



# Technical Assistance Report

---

Project Number: 47300  
PPTA  
December 2013

## Lao People's Democratic Republic: Preparing the Northern Smallholder Livestock Commercialization Project

## PROJECT PREPARATORY TECHNICAL ASSISTANCE

### A. Justification

1. The Government requested Asian Development Bank (ADB) and the International Fund for Agriculture Development (IFAD) to provide support for project preparation to ensure there is sound technical, financial and economic evidence to justify proceeding with the Project. The government will contribute to the project preparatory technical assistance (PPTA) in terms of staff and in-kind resources but does not have the capacity to prepare an investment project that will adhere to the requirements of ADB, IFAD, and the government.<sup>1</sup>

### B. Major Outputs and Activities

2. The PPTA will define the scope, cost, selection and prioritization of project activities, financing plan, implementation arrangements, procurement strategy, technology issues, capacity development needs and post-project operation and maintenance arrangements. It will ensure adherence of the safeguard policies of ADB, IFAD and the government. The PPTA will provide guidance in actions to maximize the socioeconomic benefits such as impacts on poverty, gender and fair employment practices. The PPTA will detail a viable project design and prepare a feasibility study report (FSR). It will provide advance drafts of the complete set of documentation necessary for the ADB and IFAD to proceed with internal processing. Table 1 summarizes the outputs and activities.

**Table 1: Summary of Major Outputs and Activities**

Major Activities	Expected Completion Date (2014)	Major Outputs	Expected Completion Date (2014)
Sector assessment		An inception report	Feb
Social poverty, and gender survey and impact assessment and surveys	Mar	An interim report	Mar
Assessment of the technical feasibility		Draft final report; FSR, estimated project costs, an IEE and EMP; a social action plan; a GAP; an economic and financial analysis report; a financial management assessment report; a procurement capacity assessment report; and draft RRP, and linked documents.	Jun
Due diligence on the economic and financial feasibility			
Completion of safeguard requirements			
Capacity development	May	Final report	Sep

FSR = feasibility study report, GAP = gender action plan, IEE = initial environmental examination, EMP = environmental management plan, PAM = project administration manual, RRP = report and recommendation of the President.  
Source: Asian Development Bank.

<sup>1</sup> Originally a PPTA of \$0.3 million was programmed to support the additional financing of the G0235-LAO Northern Rural Infrastructure Sector Project. The Government prioritized to proceed immediately with a new livestock project instead of additional financing for G0235-LAO. It was estimated that for a new project a total of \$0.8 million is needed for the PPTA. The \$0.3 million for G0235-LAO was reallocated to the new project PPTA and an additional 0.5 million was approved by SERD.

### C. Cost Estimates and Proposed Financing Arrangement

3. The PPTA is estimated to cost \$0.80 million equivalent, on a grant basis from ADB's Technical Assistance Special Fund V. The Lao Government will provide counterpart support in the form of counterpart staff, office space, facilities, supplies, and transportation. IFAD will provide approximately \$0.12 million and internal staff resources in parallel collaborative financing, to be administered by IFAD, in technical assistance for carrying out a sector assessment which will include a livestock value chain analysis and recommendations on training programs and extension delivery systems. The detailed cost estimates of the PPTA are presented in Table 2.

**Table 2: Cost Estimates and Financing Plan ('000)**

Item	Total Cost
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (19 person-months)	498.8
ii. National consultants (24 person-months)	79.6
b. International and local travel	55.0
c. Reports and communications	4.0
2. Equipment (computer, printer, etc.) <sup>b</sup>	10.0
3. Workshops, training, seminars, and conferences <sup>c</sup>	10.0
4. Surveys	47.6
5. Miscellaneous administration and support costs	10.0
6. Representative for contract negotiations	5.0
7. Contingencies	80.0
<b>Total</b>	<b>800.0</b>

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund IV

<sup>b</sup> Equipment will be handed over to the Ministry of Agriculture and Forestry upon completion of the PPTA.

Type	Quantity	Cost
Computers	5	6,000
Printer	1	1,000
Copier	1	1,000
Digital Camera	1	200
Other items (scanner, etc.)	Lumpsum	1,800

<sup>c</sup> Workshops, training, seminars, and conferences to be administered by the PPTA consulting firm.

Purpose	Venue
Stakeholder consultation workshop	Luang Prabang
Inception, interim and final workshops	Luang Prabang
Advance action workshops	Luang Namtha, Luang Prabang and Xieng Khuoang

Source: ADB estimates

### D. Consulting Services

4. The PPTA will require services of 19 person-months (p-m) of international and 24 p-m of national consultants. The bulk of the services will be provided by a consulting firm, 18 p-m of international and 23 p-m of national consultants. The firm will be recruited through quality- and cost-based selection method (QCBS) using a quality-cost ratio of 80:20 and simplified technical proposal according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Two individual independent consultants (1 p-m of international and 1 p-m of national) will be recruited by ADB to assist both the Government and ADB in quality and timely project processing. Table 3 provides details of the consultant requirements.

**Table 3: Summary of Consulting Services Requirement in Person Months (p-m)**

<b>International Specialist Positions</b>	<b>p-m</b>	<b>National Specialist Positions</b>	<b>p-m</b>
Team Leader and economist	5.0	Deputy Team Leader and economist	6.0
Livestock farming systems and agribusiness value chain specialist	2.75	Livestock farming systems and agribusiness value chain specialist	3.5
Public, Private Partnership specialist	1.25	Public, Private Partnership specialist	1.0
Livestock production and processing infrastructure engineer	1.0	Livestock production and processing infrastructure engineer	1.0
Food safety specialist	1.0	Food safety specialist	1.0
Social safeguard specialist	1.5	Social safeguard specialist	2.5
Social development and gender specialist	1.5	Social development and gender	2.5
Environment safeguard specialist	1.5	Environment safeguard specialist	2.5
Financial management specialist	1.0	Financial management specialist	1.5
Procurement specialist	1.0	Procurement specialist	1.0
Advance action specialist	0.5	Advance action specialist	0.5
Development specialist	1.0	Development specialist	1.0
<b>Total</b>	<b>19.0</b>		<b>24.0</b>

5. The outline terms of reference for the PPTA consultants are described in paras. 6 to 17. As a general principle, international specialists (IS) will have a minimum academic equivalent of a master's degree, while the national specialists (NS) will have a minimum of an undergraduate degree in their areas of expertise and at least 10 years of experience relevant to their positions. Positions can be combined if specialists have the necessary qualifications and experience. All specialists shall contribute as appropriate to report and document preparation. The firm will administer workshops, seminars and training activities.

6. **Team leader/deputy team leader and economist** (IS 5 p-m; NS 6 p-m). The specialists shall: (i) with reference to the ADB's Guidelines for Economic Analysis of Project (1997), Key areas of Economic Analysis of Project: An overview (2003), and ADB's Financial Management and Analysis of Projects (2005), assess the overall financial and economic Project viability; (ii) prepare FSR, project cost estimates and financing plan and liaison with other relevant projects; and (iii) lead in the preparation all reports required by ADB, including inception, interim, draft final, and final reports and a draft RRP and its linked documents.

7. **Livestock farming systems and agribusiness value chain specialist** (IS 2.75 p-m; NS 3.5 p-m). The specialists shall: (i) carry out an analysis of the selected value chains identifying market demand, geographic properties, gaps and obstacles within each; (ii) prepare preliminary interventions and measures to remove the gaps and obstacles in the value chains; and (iii) prepare a training program on livestock production and processing.

8. **Public, Private Partnership specialist** (IS 1.25 pm; NS 1 p-m) With respect to livestock industry the specialists will (i) review current contractual practices and relevant legal issues; (ii) provide outlines of approaches to optimize public private partnerships, in the management of livestock infrastructure; (iii) provide outlines for the contractual interface between producer groups, traders and agribusinesses. The specialist shall assess the relevance of PPP experience in the Lao coffee industry.

9. **Livestock infrastructure engineers** (IS 1 p-m; NS 1 p-m). The specialists will work in coordination with the livestock and agribusiness value chain specialists to provide engineering input to market and livestock infrastructure design and costing.

10. **Food safety specialists** (IS 1 p-m; NS 1 p-m). The specialists will identify key problems concerning food safety in the value chains, particularly at the farm and the processing levels. The specialists will provide guidance for approaches to improve food safety systems as relevant to the project.

11. **Social safeguard specialists** (IS 1.5 p-m; NS 2.5 p-m). The specialists will prepare the work with the Social Development Specialists to carry out the surveys and analysis necessary to prepare the Involuntary Resettlement Plan and Indigenous Peoples Plan in accordance with ADB's Safeguard Policy Statement (2009).

12. **Social Development and Gender Specialist** (IS 1.5; NS 2.5 p-m). The specialists will: (i) prepare the poverty reduction and social strategy, to conduct gender analysis, collect sex-disaggregated baseline data and development of the gender action plan; and (ii) develop the stakeholder analysis, the stakeholder communication strategy, and the consultation and participation plan.

13. **Environment safeguard specialists** (IS 1.5 p-m; NS 2.5 p-m). The specialists will pay particular attention to issues of waste management from farms and processing plants and any significant related climate change impacts. They will (i) establish baseline situation; (ii) assess possible environmental impacts of the project; and (iii) draft appropriate documentation in accordance with ADB's Safeguard Policy Statement (2009).

14. **Financial management specialists** (IS 1.0 p-m; NS 1.5 p-m). The specialists must have a professional accountancy qualification and ensure all financial management due diligence as per ADB's Financial Management and Analysis of Projects (2005). The specialists will: (i) design fund flow and disbursement mechanisms for the ensuing project and measures to mitigate any potential problems; (ii) assess and reach agreement on financial reporting, auditing and disclosure arrangements; (iii) conduct as appropriate, financial evaluations (financial cost-benefit analyses) including sensitivity analyses; and (iv) prepare the financial management assessments.

15. **Procurement specialist** (IS 1 p-m; NS 1 p-m). The specialist will work with the financial management specialist and team leader to ensure governance and procurement due diligence is carried including carrying out a procurement assessment and strategy and drafting the procurement plan.

16. **Advance action specialist** (IS 0.5 p-m; NS 0.5 p-m). Provide assistance to the government for an efficient project start up.

17. **Development Specialist – individual consultants** (IS and NS 1.5 p-m). Provide independent quality review and support to the government and the ADB.

## **E. Implementation Arrangements**

18. The Ministry of Agriculture and Forestry (MAF) will be the executing agency for the PPTA. The implementing agencies will be the provincial governments of Luang Namtha, Luang Prabang and Xieng Khouang. In kind contributions to be provided by the executing agency would include: office space, counterpart staff, office staff and translators, domestic transport and basic office and communications equipment and associated costs. Disbursements under the

PPTA will be done in accordance with the ADB's procedures.<sup>2</sup> The Government was advised that approval of the PPTA does not commit ADB to finance any ensuing loan or grant. The PPTA will commence on 1 January 2014 with the final report completed by 30 September 2014. Thereafter support will be provided for advance actions for an efficient start up, with the PPTA closing on 30 June 2015. The proposed TA processing and implementation schedule is listed in Table 4.

**Table 4: Technical Assistance Processing and Implementation Schedule**

<b>Major Milestones</b>	<b>Expected Completion Date</b>
Recruitment of consultants <sup>a</sup>	20 January 2014
PPTA inception mission*	15 February 2014
PPTA midterm review mission*	15 April 2014
Loan fact-finding mission*	2 June 2014
Submission of PPTA final report	30 September 2014
PPTA financial completion	30 June 2015

PPTA = project preparatory technical assistance.

<sup>a</sup> Advance recruitment actions will be undertaken.

\* Inception, midterm, and draft final reports will be submitted at least 1 week prior to the respective missions.

Source: ADB estimates.

<sup>2</sup> ADB. 2010. *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).