



Technical Assistance Report

Project Number: 48409-001
PPTA
May 2015

Kingdom of Cambodia, Lao People's Democratic Republic, and Republic of the Union of Myanmar: Climate-Friendly Agribusiness Value Chains Sector Project

Asian Development Bank

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. A project preparatory technical assistance (PPTA) is required to conduct technical, financial and economic feasibility and due diligence of critical agribusiness investments and prepare relevant documents for approval of funding. The climate-friendly agribusiness value chains sector project is included in the Greater Mekong Subregion (GMS) Regional Investment Framework (RIF) for agriculture (2012–2022), and is prioritized in the RIF implementation plan for 2014–2018, which was endorsed by the GMS summit in December 2014. The three participating governments – Cambodia, Lao PDR and Myanmar – will contribute to the PPTA in terms of staff and in-kind resources but do not have the capacity to prepare an investment project that will adhere to the governments' and ADB's requirements.

B. Major Outputs and Activities

2. The main outputs of the PPTA will include detailed reports on feasibility assessment, including technical, economic and financial due diligence, of priority agribusiness value chains in CLM countries. The PPTA will produce an agreed project design in relation to the four outputs of the investment project (agribusiness value chain infrastructure, bio-energy use and sustainable biomass management, agribusiness policy and capacity support services, and project implementation and knowledge management) with implementation arrangements suitable for each country. The PPTA will prioritize subprojects based on needs, circumstances and capacities of each country (Supplementary Document 1) and conduct a detailed assessment of policy-related, regulatory, institutional, technical, financial and other barriers for improving the competitiveness of selected value chains (one bulk commodity such as rice in all countries, and one or two high value commodities such as spices, fruits) in priority regions. It will identify measures to overcome such barriers, including identification of incentives to promote public-private partnerships (PPPs) and private sector investments. The PPTA will define the scope and cost of investments, subproject locations and activities, financing plan, implementation arrangements, procurement strategy, technology issues, capacity development needs, and post-project operation and maintenance arrangements of the project. PPTA will carefully examine potential adverse impacts of investments in rural infrastructure on small markets and suggest countermeasures. Lessons learned from the roads to markets project in Cambodia, Sustainable Natural Resource Management and Productivity Enhancement Project in Lao PDR and other projects will be integrated in designing the investment project. The PPTA will build on vulnerability assessments, climate risk financing assessments, green value chain assessments and other pilots, including results-based disbursement models being conducted through Phase 2 of GMS Core Agriculture Support Program and the GMS Core Environment Program.

3. Specific TA activities will include: (i) detailed scoping and assessments of demand and opportunities for public and private investments to support agribusiness development, including differentiation of roles of public and private sectors in management, operation and maintenance of infrastructure investments under output 1, (ii) assessment of institutional capacities, human resources development needs, monitoring mechanisms and implementation arrangements for the proposed interventions, especially at the provincial level, (iii) meaningful stakeholder engagement initiatives and focus group discussions with civil society organizations, national and sub-national governments, private sector and local communities, (iv) baseline data collection for all indicators identified in the design and monitoring framework, (v) identification of specific areas to direct support and consult with organizations currently working in those areas to assess feasible partnership arrangements, (vi) due diligence assessments (technical, economic, social safeguards [involuntary resettlement and indigenous peoples' impacts], environmental, risk, etc.) for project financing proposal and any necessary surveys, consultation and refinement for development of

implementation plan, to provide options for procuring and managing the contracts, (vii) preparation of project procurement risk assessment and management plan, procurement capacity building plan, draft procurement plan, and master bidding documents for different types of contracts, including a request for proposal for selection of implementation consultant, and (viii) preparation of necessary documents for approval of grant funding/ cofinancing, where appropriate. The social and environmental specialists will prepare reports on poverty and social assessment, environmental assessment, social safeguard frameworks (and plans, if needed), stakeholder communication strategy, and consultation and participation plan for local community engagement to ensure beneficiaries leverage full impact of the project's activities. The basic approach is to identify a few core subprojects based on established criteria (e.g., contribution to food security, energy security, water security, environmental sustainability, positive social impacts) and through stakeholder consultations.

4. The major outputs and activities of the TA are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities

Major Activities		Expected Completion Date	Major Outputs	Expected Completion Date
1.	Inception	July 2015	Inception report	August 2015
1.1	Stakeholder consultations			
1.2	Establish methodology and work program			
2.	Feasibility studies to identify public, PPP, and private sector opportunities	November 2015	Mid-term report (with interim results of the feasibility studies)	December 2015
2.1	Selection of project areas, preliminary project design and cost estimates			
2.2	Collect baseline data for indicators			
2.3	Conduct stakeholder consultations			
2.4	Conduct social and procurement assessments, and due diligence for safeguards (involuntary resettlement, environment, and IP)			
3.	Project design	March 2016	Draft final report	April 2016
3.1	Prepare RRP and Annexes			
3.2	Prepare PAM		Final Report	August 2016

IP = indigenous peoples; PAM = project administration manual; PPP = public-private partnership, RRP = report and recommendation of the President

Source: Asian Development Bank estimates.

C. Cost Estimate and Proposed Financing Arrangement

5. The TA estimated to cost \$2.5 million equivalent, to be financed on a grant basis for \$1.5 million from the Asia Clean Energy Fund (ACEF)¹ under the Clean Energy Financing Partnership Facility and \$1.0 million from the Canadian Climate Fund for Private Sector in Asia under the Clean Energy Financing Partnership Facility. Both funds are administered by ADB and are used through parallel financing arrangement. The Government of Cambodia, the Government of the Lao People's Democratic Republic and the Government of Myanmar each will provide support in the form of counterpart staff, office space, and other in-kind contributions. The detailed cost estimate is presented in Table A3.2.

¹ Established by the Government of Japan. Administered by the Asian Development Bank.

Table A3.2: Cost Estimates and Financing Plan
(\$'000)

Item	Cost		
	ACEF ^b	CFPS ^c	Total
Financing^a			
1. Consultants			
a. Remuneration and per diem			
i. International consultants (60 person-months)	665	475	1,140
ii. National consultants (125 person-months)	325	275	600
b. International and local travel	70	40	110
c. Reports and communications ^d	20	10	30
2. Equipment (computer, printer, etc.) ^e	30	10	40
3. Workshops, consultations, seminars, and conferences ^f	120	20	140
4. Surveys ^g	105	55	160
5. Miscellaneous administration and support costs ^h	55	25	80
6. Contingencies	110	90	200
Total	1,500	1,000	2,500

Note: The value of government contribution is estimated to account for 10% of the total TA cost.

^a Clean Energy Financing Partnership Facility (CEFPF)

^b Asia Clean Energy Fund (ACEF) under CEFPF – Established by Government of Japan and administered by ADB.

^c Canadian Climate Fund for the Private Sector in Asia (CFPS) under CEFPF – Established by Government of Canada and administered by ADB.

^d Including cost of translation of key documents into local languages.

^e Equipment

Type	Quantity	Cost
Office equipment (laptops, printers, fax, copier, etc.)	9	40,000

^e Workshops, training, seminars, and conferences (to be administered by consultants)

Purpose	Venue	Duration (Per event)	Cost (\$ Per Workshop)	Total Cost (\$)
Initial consultations in each country (3 times)	TBD	2-3 days	4,000	12,000
Inception Workshop (3 times)	TBD	1 day	8,000	24,000
Stakeholder consultations (4 times per country & 3 countries)	TBD	1 day	2,500	30,000
Private Sector Forums (3 times)	TBD	1 day	5,000	15,000
Midterm consultation workshop (3 times)	TBD	1 day	8,000	24,000
Final Workshop (3 times)	TBD	1 day	12,000	36,000
TOTAL				140,000

^f Include data collection, and to be administered by consultants.

^g Include expenses to cover travel of ADB staff as resource persons for the workshops.

Source: Asian Development Bank estimates.

D. Consulting Services

6. ADB will recruit an international consulting firm (with three country teams – one each for Cambodia, Lao PDR and Myanmar) using quality- and cost-based selection (90:10) and full technical proposal as per the ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).² Table A3.3 shows the summary of consulting services requirement (International: 52 person-months; National: 110 person-months) for the firm. Firm will be allowed to combine different positions, if consultants are competent in more than one field.³ Equipment will be procured in accordance with ADB's Procurement Guidelines (2013, as amended from time to time), and upon completion of the project, the assets will be turned over to implementing agencies. An international specialist on spatial information systems for two person-months, up to three additional international specialists for a total of six person-months, and up to three national specialists for a total of 15 person-months may be recruited as individual consultants.

² If sufficient number of expressions of interest is not received in response to the Consulting Services Recruitment Notice, three selection processes will be carried to engage one firm per country. In such a case, simplified technical proposal will be used.

³ To reduce administrative burden and improve economy and efficient and value for money, all consulting services under the TA would be engaged on output-based (lump-sum) contracts.

7. The detailed terms of reference for consultants are given in Supplementary Document 2. In general, international consultants will have a master's degree or higher and at least 5 years of experience in a field of expertise relevant to their position. National consultants will have a Bachelor's degree or higher and at least 3 years of experience in a field of expertise relevant to their position. Experience with implementing ADB PPTAs is preferred.

Table A3.3: Summary of Consulting Services Requirement
(person-months)

Position	International			National		
	CAM	LAO	MYA	CAM	LAO	MYA
Team Leaders/Agribusiness Value Chain Specialists	6.0	6.0	6.0			
Deputy Team Leaders/Agribusiness Value Chain Specialists				12.0	12.0	12.0
Bioenergy and Climate Finance Specialists	2.0	2.0	3.0	4.5	4.5	6.0
Climate Change Adaptation and Resilience Specialists	3.0	2.0	3.0	6.0	4.0	5.0
Public-Private Partnerships and Private Sector Development Specialists	1.0	1.0	1.0	3.0	2.0	3.0
Environment Specialists	1.0	1.0	1.0	1.5	1.5	1.5
Social Safeguards Specialists	1.0	1.0	1.0	1.5	1.5	1.5
Social Development/Gender Specialists	1.0	1.0	1.0	1.5	1.5	1.5
Procurement Specialists	1.0	1.0	1.0	1.5	1.5	1.5
Economics and Financial Management Specialists	1.5	1.0	1.5			
Economists				3.0	3.0	3.0
Financial Management Specialists				2.0	2.0	2.0
Monitoring and Evaluation Specialists				1.0	1.0	1.0
Total	17.5	16.0	18.5	37.5	34.5	38.0

CAM = Cambodia, LAO = Lao People's Democratic Republic, MYA = Myanmar
Source: ADB estimates.

E. Implementation Arrangements

8. The PPTA will be implemented from 1 July 2015 to 31 December 2016. The Ministry of Agriculture, Forestry and Fisheries of Cambodia, Ministry of Agriculture and Forestry of Lao PDR, and Ministry of Agriculture and Irrigation of Myanmar will serve as implementing agencies and provide in-kind contributions. Proceeds of the TA will be disbursed in accordance with Technical Assistance Disbursement Handbook (2010, as amended from time to time). The proposed TA processing and implementation schedule is listed in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
TA approval	April 2015
Mobilization of consultants	July 2015
Inception mission	August 2015
Mid-term review mission	January 2016
Submission of TA draft Final Report	April 2016
Fact finding mission	May 2016
Submission of TA Final Report	August 2016
TA physical closing date	December 2016
TA financial closing date	June 2017

TA = technical assistance

Source: Asian Development Bank.