, will work closely with other experts engaged for the Project and project staff. The expert will, inter alia:

- (i) Assist ONPM and PIUs in implementing and complying the environmental assessment and review framework and other related documents including information disclosure and data collection for monitoring;
- (ii) Prepare/update a project-specific environmental safeguard implementation manual;
- (iii) Assist ONPM and PIUs in preparing environmental safeguard reports as part of quarterly project progress reports;
- (iv) Strengthen the capacity of ONPM and PIUs for environmental management and safeguard compliance through on-the-job training and the implementation of recommendations and corrective actions as required by MAF and ADB;
- (v) Monitor compliance with requirements as described in the environmental assessment and review framework and other related documents, in consultation with beneficiaries and LFNC and LWU, and provide recommendations as necessary; and
- (vi) Report related issues with environmental safeguard to MAF and ADB as required.

47. **Social Safeguard Specialist** (6 PM, national) will be responsible for implementation of, and compliance with, the resettlement plan, ethnic groups development plan, poverty reduction and social strategy, and gender action plan, under the supervision of the national project manager. The expert, under the supervision of the project management advisor, will work closely with other experts engaged for the Project and project staff. The expert will, inter alia:

- (i) Assist ONPM and PIUs in implementing and complying social safeguard requirements and development strategy and plan, including information disclosure and data collection for monitoring;
- (ii) Prepare/update a project-specific social safeguard implementation manual;
- (iii) Assist ONPM and PIUs in preparing social safeguard reports and progress in social aspects as part of quarterly project progress reports;
- (iv) Strengthen the capacity of ONPM and PIUs for social safeguard and development through on-the-job training and the implementation of recommendations and corrective actions as required by MAF and ADB;
- (v) Monitor compliance with requirements as described in the project documents, in consultation with beneficiaries and LFNC and LWU, and provide recommendations as necessary; and
- (vi) Report related issues with social safeguard and development to MAF and ADB as required.

VII. SAFEGUARDS

48. MAF, through ONPM, will have an overall responsibility for compliance with safeguard requirements described in: (i) the environmental assessment and review framework (EARF), and (ii) the ethnic groups development plan (EGDP).¹² Each project implementing agency will implement required activities as part of project implementation in accordance with the safeguard documents. An environmental officer and a safeguard officer appointed in each agency of ONPM, NAFES, and DAFOs will be responsible for monitoring safeguard compliance in collaboration with project staff and representatives from the Lao Front for National Construction (LFNC) and the Lao Women's Union (LWU). Any activities involving involuntary resettlement impacts will be screened out in an annual work planning process and village development planning process to ensure there will be no involuntary resettlement impacts. In principle, civil works for community-driven infrastructure will be designed on existing rights-of-way or public land. Any acquisition of land and other assets, if any, will be based on the Procedural Guidelines for Voluntary Land Contribution (PGVLC). Compliance with these requirements will be closely monitored through periodical and ad hoc review as part of project progress monitoring and evaluation in line with the safeguard documentation, PGVLC and ADB's SPS. ONPM will mobilize an environmental safeguard specialist, a social safeguard specialist, and a monitoring and evaluation specialist to support staff and validate the processes. They will work closely to ensure compliance with these safeguard requirements. ONPM will deliver safeguard compliance reports in line with quarterly Project progress reports, consolidating reports from each implementing agency. These costs will be financed from the loan proceeds. If there is a gap in financing, the Government will provide necessary resources for compliance.

VIII. GENDER AND SOCIAL DIMENSIONS

49. MAF, through ONPM, will have an overall responsibility for implementing project activities for social and gender development described in (i) the summary poverty reduction and social strategy (SPRSS), and (ii) the gender action plan (GAP, also attached below). Each project implementing agency will implement its activities as part of project implementation following these plan and strategy. All project staff will ensure that their actions are in line with these documents. A monitoring and evaluation officer in ONPM will monitor the progress and recommend follow up actions as required, supported by a monitoring and evaluation expert and a social safeguard expert, in collaboration with representatives from the Lao Front for National Construction (LFNC) and the Lao Women's Union (LWU). ONPM will report the progress in a quarterly basis in collaboration with each IA. These costs will be financed from the loan proceeds. If there is a gap in financing, the Government will provide necessary resources for improving project performance. Community-driven small scale civil works will require limited hired labor. The Project will follow applicable national labor laws and the Core Labor Standards for hiring skilled and unskilled workers to avoid any forced labor, gender discrimination, ethnic and other discrimination, and child labor.

¹² Under the streamlined business processes these are linked documents 11–13.

Gender Action Plan: Proposed Actions by Project Output

COMPONENT AND OUTPUT	GENDER-RELATED ACTION	TARGET INDICATOR
Integrated Water Resources Management Component		
Nam Ngum River Basin Committee Secretariat (NNRBCS) strengthened for sub-basin management (MoNRE)	Agenda of relevant workshops and training sessions will include gender-related issues in sub-basin water resources management.	Annual training workshops deal with gender-related issues. By 2015, 30% of participants for training workshops for sub-basin planning are female.
	Women will participate in the planning process. The roles and responsibilities, and needs and concerns of both women and men are considered.	By 2013, five sub-basin management plans developed, which include gender-mainstreaming elements.
Watershed Management Component		
District land use planning enhanced (IWMU)	Female staff in district governments will be invited to dissemination workshops.	By 2015, XX% (to be decided at the higher level than the female staff ratio in each beneficiary agency) of workshop participants are female.
Agricultural support services improved for the sustainability (NAFES)	The targets will be fully informed to stakeholders. Women will be encouraged to participate in workshops, training sessions, and other project activities for government staff and villagers.	By 2015, 30% of trainees are female in the training sessions for extension staff. (The ratio will be refined based on the female staff ratio in each beneficiary agency) By 2015, 30%-70% of participants in workshops and training sessions at the villages level are women (the ratios will be refined based on the female preferences on training subjects). By 2013, 30% of participants in village land use planning processes are female. By 2015, 900 new borrowers (50% female) receive credit from newly registered VDRF institutions. By 2015, 25% of functionalities of farmers' groups for production and infrastructure maintenance are women.
	The concept of joint land certificates will be informed and agreed among target villagers.	By 2015, 80% of farmers obtain joint land use certificates issued in the name of both husband and wife in 30 additional villages.
Capacity Development Component		
Institutional and human resources capacity developed for project implementation (ONPM)	Monitoring data will be disaggregated by sex and ethnic group to the extent possible.	By 2015, quarterly progress reports include sex and ethnic group disaggregated data for project performance.

IWMU = Integrated Watershed Management Unit, MoNRE = Ministry of Natural Resources and Environment, NAFES = National Agriculture and Forestry Extension Service, NNRBCS = Nam Ngum River Basin Committee Secretariat, ONPM = Office of National Project Manager VDRF = village development revolving fund.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

(Attached at the end of the PAM)

B. Monitoring

50. **Project Performance Monitoring.** A project performance monitoring system has been established under NNRBDSP. The system will be refined to accommodate the scope of the Project. A project benefit monitoring system has also been established and will be used for the Project by ONPM with assistance from a monitoring and evaluation expert. The system will identify and accumulate data relevant to target indicators described in the DMF. Beneficiaries will fully participate in the monitoring and evaluation process through semi-annual review and planning workshops as well as ethnic group- and gender- sensitive consultation. Ethnic and gender as well as activity disaggregated baseline data have been collected and consolidated in the Monitoring and Evaluation Report (2010), which will be updated and reported quarterly through MAF's consolidated quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.¹³

51. **Compliance Monitoring:** ADB will monitor compliance with those covenants throughout project effectiveness and implementation via regular review missions, quarterly progress reports submitted by ONPM, and review of project accounts and procurement procedures.

52. **Safeguards Monitoring:** ONPM, in collaboration with IAs, will monitor activities identified in the environment, resettlement, and ethnic group safeguard documents as part of the semi-annual planning and review process and ad-hoc site visits, supported by external experts in monitoring and evaluation, and environmental and social safeguards as well as representatives of LFNC and LWU. Quarterly safeguard reports will be consolidated and delivered by ONPM. These reports will include corrective or remedial measures as required.

53. **Gender and Social Dimensions Monitoring:** ONPM, in collaboration with IAs, will monitor activities identified in GAP and SPRSS as part of the semi-annual planning and review process and ad-hoc site visits, supported by external experts in monitoring and evaluation and social safeguard as well as representatives of LFNC and LWU. ONPM will incorporate the progress into quarterly reports, which will include corrective or remedial actions as required.

C. Evaluation

54. ADB will conduct regular (at least twice per year) reviews throughout project implementation to assess implementation performance and achievement of project outcomes and objectives, examine financial progress, and identify issues and constraints affecting the Project and work out time-bound action plans for their resolution. A Midterm Review will also be undertaken within 18 months of loan effectiveness. This review will include a comprehensive

¹³ ADB's project performance reporting system is available at:
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

evaluation of project implementation arrangements, detailed evaluation of the scope and implementation process and progress of project activities, performance of consultants, capacity building progress, and possible reallocation of the loan proceeds. Within 12 months of physical completion of the Project, ADB will conduct a project completion mission to carry out a preliminary assessment of the success of the Project to achieve its physical, and socio-economic developmental objectives, as well as to review compliance with ADB requirements and loan covenants.

D. Reporting

55. MAF will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report¹⁴ within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts, together with the associated auditor's reports, should be adequately reviewed.

E. Stakeholder Communication Strategy

56. MAF through concerned PAFOs and DAFOs will make available basic Project design and information on potential Project impacts and mitigation measures before project appraisal, and through project implementation at the provincial and/or district offices in an accessible manner from the stakeholders. Prepared reports on initial environmental examination (IEE) will be kept accessible upon request. Initial consultation and rapid rural appraisal will be conducted for newly included villages in the project before commencing village level project activities. Workshops participated beneficiaries and stakeholders at each level will be conducted at a semi-annual basis for reviewing and planning purposes. A grievance redress mechanism will be established before the initiation of a resettlement process in the concerned districts. The community will be fully informed of issues such as their right to participate in the project activities and to be compensated for any loss of property including productive land and / or assets as well as gender equity and other relevant policies. Separate meetings and discussions will be arranged with the people who are directly affected by land acquisition and/or resettlement issues. Potentially affected households will be provided with detailed guidance and procedures regarding resettlement. Mass organizations such as LWU and LNFC will participate in the stakeholder communication process. Project website will be prepared.

X. ANTICORRUPTION POLICY

57. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.¹⁵ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.¹⁶

¹⁴ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

¹⁵ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁶ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

58. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the Project. All contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of MAF, ONPM, MoNRE, NAFES, PAFPs, and DAFOs, as well as all contractors, suppliers, consultants, and other service providers as they relate to the Project. Individuals/ entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.¹⁷ Risks associated with project management, including procurement and disbursement, will be mitigated by the engagement of an external expert to advise and assist in the procurement of goods and services, and the engagement of other consultants. The Project will also establish a website or establish a subpage under the existing MAF's website, with in which it will disclose implementation progress; bid notifications and their results; and provide grievance mechanism against any corrupt practice. The website/subpage will also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. References on ADB's Anticorruption Policy can be accessed through the following link: <http://www.adb.org/Integrity/>.

XI. ACCOUNTABILITY MECHANISM

59. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.¹⁸

XII. RECORD OF PAM CHANGES

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

¹⁷ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

¹⁸ For further information see: <http://compliance.adb.org/>.

REVISED DESIGN AND MONITORING FRAMEWORK

Design Summary (Current Project)	Design Summary (Overall Project)	Performance Targets and Indicators with Baselines (Current Project) ^a	Performance Targets and Indicators with Baselines ^b (Overall Project)	Data Sources and Reporting Mechanisms (Overall Project)	Assumptions and Risks (Overall Project)
Impact Optimal use of water resources, especially in the Nam Ngum River Basin (NNRB)	(unchanged)	Mean annual discharge in and out of Nam Ngum reservoir better managed	By 2018, seasonal discharges in Nam Ngum River better managed ^c (changed)	Annual reports on discharge data by the Ministry of Natural Resources and Environment (MoNRE)	Assumption High-level government support for integrated water resources management (IWRM)
Outcome IWRM implemented in NNRB Sustainable livelihood opportunities provided to upland poor and ethnic groups	Integrated watershed management improved in NNRB (combined)	IWRM adopted and reflected in the National 2006–2010 Five-Year Socioeconomic Development Plan (SEDP) (achieved) Effective coordination among water user agencies established by 2008 (achieved) Income of about 10,000 households increased by 60%–80% (by 2011) (achieved)	(unchanged) By 2015, district development plans ^d updated to incorporate sub-basin management concept (added) By 2015, average income of beneficiary households increased by 60% from 2012 levels in 50 additional villages (added)	Quarterly project progress and final reports Bi-annual project review missions Development plans of target districts Adoptees' sample survey by districts	Assumptions IWRM retained as a priority in SEDP (2011–2015) District governments are willing to adopt a sub-basin management concept Commodity prices are stable to maintain improved income Risk Economic conditions change villagers' priorities and incentives
Outputs IWRM Component					
1. Water Resources Coordination Committee Secretariat (WRCCS) ^e strengthened	(unchanged)	25 WRCCS staff trained to help WRCC fulfill its mandate by 2005 (achieved)	(completed)	Quarterly project progress and final reports	Assumptions Concerned agencies closely work together
2. NNRB Committee (NNRBC) strengthened to support WRCC	2.NNRBC Secretariat (NNRBCS) strengthened for sub-basin management	Four on-the-job training workshops per year held to adopt IWRM by 2010 (achieved)	Annual workshops held to adopt a sub-basin management approach, of which 30% of the participants are female (added).	Bi-annual project review missions	MoNRE, and provincial and district governments pursue IWRM and support NNRBCS activities NNRBC sustains

Design Summary (Current Project)	Design Summary (Overall Project)	Performance Targets and Indicators with Baselines (Current Project) ^a	Performance Targets and Indicators with Baselines ^b (Overall Project)	Data Sources and Reporting Mechanisms (Overall Project)	Assumptions and Risks (Overall Project)
3. NNRB management plan adopted and implemented	(changed) (additional financing output 1)		By 2013, five sub-basin management plans developed, which include gender mainstreaming elements (added)		incentives for sub-basin management
	(unchanged)	NNRB management plan adopted by 2006 (achieved)	(completed)		The government maintains the NNRB plan and hydro-meteorological data stations
4. Hydro-meteorological data management improved	(unchanged)	Water rights allocated by 2008 (achieved)	(completed)		Risk Limited participation of districts and communities in planning processes leads to less effective sub-basin management plans
		Hydro-meteorological data stations operational (achieved)	(completed)		
		The capacity of the Department of Meteorology and Hydrology (DMH) ^f improved for more timely and accurate hydro-meteorological data provision (achieved)	(completed)		
Reservoir Management and River Basin Modeling Component					
5. Hydropower Office (HPO) of the Ministry of Industry and Handicrafts (MIH) ^g strengthened	(unchanged)	Additional hydropower generation of about 20 gigawatt-hours per year (worth \$600,000) (by 2008) (achieved)	(completed)		Assumptions The government retains developed models for reservoir management
6. Reservoir management plan developed and implemented by HPO	(unchanged)	Availability of water in shortage areas increased (by 2008)	(completed)		The government continues staff training for reservoir management
7. NNRB model developed and executed by HPO	(unchanged)	Modest flood mitigation on about 2,000 hectares (ha) (by 2008)	(completed)		Risk Trained staff leave the Department of Energy (DOE) of the Ministry of Energy and Mines (MEM)

Design Summary (Current Project)	Design Summary (Overall Project)	Performance Targets and Indicators with Baselines (Current Project) ^a	Performance Targets and Indicators with Baselines ^b (Overall Project)	Data Sources and Reporting Mechanisms (Overall Project)	Assumptions and Risks (Overall Project)
Watershed Management Component					
8. The Integrated Watershed Management Unit (IWMU) in the Ministry of Agriculture and Forestry (MAF) strengthened	8. District land use planning enhanced (changed) (additional financing output 2)	-	By 2015, 10 district land use plans developed and/or revised in accordance with the zoning of the watershed landscape continuum plan (WLCP) (added)	Quarterly project progress and final reports Bi-annual project review missions	Assumption District governments support WLCPs
9. 16 subwatershed plans prepared and adopted	(unchanged)	16 sub-watershed plans adopted by 2008 (achieved)	(completed)		
10. Agricultural extension system strengthened in selected subprojects to improve crop, livestock, and forest productivity and sustainability	10. Agricultural support services improved (changed) (additional financing output 3)	<p>Following farm and/or forest productivity targets achieved in staggered manner in 2005–2011:</p> <ul style="list-style-type: none"> - rice yields increased by 33%; - livestock mortality reduced by 40% for poultry, pigs, cattle and buffaloes (achieved); - 20% increase in growth rates for cattle and buffaloes (achieved); - 50% increase in the number of piglets sold per sow per year (achieved); and - degraded forest area reduced by 9,000 ha and shifting cultivation reduced on 25,000 ha. 	<p>By 2015, farm productivity increased in additional target villages (added):</p> <ul style="list-style-type: none"> -rice yield increased from 3.0 to 3.5 ton per hectare (t/ha) -numbers of livestock increased by 20% for buffaloes, 40% for pigs and poultry, and 60% for cattle <p>By 2013, 30 village land use plans developed. At least 30% of participants in the planning processes are women. At least 50% of participants are ethnic people (added)</p> <p>By 2015, 80% of farmers obtain joint land use certificates (both male and female) in 30 additional villages (added)</p> <p>By 2015, 70% of <i>khet</i> (village cluster) extension service centers (KESCs) are sustainable (added)</p>	<p>Sample survey for adoptee farmers in additional villages.</p> <p>Quarterly project progress and final reports</p> <p>Bi-annual project review missions</p>	<p>Assumptions Project beneficiaries are willing to adopt new technologies</p> <p>Land and water resources are sufficient to implement project activities.</p> <p>Risk Quality inputs are not available at reasonable prices</p>

Design Summary (Current Project)	Design Summary (Overall Project)	Performance Targets and Indicators with Baselines (Current Project) ^a	Performance Targets and Indicators with Baselines ^b (Overall Project)	Data Sources and Reporting Mechanisms (Overall Project)	Assumptions and Risks (Overall Project)
			<p>By 2015, 16 savings and credit institutions registered (added)</p> <p>By 2015, 900 new borrowers (50% female) receive credit from newly registered institutions (added)</p> <p>By 2015, average operational self-sufficiency rate of registered village development revolving fund (VDRF) institutions reaches 110% (added)</p>		
Capacity Development Component					
11. Project management	11. Institutional and human resource capacity strengthened for project implementation (changed) (additional financing output 4)	-	<p>By 2015, planning and review workshops conducted as scheduled, and timely annual work plans prepared</p> <p>No cost overrun</p>	<p>Quarterly project progress and final reports</p> <p>Bi-annual project review missions</p> <p>Project completion report</p>	<p>Assumptions Villagers are willing to participate in project</p> <p>Government staff maintain their incentives to participate in the project</p> <p>Risk Extreme weather events</p>

Activities with Milestones (Overall Project)	Inputs (Additional Financing)							
IWRM Component <ol style="list-style-type: none"> WRCCS strengthened (completed) NNRBCS strengthened for sub-basin management (changed) <ol style="list-style-type: none"> Conduct consultation for sub-basin management plans within 6 months Upgrade facilities and equipment of NNRBCS by 2012 Conduct training for government staff and workshops, and develop and disseminate plans, guidelines, and procedures. Training includes gender-related subjects by 2015 NNRB management plan adopted and implemented (completed) Hydro-meteorological data management improved (completed) 	ADB: \$5.00 million							
	<table> <tr> <td>Civil works</td><td>\$0.15 million</td></tr> <tr> <td>Vehicles and equipment</td><td>\$0.30 million</td></tr> <tr> <td>Training and workshops</td><td>\$0.87 million</td></tr> <tr> <td>Community development</td><td>\$2.16 million</td></tr> </table>	Civil works	\$0.15 million	Vehicles and equipment	\$0.30 million	Training and workshops	\$0.87 million	Community development
Civil works	\$0.15 million							
Vehicles and equipment	\$0.30 million							
Training and workshops	\$0.87 million							
Community development	\$2.16 million							

Reservoir Management and River Basin Modeling Component 5. HPO of MIH strengthened (completed) 6. Reservoir management plan developed and implemented by HPO (completed) 7. NNRB model developed and executed by HPO (completed) Watershed Management Component 8. District land use planning enhanced (changed) 8.1. Conduct consultation and workshop for disseminating WLCPs by 2015 8.2. Train district staff in preparing and/or revising district land use zoning in accordance with the WLCPs by 2015 8.3. Conduct specialized survey (by year 2) and update WLCPs by 2015 9. 16 sub-watershed plans adopted (completed) 10. Agricultural support services improved (changed) 10.1 Upgrade facilities/equipment of KESCs and district financial management teams (DFMTs) by 2012 10.2 Conduct training and workshops for rural livelihood activities by 2015 10.3 Assist village development committees (VDCs) with village development plans, village land use plans, and land allocation, which include gender-friendly participatory planning elements by 2015 10.4 Assist (i) KESCs to provide improved agricultural and forestry extension services, (ii) DFMTs to provide and manage credits, and (iii) VDCs to develop and manage small-scale rural infrastructure by 2015 Capacity Development Component 11. Institutional and human resource capacity strengthened for project implementation (changed) 11.1 Conduct training and provide technical assistance for (i) facilitating project activities including financial management and procurement, and safeguards; (ii) coordination among components and agencies; and (iii) intersector information sharing on natural resources management by 2015 11.2 Implement planning, monitoring, and evaluation activities, including semi-annual planning and review workshops, and monitor the implementation of the project gender action plan as per schedule 11.3 Prepare annual budget and work plans and deliver progress and audit reports as per schedule	Consulting services	\$0.74 million
	Incremental operating costs	\$0.43 million
	Interest during implementation	\$0.07 million
	Contingencies	\$0.28 million
	Government \$0.08 million	
	Staff salaries and office space	\$0.08 million

DOE = Department of Energy, DFMT = district financial management team, DMH = Department of Meteorology and Hydrology, HPO = Hydropower Office, IWMU = Integrated Water Management Unit, IWRM = Integrated Water Resources Management, KESC = Khet Extension Service Office, MAF = Ministry of Agriculture and Forestry, MEM = Ministry of Energy and Mines, MIH = Ministry of Industry and Handicrafts, MoNRE = Ministry of Natural Resources and Environment, NNRB = Nam Ngum River Basin, NNRBC = Nam Ngum River Basin Committee, NNRBCS = Nam Ngum River Basin Committee Secretariat, SEDP = socioeconomic development plan, VDC = village development committee, WLCP = Watershed Landscape Continuum Plan, WRCC = Water Resources Coordination Committee, WRCCS = Water Resources Coordination Committee Secretariat

^a Performance targets and indicators modified at the Mid-term Review in 2007 to reflect the reformulation of the Watershed Management Component. The achievements of the original project are detailed in Summary of Project Performance which is accessible from the list of linked documents in Appendix 2.

^b Project Benefit Monitoring Report (Nam Ngum River Basin Development Sector Project [NNRBDSP], October 2010) provides baseline data for socio-economic indicators in ongoing villages. Baseline data for additional villages will be collected from other selected villages. Project Completion Reports (NNRBDSP, 2010) provides baseline data for farm and/or forestry productivity performance.

^c Monitoring points of discharges will be decided after the selection of target sub-basins for planning.

^d Target number of districts will be decided after the selection of target sub-basins.

^e Water Resources Coordination Committee (WRCC) was superseded by the Water Resources and Environment Administration (WREA) in 2007, which was subsumed under the Ministry of Natural Resources and Environment (MoNRE) in June 2011.

^f DMH was transferred from MAF to WREA in 2007.